The Effect of Foreign Direct Investment on Poverty Alleviation in East Africa Countries
James Daniel Chindengwike

Abstract: Foreign Direct Investment (FDI) is crucial to support economic development for developed and developing countries. The aim of this paper is to examine the effect of Foreign Direct Investment (FDI) on poverty alleviation in East Africa Countries. The study adopted a time series data research design where secondary data were used. The population applied on the financial records from 1987/88 - 2017/18 financial years (Annual Data). The sample size of the study was 31 annual observations. Tanzania was purposively sampled to be used as research location of this study. The data collected from various reliable sources which included the National Bureau of Statistics (NBS), Bank of Tanzania (BOT), Tanzania Investment Centre (TIC), World Bank (WB), International Monetary Fund (IMF) and United Nation Conference on Trade Development (UNCTAD). The results of the study revealed that FDI have statistical significant effects on poverty alleviation on East African countries with P-Value 0.008. The study recommends that policy makers in collaboration with the government have to pertain favorable and investment’s friendly strategies as well as commenced essential strategies transformation so as to solve the problems associated with investment sector in East Africa Countries which usually hinder the development and growth of the FDI.

1. INTRODUCTION

In current years, FDI is essential support that help to minimize the poverty for developed and developing countries. But also in expansion of technology and science, create job opportunities, enhancing and promoting economic development as well as increasing the standard of living in most of developing countries [21]. The majority of the developing nations have been struggling to put much highlight and make sure that the development of FDI sector so that to assist growth [23]. The motive behind this is due to the fact that FDI is one of the critical elements not only for achieving the economic development and alleviating poverty but also to attain the cumulative growth aims [1]. In addition, it has been one among the main sources of external finance for the majority of developing economies [4]. Most significantly, the development of FDI has been of a huge significance in supporting the development of Multinationals Companies (MNCs) in terms of worldwide trade as well as marketability of goods and services [13]. Furthermore, FDI has questionably been much helpful for example in move and

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transmission of technology, growth of human capital through experience and training, formation of job opportunities, improvement in revenue collection, encouragement of internal production as well as improvement in economic interaction between different regions [6, 10, 15, 17, 20].

The 30 years ago, Tanzania has been stressed to enhance and generate good environment for investment in purpose of increasing revenues collection from FDI sector [1]. Through policy reformation and structural alteration that has been applied by the government since 1980’s, the nation has directed to advance the environment for both domestic and foreign investment to some degree [2]. The FDI has mostly contributed to the development of Growth Domestic Product (GDP), original market as well as international business [5]. On the other side the value of investment also destroys by 14%. In Africa for example, the FDI floods continue to goes down by 21% and attainment $42 Billion from 2016 for great products exporters [3]. On opposing, according to African Development Bank, the Real GDP in 2018 was predictable to be 6.7% fewer compared to 7.1% in 2017 in which the private sector stand as the major difficult surface causal to 63.9% and services amounted to 39.3% [9]. As well as the rate of inflation was rated at 3.5% while the fiscal deficit was predictable at 3.9% of total GDP in 2018 [7].

FDI has recently been of a huge significance to the prospect economic growth of the majority of African countries as it tends as a means for boosting economic development which presently on help in alleviating poverty level, rising capital stock for investment, creation of jobs opportunities and promoting transfer of new technologies, skills and production techniques [2]. On the other side the increasing and regionalization of the worldwide economy has made FDI to be of a great significance to different nations. International finance liberalization during World Trade Organization (WTO, General Agreement on Tariffs and Trade (GATT)), regional business agreements through European Union (EU), North American Free Trade Agreement (NAFTA) and Association of Southeast Asian Nations (ASEAN) has led to an improve in mixing between different markets international and hence eradicate the market range as one of the main aspect for investment [19, 22]. In addition, FDI has mostly contributed to the growing efficiency by counterbalance the investment and technical gap [16].

