Investigating the factors affecting the attraction of foreign direct investment in Afghanistan

Mohammad Sadeq Mohammadi[[1]](#footnote-1)

**Abstract:**

This paper's core concern is to answer the question: What variables define FDI[[2]](#footnote-2) inflows to Afghanistan? A knowledge of these factors will help Afghan policymakers to devise and enforce strategies to attract more FDI. Foreign direct investment is an important factor in economic growth and development, bridging the savings-investment gap, transferring technology, technical knowledge and innovative management practices. This study examines the factors affecting the attraction of foreign direct investment in Afghanistan during the period 2002 - 2020. Having estimated the model, we conclude that foreign direct investment (FDI) has a positive and significant effect on economic growth. Variables such as External Debts Stock and economic infrastructure have a positive effect on gross domestic product FDI. While Inflation and economics openness affect FDI negatively.

Keywords: Foreign Direct Investment, GDP, OLS, Afghanistan.

**Introduction:**

As a core element of globalization and the world economy, foreign direct investment (FDI) is a driver of employment, technological development, increase in productivity and eventually economic growth. This plays a key role in filling the gaps in growth, foreign exchange, investment and tax revenue in developing countries (Smith, 1997; Quazi, 2007).

In particular, it can play an important role in Africa's development efforts, including: complementing domestic savings, generating and increasing jobs, integrating into the global economy, moving new technology, enhancing productivity and improving local manpower skills (Dupasquier and Osakwe, 2003).

Over the past years, net private capital flows to developing countries have risen significantly with most of the investment coming in the form of long-term, foreign direct investment (FDI). Most developing countries want to attract and maintain FDI because of the specific characteristics of this form of development-enhancing investment.

As a result, less developed countries (LDCs) have an opportunity to improve areas and facets of their economy or policy that are under intense scrutiny from companies contemplating a potential long-term investment.

Data from the World Bank showed capital growth in South Asia in 2005 at 23.6 billion dollars. India is the biggest share of that development. In Pakistan, the rise in foreign direct investment (FDI), which was 1.1 billion dollars in 2004 to 2.2 billion dollars in 2005, was triggered by privatization and natural resources (United Nations Conference on Trade and Development 2006).

Borensztein and Gregorie & Lee (1978) showed that, in an endogenous model, foreign direct investment (FDI) provides the basis for economic growth in the developing countries. Also, Blomstorm et al. (1997) indicated that foreign direct investment (FDI) is leading to economic growth in developing countries.

According to the empirical studies, the determinants of FDI are classified into two sides; supply side and demand side. The demand side includes variables related to the Afghanistan. The supply side contains variables linked to the investing organization itself.

Country exact variables that include market scope, economic growth, budget balance, inflation rates, tax levels, political stability, and foreign investment policies. Afghanistan may have location-specific advantages, such as its domestic markets, natural resources, and labor force, which help attract foreign investors to invest.

Normally this analysis would illustrate the second group (i.e., country defines variable). Therefore, the data and discussions on this sort of FDI determinants will be thoroughly emphasized.

Therefore, this research aims to explore the factors impacting foreign direct investment (FDI) in Afghanistan. Empirical study of the factors deciding foreign direct investment (FDI) has employed a number of econometric criteria in Afghanistan.

Foreign Direct Investment (FDI) is a straight investment in manufacturing or trade in a nation by a company or organization in another nation, often by purchasing an organization in the country of the board, or by growing the processes of an established business in that region. In comparison to collecting investment, foreign direct investment is a submissive investment in the security of additional countries such as stocks and bonds (Kunle, 2014).

Foreign direct investment is expected to make major contributions to host (recipient) countries ' development and economic change. Foreign direct investment feeds recipient countries through the capital inflows, technological participation, enhancement of human resources and mandatory managerial skills for sustainable economic growth.

Foreign direct investment discussed basic factors such as stable macroeconomic and political conditions and the legitimacy of policy reforms. A stable and sustainable macroeconomic environment increases private investor trust. Debt load reductions are also risky not only for the context of external and financial equilibrium, but also to encourage trust in private subdivision investment. (Dunning, 1993).

There are basically two types of horizontal and vertical FDI that serve the investor a different function. If a multinational corporation decides to extend its market geographically, it can double the production of products or services at home and distribute them in several countries (host country). This form of FDI is called FDI horizontal.

