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Infrastructural Finance and Economic Growth: Evidence From Nigeria (1999 – 2020)

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ABSTRACT
This study examined the effect of infrastructural finance on economic growth of Nigeria for the period 1999 – 2020 using Ordinary Least Squares (OLS) multiple regression technique. Economic growth was measured by Real Gross Domestic Product while infrastructural finance was measured by government infrastructural spending on economic services, social and economic services and official development assistance. Empirical findings revealed that government infrastructural spending on economic services had a positive and insignificant impact on economic growth while government infrastructural spending on social and community services and official development assistance had positive and significant impact on economic growth of Nigeria. The study thus recommended that government should effectively regulate the budgetary allocations for infrastructural spending in order to foster real sustainable growth.
Keywords: Economic Growth; Economic Services; Government, Social and Community Services.

1. INTRODUCTION

Governments around the world are continually looking for new strategies to increase the ability of their economies to produce goods and services. In this light, over the last two and half decades attention has shifted to infrastructure development as a veritable tool for raising the productive capacity of the economy. Infrastructure plays a very important role in the growth process of an economy. In fact, development economists have considered infrastructure to be a precondition for industrialization and economic development (Sawada, 2020). Infrastructural development has been on the top of priority list for governments all over the world. Policymakers believe that appropriate infrastructural investment holds the key to social and economic development and growth. According to World Bank (2017), improving infrastructure in the world is key to reducing poverty, increasing growth and achieving the Millennium Development Goals (MDGs).

Infrastructure development has been well documented in the economic literature as a critical factor driving economic growth (Estache, 2010). Development in whatever dimension cannot result into good healthy living if infrastructure such as telecommunications, transport, energy, water, health, housing and education are not invested on. Infrastructures raises growth quality, reduces economic disparity and poverty level. Direct investment on infrastructure is capable of promoting positive externalities in terms of making available production facilities and at the same time lowers costs associated with trade transactions and generate employment opportunities for the people. Conversely, deficiency of infrastructure constitutes serious hindrance to sustainable growth and development and possibly worsens poverty level. A number of studies have documented positive relationship between economic growth and infrastructure development (Seidu, 2020; Sawada, 2020; Straub, 2019). These studies have maintained that investment in infrastructures directly affect economic development. The only avenue a country can explore to attain a reasonable growth potentials is to commit resources to the provision of infrastructures such as good roads, functional railway networks, water, electricity, schools, houses, hospitals, etc.

Nigeria is experiencing a stunted growth due to sluggish infrastructure development. Resources channeled to the provision of infrastructure services were largely inadequate and sub optimal. However, funds directed to the provision of infrastructures were either embezzled or out rightly diverted to less productive needs which are susceptible to corruption. This, however, created a lacuna in infrastructure development process.

In spite of the ever increasing government infrastructural spending in Nigeria, there is still inadequate infrastructures facilities in the country such as electricity, roads among others reveals that either the expenditure are not properly channeled for infrastructure provisions and this area is neglected by the policy makers for adequate attention. This in particular is what this study is interested in examining critically and empirically.

The main objective of this study is to ascertain the impact of public infrastructural financing on economic growth of Nigeria. The specific objectives are to ascertain the impact of government infrastructural spending on economic services, social and community services and official development assistance (ODA) on real gross domestic product of Nigeria for the period 1999-2020.

It has long been recognized that adequate supply of infrastructure services is an essential ingredient for productivity and growth in any economy. The interest of this study stems from the immense contribution of infrastructure on growth in order to identify the real impact of public infrastructure financing on economic growth in Nigeria.

2. LITERATURE REVIEW

Conceptual Review

Mechanism of Infrastructural Financing

In general term, government capital expenditures is often used to measure infrastructural investments or infrastructural financing (Petrou, 2015). Therefore, infrastructural financing in this study implies capital expenditures of government for its own activities, societal and economic development as a whole. It is worthy of note that government spends on defence, education and other social services. Also, government spends on servicing national debts, capital investments such as construction of roads, airports, railway, hospitals, technology, etc. This shows that government is getting increasingly involved in economic activities and in transfer payments to other countries. As a result, it is expected that public infrastructural expenditure maintain upward trend overtime in developing countries of the world.