The majority of the developing countries including Tanzania, it has been revealed that there is a subsistence of broad gap between the amount level of investment, skills, domestic savings, total public revenue, rate of foreign exchange, the amount of planned existing resources and knowledge. All these are essential to gather development targets that will then support the pains towards achieving economic development as well as hostility adjacent to poverty. The gap that is presented gives the scope for highlight much on the need for outside sources of finance to supplement the scarcity of internal resources in our nation, and one of the main pouring source for international resources is FDI. According to [11] total revenue collection in both local government and central was amounted to 15.1% of GDP in 2017/18 financial year, on opposing the total government spending was about 17.2% making a deficit of 1.9% compared to the rate
of 1.5% in 2016/17 and 3.5% in 2015/16 financial years. On the other side, the loans happened to increase by 9.5% in 2017/18 financial year. All of these statistics bigger for require of FDI to delivery service for the scarcity of total domestic revenues as well as capital to finance our economy. So, the study intended to examine the effect of foreign direct investment on poverty alleviation in East Africa Countries.

2. LITERATURE REVIEWS

Previous study found that FDI have positive effects on poverty alleviation in developing countries as when FDI goes up it lean to mitigate poverty [2]. According to [11] found that there is indirect causality association between FDI and poverty both for the short run and long run. Empirical evidence found that there is a negative effect on poverty in India [4]. In opposition FDI mitigate poverty in Sri Lanka and Nepal while on the other side maximize poverty in Bangladesh and Pakistan [14, 18]. According to [12] found that the FDI contribute negatively in mitigating poverty in Pakistan. Empirical evidence shows that FDI plays a significance part in mitigating poverty among the developing countries [16]. According to [20] revealed that FDI maximized poverty when the GINI index was used as a measure of poverty. Previous study found that there is the relationship between FDI and poverty alleviation [12].

Empirical evidence shows that the FDI is negatively connected to GDP growth and as the findings it does not minimize poverty [9]. According to [14] found that there is effect of FDI on poverty alleviation in African regions especially in Central and Eastern Africa differ from other division of the globe while the poorest nations seem to have the most important effect of FDI on poverty alleviation. Previous study shows that FDI contribute in poverty alleviation in Pakistan [16]. According to [9] found that the FDI inflows have contributed significantly in alleviation of poverty in African nations, In addition, the relations of FDI with financial increase has significantly alleviated poverty; In the similar study it knowledge that the direct impact of FDI on poverty alleviation was intentionally elevated in poor nations where the occurrence poverty is high [17] According to [18] showed that FDI has a positive but not significant impact on poverty alleviation and hence does have the possible of minimizing poverty in the nations. Empirical evidence found a direct association and there was the effect of FDI on poverty alleviation at the urban, national levels as well as rural [9].

2. RESEARCH METHODOLOGY

This paper opted quantitative research approach since employ the FDI and poverty alleviation from Tanzania. The study adopted a time series research design where by secondary data were used. The population applied on the financial records from 1987/88 - 2017/18 financial years (Annual Data). The sample size of the study was 31 annual observations. Tanzania was purposively sampled to be used as research location of this study. The reason for picking Tanzania as study location is due to the fact that Tanzania is one of the East Africa countries which received low revenue collection from
FDI compared to other countries in East Africa Countries. The data collected from different reliable sources which included the National Bureau of Statistics (NBS), Bank of Tanzania (BOT), Tanzania Investment Centre (TIC), World Bank (WB), International Monetary Fund (IMF) and United Nation Conference on Trade Development (UNCTAD).

**Econometric Model Development:** Multiple Linear Regression Model was used to examine the effect of foreign direct investment on poverty alleviation in East Africa Countries. The reason of choosing the multiple linear regression model is due to the truth that the dependent variable of the research is “continuous in nature” consequently; the multiple linear regression model is appropriate for this study.

\[ R_{GDP_t} = \beta_0 + \beta_1 FDI_t + \beta_2 INFL_t + \epsilon \]  

Whereby: \( R_{GDP_t} = \) Real per Capita Gross Domestic Product; Measured by Dividing \( \text{RPGDP} \) Per Total Population in the Country; \( \beta_0 = \) Intercept Term; \( FDI_t = \) Foreign Direct Investment; whereby the Total Investment Inflow in the Country was used to Measure the Amount of \( FDI \) in the Economy; \( INFL_t = \) Inflation; which Accounts for Cost of Total Basket of Goods and Services in the Economy (Controllable Variable); \( \mu = \) The Stochastic Error Term Which Accounts for Other Unobserved Factors that May Affect the Real per Capita Gross Domestic Product.

