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## **THE IMPACT OF CAPITAL FLIGHT ON ECONOMIC DEVELOPMENT: NIGERIA IN FOCUS**

### **Abstract:**

The study investigated the impact of capital flight on the economic development of Nigeria. Following the behavioural pattern of the variable on the basis of time series property test involving Augmented Dickey-Fuller (ADF), we adopted Autoregressive Distributed Lagged model (ARDL) due to Pesaran and Shin (1999) in the study. The result of the Auto Regressive Distributed Lagged (ARDL) model showed that capital flight has negative but significant impact on economic development. It further showed that programmes and policies in the economy in previous period also enhance the economic situation in the current period. The CUSUM and CUSUMSQ tests showed evidence of long run stability of the parameters of the model. We, therefore, made the following recommendations, among others: Government should take concerted steps to improve security of life and property in the country because security lapse is a threat to investment as well as business; the public resource managers should sincerely partner with anti-graft agencies to ensure that all the channels through which public office holders launder money abroad are stopped; besides, the international anti-corruption law should be implemented to reduce the quantum of launder money and efficient public finance management discipline should be adhered strictly.

### **Keywords:**

Capital Flight

Economic Development

Impact

Autoregressive Distributed Lagged model

**JEL Classification:** F20, F21