



POLAC MANAGEMENT REVIEW (PMR)  
DEPARTMENT OF ECONOMICS AND MANAGEMENT SCIENCE  
NIGERIA POLICE ACADEMY, WUDIL-KANO



## EXTERNAL DEBTS, FOREIGN DIRECT INVESTMENT (FDI) AND INSTITUTIONS IN ECOWAS COUNTRIES

**Aduma Oko Aduma**

Department of Economics, Usmanu Danfodiyo University

**Stephen Sofah**

Department of Economics, Gombe State University

**Muftau Olarinde**

Department of Economics, Usmanu Danfodiyo University

### Abstract

*This study examines the impact of institutions on external debt and foreign direct Investment in ECOWAS countries for a period of 10 years (2008-2018) covering 16 West African countries. The study adopts the System Generalized Method of Moments as a technique of data analysis. The study measured institutions by six proxies namely; Government effectiveness, Rule of Law, Control of corruption, Political stability, Regulatory quality and Voice and accountability. The results revealed that voice & accountability, control of corruption and political stability positively attract the influx of FDI, while government effectiveness significantly exerted a negative impact on FDI in ECOWAS sub region. On the other hand, a unit change in voice & accountability brought about decrease in external debts among ECOWAS sub region, while political stability and government effectiveness has significant positive impact on external debts while control of corruption has negative impact on external debt. To improve the flow of FDI into ECOWAS sub region, the study recommends better government control of corruption, reduction in administrative bottlenecks and multiplicity of government agencies which have led to unnecessary delays in implementation of government policies. Equally, the respect for the rule of law should be supreme. This implies that the constitution among various countries remains absolute and the rule of law is respected and observed.*

**Keywords:** External debts, FDI, Institutions, ECOWAS, System GMM

### 1. Introduction

Amongst many other sources of capital financing, Foreign Direct Investment (FDI) has been identified as one of the major feature of constant capital investment in developing countries providing one of the most stable and reliable income. Its stability is leveraged on the fact that it is more difficult in disinvestment and reversal (Picardo, 2015) this is due to the huge presence of fixed assets. External debt is another external source of finances that have strong effects on the growth of developing economies. External debt is a component of total amount of debt in a country that is payable to recipient economy. It is believed that external debt is beneficial to the recipient nations only if it is utilized carefully in capital investment and development projects (Chaudry, Iffat & Farooq, 2018) that is self-sustaining over a long period and profitable enough to pay back the debt (Aduma, Shaka & Sofah, 2022). External debts and FDI may be affected, however, by the quality of

institutions which may destabilize the multiplier effect of their infusion in the economy (Patricia & Ugwuanyi, 2019). For instance, in a country where rule of law is weak and public officials are also corrupt, state resources, including borrowed funds, may be diverted into wrong pockets and inefficient investments. Therefore, good governance and well-functioning institutions can help safeguard the acquisition and usage of external debts and FDI (Peres, Ameer & Xu, 2019; Mensah, Bopkin & Boachie-Yiadom, 2018).

Dellis, Sondermann & Vansteenkiste, 2017) argue that institutions have more causal effects on economic outcomes, and therefore, countries with good governance tend to grow faster. Therefore, the quality of institutions could ensure that the funds are used for their intended purposes. Ultimately, sound institutional environment has been found to affect the volume and efficiency of investment; hence in the presence of good institutions,

external debt and FDI may account for cross-country growth differences. This study has become necessary because earlier studies largely ignore the role of the host nation's institutional quality in the external debt–FDI nexus relying more on growth related outcomes see (Qayyum & Haider, 2012; Chaudry et al 2018: Jilenga, Hu & Gondje-Dacka, 2016). We strongly argue that given the right institutions, West African countries can benefit from the proceeds of external debt and FDI. The work is divided into five (5) sections; the next section gives a review of previous related studies, section three outlines the data and methodology while section four presents the empirical results and section five concludes the study.

