Determinant of investment in Nigeria: An Econometrics analysis

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Abstract: One of the macro-economic objectives of a country is to achieve full employment and domestic investment serves as an instrument in achieving it. Also the important of investment to an economy cannot be overemphasized. This research paper examines the “determinant of investment in Nigeria: an econometrics analysis” with the following objectives; to determine the impact of interest rate volatility on investment decision in Nigeria, to investigate, ascertain and unravel other determinants of investment decision in Nigeria, to investigate the trend profile of investment in Nigeria and to examine different theory of investment. In order to achieve the stated objectives an econometrics model was used Autoregressive Distributed lag model (ARDL) in estimating the long-run and short-run coefficients of variables in the long-run, it shows that past income level, capital investment, government size and interest rate are the major determinants of domestic investment in Nigeria and these variables have a positive effective on private investment in Nigeria. Exchange rate and inflation have an insignificant affect on private investment in Nigeria and the researcher recommends the need to ensure policy consistence and reduce the level of interest rate so as to attract and improve the level of investment in the country.

Keywords: Autoregressive Distributed lag model (ARDL), domestic investment, Nigeria

1.0 Introduction:

The important of investment to the life of an economy cannot be overemphasized and this is because investment serves as instrument for achieving full employment, economic growth and foreign exchange earnings through export. Investment is a change in capital stock and this implies that investment is a flow

Understanding the factors that influences Investment in Nigeria is of important and this is because, investment plays a very important role in an economy. Many countries rely on investment to solve their economic problem such as poverty, unemployment etc (Mohammed et al. 2004). The stimulation of sustained economy growth requires a balance investment in physical and financial assets human and social capital as well as natural and environmental capitals.

Nigeria has been classified as low saving and even lower investment economy (Ajakaiye, 2002). One of the principal
objectives of the present administration of “Goodluck Jonathan” is to create an enable environment that will encourage domestic and foreign investment. The policy framework is to improve the existing infrastructures which are important to massive investment in the country. These infrastructures are power, expansion of existing roads, granting tax incentives, reducing lending rate, security etc.

These factors determine the level of investment in an economy and among these factors, some scholars are of the view that the major determinant of investment is interest rate and Interest rate is defined as the price paid for the use of money. It is the opportunity cost of borrowing money from a lender to finance investment project. It can also be seen as the return being paid to the provider of financial resources. Interest rates are normally expressed as a percentage rate. The volatile nature of interest is determined by many factors, which include taxes, risk of investment, inflationary expectations, liquidity preference, market imperfections in an economy etc.

Banks are given the primary responsibility of financial intermediation in order to make fund available for economic agents. Banks as financial intermediaries move funds from the surplus sector/units of the economy to deficit sector/units by accepting deposits and channeling them into lending activities. The extent to which this could be done depend upon the rate of interest and level of development of financial sector as well as the saving habit of the people in the country.

Hence, the availability of investible funds is therefore regarded as a necessary starting part for all investment in the economy which will eventually translate to economic growth and development (Uremadu, 2006).

1.1 statement of problem:

The financial systems of most developing countries (e.g. Nigeria) have come under stress due to financial crisis and economic shocks of 2008. This financial repression, largely manifested through indiscriminate distortions of financial prices including interest rates, has tended to reduce the real rate of growth and the real size of financial system, more importantly, financial repression has (retarded) delay development process as envisage by Shaw (1973).

This led to insufficient availability of investible funds, which is regarded as a necessary starting point for all investment in the country. This decline in investment as a result financial crisis of 2008 has been especially sharp in the highly indebted countries, and has been accompanied by a slowdown in growth in all LDCs. Both public and private investment rate have fallen, although the latter more drastically than the former. If this trend is maintained, it will lead to a slowdown in medium term growth possibilities in these economies and will reduce the level of long-term per capital consumption and income, endangering the sustainability of the adjustment effort.

The observed reduction in investment in Nigeria seems to be the result
of several factors which are unstable macroeconomic policies, higher interest rate, security issues, lack of enable infrastructure etc. but there have been a continuous effort by the present administration to improve the level of investment in the country and policies implemented by present administration of ‘Goodluck Jonathan’ to improve investment in Nigeria are; deregulation of the power sector, granting of tax incentives, improve infrastructure etc. upon all these incentives to attract investment, one cannot but ask why is the level of unemployment in the country increasing on a yearly basis, why is rate interest still high etc. all these problems will be address in this research paper.

