



External Financial Flows and Labour Productivity in ECOWAS Member Countries

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Abstract

Economic growth and development are some of the major goals of countries all over the world. Labour productivity is crucial for the attainment of economic growth and poverty reduction. It is one of the components and drivers of economic growth. Due to inadequate domestic financial resources, it had become necessary for countries to mobilize external financial resources such as external debt, remittances, foreign direct investment, exports, and foreign aid (Net ODA). The literature on external financial flows considered its effect largely on economic growth and not on labour productivity, a driver of economic growth. Conflicts and natural disasters that happened among member countries had international implications for example the Boko haram insurgency in Nigeria that had affected Niger, Chad and even Cameroon (a non-ECOWAS country). This had caused displacement labour with productivity implications and therefore need for a regional study. It is necessary therefore to find out the effect of external capital flows on labour productivity in the ECOWAS region which this study undertakes. An unbalanced panel data for the period 1997 to 2020 was estimated using the Feasible Generalized Least Squares (FGLS) model. The indicators of external financial inflows except external debt, all had positive and statistically significant effect on labour productivity. The interaction between Exports and FDI, ODA and Population, FDI and Population, Exports and External Debt all had statistically significant coefficients that were positive except Exports and External Debt that was negative. The regional body should consider setting up a regional innovation centres that will facilitate trade innovations to ensure product competitiveness at the international level. There should also be a diaspora unit in the ECOWAS secretariat that will facilitate diaspora remittances.

Keywords: Remittances, External Financial Flows, Labour Productivity, Economic Growth.

JEL Classification: F240, E65, E24, J010

Contribution to/Originality Knowledge

The focus of existing literature had been on external financial flows and economic growth. This paper goes beyond that, to analyse the effect of external flows on labour productivity, a major driver of economic growth which adds to existing literature and knowledge

1.0 Introduction

Nations of the World ratified the Millennium Development Goals (MDGs) to halve poverty by the year 2015. The MDGs were then transformed into the Sustainable Development Goals (SDGs) with the improving of improving the quality of people's lives and making the planet a better place for all to live. Achieving SDG goal 8 on decent work, inclusive and sustainable economic growth, requires a lot of funding, especially in developing countries, a group to which most sub-Saharan African countries belong. To attain this goal, the finance and development conference was held in Monterrey, Mexico. The heads of state and government, at the conference, resolved to address financial needs for development around the world and



especially in developing countries. The eradication of poverty, sustainable economic growth, and promotion of sustainable development were the goals that were set to be achieved at the conference (United Nations, 2003). To achieve this, countries committed to the use of domestic resources and attracting international financial flows and trade for development.

Productivity is the ultimate engine of growth in the global economy and a fundamental challenge for countries going forward because the main driver of future growth and prosperity will be productivity (Organisation of Economic Cooperation and Development [OECD], 2015). Labour productivity and employment are critical for the attainment of rapid economic growth and poverty reduction for the improvement of the quality of life because they are components of GDP growth. According to the African Development Bank Group [AfDB] (2020), an important indicator that is closely linked to economic growth, competitiveness, and living standards are labour productivity. The neoclassical theory of growth, endogenous theory of growth, and the firm's production function of the overlapping generations model show that economic growth and by implication, productivity are linked to capital and labour.

The International Labour Organization [ILO] (2013), stated that labour productivity growth in sub-Saharan Africa had been low compared to East Asia, and the challenge of the continent is not only to get more people integrated into the labour force but to improve labour productivity, conditions of work and the benefits people derive from returns to their work. The ILO (2013) further stated that in 2011, global output per worker was USD 22,685 in the regions of the World, in East Asia it was USD 14,895, South-East Asia and Pacific was USD 9,965, Latin America and Caribbean was USD 23,368, Middle East was USD 40,528, North Africa was USD 17,806 while in South Asia it was USD 7,698, and sub-Saharan Africa had the lowest at USD 5,491. Productivity growth was about 2.3 percent globally between 2000 and 2018, it was between -1.4 and 3.7 percent for the period 2000 and 2018 in SSA while it was projected to grow between 1.2 and 1.5 percent between 2019 and 2023 which is low compared to the projected global average of 2.5 percent (International Labour Organization, 2019).

