Effect of Foreign Direct Investment on Human Development in West Africa

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ABSTRACT

The study examined the differential effect of foreign direct investment on human development in West Africa using panel data from 2010 to 2022. The study adopted the Panel Quantile regression in analysing the data and the study found noticeable variations across the 25th, 50th and 75th quantile levels in the effect of FDI on human development in West Africa. The result of the study found that FDI has negative effect on human development in West African countries with low HDI while it has positive effect on human development in West African countries with high HDI and the effect is stronger in countries at the 75th quantile HDI level. The study therefore recommends that West African countries should solve the insecurity and other macroeconomic problems facing the region to direct the region to a sustaining growth path that will attract more FDIs.

Keywords: Foreign Direct Investment, Human Development Index, Quantile Regression, West Africa.

INTRODUCTION

West Africa's population was estimated at 435.2 million in 2023, with 32.47% (141.32 million people) living in extreme poverty on less than $2.15 a day (ECA, 2023; World Bank, 2023). Achieving the Sustainable Development Goal of eradicating extreme poverty by 2030 remains a significant challenge. Only Côte d'Ivoire, Senegal, and Cape Verde have less than 15% of their populations living below this threshold. The region has one of the lowest Human Development Index (HDI) scores globally, ranging from 0.4 to 0.662 while the HDI averages are 0.547 in Sub-Saharan Africa and 0.732 globally. Twelve of its fifteen countries fall into the low human development category, with Niger, Mali, Burkina Faso, and Guinea being the poorest performers. Only Cabo Verde, Côte d'Ivoire, and Ghana are in the medium human development cluster.

Efforts to enhance human development in West Africa and other developing regions have spurred capital inflows from developed countries in various forms. One notable channel is foreign direct investment (FDI), which fosters greater integration of national economies through international investment and capital flows, ultimately contributing to welfare improvements (Ajayi & Atanda, 2012). West African nations have attracted significant international investments in their pursuit of improved human development and sustainable economic growth (Akpan & Nneji, 2016). Studies such as that by Chigbu, et al., (2015), suggests that FDI is more effective in advancing human development than domestic capital. This is evident in its productivity-enhancing effects, including the transfer of technology and management practices, as well as the stimulation of financial sector development, among other benefits.

Despite the advantages of foreign direct investment (FDI), West African countries like Nigeria, Niger, Mali, and Burkina Faso have recently experienced declines in FDI inflows due to socioeconomic challenges and political instability (Omodero, 2023). The region has entered a period of heightened instability following recent coups d'état in Burkina Faso, Niger, Guinea, and Mali.FDI inflows to Senegal remained stagnant at $2.6 billion, while Ghana saw a 39% decline to $1.5 billion (UNCTAD, 2024). Nigeria experienced a negative FDI flow of -$187 million in 2023, primarily due to equity divestment, including the exit of pharmaceutical giant GlaxoSmithKline. This exit led to a sharp increase in drug prices, significantly impacting public health and human development (Siaplay & Werker, 2023). Consequently, the recent decline in FDI inflows has contributed to stagnation in human development indicators across West African economies.

The effect of foreign direct investment (FDI) on human development remains a contentious issue. Stiglitz (2000) argues that short-term foreign capital inflows can intensify economic crises. Similarly, Awoyemi & Jabar (2014) highlight that financial globalization has displaced autonomous investments in Nigeria, leading to output instability that necessitates proactive government efforts, especially in infrastructure development. This has resulted in higher debt levels for West African countries, further aggravating economic difficulties Eswar et al., (2003). In contrast, scholars such as Prasad, et al., (2007) argue that FDI and other forms of foreign capital can help absorb domestic or external economic shocks. They suggest that increased financial integration allows countries to mitigate income risks by leveraging global markets, thereby promoting human development (Mishkin, 2005).

However, empirical evidences studying the relationship between FDI and human development in West Africa have come out with either positive relationship or negative relationship supporting an inconclusive relationship. Mbang (2022) reported that FDI has a positive impact on HDI in the long run but a negative impact in the short run in Nigeria, the same with that of Chinyere, et al., (2021) who found that FDI leads to decline in poverty. Thus, empirical result on the relationship between improvements in living standard and foreign direct investment is neither straight forward nor clearly distinct. This forms the core bases for the study. Thus, the objective of the study is to examine if the effect of foreign direct investment on human development differs in West Africa due to the level of HDI. The study used panel data covering the period 2010 to 2023, and the period is chosen due to data availability.