Assessing the impact of infrastructural financing on economic growth involves several challenges, the major being a proper specification of what constitute infrastructural financing. From the outset, defining infrastructural financing only according to the proprietorship inexorably leads to an amalgam of infrastructure of various level of productivity. For example, it seems improbable that a newly built highway induces the same change in productivity as a museum. Adesoye (2017), believed that the confusion surrounding the definitions of public infrastructural financing or capital expenditure originated from defining them in regards to their ownership. Sawada (2020), defined infrastructural financing as being comprised of public capital expenditures on infrastructural fundamentals like highways, schools, airports and public services such as sewers, hospitals, schools, ICT facilities and other long-term projects. Hence, the authors argued that such an infrastructure core should be considered productive in nature.

The direct channels from infrastructure capital, whether in its pure public good or intermediate inputs, to growth first involve a simple productivity effect? Indeed, in a standard production function with factors being gross complements, an increase in the stock of infrastructure would raise the productivity of other factors (Sawada, 2020). An extreme version of the direct effect of infrastructure corresponds to the case of strong complementarities. For example, by providing access to certain remote or uncommunicated areas, roads or bridges make private investments possible. Similarly, by giving entrepreneurs access to certain services such as electricity or telecommunications, investments in critical parts of infrastructure networks enable corresponding private investment (Petrou, 2015). However, the way infrastructure investments are financed is obviously not neutral and that the risk of a crowding-out effect on private

investments exists, especially if these investments are financed through taxation or borrowing from domestic financial markets.

Economic Growth

Economic growth is the sustained, concerted actions of policy makers and communities that promote the standard of living and economic health of a specific area. Economic growth could also be referred to as the quantitative and qualitative changes in the economy (Lutz, 2015). Such actions can involve multiple areas including development of human capital, critical infrastructure, regional competitiveness, social inclusion, health, safety, literacy, and other initiatives. Economic growth differs from economic development. Whereas economic development is a policy intervention endeavour with aims of economic and social well-being of people.

The scope of economic growth includes the process and policies by which a nation improves the economic, political, and social well-being of its people. Economic growth is a term that economists, politicians, and others have used frequently in the 20th century.

In economics, the study of economic growth was borne out of an extension to traditional economics that focused entirely on national product, or the aggregate output of goods and services. Economic development was concerned in the expansion of people's entitlements and their corresponding capabilities, morbidity, nourishment, literacy, education, and other socio-economic indicators (Edame, 2009).

Official Development Assistance (ODA)

ODA also known as foreign aid is an international payment that consists of either a loan or a grant, from one country to another, these payments can either be bilateral, multilateral or private assistance from a nongovernmental organization (Todaro, 2009). The distinction between bilateral- and multilateral aid is that bilateral is a two-way stream meaning that it is sent from one government to the other whereas multilateral aid is given by a coalition of countries and/or organizations to a specific country (Todaro, 2009). Economists require that foreign aid has to be met by two criterions; the purpose of aid has to be non-commercial and concessional, both the repayment stage and the interest rate should be softer than commercial terms i.e. concessional terms.

There are four main forms of development aid which include project aid, financial programme aid, technical assistance, food aid and humanitarian aid or emergence relief (Riddell, 2007).

