**Foreign Direct Investment and Economic Growth in Sub-Saharan Africa: The role of Institutions**

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**Abstract:** In this paper, we examine the impact of FDI on economic growth condition on the role of quality of institutions. To address our objective, we use the fixed effect and GMM models for analysis. A sample of 36 countries from Sub Saharan Africa was used for period from 2001 to 2015. The empirical results show that FDI has a significant negative effect on economic growth. Institutional quality on the other hand has a positive influence on economic growth. Considering the interaction term between FDI and institutional quality, the empirical evidence show that institutional quality enhances the spillover effect from FDI and therefore do matter for economic growth. Using the GMM model the results confirm that good institutions are necessary for mediating the effects of FDI for economic growth.

**Keywords:** FDI, institutional quality, GMM, economic growth

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