

Capital Flight and Price Stability in Selected West African Countries

Christian Gbarawae Nwinkina,² Ezinne Chidinma Worga²,

Sunny N. Amadi³, & Dennis B. Ewubare⁴

Department of Economics, Rivers State University, Port Harcourt^{1,2,3 & 4}

Abstract

The study explores the link between capital flight and price stability in selected West African countries (Nigeria, Ghana, the Gambia, Liberia and Sierra Leone) from 1990 to 2022. World Bank and IMF financial statistics provided the panel datasets with time series and cross-sectional dimensions. Among other things, the data analysis followed the descriptive statistics, Im, Pesaran and Shin (IPS) panel unit root test, fixed effects model and Hausman test. The adoption of the alternative hypothesis of no unit root in the series is thus required as the IPS panel unit root test results revealed that all the variables are I(0). The projected fixed effects model revealed that FDI lowered inflation in the particular West African nations under observation. This emphasizes how the macroeconomic aim of price stability in the West African sub-region is undermined by a rise in capital flight shown as FDI outflows. Furthermore shown by the data were significant increases in inflation throughout the research period resulting from international debt servicing. The data also revealed that whilst net financial account movements helped to increase inflation in the research region, personal income payments to non-residents adversely influenced inflation. Owing to the results, this research advises legislators to work to reduce foreign direct investment outflows by offering a consistent political and economic climate to boost investor trust and provide more chances for Western African sub-region price stability.

Keywords: Capital Flight, Price Stability, FDI, Multi-Lateral Debt Service, Inflation and West Africa

Introduction

Researchers and policymakers in West African nations have been increasingly worried about the severity and breadth of capital flight during the last 20 years. The investment diversion theory put forth by Dunning and Robson (1988) states that, due to political and macroeconomic uncertainties in developing economies and the availability of better investment opportunities in developed economies, there is a rising outflow of capital from developing to developed nations. The conventional neoclassical view is that nations with much of capital send it to those with few because the latter have higher marginal productivity of capital. This view is at odds with this reality.

Capital flight from underdeveloped economies to industrialized nations affected the international capital mobility in the early 1980s, in congruent with Gautier and Luc (2020). As a result of financial liberalization and other economic changes, many emerging nations, particularly African ones, have seen a persistent flight of capital. Capital flight, highlighted by Leykun-Fisseha (2022), is a serious problem in Africa caused by the persistent and widening investment-savings disparity. Africa has an average financial gap of \$88.6 billion due to the high degree of illegal capital flight (United Nations Conference on Trade and Development [UNCTAD], 2020). Members of the policymaking community, including the central bank and other interested parties, have voiced their worry about this.

In congruent with Leykun-Fisseha (2022), capital flight is not only a severe risk to Africa's macroeconomic stability, but it has also persisted in jeopardizing social development, making it impossible for most African nations to achieve the sustainable development goals (SDGs). Some have even gone so far as to say that Africa has the world's highest poverty rate and the worst healthcare and social infrastructure (Ndikumana & Boyce, 2021). There has been a persistent problem with illicit capital outflows in West Africa, which has different effects on the economic outlook, despite the fact that monetary authorities and other policymakers have worked to alleviate this problem through measures such as making it easier to do business, developing the financial sector, and coordinating monetary policy. With that out of the way, this research looks at the chosen West African nations to see how capital flight has impacted price stability.

Literature Review

Investment Diversion Theory

In an attempt to shed light on the factors that cause capital flight, particularly in emerging markets, Kindleberger (1967) put forth the investment diversion theory. In 1988, Dunning and Robson popularized the hypothesis. Developing nations' high levels of macroeconomic and political instability, in congruent with this idea, cause capital to flee to the global south, where it has a negative impact on economic development and growth. If this argument is correct, capitalists would often pull their money out of nations where there is or is likely to be political or economic unrest. Capital inflows are encouraged by the presence of more favorable conditions in industrialized nations, such as interest rates that are conducive to investment, political and economic stability, tax benefits, and well-established financial sectors.