In 2018 sub-Saharan Africa's labour productivity growth was 0.6 percent and 2.5 percent in North Africa which was below the average of 3.1 percent in the other parts of the World (International Labour Organization, 2019). The AfDB (2020), stated that East Africa's growth in labour productivity was expected to average 1.2 percent per annum over the period 2018-2020, slightly above Africa's 0.9 percent. According to Calderón (2021), average labour productivity in sub-Saharan Africa had declined in the last four decades compared to the United States and the EAP5 (Indonesia, Malaysia, Singapore, Republic of Korea, and Thailand). Labour productivity in sub-Saharan Africa relative to the United States was 11.9 percent in 1960 but declined to 7.7 percent in 2017 while in the EAP5 (Indonesia, Malaysia, Singapore, Republic of Korea, and Thailand), it increased from 8.5 percent in 1960 to 29.8 percent in 2017. In the 2010s labour productivity in the EAP5 was more than three times that of labour in Sub-Saharan Africa which was on average 40-45 percent more productive in the 1960s. The reversal in Sub-Saharan Africa was because of institutions and policies by countries that systematically redistribute resources from more productive to less-productive establishments, at the production level. Market imperfections, preferential trade policies, informality, and size-

dependent taxation policies are additional causes of production allocation inefficiency in the sub-region (Calderón, 2021).

Sub-Sahara Africa, therefore, needs to improve labour productivity to improve the quality of life in the region and it is an important measure of gauging competitiveness in producing goods (Heshmati & Rashidghalam, 2018). According to Ndulu (2007), low productivity rather than the investment is a growing problem in Africa. Given the paucity of domestic resources and their effective utilization, it is necessary to mobilize and use external finances to complement domestic resources and increase labour productivity. There is therefore the need to increase the productivity of men and women in both self- and paid employment (Kanyenze, Kondo, Chitambara, & Martens, 2011). According to Dieppe, Celik, & Kindberg-Hanlon (2020), due to the impact of COVID 19 global productivity of labour is expected to decline which had been there even before the collapse of global activity due to COVID-19. The various containment measures adopted by nations which included partial or total lockdowns had led to a decline in labour productivity. Across countries, productivity accounts for half the differences in gross domestic capital (Grover, Lall, & Maloney, 2022).

The Economic Community of West Africa States (ECOWAS) is a regional block made up of fifteen countries (Burkina Faso, Nigeria, Niger, Ghana, Togo, Liberia, Guinea, Guinea Bissau, Cabo Verde, Sierraleone, Senegal, The Gambia, Mali, Côte d'Ivoire and Benin) which had been affected by various conflicts, natural disasters and political uncertainties. In Nigeria, Boko haram insurgency had displaced millions of persons in the economy with adverse effect on labour productivity. the crisis and displacement of labour also affected Chad, Cameroon and Niger republic. The nations of Mali, Guinea Conakry, Côte d'Ivoire, Niger, Guinea Bissau, Burkina Faso had been political unstable with growing terrorism that had affected labour productivity. Also, Senegal and Gambia had political unrest that had affected labour in these countries. All of these, have possible implications on labour productivity in the region that needs to be studied. Labour productivity among member nations had between low compared to other countries. According to Calderón (2021), in 2017, Malaysia's labour productivity was 6.6 times that of Senegal while the relative labour productivity of Togo, Niger, Nigeria, Guinea and Liberia was less than halve of what it was in 1980. Liberia and Niger had labour productivity that was less than 2.5 percent of the United States.

Various studies had considered the use of FDI on growth, socio-political variables, productivity (Freckleton, Allan, & Craigwell, 2012; Gür, 2019; Ramasamy, Dhanapal, & Murugesan, 2017) exports, ODA, and external debt effects (Siddique, Selvanathan, & Selvanathan, 2016) external financial flows on income and income inequality (Letsoalo & Ncanywa, 2021), financial stability in developing countries and economic crisis in Africa (Orlik, 2009; Sideri, 1992), causal link between external financial flows and growth (Kapingura, 2017), the impact of external determinants on growth (Tahir, Khan, & Shah, 2015), trade openness impact on the diversification of external financial flows (Gnangnon, 2020) role of foreign aid, remittances and FDI on economic growth (Gutema, 2018) without focus on labour productivity as one of the key factors necessary for economic growth in a labour abundant continent. This study makes use of more variables and goes beyond growth to

investigate the effect of external flows on labour productivity, a major driver of economic growth. The region has the nation with the highest population in Africa and makes use of the feasible generalized least square that takes care of the autocorrelation problem in long panel data. The study will fill this gap. This paper is structured into five sections with introduction as section one followed by literature review and methodology as sections two and three while discussion of findings and conclusion/policy recommendations made up sections four and five respectively.

