

# CAPITAL FLIGHT, PRIVATE INVESTMENT, TAX REVENUE AND ECONOMIC GROWTH IN SUB-SAHARAN AFRICA: A MOVE TO FINANCING ECONOMIC GROWTH

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## Abstract

*The fight against capital flight in Sub-Saharan African (SSAs) has been ongoing yet the menace continues to be a source of developmental problem in many SSA economies. While capital flight continues to increase the level of private investment continues to decline and private investment lags behind other regions. At the same time many African countries are experiencing rising debt levels, as about 40 percent of low-income African countries are in debt distress. Using some econometric techniques (GMM, Panel ARDL) the study investigates the effect of capital flight, private domestic capital investment and tax revenue on growth potentials in 32 SSA countries with data spanning from 1970 to 2018. The findings indicate that capital flight drains economic growth in SSA and private domestic capital and local tax resources have growth enhancing effects. With good governance the drainage effect of capital flight on economic growth reduces. We conclude that whiles reducing capital flight has growth enhancing effect local financial resources and private capital investment are very important.*

**Keywords:** Capital flight, Private domestic investment, Tax revenue, Economic growth, SSA

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