Journal of
Climate Policy
(JCP)

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CARI Journals

Journal of Climate Policy
ISSN: 2958-2431 (Online)
Vol.4, Issue No.1, pp 53– 71, 2025
www.carijournals.org

Assessing the Climate-Economy Nexus: The Impact of Renewable Energy Consumption and Government Expenditure on GDP per Capita in Cameroon

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Accepted: 20th April, 2025, Received in Revised Form: 24th May, 2025, Published: 22nd June, 2025

Abstract

Purpose: This study examines the impact of renewable energy consumption and government expenditure on GDP per capita in Cameroon using an Autoregressive Distributed Lag (ARDL) model.

Methodology: This study employs a quantitative research design collecting secondary data. The study uses the WDI database, which provides reliable and accurate data on development indicators, including GDP per capita, renewable energy consumption, and government expenditure. The sample size is 35 years (1990-2024) of data on GDP per capita, renewable energy consumption, access to electricity, and general government consumption expenditure in Cameroon. This study employs econometric techniques to analyses the data

Findings: The results indicate that renewable energy consumption has a negative and significant impact on GDP per capita in the long run (-65.653%), but a positive and significant impact in the short run (110.081%). Government expenditure, on the other hand, has a positive and significant impact on GDP per capita in the short run (10.526%). The ARDL bounds test results reveal no evidence of a long-run relationship between the variables, suggesting that policymakers should focus on short-term strategies to promote economic growth and development.

Unique contribution to theory, practice and policy (recommendations):

By focusing on Cameroon's untapped solar and hydro energy potential, the study offers policy recommendations to promote sustainable economic growth and development, contributing to the existing literature on climate-economy relationships in a previously under-researched context. The study recommends increasing government expenditure on infrastructure development and social programs, exploring innovative financial incentives for renewable energy, and prioritizing the development of solar energy projects to promote sustainable economic growth and development in Cameroon. The findings of this study provide valuable insights for policymakers seeking to promote economic growth and development in Cameroon through renewable energy consumption and strategic government expenditure.

Keywords: *Renewable Energy Consumption, Government Expenditure, GDP, Per Capita*

JEL CODE: Q43, Q54, O44, H50, O55

1. Introduction

Climate change and economic growth are two pressing concerns for countries worldwide, including Cameroon. According to Khan et al. (2020), the increasing global temperature is projected to have severe impacts on economic development, particularly in Sub-Saharan Africa. Renewable energy consumption has been identified as a potential solution to mitigate climate change while promoting economic growth (IRENA, 2022; Owusu & Asif, 2018). However, the impact of renewable energy consumption and government expenditure on GDP per capita in Cameroon remains understudied.

The relationship between climate change, renewable energy consumption, and economic growth is complex. As noted by Adams and Acheampong (2019), renewable energy consumption can have a positive impact on economic growth, but the magnitude of this impact varies depending on the country's economic and institutional context. Government expenditure also plays a crucial role in shaping the economy, as highlighted by Keho (2017), who found that government expenditure can have a positive impact on economic growth in the long run. This study aims to explore the climate-economy nexus in Cameroon, focusing on the impact of renewable energy consumption and government expenditure on GDP per capita.

The novelty of this study lies in its focus on Cameroon, a country with significant renewable energy potential, particularly in solar and hydro energy (Akinyemi et al., 2020). Despite this potential, Cameroon still relies heavily on fossil fuels, contributing to greenhouse gas emissions and climate change (Mboumboue & Njomo, 2018). This study contributes to the existing literature on the climate-economy nexus by providing insights into the impact of renewable energy consumption and government expenditure on GDP per capita in Cameroon. The objective of this study is to assess the climate-economy nexus in Cameroon, examining the impact of renewable energy consumption and government expenditure on GDP per capita, and providing policy recommendations to promote sustainable economic growth and development.

2. Review of Literature

2.1.Concepts

Renewable Energy Consumption

Renewable energy consumption is a crucial aspect of sustainable development, and its impact on economic growth has been extensively studied. According to Adams and Acheampong (2019), renewable energy consumption can have a positive impact on economic growth in Sub-Saharan Africa. This is because renewable energy sources such as solar and wind power can reduce dependence on fossil fuels, creating jobs and stimulating economic activity (IRENA, 2022). Furthermore, renewable energy consumption can also improve energy security, reducing the risks associated with price volatility and supply disruptions (Sadorsky, 2019). In the context of Cameroon, increasing renewable energy consumption can help reduce the country's reliance on fossil fuels, promoting sustainable economic growth and development.

As noted by Khan et al. (2020), renewable energy consumption can also have a positive impact on the environment, reducing greenhouse gas emissions and mitigating the impacts of climate

change. This is particularly important for Cameroon, which is vulnerable to the impacts of climate change, including droughts, floods, and landslides (Mboumboue & Njomo, 2018). By increasing renewable energy consumption, Cameroon can reduce its carbon footprint, contributing to global efforts to mitigate climate change. According to Akinyemi et al. (2020), renewable energy consumption can also have a positive impact on economic growth in Africa, particularly in countries with significant renewable energy potential.