Another argument put up is that emerging countries suffer greatly from capital flight due to corruption. Corrupt government officials in developing nations exacerbate the problem of capital flight by embezzling huge sums of public funds, investing them abroad for safety, and then saving the rest in foreign bank accounts (Olatunji & Oloye, 2015). Abbah et al. (2021) states that developing nations' capital flight is mostly caused by factors such as high taxation, power supply instability, inadequate infrastructure, political turmoil, inflation, and currency rate fluctuations. Additionally, it is thought that one of the well-known negative consequences of capital flight in the nations concerned is the undermining of economic growth, in congruent with the investment diversion hypothesis of Kindleberger (1967). Reduced aggregate investment and economic growth have a negative impact on employment when funds are redirected to other nations rather than invested domestically (Achu & Edet, 2020). Also, the idea of investment diversion is a foundation upon which the capital flight argument rests.

The investment diversion hypothesis of capital flight has its detractors, but it does help shed light on the variables that drive capital flight. Before anything else, they say the theory is flawed because it simplifies too much about the many causes that cause capital flight. This stems from the realization that no one theory can do justice to the myriad of elements that contribute to capital flight, such as political instability, corruption, incompetent leadership, and restrictive regulations. The absence of strong empirical data to back up the investment diversion argument is another point of criticism for the idea. Tax evasion, illegal financial flows, and capital flight driven by individual or corporate objectives unrelated to investment diversion are additional major elements that the theory misses, in congruent with critics like Alschner (2022) and Baddeley (2017). But the investment diversion hypothesis, upon which this research rests, presupposes that political and economic factors in developing nations like Nigeria's are the primary motivators for capital departure.

Portfolio Choice Theory

Markowitz was the first to present the portfolio choice theory (1959). This theory presupposes, on a fundamental level, that investors who transfer funds out of a nation do so in pursuit of the optimal balance between risk and return. Investment and capital flow location decisions are driven by risk aversion and the expectation of maximum return, in congruent with the theory. Capital flows into or out of a nation owing to variables like risk and return, as stated in the theory. Considering these elements from different perspectives suggests that the person making the decision about a country's capital inflow or outflow is driven by their ideal option of minimizing risk and maximizing return on investment.

In congruent with portfolio choice theory, the decision between local and international assets is driven by the maximization of relative risk-adjusted anticipated return. wealth flight may be a portfolio choice, as Africa has the world's largest amount of private wealth kept abroad while

having the world's lowest capital per worker (Collier, Hoeffler, & Pattillo, 1999). Capital flight refers to the phenomenon wherein investors relocate their assets to a different nation owing to bad investment conditions, political unpredictability, or economic upheaval. In congruent with portfolio choice theory, before deciding to invest in a nation, investors should consider the advantages and disadvantages of doing so. To lessen their exposure to risk, investors seek to diversify their holdings among a variety of asset classes or nations, in congruent with the notion. Investors may lessen the impact of economic or political shocks on a single country's portfolio by spreading their investments out across several countries.

In contrast, capital flight may occur if investors see poor or unclear returns and decide to go elsewhere for possibilities. All things considered, the notion of capital flight as a portfolio option sheds light on the decision-making process by which investors spread their money throughout the world. It highlights the need of diversity in risk management and the significance of return and risk concerns. Despite its useful insights into investor decision-making, the portfolio choice theory of capital flight is bound by a number of constraints. One argument against the idea is that it fails to account for how institutional variables like property rights, regulatory frameworks, and legal frameworks impact capital flight. These issues may dramatically alter investor's trust and effect capital allocation choices.

