International Capital Inflows and Human Capital Development in Nigeria (1988-2020)

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ABSTRACT
Foreign capital inflows is the influx of usable funds that comes from a source or sources outside the country. The study examined international capital inflows and human capital development in Nigeria. Other specific objectives is to investigate the effect of foreign portfolio investment on human capital development in Nigeria, examine the effect of external debt stock on human capital development in Nigeria, determine the effect of foreign direct investment on human capital development in Nigeria, access the effect of official development assistance on human capital development in Nigeria. The study adopted an *ex-post facto* research design because the data for the study are secondary data which were sourced from the Central Bank of Nigeria (CBN), Statistical Bulletin and Annual reports and Statement of Accounts, The data were analyzed with econometric techniques involving descriptive statistics, Augmented Dickey Fuller Tests for Unit Roots and the Ordinary Least Square (OLS). The result of the study indicates that foreign portfolio investment, external debt stock, foreign direct investment and official development assistance has positive and significant effect on human capital development index (HDI). The study concludes that international capital inflow has positive effect on human capital development in Nigeria within the period under review. In line with the objective of the study, the study recommends that, there is the need for greater foreign participation in the stock market which could enhance foreign portfolio investment in the country and maintain sustainable human capital development. External debts should be contracted solely for economic reasons and not for social or political reasons. An effective policy should be made based on the fiscal and monetary policies which should be aimed at achieving a realistic foreign direct investment in human capital development in Nigerian. Since theories have supported that these capital channels should boost human capital development in Nigerian, it is pertinent that Nigeria government should investigate the spending pattern of the funds obtained through official development assistance
Keywords: International Capital Inflows, Human Capital Development, Nigeria

INTRODUCTION
Human capital refers to the abilities and skills of human resources of a country, while human capital development refers to the process of acquiring and increasing the number of persons who have the skills, education and experience that are critical for economic growth and development of a country's economy (God'stime & Uchechi, 2014). The study by Fashina, Asaleye, Ogunjobi, and Lawal, (2018) posited that human capital refers to the human factor in the production process; and consists of the combined knowledge, skills or competencies and abilities of the workforce. Of all factors of production, only human beings are capable of learning, adapting or changing, innovative and creative. Human capital formation or development, following Harbison (1973), can be seen as the deliberate and continuous process of acquiring requisite knowledge, skills and experiences that are applied to produce economic value for driving sustainable national development.

International capital inflows used interchangeably with foreign capital inflows for the purpose of this study, refer to the influx of usable funds into a country from source(s) outside the country. It refers to capital inflows from one economy to another for the purpose of investment, trade or business. In most cases, the capital come from developed countries and is invested in emerging or "third-world" countries. International capital inflows are the movement into a country of capital resources for the purpose of investment, trade or business production (Chigbu, Ubah & Chigbu, 2015). Most of the less developed countries are entrapped by the vicious circle of poverty. They lack the capital resources and the incomes of the people are very low. Because of low incomes, their savings ratios also remain low, resulting to low investment levels. At the same time, due to low incomes, the taxable capacity remains low, i.e. government earnings also remain low. In such situations, the less developed countries face savings – investment gap as well as deficit in their balance of payments. Thus, these gaps can be filled by international capital inflows in the form of direct and portfolio investment, aid, foreign borrowing (Akanyo, & Ajie, 2015)

This savings – investment gap in Nigeria can be supplemented through foreign savings. The channels for attracting foreign savings are to encourage capital inflows. International capital inflow is the movement of capital from countries of surplus funds to countries of 'need'. A needy country is one which has limited resources for investment that is required for economic development. The attraction of international capital inflows depend on a number of features of the host economy, which include among others; its market size, level of education, institutional environment, tax laws, and overall macroeconomic and political environment (Okafor, Ugochukwu, & Chijindu, 2016).

International capital inflows ensure that recipient countries outperform countries that fail to attract it economically. This study therefore examines the impact of international capital inflows on the human capital development in Nigeria.

