

Revisiting the Nexus Between Private Investment and Poverty Reduction: A Systematic Literature Review

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ABSTRACT

Purpose - This review examines how private investment is associated with poverty outcomes and clarifies the conditions under which investment may generate inclusive welfare gains. It synthesizes the cited evidence while explicitly separating direct empirical evidence from contextual and theoretical sources.

Design/methodology/approach - A systematic-review framework guided by PRISMA 2020 is used for English-language peer-reviewed journal evidence published within the stated 2020–2025 eligibility window. Scopus is treated as the principal indexing source, while ScienceDirect and Google Scholar are supplementary discovery interfaces. Direct synthesis is restricted to empirical studies in which a private-investment exposure and a poverty outcome can be identified; mixed public–private exposures are treated as contextual unless the private component is separately estimable, and non-empirical reviews are excluded from direct evidence. The source material available for this revision does not contain a verified database-specific search log, exact search dates, a documented deduplication procedure, a complete screening log, or a finalized study-level appraisal matrix. Accordingly, the previously reconstructed PRISMA counts are not presented here as definitive results.

Finding/Results - The cited empirical evidence is heterogeneous, and this revised manuscript does not claim that poverty-reducing findings are more frequent until a verified study-level classification is available. The studies discussed in the manuscript include poverty-reducing, null or weak, mixed or conditional, and spatial or multidimensional relationships. Where mechanisms are explicitly estimated, the cited evidence includes human-capital transmission and spatial spillovers; economic-growth mediation is also reported in mixed-investment evidence. Employment, wages, supplier linkages, infrastructure, and financial inclusion are treated as conceptual or indirectly inferred pathways unless a source study directly tests them.

Originality/Value - The revised synthesis distinguishes investment type and evidence role, separates empirically tested mechanisms from conceptual pathways, and moderates policy implications according to the strength and directness of the evidence. It also makes explicit the documentation required for a fully auditable PRISMA review.

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1. Introduction

Poverty remains a central development challenge because it reflects not only insufficient income but also restricted access to education, health care, decent work, productive assets, and social participation. Development policy therefore faces a dual objective: expanding economic capacity while ensuring that the benefits of growth reach households that are poor or vulnerable. The World Bank (2020) emphasizes that shocks, inequality, and limited resilience can reverse progress even when aggregate output improves. This makes the composition, location, and institutional setting of growth as important as its headline rate.

Private investment is commonly positioned at the center of this agenda. By adding productive capital, firms can expand output, introduce technology, create demand for labor, build supply-chain linkages, and generate tax bases that support public services. In the neoclassical tradition, capital accumulation raises productive capacity, although diminishing returns and long-run convergence shape its effects (Solow, 1956). Endogenous-growth theory extends the mechanism by emphasizing innovation, knowledge spillovers, and increasing returns (Romer, 1986). From a capability perspective, however, development should ultimately be evaluated by improvements in substantive freedoms rather than by output alone (Sen, 1999).

The pathway from investment to poverty reduction is therefore indirect and conditional. Labor-intensive investment can raise employment and wages; investment linked to micro, small, and medium enterprises can broaden market access; infrastructure investment can reduce transaction costs; and technological investment can enhance productivity. Yet the same inflow of capital may have little poverty impact when it is concentrated in enclaves, uses few local inputs, displaces livelihoods, or rewards skills that poor households do not possess. Evidence that the sectoral composition of growth matters for poverty reduction supports this distinction between the quantity and quality of expansion (Loayza & Raddatz, 2010).

Recent empirical studies report heterogeneous rather than uniformly favorable outcomes. Provincial evidence from Vietnam links foreign direct investment to poverty reduction directly and through human-capital channels, while trade-related transmission is not uniformly favorable (Do et al., 2021). Evidence from the Western Balkans also reports an association between FDI and lower poverty, subject to productive allocation and institutional conditions (Topalli et al., 2021). Indonesian studies illustrate additional heterogeneity across regions, investment definitions, labor absorption, and household characteristics (Rambe et al., 2023; Suripto et al., 2024). Studies that combine private and public investment, including Tobondo et al. (2021) and Vidriza and Talmera (2024), are treated in this revision as contextual mixed-exposure evidence unless a separate private-investment effect can be identified.