Empirical Literature

In 77 emerging nations, Davies (2008) looked at how inflation affected capital flight movements after WWII. Researchers used within-group, Arellano-Bond, Ordinary Least Squares, and Generalized Least Squares to analyze panel datasets for the research. The findings back with the study's central premise, which states that postwar countries saw a 0.005 to 0.01 percentage point increase in yearly capital flight movements for every percentage point rise in inflation. The net effect of inflation on post-war capital flight is positive and differential. The result holds true regardless of the econometric estimating methodology used, the specifics of the capital flight equation, or the measurements of capital flight. Potentially large-scale consequences are warranted in light of typical capital flight patterns and the persistently high inflation rates seen by several postwar nations. It follows that postwar economies benefit from low inflation because it reduces capital flight. As a result, the study's policy recommendations centre on making pricing stability a top priority.

Capital flight affected economic development and financial stability in Palestine between 2000 and 2020, in congruent with Badwan (2021). Employing ordinary least squares estimation technique, the research relied on time series data for analysis. Johansen co-integration test and error correction technique were also included in the research. A co-integration between the study variables was shown by the findings. Capital flight has hampered economic development and price stability, in congruent with the research. The research concluded that in order to keep money from leaving Palestine, the government should create an investment climate that is attractive to potential investors.

By analyzing yearly data from 1983 to 2018, Aimola and Odhiambo (2021) determined how governmental debt affected inflation in Ghana. In order to investigate this connection, the researchers used an error correction model in conjunction with the Autoregressive Distributed Lag (ARDL) bounds testing method for cointegration. Despite a structural discontinuity, the cointegrating regression findings showed that inflation and the explanatory variables had a steady long-run connection. The results also demonstrated that public debt has a positive and statistically significant effect on inflation. These findings persisted regardless of whether the regression was performed in the short run or the long run. The research proved that public debt in Ghana does, in fact, lead to inflation. Therefore, in order to reduce inflation volatility and the dangers it poses to

the economy, the research advised that the government exercise caution when contemplating increases in public debt.

Inflation and Kenya's foreign state debt were the subjects of Osewe's (2017) analysis. Determine the influence of inflation on economic growth in Kenya, examine the effect of foreign public debt level on economic growth in Kenya, and establish if inflation and external public debt level cause economic growth in Kenya were the particular aims of the study. Secondary data from the Central Bank of Kenya (CBK), the International Monetary Fund (IMF), and the International Financial Statistics (IFS) were used in the study technique. In order to determine the connection between the variables, the research used econometric models. The analysis concluded that inflation and foreign debt did not affect GDP and that these variables are moving in tandem over the long term due to their cointegrating connection. There was no evidence of a causal relationship between the variables in congruent with the granger causality test.

Osadume and Obialom (2018) used E-View to study the impact of CBN policies on inflation and economic growth in Nigeria. They found that reserve requirements, as measured by cash ratios and liquidity ratios, had positive but insignificant effects on economic growth in the short run, while liquidity ratios had a significant effect. Also, when looking at the big picture, all of the evaluated factors had positive and statistically significant impacts. A positive and statistically significant association between CBN reserve requirements and economic growth was found in the long term, but no such relationship was found in the short run, in congruent with the research. In order to prevent short-term policy u-turns, they suggested, among other things, that the monetary authorities give themselves plenty of time.

To combat inflation in developing economies, Onodugo, Anowor, and Ofoegbu (2018) used ordinary least squares multiple regression to study monetary policy's efficacy. If inflation hadn't been structural, the tools of monetary policy would have been able to influence it more effectively, in congruent with the research. To attain the requirement for a sustainable economy, they suggested, among other things, that the financial system should be robust, stable, viable, and resilient to shocks.

Eight Asian and two Pacific economies-all of which import oil-were studied by Komain (2021) to determine the effect of crude oil prices on inflation. The time frame of the study was 1987M5–2019M12. While oil prices were low and relatively constant, limits testing for cointegration showed that most of these nations' consumer price indices were positively related to crude oil prices over the long term. While eight nations did detect a stable long-term relationship, during the era of high and more volatile oil prices, only one of those nations did so. Crude oil price changes have a partial impact on consumer prices in the long run. In congruent with the correlation between changes in crude oil prices and inflation, the short-term pass-through was minimal in most instances, but it was more noticeable when oil prices were high and volatile. Thus, it appeared that the structural break was significant in the long- and short-term transmission of the price of crude oil to consumer prices. Accordingly, the results called for accommodating monetary policy actions to lower inflation.