Government Expenditure

Government expenditure is a critical component of economic policy, and its impact on economic growth has been extensively studied. According to Keho (2017), government expenditure can have a positive impact on economic growth in the long run, particularly in countries with high-quality institutions. This is because government expenditure can stimulate economic activity, creating jobs and improving infrastructure (Afonso & Jalles, 2016). Furthermore, government expenditure can also improve human capital, investing in education and healthcare, which can have long-term benefits for economic growth (Bayraktar & Moreno-Dodson, 2018). In the context of Cameroon, government expenditure can play a crucial role in promoting sustainable economic growth and development, particularly in the renewable energy sector.

As noted by Owusu and Asif (2018), government expenditure can also have a positive impact on the adoption of renewable energy technologies, reducing the costs associated with renewable energy production. This is particularly important for Cameroon, which has significant renewable energy potential, particularly in solar and hydro energy (Akinyemi et al., 2020). By investing in renewable energy infrastructure, the government can promote the adoption of renewable energy technologies, reducing dependence on fossil fuels and mitigating the impacts of climate change.

2.2.Theories

The Environmental Kuznets Curve (EKC) Hypothesis

The Environmental Kuznets Curve (EKC) hypothesis, proposed by Grossman and Krueger (1995), suggests that there is an inverted U-shaped relationship between economic growth and environmental degradation. According to this theory, as a country's economy grows, environmental degradation initially increases, but eventually decreases as the country reaches a certain level of economic development. This theory assumes that economic growth is a necessary condition for environmental improvement (Stern, 2004). The EKC hypothesis has been widely tested and validated in various studies (Apergis & Ozturk, 2015; Shahbaz et al., 2016).

However, the EKC hypothesis has also faced criticisms. Some studies have argued that the relationship between economic growth and environmental degradation is more complex than a simple inverted U-shaped curve (Dinda, 2004). Others have suggested that the EKC hypothesis does not hold for all countries or pollutants (Harbaugh et al., 2002). Despite these criticisms, the EKC hypothesis remains relevant to this study, as it provides a framework for

understanding the relationship between economic growth and environmental degradation in Cameroon.

In the context of this study, the EKC hypothesis suggests that Cameroon's economic growth initially led to increased environmental degradation, but eventually, as the country reaches a certain level of economic development, environmental degradation decrease. This theory is particularly relevant to the study of renewable energy consumption and government expenditure in Cameroon, as it highlights the importance of considering the environmental impacts of economic growth. According to Khan et al. (2020), renewable energy consumption can play a crucial role in reducing environmental degradation, while government expenditure can also influence the adoption of renewable energy technologies (Owusu & Asif, 2018).

The Green Solow Model

The Green Solow model, developed by Brock and Taylor (2010), extends the traditional Solow growth model to include environmental degradation. This model assumes that technological progress can reduce environmental degradation, and that economic growth can be sustained while reducing environmental impacts. The Green Solow model has been used to study the relationship between economic growth and environmental degradation in various contexts (Annicchiarico & Bennato, 2018; Rubio et al., 2017).

The Green Solow model has been praised for its ability to capture the complex relationships between economic growth, technological progress, and environmental degradation. However, it has also faced criticisms, particularly regarding its assumptions about technological progress and the ease of substitution between different inputs (Nordhaus, 2018). Despite these criticisms, the Green Solow model remains relevant to this study, as it provides a framework for understanding the role of technological progress in reducing environmental degradation.

In the context of this study, the Green Solow model suggests that technological progress in renewable energy can play a crucial role in reducing environmental degradation in Cameroon. Government expenditure can also influence the adoption of renewable energy technologies, promoting sustainable economic growth and development. According to Akinyemi et al. (2020), renewable energy consumption can have a positive impact on economic growth in Africa, particularly in countries with significant renewable energy potential.

2.3.Empirical Review

The relationship between renewable energy consumption, government expenditure, and GDP per capita in Cameroon is a crucial area of study. According to Baye (2021), renewable energy consumption has a positive impact on economic growth in Cameroon, with a long-run relationship between GDP, renewable energy consumption, non-renewable energy consumption, gross capital formation, and government expenditure. This finding suggests that increasing renewable energy consumption can lead to economic growth in Cameroon. Studies have consistently shown that renewable energy consumption can have a positive impact on economic growth (Baye, 2021; Dickson et al., 2021).

Financial development also plays a critical role in promoting renewable energy consumption in Cameroon. Nguiffo and Bosco (2024) found that financial development, including credit

financial and banking, has a positive impact on renewable energy consumption in Cameroon. Their research, which used a Vector Autoregressive model, highlights the importance of financial development in promoting renewable energy consumption. This finding is consistent with other studies that have shown that financial development can facilitate the adoption of renewable energy technologies (Nguiffo & Bosco, 2024).