### **Trends in FDI and External Debts in Africa**

There has been interesting development in the flow of FDI and external debts over the last decades, this is primarily attributed to globalization and going by the recent trajectory by scholars and researchers, this situation is bound to be more intriguing as time goes. As it stands, global FDI in

2018 was at \$1.3 trillion indicating a 13% decrease from 2017, this decline essentially caused by the large scale withdrawal of the US over the last three years as a result of tax reforms introduced by host countries (UNCTAD, World Investment report, 2019). FDI flows to developing economies remained stable, rising by 2 per cent to \$706 billion, with significant differences among regions. Developing Asian and African regions recorded higher FDI inflows in 2018, while FDI contracted in Latin America and the Caribbean. FDI flows to Africa expanded by 11 per cent to \$46 billion in 2019, still below the annual average of the last 10 years (at about \$50 billion). The rise in flows was mainly due to resource seeking investments, slowly expanding diversified interest in several sectors within the region. The growing number of foreign investments projects in Africa has also been attributed to the activities of the Special Economic Zones (SEZs) which is estimated to be around 237 in 2017, with US, UK, and China leading other countries as major investors in Africa as shown in (Table 1).

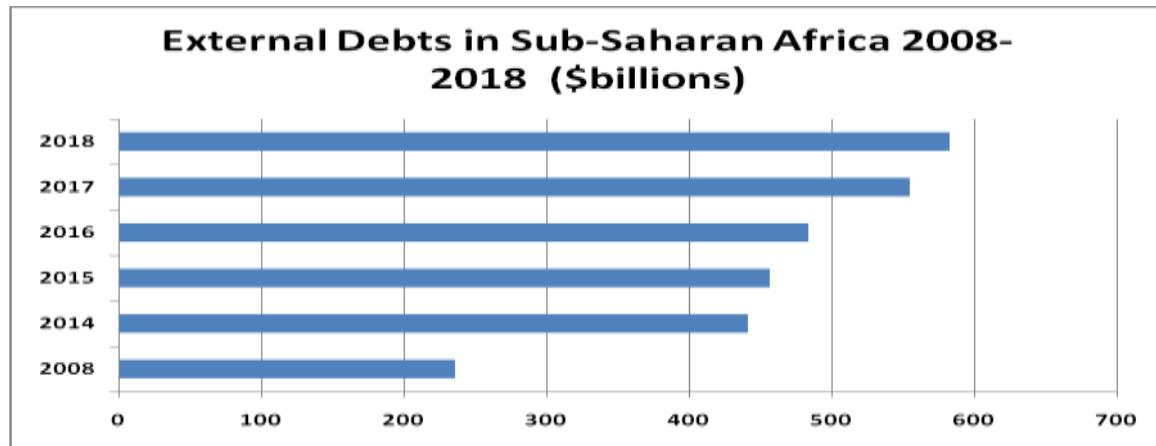
**Table 1: Major FDI Source Countries in Africa 2014-2018.**

| S/NO | Country      | US\$ millions | Projects |
|------|--------------|---------------|----------|
| 1.   | USA          | 30,855        | 463      |
| 2.   | FRANCE       | 34,172        | 329      |
| 3.   | UK           | 17,768        | 286      |
| 4.   | CHINA        | 72,235        | 259      |
| 5.   | SOUTH AFRICA | 10,185        | 199      |

*Source: Author's computation from FDI Intelligence and EY Africa Attractiveness Report, 2019.*

Meanwhile, global external debt stock stood at \$8 trillion for 2018, with low-and middle income countries having a share of \$529 billion. Africa, indeed Sub-Saharan African countries' share of external debt for the year 2008 stood at \$236 billion dollars rising steadily to \$441 billion in 2014 and \$484 billion in 2016, rising from \$555 billion in 2017 to a record high of \$583 billion in 2018 (Figure 1). Bulk of these loans are mostly government, public

guaranteed, long-term debts with repayment plans even more financially draining and usually taking a huge chunk of the annual budgetary plans of most African government with millions of dollars paid annually as debt service commission. A combination of consistent FDI inflow and an efficiently managed external debt can facilitate and stimulate economic prosperity if the institutional arrangement permits such.