Statement of the Problem

International capital inflow primarily is aimed at impacting positively on the human capital development of the recipient country by increasing the number of persons who have the skills, education and experience that are critical for economic growth and development of the country's economy. However experience has shown that some recipient countries have failed to transform their economy positively.

According to the Economic Commission for Africa (2010), Nigeria has continued to face a perennial shortage of resources to finance public and private investments. This phenomenon has limited the ability of governments to undertake public expenditure in infrastructure and social services needed to boost domestic demand, encourage private sector activity and sustain high level of human capital development. The chronic resource gaps arise from imbalances between exports and imports, between resource inflows and debt payments and between domestic savings and domestic investments (Adarkwa, 2015).

The need for external financing is important in a developing economy like Nigeria, where income levels are too low to generate adequate domestic savings needed for the attainment of modest growth in investment. This phenomenon has impacted negatively on human capital development in Nigeria, which has been characterized by periods of low and volatile growths and periods of economic stagnation (Ajayi, Adedeji, Giwa & Araoye, 2017).

Nigeria is one of the developing economies that receives large chunk of international capital inflow, yet the country's growth has been low. Popular research findings have shown that generally, international capital inflows promote economic growth in Nigeria [(Chigbu, Ubah & Chigbu, 2015; Adegboye, Ogbebor & Egharvba, 2014; Okafor, Ezeaku & Eje, 2015; Akanyo & Ajie, 2015; Okafor, Ugwuegbe & Ezeaku, 2016)]; However, Nkoro & Uko (2013) posit that Official Development Assistance (ODA) and external debts which are components of international capital inflow had negative effects on economic growth. This tends to suggest that there are still inconsistencies in empirical findings with regards to Nigeria on this issue.

The work of Raheem and Adeniyi (2015) examined both the total effect and the individual effects of the sources of capital inflows [foreign direct investment (FDI), official development assistance (ODA), remittances and debt] as well as capital outflows (capital flight) on the economic growth of 33 countries in Sub-Saharan Africa (SSA) for the period spanning 1970 to 2010. The study used the System

Generalised Method of Moments (Sys GMM), the findings showed that FDI and remittances significantly contributed to growth, with the remittances taking the lead. Furthermore, the results also indicated that capital flight and debt constituted significant drags on growth because funds meant to boost human skills, abilities, education, capacity and growth end up in misappropriation through corrupt activities. The time frames considered in the empirical studies cited in this study were both short, varied and the results are conflicting. This study on international capital inflows and human capital development in Nigeria seeks to improve on the past studies by making use of a broader data set spanning from 1987 to 2019.

REVIEW OF RELATED LITERATURE
Conceptual Framework
Foreign capital inflows could be defined as the influx of usable funds that comes from a source or sources outside the country. It specifically refers to monies received from foreign countries. In most cases, the capital comes from developed countries and is invested in emerging or "third-world" countries. Capital inflows are the movement into a country of capital resources for the purpose of investment, trade or business production (Chigbu, Ubah & Chigbu, 2015). Basically, there are two broad classifications of capital inflows. They are the official and private capital inflows.

 It is crystal clear that one country needs another for survival through improvement of the citizen welfare and to develop wealth of nation which can be achieved through capital flow (i.e inflow and outflow). Capital flows became necessary when actual savings exceed desire investment (outflows) or when probable savings are more than actual savings (inflows), but certain factors such as; Restrictions on Gross inflows, Encouragement of Gross Outflows, Trade Liberalization, Exchange rate Flexibility, Sterilization, Policies to Influence the Money Multiplier and Fiscal Contraction must put into cognizance in order for a country's capital flows to be well managed, otherwise capital flows will become capital burden (Olaleye, 2015). Capital flows is transmitted through foreign direct investment (FDI), foreign portfolio investment (FPI), drawdown on foreign reserves, foreign loans and credits (Obadan, 2006). Theoretical literature has provided evidences of the benefits of capital flows; ironically, empirical evidence had established that they are not randomly available globally (Aremu, 2003). The need for foreign capital to supplement domestic resources is being felt by the developing economies, in view of the growing mismatch between their domestic capital stock and capital requirements.

