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The Effects of Foreign Direct Investment on Economic Growth (Gross Domestic Product) in Tanzania

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Abstract: *This study aims to analyse the effects of Foreign Direct Investment on Economic Growth (Gross Domestic Product) in Tanzania. The World Bank's data on foreign direct investment and gross domestic product from 1988 to 2021 was employed in order to achieve the purpose of the study. The Vector Autoregressive Regression (VAR) Model was selected, in which a neoclassical growth model was applied within the implementation of this model. According to the findings of the research that was carried out, the Gross Domestic Product was primarily influenced by its prior values, which suggests that the economy is capable of some degree of self-sufficiency in terms of driving changes in the economy. According to the findings, foreign direct investment had a relatively minimal direct impact on gross domestic product, which suggests that other factors played a more significant role in influencing economic performance. There was no bidirectional causal relationship between gross domestic product and foreign direct investment; they both functioned independently of one another. It has been established that endogenous shocks have a significant role in driving changes in both GDP and FDI, which underscores the impact that internal forces have on the economic system. The importance of taking into account internal factors while conducting an analysis of economic growth has been brought to light as a result of these findings, which have contributed to a better understanding of the complex relationship that exists between GDP and FDI.*

Keywords: *Foreign Direct Investment; Economic Growth; Vector Autoregressive Regression; Gross Domestic Product.*

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Introduction

Foreign direct investment (FDI) has emerged as a critical driver of economic growth and development, particularly in an increasingly interconnected and globalised world (Makun, 2018). FDI brings in substantial capital inflows from foreign investors, which contributes to the overall investment levels in a country (Mukhtarov et al., 2019). This influx of capital helps to finance new projects, expand existing businesses, and develop infrastructure. The increased investment leads to higher production capacities, increased employment opportunities, and improved productivity levels, all of which have a positive impact on Gross Domestic Product (GDP) growth (Asiamah et al., 2019).

Additionally, FDI often involves the transfer of advanced technologies, technical know-how, and management practices from developed countries to recipient countries (Belloumi & Alshehry, 2018). This knowledge transfer enhances the productivity and efficiency of domestic industries, enabling them to produce higher-quality goods and services (Phuyal & Sunuwar, 2019). By adopting and implementing new technologies, countries experience productivity gains, which ultimately drive economic growth and contribute to GDP expansion (Utouh, Rao, and Mutalemwa 2016; Bermejo Carbonell & Werner, 2018).

Furthermore, FDI stimulates the growth of domestic industries by providing access to international markets, distribution networks, and global supply chains (Hanif et al., 2019). Multinational corporations investing in a country's domestic industries bring in expertise, marketing capabilities, and global connections, enabling local businesses to expand their reach and tap into new customer bases (Dinh et al., 2019). This expansion leads to increased production, exports, and revenue generation (AlMatari et al., 2021).

Furthermore, FDI creates employment opportunities in recipient countries. When foreign investors establish or expand their operations, they hire local labour to support their business activities. This increased employment not only reduces unemployment rates but also enhances the income levels and purchasing power of individuals, which, in turn, drives domestic demand and stimulates economic growth (Utouh, & Rao, 2016; Makiela & Ouattara, 2018).

Moreover, FDI significantly contributes to a country's trade and export performance (Asongu et al., 2018; Kitole, & Utouh (2023). By investing in industries that produce export-oriented goods and services, FDI helps diversify the export base and increase competitiveness in global markets. The resulting growth in exports leads to increased foreign exchange earnings, an improved trade balance, and overall GDP expansion.

In addition, FDI often includes investments in infrastructure projects such as transportation, energy, and telecommunications (Cookey & Eniekezimene, 2020). The development of essential infrastructure that is necessary for the support of economic activity is facilitated by these investments. The production and distribution processes' efficiency can be enhanced by the implementation of infrastructural improvements, which reduce transaction costs and attract further investment. The resulting infrastructure development plays a crucial role in facilitating economic growth and positively influencing GDP (Tanaya & Suyanto, 2022).

Furthermore, FDI has a stabilising effect on a country's financial system and balance of payments (Latif et al., 2018). Foreign direct investors bring in stable and long-term capital, which helps mitigate the risk of volatile capital flows and reduces the vulnerability of the domestic economy to external shocks (Tewes et al., 2018). FDI inflows contribute to improving the balance of payments position by increasing foreign exchange reserves and reducing external deficits (Tewes et al., 2018).