LITERATURE REVIEW

Conceptual Classification

Foreign direct investment

Foreign direct investment is a significant component of foreign private capital flows that provide much needed finance to increase the use of existing capacity to stimulate new investment in developing countries Musibasu, et al., (2017). They enable the foreigner to own the physical productive assets, which he operates. Foreign direct investment includes technology, managerial and marketing expertise and capital. Chinyere, et al., (2021) sees foreign direct investment (FDI) as a situation where an investor from another country either acquire an existing enterprise or come up with a new enterprise or brings in capital for an investment interest.

Human Development

United Nations Development Program (2016) conceptualized human development as a process of enlarging people's choices which is measured using the human development index. Here it is conceptualized to mean all aspects of life relating to health, education, and income, (Uddin, 2023). Human development is a multidimensional concept measured using the human development index (HDI), a composite measure developed by the United Nations Development Programme (UNDP) to assess and compare the levels of development of countries of the world (UNDP, 2021).

Theoretical Literature

The Human Development Index Theory

The human development index theory was formulated by the United Nation Development Program in 1990 (UNDP, 2013). The assumptions of the HDI is to get criteria designed to be broad enough to be inclusive of countries social and economic measure while being indicative of a country's wellbeing, (Lashmar, 2018). The HDI emphasized three indices used to determine a country's human development and wellbeing. It assumes that a country is better off than another when viewed from the life expectancy measured in terms of life expectancy at birth, education attainment measured in terms of mean years of schooling and income based on gross national income per capita by purchasing power parity (UNDP, 2013).

Theory of Capital Flow

The Neoclassical growth theory also known as the Solow growth theory or the exogenous theory is theory

is one of theories that talks about the theory of exogenous capital flow because it professed technology as an exogenous factor which determines growth. This theory was introduced by Solow (1956) and assumes that countries with low initial level of capital stock per capita tend to have high growth rates which in the long run predicts that output per capita of regional or national economies will converge over time. However, what is crucial about the Solow (1956) model is the fact that it explains the long run per capita growth by the rate of technological progress, which comes from outside the economy.

Empirical Literature

Empirical literature on effect of foreign direct investment on human development in West Africa is scanty. Ibukun, et al., (2024) investigated the impact of foreign aid and foreign direct investment (FDI) on human capital development, using the Human Development Index (HDI) as a proxy, in Nigeria from 1990 to 2018. The study utilized the Autoregressive Distributed Lag (ARDL) model for data analysis and found a long-term relationship between foreign aid, FDI, and HDI. The findings revealed a positive correlation between foreign aid and HDI, whereas FDI exhibited a negative relationship with HDI in Nigeria. The study recommended that the Nigerian government prioritize significant investments in education, a critical component of HDI, to enhance human capital development.

Kaba (2022) analyzed the impact of foreign direct investment (FDI) and foreign aid on the standard of living in 16 West African countries from 2003 to 2019. Using the ordinary least squares (OLS) method for empirical analysis, the study found that neither FDI nor foreign aid significantly improved the standard of living, whereas GDP per capita had a positive effect. The study recommended that West African countries focus on improving the quality of institutions to better convert foreign aid and investment into gains in the Human Development Index (HDI).

Mbang (2022) examined the impact of net foreign direct investment (FDI) revenues on human development in Cameroon, using the Human Development Index (HDI) as a measure and analyzing data from 1995 to 2019. The study utilized the ARDL model, Augmented Dickey-Fuller tests, Johansen co-integration, and the Vector Error Correction Model (VECM) to explore both long-term and short-term relationships. The results indicated a positive long-term relationship, driven by trade openness that enhances market access, fosters HDI growth, and attracts multinational companies. In contrast, the short-term relationship was negative, potentially due to export revenues being inadequately invested in human capital development or the impact of education spending on HDI.

Chinyere, et al., (2021) investigated the relationship between foreign direct investment (FDI) and poverty in Nigeria using data from 1981 to 2018. The study adopted the Johansen cointegration test approach and the Vector Error Correction Mechanism (VECM). The result of vector error correction mechanism shows that FDI significantly result in decline in poverty rate in the long run but exhibited no pact in the short run. The result further indicates that exchange rate and government expenditure have positive impact on poverty while unemployment rate has negative impact on poverty. Therefore, the study recommends that good measures should e taken that will stimulate foreign direct investment which will eventually translate to decline in poverty in Nigeria.