Foreign Portfolio Investment
Foreign portfolio investment (FPI) is an aspect of international capital flows comprising of transfer of financial assets: such as cash, stock or bonds across international borders in want of profit. It occurs when investors purchase controlling interest in foreign companies or buy securities or notes. Just as trade flows result from individuals and countries by exploiting their own comparative advantage, so too, are capital flows the result of individuals and countries seeking to make themselves better off, moving accumulated assets to wherever they are likely to be most productive (Akpan 2010) This type of investment has become an increasing significant part of the world economy over the past three decades and an important source of fund to support investment not only in developed but also developing countries. Foreign portfolio investment, though a recent phenomenon in Nigeria compared to foreign direct investment, Oversea Development Assistance (ODA) and bank loans, were on the increase since the mid-80s. The relative importance of portfolio investment to a small emerging market like Nigeria has been attributed to the effective role played by the Nigerian capital market in the recent past. This includes the deregulation of the capital market in 1993 which made the federal government to internationalize the market in 1995, with the abrogation of laws that constrained foreign participation in the Nigeria capital market. Following the abrogation of the exchange control Act 1962, foreigners can participate in the Nigerian stock exchange, which was part of the financial Liberalization policy in Nigeria in the mid 2000.

External Debt
When there is a fiscal gap in proposed expenditure and expected revenue within a fiscal period, government can borrow to fill such gaps especially where government does not want to compromise macroeconomic stability by printing more money and where government taxation capability is limited and driven by the desire to provide social overhead capital for the citizenry. It is only in principle, to say

that governments borrow to finance public goods which increase welfare and promote economic growth (Egbetunde, 2012)

The act of borrowing creates debt. External debt is a major source of public receipts and financing capital accumulation in any economy (Adepoju, Salau and Obayelu, 2007). It is a medium used by countries to bridge their deficits and carry out economic projects that are designed to increase the standard of living of the citizenry and promote sustainable growth and development.

Debt is derived from Latin word "debere" meaning to owe. Debt has been conceptualized as resources of money used in an organization which is not contributed by its owners and does not in any other way belong to the shareholders. Okoh (2008) asserts that when government borrows, the debt is public debt. Public debts may be domestic (internal) or external. Domestic debt is debt incurred by government through borrowing from within the country, while external debt refers to the portion of a country's debt that was borrowed from foreign lenders including commercial banks, governments or international financial institutions.

Foreign Direct Investment

The United States Department of Commerce defines foreign direct investment to include all 'foreign business organizations in which a U.S citizen, organization or affiliated group owns an interest of ten (10) percent or more'. The United Nations defines foreign direct investment as 'investment in enterprise located in one country and effectively being controlled' by residents of another country'. This definition does not only consider FDI as being mere investment, it also stresses on the status of corporate control.

World Bank (2014) sees FDI as 'investment made to acquire a lasting management interest (normally ten percent of the voting stock) in a business enterprise operating in a country other than that of the investor defined according to residency'. In line with this, the United Nations Conference on Trade Agreement and Development (UNCTAD) defines FDI as 'an investment involving management control of a resident entity in one economy by an enterprise resident in another country'. As further classified by Organization of Economic Cooperation and Development (OECD, 1992), FDI refers to a situation in which a single investor controls less than 10% percent or more of the ordinary or voting power with a view to having an effective voice in the management of the organization.

Official Development Assistance (ODA)

Official Development Assistance (ODA) could also be called Foreign aid. ODA consists of grants or loans that one government or multilateral organization gives to a developing country to promote economic development and social welfare (Girma, 2015). However, Nkoro, and Uko, (2013) conceptualised foreign aid (OD) as an international transfer of capital, goods, or services for the benefit of other nations. Inanga and Mandah (2008) further noted that these aids come in forms of capital transfers in cash or kind, either as grants or loans. Technical assistance and training usually come as grants in the form of human resources and technical equipment, and Military assistance in the form of either equipment or training advisors.