Despite the importance of FDI, such as job creation and technology transfer, it also poses several challenges. For example, developing countries often rely heavily on FDI as a source of

external financing (Chaitanya V., 2004). However, an excessive dependency on foreign capital makes the economy vulnerable to global economic fluctuations and sudden withdrawals of investments, which leads to instability and hinders long-term growth prospects (Khamphengvong et al., 2018). Also, the entry of multinational corporations (MNCs) through FDI creates challenges for local industries, particularly small and medium-sized enterprises (SMEs). MNCs have advantages in terms of technology, economies of scale, and global distribution networks, making it difficult for local businesses to compete, leading to job losses and hindering the growth of domestic industries (Baltas et al., 2018).

FDI projects, particularly in industries like mining or manufacturing, have negative environmental and social impacts (Teeramungcalanon & Chiu, 2020). Weak regulatory frameworks, insufficient enforcement, and inadequate environmental standards result in environmental degradation, displacement of local communities, and labour rights violations (Bakari, 2018). Actions related to social unrest, political instability, and reputational risks for both the host country and foreign investors are very limiting factors for foreign exchange, especially in developing countries (Tewes et al., 2018).

To tackle the prevailing challenges, governments in Africa have taken a number of actions to counter FDI challenges. For instance, Tanzania established the Tanzania Investment Centre (TIC) and the Export Processing Zones Authority (EPZA) to promote and facilitate investments. These agencies provide information, assistance, and incentives to potential investors, streamlining the investment process and reducing bureaucratic hurdles (URT, 2016). Furthermore, Tanzania has made a lot of plans, some of which are still in implementation, in order to attract more foreign investors to the nation. For example, the construction of the Nyerere Hydro Electric Dam, which is estimated to cost approximately US$3 billion, will have the ability to generate over 2,000 megawatts of electricity, thereby ensuring that investors have access to a reliable and cost-effective supply of electricity. Furthermore, the creation of a state-of-the-art electric-powered Standard Gauge Railway (SGR) that will connect the Dar es Salaam Port to Uganda, Rwanda, Burundi, and the DRC is aiming to improve the transportation of inputs and products from where they are produced to where they are needed. This is expected to result in a significant enhancement in efficiency, with a reduction of up to 40% in cargo transport costs (URT, 2016). In addition, public-private partnerships (PPPs) in Tanzania encourage partnerships between the public and private sectors to promote investment and infrastructure development. PPPs are used to leverage private sector expertise, resources, and capital for the implementation of large-scale projects such as airports, ports, and energy infrastructure (Makiela & Ouattara, 2018).

Further, the World Bank, renowned for its global impact and vast resources, has provided considerable assistance to the United Republic of Tanzania (URT) in the form of loans amounting to a staggering TSh1.27 trillion. This financial aid is intended to alleviate the pressing issue of infrastructure bottlenecks, which have long plagued the African continent, with the ultimate goal of enhancing transportation and investment activities throughout the Tanzanian region. This remarkable development is a testament to the World Bank's unwavering commitment to promoting sustainable economic growth and fostering meaningful change in the global community (WB, 2022).

Several researchers have investigated the effects of FDI on economic growth. Bermejo Carbonell & Werner (2018) found in Spain that FDI fosters economic growth. On the contrary, Belloumi & Alshehry (2018) discovered that both domestic and foreign direct investments have an adverse impact on the economy's growth in the long term.

Therefore, due to this ambiguity, this study aims to examine the relationship between FDI and economic growth, with a specific focus on how FDI influences GDP.

Literature Review

A literature review is a crucial element of any research study. It entails a thorough exploration and evaluation of prevailing academic and scholarly sources, including articles, research papers, and other pertinent publications. The primary objective of a literature review is to offer a comprehensive portrayal of the current state of knowledge, pinpointing extant gaps or incongruities in the literature.