Despite a growing literature, three problems remain. First, the term private investment is operationalized inconsistently, ranging from domestic private investment and foreign direct investment to sector-specific capital expenditure. Second, poverty is frequently measured through a single monetary indicator, although recent studies increasingly recognize multidimensional and spatial outcomes (An et al., 2025). Third, empirical results are distributed across countries, units of analysis, and econometric specifications, making it difficult to distinguish robust mechanisms from context-specific associations.

This study addresses these problems through a PRISMA-guided systematic-review framework. The review is organized around three questions: (1) What directions and patterns of association between private investment and poverty outcomes are reported in the eligible empirical literature, including poverty-reducing, poverty-increasing, null, nonlinear, and mixed or conditional findings? (2) Which mechanisms and contextual conditions are directly

tested, indirectly inferred, or conceptually proposed, and how do reported relationships vary by investment type or ownership, sector, and poverty measure? and (3) What methodological designs, limitations, and quality issues characterize the recent literature? Corpus-wide frequencies, percentages, or quality-weighted conclusions should be reported only when supported by the verified study-level extraction and appraisal matrix.

2. Literature Review & Hypothesis Development

2.1. Capital accumulation, productivity, and welfare

Investment increases the stock and quality of productive assets. In the Solow model, higher investment raises output per worker during the transition to a new steady state (Solow, 1956). The endogenous-growth view assigns a more persistent role to investment when capital embodies knowledge, research, organizational learning, and spillovers (Romer, 1986). These mechanisms imply that private investment can enlarge the resource base from which wages, profits, tax revenue, and public expenditure are financed.

Aggregate expansion is not sufficient to guarantee poverty reduction. Growth generated in labor-absorbing sectors generally creates stronger poverty effects than growth concentrated in capital-intensive activities (Loayza & Raddatz, 2010). The incidence of benefits also depends on whether poor households can access jobs, land, credit, training, markets, and social protection. Consequently, investment should be assessed by its capacity to widen economic participation and capabilities, not merely by its contribution to gross domestic product (Sen, 1999).

2.2. Transmission mechanisms

The first mechanism is employment and wage income. New firms and expansions increase labor demand, while supplier development can create indirect jobs. Poverty effects become stronger when employment is formal, stable, accessible to low-income workers, and accompanied by skill formation. Conversely, investment that relies heavily on imported capital equipment or highly specialized workers may produce limited local labor absorption. The second mechanism is productivity and enterprise linkage. Private capital can introduce new production methods, management practices, logistics, and access to finance. When local enterprises participate as suppliers or distributors, these benefits diffuse through the economy. When investments operate as enclaves with weak local procurement, spillovers are smaller and may coexist with rising regional inequality.

The third mechanism is structural and spatial transformation. Investment can connect lagging regions to markets, develop infrastructure, and shift workers from low-productivity activities toward higher-productivity sectors. Spatial concentration may nevertheless widen disparities when infrastructure, institutions, and human capital are uneven. The recent use of spatial models reflects the need to capture cross-border and interregional spillovers (An et al., 2025; Do et al., 2021).

The fourth mechanism operates through public policy. Investment incentives, infrastructure, education, labor regulation, competition policy, and social safeguards affect both investment decisions and the distribution of returns. Inclusive policy can direct capital toward sectors with strong employment and local-linkage effects, while weak governance can enable rent concentration, environmental damage, displacement, or fiscal concessions that reduce the public benefit.

2.3. Contextual conditions and expected relationship

The reviewed theory suggests that human capital, infrastructure, governance, macroeconomic stability, sectoral labor intensity, and the spatial distribution of investment moderate the relationship. These factors determine whether firms can operate productively and whether poor households possess the capabilities required to participate in new opportunities. Distributional policy and local-enterprise development further determine whether gains are broad based.

Accordingly, the reviewed theory does not imply a single deterministic outcome; it identifies the conditions under which private investment is more or less likely to be associated with poverty reduction. Rather than testing a confirmatory hypothesis, this review uses the following a priori synthesis framework, consistent with the research questions above, to structure the evidence:

Synthesis framework: Private investment is expected to show a heterogeneous and conditional association with poverty reduction. The direction and strength of this association are expected to depend on whether investment generates employment, productivity gains, and local linkages within an inclusive institutional and human-capital environment. Findings that show null, negative, or nonlinear associations are treated as substantively informative rather than as exceptions to be explained away.