Remittances

The next channel of International Capital inflow is Remittances which is money sent home by migrants working abroad to their home countries (Kihangire & Katarikawe, 2008). Tewolde (2005) argues that remittances include both financial and non-financial materials that migrants receive while working overseas and sent back to their households in their countries of origin. In a broader sense, Okodua, Ewetan, and Urhie, (2015) explained that remittances are ideas, practices, mind-sets, world views, values and attitudes, norms of behaviour and social capital (knowledge, experience and expertise) that the diasporas mediate and either consciously or unconsciously transfer from host to home communities.

Human Capital Development

Human development refers to the process of acquiring and increasing the number of persons who have the skill, education, experience which are critical for the economic and political development of a country. Human capital development is thus associated with investment in man and his development as a creative and productive resource (God'stime & Uchechi, 2014). Schultz (1961) categorized and developed human resources into six ways: facilities and services: - these involve all expenditure that affects the life expectancy, strength and stamina, vigor and vitality of the people; On – the job training which includes

old type apprenticeship organized by firms; Formally organized education at elementary, secondary school and higher level; Study programmes for adults that are not in agriculture; It involves migration of individual and families to adjust changing job opportunity (factor mobility); and finally, transfer or importation of technical assistance, expertise and consultants.

Theoretical Framework

The theoretical framework of the study is hinged on the Harrod-Domar growth model. This is the earliest model for determining the foreign capital-growth nexus which was based on the pioneering works of the post-Keynesian growth models for closed economies as designed by Harrod (1939) and Domar (1946). In their respective work, they tried to identify the pre-conditions needed to enable an industrialized economy (using a study of the U.S.) to reach steady-state equilibrium of growth. In the early 1960s, the Harrod-Domar approaches, however, was adapted to open economies in the so-called Third World. The models assumed that there is an excess supply of labour, and growth is only constrained by the availability and productivity of capital. Three gaps were identified as constituting constraints to growth, and these gaps were needed to be filled by foreign capital to enable investment. The three gaps are: savings gap; trade balance gap (foreign exchange); and fiscal gap.

The rationale for the relationship between capital flows and the savings–investment gap can be explained within the framework of a simple Keynesian macroeconomic model of an open economy or national income identities, where; GDP (Y) = Consumption (C) + Investment (I) + Government (G) and Net Exports (X-M).

Therefore;

$$Y = C + I + G + (X\text{-}M) \text{ --- (a)}$$

Also,

$$GDP\ (Y) = C + S + T \text{ --- (b)}$$

Where:

C = Consumption

S = Savings

T = Tax

FCR = Foreign Capital Requirement

From (a) and (b)

$$C + I + G + (X\text{-}M) = C + S + T \text{ --(c)}$$

$$(X\text{-}M) = C + S + T - C - I - G \text{ --- (d)}$$

$$(X\text{-}M) = S - I + T - G \text{ --- (e)}$$

$$(X\text{-}M) = (S + T - G) - I \text{ -- (f)}$$

$$FCR = (X\text{-}M) = (S + T - G) - I \text{ --- (g)}$$

In equation (f), the gap between aggregate domestic savings (private and public) and domestic investment is equal to the gap between exports and imports. The Two-gap model postulates that if the foreign exchange gap (X – M) required for achieving a target rate of growth is greater than the domestic savings–investment gap, foreign aid is needed to fill the foreign exchange gap. Similarly, foreign aid is needed to fill the savings–investment gap if it is the larger of the two gaps. The foreign capital requirement (FCR) in the economy could be articulated in terms of the gap between aggregate domestic saving (private and public) and domestic investment and the gap between exports and imports-eqn. (f). This theory posits that capital inflows affects economic growth positively. This theory supports the present study because the inflow of capital from the four channels of FDI, ODA, REM and EXTDS are expected to spur growth.