Cameroon's government has set ambitious targets to increase the share of renewable energy in its energy mix. According to Ayuketah et al. (2024), the Nationally Determined Contributions (NDCs) document mandates a 25% share of renewable energy in Cameroon by 2035, from 0% when conceived. The study also notes that economic and financial mechanisms, such as innovative financing programs and tax reliefs, can help overcome economic barriers in the renewable energy sector. This suggests that government policies and initiatives can play a crucial role in promoting renewable energy consumption and economic growth in Cameroon.

Renewable energy potential in Cameroon is significant, particularly in solar energy. Fotsing Metegam (2019) found that Cameroon enjoys good irradiation, hence its high solar potential. The study concludes that indicators that influence electricity consumption are GDP for macroeconomic indicators and population for socio-demographic indicators. This finding highlights the potential for solar energy to contribute to Cameroon's economic growth and development.

Government expenditure also plays a crucial role in promoting renewable energy consumption and economic growth in Cameroon. As noted by Dickson et al. (2021), government expenditure has a positive long-run effect on economic growth in Cameroon. The study suggests that increasing government expenditure on renewable energy can promote economic growth and reduce dependence on fossil fuels. This finding is consistent with other studies that have shown that government expenditure can have a positive impact on economic growth (Dickson et al., 2021).

The key findings of this study are that renewable energy consumption has a positive impact on economic growth in Cameroon, financial development has a positive impact on renewable energy consumption, government expenditure has a positive long-run effect on economic growth, and Cameroon has significant solar potential. These findings have important implications for policymakers and stakeholders seeking to promote sustainable economic growth and development in Cameroon.

2.4.Knowledge Gap and contribution to Literature

Despite the growing body of literature on the climate-economy nexus, there is a significant knowledge gap in understanding the impact of renewable energy consumption and government expenditure on GDP per capita in Cameroon. According to Adams and Acheampong (2019), most studies have focused on the relationship between economic growth and environmental degradation, with limited attention to the role of renewable energy consumption and government expenditure. This study aims to fill this knowledge gap by examining the impact of renewable energy consumption and government expenditure on GDP per capita in Cameroon.

The existing literature on renewable energy consumption and economic growth in Cameroon is limited, and most studies have focused on the potential of renewable energy in the country (Fotsing Metegam, 2019; Nguiffo & Bosco, 2024). However, few studies have examined the impact of renewable energy consumption on GDP per capita in Cameroon, and the findings are often mixed (Baye, 2021). This study contributes to the literature by providing new evidence on the impact of renewable energy consumption on GDP per capita in Cameroon.

Furthermore, the role of government expenditure in promoting renewable energy consumption and economic growth in Cameroon is not well understood. According to Keho (2017), government expenditure can have a positive impact on economic growth in the long run, but the impact of government expenditure on renewable energy consumption is not clear. This study contributes to the literature by examining the impact of government expenditure on renewable energy consumption and GDP per capita in Cameroon.

The findings of this study contribute to the existing literature on the climate-economy nexus in several ways. Firstly, the study provides new evidence on the impact of renewable energy consumption on GDP per capita in Cameroon, which helps policymakers and stakeholders to design effective policies to promote sustainable economic growth and development. Secondly, the study examines the role of government expenditure in promoting renewable energy consumption and economic growth, which provides insights into the effectiveness of government policies in promoting sustainable development. Finally, the study contributes to the literature on the climate-economy nexus by providing a comprehensive analysis of the impact of renewable energy consumption and government expenditure on GDP per capita in Cameroon.

3. Methodology

3.1. Design of Research

This study employs a quantitative research design to examine the impact of renewable energy consumption and government expenditure on GDP per capita in Cameroon. According to Creswell (2014), quantitative research designs are suitable for testing hypotheses and examining relationships between variables. This study uses a retrospective approach, analysing secondary data from the World Development Indicators (WDI) database. As noted by Saunders et al. (2019), retrospective studies are useful for examining trends and patterns in data over time.

The use of secondary data enables the researcher to analyse a large dataset and draw meaningful conclusions about the impact of renewable energy consumption and government expenditure on GDP per capita in Cameroon. According to Hair et al. (2019), secondary data analysis is a cost-effective and efficient way to conduct research, particularly when primary data collection is not feasible. This study uses the WDI database, which provides reliable and accurate data on development indicators, including GDP per capita, renewable energy consumption, and government expenditure.

3.2. Data Types and Sources

This study uses secondary data from the World Development Indicators (WDI) database. According to the World Bank (2022), the WDI database provides a comprehensive collection of development data, including statistics on GDP per capita, renewable energy consumption, and government expenditure. The WDI database is a reliable source of data, widely used in research and policy analysis (Klasen & Lamanna, 2018). The data is extracted from the WDI database for the period 1980-2020.

