

Political Instability and Economic Growth in MENA and Africa: Unveiling the Indirect Channels through FDI and Human Development

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Abstract: This study aims to examine the impact of political instability on economic growth via the transmission channels, namely foreign direct investment and the human development indicator. Our sample is composed of two different areas, the countries of the MENA zone and African nations. The validation of this study is grounded in data pertaining to macroeconomic and institutional variables for the period from 1996 to 2017. We employed the generalized method of moments (GMM) for our analysis. Our findings indicate that political instability exerts a negative and statistically significant effect on human development in both MENA and African countries. Furthermore, political instability also negatively impacts foreign direct investment across all countries included in our sample.

Keywords: Political Instability, Economic Growth, FDI, HDI, GMM

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