3. Methodology

3.1. Review design

The study employs a systematic literature review to identify, screen, appraise, and synthesize empirical research examining the relationship between private investment and poverty outcomes. A systematic review approach is appropriate for a literature base characterized by heterogeneous research designs, measurement strategies, and empirical findings because it requires transparent and reproducible procedures for searching, selecting, evaluating, and synthesizing evidence (Snyder, 2019; Tranfield et al., 2003). The review process is structured in accordance with the PRISMA 2020 framework, covering identification, screening, eligibility assessment, and final inclusion (Page et al., 2021).

The integrity rule applied in this revision is that the PRISMA flow, study count, and study-level synthesis must be traceable to auditable records. The final documentation must contain the database-specific search strategies and search dates, duplicate-removal procedure, record counts at each stage, article-level screening decisions, reason-specific full-text exclusions, and a complete extraction matrix. No numerical selection result should be treated as final when any of these elements cannot be reconciled with the original review records.

The previously reconstructed selection sequence is therefore withheld from definitive reporting in this revision. **AUTHOR VERIFICATION REQUIRED:** before resubmission as a completed systematic literature review, the authors must either (a) reconcile the original database exports, deduplication record, screening log, full-text decisions, extraction matrix, and study-level quality appraisal, or (b) repeat the search and screening under a newly documented protocol. The final PRISMA diagram must be regenerated from that verified record rather than from retrospective estimates.

The review unit is the peer-reviewed journal article. The intended empirical publication window is 2020–2025. Literature published outside this interval may be retained for theory, method, or contextual discussion but is not part of the empirical PRISMA corpus. Direct evidence must empirically examine both a private-investment exposure and a poverty

outcome. FDI and domestic private investment are eligible when they are separately identifiable; studies combining public and private investment are contextual unless the private component is separately estimable. Non-empirical reviews are not direct empirical evidence. The principal indexing requirement is Scopus, while ScienceDirect and Google Scholar function as supplementary discovery interfaces whose candidate records require indexing verification under the final protocol.

3.2. Search strategy and information sources

The search strategy was developed around concepts related to private investment and poverty outcomes. The main search terms included “private investment,” “private sector investment,” “domestic private investment,” “foreign direct investment,” “poverty reduction,” “poverty alleviation,” “inclusive growth,” and “multidimensional poverty.” These concepts were combined using Boolean operators to identify studies examining the relationship between private investment and poverty. The core search logic was structured as follows: (“private investment” OR “private sector investment” OR “domestic investment” OR “foreign direct investment”) AND (“poverty reduction” OR “poverty alleviation” OR “multidimensional poverty”). The search strategy was adapted to the syntax and search functions of each information source. To ensure transparency and reproducibility, the final review protocol reports the database-specific search strings, searched fields, document-type and subject-area restrictions, language criteria, search dates, and the number of records retrieved from each source based on the original search documentation.

3.3. Eligibility criteria

Articles were evaluated against predetermined inclusion and exclusion criteria. The criteria were designed to retain recent, relevant, and methodologically interpretable evidence while removing duplicate and non-journal material.

Table 1. Eligibility criteria for the systematic literature review

Dimension	Inclusion	Exclusion
Publication type	Peer-reviewed journal article	Conference paper, thesis, dissertation, working paper, book chapter, report, or editorial
Publication period	2020-2025	Published outside the defined period
Language	English	Non-English without an eligible English version
Access	Full text obtainable (open access or via institutional/library access)	Full text not obtainable through any available access route (non-open-access status alone does not constitute exclusion)
Topical relevance	Empirical peer-reviewed study that directly examines a separately identifiable private-investment exposure (including FDI or domestic private investment) and a poverty outcome.	Does not empirically examine both investment and poverty; non-empirical review; or mixed public-private exposure whose private component cannot be isolated for direct synthesis.
Method transparency	Research objective, data/design, and analytical procedure are sufficiently described	Method cannot be interpreted or findings cannot be attributed

Dimension	Inclusion	Exclusion
Indexing	Scopus-indexed article under the verified source protocol; records discovered elsewhere require indexing verification.	Indexing cannot be verified under the final protocol.
Duplication	Unique publication	Duplicate record or redundant version

Source: Authors' eligibility framework. Study inclusion is based on the predefined eligibility criteria and the 2020–2025 publication window, with final corpus membership subject to confirmation against the article-level screening records.