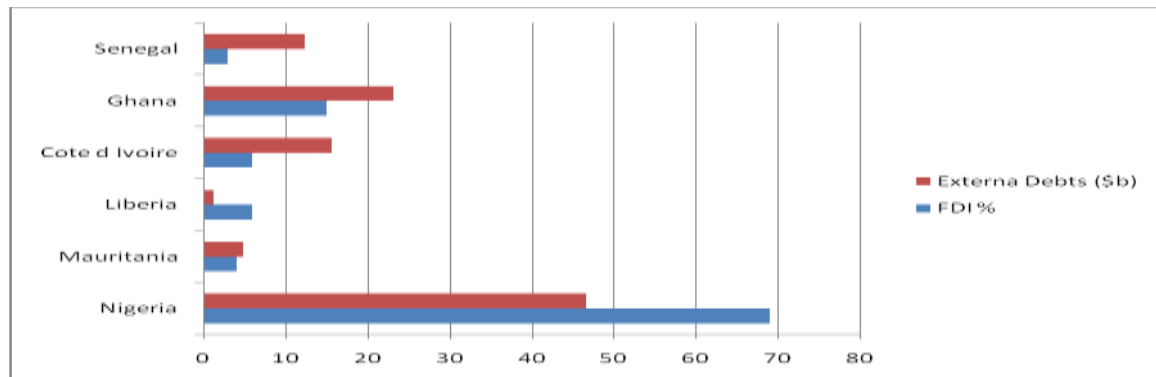


**Figure 1: External Debts Profile in Africa 2008-2018**

*Source: Author's computation from the International Debt Statistics 2019.*

These huge capital inflows has placed the West African region at an advantage position to be in the forefront of economic stability, better placed than its Eastern and Southern African neighbors combined. However, the increasing rate of this influx of exogenous capital has not been strongly felt, largely due to the decaying institutional environment observable in these countries within the region, for instance the institutional quality of these countries measured by the quality of its civil service in implementing government policies shows that for the

period (2008-2018); Liberia, Cote di voire and Nigeria scored very low in the level of institutional quality with an average of 2.4, 2.5 and 2.7 respectively, while Ghana and Senegal on the average scored 3.5 each and Mauritania 3.0 on the CPIA Quality of Administration index which has the highest institutional quality measurement score at 7. (World Development Indicators, 2021); this low institutional quality even in the presence of these huge capital inflows is the motivation for this empirical investigation.



**Figure2: Top FDI recipients 2008-2015 (%) and External Debts destination in West Africa, 2018.**

**Source: Author's computation using data from UNCTAD report, 2018 and International Debts Statistics, 2019.**

## 2. Literature Review

Institutional quality has received numerous attentions from scholars over the years drawing from variant definitions. According to North (1990), they are the rules, enforcement mechanisms and organization. Institutions are the incentive systems that structure people to behave in certain ways; and if effective, they structure and provide incentives for economic, political and social

activities which in the short or long run may stimulate employment generation. Institutions are the rules of the game of a society or more formally are the humanly devised constraints that structure human interaction. It consist of formal rules (statute law, common law, regulations), informal constraints (conventions, norms of behavior, and self-imposed rules of behavior); and the enforcement characteristics. Therefore, institutions are

the outcome of societies combined experiences arising from sustained co-existence, shared beliefs and idiosyncrasy, these shared beliefs defines what is generally accepted by society and guides the effective use of public resources, both natural and non-natural. Non-natural resources can be financial resources either internally or externally generated. A good external source of financial resources is foreign debt.

According to Nwachukwu (2017) external debt is the borrowed fund from foreign countries with specific percentage of interest rate attached to the money borrowed. Also, Were (2001) described this economic variable as that part of a country's debt that is borrowed from foreign lenders including commercial banks, governments or international financial institutions like IMF, Asian Development Bank, World Bank or any other private corporation. FDI on the other hand is defined according to the International Monetary Fund (2003) as a category of international investment made by a resident entity in one economy (direct investment) with the objective of establishing a lasting interest in an enterprise resident in an economy other than that of the investor (direct investment enterprise). Therefore, foreign direct investment is acquisition of foreign assets including foreign currency, rights, credits, property or benefits by foreigners (Nwachukwu & Ugwuanyi, 2019; Ostadi & Ashja, 2014).