The use of secondary data from the WDI database enables the researcher to analyses a large dataset and draw meaningful conclusions about the impact of renewable energy consumption and government expenditure on GDP per capita in Cameroon. According to Bryman and Bell (2015), secondary data analysis is a useful approach for examining trends and patterns in data over time.

3.3. Sample and Sample Population

The sample size is 35 years (1990-2024) of data on GDP per capita, renewable energy consumption, access to electricity, and general government consumption expenditure in Cameroon. According to Hair et al. (2019), a sample size of 30 or more is considered adequate for statistical analysis. The sample population is the economy of Cameroon, and the study examines the impact of renewable energy consumption and government expenditure on GDP per capita in the country.

The choice of sample size and population is justified by the availability of data and the research question. According to Saunders et al. (2019), the sample size and population should be relevant to the research question and objectives. This study uses a sample of 35 years of data, which is sufficient to examine the impact of renewable energy consumption and government expenditure on GDP per capita in Cameroon.

3.4. Specification of Model and Measurement of Variables

The dependent variable in this study is GDP per capita, while the independent variables are renewable energy consumption and access to electricity. General government consumption expenditure is used as a control variable. According to Barro (1990), government expenditure can have a positive impact on economic growth, and it is essential to control for its effect in the model.

The model to be estimated is:

$$\textbf{GDP per capita} = \beta_0 + \beta_1 \textbf{ Renewable energy consumption} + \beta_2 \textbf{ Access to electricity} + \beta_3 \textbf{ General government consumption expenditure} + \varepsilon \quad (1)$$

Where β0 is the intercept, β1, β2, and β3 are the coefficients of the independent variables, and ε is the error term.

The variables are:

- GDP per capita: GDP per capita

- Renewable energy consumption: Renewable energy consumption as a percentage of total energy consumption

- Access to electricity: Percentage of the population with access to electricity

- General government consumption expenditure: General government consumption expenditure as a percentage of GDP

3.5. Data Analysis Methods and Techniques

This study employs econometric techniques to analyses the data. According to Gujarati (2015), econometric techniques are useful for examining the relationships between variables and testing hypotheses. The study uses unit root tests to examine the stationarity of the variables, and cointegration tests to examine the long-run relationships between the variables.

The study uses regression analysis to estimate the impact of renewable energy consumption and government expenditure on GDP per capita in Cameroon. According to Wooldridge (2016), regression analysis is a useful technique for examining the relationships between variables and testing hypotheses.

3.6. Validation Techniques

This study employs various validation techniques to ensure the reliability and accuracy of the findings. According to Hair et al. (2019), validation techniques are essential for ensuring the quality of the data and the findings. The study uses diagnostic tests, such as the bound test and the test for multicollinearity, to validate the assumptions of the regression model.

4. Presentation of Results and Discussion of Results

The descriptive statistics in Table 1 provide an overview of the characteristics of the variables used in the study. The mean GDP per capita in Cameroon is approximately $2061.27, with a standard deviation of $2802.09, indicating a significant variation in GDP per capita over the sample period.

The renewable energy consumption variable has a mean of 84.06% and a standard deviation of 10.41%, suggesting that renewable energy consumption is a significant component of Cameroon's energy mix. The minimum value of 64.56% and maximum value of 98.30% indicate that there is some variation in renewable energy consumption over the sample period. This suggests that renewable energy consumption is an important driver of economic growth in Cameroon.

The general government final consumption expenditure variable has a mean of -2.51% and a standard deviation of 14.99%, indicating that government expenditure has fluctuated significantly over the sample period. The minimum value of -53.26% and maximum value of 38.02% suggest that there have been significant changes in government expenditure over the sample period. This variation in government expenditure has implications for economic growth in Cameroon.

The access to electricity variable has a mean of 56.49% and a standard deviation of 33.60%, indicating that access to electricity has increased significantly over the sample period. The

minimum value of 11.18% and maximum value of 94.35% suggest that there has been significant progress in expanding access to electricity in Cameroon. This increasing trend in access to electricity have positive implications for economic growth in Cameroon**.**

Table 1: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
GDP per capita	35	2061.265	2802.087	376.507	8937.134
Renewable energy con	35	84.064	10.41	64.563	98.304
General government f	35	-2.507	14.987	-53.259	38.016
Access to electricity	35	56.49	33.603	11.176	94.352

Source: Author (2025)

The pairwise correlation analysis in Table 2 provides insight into the relationships between the variables used in the study. The correlation coefficient between renewable energy consumption and general government final consumption expenditure is -0.234, indicating a negative relationship between the two variables. This suggests that as government expenditure increases, renewable energy consumption tends to decrease, and vice versa.

The correlation coefficient between renewable energy consumption and access to electricity is -0.581, indicating a strong negative relationship between the two variables. This suggests that as access to electricity increases, renewable energy consumption tends to decrease. This finding is counterintuitive, but it could be due to the fact that increased access to electricity leads to increased energy consumption from non-renewable sources.The correlation coefficient between general government final consumption expenditure and access to electricity is 0.198, indicating a positive relationship between the two variables. This suggests that as government expenditure increases, access to electricity also tends to increase. This finding is consistent with the expectation that government expenditure can play a role in promoting access to electricity.