Theoretical Review

There are several theories explaining the impact of infrastructural financing on economic growth of a country. However, this study will be based on the Wagner's law which states that public investments in long-term projects is critical to sustainable economic. The various theories have been reviewed as follows:

Wagner's Law

Wagner's Law is named after German political economist Adolph Wagner (1835-1917), who developed a "law of increasing state activity" after empirical analysis on Western Europe at the end of the 19th century. Wagner's argument was that government growth is a function of accelerated industrialization and economic development. Wagner asserted that during the industrialization process, as the real income per capita of a nation increases, the share of public expenditures in total expenditures increases. The law cited that the advent of modern industrial society will result in increasing political pressure for social progress and increased allowance for social consideration by industry (Ekpung, 2014). Wagner designed three important bases for the increased in state expenditure. Firstly, during industrialization process, public sector activity will substitute private sector activity. State functions like administrative and protective functions will be spurred. Secondly, governments needed to provide social and community services like education, health, pension, food subsidy, natural disaster aid, environmental protection programs and other welfare functions. Thirdly, increased industrialization will bring out technological change and large firms that tend to monopolize. Governments will have to offset these effects by providing social and merit goods through budgetary means. Adolf Wagner further pointed out that public spending is an endogenous

factor, which is determined by the growth of national income. Hence, it is national income that causes public expenditure. The Wagner's Law tends to be a long-run phenomenon: the longer the time-series, the better the economic interpretations and statistical inferences.

The Classical/Keynesian Theory of Public Expenditure

The classical economists believe that the government intervention brings more harm than good to an economy and that the private sector should carry out most of the activities. In his Welfare of Nations, Adam Smith advocated much on the "laissez-faire" economy where the profit motive was to be the main cause of economic developments. According to the classical dichotomy, an increase in the total amount of money leads to a proportionate increase in all money prices, with no change in the allocation of resources or the level of real GDP, which is known as money neutrality (Estache, 2010). The classical economists assumed that the economy was perfect: it is always at full employment level, wage rate and rate of interest is self-adjusting and as a matter of fact, the budget should always balance as savings is always equal to investment. Since they believe that the economy was always at its full employment level, their objective was certainly not growth.

Empirical Review

Seidu (2020) investigated how infrastructure funding impacts economic growth and how best the UK can maximize this potential by building on existing work. The research method was based on interviews carried out with respondents involved in infrastructure operating across various sectors. The findings showed that investment in infrastructure was vital in the UK as it stimulated economic growth through employment creation due to factor productivity. However, it was critical for investment to be directed to regional opportunity areas with the potential to unlock economic growth and maximize returns whilst stimulating further growth to benefit other regions. There is also a need for policy consistency and to review UK infrastructure policy to streamline the process and to reduce cost and time overrun, with Brexit likely to impact negatively on infrastructure investment.

Ebuh and Ezike (2019) examined the link between infrastructure development and output growth in Nigeria for policy formulation and implementation. The article employed the Granger causality test based on the time series vector error correction model (VECM) to reinvestigate the nexus between infrastructure investment and economic growth in Nigeria, using quarterly data from 1997:Q1 to 2017:Q4. This study, therefore, interrogated and accepts the infrastructure–growth hypothesis that increased financial infrastructure and infrastructure stock stimulates long-run real economy expansion in the Nigerian context.

Nketiah-Amponsah and Sarpong (2019) investigated the effect of infrastructure and foreign direct investment (FDI) on economic growth in Sub-Saharan Africa (SSA) using panel data on 46 countries covering the period 2003 – 2017. The data were analyzed using fixed effects, random effects, and system generalized method of moments (GMM) estimation techniques. Based on the system GMM estimates, the results indicated that a 1 percent improvement in electricity and transport infrastructure induces growth by 0.09 percent and 0.06 percent, respectively. Additionally, FDI proved to be growth enhancing only when interacted with infrastructure. The interactive effect of FDI and infrastructure improves economic growth by 0.016 percent. The results suggest that public provision of economic infrastructure reduces the cost of production for multinational enterprises, thus providing an incentive to increase investment in the domestic economy to sustain economic growth. The results also suggested that the impact of FDI on economic growth is maximized when some level of economic infrastructure is available. The findings thus provided ample justification on the need for a significant government investment in infrastructure to provide a less costly business environment for both local and multinational enterprises to improve economic growth.