3. RESULTS AND DISCUSSION

**Real per Capita Gross Domestic Product:** From Table 1, findings show that Real Per Capita GDP provides a big standard variation which stands at 299.31. The variance of real per capita GDP which is the squared standard variation is 89,584.42. The range for this variable is 977.93 with the highest value of 1,133.53 in the year 2018 while the smallest value was 155.6 was experienced in 1993. On the other side the normal value or the mean is 476.49. Real per capita GDP has a usual skewness which is 0.63 and its kurtosis is a platykurtic (because 1.99 < 3). The number of observation for each variable is 31.

<table>
<thead>
<tr>
<th>Statistics</th>
<th>RPGDP_t</th>
<th>FDI_t</th>
<th>INFL_t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>476.49</td>
<td>677.34</td>
<td>13.80</td>
</tr>
<tr>
<td>Maximum</td>
<td>1,133.53</td>
<td>2,087</td>
<td>35.90</td>
</tr>
<tr>
<td>Minimum</td>
<td>155.60</td>
<td>0</td>
<td>3.80</td>
</tr>
<tr>
<td>Range</td>
<td>977.93</td>
<td>2,087</td>
<td>32.10</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>299.31</td>
<td>651.82</td>
<td>10.42</td>
</tr>
<tr>
<td>Variance</td>
<td>89,584.42</td>
<td>424,866</td>
<td>108.53</td>
</tr>
<tr>
<td>Skewness</td>
<td>.63</td>
<td>.64</td>
<td>.88</td>
</tr>
<tr>
<td>Kurtosis</td>
<td>1.99</td>
<td>2.03</td>
<td>2.34</td>
</tr>
<tr>
<td>Observations</td>
<td>31</td>
<td>31</td>
<td>31</td>
</tr>
</tbody>
</table>

**Source:** STATA, 2021
A Pair wise Correlation Analysis (RPGDP and FDI): After calculating the pair wise correlation between RPGDP and FDI inflow in Tanzania for the data with 31 years of observation the consequential output were a correlation of 0.9099. This meant that the variables RPGDP and FDI correlate to each other by 90.99% implying a maximum positive correlation which is direct and very strong. Also the correlation was significance at 5% (because 0.0000 < 0.05). Consequently its right to finish that there is a important existing relationship between RPGDP and FDI inflow in East Africa as showed in Table 2. This results supported by different scholars who said that that there is a significant existing relationship between RPGDP and FDI inflow in Tanzania [2, 6, 19].

Table 2: A Pair wise Correlation Analysis (RPGDP\textsubscript{t} and FDI\textsubscript{t})

<table>
<thead>
<tr>
<th></th>
<th>RPGDP\textsubscript{t}</th>
<th>FDI\textsubscript{t}</th>
</tr>
</thead>
<tbody>
<tr>
<td>RPGDP\textsubscript{t}</td>
<td>1.0000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>31</td>
<td></td>
</tr>
<tr>
<td>FDI\textsubscript{t}</td>
<td>0.9099</td>
<td>1.0000</td>
</tr>
<tr>
<td></td>
<td>0.0000</td>
<td>0.0000</td>
</tr>
<tr>
<td></td>
<td>31</td>
<td>31</td>
</tr>
</tbody>
</table>

Source: STATA, 2021

Correlation Analysis for all Variables: The pair wise correlation was done between real per capita GDP, FDI, and inflation. Table 3 shows the pair wise correlation value for each variable, the proposition value and the number of observation in the data set of which is 1 for each variable.

Table3: Correlation Analysis for all Variables

<table>
<thead>
<tr>
<th></th>
<th>RPGDP\textsubscript{t}</th>
<th>FDI\textsubscript{t}</th>
<th>INFL\textsubscript{t}</th>
</tr>
</thead>
<tbody>
<tr>
<td>RPGDP</td>
<td>1.0000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>31</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FDI\textsubscript{t}</td>
<td>0.9099*</td>
<td>1.0000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.0000</td>
<td>0.0000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>31</td>
<td>31</td>
<td></td>
</tr>
<tr>
<td>INFL\textsubscript{t}</td>
<td>-0.6008*</td>
<td>-0.5690*</td>
<td>1.0000</td>
</tr>
<tr>
<td></td>
<td>0.0004</td>
<td>0.0008</td>
<td></td>
</tr>
<tr>
<td></td>
<td>31</td>
<td>31</td>
<td></td>
</tr>
</tbody>
</table>

Source: STATA, 2021
RPGDP has positive correlation with FDI (0.9099) and both of them are statistically significant at 5%. Also there is a low positive correlation of inflation (0.0004) and it is not significant at 5% significance level (because 0.5367 > 0.05). FDI (0.8413)). They are all significant at 5% significance level. This results supported by different scholars who said that there is a significant existing relationship between RPGDP and FDI inflow in Tanzania [9, 13, 21].