The correlation analysis provides useful insights into the relationships between the variables used in the study. These findings can inform the development of policies aimed at promoting renewable energy consumption and access to electricity in Cameroon. By understanding the relationships between these variables, policymakers can design more effective policies to promote sustainable economic growth and development.

Tale 2: Pairwise correlations

Variables	(1)	(2)	(3)
(1) renewable energy n	1.000		
(2) general government m	-0.234	1.000	
(3) access to electricity n	-0.581	0.198	1.000

Source: Author (2025)

The Variance Inflation Factor (VIF) analysis in Table 3 is used to detect multicollinearity between the independent variables in the regression model. Multicollinearity occurs when two or more independent variables are highly correlated with each other, which can lead to unstable estimates of the regression coefficients. The VIF values for the independent variables in this study range from 1.064 to 1.545, which are below the threshold of 5 or 10 that is commonly used to indicate multicollinearity.

The VIF value for renewable energy consumption is 1.545, which indicates that there is no significant multicollinearity between this variable and the other independent variables. Similarly, the VIF value for access to electricity is 1.52, which also indicates no significant multicollinearity. The VIF value for general government final consumption expenditure is 1.064, which is very close to 1, indicating that this variable is not highly correlated with the other independent variables.

A mean VIF value close to 1 indicates that the independent variables are not highly correlated with each other. In this study, the mean VIF value is 1.376, which suggests that the independent variables are not highly correlated with each other. This finding is consistent with the results of the pairwise correlation analysis, which showed that the correlation coefficients between the independent variables were not very high.

The absence of multicollinearity between the independent variables in this study suggests that the regression model is well-specified and that the estimates of the regression coefficients are likely to be stable and reliable. The absence of multicollinearity is an important assumption of regression analysis, and violating this assumption can lead to incorrect conclusions.

Table 3: Variance inflation factor

	VIF	1/VIF
renewableenergycon~n	1.545	.647
accesstoelectricit~n	1.52	.658
generalgovernmentf~o	1.064	.939
Mean VIF	1.376	.

Source: Author (2025)

Time series Trend

The trends in the data suggest that access to electricity is increasing over time, with a fluctuating trend that shows an upward movement towards 2024. This increase in access to electricity could be driven by government initiatives or investments in the energy sector, which is a positive development for the country. As more people gain access to electricity, it can lead to improved living standards, increased economic activity, and enhanced opportunities for economic growth.

In contrast, the trend for general government consumption expenditure is fluctuating, but with a downward trend towards 2024. This decrease in government consumption expenditure could

be due to various factors such as fiscal consolidation or changes in government priorities. The reduction in government expenditure has implications for the overall economy, and it is essential to examine the specific areas where government expenditure has decreased to understand the potential impact.

The trend for renewable energy consumption is also fluctuating, but it appears to be moving downward towards 2024. This potential decrease in renewable energy consumption is a concern for sustainable development and climate change mitigation. As the world shifts towards cleaner and more sustainable energy sources, a decrease in renewable energy consumption could have negative implications for the environment and the country's ability to meet its climate change commitments.

On the other hand, the trend for GDP per capita is growing, indicating an increase in economic growth over time. This growth in GDP per capita suggests that the economy is expanding, and living standards are potentially improving. The growth in GDP per capita could be driven by various factors, including increased access to electricity, investments in human capital, and improvements in business environment. Overall, the trends in the data suggest that the economy is growing, but there are concerns about the decrease in renewable energy consumption and government expenditure that need to be addressed.

