



BABCOCK
UNIVERSITY

ILISHAN-REMO, OGUN STATE, NIGERIA

COLLEGE OF POSTGRADUATE STUDIES

2022/2023 PhD Thesis Abstract

Department of Economics

RFN: Festus Olatunbode ASHOGBON

RD: Economics

RS: Veronica Adeleke School of Social Sciences

RE: ashogbon0217@pg.babcock.edu.ng

RAE: bodaju85@gmail.com

RP: 08022238409

RT: External Public Debt and Macroeconomic Performance of Economic Community of West African States

MS: Prof. Adegbemi B. ONAKOYA

ME: onakoyaa@babcock.edu.ng

SP: 08037748527

CS: Dr. Rowland T. OBIAKOR

CE: obiakort@babcock.edu.ng

CP: 08060792785

AB: Steady improvement in macroeconomic performance in terms of Exchange Rate (EXCR), Inflation Rate (INFR) and Gross Domestic Product Growth Rate (GDPR) eliminates uncertainty in economic activity. It also increases investment attractiveness, ensures smooth operations of price mechanism as well as appropriate use of economic resources. However, Economic Community of West African States (ECOWAS) is bedevilled with poor macroeconomic performance in terms of EXCR, INFR and GDPR. This has been attributed to savings-investment gap, inadequate domestic capital stock and low-income capacity which necessitate External Public Debt (EPD). With virile, strong and independent institutional quality (ISTQ), the benefit of EPD would be realised. Several studies on the relationship between EPD and macroeconomic performance focused more on other regions or country specific with limited focus on ECOWAS and without considering the role of ISTQ. Therefore, this study examined the nexus between EPD and macroeconomic performance of ECOWAS incorporating the role of ISTQ.

The study employed *ex-post facto* research design. Based on availability of data, 14 ECOWAS comprising eight Communauté Financière Africaine (CFA) and six Non-Communauté Financière Africaine (NCFA) were included in the study. Data from 1990 - 2020 were sourced from the World Development Indicators (WDI), World Governance Indicators (WGI) and African Development Bank (AFDB). Natural logarithms of EPD and EXCR were employed in the study. Both first-and-second generations unit root tests were employed to examine the time series characteristics of the variables. The dynamic panel autoregressive distributed lag was used to investigate the relationship between EPD and macroeconomic performance. The study adopted 5% level of statistical significance.

Findings indicated the existence of long run relationships among the variables. For the entire ECOWAS, the long run estimates of EPD and ISTQ on GDPR were $\beta = -0.853, t = -2.14, p < 0.05$ and $\beta = 1.076, t = 1.97, p > 0.05$; EPD and ISTQ on EXCR were $\beta = 0.031, t = 0.35, p > 0.05$ and $\beta = 0.293, t = 1.36, p > 0.05$; EPD and ISTQ on INFR were $\beta = -2.284, t = -3.15, p < 0.05$ and $\beta = 2.636, t = 1.92, p > 0.05$ respectively. The results showed that EPD exerted significant negative effect on GDPR and INFR but insignificant positive effect on EXCR, while ISTQ exerted insignificant positive influence on GDPR, EXCR and INFR. The subgroup estimates of EPD and ISTQ on GDPR in CFA were $\beta = 0.350, t = 0.62, p > 0.05$; $\beta = 1.703, t = 1.84, p > 0.05$ respectively, whereas EPD and ISTQ on GDPR in NCFA were $\beta = -1.596, t = -2.85, p < 0.05$; $\beta = 1.996, t = 3.00, p < 0.05$ respectively.

The study concluded that EPD was detrimental to GDPR in ECOWAS and NCFA but not in CFA while institutional quality was beneficial. For NCFA, policy measures should be taken to reduce EPD while caution should be exercised in CFA. Also, the entire ECOWAS should ensure existence of virile, strong and independent institutional quality.

Keywords: CFA franc zone, Exchange rate, External public debt, GDP growth rate, Inflation rate, Institutional quality, NCFA franc zone

Word Count: 493

Abbreviations: RFN: Researcher's Full Name, RD: Researcher's Department, RS: Researcher's School, RE: Researcher's Email, RAE: Researcher's Alternate Email, RP: Researcher's Phone Contact, RT: Registered Title, MS: Main Supervisor, ME: Main Supervisor's E-mail Address, SP: Main Supervisor's Phone Contact, CS: Co-Supervisor, CE: Co-Supervisor's E-mail Address, CP: Co-Supervisor's Phone Contact, AB: Abstract

Suggested Citation: Ashogbon, F.O., Onakoya A.B. and Obiakor, R.T. 2023. External Public Debt and Macroeconomic Performance of Economic Community of West African States. PhD Thesis Abstract, College of Postgraduate Studies, Babcock University. [https://doi.org/10.61867/pcub.1\(5\).115](https://doi.org/10.61867/pcub.1(5).115)