1.2 Objectives of study:
The objective of this research paper is to examine the determinant of investment in Nigeria: an econometrics analysis. Other objectives in which this research paper will address are;

   i) Determine the impact of interest rate volatility on investment decision in Nigeria.

   ii) To investigate, ascertain and unravel other determinants of investment decision in Nigeria.

   iii) To investigate the trend profile of investment in Nigeria.

   iv) To analyze different theories of investment.

1.3 Significance of the Study:
This work is mainly for academic purpose. However, it will be of great importance to researchers who would want to embark on research on determinant of investment. Also the research paper will be useful for those in authority and this is because it will serves as the basis of examining current economic situations in terms of knowing why current investment policies have failed and this will serves as the basis for modifying future policies for attracting investment.

2.0 Literature Review:
Investment in Nigeria can be classified into private, public and foreign investment. Private investments are equity ownership of individuals in the country and public investments are investment by government and public enterprises on social and economic infrastructure, real estate and tangible assets (Bakare, 2011).

Foreign investments are investment that comes to a country from other countries in form of shares, securities, bonds etc. on policy formulation and implementation, the major issue is on how to use available resources to achieve economic growth and development. In Nigeria, a large part of the resources is owned by private individuals, acting independently and contributing to the growth of the country. It is important for government to implement policies that will encourage these individuals so as to increase the level of investment in the country. This could be through analyzing how private investment in the country is decided through the variables that systematically affect it (Moshi and Kilindo, 1999).

Moshi (1999) studied government policy and private investment in Tanzania. The study showed that public
investment on infrastructure exerted a positive and significant impact on private investment in Tanzania. Sene (2000) used a panel of 20 Senegalese firms between the period of 1988 and 1996 to examine the behaviour of private investment. The finding was that private investment is mostly influenced by demand fluctuations.

Zenfack (1997) investigated the investment behavior of manufacturing firms in Cameroon between 1988 and 1992. He found that uncertainty has a negative influence on investment. Bamidele and Englana (1998) studied the relationship between macroeconomic environment and private investment behaviour in Nigeria and found out that the macroeconomic environment in Nigeria, political instability and poor infrastructure facilities are responsible factors for the higher cost of business transaction in Nigeria.

Patience and Osaro (2010) investigated the trade and dynamics of the determinants of investment in Nigeria. Using the cointegration technique, they found that past outcome of domestic investment strongly influence the present level of investment in Nigeria and the result show that market fundamentals do not encourage domestic investment.

Olusegun (2010), in his assessment of the role of government in explaining domestic investment in Nigeria found from the long run estimation and impulse response that a well structured and stable socio-economic environment will boost domestic investment over the long run.

Enang (2010) empirically assessed macroeconomic reforms, government size and investment behaviour in Nigeria and found that government size did not complement private investment initiative and that credit to the private sector was a significant factor in stimulating private investment in Nigeria.

Bakare (2011) studied the determinants of private domestic investment in Nigeria, using cointegration technique with its implied Error Correction Mechanism. He found out that political crisis may have created a climate hostile to positive investment in Nigeria.

From the review, it could be seen that so many factors are responsible for poor investment in Nigeria. However, the extent of empirical research is still limited and this is because in most cases, less estimation techniques or method are used or the analysis is based on a short run period. This study will make use of advance econometric technique and the analysis will be on long run. It will also consider the effect of exchange rate on investment in Nigeria. The long run analysis is to capture the true behaviour of private investment in Nigeria.

2.1 Theoretical Framework:

i) The principle of Acceleration:

This has two forms, the simple on the afflation clerk acceleration and the flexible. Acceleration theory has some assumed fundamental assumptions:

- assumed a constant capital available
- that resources are easily available
that there is no excess or idle capacity in plants
✓ that the increased demand is permanent
✓ elastic supply of credit and capital
✓ That increase in output immediately lead to a rise in net investment.