At the other side, vertical FDI aims to distribute parts of a global company's various development phases, with a view to reducing costs

FDI is to use raw materials in the developing country, or via distribution outlets to create closer contact with the customers (Moosa, 2002).

Afghan economy recovers from decades of war. After the collapse of the Taliban regime in 2001, the economy has improved dramatically due largely to the influx of foreign assistance, the revival of the agricultural sector and the development of the service sector (Mafhoum, 2016).

In 2001, Afghanistan was in a unsuccessful state after 23 years of war and domestic conflict, manufacturing capacity was closed to zero and the country was one of the poorest and most underdeveloped in the world. The new Afghanistan government did not start at point zero, by any way. To most western analysts, it was surprising how profoundly the newly established government was enshrined in old structures. But as new concepts, new regulatory charter methodologies, and even new characters (in government and business) are towards the inside of the scene, various structures and realities overlap.

It is a top priority in a post-conflict world for the central government to start mobilizing revenue so it can provide basic services efficiently from its own capital. Revenue in Afghanistan comes from two primary sources: product movement tariffs, and domestic taxes. The second of those sources concerns this proposal. It provides an outline of the key activities over the next 12 months to mobilize domestic taxation in Afghanistan (Mofrad, 2012).

It can be very rewarding to be doing business in Afghanistan. Within a short period of time even smaller investments will produce high income. And yet Afghanistan remains a daunting place for even the most seasoned professionals at least for the time being. Connection to local know-how is critical and to informal networks. Until setting up operations thorough consideration of market opportunities and effective business growth approaches is highly encouraged, and adequate time should be spent on networking to identify local business trends and find the right partners.

Afghanistan is a rapidly growing strategically important emerging market, close to some of the world's largest and fastest-growing markets. Afghanistan is strategically situated between the energy-rich Central Asian republics and the major South Asian seaports providing a crucial transit route for Central Asian petroleum and gas to markets in South Asia and overseas. Afghanistan also has natural access to neighboring countries ' markets like important fast-growing markets like China, India, and Pakistan.

Afghanistan provides a business-oriented climate with private investment-friendly legislation. In the new Constitution the ideals of a free market economy are integrated even as the growth of the private sector is a pillar of the national development strategy. Consequently, both the President and the Government have intensively concentrated on eliminating barriers to the growth of the private sector.

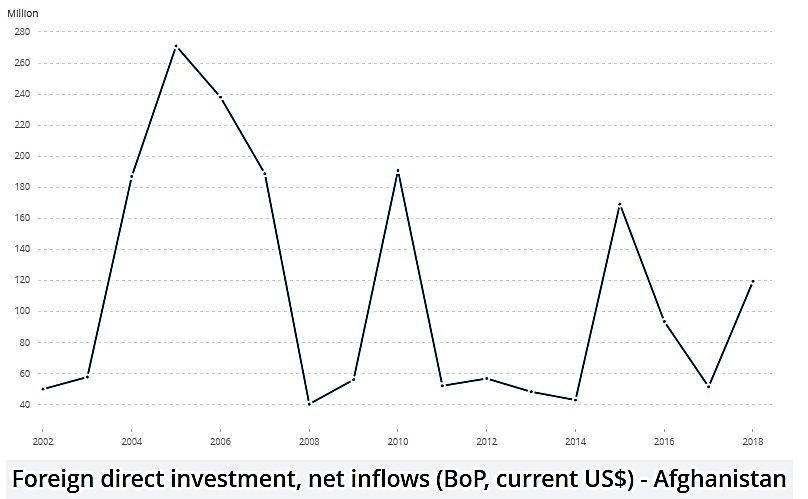
Afghanistan is abundant in natural resources and its mineral resources are exceptionally abundant. There are more than 1,400 mineral deposits known at this time. Those include high quality energy minerals such as oil, gas and coal, as well as high quality iron and copper deposits. Furthermore, Afghan known precious and semi-precious stones include emerald, jade, amethyst, alabaster, beryl, lapis lazuli, tourmaline, ruby, quartz, and sapphire. Lastly, there are significant investment opportunities within the hydrocarbons industry.