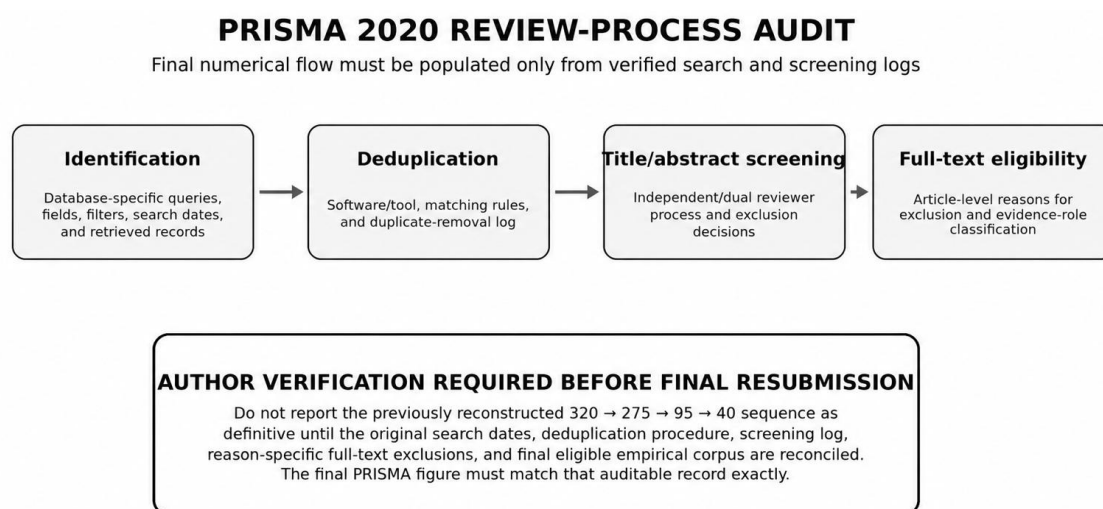
3.4. Selection process

Study Selection Process Records were identified through Scopus and supplementary discovery interfaces. In this Round 2 revision, the previously displayed numeric sequence is not treated as a final PRISMA result because the supplied manuscript does not document a verified search date or date range, database-specific retrieval log, or deduplication tool and matching procedure. **AUTHOR VERIFICATION REQUIRED:** insert the exact source-specific retrieval counts and search dates from the original logs, and document the deduplication software/tool and matching rules.

Title/abstract screening and full-text eligibility decisions must be reported from the screening log at article level. Full-text exclusions should be grouped into mutually interpretable reasons, with reason-specific counts summing exactly to the verified total exclusions. No exclusion count or reason distribution is inferred in this revision.

The final eligible corpus must be rechecked against the private-investment and empirical-study criteria before a study count is reported. In particular, Ombachi (2024) is treated as a non-empirical desktop review and is excluded from direct empirical synthesis; Tobondo et al. (2021) and Vidriza and Talmera (2024) are treated as contextual mixed-exposure studies unless a separately identifiable private-investment effect is verified. The final PRISMA flow should be regenerated only after these eligibility decisions and the underlying logs are reconciled.

Figure 1. PRISMA 2020 review-process audit prior to final numerical reporting.



This audit figure intentionally contains no study counts.

Source: Authors' revision based on PRISMA 2020 (Page et al., 2021). Numerical counts are intentionally omitted from this revision until the original search and screening audit trail is verified.

3.5. Data extraction and synthesis

The study-level extraction framework is revised to record: full bibliographic identification; database/source; country or region; observation period and unit of analysis; investment type and ownership (domestic private, FDI, mixed public–private, general capital formation, or contextual private-sector development); sector and project characteristics where reported; poverty outcome and measurement approach; empirical design and estimator; direction and statistical significance of the reported investment–poverty relationship; mechanism status (directly tested, statistically mediated, indirectly inferred, or conceptually discussed); contextual moderators; and methodological-quality appraisal. Non-empirical studies and mixed exposures without a separable private component are flagged and are not used as direct evidence for the private-investment–poverty relationship. Corpus-wide directional frequencies are not reported unless every eligible article is coded consistently in the final matrix.

Given heterogeneity in study design, exposure definition, poverty measurement, and reported statistics, narrative and descriptive synthesis is used rather than coefficient pooling. Directional synthesis must be based on the study-level classification rather than on isolated coefficients, and mechanisms are synthesized separately according to whether they are directly tested or only theoretically inferred.