### **Theoretical Framework**

There are numerous theories explaining this subject matter, however this paper is anchored on dependency theory developed by Paul A. Baran (1957). This theory describes the nature of international relations among countries of the world, stating clearly that developed countries influence less developed countries through their economic power. The theory adherents prescribe foreign assistance in form of loan, aid, investment, as well as unhindered operations of the Multinational Corporations (MNCs) as remedial measures. The state of dependency on technologically advanced countries by Africans is attributed to bad leadership, mismanagement, poor institutional framework, corruption, low level of

technology, and lack of close integration (Gabriel *et al.*, 2020).

### **Empirical Review of Literature**

Empirical results from previous studies related to the subject matter are discussed below. There are numerous studies investigating the relationship between FDI, external debts and institution for instance, Peres, Ameer and Xu (2018) examines the impact of institutional quality on FDI in developing and developed countries measuring institutions with rule of law and control of corruption, the study found institutions to be positively significant in developed countries and significantly negative in developing countries. Anyanwu (2012) using cross-country regression for African countries between the years 1996-2008 revealed that government quality proxied by rule of law is significantly associated with higher FDI inflows to Africa, however; it also found out that FDI inflows are not reliably related to the control of corruption and regulatory quality of the continent. In another study, Jadhav (2012) exploring the roles of economic, institutional and political factors in attracting FDI in 5 large countries between (2000-2009), findings from this study indicates that economic factors are more significant than institutional and political factors. Economic factors include market size, natural resources, while political and institutional factors includes government effectiveness, regulatory quality, corruption and rule of law. Gamoudi and Cherif (2015) examine how capital account liberalization (CAL) affects Foreign Direct Investment (FDI) inflows. Their findings reveal that the positive impact of CAL on FDI depends on the political stability in a host country. Furthermore, the results show that enhancing democratic institutions, enforcing property rights, reducing the risk of expropriation and religious tension seem to be some of the most promising policies to attract FDI to the region. The authors also find that foreign investors value the quality of institutions more than the level of corruption or bureaucratic quality in the location choice. Their results are robust to using different indicators of institutional quality.

Mensah, Bokpin and Boachie-Yiadom (2018) investigates institutional quality and the external debt-growth nexus for (36) SSA countries for the year 1996-2013 using the system GMM method of data analysis. Results from this study suggest that institutional quality has robust effects on the external debt-growth nexus. Similarly, Masuch, Moshhammer and Perluigi (2017) provides empirical evidence that sound institutions has strongly cushioned the effects of high debts volatility in European countries, also indicating that those countries with institutions below the EU average are associated with poor long-term real growth. In an earlier work, Van Rijckeghem and Weber (2006) examines the role institutions play in domestic and external debts default payments in democratic and dictatorship countries, it was found out that for democracies, governments are more likely to pay up debts obligations due to the presence of checks and balances, than in dictatorship where their institutions are less influenced by public opinion. In a recent study, Daud (2020) finds empirical evidence in support of the notion that high level of external debts weakens the impact of strong institutions and vice versa, however, another related study, Butkus and Saputiene (2018) investigates the influence of institutions on debt level threshold for 152 countries for a period of 20 years, their results shows that government effectiveness does not have any positive significant relationship with external debt threshold.

Alvaras-Botas and Gonzalez (2009) analyses the effects of institutions and banking structure on debts for a sample of 37 countries, their results reveals the cost of debts decreases due to presence of sound institutional variables; like rule of law, legal protection of creditor's rights and the weight of the bank structure. Qayyum, Din and Haider (2012) extending the Ramsey-Cass-Koopman model by incorporating governance, examines the relationship between good governance, foreign aid and (FDI, EXDBt<sub>it</sub>) =  $\alpha_0 + \alpha_1 \text{voiacc}_{it} + \alpha_2 \text{polsta}_{it} + \alpha_3 \text{goveff}_{it} + \alpha_4 \text{regqua}_{it} + \alpha_5 \text{concor}_{it} + \alpha_6 \text{humcap}_{it} + \alpha_7 \text{propr}_{it} + C_i + \mu_{IT}$ ..... (3)

Where;

$\alpha_0$  is the intercept, (voiacc), represents Voice and accountability, (polsta) represents Political stability, (goveff) represents of Government effectiveness, (regqua) measures Regulatory quality, while (concor) is the

external debt. The results indicate no relationship between governance and external debt.