Adesoye (2017) analyzed the effects of infrastructural financing on economic growth in Nigeria between 1970 and 2010. The time frame was selected based on data availability and to cover major structural economic eras in Nigeria since a decade after independence. The econometric model incorporated components of government infrastructural spending based on functions. The ordinary least squares (OLS)

method was used to estimate the empirical model. The result of analysis revealed that that government community service infrastructure spending, private infrastructure investment, broad money supply, and total population, exert positive influence on economic growth. While, government economic service infrastructural spending and total domestic and external debt exerted negative effects on economic growth in Nigeria. On the basis of the significant F-statistic result the null hypothesis "infrastructural investment has significant effect on economic growth in Nigeria". Policy recommendations were proffered based on the empirical findings.

Orji, Worika and Umofia (2017) investigated the effects of infrastructure on the industrial sector of Nigeria. In that vein, ordinary least squares method of regression analysis was adopted, using time series data spanning from 1990 to 2015. Industry value-added (% of GDP) was used as an indicator of Nigeria's industrial sector performance, while index of electricity consumption, gross capital formation, and federal government spending on transport and communication were used as indicators for infrastructural development. The results of the regression showed that the index of electricity consumption exerted a positive but insignificant impact on industry value-added; gross capital formation and federal government spending had a negative but significant impact on industry value-added on industry value-added (on a 5% confidence level). The study recommended that measures to revamp and maintain the power sector of Nigeria must be taken seriously to ensure better supply of power. It was also recommended that corruption be curbed and projects, for which funds are disbursed, be properly monitored so as to ensure that efficient and long-lasting infrastructure will be built and properly maintained to encourage greater industrial output.

Ogbaro (2017) examined the role of infrastructure development in promoting economic growth in Nigeria over the period 1980-2015. A Cobb-Douglas production function which models infrastructure as a stock variable is specified and estimated using the ordinary least squares method. The study found positive and significant effects of total air transport infrastructure, communication infrastructure, power infrastructure and total rail lines on economic growth with estimated elasticities of 0.035, 0.016, 0.141 and 0.132, respectively. The study recommended that it will be worthwhile for the Nigerian government and policymakers to implement policies geared towards the development of infrastructure. Also, since the government cannot do it alone, an enabling environment should be created to encourage Public-Private Partnership in infrastructure development.

Diyoke, Yusuf and Demirbas (2017) investigated the impact of government expenditure on economic growth in selected countries in Sub-Saharan Africa (SSA). The study besides focusing on the lower middle income countries in the region such as Cape Verde, Cameroon, etc., further examined the significance of oil receipts on growth *via* public expenditure. The period of the study spanned from 1980 to 2015. Gross domestic product per capita was used as a proxy of growth; while general government expenditure (totals), investment (totals) and interest rate were used as independent variables. The study employed both static panel and Arellano and Bond (1991) GMM estimators. Results found long run relationship amongst the variables used in the study. Government expenditure, investment and oil exports were equally found to have impacted on growth in the region. Although, government expenditure has not contributed positively to economic growth in the region as it was negatively signed. Therefore, the study recommended that government expenditure should be properly disaggregated as a matter of priority between capital and recurrent expenditures in order to carefully situate its role on growth.

Jumare, Yusuf and Muhammed (2017) examined the impact of government expenditure on economic growth in Nigeria. The study covered the period of 1981-2014 and the ordinary least squares (OLS) method of econometric technique and granger causality test was used. The model used gross domestic product as dependent variable and the independent variables were labour, human capital, physical capital, government capital expenditure and government recurrent expenditure. The result indicated that there was negative and insignificant relationship between human capital and gross domestic product, positive but insignificant relationship between physical capital and gross domestic product, and there was positive but insignificant relationship between government capital expenditure and gross domestic product. Furthermore, the result of granger causality test showed that government expenditure granger cause gross

domestic product but gross domestic product did not granger cause government expenditure. The result explained that government expenditure really do have impact on economic growth but not in a way to bring about the achievement of micro-economic objectives because the pattern of the expenditure is tilted more on recurrent expenditure then capital expenditure. Therefore, the study recommended that; expenditure should be directed on human capital development that will yield positive and continuous economic growth.