3.6. Quality assessment

Study-level methodological appraisal is specified using the Mixed Methods Appraisal Tool (MMAT), version 2018 (Hong et al., 2018), because the evidence base contains heterogeneous empirical designs. Each eligible empirical article should be evaluated using the two MMAT screening questions and the criteria corresponding to its study-design category, with item-level judgments reported transparently (Yes/No/Can't tell) rather than collapsed into an unsupported overall score. Quality judgments should be used to qualify the strength of interpretation and to distinguish stronger evidence from studies with important methodological limitations. AUTHOR VERIFICATION REQUIRED: the final resubmission must provide the completed article-level MMAT worksheet as supplementary material for every study retained in the empirical corpus. Until that worksheet is available, this manuscript does not make quality-weighted claims about robustness or policy certainty.

4. Result and Discussion

4.1. Characteristics of the evidence base

The studies explicitly cited in this manuscript use several quantitative designs, including provincial or cross-country panel regressions, fixed-effects estimation, generalized method of moments, spatial econometrics, path analysis, and household-level logit models. They cover settings in Asia, Africa, and the Western Balkans. Because the complete verified extraction matrix is not contained in the source material for this revision, no corpus-wide *n* or percentage is asserted for design, region, investment type, or poverty outcome. These distributions should be reported only after the final article-level matrix is reconciled.

Investment measures in the cited literature include FDI, domestic or broadly defined private investment, sector-specific capital, and mixed public–private investment. These exposures are not treated as interchangeable. Direct private-investment evidence requires a separately identifiable private component. Accordingly, Tobondo et al. (2021) and Vidriza and Talmera (2024) are classified here as contextual mixed-exposure studies, while Ombachi (2024) is not treated as empirical evidence because it is a desktop review. Poverty outcomes likewise

remain separated by construct, including monetary poverty, household poverty status, and multidimensional poverty, rather than being pooled solely by coefficient sign.

Table 2. Illustrative classification of direct empirical and contextual evidence on investment and poverty

Study	Setting/data	Method	Investment focus	Main finding for the synthesis
Do et al. (2021) DIRECT—FDI	Vietnam; provincial panel	Fixed effects and spatial econometrics	FDI; separately identifiable foreign private investment.	FDI was associated with lower poverty directly and indirectly through human capital; spatial and trade-related effects were not uniformly favorable.
Tobondo et al. (2021) CONTEXT—MIXED	Central Sulawesi, Indonesia	Panel path analysis	Foreign, domestic, and government investment; the private component is not separately isolated in the reported synthesis.	Economic growth is examined as an intervening pathway, but this study is not used as direct evidence of a separable private-investment effect unless the source results permit isolation.
Topalli et al. (2021) DIRECT—FDI	Six Western Balkan economies	Dynamic panel/GMM	FDI inflows; separately identifiable foreign private investment.	FDI was associated with poverty reduction, with effectiveness shaped by productive allocation and institutional conditions.
Rambe et al. (2023) EMPIRICAL—OWNER N/S	Sumatra, Indonesia	Regional panel analysis	Investment with labor and industrialization factors; domestic/foreign ownership is not distinguished in the current manuscript.	Poverty outcomes vary with employment, industrialization, and regional development structure; ownership-specific inference should remain cautious.
Suripto et al. (2024) EMPIRICAL—VERIFY PRIVATE EXPOSURE	Yogyakarta, Indonesia; household data	Logit regression	Household/regional investment environment; private-investment ownership is not clearly specified in the current synthesis.	Investment alone did not explain household poverty status; education, food security, and household characteristics remained important.

Study	Setting/data	Method	Investment focus	Main finding for the synthesis
Vidriza & Talmera (2024) CONTEXT— MIXED	Indonesian nickel-producing provinces	Panel-data analysis	Public and private investment combined; the private component is not separately isolated in the current synthesis.	Used as contextual evidence on investment, growth transmission, and regional characteristics rather than as direct private-investment evidence.
Ombachi (2024) EXCLUDED— DESKTOP REVIEW	Cross-context literature evidence	Desktop review	Desktop review of private-sector investment.	Retained, if cited, only as background/contextual discussion; it is not a primary empirical study and should not enter the empirical PRISMA count.
An et al. (2025) DIRECT— PRIVATE	Vietnam; provincial panel	Dynamic and spatial panel models	Private investment; provincial panel with spatial spillover analysis.	Private investment was associated with lower multidimensional poverty and spatial spillovers, supporting place-sensitive interpretation.

Source: Authors' synthesis of the cited studies. Evidence status is explicitly distinguished in response to Round 2. This illustrative table is not a substitute for the final article-level extraction and MMAT appraisal matrix.