Empirical Review

Felix, and Amuche, (2017) examined the relationship between foreign portfolio investment and human capital development in Nigeria. Annual time series data for the period 1986 to 2015 were used. Data were obtained from Central Bank of Nigeria (CBN) Statistical Bulletin and World Development Indicators (WDI) database, published by the World Bank. Time series properties of the variables were examined using both Augmented Dickey Fuller and Phillip Peron tests. Co-integration properties of the variables

were also examined. Vector Auto-Regressive technique supported by Variance Decomposition and Impulse Response Analysis were employed to empirically determine the relationship between foreign portfolio investment and human capital development in Nigeria. The results showed that the correlation between foreign portfolio investment and human capital development in Nigeria is positive and very significant.

Isiwu, Ngwu, Chukwu, Sancho and Ojiya, (2018) investigated the impact of net capital inflows on financial sector of the Nigerian economy between 1986 to 2015. Annual secondary time series data obtained from the database of World Bank Development Indicators (WBDI) were employed with a VAR econometric approach for the study. Empirical results emanating from this work revealed the presence of a unique long run relationship among the variables specified in the model. The adjustment parameter was significant and appropriately signed.

James, and Johnson (2016) investigated the effect of foreign portfolio investment on human capital development in Nigeria with the view to establishing empirical relationship among foreign portfolio investment on human capital development in Nigeria. Secondary data were employed in the study and were sourced from the Central Bank of Nigeria Statistical Bulletin and the International Financial Statistics (IFS). The ordinary least square (OLS) estimation technique was employed in this study. The findings revealed that foreign portfolio investment had positive effect on human capital development in Nigeria. The study recommended among others that proactive steps must be taken to expand market capitalization which is the major driver of foreign portfolio investment in order to keep stimulating human capital development in Nigeria.

Paul, Chibueze and Callistus (2016) investigated the impact of foreign portfolio investment on employment growth in Nigeria. Using single equation, reduced form specification, and employing data for the period 1980 to 2014, it was found that in the long term, portfolio investment impacted on employment growth positively and significantly. This outcome supports the general view of a positive relationship between portfolio investment and human capital development.

Samuel (2016) evaluated the effect of foreign portfolio investment on human capital development in Nigeria. Secondary data were used. The Ordinary Least Square Estimation Method was employed. The findings revealed, among others, that there were increase in the foreign portfolio investment on human capital development in Nigeria for a given period, followed by decline, as a result of massive capital outflow and divestment by the investors, caused by the global recession.

Frank and Garry (2015) analyzed the effects of international capital inflow on human capital development in Nigeria. The study employed Descriptive Statistics, Augmented Dickey-Fuller Unit Root Test and Ordinary Least Square (OLS) Regression Result for data analyses. The results revealed that international capital inflow had positive and significant effect on human capital development in Nigeria within the period under review. The study recommended further openness and integration of the Nigerian financial system to the global economy in order to attract long-term capital inflow towards human capital development in Nigeria. The policy implication of these results is that foreign capital inflow should be attracted into the Nigerian economy to improve and sustain human capital development

Kennedy (2015) examined the impact of foreign portfolio investment on human capital development of 100 developing and developed countries over the period 1986 to 2014 and found mixed results. Firstly, portfolio investment coefficient was found to be negative and statistically not significant in developing countries, while the reverse was the case for developed countries.

Nwaokoro (2016) analyzed the effect of foreign portfolio investment on human capital development in Nigeria from 1985 to 2015. Secondary data were obtained from Nigeria stock exchange fact book and official list. The study employed unit root and OLS for the data analysis. The result of the study indicated that foreign portfolio investment has a positive effect on human capital development in Nigeria within the period under review

Musa (2014) examined the impact of foreign portfolio investment on human capital development in Nigeria between 1983 to 2013. The study employed the unit root, ordinary least squire (OLS). The results of the study indicates that foreign portfolio investment have positive and significant impacts on human capital development in Nigeria

METHODOLOGY
Research Design
The study adopted an ex-post facto research design because the data for the study are secondary data that already exist in financial institutions such as Central Bank of Nigeria (CBN), Statistical Bulletin and Annual reports and Statement of Accounts, Nigeria Stock Exchange (NSE) Fact Book and Daily Official List .