3. RESEARCH METHODS

Research Design

The *ex-post facto* research design was used for the study. It refers to a systematic empirical study in which the researcher do not in any way control or manipulate the independent variables because the situation for the study already exists or has taken place. Consequently, historical time series data for the period 1999-2020 was collated for this purpose.

Nature and Sources of Data

The data to be used in this research work were annual time series data of the model variables sourced from secondary sources such as the CBN Statistical Bulletin and World Development Indicators. Data on ODA funds were sourced from World Development Indicators while others were sourced from CBN Statistical Bulletin.

Model Specification

The econometric model employed by Adesoye (2017) to analyze the inter-relationship between public infrastructural financing and economic growth in Nigeria was adopted for this study. Adesoye (2017) empirical model was formulated on government spending by functions and augmented with the integration of exogenous factors like broad money supply, real public defense spending, and government debt. The Adesoye (2017) econometric model is expressed as:

$$RGDP = \beta_0 + \beta_1 GES + \beta_2 GCS + \beta_3 PIN + \beta_4 DBT + \beta_5 MS + \beta_6 POP + \mu_t \quad \text{……Eqn. (3.1)}$$

Where,
RGDP = real gross domestic product
GES = Government infrastructural spending on economic services
GCS = Government infrastructural spending on social and community services
PIN = private investments
DBT = government debt
MS = money supply
POP = population

However, the Adesoye (2017) model was modified by incorporating official development assistance (ODA) funds on capital projects to replace total government debt. Also, money supply, private investments and population were excluded from the empirical model considering its non-relevance and the major focus of this study. Therefore, the empirical model for this study is specified as:

$$RGDP = \beta_0 + \beta_1 GES + \beta_2 GCS + \beta_3 ODA + \mu_t \quad \text{……Eqn. (3.2)}$$

Where,
RGDP = real gross domestic product
GES = Government infrastructural spending on economic services
GCS = Government infrastructural spending on social and community services
ODA = funds from official development assistance on capital projects
β_0 = constant
β_1 - β_3 = constant
μ = error term

Description of Model Variables

The variables used for the study were defined and measured as follows:

Dependent variable

Real gross domestic product (RGDP): Real gross domestic product (Real GDP) is an inflation-adjusted measure that reflects the value of all goods and services produced by an economy in a given year (expressed in base-year prices) and are often referred to as constant-price GDP, inflation-corrected GDP. It is used to measure the pace at which the domestic economy is growing.

Independent variables

Government infrastructural spending on economic services (GES): It consists of all recurrent expenditures associated with the regulation and operation of business for economic development, redressing regional imbalances and creating employment opportunities. It was measured as the total expenditure on agriculture, construction, transport and communication.

Government infrastructural spending on social and community services (GCS): This comprises majorly the aggregate government recurrent expenditures on health and education.

Funds from official development assistance on capital projects (ODA): The term ODA or foreign aid refers to any type of assistance that one country voluntarily transfers to another, which can take the form of a gift, grant, or loan. Hence, this measures the total value of annual foreign aid to Nigeria on capital projects. ODA is expected to have a positive impact on economic performance in Nigeria since it is a transfer of resources into the country.

Technique of Data Analysis

This study used Ordinary Least Squares (OLS) technique for the data analysis. According to Osuala (2010), ordinary least squares (OLS) is a statistical method for estimating the unknown parameters in a linear regression model. A regression model describes the nature of the relationship between variables by expressing the relationship in a mathematical form. In other words, regression analysis provides an estimated equation which expresses the functional relationship between the relevant variables. Using this equation, a researcher can predict one variable given the values of the other variables. Thus, this study will apply the multiple regression model, which involves one dependent variable and two or more independent variables.