Makun (2018) conducted a study to examine the repercussions of external factors, namely imports, remittances, and foreign direct investment, on the economic growth of the Republic of the Fiji Islands. The research employed the Autoregressive Distributed-Lag (ARDL) time series econometric technique to analyse annual data from 1980 to 2015. The findings of the study indicated that imports had an adverse effect on economic growth in the long run, whereas remittances and foreign direct investment had a positive impact on both short- and long-term economic growth. The study recommends that the government should have devised policies to curtail imports and attract more remittances and foreign direct investment, which would pave the way for improved economic growth. Similarly, Bakari (2018) conducted a study to examine how foreign direct investment (FDI) impacted exports in Jordan. The Autoregressive Distributed Lag Bounds Testing (ARDL BT) Cointegration methodology was utilised to scrutinise the data accumulated from 1980 to 2018. The findings of this study suggested a beneficial and statistically noteworthy impact of foreign direct investment on exports in the extended period, with a 1% increase in foreign direct investment resulting in a 0.13% growth in exports. In contrast, Bakari, (2018) examined the effects of both domestic and foreign direct investments on the economic growth of Tunisia from 1976 to 2017. To achieve this goal, the study employed the Auto-Regressive Distributive Lags (ARDL) method to scrutinise the level of relationships among domestic and foreign direct investment in economic growth. The results of the study indicated that domestic investment and foreign direct investment had an adverse impact on economic growth in the long run. However, in the short run, only domestic investment was found to have a positive effect on economic growth. In the short run, only domestic investment was found to cause economic growth.

Conversely, Asiamah et al. (2019) investigated the factors that impact foreign direct investment (FDI) in Ghana, spanning the years 1990 to 2015. The inquiry disclosed a cointegrating relationship that ties FDI and its determinants, such as foreign exchange, inflation, and interest rates. Moreover, the long-term and short-term results showed substantial harmful effects of the inflation rate, exchange rate, and interest rate on FDI in Ghana. This study also found that gross domestic product, electricity production, and telephone usage (TU) exerted a positive influence on FDI.

Further, Teeramungcalanon & Chiu (2020) analysed the impact of foreign direct investment (FDI) on income and inequality in Vietnam from 2012 to 2018. The study used a two-step Generalized Method of Moment (GMM) model with robust standard errors to address the potential endogeneity problem. The empirical results showed that FDI tended to increase income inequality in Vietnam, and the existence of a non-linearity relationship between FDI and income inequality was also validated. The study found that the effects of FDI on income growth and inequality were different depending on the level of education and institutions in the host provinces in Vietnam. The results of the study implied that Vietnam's policies should focus on improving the quality of economic governance and the administrative reform efforts of the governments of the provinces and cities. Policies should also focus on increasing investment in public education and improving human capital, which can not only reduce income inequality but also attract more FDI inflows.

Furthermore, Phuyal & Sunuwar (2019) conducted an analysis of the ramifications of foreign direct investment (FDI) on the economic growth of Nepal, with a specific focus on sector-wise effects. Through the utilisation of a decade's worth of sectoral data spanning from 2007 to 2016,

the study has determined that FDI within industries such as tourism and agriculture has had a significant and positive impact on the nation's GDP during that time frame. Nevertheless, the research has underscored the importance of the government and other key stakeholders developing new policies to attract foreign investments in other sectors, which would serve to facilitate the formalisation of informal activities and ultimately result in sustained economic growth. The study has emphasised that the creation of effective plans and policies, coupled with appropriate implementation and review by relevant authorities, will be pivotal for Nepal in enhancing FDI inflows and accelerating economic development. Additionally, the research has highlighted the significance of comprehending how FDI practices align with the country's economic growth needs and has provided valuable insights for investors, policymakers, and researchers in Nepal.

In addition, Khamphengvong et al. (2018) undertook an examination of the determinants of inward foreign direct investment (FDI) in the Lao People's Democratic Republic (Lao PDR). In this investigation, a static and dynamic gravity model was employed, encompassing the period from 1995 to 2015 and utilising panel data from various sources, including the Lao ministry of planning and investment, the central bank of Lao PDR, and the world development indicators (WDI). The outcomes of the study revealed that the chief attractions for FDI inflow were market size, trade openness, the inflation rate, labour costs, and the exchange rate. Additionally, it was noted that FDI inflow in a given year had a significant impact on foreign investor decision-making in the following year. Conversely, factors such as distance and border sharing among countries were not found to have a positive effect on FDI inflow. Ultimately, the research concluded that exporting constitutes a vital element of a firm's working capital, which has a variety of implications for both business practice and future research endeavours.

