Investment Climate, Institutional Quality, and Agricultural Performance in Economic Community of West African States (ECOWAS)

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In Partial Fulfilment of the Requirements for the Award of Doctor of Philosophy Degree (PhD) in Economics

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Certification

This is to certify that **Adenipekun, Rufus Adetule** with Matriculation number **LCU/PG/001216,** carried out the thesis titled "**Investment Climate, Institutional Quality, and Agricultural Performance in Economic Community of West African States (ECOWAS)**" in the Department of Economics, Faculty of Management and Social Sciences, Lead City University, Ibadan, Nigeria for the award of Doctor of Philosophy Degree (PhD) in Economics and that this has not been previously submitted.

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Dedication

This research is dedicated to God Almighty my maker, my strong pillar, my source of inspiration and wisdom who has given me the strength to get it done.

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Abstract

The agricultural sector in ECOWAS has been severely impacted by low productivity, worsened by economic shocks, climate extremes, and conflicts, which undermine food security and economic stability. The weak investment climate, marked by inefficient institutions and regulatory hurdles, exacerbates these challenges and restricts agricultural growth potential. This study empirically investigates the interrelationship among investment climate, institutional quality, and agricultural performance in a panel of 15 countries of ECOWAS within the periods 2000-2022 with data sourced from World Development Indicators (2024), World Governance Indicators (2024), and the Heritage Foundation (2024). After confirming that the variables were stationary at both levels and first differences and validating cointegration, it employs the pooled mean group (PMG) estimator to provide answers to the research hypotheses. Based on the findings, it was found that institutional quality positively and significantly influences business freedom and monetary freedom but does not significantly impact property rights, government integrity and investment freedom in the short run. In the long-run, the amplifying impact of property rights and government integrity on agricultural output growth is established while trade freedom exerts mitigating effect in the short run within ECOWAS. For agricultural export models, property rights, trade freedom and investment freedom exhibit a statistically significant positive impact on agricultural exports in the long run while Government integrity, Business freedom, Monetary Freedom shows a significant negative impact on agricultural exports in the short run. The findings reveal that institutional quality positively impacts agricultural exports and output per worker but negatively influence agricultural output growth and employment in the long run. The study, therefore, recommends targeted institutional reforms like land and governance reforms, particularly those that enhance property rights and government integrity. The study equally suggests implementing policies that support labour-intensive agricultural practices for agricultural workers such as subsidies for smallholder farmers and incentives for employing rural labour.

Finally, the study recommends that ECOWAS governments should endeavour to promote inclusive trade policies that protect domestic agricultural producers from excessive competition by giving temporary tariffs or quotas, targeted support programs for domestic farmers, adjustments to import policies, investing in logistics and transportation networks to help domestic producers compete more effectively in global markets.

Keywords: Investment climate, institutional quality, agricultural output, employment, exports, output per worker.
Word Count: 355

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