- **The Affiliation Clerk Acceleration**: its roots can be trace from the work of Thomas Nixon caver (1903) Albert Afflation (1909) Bicker Dike (1994) and John Maina Dark (1917). unlike other theories of investment, the acceleration theory received heavily up its empirical strength for its derivation and justification the accelerator or the relation as Roy (1936) called its condition if demand increase there will be an excess demand for goods facing such a situation firms are faced with two options either to raise price in the hope of trading away that excess demand or to meet that demand by raising supply under certain situation, it might be understandable that the former option might be exercised in more Keynesian vision of the world quantity adjustment take precedence in other to increase output must increase.

But demand stock is many and not all are permanent and for example, if a firm responds to an aggregate positive demand stock at time -t thereby increasing capacity immediately it might be faced with a dilemma. A firm will respond gradually unit it converse to the desired capacity level instead of increasing capacity immediately. It finally states that actual investment at time-t ($I_t$) will be a fraction ($V$) of the past changes in output and aggregate demand.

- **Flexible Acceleration Theory of Investment**: also known as lag investment is associated with Chancery (1951) and Godwin (1952). In their book the nonlinear acceleration and persistence of business cycle. These lag includes:
  ✓ The decision making lag
  ✓ The financial lag
  ✓ The delivery lag

  According to this type, if there is an increase in demand for output to meet it, from uses its inventories and then utilizes its capital stock more intensively. If however, the increase for some time then the firm should increase its demand for capital stock.

  **ii) Neo Classical Theory Of Investment:**

  This investment theory is the theory of business fixed investment that sees the rate of investment being determined by the speed with which firms adjust their capital stock towards the desired level, if the desire capital stock is bigger, the larger the expected output the firm or user cost of capital.

  **iii) Marginal Adjustment cost theory:**

  Wick sell (1898-1901) established that there is a stock flow difficulty with the theory of capacity and investment. Specifically as identified by Fredrick (1941), Abba leader (1944-1953) and Truggle Haarlemo (1960) it is virtually impossible to allow the marginal production theory to
determine the optimal level of investment. Without eliminating the flow of investment term entirely as leaner (1944-1953) proposed, as investment increase, the cost of new capital stock is reached where \( r \) is the interest rate. These rising cost would therefore slow down adjustment all allow for both optimal capital and optimal investment to be defined.

It can be summarized as MEI= FK-MAE where FK is like marginal product of capital good(\( r \)).

iv) Keynes’s Internal Rate of Return Theory of Investment:

In this general theory, where he proposed on investment functions, where the relationship between investment and interest rate was of a rather naïve form, Firms were presumed to “rank” of various investments. Project depending on their marginal efficiency of investment (rate of return) and thereafter factor faced with a given interest rate and choose those projects whose internal rate of returns exceeds the rate of interest. Plants and equipment stock, the simple afflation acceleration principle entails that an increased in the rate of output of a firm will require proportional increase in its capital stock. Assuming that capital output ratio is constant. The optimum capital stock is a constant proportion of the output so that in any period,

\[ T, K_t = V Y_t. \]

Where \( K_t \) is the optional capital stock in period \( t \), \( V \) (acceleration) is a positive constant and \( Y_t \) is output in period \( t \) any change in output will lead to a change in the capacity stock thus, \( K_t - K_{t-1} = V (Y_t - Y_{t-1}) \)

Therefore; \( K_t - K_{t-1} = (Y_t - Y_{t-1}) \)

3.0 Methodology:

This study made use of economic model previously used by Ghura and Goodwin (2000) which employed the following empirical framework for the analysis of the determinants of domestic investment using panel data from (31) developing countries:

\[ Y_i = \alpha + \beta X_i + e_i \]

Where \( Y_i \) is the ratio of domestic investment to GDP, \( X_i \) is the observable variables representing factors affecting domestic investment, \( \alpha \) and \( \beta \) are parameters to be estimated, and \( e_i \) is a random error term with a mean of zero. This research paper modify tried to modify his work by employing five (5) additional independent variables and based on that the new model is shown below.

\[ PINV = f (GDP, INF, INT, EXR, GOVSIZE) \]

Where PINV- domestic private investment

INT- Interest Rate
INF – Inflation Rate
EXR –Exchange Rate
GOVSIZE- Government size proxies

Re-writing the equation we have;
\[ \text{PINV} = X_0 + X_1 \text{GDP} + X_2 \text{INF} + X_3 \text{INT} + X_4 \text{EXR} + X_5 \text{GOVSIZE} + \Theta \]  
- (2)

Where: \( \Theta \) is the error term and \( X_1 \) to \( X_5 \) represents the various parameters.