Theoretical Framework

The Neoclassical Growth Theory, also known as the Solow-Swan Growth Model, was developed by Robert Solow and Trevor Swan in the 1940s and 1960s. This theoretical framework aims to explicate the factors that determine long-term economic growth and the causes of changes in output and income over time (Mohan & Net, 1949).

This theory was developed based on the principles of neoclassical economics, which emphasise the role of capital accumulation, technological advancement, and productivity in propelling economic expansion. The theory posits that economic progress is primarily propelled by the accumulation of physical capital, encompassing infrastructure and machinery, in conjunction with technical advancements. Furthermore, it is posited by the theory that there exists a phenomenon known as diminishing returns to capital. This implies that as the stock of capital increases, the marginal productivity of capital experiences a decline (Dinh et al., 2019).

In examining the effects of foreign direct investment (FDI) on economic growth (GDP), neoclassical growth theory provides valuable insights. The theory posits that FDI can have a positive impact on economic growth by stimulating capital accumulation and technological progress. In other words, the influx of FDI can lead to increased investment, enhanced productivity, and knowledge spillovers, which can contribute to economic growth and boost GDP (Cookey & Eniekezimene, 2020). Neoclassical growth theory's strengths in the context of the FDI-GDP study lie in its emphasis on the role of physical capital and technological progress. It provides a clear framework to evaluate how FDI can contribute to economic growth through the accumulation of capital and the diffusion of new technologies. The theory also highlights the significance of productivity, which is a crucial determinant of GDP growth.

However, neoclassical growth theory has some limitations. It assumes constant returns to scale and perfect competition, which may not accurately represent real-world conditions. Additionally, the theory does not explicitly consider factors such as human capital, institutional

quality, or the role of entrepreneurship, which can also influence economic growth (Chaitanya V., 2004). Moreover, it does not account for potential negative effects of FDI, such as resource depletion or environmental degradation (Makun, 2018).

In the context of the FDI-GDP study, neoclassical growth theory implies that FDI has a positive impact on economic growth by fostering capital accumulation and technological progress. The theory suggests that countries receiving FDI may experience increased investment, enhanced productivity, and knowledge spillovers, leading to higher GDP levels. These insights can inform policymakers and researchers about the potential benefits of FDI for economic growth.

The Data

This study employed secondary data from the World Bank (WB) from 2000 to 2019 to analyse the effect of foreign direct investment (FDI) on the economic growth of Tanzania.

The strength of this data source was that World Bank data is often considered reliable and credible. The organisation has established rigorous data collection and verification processes, ensuring data quality and consistency. This reliability can enhance the credibility of the study's findings. Also, the World Bank maintains extensive historical data, which is crucial for forecasting and understanding trends over time. Longitudinal data allows researchers to analyse patterns, identify changes, and develop more accurate forecasts.

However, the weaknesses of this data source include data limitations. Some countries may have incomplete or missing data, particularly in low-income or politically unstable regions. Researchers need to be cautious about data gaps and ensure that their findings are not biased due to missing data points.

Descriptive Analysis

Data has been precisely explained with the utilisation of descriptive analysis, which is a statistical method that encompasses the calculation of mean values, maximum and minimum values, as well as standard deviation, which is a measure of how much the values in a dataset deviate from the mean. The results are presented in Table 1.

Table 1. Descriptive statistics

Variable	Observation	Means	Standard deviation	Minimum value	Maximum value
GDP	34	2.55e+10	2.05e+10	4.26e+09	6.78e+10
FDI	34	6.79e+08	6.00e+08	10000	2.09e+09

Source: WB (2023).

In this study, we examined the effect of FDI on economic growth using time-series data from 1988 to 2021. The average value of GDP for over 34 years was approximately $25.5 billion with a standard deviation of $20.5 billion, which indicates substantial variability, while the minimum and maximum values were $4.26 billion and 67.8 billion, respectively. The average value of FDI is approximately $679 million, with a standard deviation of approximately $600 million, while the minimum and maximum values were $10,000 and $2.09 billion, respectively.

Empirical Model

To analyse the effect of FDI on GDP, the study employed a vector autoregressive model, as it is applied to multivariate time series data, to capture the dynamic relationship between multiple variables. In the VAR model, the order and timing of the observations are important. So, by

using the VAR model, it is possible to model the dynamic interdependencies between multiple variables simultaneously. By considering the lagged values of all variables as predictors, VAR models capture the feedback effects and interactions between the variables.