Human capital developments in Nigeria is proxied by human capital development index (HDI) as the dependent variable while the independent or explanatory variables in this study are foreign portfolio investment, external debt stock, foreign direct investment and official development assistance respectively

Model Specification
The model used for the study was the adaption and modifications of the work of Frank and Garry (2015) who analyzed the   effect of international capital inflow on human capital development in Nigeria. The model is stated thus:

HDI =f (FPI, EDS, FDI)

Where:

HDI= Human capital development index

FPI= Foreign Portfolio Investment,

EDS= External Debt Stock,

FDI= Foreign Direct Investment

The model is adopted and modified as follows.

HDI =f (FPI, EDS, FDI, ODA)

$HDI = b_0 + b_1 FPI \; b_2 EDS + b_3 FDI + b_3 ODA + Ut$ -   -   -   1

Where:

HDI= Human capital development index

FPI= Foreign Portfolio Investment,

EDS= External Debt Stock,

FDI= Foreign Direct Investment

ODA= Official Development Assistance

b_0 = the constant

$B_1 - b_4$ = the coefficients of the explanatory variables

Ut = Error term

Method of Analyses
The data are analyzed with econometric techniques involving descriptive statistics, Augmented Dicker Fuller tests for unit roots and the Ordinary Least Square (OLS).

DATA ANALYSIS
Descriptive Statistics
 This measure the individual characteristics of the variables used in this study. The result of the descriptive statistics is presented in the table below.

Table 1 Summary of the Result of the Descriptive Statistics

Variables	Mean	Maximum	Minimum	Std. Dev.	Jarque-Bera	Prob.
HDI	1923.693	13877.40	11.30000	2896.211	115.5475	0.000000
FPI	3987.855	19077.40	6.800000	5878.964	8.420520	0.014843
EDS	39329.20	731760.1	163.8000	134030.4	779.7900	0.000000
FDI	9.137586	79.10000	1.020000	14.11503	545.9342	0.000000
ODS	367272.0	2350858	225.4000	594933.0	26.73262	0.000002

Source: Computed from E-view Version 9.0

Table 1 shows the mean (average) for each of the variables, their maximum values, minimum values, standard deviation, Jarque-Bera (JB) Statistics (normality test) and probability value. The result in table 4.1 provided some insight into the nature of the variables used in the study. Human capital development index has a mean value of 1923.693, maximum value of 13877.4 and minimum value of 11.3.

Foreign Portfolio Investment: has a mean value of 3987.855, a maximum value of 19077.40, minimum value of 6.8 and a standard deviation of 5878.964. The wide gap between the mean value and standard deviation for foreign portfolio investment shows that foreign portfolio investment recorded a fast growth within the period.
External Debt Stock: recorded a mean value of 39329.2, maximum value of 731760.1 and minimum value of 163.8. External debt stock recorded a standard deviation of 134030.4.
Foreign Direct Investment: has an average value of 9.137586, maximum value of 79.1, minimum value of 1.02 with a standard deviation of 14.11503.
Official Development Assistance: recorded a mean value of 367272, maximum value of 2350858, a minimum value of 225.4 and a standard deviation of 594933.0.
Lastly, in table 4.1, the Jarque-Bera (JB) which test for normality or the existence of outliers or extreme values among the variables shows that human capital development index, foreign portfolio investment, external debt stock, foreign direct investment and official development assistance are normally distributed while exchange rate is not normally distributed.

Augmented Dickey-Fuller Unit Root Test
Augmented Dickey-Fuller (ADF) tests was employed to test for the existence or otherwise of unit root. Determining stationarity is essential because if there is no stationarity, the processing of the data may produce biased result. The decision rule is to reject stationarity if ADF statistics is less than 5% critical value, otherwise, accept stationarity when ADF statistics is greater than 5% criteria value. The summary of ADF statistics is presented in table 4.2 below.

