Abstract

Sustainable financial ventures support environmental quality in attaining sustainable development goals in sub-Saharan Africa (SSA). Despite mobilization of capital inflows, climate vulnerabilities have persisted from carbon leakage, lower green finances and budgetary constraints. This paper examined the influence of capital inflows on environmental quality in SSA. A reduced panel of 20 SSA countries was utilized and dynamic panel GMM for estimations. Autocorrelations at AR (1) from Arellano-Bond tests were statistically significant at 0.05, while AR (2) observed no significance. Instrument counts and Hansen tests validated that instrument variables from lagged values were valid. The strong statistical dependence and temporal persistence from L1.ihs_CO2, L1.ihs_AQI and L1.ihs_EFPRD, contributed to environmental quality variations given past policies on expanded industrial manufacturing, fiscal rigidities, conventional energy and low technology. Additionally, the EKC theory was not supported in this research given the statistical insignificance of GDP per capita, resulting from high p values above the 0.05 significance level. This paper recommends fiscal policies that prioritize carbon-free economies through sustainable partnerships in climate resilience programs and eco-entrepreneurship to address recurring emissions. Moreover, government and economic analysts should manage structural deficits on key environmental programs by developing their financial architecture through concessional finance and debt sustainability strategies.