2.0 Literature Review.

The neoclassical growth model as advanced by Solow and Swan (1956) posits that economies grow by the use of capital, labour, and technology. These factors affect growth in the short run but in the long run, it is the level of technology that determines growth. According to (Solow, 1999) modelling growth strategy tends away from generality to simplicity and the simple neoclassical model can be extended to include natural resources, increasing and decreasing returns to scale endogenous population and technology change, and human capital without major alteration to the structure of the character of the simple model. The simple model that connects the output to capital and labour is given as;

$$Y = F(K, L) \quad (33)$$

The model is assumed to have positive and diminishing marginal returns to the factor inputs, and the function exhibits constant returns to scale. The marginal product of labour (or capital) approaches infinity when capital (or labour) approaches zero. According to (Campante, Sturzenegger, & elasco, 2021) the condition of constant returns to scale has the convenient property that output can be written as

$$Y = F(K, L) = L * F\left(\frac{K}{L}, 1\right) = L * f(k) \quad (34)$$

where $k = K/L$ is the capital-labour ratio, and the function $f(k)$ is defined to equal $F(K, 1)$. The production function can be written as

$$y = f(k) \quad (35)$$

where $y = Y/L$ is per capita output or labour productivity. One simple production function that is often thought to provide a reasonable description of actual economies according to the neoclassical growth model is the Cobb-Douglas function,

$$Y = AK^\alpha L^{1-\alpha} \quad (36)$$

where $A > 0$ is the level of the technology, and α is a constant with $0 < \alpha < 1$, K and L are capital and labour respectively.

Due to inadequate literature on external financial flows and labour productivity, the review of empirical literature was focused on external financial flows and economic growth. It was also based on the variables: external debt, foreign direct investment, remittance, and their effect on growth.

Siddique, Selvanathan, & Selvanathan (2016) in a study on highly indebted poor countries between 1970 to 2007. Panel Auto Regressive Distributed Lag model was used for estimation and debt was found to harm GDP based on the Pooled mean group, Mean group, and Dynamic fixed effect, both in the long and short run.

Kosu (1999) did a study of 35 countries in sub-Sahara Africa for the period 1980 to 1990 within a production function framework. It was found that external debt harmed the growth of sub-Saharan economies within the period. Economic growth in SSA would have been higher by 50 percent without the external debt burden and that debt can affect investment through its effect on the productivity of factor inputs.

Makki & Somwaru (2004) sought to find out if FDI and trade affect economic growth in developing countries between 1971 and 2000. The study found that FDI and trade had a positive effect on growth, and the FDI effect was statistically significant.

Freckleton, Allan, & Craigwell (2012) examined the relationship between economic growth, FDI, and corruption in developed and developing countries. The study used panel dynamic ordinary least squares and found that in both short and long-run periods, FDI had a significant influence on economic growth in both developed and developing countries.

Ramasamy, Dhanapal, & Murugesan (2017) investigated the effect of FDI on regional productivity in India and used the stochastic frontier analysis. The study found components of FDI such as research and development, human capital, and imported technology, had positive spill over effects on productivity in the regions of India, from 1993 to 2013.

Letsoalo & Ncanywa (2021) studied the effect of external flows on income inequality in the Southern Africa development community using the Autoregressive distributed lag model. Foreign direct investment, cross-border bank lending, remittances, and foreign aid were used as measures of external flows. Foreign direct investment and cross-border bank lending were found to have an increasing effect on income inequality while official development assistance and remittances did not significantly explain income inequality in the short run.

Tahir, Khan, & Shah (2015) studied the impact of external determinants on the economic growth of Pakistan between the periods 1977 to 2013. The study found that foreign remittances and foreign direct investment had positive impacts that were statistically significant while imports had a statistically significant negative impact.

Gutema (2018) did a study on the role of foreign aid, remittances, and FDI on economic growth in low- and middle-income countries in Africa. Foreign aid, remittances, and FDI were found to have had a positive effect on economic growth in low-income countries that was statistically significant. In middle-income countries, the variables were found not to have a statistically

significant effect on growth and it was attributed to the possible effect of political stability, rule of law, government effectiveness, and control of corruption.