4.2. Direction and strength of the relationship

The cited evidence does not justify a universal directional conclusion or a statement about which category is most frequent. Direct empirical examples in this manuscript include poverty-reducing associations (for example, Do et al., 2021; Topalli et al., 2021; An et al., 2025), a weak or non-dominant investment contribution at the household level (Suripto et al., 2024), and conditional or spatially heterogeneous relationships. The final resubmission should report the exact number and percentage of eligible studies classified as poverty-reducing, poverty-increasing, null, nonlinear, and mixed or conditional, with cross-tabulation by investment type, poverty measure, region, and methodology where the verified matrix permits. Until that coding is complete, no frequency-based conclusion is made.

The evidence is therefore interpreted as heterogeneous and conditional. Capital-intensive projects may raise output with limited labor absorption; geographically concentrated projects may leave lagging areas behind; foreign-owned firms may rely on imported inputs; and poor households may lack the skills or mobility required to access new opportunities. These mechanisms are not assumed to occur in every setting and should be linked to direct study evidence when reported.

This interpretation resolves part of the apparent inconsistency in prior findings. The relevant question is not simply whether investment rises, but whether it changes the opportunity set available to low-income households. An investment strategy can improve macroeconomic indicators while failing to reduce poverty if the distribution of employment, wages, assets, and public revenue remains narrow.

4.3. Employment, wages, and local enterprise linkages

Employment and wage income are theoretically central pathways because labor is a major asset of low-income households, but the cited studies do not consistently estimate employment as an independent mediator. Tobondo et al. (2021) and Rambe et al. (2023) discuss labor alongside growth and industrialization rather than isolating a universal employment-mediated effect. Accordingly, this revision treats employment and wages as conceptual or indirectly supported pathways unless a source study directly tests mediation. A corpus-wide count of directly tested employment mechanisms should be reported only after the final extraction matrix is completed.

Local-enterprise linkages are likewise treated as a plausible transmission pathway rather than a universally verified mechanism. Procurement from domestic suppliers, MSME participation, access to finance, and business-development services may broaden local spillovers, whereas enclave-type investment may limit them. Policy discussion below therefore presents supplier development as a context-dependent consideration rather than a causal prescription supported uniformly across the corpus.

4.4. Human capital, infrastructure, and institutional quality

Human capital is one mechanism with direct empirical support in the cited evidence: Do et al. (2021) report an indirect poverty effect through human capital. This finding is consistent with the proposition that education and skills affect access to higher-productivity opportunities. The broader claim that human capital systematically mediates the investment–poverty relationship across the full corpus, however, should not be made without the completed mechanism coding.

Infrastructure and institutional quality are retained primarily as contextual and theoretical conditions unless directly estimated in a source study. Transport, energy, digital networks, water, logistics, predictable regulation, labor protection, land safeguards, and environmental enforcement can plausibly influence both investment performance and the distribution of benefits, but the final synthesis should distinguish direct empirical tests from conceptual discussion for each pathway.

Policy implication the evidence supports cautious, context-dependent interpretation rather than a universal investment-policy formula. Where studies directly identify human-capital or spatial channels, complementary education, skills, and place-sensitive infrastructure may be relevant. Employment, supplier development, financial inclusion, and governance remain plausible complementary levers, but their status in this manuscript is primarily conceptual or indirectly inferred unless a cited study directly tests the mechanism. Policy recommendations should therefore be tied to the number, design quality, and directness of the studies supporting each pathway once the final matrix and MMAT appraisal are available.

4.5. Spatial distribution and multidimensional poverty

Spatial econometric evidence from Vietnam provides direct evidence that investment effects can extend across regional boundaries (Do et al., 2021), and An et al. (2025) links private investment to multidimensional poverty and spatial spillovers. These studies support a place-sensitive interpretation of the nexus. They do not, by themselves, establish that spatial spillovers are present across all settings in the review.

Multidimensional poverty measures broaden the evaluation of investment beyond a single income threshold. The cited evidence indicates that monetary and multidimensional outcomes represent different constructs; consequently, coefficients are not pooled or interpreted as equivalent solely on the basis of sign. The final matrix should retain separate outcome

categories for monetary poverty, multidimensional poverty, household welfare, vulnerability, and other reported outcomes.