4. PRESENTATION AND ANALYSIS OF DATA

Presentation of Data

The data used for this study were presented in Table 4.1:

Table 4.1: Data used for the study

YEAR	RGDP ₦' billion	GES ₦' billion	GCS ₦' billion	ODA ₦' million
1999	22,449.41	323.58	17.25	189,660,000.00
2000	23,688.28	111.51	27.97	210,960,000.00
2001	25,267.54	259.76	53.34	188,750,000.00
2002	28,957.71	215.33	32.47	199,840,000.00
2003	31,709.45	97.98	55.74	203,340,000.00
2004	35,020.55	167.72	30.03	151,990,000.00
2005	37,474.95	265.03	71.36	173,800,000.00
2006	39,995.50	262.21	78.68	167,820,000.00
2007	42,922.41	358.38	150.90	299,550,000.00
2008	46,012.52	504.29	152.17	309,850,000.00
2009	49,856.10	506.01	144.93	578,770,000.00
2010	54,612.26	412.20	151.77	6,401,790,000.00
2011	57,511.04	386.40	92.85	11,431,960,000.00
2012	59,929.89	320.90	97.40	1,958,600,000.00
2013	63,218.72	505.77	154.71	1,293,720,000.00
2014	67,152.79	393.45	111.29	1,639,000,000.00
2015	69,023.93	348.75	82.98	2,052,360,000.00
2016	67,931.24	278.95	68.80	1,767,690,000.00
2017	68,490.98	542.19	167.66	1,914,240,000.00
2018	69,799.94	753.49	203.42	2,515,760,000.00
2019	71,387.83	994.19	264.69	2,479,020,000.00
2020	62,927.11	628.22	191.90	2,431,600,000.00

Source: Central Bank of Nigeria (CBN) Statistical Bulletin and World Development Indicators.

Data Analysis

The regression analysis on the impact of government infrastructural financing on economic growth in Nigeria was presented in Table 4.2:

Table 4.2: Regression Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
LOG(GES)	0.012679	0.115905	0.109392	0.9141
LOG(GCS)	0.259618	0.090701	2.862361	0.0104
LOG(ODA)	0.143508	0.037758	3.800740	0.0013
C	6.578960	0.645976	10.18453	0.0000
R-squared	0.820620	Mean dependent var		10.74996
Adjusted R-squared	0.790723	S.D. dependent var		0.386909
S.E. of regression	0.176998	Akaike info criterion		-0.462388
Sum squared resid	0.563911	Schwarz criterion		-0.264016
Log likelihood	9.086263	Hannan-Quinn criter.		-0.415657
F-statistic	27.44848	Durbin-Watson stat		1.874871
Prob(F-statistic)	0.000001			

Source: Author's computations using EViews 10.0

The result of the regression in Table 4.3 revealed that the overall estimated model is good as it has an Adjusted R-squared of 0.790723. It implies that about 79% of total variation in RGDP (dependent variable) can be explained by GES, GCS and ODA (independent variables) while the remaining 21% was explained by other variables not included in the model (error term). Similarly, the F- statistic value of 27.44848and probability (F-statistic) of 0.000001 showed that the overall model was statistically significant at 5% level of significance. This implies that GES, GCS and ODA collectively exert significant impact on economic growth in Nigeria. Durbin-Watson stat measures the existent of autocorrelation in the model. Durbin-Watson statistics was 1.874871, which is close to 2; therefore, it can be concluded that there was absence of serious autocorrelation in the model.

The estimated coefficients of the independent variables indicates had positive impacts on economic growth of Nigeria. The coefficient of government infrastructural spending on economic services (GES) that RGDP increased marginally by approximately 1.3% due to a percentage increase in GES. Also, the estimated coefficient of government infrastructural spending on social and community services (GCS) indicated that RGDP increased by about 26.0% due to an increase in GCS. Similarly, official development assistance (ODA) caused approximately 14.4% increase in RGDP.

Hypotheses Testing

The basis for testing the hypotheses is as follows:

1. Accept null hypothesis (Ho) and reject the alternative hypothesis (H_A) if p-value is greater than 5%.
2. Reject null hypothesis (Ho) and accept the alternative hypothesis (H_A) if p-value is less than 5%.

H_{o1}: Government infrastructural spending on economic services does not have a significant impact on real gross domestic product in Nigeria.