**Test for Heteroscedasticity:** The Table 4 of results shows that there is no heteroscedasticity, simply because Prob > chi2 is 0.2543 is greater at both 5% and at 10%. Therefore the model is significance not only at 0.05 but also at 0.1. So we can conclude that the variance of the residuals is constant hence no heteroscedasticity. This results supported by different scholars who said that that there is a significant existing relationship between RPGDP and FDI inflow in Tanzania [3, 8, 10].

### Table 4: Test for Heteroscedasticity

<table>
<thead>
<tr>
<th>Breusch- Pagan / Cook- Weisberg test for Heteroscedasticity</th>
</tr>
</thead>
<tbody>
<tr>
<td>$H_0$: Constant Variance Variables: fitted values of rpgdpChi2 (1)</td>
</tr>
<tr>
<td>= 1.30</td>
</tr>
<tr>
<td>Prob &gt; chi2 = 0.2543</td>
</tr>
</tbody>
</table>

**Source:** STATA, 2021

**Test for Autocorrelation:** Autocorrelation which can also be termed as a serial correlation is a common problem in time series data analysis though it can also occur in cross sectional data [8]. Autocorrelation can be the result of omitting important variables in the model, functionally misspecification of the model, lags in adjustment of shocks, measurement error in the independent variable. The following results were obtained after performing a Breusch- Godfrey LM test for autocorrelation as Table 5 shows.

From the results in Table 5, it clearly states that there is no any problem associated with autocorrelation. Therefore we can conclude that our model do not have a serial correlation problem as the prob > chi2 is greater both at 5% and 10% level of significance meaning that (0.5864 > 0.05) also (0.5864 > 0.10) This results supported by different scholars who said that that there is a significant existing relationship between RPGDP and FDI inflow in Tanzania [5, 9, 14].

### Table 5: Test for Autocorrelation

<table>
<thead>
<tr>
<th>Breusch-Godfrey LM test for autocorrelation</th>
</tr>
</thead>
<tbody>
<tr>
<td>LAGS (P)</td>
</tr>
<tr>
<td>-----------</td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

6
Test for Multicollinearity: According to [8] multicollinearity can be described as correlation among independent variables in a multiple regression model. When there is impossibility or difficulty in isolating the individual impact of a certain independent variable(s) on the dependent variable then multicollinearity might occur [6]. The most common way of calculate and notice multicollinearity problem is using the Variance Inflation Factor (VIF) as portray in Table 6. The formula for computing VIF is given below. 

\[ VIF_i = \frac{1}{(1-R)^2} \]

<table>
<thead>
<tr>
<th>Variables</th>
<th>VIF</th>
<th>1 / VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>FDI</td>
<td>6.43</td>
<td>0.155633</td>
</tr>
<tr>
<td>INF</td>
<td>4.40</td>
<td>0.227225</td>
</tr>
</tbody>
</table>

Mean VIF 8.63

The rule of thumb states that if a certain variable has a VIF greater that 10 imply that there is a problem of multicollinearity. Therefore basing on the Table 6, it shows that there is no problem of multicollinearity simply because variables; FDI and INF have VIF less than 10 which are 6.43 and 4.40 respectively. Since falling the variables may lead to the problem of error or bias in model requirement during analysis, and then a good alternative is to relate the rule of thumb “does nothing” [8].