4.6. Methodological trends and research gaps

Table 3. Methodological patterns observed in the cited literature, limitations, and research opportunities

Observed pattern	Current limitation	Priority for future research
Panel regression is dominant	Associations may remain sensitive to endogeneity and omitted institutions	Use credible causal designs, natural experiments, instrumental variables, and transparent robustness checks
Monetary poverty is the main outcome	Income measures overlook services, vulnerability, and capabilities	Integrate multidimensional poverty, employment quality, resilience, and environmental outcomes
FDI receives more attention than domestic private capital	Different investment forms and sectors are often aggregated	Disaggregate by ownership, sector, size, labor intensity, technology, and local procurement
Country or regional averages are common	Average effects hide spatial inequality and spillovers	Use geocoded projects, spatial panels, distributional analysis, and place-based comparison
Growth is a frequent mediator	Other transmission mechanisms are rarely tested jointly	Estimate employment, wages, MSME linkages, fiscal revenue, skills, and infrastructure as mediators
Narrative comparison is common	Incomplete protocols weaken review reproducibility	Publish search strings, screening decisions, quality scores, extraction data, and preregistered protocols

Source: Authors' descriptive synthesis. The table identifies recurring issues in the cited literature but is not a corpus-wide frequency table.

The cited literature illustrates a movement toward dynamic, spatial, and multidimensional models, but the strength and prevalence of these patterns cannot be quantified without the verified extraction matrix. Important unresolved issues include endogeneity, aggregation across investment types, limited testing of mechanisms, and incomplete differentiation between monetary and multidimensional outcomes. Review transparency also requires database logs, duplicate-removal rules, full-text exclusion reasons, study-level appraisal results, and the extraction file to be documented and, where possible, shared as supplementary material.

4.7. Integrated discussion and conceptual synthesis

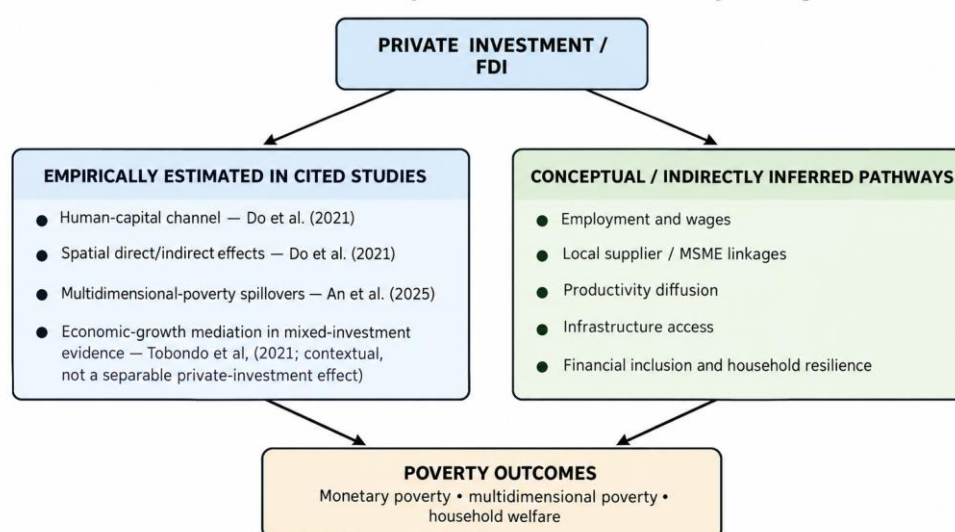
The integrated framework is revised to distinguish two evidentiary layers. The first contains pathways directly estimated in the studies cited in this manuscript, including human-capital transmission, spatial direct and indirect effects, and multidimensional-poverty spillovers. The second contains theoretically plausible or indirectly inferred pathways—employment and wages, supplier and MSME linkages, productivity diffusion, infrastructure, and financial inclusion—that require systematic mechanism coding before being described as empirically

established across the corpus. Human capital, governance, sectoral labor intensity, spatial distribution, and macroeconomic conditions are treated as potential moderators only to the extent supported by specific study evidence.

This distinction helps explain why similar nominal investment values may be associated with different welfare outcomes without implying that every proposed channel has equal empirical support. The policy relevance of each pathway should therefore be proportional to the directness, consistency, and methodological quality of the supporting studies.

Figure 2. Evidence-status framework for pathways from private investment to poverty outcomes

Evidence-status framework: private investment and poverty outcomes



Source: Authors' synthesis. Solid pathways represent mechanisms directly estimated in studies cited in the manuscript; dashed red pathways are conceptual or indirectly inferred and require corpus-wide verification.