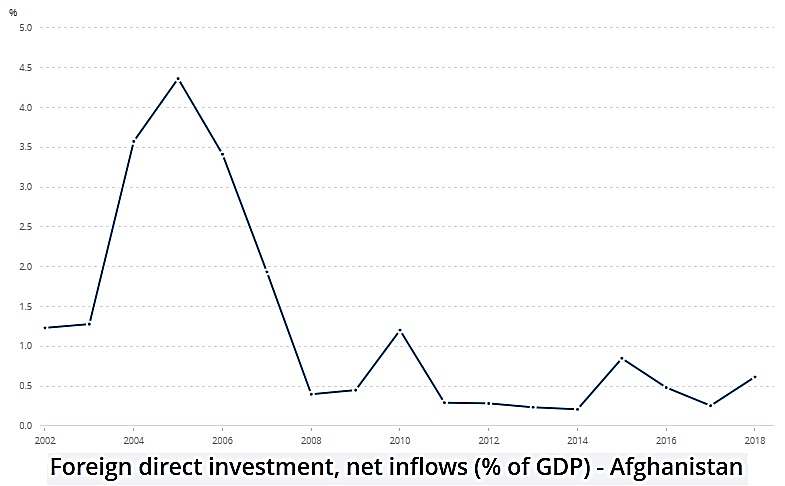
The Islamic Republic of Afghanistan (GIRoA) government recognizes that the growth of a thriving private sector is essential to the reconstruction of an economy that has been ravaged by decades of war and mismanagement. As such, significant measures have been taken to promote a business-friendly atmosphere for both international and domestic investment. Security risks often restrict the opportunities for investors to grow business in some areas, and some sectors (such as mining and hydrocarbons) still lack a regulatory environment that fully supports investment. In recent years, the investment climate in Afghanistan has shown remarkable levels of dynamism in the face of those challenges (afgair, 2016).

The government wants to attain a (legal) 500 USD / year GDP / capital by 2015. That results in an app's anticipated annual growth rate. Ninety per cent. Growth rate has been about 20 percent in recent years, but this will slow down as a first "peace dividend" is paid, agricultural growth will slow down, and donor contributions will stay at the highest at current rates. Therefore, the government and the international community have put broad-based economic growth at the core of the agenda in their joint strategic paper to secure Afghanistan's Future. In all papers the hidden field is called “the development locomotive”.

The goal of this research is to identify the key Foreign Direct Investment Determinants showing capital flow in Afghanistan, explore the effect of Foreign Direct Investment Determinants on Afghanistan's economy and suggest some policies by which Foreign Direct Investment in Afghanistan can be improved.

The relatively small scale of FDI inflows into Afghanistan is also reflected in the two following diagrams.





**Literature Review:**

Najaf, K., & Najaf, R. (2016). Analyzed the effect of foreign direct investment on the economic growth of particular Central Asia, Afghanistan and A region. We've gathered the data from secondary source for this study. The study found that FDI inflows are on the rise in some countries. In 1992 A country's FDI inflows were 258.43 US dollars, at that time Afghanistan's inflows were none. It was concluded in the year 2007 that A country's inflows were us $4374 million. The amount of inflows in Afghanistan was 289 US$ during the 2007.

Agarwal, M., &Atri, P. (2016). Argued that capital account liberalization would significantly benefit emerging economies as capital would flow from the capital-abundant rich countries to the capital-scarce developing countries once capital controls are removed. The free flow of capital could theoretically fuel productivity and thereby bring millions out of poverty. India has been liberalizing slowly since the 1980s and more capital inflows relative to outflows have been reported throughout. Furthermore, the composition of capital flows has changed since the 1980s, with foreign direct investment (FDI) inflows gradually increasing from equity and debt flows after 1991.

Sikwila. M (2015). Mentioned that Foreign Direct Investment (FDI) is a way of moving the organization's expertise, experience, technology and many other intangible benefits to the host country for production and determination, so Foreign Direct Investment can be made for two reasons: First, the FDI may be the product of domestic resource retention, such as diamonds, gold and platinum, which may be appealing to multinational companies that eventually invest in their home countries. Meanwhile the country has natural resources such as diamonds, platinum, gold, chromium, iron, among other natural resources as many countries have the mineral resources listed above, which is expected to attract foreign direct investment. Second, international business will have some advantages in the form of technology and innovation in non-possessing domestic industries, and this will lead to innovation in the home country that will include foreign businesses engaged in research and development and advance it in revolution and technology that will assist other countries. In addition, without research and development benefits, it explains the concepts of foreign direct investment involving foreign direct investment from the perspective of markets and its concept arising from the concept of market weakness and highlights market volatility, recommendations, deliveries and an opportunity to maximize next to the region.