Methodology

This study made use of an ex-post facto methodology. The study's reliance on panel data, which combine cross-sectional and time series units, gave rise to the ex-post facto research design appeal. Existing literature (Seiyaibo & Okoye, 2020; Pástor, Stambaugh & Taylor 2022) describes ex post facto research as perfect for investigating variable cause-and-effect interactions. Data used in this analysis came from panels that included both time series and cross-sectional units. Nigeria, Ghana, The Gambia, Liberia, and Sierra Leone are some of the Anglophone West African nations that make up the cross-sectional units. Money leaving the country and inflation

rates are also part of the time series. From 1990 to 2022, the data for the variables were culled from the World Development Indicators and the International Monetary Fund Financial Statistics Database. With a few tweaks to the capital flight metrics, this research improved upon the work of Badwan (2021). What follows is the model's functional specification:

$$INF = f(FDIF, MDS, PIP, NFA) \quad (1)$$

Where: INF = inflation, FDIF = foreign direct investment flows, MDS = multilateral debt service, PIP = personal income payments to non-residents and NFA = net financial account flows. Following the nature of this study, the static panel models involving pooled, fixed effects and random effects are specified accordingly: Pooled regression model:

$$INF_{it} = \beta_0 + \beta_1 FDIF_{it} + \beta_2 MDS_{it} + \beta_3 PIP_t + \beta_4 NFA_{it} + \epsilon_{it} \quad (2)$$

Where: β_0 = constant parameter to estimated, $\beta_1 - \beta_4$ = slope parameters to be estimated and ϵ_{it} = error term, $i = 1, \dots, N$, $t = 1, \dots, T$, i = cross-sectional units including the selected countries in ECOWAS and t = time frame (1990 to 2022). Fixed effects model:

$$INF_{it} = \beta_0 + \beta_1 FDIF_{it} + \beta_2 MDS_{it} + \beta_3 PIP_t + \beta_4 NFA_{it} + U_i + \epsilon_{it} \quad (3)$$

Where: U_i = fixed effects (individual effects), The null and alternative hypotheses tested under the fixed effects models are provided as follows:

$$H_0: U_1 = U_2 = U_3 = U_4 = U_5 = 0$$

$$H_1: U_1 \neq U_2 \neq U_3 \neq U_4 \neq U_5 \neq 0 \quad (4)$$

Random effects model:

$$INF_{it} = \beta_0 + \beta_1 FDIF_{it} + \beta_2 MDS_{it} + \beta_3 PIP_t + \beta_4 NFA_{it} + U_i + v_{it} \quad (5)$$

Where: U_i = Random effects (individual effects) and v_{it} = remainder disturbance term

Panel data with a unit root (assuming individual unit root process) was tested against panel data without a unit root employing the Im-Pesaran-Shin (IPS, 2003) panel unit root test. To account for the variability in individual effects, slope coefficients, and individual linear trends across nations, this research used the Rao (1999) approach of co-integration panel (owing to residuals) to perform the co-integration test. When estimating the fixed effects model, the LSDV estimator and the inside regression estimators were used. The estimation of fixed effects was suggested by Mundlak (1961) and Wallace and Hussain (1986). In particular, for models with heterogeneous intercept coefficients, the fixed effect model was estimated employing maximum likelihood (ML) and quasi-demeaning generalized least squares (GLS) in accordance with the proposition of Balestra and Nerlove (1966). The study characterizes the individual impact as random. The outcomes of the Hausman (1978) test determined which of the two competing models—the random effects model and the fixed effects model—was more suitable.

Data Analysis, Results, and Discussion of Findings

Employing the IPS panel unit root test, we compared the two hypotheses at the 5% level of significance: one that the panel data has a unit root (owing to the assumption of an individual unit root process), and the other that it does not. You can see the results in Table 1.