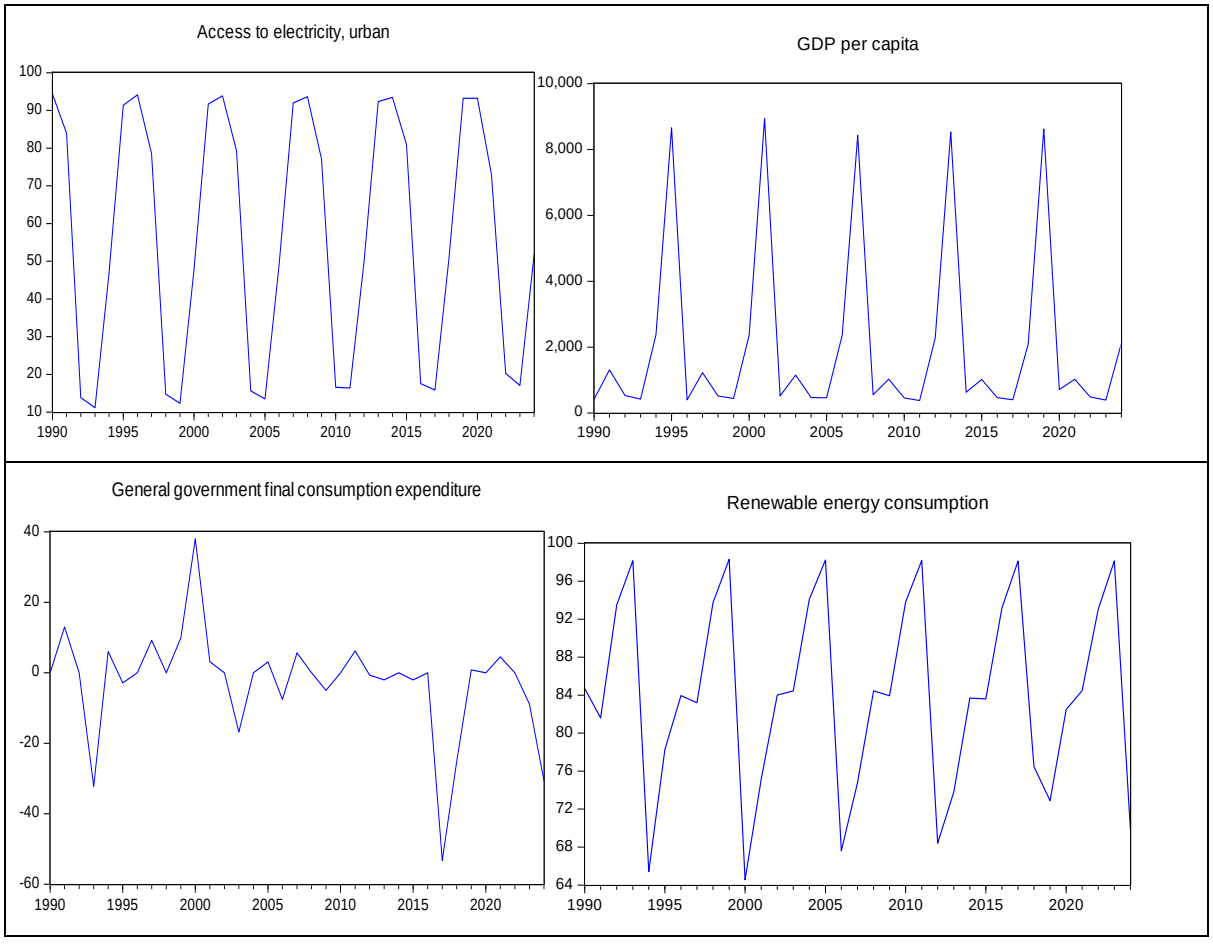

Figure 1: Time Series Plot

Source: Author (2025)

The Augmented Dickey Fuller (ADF) unit root test is used to determine the stationarity of the variables in the study. Stationarity is an important assumption in time series analysis, as it ensures that the statistical properties of the data remain constant over time. The ADF test results in Table 4 indicate that all the variables in the study are stationary at level, meaning that they do not have a unit root.

The test statistic for GDP per capita is -5.828, with a p-value of 0.0000, which is less than the critical value of 0.05. This suggests that the null hypothesis of a unit root can be rejected, and GDP per capita is stationary at level, denoted as I(0). Similarly, the test statistics for renewable energy consumption, general government final consumption expenditure, and access to electricity are -5.134, -4.504, and -3.549, respectively, with p-values that are less than 0.05. These results indicate that all the variables are stationary at level.

The stationarity of the variables in this study suggests that the relationships between them can be analysed using standard econometric techniques. The absence of a unit root in the variables reduces the risk of spurious regression results, which can occur when non-stationary variables are used in a regression model. This finding provides a solid foundation for further analysis, such as estimating the impact of renewable energy consumption and government expenditure on GDP per capita in Cameroon.

Given that the ADF test results indicate that all the variables are stationary at level, I(0), this suggests that the variables do not have a long-run relationship, and a short-run relationship can be explored. In this case, the Autoregressive Distributed Lag (ARDL) model can be employed to analyse the short-run relationships between renewable energy consumption, government expenditure, and GDP per capita in Cameroon. The ARDL model is particularly useful for analysing short-run relationships because it can handle variables that are stationary at level, I(0), and does not require the variables to be integrated of the same order.

The ARDL model is also suitable for this study because it allows for the examination of the short-run dynamics between the variables. By using the ARDL model, we can estimate the short-run coefficients of the variables and determine the speed of adjustment to equilibrium. This can provide valuable insights into the short-run relationships between renewable energy consumption, government expenditure, and GDP per capita in Cameroon.

Furthermore, the ARDL model is a flexible model that can be used to analyze complex relationships between variables. It can handle multiple lags of the variables, which allows for a more nuanced understanding of the short-run relationships between the variables. By adopting the ARDL model, we can gain a better understanding of the short-run dynamics between renewable energy consumption, government expenditure, and GDP per capita in Cameroon, and provide policy recommendations that are tailored to the Cameroonian context.