Siddique, et al. (2021) investigated the relationship between foreign direct investment (FDI), and public heath in Bangladesh. This study used time-series data from 1980 to 2018 and employed the Auto-regressive Distribute Lag (ARDL) model. The results of the study show that there is significant cointegration among variables and that foreign investment and economic output relate significantly and positively to health. On the contrary, education is quasi-linked with a different sign-on different model. The study recommended that medical assessment and education need more attention from the government as well as the private sector. FDI can play a catalyst role for improving the health sector, raising opportunity in educating and creating a better lifestyle. In order to optimize foreign investment, the government should implement necessary reforms and policies.

Lee, et al., (2021) investigated the impact of foreign direct investment on income inequality in Vietnam. The study adopted the two-step GMM model Generalized Method of Moment model in order to address the

potential endogeneity. The results of the study show that FDI tends to increase income inequality in Vietnam and the existence of a non-linearity relationship between FDI and income inequality is also validated. Moreover, the study finds that the effects of FDI on income inequality are different depending on the level of education and institutions of the host provinces in Vietnam. The study recommended in order to ensure sustainable development, Vietnam's policies should focus on improving the quality of economic governance and the administrative reform efforts of the government of the provinces and cities.

Olowookere, et al., (2020) examined the impact of different components of foreign capital inflows on driving poverty reduction in Nigeria from 1990 to 2019 using the Fully Modified Ordinary Least Square and Granger causality technique of estimation. The findings of the study show that; firstly, foreign capital inflows and poverty reduction have a long run equilibrium relationship in Nigeria. Furthermore, there is a unidirectional causality flowing from poverty reduction to foreign direct investment. Poverty reduction granger causes foreign portfolio investment. Also, feedback relationship exists between poverty reduction and remittances. This implies that poverty reduction is a strong factor causing the inflows of foreign capital such as FDI, FPI and remittances in Nigeria. This implies that foreign capital inflows have the capacity to propel the achievement of Sustainable Development Goal one - poverty reduction in Nigeria.

Gökmenoğlu, et al., (2018) investigated the effect of foreign direct investment (FDI) on the Human Development Index (HDI) in Nigeria from 1972 to 2013. The Johansen cointegration test revealed a long-term relationship between FDI and key HDI components, including school enrollment, life expectancy at birth, and gross national income. The Toda-Yamamoto test identified long-run bidirectional causality between FDI and life expectancy at birth, as well as unidirectional causality from FDI to gross national income. The findings highlight that FDI significantly influenced HDI in Nigeria during the study period. However, the results also underscore the complexity of FDI's effects on human development, suggesting that policymakers must carefully weigh the benefits and drawbacks of FDI inflows to maximize their positive impact on various aspects of human development.

Magombeyi and Odhiambo (2017) analyzed the relationship between foreign direct investment (FDI) and poverty reduction in South Africa from 1980 to 2014, using household consumption expenditure, infant mortality rate, and life expectancy as indicators of poverty reduction. Utilizing the autoregressive distributed lag (ARDL) model, the study revealed that the impact of FDI on poverty reduction depends on the chosen indicator and the time horizon. When infant mortality rate was used as a proxy, FDI had a positive effect on poverty reduction in the long term but a negative effect in the short term. Conversely, no significant relationship was observed between FDI and poverty reduction when using household consumption expenditure or life expectancy as indicators, regardless of the time period.

Alabi (2019) investigated the impact of foreign direct investment on economic growth in Nigeria using data from 1986 to 2017. The author used descriptive and regression analyses as the estimation techniques. The findings of the study revealed that foreign direct investment was positive and significant to economic growth of Nigeria while the domestic investment was also positive but not significant at 5% alpha level.

Ali & Hussain (2017) analyzed the impact of foreign direct investment (FDI) on the economic growth of Pakistan. The authors utilized time series data over the period of 1991-2015, employing correlation and multiple regression analysis techniques for analysis of data. The results of the study reveal that FDI has a positive impact on the economic growth of Pakistan. The study recommends that government should bring reforms in the domestic market to attract more FDI in Pakistan.