The model has the following a priori assumptions:
- \( X_1 > 0 \), \( X_2 < 0 \), \( X_3 < 0 \), \( X_4 > 0 \) and \( X_5 > 0 \)

The data covered from 1981 to 2013, which is considered large enough to test for stationarity and co-integration of the variables. The data used for this study were secondary data sourced from the various statistical bulletins of the central bank of Nigeria and the various annual reports of the central bank of Nigeria (CBN, 2014).

Discussion of various parameters:
- **PINV**: Private investment, which is composed of all domestic investment in Nigeria. It excludes foreign direct investment.
- **GDP**: is the gross domestic product and it is the total goods and services produce within the country and the relationship between GDP and domestic investment is positive related.
- **INT**: Interest rate, this is the commercial bank lending rate to private investors. The relationship between interest rate and investment is negative and this is because higher interest rate will reduce the level of investment.
- **INF**: High rate of inflation are expected to reduce the level of private investment.
- **EXR**: The rate at which one currency is exchange for another and The impact of the Real Effective Exchange Rate on private investment is expected to be positive, all things being equal since a depreciation of the real value of the naira increases the competitiveness of the products of private investment abroad.
- **GOVSIZE**: Government size proxy by the ratio of government spending to Gross Domestic Product. There is a positive relationship between government size and private investment.

4.0 **Empirical Result:**

The determinants of domestic private investment are examined using the Autoregressive Distributed lag model (ARDL) over the period 1981 to 2013. This is because variables used in this study are integrated of order zero and one as will be shown later. Before proceeding with this model, properties of the data used in this study are examined.
Table 1: Descriptive statistics

<table>
<thead>
<tr>
<th>Variable</th>
<th>PINV</th>
<th>GDP</th>
<th>GOVSIZE</th>
<th>INT</th>
<th>INF</th>
<th>EXR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>864190.9</td>
<td>446790.2</td>
<td>1199856.0</td>
<td>19.84735</td>
<td>19.79441</td>
<td>63.41343</td>
</tr>
<tr>
<td>Median</td>
<td>231661.7</td>
<td>377830.8</td>
<td>428215.2</td>
<td>12.60000</td>
<td>12.65000</td>
<td>21.88610</td>
</tr>
<tr>
<td>Maximum</td>
<td>4012919.0</td>
<td>888893.0</td>
<td>4712062.0</td>
<td>72.80000</td>
<td>72.80000</td>
<td>160.78000</td>
</tr>
<tr>
<td>Minimum</td>
<td>8799.480</td>
<td>227254.7</td>
<td>9636.500</td>
<td>5.400000</td>
<td>5.400000</td>
<td>0.610000</td>
</tr>
<tr>
<td>Std. Dev.</td>
<td>1272862.0</td>
<td>199843.2</td>
<td>1560199.0</td>
<td>17.32983</td>
<td>17.36262</td>
<td>62.87255</td>
</tr>
<tr>
<td>Skewness</td>
<td>1.452425</td>
<td>0.937458</td>
<td>1.236261</td>
<td>1.551148</td>
<td>1.548188</td>
<td>0.329042</td>
</tr>
<tr>
<td>Kurtosis</td>
<td>3.628698</td>
<td>2.719805</td>
<td>3.123224</td>
<td>4.467673</td>
<td>4.455976</td>
<td>1.306886</td>
</tr>
</tbody>
</table>

From the table above the mean ration of domestic investment, GDP and government size is higher and this is based on the nature of relationship which is positive in nature compare to interest rate, inflation rate and exchange rate which is smaller and the result are in consistent with that of Zeufack (1997).

Table 2 presents the results of unit root properties of each variable estimated through the Augmented Dickey Fuller and Phillip Perron tests. This was to ensure that the variables in our model are not I(2), that is, not stationary at second difference, so as to avoid spurious results. According to Ouattara (2004) in the presence of I(2) variables the computed F-statistics provided by ARDL procedure are not valid because the bounds test is based on the assumption that the variables are I(0) or I(1).