### 3. Methodology

The study examines the impact of institutions on FDI and external debts for a sample of 16 West African countries (ECOWAS) covering the period ten (10) years. The data used in this study is secondary in nature and were collected from various secondary sources. For the purpose of this study, the data is sourced from the Worldwide Governance indicators (WGI) database, developed for the World Bank by Kaufman, Kraay and Mastuzzi (2016). While data for External debt was sourced from the development indicators of World Development Indicators (2020), lastly, data for FDI stock is sourced from the United Nations Conferences on Trade, Commerce and Development (UNCTAD, 2019). FDI is measured as the capital flows of assets and cash owned by foreign company in the host countries while external debts is proxied by total net public debt stock. Institutional quality has been proxied by different indicators namely; voice and accountability, government effectiveness, regulatory quality, control of corruption, political stability and absence of terrorism. The model specified is modified from the works of Nwachukwu and Ugwuanyi, (2019) and Kida (2017). To estimate the impact of institutions on FDI and External debts, the following regression models was set up.

$$\text{FDI} = f(\text{voiacc}, \text{polsta}, \text{goveff}, \text{regqua}, \text{concor}, \text{humcap}, \text{propr}_{it}, c) \dots \dots \dots (1)$$

$$\text{EXDBt} = f(\text{voiacc}, \text{polsta}, \text{goveff}, \text{regqua}, \text{concor}, \text{humcap}, \text{propr}_{it}, c) \dots \dots \dots (2)$$

Mathematically expressed from equation (1) as

measure of Control of corruption, and (humcap), measures Human capital, while (propr<sub>it</sub>) is the measure of Property rights, C<sub>i</sub> is a unit- specific error component while  $\mu_{it}$  is the remaining error components, <sub>i</sub> represent country and <sub>t</sub> is the country dummy.



The study used System Generalized Method of Moments (GMM) developed by Arellano and Bond (1990). They have been widely used in the literature particularly because of its potential for obtaining consistent parameter estimate even in the presence of measurement errors and endogenous right-hand side variables (Asuquo, 2015). The system GMM approach is used because it allows analyses with longer N and shorter time period (T). Use of panel data in estimating common relationships across countries is particularly appropriate because it allows the identification of country specific effects that control for missing or unobserved variables (Judson & Owen 1996; Bond, 2002).

#### 4. Presentation and Discussion of Results

The results of the two step system GMM are presented in table 2. The total numbers of the observation used for the study are 176. This shows the period covered by the study as a result of the existence of seasonable variation across countries and time (cross-section). Hence, the heterogeneities exhibited across countries and time therefore, makes the choice of panel data model more appropriate for the study. The implication is that the disparity displayed among the series is usually taken care of by the GMM model (Blundell & Bond, 1998).

**Table 2. GMM Model of External Debt, Foreign Direct Investment and Institutions in ECOWAS Countries**

| Independent Variables           | Model One<br>FDI |          | Model Two<br>EXDBT |          |
|---------------------------------|------------------|----------|--------------------|----------|
|                                 | Coefficients     | T-ratio  | Coefficients       | T-ratio  |
| voic                            | 2.298            | 1.69*    | -2.400             | -3.21*** |
| Regqua                          | -0.745           | -0.29    | 1.240              | 0.28     |
| Polsta                          | 0.983            | 1.65*    | 5.630              | 2.33***  |
| Rulaw                           | -2.229           | -0.60    | 0.992              | 0.01     |
| Concor                          | 1.322            | 0.81     | -2.740             | -0.46    |
| Goveff                          | -2.083           | -2.08*** | 1.100              | 2.27**   |
| L <sub>1</sub> .                | 0.962            | 6.71***  | 1.207              | 16.49*** |
| F-Value                         | 36.29***         |          | 105.27***          |          |
| Diagnostic Tests                |                  |          |                    |          |
| AR(1)                           | -1.14            | (0.254)  | -1.51              | (0.131)  |
| AR(2)                           | 1.10             | (0.273)  | 1.29               | (0.197)  |
| Sargan test of overid. $\chi^2$ | 1.15             | (0.283)  | 0.11               | (0.725)  |
| Hansen test of overid. $\chi^2$ | 1.15             | (0.283)  | 0.17               | (0.681)  |

Source: Author's computation using STATA version 14 software. \*\*\*, \*\* and \* indicates the level of significance at 1%, 5% and 10% respectively. Values in the parentheses are the p-values, 2020.

