

Impact of Foreign Direct Investment to the Economic Growth of Rwanda

Authors : Munezero Vanessa

Abstract : A country is considered developed when its socio-economic and development situation is stable. Foreign direct investment is thus considered to be one of the solutions to this stability especially when it is used in development sectors. The present study was meant to understand whether the foreign direct investment stimulates economic growth performance in Rwanda. The foreign direct investments and economic growth (GDP) has been the subject of much debate among economic development researchers, aid donors as well as recipients in general and Rwanda in particular. In spite of this, there are only few empirical studies that investigate the contributions of foreign direct investments to economic growth in Rwanda. This study explores the relationship between foreign direct investments and economic growth in Rwanda using data that spans from 2000 to 2019 and establishing through causal study if changes in one variable cause changes in the other. The results show that foreign direct investments significantly contribute to the current level of economic growth. The findings imply that Rwanda could enhance its economic growth by effectively and strategically strengthening foreign direct investment plans.

Keywords : foreign direct investment (FDI), economic growth, GDP gross domestic product (GDP), inflation, exchange rate

Conference Title : ICBIM 2024 : International Conference on Business Innovation and Management

Conference Location : New York, United States

Conference Dates : September 12-13, 2024