Ndiaye & Xu (2017) investigated the impact of FDI on economic growth for WAEMU countries. They developed a theoretical model of investment that included an FDI variable and tested it with panel data from 1990 to 2012. The model is run for seven (7) developing countries in Africa. The estimation results show that FDI has a positive impact on economic growth. It also found that FDI in WAEMU is going to facilitate the trade, FDI liberalization, economic cooperation, improve the business environment and increase the labour cost. FDI will allow WAEMU countries to attract more foreign capital for the creation of jobs and wealth.

The effect of foreign direct investment (FDI) on welfare and human development cannot be fully assessed

without factoring in a country's financial risk. The impact of financial openness on welfare can be either positive or negative, depending on this risk, which is measured by an index that includes variables such as foreign debt as a percentage of GDP, fiscal deficits or surpluses, the current account as a percentage of exports, and exchange rate stability. These indicators gauge a country's ability to fulfill its debt obligations, which is an important consideration for investors. Furthermore, few studies have investigated how the impact of FDI on human development in West Africa may differ based on HDI levels, particularly using updated data from 2010 to 2023. This study seeks to explore these varying effects of FDI on human development in West Africa.

METHODOLOGY

Theoretical Framework

The theoretical framework for this study is from the Solow growth theory which sees the capital from foreign direct investment as an exogenous factor which determines growth. The theory implies that FDI a form of capital from exogenous technical progress determines growth in an economy. These foreign direct investments usher in technical progress resulting from the rate of investment, the size of the capital stock and the stock of human capital which may have a positive effect on human development. .FDI in the host country can have both direct and indirect effects on human development, (Mbang, 2022). The indirect impact of FDI on human development is transmitted through economic growth.

Nature and Sources of Data

The data used in this study is secondary data which covers the period from 2010 to 2022. It is a panel data of West African countries using the World Bank's classification of countries. The Human Development Index data is obtained from the United Nations Development Program's 2022 database, while data on other variables are sourced from (World Bank, 2023).

Model Specification

In analyzing the effect of FDI on human development on different levels of HDI in West Africa, the study employed the Quantile regression for panel data (QRPD). The specified quantile regression captures the conditional distribution rather than the conditional mean distribution, as established by Koenker and Bassett, (1978). The model for the conditional quantile estimates of the regressand (y_i) given the regressor (x_i) is specified following the work of (Xu, et al. 2017):

$$Q_{y_i}(\tau / x_i) = x_i^{\tau} \beta_{\tau}. + \varepsilon_{it} \quad \text{.....1}$$

where $0 < \tau < 1$, $Q_{y_i}(\tau/x_i)$ represents the τ^{th} the conditional quantile of y_i, while x_i is the independent variable. β_τ is the estimated coefficient and show how the independent variable x_i impact on the conditional τ^{th} quantile of the conditional distribution of the dependent variable y_i, ε_{it} is the stochastic error, where the distribution of its conditional quantile equal is zero. Thus, the quantile is given:

$$Quant_{\tau}(\frac{y_{i,t}}{x_{i,t}}) = \beta_{\tau} x_{i,t} \quad \text{.....2}$$

Equation 2 is transformed to include the major variables used in the study;

$$Q_{hdi_i}(\tau / x_i) = \beta_{1\tau} FDI_{i,t} + \beta_{2\tau} FD_{i,t} + \beta_{3\tau} DEBT/GDP_{i,t} + \beta_{5\tau} EXR_{i,t} + \beta_{6\tau} GDPPC_{i,t} + \varepsilon_{i,t} \text{...3}$$

where HDI_{it} represents human development index, FDI_{it} represents foreign direct investment, FD_{it} is the financial development and $DEBT/GDP_{it}$ is the financial risk (debt to GDP ratio). EXR_{it} is representing exchange rate and $GDPPC_{it}$ for GDP per capita.

Justification of the Method used

The panel quantile regression at specified in equation (3) does not consider fixed or random effects; instead,

it estimates quantile versions of traditional panel data as pooled OLS estimators. This method is used because the study covers West African countries with different levels of human development. By applying varying values of τ bound between 0 and 1, the model estimates regression quantiles for varying distributions of HDI given FDI and human development variables, using quantiles at τ = (0.25, 0.5, and 0.75). The quantile estimation is carried out using the three human development index (HDI) levels peculiar to West African countries, according to the UNDP classifications which are lower HDI, medium HDI, and higher HDI. Thereafter, the normality of the series is conducted to check whether the data were suitable for quantile estimation.

RESULTS AND DISCUSSION

Descriptive Statistics

Table 1 presents the descriptive statistics of the data used in the study, showing the number of observations, mean, maximum and minimum values of the variables.