Blonigen, B. A., &Piger, J. (2014). Mentioned that the empirical studies of the movement of two-sided foreign direct investment (FDI) indicate significant improvements in specifications with a minor arrangement for the normal of covariates used. We use Bayesian statistical methods that allow one to select certain maximum variables likely to be determinants of FDI operation from a broad collection of applicants. The variables with consistently high probability of existence include variables of old-style severity, problems of social distance, relative labor donation sand trade agreements. Most sided trade transparency, most host-country business prices, host-country infrastructure and host-country organizations are provided with limited provisions. Our consequences propose that numerous covariates originate significant by preceding studies are not vigorous.

Rahman. Z (2014). Found that the role of government in shaping and enforcing policies is very significant in attracting or making space for influencing international investors and making long-term contracts. And that role will prepare business-accessible environment to accomplish the investment, FDI to make capital to expand their services, bring new technology, bring money and use it to enhance technology. Foreign Direct investment is a transfer of funds from one country to another in currency. This strategy plays a very important role in improving the country's growth, positively affecting GDP and developing the country-wide capitals that can completely grow both natural and human resources.

Abala. D (2014). In his article, he explained that Foreign Direct Investment (FDI) is characterized as foreign currency investment, such as foreign currency, credits, rights, welfare or assets approved by a foreign national for goods and services to be sold locally or exported externally. FDI generally refers to an investment made in a country other than the established investors to acquire a lasting management in a business enterprise. Depending on the perceived benefits associated with FDI cash inflows, financial incentives such as tax credits and aid grants are among other policies to draw FDI into their economies. In various papers it has been proposed that international companies be able to positively influence performance levels and growth rates in the outputs they join to build skills development, increased employment and innovation.

**Theoretical Basis:**

Economic growth is one of the most relevant indicators among all countries around the world. And the countries are implementing several special plans and policies because growth in economic growth indicates an increase in social security and a long-rise in the economic development of the country. Many variables in economics are influential on economic growth; for example, technology, physical capital, human resources, etc. In the meantime, foreign capital is one of the variables that undermines the said development.

Foreign investment may have double direct and indirect impact on economic development. Its direct effect is to increase demand, jobs, added value and export through foreign investment. These factors directly increase GDP; for example, employment increases the income of the individual, and that increase in income is measured directly in GDP. This is likewise for value added and for export. However, foreign investment also indirectly increases GDP; for example, the transfer of technology, information and know-how through licensing, imitation, and job training. In addition, externalities, technology spillover, the development of human resources, performance and productivity are the factors that indirectly increase economic growth in GDP. Chakrabarti (2001) and Borensztein, De Gregorio, and Lee (1998).

Once the manufacturing technology is nationally improved, the goods will be supplied with better quality and lower cost, thereby the national production and per capita performance. In other words, technology is the future source of productivity benefits to domestic businesses by spillover. Borensztein et al (1998) proved the gap in human capital in influences attracting technology in different countries which would eventually affect economic development.

With regard to the relationship between FDI and economic development, in neoclassical economies, it is assumed that FDI only affects GDP per capita ( ) and not economic growth ( ). That means that in the long term, FDI is not the engine of economic development. In comparison, FDI is believed in modern economic growth theory to affect per capita production and economic development (Nuzhai Falki, 2008).

While several theories indicate that FDI results in economic growth through certain factors such as technological transfer, technological spillover and productivity increase, there are other theories that take the opposite stance. The later theories predicted that in the presence of pre-existing trade, price, and other financial disorders, FDI is detrimental to resource allocation and it decreases economic development (Boyd and Smith, 1992).

This case is found mainly in the developing countries. But these countries ' main problem may be their poor economic structure; for example, unsuitable infrastructure, weak human resources, new and old technology, and so on, which does not provide the capacity needed to attract advanced technology and information.