Table 1: IPS Panel Unit Root Test Results

INF	-3.5685*** (0.0002)	-	5	I(0)
FDI	-6.0504*** (0.000)	-	5	I(0)
MDS	-1.6952** (0.0450)	-	5	I(0)
PIP	-1.9977** (0.0229)	-	5	I(0)
NFA	-5.438*** (0.0000)	-	5	I(0)

Source: Researchers' Computation, STATA 17 Output.

Note: *** p<0.01, ** p<0.05, * p<0.1 denote significant at 1%, 5% and 10% level respectively

Inflation is steady at the 5% significance level, in congruent with the IPS panel unit root test. The null hypothesis was rejected due to the evidence of series being stationary. Here, "order zero" refers to the variables' integration level, which is $I(0)$. Additionally, at the 5% level of significance, the data demonstrated that foreign direct investment and multilateral debt service are stable. Also, at the 5% level of significance, there was proven evidence of stationarity for net financial account flows, personal income transfers to non-residents, and multilateral debt service. The unit root null hypothesis has to be rejected because of this discovery. As a whole, the variables were found to be integrated of order zero, $I(0)$, in congruent with the unit root test findings. The investigation's use of short panels might explain this outcome. The results of Okonkwo, Ojima & Manasseh (2020), Lawal et al. (2017), and Basher et al. (2023) are at odds with the evidence of a stationary process in all of the series. These researchers found that capital flight and macroeconomic factors are interdependent, with some variables being stationary at levels and others at first difference.

Table 2 shows the results of the statistical tests conducted on the pooled regression, fixed effects, and random effects models, likewise the models' respective related data.

Table 2: Panel Regression Results

Dependent variable: INF			
VARIABLES	POLS	FE	RE
FDI	0.0648 (0.0805)	-0.0620** (0.0258)	0.0648 (0.0805)
MDS	-0.0619* (0.0341)	0.0459** (0.0182)	-0.0619* (0.0341)
PIP	-0.0122 (0.0122)	-0.0139*** (0.0028)	-0.0122 (0.0122)
NFA	-4.635*** (1.630)	0.0234 (1.844)	-4.635*** (1.630)
Constant	18.23*** (1.894)	11.30*** (2.736)	18.23*** (1.894)
Observations	165	165	165
R-squared	0.5847	0.6146	0.6000
Number of crossid		5	5
F-test	3.70		
Prob.(F-stat.)	0.0065		
F-test($u_i=0$)		6.23	
Prob.>F($u_i=0$)		0.0001	
Chi-square(var($u_i=0$))			14.81
Prob.> chi2(var($u_i=0$))			0.0051

Source: Researchers' Computation, STATA 17 Output

Note: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$ denote significant at 1%, 5% and 10% level respectively.

Table 3: Hausman Test Results

Variable	Fixed	Random	Difference	Std. err.
FDI	.0619786	.0648094	-.0028308	.023457
MDS	.0459471	-.0618693	.1078164	.0340463
PIP	-.0138721	-.0122283	-.0016438	.0038676
NFA	.0233811	-4.635399	4.65878	.8619299
chi2(4) = (b-B)'[(V _b -V _B) ⁻¹](b-B) = 30.04				
Prob > chi2 = 0.0000				

Source: STATA 17 Output

Owing to the findings of the Hausman test, which are shown in Table 4.19, it can be noticed that the probability value of the chi-square statistic (30.04) is less than 0.05. the value of the probability is 0.0000. Due to the fact that this demonstrates that the fixed effects model is the right model, it is imperative that it be used for the purposes of interpretation and formulating policy recommendations. To put it another way, the fixed effects model serves as the foundation for the interpretation about the inflation model. During the time period under investigation, foreign direct investment (FDI) was shown to have a considerable and detrimental impact on inflation. It may be deduced from this conclusion that a rise in the outflow of foreign direct investment (FDI) leads to a drop in the stock of money in the domestic economy, which in turn creates an opportunity for a reduction in the pressures of inflation. In light of this, it is consistent with the theoretical expectation likewise the facts that were previously discovered by Tegegne (2024) and Ebire, Nwala, and Musa (2024), which suggest that capital flight, particularly foreign direct investment outflows, is directly connected to price stability and reliable growth. Furthermore, research implies that foreign direct investment inflows minimize excess liquidity and the associated financial risks, which in turn promotes price stability in nations that use English as their primary language in West Africa.