Test for Stationarity: The reason behind why it is essential to recognize whether time series data are stationary or non-stationary before boards on the regression analysis is there can be a danger in attaining regression results which are apparently significant but they can be from data which may not tell to one another when the non-stationary data or series are being used during analysis [20]. After performing stationarity test, it is likely to have three outcomes:
Table 7: ADF Unit Root Test Result of the Variables at Levels at Lag 0

<table>
<thead>
<tr>
<th>Variable</th>
<th>Test Statistics</th>
<th>Critical Values (lag 0) with no trend</th>
<th>Critical Values (lag 0) with trend</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No Trend</td>
<td>With Trend</td>
<td>1%</td>
</tr>
</tbody>
</table>

Source: STATA, 2021

Table 8 indicates the results from the ADF test at 0 lag indicates that RPGDP with leaning has unit roots at all critical level at 1%, 5% and 10% means it is not stationary at all levels. At the same time RPGDP with no trend also has unit roots both at 1%, 5% and 10% implying it is non-stationary. The variable FDI with trend seems to be stationary at 5% and 10% critical levels as it has no roots but it has a unit root at 1% critical level. FDI with no trend has unit roots at 1%, 5% and 10% implying it is non stationary. The variable INFL with and with no trend seems to be non-stationary because their test statistics both at 1%, 5% and 10% are less compared to critical values. It has unit roots. This results supported by different scholars who said that that there is a significant existing relationship between RPGDP and FDI inflow in Tanzania [6, 10, 20].

Table 8: ADF Unit Root Test Result of the Variables at Levels at Lagged 1

<table>
<thead>
<tr>
<th>Variable</th>
<th>Test Statistics</th>
<th>Critical Values (lag 0) with no trend</th>
<th>Critical Values (lag 0) with trend</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No Trend</td>
<td>With Trend</td>
<td>1%</td>
</tr>
<tr>
<td>FDI</td>
<td>-0.893</td>
<td>-1.949</td>
<td>-3.723</td>
</tr>
<tr>
<td>INF</td>
<td>-1.664</td>
<td>-1.916</td>
<td>-3.723</td>
</tr>
</tbody>
</table>

Source: STATA, 2021
Rpgdp wi trend has a test statistic of (-0435) is lower at 1%, 5% and 10% critical values as well. This imply that both Rpgdp with and without trend has unit root at 1%, 5% and 10% hence become non-stationary. On the other side FDI with and with no trend is also non- stationary at 1%, 5% and 10% as it has unit roots in all levels. The variable INFL has unit roots in both with trend and with no trend; this means INFL is non stationary both at 1%, 5% and 10% as its values are less compared to the all critical values.

### Table 9: ADF Unit Root Test Result for First Differenced Variables at Lag 0

<table>
<thead>
<tr>
<th>Variable</th>
<th>Test Statistics</th>
<th>Critical Values (lag 0) with no trend</th>
<th>Critical Values (lag 0) with trend</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No Trend</td>
<td>With Trend</td>
<td>1%</td>
</tr>
</tbody>
</table>

Source: STATA, 2021

From the Table 9, it indicates that after taking the first differencing the state of stationarity has attained. At this level, the variables are differentiated for the first time while considering 0 lag. The variable Rpgdp_d1 with no trend appear to be stationary at 10% critical value because it does not have unit root while at the same time it is not stationary both at 1% and 5% critical value due to presence of unit roots at these levels. Also Rpgdp_d1 with trend is stationary 10% critical value while it is not stationary at 1% and 5% critical values as there are unit roots. It can be observed that fdi_d1 with trend and without trend have the test statistics (-9.754) and (-9.932) successively, seems to be stationary or to no possess unit roots both at 1%, 5% and 10% critical levels. The variable infl_d1 with trend and without trend which have the test statistics (-5.158) and (-5.122) respectively, they don’t have unit roots both at 1%, 5% and 10% critical levels hence considered as stationary. This results supported by different scholars who said that that there is a significant existing relationship between RPGDP and FDI inflow in Tanzania [8, 21].