**Data and Method:**

**Table 1: The list of variables**

|  |  |  |  |
| --- | --- | --- | --- |
| **Variable** | **Sources** | **Units** | **Type of Variable** |
| **GDP** | World Bank Data | GDP (current US$) | Real |
| **FDI** | World Bank Data | Foreign direct investment, net inflows (BoP, current US$) | Real |
| **INFRA** | www.theglobaleconomy.com | Mobile phone subscribers, per 100 people | Real |
| **INFLA** | World Bank Data | Inflation, GDP deflator (annual %) | percentage |
| **EXCH** | World Bank Data | Official exchange rate (LCU per US$, period average) | Real |
| **EDS** | World Bank Data | External debt stocks, total (DOD, current US$) | Real |
| **HDI** | www.theglobaleconomy.com | Human Development Index | Real |
| **OPEN** | www.theglobaleconomy.com | exports plus imports as percent of GDP | Real |
| **POP** | World Bank Data | Population growth (annual %) | percentage |

We should be assured of the stationary of variables prior to estimating the model. The Dickey-Fuller, Augmented Dickey and Phillips-Perron measures are used to calculate the time series variables stationary.

As defined in Table 2, all the variables were significant in 5% level. It means the variables are stationary, and so, spurious regression is avoided.

**Table 2. Unit root test**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Variable** | **EDS** | **EXCH** | **FDI** | **GPD** | **HDI** | **INFLA** | **INFRA** | **OPEN** | **POP** |
| **Prob** | 0.0013 | 0.0057 | 0.0036 | 0.0026 | 0.0003 | 0.0029 | 0.0014 | 0.0000 | 0.0007 |

The variables are stationary at the 5% confidence level.

As defined in Table 1, all variables were significant at a level of 5%. This implies that the variables are stable, thereby preventing false regression.

**Suggested Model:**

One of the big and main motivating factors for the analysis was for determinants of foreign direct investment in Afghanistan’s GDP. When FDI is properly attracted it impacts GDP directly or indirectly. This helps us to examine the determinants of FDI in Afghanistan empirically.

This paper applies the OLS model for estimating the parameters. It was invented in 1795 by world-renowned mathematician and rediscovered in 1805 by Adrien Marie Legendre. Implementation is simple and it relates to problems. This can be easily analyzed and interpreted mathematically. When the random variables distributions have the same variance and mean zero then the least squares method is the best unbiased linear estimator of the model coefficients.

According to the question posed in the research and based on the most important variables affecting the amount of foreign direct investment that is inferred from the articles under review, the FDI flow in Afghanistan can be defined as a function of the following variables:

**FDI = f (EDS, EXCH, HDI, INFLA, INFRA, OPEN, POP)**

Where FDI is foreign direct investment, net inflows, EDS is external debt stocks of host country, EXCH is exchange rate (local currency units per U.S. dollar), HDI is human development index in the host economy. A labor force educated can adapt new technology easily and it accelerates FDI inflows, INFLA is inflation (GDP deflator), INFRA is infrastructure; a good infrastructure accelerates FDI inflows process because input and output transfer easily, OPEN is trade openness: exports plus imports as percent of GDP and at the end POP is the population growth, the demand of people can decrease or increase economic growth, it depends on economic capacity. In general, the following regression models is proposed to identify the factors affecting the flow of foreign investment in Afghanistan. We estimate two models. The basic specification model for economic growth is:

=

And the basic specification model for foreign direct investment attraction is:

=

**Model estimation and interpretation of results:**

The proposed model in the previous section was estimated using the data obtained from the mentioned sources and after the initial tests and considering the necessary econometric criteria and various statistics using Eviews10 software and the results are summarized and reflected in the tables below.

The findings are variable outcomes and simple regression implemented to OLS model. Simple regression is used to test the relationship and effect of FDI on Afghan gross domestic product (GDP).

This section describes the tests needed to make the data accurate. T-test is used to evaluate the importance of a variable for this function and P-value is used to indicate approval on economic theory of the hypothesis. Use F-test to verify the model’s overall significance. The result is expressed in the table below.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **R Square** | **Adjusted R Square** | **Coefficient** | **T - test** | **P - value** | **F - test** |
| 56.12 % | 51.34 % | 5.243972109 | 9.76 | 0.008 | 0.031 |

The P value is 0.008, which is a point of less than 5%. So, variable is essential. T-test is 9.76 which is more than 2 theoretical value, meaning variable. F-test is 0.031 which is a point below 5%. So, overall model is significant at 5% level.