The vector autoregressive model can be presented as

$$Y_t = a_1 + \beta_1 y_{t-1} + \beta_2 x_{t-1} + u_t \quad (1)$$

$$x_t = a_2 + \beta_3 x_{t-1} + \beta_4 y_{t-1} + v_t \quad (2)$$

Where:

Y_t = GDP;

x_t = FDI;

Y_{t-1} = One period lagged value of GDP;

x_{t-1} = One period lagged FDI.

Measurement of the Variables

The variables, their anticipated direction of impact on economic growth, and their corresponding measurements are detailed in Table 2.

Table 2. List of variables and their expected direction of effect on economic growth

Variable name	Type	Description	Nature	Expected sign
GDP	dependent	Gross domestic product at current US Dollars	Continuous	
FDI	Independent	Foreign direct investment, net inflows (BoP, current US$)	Continuous	+

Source: Irangi, (2020).

Results and Analysis

Stationarity Test

In time series analysis, stationarity refers to a series whose statistical properties, such as mean, variance, and autocorrelation, do not change over time. The variables were tested to see if they were stationary using the Augmented Dickey-Fuller (ADF) test and the results show that the variables were all non-stationary. To make them stationary, the variables were differentiated, where GDP was differentiated twice and exports and imports once. The results are presented in Table 3.

Table 3. Stationarity test

Variable	p-value at level	p-value after differencing
GDP	1.0000	0.0022
FDI	0.3096	0.0000

Source: Made by authors.

Vector Autoregressive Estimates

The results from the vector auto-regressive model show that GDP is influenced by its own one-period lagged value at a 10% significant level. The results suggest that an increase in GDP over

a one-lagged period increases the value of current GDP by 0.338 on average. On the other hand, one-period lagged values of FDI have no influence on GDP.

Also, the results depict that FDI is influenced by its one-period lagged values at the 1% significance level, which means that an increase in FDI at the one-lagged period decreases the value of current FDI by 0.5462 on average. On the contrary, the one-period lagged values of GDP have no significant effect on FDI at the current period. The results are presented in Table 4.

Table 4. Vector autoregression

	GDP	**FDI**
GDP(-1)	0.3387982	
	(0.1779745)	
	[1.90]	
FDI (-1)		-0.5462941
		(0.1572839)
		[-3.47]

Note: Estimates - Standard errors in ( ) & t-statistics in [ ].

Source: Made by authors.

Model Stability

Among the assumptions, one is that errors should be white noise. Errors were generated, and then tested to see if they were white noise (meaning stationary). The results show that they are stationary since the p-value is 0.9402, which is greater than 0.05. Further, the model was tested for autocorrelation. The assumption is that there should be no correlation at the selected lag. The results show that at one-period lag, there is no autocorrelation since the p-value is 0.68, which is greater than the 0.05 significant levels.

Granger causality test

To ascertain the presence of a causal relationship between the variables under consideration, Pairwise Granger Causality Tests are presented in Table 5.

Table 5. Pairwise Granger causality tests

Null Hypothesis	**F-Statistic**	**Prob.**
FDI does not Granger Cause GDP	0.59685	0.440
GDP does not granger cause FDI	0.34037	0.560

Source: Made by authors.

The results of granger causality show no direct causal relationship between GDP and FDI.

Variance Decomposition

For the purpose of estimating the short-run dynamic features of each of the variables that were caused by shocks in the system, the forecast error variance decomposition was utilized. The proportion of the variance in forecast error for each variable that may be attributed to the variable's own innovation as well as innovations in the other endogenous variables is referred to as the innovation factor. The order in which the variables are arranged in the variance decomposition is presented in Table 6 for the same forecasting horizon for a period of ten years (10). The results are presented in Table 6.

Table 6. Variance decomposition of GDP

Period	GDP	FDI
1	1	0.0
2	0.99	0.0068
6	0.99	0.0074
10	0.99	0.0074

Source: Made by authors.

The variance decomposition analysis of economic growth (GDP) reveals that the significant variation observed in GDP can be mostly attributable to its own internal shock, accounting for 100% of the variation in the first period. However, this contribution gradually decreases to 99% over a 10-period timeframe. The contribution of FDI is relatively insignificant, amounting to less than 1% throughout the tenth period. The results are presented in Table 6.