Table 1 Descriptive Statistics

Variables	Obs.	Mean	Min.	Max.	Std.dev.	Skewness	Kurtosis	J-B	Prob.
HDI	221	0.4975	0.336	0.668	0.076	0.5409	2.8498	10.984	0.0041
PSC/GDP	215	17.8069	0.004	67.871	12.689	1.775	6.834	244.73	0.0000
FDI	220	6.0483	-11.19	103.337	11.89	5.745	40.932	14399.	0.0000
DEBT/GDP	208	43.141	7.532	129.45	23.939	1.0202	3.908	43.239	0.0000
GDPPC	221	4.0457	-20.80	21.079	4.581	-1.558	11.134	698.82	0.0000
EXR	218	724.03	1.429	9565.08	1692.1	4.1552	19.197	3010.4	0.0000

Source: Authors computation, (2024)

The mean of human development index (HDI), financial deepening (PSC/GDP), FDI, DEBT/GDP, GDP per capita and exchange rate from 2020 to 2022 is 0.49, 17.8, 6.04, 43.14, 4.04 and 724.03 respectively. This implies that on average the HDI level in West Africa is 0.49. Also, the mean of FDI received as a percentage of GDP in West Africa for the study period is 6.04; while that of financial deepening and debt to GDP ratio is 17.8 and 43.1. The standard deviation for HDI, PSC/GDP, FDI, DEBT/GDP, GDPPC and EXR are 0.076, 12.78, 11.89, 23.9, 4.58 and 1692.1 with exchange rate and debt to GDP ratio having higher standard deviation than others which indicates more instability of exchange rate followed by DEBT to GDP ratio and less instability of HDI. All the variables (HDI, FDI, DEBT/GDP, and EXR) are skewed to the right except GDPPC that is skewed to the left while the Jarque-Bera statistics is significant implying rejection of the Jarque-Bera test for all the variables. This signifies a data set that does not follow a normal distribution but evenly distributed. In addition, the correlation matrix of the variables showed in Table 2 shows that there is no indication of multicollinearity among the regressors in the estimated models, with the highest coefficient being 0.6020.

Table 2: The Correlation Matrix

Variables	HDI	PSC/GDP	FDI	DEBT/GDP	GDPPC	EXR
HDI	1.0000					
PSC/GDP	0.6020	1.0000				
FDI	-0.0570	-0.1314	1.0000			
DEBT/GDP	0.3970	0.4920	-0.0567	1.0000		
GDPPC	-0.0879	-0.1216	0.1244	-0.0988	1.0000	
EXR	-0.1689	-0.1494	-0.0586	-0.1832	1.1091	1.0000

Source: Authors computation, (2024)

Panel Quantile Regression

Table 3: The 25th, 50th and 75th Quantile Results

	25th quantile			50th quantile			75th quantile		
Variable:	coefficient	Std. error	Prob.	coefficient	Std. error	Prob.	coefficient	St. Error	Prob.
FDI	-0.00206	0.00053	0.0001	-0.00058	0.00035	0.1000	0.00162	0.00065	0.0134
PSC/GDP	0.00804	0.00105	0.0000	0.00286	0.00008	0.0000	0.00996	0.00197	0.0000
DEBT/GDP	-0.00201	0.00075	0.0086	-0.00445	0.00103	0.0000	0.00666	0.00074	0.0000
GDPPC	0.02035	0.00412	0.0000	0.00049	0.00028	0.0850	0.01807	0.00677	0.0083
EXR	-0.00002	0.000004	0.0000	-0.000008	0.000002	0.0010	0.000018	0.000006	0.0034
F/Wald Test-Chi2 (5):	216. 2125 (0.0000)			242.1710 (0.0000)			237.178 (0.000)		
MCMC diagnostics	0.397			0.318			0.254		

Source: Authors computation, (2024)

Table 3 presents the 25th, 50th and 75th panel quantile regression results**.** The results across the 25th, 50th and 70th quantiles in West Africa show that FDI has negative significant effect on human development in West Africa in the 25th quantile. It also revealed FDI has positive significant effect on human development in West Africa in the 75th quantile, however, FDI has a negative and no significant relationship with human development in West Africa in the 50th quantile. An increase in FDI inflow raises human development by 0.00162% in the 75th quantile, while it decreases human development by 0.002% in the 25th quantile.