Model analysis R square (R2) is 0.5612 This means that 56.12 percent variance is explained in the dependent variable (gross domestic product) by an independent variable (foreign direct investment), which indicates a weak relationship between the variables.

Co-efficient is 5.24, indicating 1 % increase in FDI then 5.24 units increase in GDP, F-test is 0.031 that is less than 5%. Therefore, the overall model is significant and essential. T-test value is 9.76, which is more than 2 theoretical value, so variable is significant.

**Table 3: Summary of the results obtained from estimating the coefficients**

|  |  |  |
| --- | --- | --- |
| **Variable** | **Coefficient** | **Prob** |
| EDS | 0.3894 | 0.0387 |
| EXCH | 6.6869 | 0.1581 |
| HDI | 1.8213 | 0.8279 |
| INFLA | - 0.1286 | 0.039 |
| INFRA | 0.2678 | 0.0262 |
| OPEN | - 0.2241 | 0.0021 |
| POP | 0.6460 | 0.384 |

Source: Research Findings Using Software Eviews10

As discussed above, we applied that on OLS variables model to obtain the results. Our literature review, in which different scholars also affirm these findings, confirms the conclusion obtained from the methodology. Through applying multiple regressions, the equation we get is:

=

It can be said that with the exception of EXCH, HDI and POP variables, the effect of other factors defined in the model is significant. This can be shown by the P-value statistic at the level of 5% and below, which is reflected in the third column of the table 3.

As can be seen, the coefficient of the two variables EDS, INFRA in the estimated regression is positive and the coefficient of the variables INFLA and OPEN is negative.

Among the model variables, the role of EDS variable is the most and as can be seen, its coefficient is 0.3894. This means that by increasing one unit in the EDS variable, by about 0.3894 units, the amount of foreign direct investment will increase. For the INFRA variable, the coefficient of which is also positive, by increasing one unit in this variable, we can say that 0.2678 units will be added to the foreign direct investment variable.

For INFLA and OPEN variables whose coefficients are negative, it means that by increasing one unit in the INFLA and OPEN variables, the amount of foreign direct investment decreases by about 0.1286 and 0.2678 units, respectively.

Since the openness of the economic space is the sum of exports and imports relative to GDP and the coefficient of this variable is negatively estimated in our model, it means that increasing this index reduces foreign direct investment. It can be said that this is because this index has been mainly influenced by high volume of imports in Afghanistan. Because the export variable independently has a positive effect on foreign investment.

Therefore, the higher value of imported goods means the lower the foreign investment. In general, it can be said that the more efforts are made to export more goods from Afghanistan will cause the more incentives foreign investors to invest in Afghanistan. On the other hand, the emphasis on high imports due to increasing the openness of the economic space leads to a decrease in foreign direct investment.

The Islamic Republic of Afghanistan is facing severe economic weakness due to decades of conflict, war and violence, and needs new investment to cross this space. For more than a decade, the country has been trying to open the way for foreign investors to enter, along with international aid. Extensive approvals of freedom of entry and exit of capital and fields of attraction of foreign investment of this country after the presidency of Mr. Karzai show the great importance of using foreign capital in the production and economic growth of this country. But in practice, there are many problems in attracting foreign investment and using it in the direction of favorable economic growth of this country. According to the findings of this study, the amount of foreign debt and the appropriate infrastructure of the country has played a positive and decisive role in attracting foreign investment in Afghanistan. Also, the level of economic openness of the country and inflation, which indicates economic instability, has a significant and inverse effect on attracting foreign investment. The negative impact of imports on the flow of foreign investment was also confirmed in this study and therefore the need to curb imports to encourage foreign investors in this study is recommended.

In general, it can be said that the main factors on attracting foreign direct investment are explained in the model presented in this study. But the influence of other factors cannot be ignored. On the other hand, empirical evidence on the flow of foreign investment to Afghanistan suggests that not only have international commitments to help rebuild Afghanistan been unsatisfactory, but that the flow of private sector investment to Afghanistan has declined sharply in recent years. Meanwhile, economic growth in the last two years has decreased compared to previous years.