Table 2: Unit root tests

<table>
<thead>
<tr>
<th>Variable</th>
<th>Augmented Dickey Fuller Test</th>
<th>Phillip Perron Test</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level</td>
<td>First difference</td>
</tr>
<tr>
<td>PINV</td>
<td>-3.248726*</td>
<td>-3.873123**</td>
</tr>
<tr>
<td>INT</td>
<td>-2.835368**</td>
<td>-5.468489**</td>
</tr>
<tr>
<td>INF</td>
<td>-2.810884*</td>
<td>-5.451298**</td>
</tr>
<tr>
<td>EXR</td>
<td>-2.129077</td>
<td>-5.377426**</td>
</tr>
<tr>
<td>GOVSIZE</td>
<td>-0.197762</td>
<td>-4.321141**</td>
</tr>
<tr>
<td>GDP</td>
<td>-2.271427</td>
<td>-4.072710**</td>
</tr>
</tbody>
</table>

Notes: ** and * denote significance at 1% and 5%, respectively.

The Augmented Dickey Fuller and Phillip Perron unit root tests results for the variables are reported in Table 2. In the results, private domestic
investment, inflation rate and interest rate are stationary at level and first difference both at 5% and 10%. Exchange rate, government size and GDP became stationary only after first difference. This result shows that all variables are integrated of I(0) and I(1) based on Phillip Perron test and Augmented Dickey Fuller test. These results, thereby, justify the use of ARDL method.

### Bounds tests for cointegration

The results of bounds testing approach for co-integration long run relationship between private domestic investments and its purported determinants is presented in table 3. The calculated F-statistic of the model is statistically significant, implying that the null hypothesis of no co-integration cannot be accepted and, thus, it is concluded that there is indeed a co-integration relationship among the variables used.

<table>
<thead>
<tr>
<th>Table 3: Cointegration test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dependent var.</td>
</tr>
<tr>
<td>Y</td>
</tr>
</tbody>
</table>

Table 4 presents the estimated long-run coefficients of equation 2 through the ARDL method. The lag length of long run model was selected on basis of Akaike Info Criteria (AIC). The R-squared and adjusted R square of the model are about 0.99, signifying that about 99 percent of variations in domestic private investment is explained by all the included independent variables. The F-statistic value of the long-run model is also significant (621 with P-value.=0.00) and implies that all the independents variables include in the model are jointly significant. The Durbin Watson test statistic shows an absence of autocorrelation in the model.

### Table 4: Estimated long run coefficients using the ARDL approach

<table>
<thead>
<tr>
<th>Dependent variable: PINV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent variables</td>
</tr>
<tr>
<td>C</td>
</tr>
<tr>
<td>PINV(-1)</td>
</tr>
<tr>
<td>GDP(-1)</td>
</tr>
<tr>
<td>INF (-1)</td>
</tr>
</tbody>
</table>
The long-run result shows that past income level, capital investment, government size and interest rate are the major determinants of domestic private investment in Nigeria. These variables are statistically significant at 5% significant level. Income levels, past investment level and government size have positive effect on private investment in Nigeria, while interest rate has significant effect on private investment in the long run. Exchange rate and inflation have an insignificant effect on private investment in Nigeria. The implication of this finding is constant with the finding of Olusegun (2010) on his assessment on the role of that a well structured and stable socio-economic environment will boost domestic investment over the long run.

