

Financial Development, Institutional Quality and Environmental Conditions in the Middle East and North Africa Region: Evidence From Oil- And Non-oil-Producing Countries

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Abstract : Considering the differences between oil- and non-oil-producing countries, this paper aims to evaluate the impact of financial development (FD) and institutional quality (IQ) on CO2 emissions in 15 MENA (Middle East and North Africa) countries over the period 1996-2018 using the Panel ARDL approach. We found evidence to support an unconditional long run effect of FD on environmental conditions (EC), with quite significant differences between the two groups of countries. While FD leads to environmental degradation (ED) in non-oil-producing countries, it helps protect the environment in oil-producing ones. Regarding the effects of IQ on EC, they are not significant in both short- and long run for non-oil-producing countries, but they are significant for oil-producing ones only in the long run. In the short run, IQ indicators haven't significant effects on EC for the two groups of countries.

Keywords : financial development, institutional quality, environmental conditions, Panel ARDL

Conference Title : ICFE 2023 : International Conference on Financial Economics

Conference Location : Paris, France

Conference Dates : August 24-25, 2023