A look at model shows the relationship between foreign direct investment (FDI) and FDI reveals that institutional proxy; voice and accountability (voic) shows a significant positive impact on foreign direct investment at 10% level. Meaning that, a unit changes in the quality of voice and accountability in ECOWAS countries will bring about 2.29% increases in FDI. The coefficient of regulatory quality (regqua) shows a negative and no significant effect on foreign direct investment in ECOWAS countries, this is consistent with the studies by Anyanwu (2012) and Jadhav (2012) which posits that lower FDI inflow is associated with weak and excessive regulation of the economy, Political stability (polsta) coefficient shows a

positive and significant effect on foreign direct investment on ECOWAS member's countries in line with the studies by Gamoudi and Cheriff (2015) and Stasavage (2002). This is an indication that political stability in these countries has brought about improvement in foreign direct investments. This is not surprising considering the fact that every investor will prefer to invest their resources in countries that are relatively stable both in terms of policy and change in regime. The coefficient of rule of law (rulaw) revealed a significant negative impact on foreign direct investment (FDI) in ECOWAS member's countries; this is contrary to the study by (Li 2009; Peres et al 2018; Kilishi, Mobolaji, Yaru and

Yakubu, 2013)). This equally contradicts the law-economic growth-nexus which posits that in an economy where rule of law is supreme, investors are more comfortable to invest in such economies.

On the other hand, control of corruption (concor) shows a positive but no significant impact on foreign direct investment (FDI) among ECOWAS countries, consistent with the “grease the wheels hypothesis” which supports the notion that corruption is beneficial if governance is badly malfunctioning (Keita & Laurila, 2016), this is observable in some developing countries where foreign investors may prefer to invest in a corrupt economy where they can easily bribe their way to achieve their objectives. Finally, the coefficient of government effectiveness (goveff) shows a negative and a significant impact on foreign direct investment in ECOWAS member countries at 1% level of significant. This implies that a change in government effectiveness will cause foreign direct investment (FDI) to decrease by 2.08% consistent with the work of Ajide, Adeniyi and Raheem, (2014) and Jude and Leveuege, (2015) confirming the presumption that an efficient public and civil service will lead to improvement in the performance of various economic factors due to the commitment to work, diligence and effective observance of work ethics by bureaucrats and civil servants.

Preliminary diagnostic tests indicate that the insignificant probability test statistics for both models of AR (1) and (2) indicates 0.254 for model (1) and 0.273 for model (2); this indicates that error term of the differenced equation is not serially correlated at the second order; we therefore, reject the null hypothesis. Also the Sargan/Hassin tests of over-identifying restrictions with an insignificant probability value of about 0.283 for both models reject the null that hypothesis of all instruments as a group is exogenous, and thus showing that our instruments are valid and our model is appropriate for prediction. The performance of external debt among ECOWAS countries shows specifically that voice and accountability (voic) shows a significant negative impact on external debt. This is consistent with studies undertaken by (Mensah et al, 2018; Van Rijckeghem & Weber, 2006) this could be attributed to efforts towards transparency among member

countries and the strong effects of pressure groups, social media campaigns and political parties’ activities. The coefficient of regulatory quality (regqua) shows a positive and no significant effect on external debt in ECOWAS countries. Political stability (polsta) coefficient shows a positive and significant effect on external debt on ECOWAS member’s countries at 1% level this confirms the results obtained by (Weber, 2006) and Colombo and Longoni (2009). This is an indication that political stability in this region has been considerable stable and beneficial as observed in literature. The weak regulatory quality continued with advent of democratic rule which has ensured stable polity over some years explaining the increasing public debt figure of ECOWAS countries. Every regime wants to deliver dividends of democracy beyond the available resources; hence most often they resorted to loan without recourse to existing regulatory framework. The coefficient of rule of law (rulaw) revealed a not significant positive impact on external debt in ECOWAS member’s countries, consistent with the results obtained by Alvara-Botas and Gonzalez, (2009) and Butkus and Saputiene, (2018). On the other hand, control of corruption (concor) shows a negative but no significant impact on external debt (exdbt) among ECOWAS countries. Finally, the coefficient of government effectiveness (goveff) shows a positive and a significant impact on external debt, in conformity with the hypothesis that good governance in general promotes the efficient utilization of public debts. This could be attributed to improvement in policy performance such as establishment of anti-graft agencies, checks and balances, separation of powers and lack of incessant interference in the market mechanism by the state in member’s countries for the period under review (see Said and Morai, 2020; Guscina 2008; Qayyum et al 2012).