3.0 Methodology

The study is anchored in the neoclassical growth model. Equation 4 is extended such that the inflow of external finance is captured in the capital component and the model is represented as follows;

$$Y_{i,t} = REM_{i,t}^{\alpha_1} * EXDB_{i,t}^{\alpha_2} * NETODA_{i,t}^{\alpha_3} * FDI_{i,t}^{\alpha_4} * EXP_{i,t}^{\alpha_5} (A_{i,t} L_{i,t})^{1-\alpha_1-\alpha_2-\alpha_3-\alpha_4-\alpha_5} \quad (37)$$

Where $Y_{i,t}$ output in country i at time t , REM is remittances, $EXDB$ is external debt, $NETODA$ net official development assistance, FDI foreign direct investment, EXP exports, A total factor productivity and L labour in country i at time t .

Equation 6 is divided by L , expressed in logarithms and simplified form thus;

$$\log y_{i,t} = \alpha_1 \log rem_{i,t} + \alpha_2 \log exdb_{i,t} + \alpha_3 \log netoda_{i,t} + \alpha_4 \log fdi_{i,t} + \alpha_5 \log exp_{i,t} \quad (38)$$

Equation 5 is further specified, including other explanatory variables as equation 7,

$$y_{it} = f \left(\begin{array}{l} pop_{it}, ext\ db_{it}, FDI_{it}, exp_{it}, rem_{it}, ODA_{it}, exp_{it} * FDI_{it}, exp_{it} \\ * ODA_{it}, exp_{it} * ext\ db_{it}, ODA_{it} * pop_{it}, FDI_{it} * pop_{it} \end{array} \right) \quad (39)$$

Where y_{it} is total output or GDP of country i at time t divided by labour, pop is population and is measured as the number of persons, $extdb$ is external debt measured as the debt stock percentage of GDP. FDI is foreign direct investment as a percentage of GDP, exp is exports of goods and services as a percentage of GDP while rem is remittances as a percentage of GDP and ODA is Net ODA also as a percentage of GDP. The interaction terms are: $exp_{it} * FDI_{it}$ is exports and foreign direct investment, $exp_{it} * ODA_{it}$, exports and official development assistance, $exp_{it} * ext\ db_{it}$ exports and external debt, $ODA_{it} * pop_{it}$ official development assistance and population, $FDI_{it} * pop_{it}$ foreign direct investment and population. The study period was from 1997 to 2020. The data was an unbalanced macro panel data, and was sourced from the World Bank's, World Development Indicators. Feasible Generalized Least Square Method was used for estimation to deal with autocorrelation problem in the data.

4.0 Result and Discussion of Findings

The result of models 1 to 4 are presented in table 1. Nigeria was included in model 1 and excluded in model 2 which are the baseline models. Model 3 is our preferred model because it includes interaction variables. Models 2 and 4 were estimated to find out if excluding Nigeria as an outlier in the region will have a substantial effect on the region.

Table 1: Result for the effect of external flows on labour productivity.

Variables	Model 1	Model 2	Model 3	Model 4
Labour productivity				
Net ODA	-0.0420	-0.0405	0.1000	0.2771
Standard error	(0.0076)	(0.0076)	(0.0437)	(0.0593)
P-value	0.000***	0.000***	0.022**	0.000***
Exports	0.0058	0.0095	0.0175	0.0177
Standard error	(0.0045)	(0.0047)	(0.0054)	(0.0062)
P-value	0.198	0.043**	0.001***	0.004**
External debt	0.0016	0.0009	-0.0005	0.0005
Standard error	(0.0008)	(0.0008)	(0.0007)	(0.0008)
P-value	0.045**	0.271	0.509	0.520
FDI net inflows	0.0163	0.0147	1.2508	1.3608
Standard error	(0.0107)	(0.0108)	(0.0558)	(0.0612)
P-value	0.130	0.176	0.000***	0.000***
Total population	0.0234	-0.1030	0.3420	0.5333
Standard error	(0.0378)	(0.0499)	(0.0316)	(0.0565)
P-value	0.535	0.039**	0.000***	0.000***
Personal remittances	0.0814	0.0555	0.0358	0.0388
Standard error	(0.0114)	(0.0133)	(0.0074)	(0.0079)
P-value	0.000***	0.000***	0.000***	0.000***
Exports and FDI			-0.0023	-0.0022
Standard error			(0.0006)	(0.0006)
P-value			0.000***	0.000***
Exports and ODA Standard error			0.0005	0.0003
P-value			(0.0004)	(0.0005)
			0.282	0.569
Exports and External Debt			0.0001	0.00002
Standard error			(0.00002)	(0.00002)
P-value			0.013**	0.495
ODA and Population			-0.0095	-0.0205
Standard error			(0.0026)	(0.0037)
P-value			0.000***	0.000***
FDI and Population Standard error			-0.0754	-0.0826
P-value			(0.0034)	(0.0038)
			0.000***	0.000***

Note: ***,** denote statistical significance at 1 and 5 percent respectively. figures in parentheses are standard errors. Models 1 and 3 include Nigeria while 2 and 4 are without Nigeria.