**Recommendations:**

The post-war countries' strong need for capital and the creation of a favorable investment climate in developing countries is of great importance. Especially in the post-war environment, attracting foreign and domestic companies is the main axis of private development, and the only way to invest is for investment supporters to benefit from their investment. Politic men, managers, investors in Afghanistan should be aware that the use of scientific methods can reduce the impending crisis in many cases. One of these methods is to attract foreign investment. According to economic theories and empirical observations, the economic growth and production of each country is greatly influenced by the initial production capital and investment flows. National savings are the core of production capital in any country and this issue is directly affected by the level of production and national income of that country. It is more and more important to pay attention to this. It is suggested that considering the model obtained in this research has a positive result, managers and investors should use this model to prevent the loss of their capital.

It can also be said that despite legal measures in Afghanistan, the government has not been successful in attracting foreign investment. One of the most important reasons is the lack of sufficient economic security and the lack of necessary insurance services to investors to cover part of their risks. Other problems such as corruption and political risk, problems in the banking system, the government's inability to create a unified system to solve economic and administrative problems still exist in Afghanistan and are major obstacles to attracting foreign direct investment.

**References:**

Quazi, R. M. (2007), “Investment Climate and Foreign Direct Investment: A Study of Selected Countries in Latin America”, Global Journal of Business Research, Volume 1, Number 2, 1-13.

Smith, S. (1997), “Restrictive Policy toward Multinationals: Argentina and Korea”, Case Studies in Economic Development, 2nd Edition, 178-189.

Dupasquier, C. and Osakwe, P. N (2003), Performance, Promotion, and Prospects for Foreign Investment in Africa: National, Regional, and International Responsibilities, Paper Prepared for the “Eminent Persons‟ Meeting on Promotion of Investment in Africa”, Tokyo, February 2003.

UNCTAD (United Nations Conference on Trade and Development) (2006). World Investment report, New York.

Borensztein, E., De Gregorio, J., Lee, J.W., (1998). How does foreign direct investment affect economic growth?Journal of International Economics 45, 115– 135.

Blomstrom, M.,&Kokko, A. (1997). How foreign investment affects host countries. In Policy research working paper (Vol. 1745). Washington, DC: World Bank.

Adeleke Kunle, M., Olowe, S. O., & Oluwafolakemi, F. O. (2014).Impact of Foreign Direct Investment on Nigeria Economic Growth. International Journal of Academic Research in Business and Social Sciences, 4(8), 234-242.

Moosa, I. A. (2009). The determinants of foreign direct investment in MENA countries: an extreme bounds analysis. Applied Economics Letters, 16(15), 1559-1563.

Najaf, K., & Najaf, R. (2016).Importance of FDI on the Growth of Pakistan and Afghanistan. Middle- East Journal of Scientific Research, 24(5), 1738-1742.

Agarwal, M., &Atri, P. (2016). Foreign Direct Investment and Poverty Reduction: India in Regional Context (No. id: 8694).

Sikwila, M. N. (2015). Foreign direct investment: does it matter? A case for Zimbabwe.

Blonigen, B. A. (2005). A review of the empirical literature on FDI determinants. Atlantic Economic Journal, 33(4), 383-403.

Rahman, Z. U. (2014). Impact of Foreign Direct Investment on Economic Growth in Pakistan. Journal of Economics and Sustainable Development,5(27), 251-255.

Abala, D. O. (2014). Foreign Diresct Investment And Economic Growth: An Empirical Analysis Of Kenyan Data.

Chakrabarti, A., (2001). The determinants of foreign direct investment: sensitivity analyses of cross-country regressions.KYKLOS 54, 89–114.

Borensztein, E., De Gregorio, J., Lee, J.W., (1998). How does foreign direct investment affect economic growth?Journal of International Economics 45, 115– 135.

Adeleke Kunle, M., Olowe, S. O., & Oluwafolakemi, F. O. (2014).Impact of Foreign Direct Investment on Nigeria Economic Growth. International Journal of Academic Research in Business and Social Sciences, 4(8), 234-242.

Mofrad, M. A. (2012). The Relationships between GDP, Export and Investment: Case Study Iran. Business Intelligence Journal, 5(2), 16-23.

1. . PhD student in Development Economics and Planning, Faculty of Administrative and Economic Sciences, Ferdowsi University of Mashhad [↑](#footnote-ref-1)
2. . foreign direct investment [↑](#footnote-ref-2)