Table 2 Summary of Augmented Dickey-Fuller Test

Variables	ADF Statistics	Order of Integration	Probability Value
HDI	-9.195387	1(0)	0.0000
FPI	-5.082586	1(0)	0.0003
EDS	-10.99187	1(0)	0.0000
FDI	-4.599387	1(0)	0.0005
ODA	-4.081545	1(0)	0.0019

Source: Computed from E-view version 9.0

Table2 shows the summary of Augmented Dickey-Fuller Test. The table shows that all the variables are stationary at level. Human capital development index, foreign portfolio investment, external debt stock, foreign direct investment, official development assistance are stationary at stationary at level. This shows that all the variables used in this study are stationary in the order of 1(0)

Ordinary Least Squire Regression Result
This model that tests the effect of international capital inflows on human capital development in Nigeria is presented below.

Table 3 Summary of OLS

Variable	Coefficient	Std. Error	t-Statistic	Prob.
HDI	2.301739	0.146105	2.065220	0.0555
FPI	3.041448	0.021113	2.963169	0.0273
EDS	4.013367	0.019159	2.697686	0.0424
FDI	1.051059	0.033448	2.526521	0.0364
ODA	5.028410	0.012804	2.218839	0.0013

R-squared	0.780802	Mean dependent var	0.433810
Adjusted R-squared	0.725303	S.D. dependent var	0.077941
S.E. of regression	0.058403	Akaike info criterion	-2.638627
Sum squared resid	0.054575	Schwarz criterion	-2.389931
Log likelihood	32.70559	Hannan-Quinn criter.	-2.584654
F-statistic	3.504723	Durbin-Watson stat	2.943816
Prob(F-statistic)	0.006761		

Source: Computation from E-view Version 9.0

From the results of the OLS, it is obvious that the constant parameter (Bo) is positive at 0.301739. This means that if all the independent variables are held constant, human capital development index as a dependent variable will grow by 2.301739 units in annual-wide basis.

Foreign Portfolio Investment (FPI): the coefficient of foreign portfolio investment 3.041448 with a t-statistics value of 2.963169 and a probability value of 0.0273, which implies that a foreign portfolio investment has positive and significant effect on human development index (HDI). **External Debt Stock (EDS):** the coefficient of external debt stock is positive at 4.013367 with a t-statistics value of 2.697686 and a probability value of 0.0424, which means that external debt stock, has positive and significant effect on human development index (HDI).

Foreign Direct Investment (FDI): the coefficient of foreign direct investment is positive at 1.051059 with a t-statistics value of 2.526521 and a probability value of 0.0364, which means that foreign direct investment, has positive and significant effect on human development index (HDI).

Official Development Assistance (ODA): the coefficient of official development assistance is positive at 5.028410 with a t-statistics value of 2.218839 and a probability value of 0.0013, which means that foreign direct investment, has positive and significant effect on human development index (HDI).

The coefficient of determination (R^2) = 0.725303 showed that about 73% of changes in the human capital development in Nigeria is accounted for by the level of international inflow in Nigeria. This implies that international inflow is one major contributor on human capital development in Nigeria.

The F-statistic value of 3.504723 and probability value of 0.006761 shows that there is significant effect between the dependent and independent variables in the model

The Durbin-Watson Statistics value of 2.943816 shows that the variables in the model are not autocorrelated

Test of Hypotheses

The statistical significance of the individual parameters is used to test the hypotheses. These tests were conducted at 5% level of significance

Test of Hypothesis One

Stage One: Restatement of hypothesis in null and alternate form:

Ho1: Foreign portfolio investment has no significant effect on human capital development in Nigeria

Hi: Foreign portfolio investment has significant effect on human capital development in Nigeria

Stage Two: Analysis of the regression results,

Table 5: OLS on Effect of International Capital Inflows on Human Capital Development in Nigeria

Variable	Coefficient	t-Statistic	Probability	Conclusion
HDI	2.301739.	2.065220	0.0555	Statistically Positive and Significant
FPI	3.041448	2.963169	0.0273	Statistically Positive and Significant
EDS	4.013367	2.697686	0.0424	Statistically Positive and Significant
FDI	1.051059	2.526521	0.0364	Statistically Positive and Significant
ODA	5.028410	2.218839	0.0013	Statistically Positive and Significant