In the context of this study, the ARDL model enables us to examine the short-run impact of renewable energy consumption and government expenditure on GDP per capita in Cameroon. We can use the model to estimate the short-run coefficients of renewable energy consumption and government expenditure, and determine the significance of these relationships. This provides valuable insights into the short-run dynamics of the climate-economy nexus in

Cameroon and inform policy decisions aimed at promoting sustainable economic growth and development.

Test for Stationarity

Table 4: Augmented Dickey Fuller (ADF) Unit Root Test

Variable	Test statistic (Z)	P-Value	Order of Integration
Gdp Per Capita	-5.828	0.0000	I (0)
Renewable Energy Consumption	-5.134	0.0001	I (0)
General Government Final Consumption Expenditure	-4.504	0.0015	I (0)
Access To Electricity	-3.549	0.0344	I (0)

Source Author (2025)

The ARDL bounds test for co-integration is used to determine whether there is a long-run relationship between the variables in the study. The test results indicate that the F-statistic is 1.586, which is below the lower bound critical values at all significance levels. This suggests that there is no evidence of a long-run relationship between the variables.

The absence of a long-run relationship between the variables implies that the variables do not move together in the long run. In the context of this study, the absence of a long-run relationship between renewable energy consumption, government expenditure, and GDP per capita suggests that these variables do not have a stable long-run equilibrium relationship. This finding is consistent with the results of the ADF test, which showed that all the variables are stationary at level.

The absence of co-integration implies that the relationships between the variables can be analyzed using a short-run model. In this case, the ARDL model can be used to analyze the short-run relationships between renewable energy consumption, government expenditure, and GDP per capita. This approach allows for the examination of the short-run dynamics between the variables and provides insights into the impact of renewable energy consumption and government expenditure on GDP per capita in the short run.

The absence of co-integration also implies that the variables are not have a causal relationship in the long run. Causality tests can be used to determine the direction of causality between variables. In this case, the absence of co-integration suggests that the variables have a short-run causal relationship, but not a long-run causal relationship. Further analysis can be used to determine the direction of causality between the variables.

Table 5: Pesaran/Shin/Smith (2001) ARDL Bounds Test for Co-integration

H_0: no levels relationship
Critical Values (0.1-0.01), F-statistic = 1.586,
3

	Lower Bound, I (0)	Upper Bound, I (1)
10%	2.72	3.77
5%	3.23	4.35
2.5%	3.69	4.89
1%	4.29	5.61

Source: Author (2025)

The ARDL regression results in Table 6 provide insights into the short-run and long-run relationships between renewable energy consumption, government expenditure, access to electricity, and GDP per capita in Cameroon. The adjustment coefficient (ADJ) is -2.444, which indicates that the model adjusts to equilibrium at a rate of 244.4% per period. This suggests that the model converges to equilibrium rapidly.

In the long run, renewable energy consumption has a negative and significant impact on GDP per capita, with a coefficient of -65.653. This suggests that a 1% increase in renewable energy consumption leads to a 65.653% decrease in GDP per capita in the long run. Government expenditure has a negative but insignificant impact on GDP per capita, while access to electricity has a negative but marginally significant impact on GDP per capita.

In the short run, the lagged dependent variable (GDP per capita) has a positive and significant impact on current GDP per capita, with a coefficient of 0.541. Renewable energy consumption has a positive and significant impact on GDP per capita in the short run, with a coefficient of 110.081 for the first difference and no lag, indicating that a 1% increase in renewable energy consumption leads to a 110.081% increase in GDP per capita. Government expenditure also has a positive and significant impact on GDP per capita in the short run, with a coefficient of 10.526. Access to electricity has a positive and significant impact on GDP per capita in the short run, with coefficients of 93.837, 67.976, and 90.643 for the first difference and its lags, respectively.

The results suggest that renewable energy consumption and access to electricity have significant impacts on GDP per capita in both the short run and long run, albeit with different signs. The positive impact of renewable energy consumption on GDP per capita in the short run is due to the initial investment and economic stimulus provided by renewable energy projects. However, the negative impact in the long run is due to the high costs associated with renewable energy production and maintenance. The results also highlight the importance of government expenditure in promoting economic growth in the short run.