Source: Authors computation from study data, based on STATA 15.

From table 1, model 3, net official development assistance (Net ODA) had a positive effect on labour productivity, and the coefficient was significant. The absence of Nigeria in model 4,



increased the magnitude of positive effect and significance from 0.1000 to 0.2771 and from 5 to 1 percent. This implied that labour productivity increases with an increase in net ODA. This finding is in line with the prediction of the neo-classical theory of growth where aid has a positive effect on long-run growth (Arndt, Jones, & Tarp, 2015). Similar findings were made by Fayissa & Nsiah (2010) and, Juselius, Moller, & Tarp (2014) where foreign aid had a positive impact on the growth and the macroeconomy of African countries. Also, Gutema (2018) found a positive effect of net ODA in low-income African countries.

Net ODA in the baseline models (1 and 2) and the interaction term between population and Net ODA in the preferred model, had a negative effect on labour productivity and the coefficients were statistically significant. This implied that an average increase in net ODA will be associated with a decrease in labour productivity in the region. This is due to the “poaching” of skilled manpower from the countries because of better payment and project design that aligns with the needs of the donor rather than recipient countries, the effect of corruption due to the fungibility of aid, and the nature and quality of manpower development. According to Moyo (2009), corrupt governments in Africa are strengthened by aid because it provides freely usable cash and it supports rent-seeking, a situation where, without trade or production wealth, government authority is used to take money. Moreover, governments in Africa are less motivated to encourage entrepreneurship and divert people's attention to political life rather than productive economic activity, which will stimulate labour productivity and growth. Moyo (2009), further stated that due to aid, poor economies are faced with the problems of difficulties in absorbing large cash influx, diminishing exports, inflation, and reduction in savings and investment in favor of more consumption. This adversely affects the extent to which foreign aid will positively impact various economic outcomes such as labour productivity and economic growth. Rajan & Subramanian (2008), did not find systematic evidence of aid's effect on economic growth at the country level, policy, geographical environment, and the form of aid.

Exports had a positive effect on labour productivity in all the models and were statistically significant at 1 percent in the preferred model. This implied that an increase in exports will be associated with an increase in labour productivity. It means that goods and services exported by countries in the region, by serving larger markets contributed positively to, or enhances labour productivity in the region. Wagner (2002) found that exports had a positive effect on labour productivity. In model 1 it was insignificant but became statistically significant when Nigeria was excluded. The statistical insignificance of export according to Moyo (2009), was due to the negative effect of foreign aid because it contributes to diminishing exports of poor countries. This is also obvious from the export and ODA interaction term that was statistically insignificant in models 3 and 4 but were initially significant.

External debt had a negative effect on labour productivity and was statistically insignificant in all the models. The average regional debt-to-GDP ratio was 56 percent and the threshold for middle- and low-income countries were found to be 15.28 percent above which the external debt effect becomes negative (Zaghdoudi, 2019). In Tunisia, Mohamed (2013) found that external debt had growth-damaging effects, especially in the long run. According to Kosu

(1999), the productivity of factors of production in economic growth can be affected by external debt. Hameed et al., (2008) as cited by Siddique, Selvanathan, & Selvanathan (2016) stated that, the adverse effect of external debt on capital and labour productivity affects growth and in sub-Sahara Africa, the external debt harmed growth that was statistically significant while, a substantial decline in Africa's productivity was in part as a result of external debt burden. Guei (2019) study showed that external debt had no robust effect on growth in the long run but a negative effect in the short run.