Table 5: Short run result for the selected ARDL model

<table>
<thead>
<tr>
<th>Dependent variable: PINV</th>
<th>Coefficient</th>
<th>T-ratio (prob.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>-0.069252</td>
<td>-1.369992 (0.1839)</td>
</tr>
<tr>
<td>PINV(-1)</td>
<td>0.927125</td>
<td>4.922546 (0.0001)</td>
</tr>
<tr>
<td>GDP(-1)</td>
<td>0.935181</td>
<td>2.295344 (0.0347)</td>
</tr>
<tr>
<td>INF (-1)</td>
<td>-0.099179</td>
<td>-1.891450 (0.0712)</td>
</tr>
<tr>
<td>INT (-1)</td>
<td>-0.103232</td>
<td>-1.967811 (0.0613)</td>
</tr>
<tr>
<td>EXR (-1)</td>
<td>-0.000700</td>
<td>-0.313367 (0.7568)</td>
</tr>
<tr>
<td>GOVSIZE (-1)</td>
<td>0.348941</td>
<td>2.446535 (0.0225)</td>
</tr>
<tr>
<td>ECM(-1)</td>
<td>-0.821187</td>
<td>-5.450534 (0.0000)</td>
</tr>
<tr>
<td>R²</td>
<td>0.665254</td>
<td></td>
</tr>
<tr>
<td>Adjusted R²</td>
<td>0.563375</td>
<td></td>
</tr>
<tr>
<td>F-statistics (P-value)</td>
<td>6.529824</td>
<td>(0.0002)</td>
</tr>
<tr>
<td>DW</td>
<td>1.973003</td>
<td></td>
</tr>
</tbody>
</table>
The results of the short-run coefficients of the relationships between private domestic investment and other independent variables used in this study are given in Table 5. As in the long-run model, the lag length of short run model is selected on basis of Akaike Info Criteria (AIC). The signs of the short-run estimates are similar to that of long–run model, except exchange rate which has a negative sign and is insignificant at 5 percent critical level. The result shows that there is a significant positive relationship between domestic income and domestic private investment in short-run. One percent increase in income level leads to about 0.93 percent increase in domestic investment. This result is consistent with that of Enang (2010) who find that income remains a major determinant of domestic investment. This is also consistent with most investment theories such as Neo classical theory of investment. Previous investment level and government size have significant positive impact on current level of investment in Nigeria.

One percent increase in the level of previous investment level and government size will, on the average, increase domestic private investment by 0.92% and 0.348% respectively.

The coefficients of interest rate and inflation rate are significant at 10 percent critical level. This implies that both variables have a significant negative effect on domestic private investment in Nigeria. One percent increase in interest rate and inflation rate lead to about have a 0.103% and 0.099% decrease in domestic private investment in Nigeria respectively. These results are consistent with that of Bamidele and Englana (1998).

Also the error correction parameter (0.821) is statistically insignificant at 5 percent critical level. This indicates the existence of stable long run relationship. Also, the coefficient of determination (R-squared) of the model is 66 percent, indicating the about 66 percent of the variations in domestic private investment is explained by variations in all the independent variables. The F-statistic value (6.529 with P-value= 0.0002) of the short-run model is also significant and implies that all the independents variables include in the model are jointly significant. The Durbin Watson test statistic shows an absence of autocorrelation in the model.

5.0 Conclusion:

This paper examine determinant of investment in Nigeria: an econometrics using Autoregressive Distributed lag model (ARDL) between 1981 and 2013. In the Bounds tests for cointegration, the result shows that the calculated F-statistic of the model is statistically significant, implying a co-integration relationship among the variables.

In the estimated long run coefficients using the ARDL approach, the $R^2$ and adjusted $R^2$ are 0.99, meaning that 99 percent of variations in domestic private investment is explained by the explanatory variables used. The F-statistic value is significant (621 with P- value = 0.00) and implies that all the independents variables
include in the model are jointly significant. Also the Durbin Watson test statistic shows an absence of autocorrelation in the model.

In the long-run result, it shows that past income level, capital investment, government size and interest rate are the major determinants of domestic private investment in Nigeria. These variables are statistically significant at 5% significant level. Income levels, past investment level and government size have positive effect on private investment in Nigeria, while interest rate has significant effect on private investment in the long run. Exchange rate and inflation have an insignificant effect on private investment in Nigeria.

In the Short run result for the selected ARDL model except exchange rate which has a negative sign and is insignificant at 5 percent critical level. The result shows that there is a significant positive relationship between domestic income and domestic private investment in short-run. One percent increase in income level leads to about 0.93 percent increase in domestic investment.

One percent increase in the level of previous investment level and government size will, on the average, increase domestic private investment by 0.92% and 0.348% respectively. The coefficients of interest rate and inflation rate are significant at 10 percent critical level. One percent increase in interest rate and inflation rate lead to about have a 0.103% and 0.099% decrease in domestic private investment in Nigeria respectively.

For there to be a sustainable investment in Nigeria there is need to reduce the level of interest rate. This is because at an interest rate of 22% to 30%, it discourages investment. Also there is need to improve government size and income level and this is based on its impact on investment. And lastly there is need to ensure policy consistence in government policies and this is based on its impact on investment.

References