In addition, the research demonstrated that the impact of personal income payments made to non-residents on inflation is both negative and considerable. The results of this study indicate that a rise in the amount of personal income payments made to non-residents is associated with a tendency for inflation to drop in the nations that were chosen. The results of Khan et al. (2023), who found evidence to substantiate the negative influence of foreign payments on price stability in the home nation, are consistent with the negative effect that personal income transfers to non-residents have on inflation. This conclusion is corroborative of the previously mentioned findings. On the other hand, the findings demonstrated that over the time period under investigation, inflation was favorably impacted by increases in net financial account flows and multilateral debt payments. Owing to this study, it seems that the issue of inflation in the West African sub-region may be made worse by the fact that multilateral debt service and net financial account flows are taken into consideration. In contrast to the results of Ogwu (2023), who stated that debt payment had a detrimental influence on economic stability, particularly stability in the price level, this research contradicts those findings. Owing to the fact that multilateral debt service has a positive impact on inflation, it can be deduced that the amount of debt servicing has a tendency to undercut the objective of maintaining price stability in the nations that were chosen. Approximately 61.46% of the overall variations in inflation are jointly described by the changes in capital flight indicators (for example, foreign direct investment, multilateral debt service, personal income transfers to non-residents, and net financial account movements), as shown by the R-squared value of 0.6146. Taking everything into consideration, it seems that the estimated fixed effects model is a good match. In addition, the findings demonstrated that the probability value of the Chi-square statistic (6.23) is less than 0.05, which indicates that the estimated random effects model is significant at a level of 5% significance. In addition, this discovery

provides more evidence that the calculated fixed effects model is reliable for the purposes of prediction and policy, respectively.

Conclusion and Recommendations

The purpose of this research was to investigate the impact that capital flight has on the stability of prices in a number of West African nations, with a particular emphasis on Nigeria, Ghana, the Gambia, Liberia, and Sierra Leone. As a result of the increasing amount of capital flight in the West African sub-region and the broad understanding by researchers, academics, and policymakers of the consequences that this phenomenon has on the macroeconomic objectives, this circumstance arose. Over the course of the research period, foreign direct investment (FDI) had a negative impact on inflation. The fact that this is the case demonstrates that the macroeconomic objective of maintaining price stability in the Anglo-phone West African sub- region is undermined by an increase in capital flight in the form of foreign direct investment inflows. Therefore, the findings also established that the purpose of maintaining price stability is undermined by the practice of multilateral debt servicing in Nigeria. The results of this research lead to the conclusion that capital flight causes a depletion of foreign currency reserves, which in turn exacerbates inflationary pressures in the nations of West Africa that are dominated by the English language. In order to achieve this goal, it is proposed that policymakers reduce the amount of foreign direct investment (FDI) that leaves the West African sub-region by establishing a stable economic and political climate. This would help to improve the trust of investors and provide more prospects for price stability.