Foreign direct investment had a positive effect on labour productivity and was statistically significant in the preferred model. There was an increase in the magnitude of the effect from 1.2508 to 1.3605 when Nigeria was excluded from the model. Lucas (1988) and Barro (1991) as cited by Gutema (2018) stated that besides supplementing domestic investment, FDI also generates positive spill overs in local firms and communities that spur growth through technology transfers. Gutema (2018) found that FDI had a positive effect on the economic growth of low-income African countries. The interaction term between FDI and export had a negative effect on labour productivity and was statistically significant in both models 3 and 4. This implied that the focus of FDI in the region was not on export-oriented industries despite the various incentives set up by governments in the region and the export processing zones. The possibility of a positive or negative effect of FDI in literature according to Freckleton, Allan, & Craigwell (2012) could be due to the region's absorptive capacity that is determined by the level of the financial sector and technological development, quality of both human and capital infrastructure. The positive effect of FDI, therefore, suggests that the region had good absorptive capacity due to its technological development and financial sector development. While the interaction term effect suggests that the export sector may not have benefitted from these improvements within the region.

Population, which captures the workforce that possesses the needed skills, had a positive effect on labour productivity in the preferred model and was statistically significant at 1 percent. this implied that an average increase in population that constitute the workforce or human capital of the region will be associated with an increase in labour productivity. According to Santos & Hani (2021), the spectrum of skills in a country's population enables the adoption of new technologies, economic activities, and new products and services all of which are linked to economic growth. Siddique, Selvanathan, & Selvanathan (2016) also found that population impact positively on the GDP of highly indebted countries. The interaction term between population and FDI, population, and ODA had a negative effect on labour productivity and was statistically significant at 1 percent. this implied that FDI and ODA in the region were not labour-enhancing but capital or consumption-focused in the region.

Personal remittances had a positive effect on labour productivity in all the models. In the preferred model, the coefficient was 0.0358 and it was statistically significant at 1 percent. This implied that an average increase in personal remittance from abroad to the region will contribute to an average increase in the productivity of labour by 0.0358 percent. This means that remittances just like official development assistance and foreign investments increase labour productivity in the region. Remittances are used to improve consumption which



improves health and well-being and indirectly affects labour productivity positively. It also means that remittances are used for investments in various businesses which includes small-scale businesses that further enhance labour productivity. This is because emigrants are more familiar with businesses in their home countries than those in their host economies (Fayissa & Nsiah, 2010) which improves labour productivity. This finding is not in tandem with the theoretical position that remittances are used for consumption and do not add value to investments and growth (Guiliano & Ruiz-Arranz, 2016). Similar findings were made by Gutema (2018) and Meyer & Shera (2017) where remittances had a positive effect on the growth of low-income African countries, Albania, Bulgaria, Macedonia, Moldova, Romania, and Bosnia Herzegovina. Also, a panel of 36 African countries, (Fayissa & Nsiah, 2010; Tahir, Khan, & Shah, 2015) found that remittances had a positive effect on growth. According to Moyo (2009), private-to-private flows like remittances do not create adverse aid-induced (Dutch disease) effects in an economy.

5.0 Conclusion and policy recommendations

Africa needs to grow its economy and to attain high growth levels, labour productivity needs to be improved upon. Literature had focused more on the impact of external financial flows on growth without considering its effect on labour productivity as a driver of economic growth. In Africa, labour productivity was low because it was between 0.6 and 2.6 percent in the sub-Saharan and North Africa compared to an average of 3.1 for the rest of the world. Mobilization and use of domestic resources alone are not sufficient to improve labour productivity and attain high levels of economic growth that are poverty-reducing. Therefore, external financial flows are necessary for growth in labour productivity. This paper explores the relationship between external financial flows: Net official development assistance, foreign direct investment, external borrowing, and remittances on labour productivity for the period 1997 to 2020. Based on the Feasible Generalized Least Square Model, it was found that net ODA, exports, FDI, population, remittances, and export-external debt all had a positive effect on labour productivity. External debt, export-FDI, population-ODA, and population-FDI all had a negative effect on labour productivity. It is recommended that;

There should be a regional diaspora agency set up by the economic community of West Africa States to further facilitate the inflow of remittances into the continent. Those in the diaspora should also be encouraged to transfer the skills they have acquired to further build the human capital base of the sub-region.

There should be a common regional debt-to-GDP ratio that countries should not exceed that is less than 15 percent, given the negative effect of external debt on growth and by extension on labour productivity in the sub region.

There should be a common regional investment policy that will facilitate foreign direct investment and further increase the region's better utilization of foreign aid because of its positive effect on labour productivity.

International trade is competitive and requires constant innovation. There should be regional technological and innovation hubs that will ensure that exported goods and services are improved regularly so that the region will maintain an edge in international trade.

Manpower development should be improved so that the inflow of external finance in the form of net ODA and FDI can be put to more effective use. This can be done through a regional University forum that will ensure improved regional absorption capacity and improved labour productivity.

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