The probability value of0.9141> 0.05 indicates acceptance of the null hypothesis be that Government infrastructural spending on economic services has no significant impact on real GDP in Nigeria. As such, the alternative hypothesis (HA) was rejected.

H_{o2}: Government infrastructural spending on social and community services does not have a significant impact on real gross domestic product in Nigeria.

The probability value of 0.0104 < 0.05 associated with Government infrastructural spending on social and community services (GCS) implied a significant effect of GCS on real GDP Nigeria. Hence, it was concluded that Government infrastructural spending on social and community services has a significant

effect on economic growth in Nigeria. As such, the null hypothesis was rejected and the alternative hypothesis was accepted.

H_{03}: Funds from official development assistance (ODA) does not have a significant impact on real gross domestic product in Nigeria.

With a probability value of 0.0013< 0.05, it was found that official development assistance (ODA) exerted a significant impact on real GDP of Nigeria. Hence, the null hypothesis was rejected and the alternative hypothesis accepted that official development assistance (ODA) has a significant impact on real GDP Nigeria.

DISCUSSION OF RESULTS

This study shows that the identified channels of infrastructural financing enhanced economic growth in Nigeria. Infrastructural spending on economic services, government infrastructural spending on social and community services and official development assistance all exerted positive and significant impacts on economic growth of Nigeria, except for infrastructural spending on economic services which was not significant. These findings were in consonance with the Wagner's Law that supported the involvement of government in economic activities. Also, empirical works such as Seidu (2020); Ebuh and Ezike (2019); Nketiah-Amponsah and Sarpong (2019); Adesoye (2017); Orji, Worika and Umofia (2017) had shown that infrastructural financing enhances economic growth.

Summary of Findings

Based on the analysis carried out using the multiple regression analysis, the following findings were noted:

1) Government infrastructural spending on economic services has a positive and insignificant impact on real gross domestic product of Nigeria.
2) Government infrastructural spending on social and community services has a positive and significant impact on real gross domestic product of Nigeria.
3) Official development assistance (ODA) has a positive and significant impact on real gross domestic product of Nigeria.

CONCLUSION

This study investigated infrastructure finance and its impact on economic growth in Nigeria using multiple regression analysis. In this analysis, a model consisting of infrastructural finance in economic services, infrastructural finance in social and community services and official development assistance as independent variables and real gross domestic product as a dependent variables was developed. Overall, the results revealed that government infrastructural finance are critical factors driving economic growth in Nigeria. Hence, the study concludes that infrastructure finance could raise the quantum of economic growth necessary to promote development in Nigeria if necessary and appropriate policy are implemented.

RECOMMENDATIONS

On the basis of the empirical findings for the impact of infrastructure financing on economic growth in Nigeria, the following findings were made:

1) The government should effectively regulate the budgetary allocation for infrastructural spending in order to foster real sustainable growth;
2) Policies on transparency and accountability should be instituted in order to curb the menace of self-centeredness, greed, corruption and public funds mismanagement among Nigerian leaders in order to earn the immense growth benefits from infrastructural investment; and
3) To further enhance the positive impact of official development assistance on economic growth in Nigeria, the donor community and the Nigerian government need to work in partnership in addressing these weaknesses in order to make aid achieve its intended objectives of increasing economic growth.

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APPENDIX

Regression Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
LOG(GES)	0.012679	0.115905	0.109392	0.9141
LOG(GCS)	0.259618	0.090701	2.862361	0.0104
LOG(ODA)	0.143508	0.037758	3.800740	0.0013
C	6.578960	0.645976	10.18453	0.0000
R-squared	0.820620	Mean dependent var		10.74996
Adjusted R-squared	0.790723	S.D. dependent var		0.386909
S.E. of regression	0.176998	Akaike info criterion		-0.462388
Sum squared resid	0.563911	Schwarz criterion		-0.264016
Log likelihood	9.086263	Hannan-Quinn criter.		-0.415657
F-statistic	27.44848	Durbin-Watson stat		1.874871
Prob(F-statistic)	0.000001			

Source: Author's computations using EViews 10.0