References

- Abbah, E. U., Oloja-Ojabo, E. D., Sule, A., & Joshua, U. (2021). Capital flight and domestic investment in Nigeria: The mediating influence of leadership system. *Lafia Journal of Economics and Management Sciences*, 6(2), 1-16.
- Achu, L. E. A. C., & Edet, S. E. (2020). Capital flight and domestic investment in Nigeria: Evidence from ARDL methodology. *International Journal of Financial Research*, 11(1), 11-28.
- Aimola, A. U., & Odhiambo, N. M. (2021). Public debt and inflation: Empirical evidence from Ghana. *Development Studies Research*, 8(1), 1-13.
- Alschner, W. (2022). *Investment arbitration and state-driven reform: new treaties, old outcomes*. Oxford University Press.
- Baddeley, M. (2017). *Behavioural economics: A very short introduction* (Vol. 505). Oxford University Press.
- Badwan, N. (2021). The impact of capital flight on economic growth and financial stability in Palestine. *Asian Journal of Economics, Business and Accounting*, 21(11), 85-101.
- Balestra, P., & Nerlove, M. (1966). Pooling cross-section and time series data in the estimation of a dynamic model: The demand for natural gas. *Econometrica: Journal of the Econometric Society*, 585-612.
- Basher, S., Mamun, A., Bal, H., Hoque, N., & Uddin, M. (2023). Does capital flight tone down economic growth? Evidence from emerging Asia. *Journal of Financial Economic Policy*, 15(4/5), 444-484.
- Collier, P., Hoeffler, A., & Pattillo, C. A. (1999). *Flight capital as a portfolio case*. World Bank.

- Davies, V. A. (2008). Postwar capital flight and inflation. *Journal of Peace Research*, 45(4), 519-537.
- Dunning, J. H. & Robinson, P. (1988). *Multinationals and the European community*. Oxford: Basil Blackwell.
- Ebire, K., Nwala, M. N., & Musa, A. A. (2024). Effect of inward capital flows on financial stability in Nigeria. *Финансы: теория и практика*, 28(4), 97-107.
- Gautier, T. T., & Luc, N. N. (2020). Capital flight and economic growth: The case of ECCAS, ECOWAS and SADC countries. *Economic Research Guardian*, 10(1), 2-11.
- Im, K. S., Pesaran, M. H., & Shin, Y. (2003). Testing for unit roots in heterogeneous panels. *Journal of Econometrics*, 115(1), 53-74.
- Kindleberger, C. P. (1967). The international firm and the international capital market. *Southern Economic Journal*, 223-230.
- Leykun-Fisseha, F. (2022). Effect of capital flight on domestic investment: Evidence from Africa. *Cogent Economics & Finance*, 10(1), 2105975.
- Markovitz, H. M. (1959). *Portfolio selection: Efficient diversification of investments*. John Wiley.
- Mundlak, Y. (1961). Empirical production function free of management bias. *Journal of Farm Economics*, 43(1), 44-56.
- Ndikumana, L., & Boyce, J. (2021). Capital flight from Africa, 1970–2018, New estimates with updated trade misinvoicing methodology. *Amherst, MA: Political Economy Research Institute*.
- Okonkwo, O. N., Ojima, D. O., & Manasseh, C. O. (2020). Capital flight and economic growth in Nigeria (1981–2017). *International Journal of Advanced Science and Technology*, 29(11), 467-479.
- Olatunji, O. & Oloye, M. I. (2015). Impacts of capital flight on economic growth in Nigeria. *International Journal for Innovation Education and Research*, 3(8), 10-46.
- Onodugo, V. A., Kalu, I. E., Anowor, O. F., & Ukwani, N. O. (2014). Is capital flight healthy for Nigerian economic growth? An econometric investigation. *Journal of Empirical Economics*, 3(1), 10-24.
- Osewe, V. O. (2017). *Effect of external debt and inflation on economic growth in Kenya* [Doctoral dissertation University of Kenya].
- Pástor, L., Stambaugh, R. F., & Taylor, L. A. (2022). Dissecting green returns. *Journal of Financial Economics*, 146(2), 403-424.
- Seiyaibo, C. M., & Okoye, E. I. (2020). Determinants of financial reporting quality in quoted manufacturing firms: Nigerian evidence. *Trends Economics and Management*, 14(36), 59-72.
- Tegegne, H. G. (2024). Outward looking foreign direct investment and its determinants in highly indebted Eastern African countries. *Plos one*, 19(2), e0297142.
- UNCTAD (2021). *World investment report*. <https://worldinvestmentreport.unctad.org/annex-tables>.