Source: Computed from E- view 9.0

Stage Three: Decision

From the table above, since the probability value is less than 5% (0.0273<0.05) with coefficient value of 3.041448 and t-Statistic of 2.963169, the study therefore rejects the null hypotheses and accepts the alternative hypotheses: which means that foreign portfolio investment has significant effect on human capital development in Nigeria

Hypothesis Two
Stage One: Restatement of Hypothesis in Null and Alternate Form:
H_{O2}: External debt stock has no significant effect on human capital development in Nigeria
Hi: External debt stock has significant effect on human capital development in Nigeria
Stage Two: Decision
Since the probability value is less than 5% (0.0424<0.05) with coefficient value of 4.013367 and t-Statistic of 2.697686. The study rejects the null hypotheses and accepts the alternative hypotheses and concludes that external debt stock has significant effect on human capital development in Nigeria
Hypothesis Three
Stage One: Restatement of Hypothesis in Null and Alternate Form
H_{O3}. Foreign direct investment has no significant effect on human capital development in Nigeria
Hi. Foreign direct investment has significant effect on human capital development in Nigeria
Stage Two: Decision
 Since the probability value is less than 5% (0.0364>0.05) with coefficient value of 1.051059 and t-Statistic of 2.526521 the study rejects the null hypotheses and accepts the alternative hypotheses: which means that foreign direct investment has significant effect on human capital development in Nigeria
Hypothesis Four
Stage One: Restatement of Hypothesis in Null and Alternate Form:
H_{O4}. Official development assistance has no significant effect on human capital development in Nigeria
Hi. Official development assistance has significant effect on human capital development in Nigeria
Stage Two: Decision
Since the probability value is less than 5% (0.0013>0.05) with coefficient value of 5.028410 and t-Statistic of 2.218839, the study rejects the null hypotheses and accepts the alternative hypotheses: which means that official development assistance has significant effect on human capital development in Nigeria
Discussions of Findings
The result of the ordinary least square (OLS) indicates that:
Foreign Portfolio Investment (FPI): has positive and significant effect on human development index (HDI). The results of our findings are consistent with the work of Kanu (2015), in terms of foreign portfolio investment, it was discovered that foreign portfolio investment has positive relationship with Nigerian economy
External Debt Stock (EDS): has positive and significant effect on human development index (HDI). The result of our findings are consistent with the work of Abula and Ben (2016), who posit that external debt stock has positive effect on human development in Nigeria.
Foreign Direct Investment (FDI): has positive and significant effect on human development index (HDI). The result of our findings is consistent with the work of Nwosa (2014), it was discovered that foreign direct investment has positive effect in Nigeria
Official Development Assistance (ODA): has positive and significant effect on human development index (HDI). The results of our findings are consistent with the work of Olaleye (2015), who posit that official development assistance has positive effect on human development in Nigeria.

CONCLUSION
The result of the study indicates that foreign portfolio investment, external debt stock, foreign direct investment and official development assistance has positive and significant effect on human capital development index (HDI).
 The study concludes that international capital inflow has positive effect on human capital development in Nigeria within the period under review

RECOMMENDATIONS
1. There is the need for greater foreign participation in the stock market which could enhance foreign portfolio investment and take into consideration those other factors which negatively affect investment in the country in order to maintain sustainable human capital development

2. External debts should be contracted solely for economic reasons and not for social or political reasons. This is to avoid accumulation of external debt stock overtime and prevent an obscuring of the motive behind external debt. The authorities responsible for managing Nigeria's external debt should adequately keep track of the debt payment obligations and the debt should not be allowed to pass a maximum limit so as to improve human capital development in Nigerian.
3. An effective policy should be made based on the fiscal and monetary policies which should be aimed at achieving a realistic foreign direct investment in human capital development in Nigerian.
4. Since theories have supported that these capital channels should boost human capital development in Nigerian, it is pertinent that Nigeria government should investigate the spending pattern of the funds obtained through official development assistance

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