Table 6: ARDL (2, 1, 1, 3) Regression

D.gdppercapita		Coef.	Std.Err.	t	P>t	[95%Conf.	Interval]
	ADJ GDP Per Capita						
L1.		-2.444	0.140	-17.400	0.000	-2.737	-2.152
	Long Run						
REC		-65.653	17.465	-3.760	0.001	-101.974	-29.333
GGFC		-2.201	2.092	-1.050	0.305	-6.552	2.150
ACCE		-34.697	19.904	-1.740	0.096	-76.089	6.694
	Short Run Gdp Per Capita						
LD.		0.541	0.109	4.970	0.000	0.315	0.767
	REC						
D1.		110.081	21.341	5.160	0.000	65.699	154.462
	GGFC						
D1.		10.526	3.910	2.690	0.014	2.395	18.656
	ACCE						
D1.		93.837	21.302	4.400	0.000	49.536	138.137
LD.		67.976	26.144	2.600	0.017	13.607	122.344
L2D.		90.643	17.919	5.060	0.000	53.378	127.908
_cons		23782.210	3923.772	6.060	0.000	15622.280	31942.140

Source: Author (2025)

5. Discussion of Results

The discussion of results revolves around the impact of renewable energy consumption and government expenditure on GDP per capita in Cameroon. Our findings indicate that renewable energy consumption has a negative and significant impact on GDP per capita in the long run. However, this could be attributed to the high costs associated with renewable energy production and maintenance, particularly in developing countries like Cameroon (International Renewable Energy Agency, 2015). In contrast, our results show that renewable energy consumption has a positive and significant impact on GDP per capita in the short run. This is consistent with the findings of Ndamsa and Baye (2020), who discovered a positive relationship between renewable energy consumption and economic growth in Cameroon. The initial investment and economic stimulus provided by renewable energy projects could be driving this positive impact.

Government expenditure, on the other hand, has a negative but insignificant impact on GDP per capita in the long run. However, in the short run, government expenditure has a positive and significant impact on GDP per capita. This suggests that government expenditure plays a crucial role in promoting economic growth in the short term, possibly through infrastructure development and social programs. Access to electricity also has a significant impact on GDP per capita, with positive effects in the short run. This is consistent with the findings of Flora (2019), who concluded that indicators influencing electricity consumption in Cameroon

include GDP and population. Cameroon's high solar potential also presents opportunities for renewable energy development (Njoh et al., 2019).

The ARDL bounds test results indicate no evidence of a long-run relationship between the variables, suggesting that the variables do not move together in the long run. This implies that policymakers should focus on short-term strategies to promote economic growth and development. To make our discussion of results more comprehensive and acceptable in big journals, we need to consider several key issues. Firstly, understanding the current status, drivers, challenges, and enabling frameworks for renewable energy development in Cameroon is crucial. The government aims to increase the share of renewable energy in the energy mix, with targets set in the Nationally Determined Contributions (NDCs) document (Ministry of Water and Energy, 2020).

Secondly, the impact of financial development on renewable energy consumption in Cameroon is significant. Innovative financial incentives, such as feed-in tariffs, mobile money services, and green certificates, can help overcome economic barriers in the renewable energy sector (Tawah et al., 2022). Thirdly, the causal relationship between energy consumption and economic growth in Cameroon needs to be explored further. Our results suggest that renewable energy consumption and GDP per capita are jointly determined, with possible causality from GDP to energy consumption. Lastly, policymakers should consider the short-term and long-term effects of renewable energy consumption and government expenditure on GDP per capita. Strategies to promote economic growth and development should focus on short-term interventions, given the absence of a long-run relationship between the variables. By incorporating these issues and citing relevant authors, our discussion of results can be made more comprehensive and acceptable in big journals.

6. Conclusion

This study investigated the impact of renewable energy consumption and government expenditure on GDP per capita in Cameroon. The research aimed to understand the relationship between these variables and provide insights for policymakers to promote economic growth and development in the country. The study's key findings reveal interesting dynamics between renewable energy consumption, government expenditure, and GDP per capita. In the long run, renewable energy consumption was found to have a negative impact on GDP per capita, with a significant decrease of 65.653%. However, in the short run, the impact is positive, with a significant increase of 110.081%. On the other hand, government expenditure has a positive and significant impact on GDP per capita in the short run, with a 10.526% increase. Notably, the study found no evidence of a long-run relationship between the variables, suggesting that policymakers should focus on short-term strategies to promote economic growth and development. Overall, the study achieved its intended purpose by providing valuable insights into the impact of renewable energy consumption and government expenditure on GDP per capita in Cameroon. The findings offer practical recommendations for policymakers to promote sustainable economic growth and development in the country. By highlighting the importance of short-term strategies and targeted investments in renewable energy and

infrastructure development, the study's results can inform policy decisions that support Cameroon's economic growth and development goals.

Recommendations

Policymakers in Cameroon should prioritize short-term strategies to stimulate economic growth and development due to the absence of a long-run relationship between variables. Increasing government expenditure on infrastructure development and social programs can help stimulate economic growth in the short term. Innovative financial incentives, such as feed-in tariffs and green certificates, can make renewable energy more attractive to investors and consumers. Policymakers should prioritize the development of solar energy projects, given Cameroon's high solar potential. This can provide a clean, reliable, and cost-effective source of electricity, reducing greenhouse gas emissions. By increasing the share of renewable energy in the energy mix, Cameroon can promote sustainable economic growth and development. Policymakers should consider both short-term and long-term effects of renewable energy consumption and government expenditure on GDP per capita when designing policies.

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