Table 7. Variance decomposition of FDI

Period	GDP	FDI
1	0.90	0.095
2	0.92	0.075
6	0.92	0.073
10	0.92	0.073

Source: Made by authors.

The variance decomposition of imports shows that the high level of variation experienced by imports is attributed to its own shock at 90% in the first period and rises to 92% at the end of the 10-period horizon. The contribution of GDP is quite marginal, with less than 1% in the tenth period.

Impulse Response Function

The impulse response function shows how a variable responds to a one-time shock in another variable while accounting for the interdependencies and lags between the variables.

When there is a one-unit shock on GDP, GDP will increase in response to approximately 0.338798 but decrease in period two to 0.102167. This suggests that the effect of the shock diminishes over time but still has a positive impact on GDP. Although the response is negative in the tenth period, it is approximately -0.000018, which means that a positive shock in GDP leads to a slight decrease in GDP after a long time period.

FDI has a little response to a shock in GDP; in period one, the response is about 0.0218 and keeps decreasing with an alternating sign until period ten, with a response magnitude of -0.000046. The results are presented in Table 8.

Table 8. Response of GDP and FDI on shock on GDP

Period	GDP	FDI
1	0.338	0.0218
2	0.1021	-0.0045
3	0.0372	0.0047
6	0.0008	-0.000548
10	-0.000018	-0.000046

Source: Made by authors.

When there is a one-unit shock on FDI, GDP responds negatively in the first period with a magnitude of -0.577487; the response is then positive in the second period, decreasing in magnitude to 0.11; and eventually, at year 10, the response is of margins, indicating a fading effect of the shock.

FDI has a dynamic response to a shock on its own, whereby it responds positively and negatively after every period, as shown in Table 9.

Table 9. Response of GDP and FDI on shock on FDI

Period	GDP	FDI
1	-0.577487	-0.546294
2	0.119826	0.28582
3	-0.124461	-0.153524
6	0.014474	0.022984
10	0.001212	-0 .00184

Source: Made by authors.

Discussion of Findings

The gross domestic product (GDP), a widely used measure of a country's economic performance, was found to be influenced by its own one-period lagged values. Conversely, lagged values of foreign direct investment (FDI) have been observed to have no significant influence on GDP. FDI, on the other hand, has been found to be influenced by its own lagged values. Moreover, it has been established that there is no bidirectional causal relationship between GDP and FDI. Specifically, variations in GDP are primarily caused by its own endogenous shocks and respond very little to exogenous shocks on FDI. Similarly, it has been observed that variations in FDI are predominantly caused by its own endogenous shocks.

In a similar study conducted by Baltas et al. (2018), Hanif et al. (2019), Makiela & Ouattara (2018), and Phuyal & Sunuwar (2019), it was unequivocally ascertained that the gross domestic product (GDP), an extensively utilised and critical indicator of a nation's economic performance, was profoundly influenced by its own lagged values. On the other hand, a close study showed that lagged values of foreign direct investment (FDI) did not have a big effect on GDP. Instead, FDI was found to be affected by its own lagged values. Additionally, the study's rigorous examination confirmed the conspicuous absence of a bidirectional causal relationship between GDP and FDI. In particular, endogenous shocks within the economy were the main cause of GDP fluctuations, with FDI-related exogenous shocks having little impact. Additionally, it was unequivocally noted that variations in FDI were predominantly propelled by endogenous shocks. These noteworthy findings unequivocally emphasise the paramount importance of endogenous factors in shaping the dynamics and intricacies of GDP and FDI.

Conclusion

In conclusion, the study's findings show that the gross domestic product (GDP) is mostly affected by its own previous values. This suggests that the GDP has a strong sense of self-dependence when it comes to causing changes in the economy. Conversely, foreign direct investment (FDI) was discovered to have limited direct influence on GDP, which suggests that other variables play a more significant and consequential role in shaping economic performance. The lack of a bidirectional causal relationship between GDP and FDI further reinforces the notion that these two variables function independently of each other. Additionally, the research emphasised the importance of endogenous shocks in propelling variations in GDP and FDI, which highlights the impact of internal factors within the economic system. These findings make a substantial contribution to a deeper and more thorough understanding of the intricate and dynamic relationship between GDP and FDI, which emphasises the need to consider internal dynamics and factors beyond FDI inflows when analysing economic growth.

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