### Table 10: ADF Unit Root Test Result for First Differenced Variables at Lag 1

<table>
<thead>
<tr>
<th>Variable</th>
<th>Test Statistics</th>
<th>Critical Values (lag 0) with no trend</th>
<th>Critical Values (lag 0) with trend</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No Trend</td>
<td>With Trend</td>
<td>1%</td>
</tr>
</tbody>
</table>

Source: STATA, 2021
Table 11: Summary of ADF Test after the First Differentiation

<table>
<thead>
<tr>
<th>Variable</th>
<th>Level of Significance at 5%</th>
<th>Level of Significance at 10%</th>
</tr>
</thead>
<tbody>
<tr>
<td>RPGDP</td>
<td>Non-stationary</td>
<td>Stationary</td>
</tr>
<tr>
<td>FDI</td>
<td>Stationary</td>
<td>Stationary</td>
</tr>
<tr>
<td>INF</td>
<td>Stationary</td>
<td>Stationary</td>
</tr>
</tbody>
</table>

Source: STATA, 2021

Table 12: Johansen Co-integration Test

<table>
<thead>
<tr>
<th>Maximum Rank</th>
<th>parms</th>
<th>LL</th>
<th>eigenvalue</th>
<th>Trace Statistic</th>
<th>5% Critical 5% Critical</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>56</td>
<td>-1026.9511</td>
<td>-</td>
<td>195.0648</td>
<td>124.24</td>
</tr>
<tr>
<td>1</td>
<td>69</td>
<td>-992.04049</td>
<td>0.90997</td>
<td>125.2435</td>
<td>94.15</td>
</tr>
<tr>
<td>2</td>
<td>80</td>
<td>-968.76876</td>
<td>0.79910</td>
<td>78.7000</td>
<td>68.52</td>
</tr>
<tr>
<td>3</td>
<td>89</td>
<td>-948.90885</td>
<td>0.74580</td>
<td>38.9802*</td>
<td>47.21</td>
</tr>
<tr>
<td>4</td>
<td>96</td>
<td>-940.89817</td>
<td>0.42447</td>
<td>22.9589</td>
<td>29.68</td>
</tr>
<tr>
<td>5</td>
<td>101</td>
<td>-934.06479</td>
<td>0.37579</td>
<td>9.2921</td>
<td>15.41</td>
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<tr>
<td>6</td>
<td>104</td>
<td>-929.69869</td>
<td>0.36000</td>
<td>5.5999</td>
<td>3.76</td>
</tr>
<tr>
<td>7</td>
<td>105</td>
<td>-929.41874</td>
<td>0.01912</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Number of Observation = 31

Source: STATA, 2021
From the Table 10, at the first difference with lag 1 the ADF test shows that; rpgdp_d1 with no trend has unit roots at both 1%, 5% and 10% critical levels which mean it is not stationary. Also rpgdp_d1 with trend does not have unit root at 10% and is stationary at 10% critical value. The variable fdi_d1 does not have unit roots at 10% critical value. The variable infl_d1 with and without trend have test statistics (-5.442) and (-5.713) which both are greater in 1%, 5% and 10% significance levels in absolute terms. This provide the implication that infl_d1 with and with no trend have no unit roots or they are both stationary in all levels.

**The Trend of Real Per Capita Gross Domestic Product:** The real per capita GDP in Tanzania appears to trend upward from 1988 to 2018 but without a constant mean and variance. It indicates that the time series of RPGDP is increasing during 1988 – 2018 with some sort of minor fluctuations. This provides a picture that the RPGDP time series do not have not only a constant mean but also variance. This is an implication that there is missing in data stationarity which means the framed data information from a given time frame to another don’t have a constant mean and variances. Hence it can be concluded that the trend of Real per Capita GDP is non-stationary (observe Figure 1). This results supported by different scholars who said that there is a significant existing relationship between RPGDP and FDI inflow in Tanzania [5, 9, 13].

![Figure 1: Shows the Real Per Capita GDP from 1988-2018 in Tanzania](image)

**4. CONCLUSION**

The study concluded that FDI has been effective in alleviating poverty levels within the East Africa countries which on the other side implies that there is a positive connection and association between FDI and poverty alleviation ideas. Therefore, FDI has a positive and significant effect to the poverty alleviation in East Africa This results supported by different scholars who said that FDI has a positive and significant effect to the poverty alleviation [2, 7, 13, 17, 21]. The study recommends that policy makers in collaboration with the government have to pertain favorable and investment’s friendly strategies as well as commenced essential strategies transformation so as to
solve the problems associated with investment sector in East Africa Countries which usually hinder the development and growth of the FDI.

The researcher suggests that the future researchers can extend the sample size by adding the number of observations different from 31 observations which used in this study.

REFERENCES