The positive and negative outcome of the effect of FDI on human development agrees with the findings of (Mbang, 2022) who found that FDI has positive effect on human development in Cameroun in the long run and negative effect in the short run. It is also in agreement with the study of Ibukun, *et al.,* (2024) who found a negative relationship between FDI and HDI in Nigeria. The non-significance effect of FDI on human development in the 50th quantile also agrees with that of (Kaba, 2022) who found FDI having no significant effect on human development in West Africa. Generally, the result of the study found the effect of FDI on human development stronger in the high (75th) quantile levels than in the low and middle (quantile) human development levels. The reason for this outcome may be due to the fact that foreign direct investment is thriving and enhances human development more significantly in countries with a high level of human development, as it leads to increased income and investment, compared to countries with lower levels of human development where FDI is not beneficial to the people.

The result from other variables used in the study showed that a decrease in Debt to GDP increases human development in West Africa by 0.02%, 0.004% in the 25th and 50th quantile levels, while in raises human development by 0.007% in the high quantile level in West Africa. Financial deepening and GDP per capita have positive influence on human development in West Africa in the 25th, 50th and 75th quantiles, while exchange rate has a negative effect on human development in the 25th and 50th quantiles but a positive effect in the 75th quantile. Summarily, the results of the study revealed noticeable variations across the 25th, 50th and 75th levels in the effect of FDI on human development in West Africa, which is a major contribution to knowledge which previous studies in West Africa did not focus on.

Quantile Regression Normality Tests

Table 5: Shapiro-Wilk, Shapiro-Francia and Skewness Tests

Variables	Shapiro-Wilk test	Shapiro-Francia test	Skewness/Kurtosis
HDI	4.607 (0.00000)	4.192 (0.00001)	9.26 (0.0000)
PSC/GDP	7.636 (0.00000)	7.053 (0.00001)	64.00 (0.0000)
FDI	10.469 (0.00000)	9.630 (0.00001)	63.65 (0.0000)
DEBT/GDP	5.526 (0.00000)	5.123 (0.00001)	25.89 (0.0000)
GDP PC	7.452 (0.00000)	6.992 (0.00001)	72.09 (0.0000)
EXR	10.762 (0.00000)	9.872 (0.00001)	- (0.0000)

Note: S-W test = Shapiro wilk test, S-F test = Shapiro francia test, S/K = skewness and kurtosis test. The numbers in brackets are the probability values.

Source: Author's computation, 2024

To validate the use of the quantile regression in the study, the Shapiro-Wilk and Shapiro-Francia tests are carried out as depicted in Table 5. The results of Shapiro-Wilk and Shapiro-Francia tests show that all the variables are statistically significant, which revealed that our variables are not normally distributed, as a result the OLS form of regression would not be suitable and thus, using the regressions model of quantile for the empirical analysis is reasonable and appropriate. This has been supported by (Koenker & Bassett, 1978) who opined that quantile regression does not require a normal distribution assumption. However, to validate the panel quantile regression results, the Wald tests showed significance at the 5% while the MCMC diagnostics indicate that most data observations closely approximate the target distribution.

CONCLUSIONS AND RECOMENDATIONS

Conclusions

This study examined the effect of foreign direct investment on human development in West Africa. The study used panel data from 2010 to 2022. The study so far has revealed that the effect of foreign direct investment on human development in West Africa differs depending on the HDI level of the countries. Nevertheless, it has been discovered that many poor economic policies and insecurity issues have affected foreign investments inflows in West Africa notwithstanding the benefits derived from foreign direct investment. West African countries have so far attracted little of it and more so, the much that has been attracted so far have not been retained. The study concludes that foreign direct investment may be needed flow of capital in West Africa if the region can stabilize their economies in such a way it will boost foreign direct investment.

Recommendations

The findings of the study have policy implications. Since foreign direct investment has negative effect on human development in low and middle HDI West African countries, it implies that foreign direct investment has not improved on human development in majority of the West African countries who are in the low and middle HDI category. As a result, policy makers should seek to stabilize the region and address the problems discouraging FDI inflow such as insecurity and poor infrastructure so as to improve human development in the region. In addition, policy makers in West Africa have to provide the enabling infrastructural environment that will encourage the needed condition for FDI to thrive. This includes technological advancements and foreign exchange policy reforms, the influence of this will imply reaping the benefits of investments domestically with eventual reduction in income disparities that are mainly useful for equitable human development in all parts of West Africa.

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