5. Conclusion and Recommendations

5.1. Conclusion

This review does not support a single universal conclusion that private investment reduces poverty in all contexts. The cited empirical studies report heterogeneous relationships, including poverty-reducing, weak or null, conditional, and spatially differentiated findings. The evidence directly discussed in this manuscript supports attention to human-capital and spatial channels in particular, while employment, wages, local-enterprise linkages, infrastructure, and financial inclusion should be described as conceptual or indirectly supported pathways unless they are explicitly tested in the final study-level coding.

The cited evidence also illustrates why higher investment does not automatically translate into lower poverty. Outcomes can depend on capital intensity, geographic concentration, connections with local firms, worker skills, infrastructure, institutions, and the distribution of gains. These conditions should be interpreted as contextual moderators or plausible mechanisms unless directly estimated by the underlying study.

Methodologically, the studies cited in the manuscript rely heavily on observational econometric designs, including panel and spatial models, while multidimensional approaches

are present in a smaller visible subset. A verified corpus-wide statement about methodological prevalence or evidence strength requires the final extraction matrix and study-level MMAT appraisal.

5.2. Policy and Research Recommendations

Policy recommendations are therefore framed as evidence-informed considerations rather than universal prescriptions. Where studies directly identify human-capital or spatial mechanisms, investment promotion may be complemented by skills development and place-sensitive infrastructure. Employment creation, wage quality, local procurement, supplier development, financial inclusion, tax contribution, and environmental and social safeguards are relevant monitoring dimensions, but the strength of recommendation for each should be explicitly tied to the number and quality of studies that directly support the pathway once the final evidence matrix is available.

Policies that emphasize nominal investment approvals alone should not be assumed to generate broad welfare gains. Coordination with human-capital development, infrastructure, MSME support, social protection, and accountable governance may improve inclusiveness, but these levers are presented here as context-dependent considerations rather than confirmed causal mechanisms across the entire corpus. Place-based monitoring should disaggregate outcomes by region, sector, skill level, and household vulnerability where data allow.

Future empirical research should distinguish domestic and foreign private investment, disaggregate sectors and project characteristics, test mediation and moderation explicitly, and integrate monetary with multidimensional poverty indicators. Stronger identification strategies, spatially explicit designs, project-level data, and mixed methods can clarify how, where, and for whom investment is associated with poverty outcomes. Future reviews should preregister protocols and publish reproducible search, screening, appraisal, and extraction documentation.

6. Limitations and Future Research

This review has substantive and documentation limitations. The intended scope is English-language journal evidence published in 2020–2025, which excludes older and non-English empirical literature from the review corpus even when such sources are used for theory or context. ScienceDirect and Google Scholar are supplementary discovery interfaces rather than substitutes for a bibliographic-index verification log. Heterogeneity in investment definitions, poverty indicators, units of analysis, and estimators also prevents meaningful pooling of non-comparable coefficients.

The principal limitation identified in Round 2 is review-documentation completeness. The supplied manuscript does not contain the verified database-specific search dates and strings, the deduplication procedure, the complete screening log, reason-specific full-text exclusions, the finalized article-level evidence matrix, or the completed study-level quality appraisal. Consequently, this revision intentionally removes the earlier contradictory claim that the complete 40-study corpus and article-level quality assessments had already been fully reconciled. Final PRISMA counts, frequency statements, and quality-weighted conclusions should be restored only after those records are verified.

Before resubmission as a completed systematic literature review, the authors should complete the audit trail, re-evaluate all candidate studies against the direct-private-investment and empirical-study criteria, finalize the extraction and MMAT appraisal matrix, and ensure that the PRISMA diagram, results, conclusions, tables, figures, and supplementary files all draw on the same verified corpus.

Future research can then extend the temporal and linguistic scope and examine sectoral, project-level, spatial, and distributional heterogeneity with stronger causal designs.

6.1. Evidence-corpus and reference audit

For the 2020–2025 eligibility window, references published before 2020 or in 2026 are treated only as theoretical, methodological, historical, or contextual sources and must not enter the empirical PRISMA count. Within-window references that do not empirically examine both a private-investment exposure and a poverty outcome are likewise contextual. Ombachi (2024) is excluded from direct empirical synthesis because it is a desktop review; Tobondo et al. (2021) and Vidriza and Talmera (2024) are classified as mixed-exposure contextual evidence unless the private component is separately identifiable. The final supplementary matrix should label every cited source as either an included empirical study or a background/contextual source and should state the reason for any borderline decision.

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Declaration of AI and AI-assisted technologies in the writing process

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Reference

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