## 5. Conclusions and Recommendations

This study empirically investigates the relationship among external debts, foreign direct investment (FDI) and institutions in ECOWAS member countries from 2008-2018. The results revealed that, voice and accountability and political stability positively attracts the influx of FDI, while government effectiveness significantly affirmed a negative impact on FDI in

ECOWAS sub region. On the other hand, a unit change in voice & accountability brought about decrease in external debts among ECOWAS sub region, while political stability and government effectiveness have significant positive impact in attracting more external debts among ECOWAS sub region. Despite the positive performance of some institutional qualities on the two forms of external modes of capital financing, efforts should still be made by West African countries to attract more foreign investments and make optimal utilization of its external

debts to achieve economic prosperity as theorized in the literature. The region as a matter of urgency should provide framework to control corrupt practices which reduces the financial impact of these funds, reduce administrative bottlenecks observable in government agencies thereby ensuring that the constitution among various countries remain supreme and the rule of law is respected and observed to properly manage these modes of external capital financing for economic growth and development.

## References

- Aduma, O. A., Eromise, M., U. & Sofah, S. (2022). Analyzing the nexus between institutional quality and external debt in West Africa. *Polac International Journal of Economics and Management Science (PIJEMS)*/vol.8, no. 1 April 2022/ISSN: 2465-7085
- Álvarez-Botas, C. & González, V.M. (2017). Institutions, banking structure, and the cost of debt: new international evidence. *JEL Code: G31, G38*
- Asuquo, E. E. (2015). The Role of Institutions and Governance on Economic Performance in Selected sub-Saharan African Countries. Thesis submitted to the Department of Economics, University of Nigeria, Nsukka
- Azeez, B., Oladapo, F., & Aluko, O. A. (2015). External debt or foreign direct investment: Which has greater significant economic impact on Nigeria. *European Scientific Journal*, 11(19), 185-195.
- Blanas, S., Seric, A. & Viegelaahn, C. (2017). Jobs, FDI and institutions in Sub-Saharan Africa: Evidence from Firm-Level Data. *Economics Working Paper Series* 2017/004. <http://www.lancaster.ac.uk/lums/>
- Blundell, R., & Bond, S. (1998). Initial conditions and moment restrictions in dynamic panel data models. *Journal of econometrics*, 87(1), 115-143.
- Bond, S. (2002). Dynamic panel data models: A guide to micro data methods and practice. *centre for Microdata Methods and Practice (CEMMAP)*
- The Institute for Fiscal Studies. Working Paper 09.
- Butkus, M., & Seputiene, J. (2018). Growth effect of public debt: The role of government effectiveness and trade balance. *Economies*, 6(4):62.
- Chaudhry, I. S., Iffat, S., & Farooq, F. (2017). Foreign direct investment, external debt and economic growth: Evidence from some selected developing countries. *Review of Economics and Development Studies*, 3(2), 111-124.
- Cherchye, L., & Verriest, A. (2016). The impact of home-country institutions and competition on Firm profitability. *International Business Review*, 25(4), 831-846. doi:10.1016/j.ibusrev.2015.10.005
- Colombo, E., & Lonconi, E. (2009). The politics of external debt in developing countries. *University of Milan, Department of Economics Working Paper Series* 1761- :22
- Daud, S.N.M. (2020). External debt, Institutional Quality and Economic growth. *Buletin Ekonomi Moneter Dan Perbankan*, 23(2), 221-238
- Dellis, K., Sondermann, D. & Vansteenkiste, I. (2017). Determinants of FDI inflows in advanced economies: Does the quality of economic structures matter? *European Central Bank (ECB) Working Paper*, No. 2066, <http://dx.doi.org/10.2866/85838>
- Gabriel, A. A., Paschal, I. P. O., Chinedu, C. O., & Josaphat, U. J. O. (2020). Impact of foreign capital inflow on economic growth in ECOWAS sub-region. *International Journal of Academic*



*Research in Accounting, Finance and Management Sciences*. 10(1), 172-188.

- Jilenga, M. T., Xu<sup>1</sup>, H. &Gondje-Dacka, I.M. (2016). The impact of external debt and foreign direct investment on economic growth: Empirical Evidence from Tanzania. *International Journal of Financial Research* Vol. 7, No. 2; 2016.<http://ijfr.sciedupress.com>
- Judson, R. A., & Owen, A. L. (1999). Estimating dynamic panel data models: a guide for macroeconomists. *Economics letters*, 65(1), 9-15.
- Kaufmann, D., Kraay, A., & Mastruzzi, M. (2016). Retrieved from [www.govindicators.org](http://www.govindicators.org). Date retrieved 26<sup>th</sup> April, 2017
- Kida, N. M. (2017). Kida, N. M. (2017). External Debt and FDI in Kosovo, Stimulating Growth. *European Journal of Economics and Business Studies*, 3(2), 73-79.
- Krugman, P. (1988). Financing vs. forgiving a debt overhang: Some analytical issues. *NBER*
- Masuch, C., Moshammer, E. & Perluigi, B. (2017). Institutions, public debts and growth in Europe. *Public sector economics* 41 (2) 159-205
- Mensah, L., Bokpin, G. & Boachie-Yiadom, E. (2018) External debts, institutions and growth in SSA. *Journal of African Business*, 19(4) 475-490, DOI:10.1080/15228916.2018.1452466
- Ndieupa, H.N. (2017). How does public debt affect economic growth? further evidence from CEMAC Zone. *Asian Research Journal of Arts & Social Sciences* 5(1): 1-8
- North, D. C. (2016). Institutions and economic theory. *The American Economist*, 61(1):72-76.
- Patricia, N. N., & Ugwuanyi, W. (2019). Direct and reverse causation of external debt, foreign investment and economic growth in Nigeria, 1980-2017. *South Asian Journal of Social Studies and Economics*, 1-12.
- Nwachukwu, N.P. (2017). Responsiveness of economic growth to external debt overhangs in Nigeria, 1980-2015. Dissertation submitted to Department of Banking and Finance, Enugu State University of Science and Technology (ESUT), Enugu; 2017.
- Ostadi H and Ashja (2014). The relationship between external debt and foreign direct investment in D-8 member countries. *WALLIA Journal* 30(S3):18-22.
- Picardo E (2015). Foreign investment routes: the FDI and FPI. Retrieved on July 20, 2015 from [www.investopedia.com/articles/investing/012914/foreign-investment-routes-fdi-and-fpi.asp](http://www.investopedia.com/articles/investing/012914/foreign-investment-routes-fdi-and-fpi.asp).
- Qayyum, U., Din, M, U, & Haider, A. (2014). Foreign aid, external debt and governance. *Economic Modelling*, 37, 41-52
- Said, R., Morai, A.S. (2020). The Relationship between Public Debt Burden and Health Expenditure in Sub-Saharan African Countries: The Role of Institutional Quality. *Journal of Business and Social Review in Emerging Economies*, 6 (2), 493-502.
- Van Rijckeghem, C. & Weder, B. (2009). Political institutions and debt crises. *Springer Science+Business Media, Public Choice* 138: 387–408
- Wamboye, E. (2012). External debt, trade and FDI oneconomic growth of least developed countries. Online at <https://mpa.ub.uni-muenchen.de/39031/> MPRA Paper No. 39031
- Were, M. (2001). The impact of external debt oneconomic growth in Kenya: An empirical assessment. *UNU-WIDER Research Paper, Working Paper No. 2486 DP /116*.
- World Bank (2015). World development indicators. Retrieved on July 12 from <http://data.worldbank.org/data-catalog/world-development-indicators>.
- World Investment report. (2019). United Nations Conference on Trade and Investment. Special economic zones. United Nations Publications, 300 East 42nd Street, New York, New York 10017, United States of America.
- Jude, C., & Levieuge, G. (2015). Growth effects of FDI in developing economies. The role of institutional quality. HAL Id: halshs-01014404