



Effect of Government Educational Expenditure On Economic Development In Nigeria From 1981 – 2021

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ABSTRACT

This study determined the effect of government educational expenditure on economic development in Nigeria from 1981 to 2021. The study was anchored on Wagner's Law/Theory of Increasing State Activities. The study made use of secondary data which were sourced from Central Bank of Nigeria (CBN) Statistical Bulletin and World Bank Development Indicators. The techniques of data analysis adopted include: Augmented Dickey-Fuller (ADF), Autoregressive Distributed Lag (ARDL) technique and Error Correction Model (ECM). The results of the study showed that government expenditure on education exerts a positive and significant effect on Human Development Index in Nigeria in both short run and long run, primary school enrolment has a positive and significant effect on Human Development Index in Nigeria in both short run and long run while secondary school enrolment positively and significantly affects Human Development Index in Nigeria in both short run and long run. The study concluded that government educational expenditure plays a positive and significant role in promoting and enhancing economic development in Nigeria. It was recommended among others that Government should make concerted effort to ensure increase and efficient disbursement of expenditure to educational sector so as to boost the level of economic development in Nigeria.

Keywords: Government Educational Expenditure, Economic Development, Human Development Index, Primary School Enrolment, Secondary School Enrolment

INTRODUCTION

The globalization of education has created a very large industry, and it is now widely acknowledged as the greatest investment any economy can make for the rapid growth of its human, political, and sociological resources. Any educational system's ability to consistently provide superior customer service and remain relevant determines how valuable it is as an investment. Many people believe that education is economic engine that may help a nation grow. To achieve this, primary and secondary education must get adequate funding, and resources must be allocated fairly. Therefore, the relationship between education and human development is well established such that education is a key determinant of development. Economic development can be attained through education. It suffices to remark that investments in human capital are necessary for long-term economic sustainability. According to the law of diminishing returns, investments in real estate and physical capital eventually fail to spur economic expansion. Nonetheless, nations like the United States, Japan, and other European nations have seen consistent economic growth and development over the previous century, rescuing them from extreme poverty and destitution, acute unemployment, increases in per capita income, and high increases in literacy rates. As a result, significant investments in worker

capacity building and an educated labor force have been linked to increases in per capita income and economic output.

Primary education is typically the first stage of formal education, coming after preschool/kindergarten and before secondary school. This type of education was to enable the child to become a more useful member of the society. Secondary education is the stage of education following after primary education. Secondary education aims at providing the learner with opportunities to: acquire necessary knowledge, skills and attitudes for the development of the self and the nation, promote love for and loyalty to the society they find themselves. These processes will be possible through adequate funding. The United Nations sees education as being instrumental in achieving economic prosperity. Also, education can be seen as an instrument of economic development because it forms part of human capital (Paul & Akindele, 2016). Consequently, government expenditure on education plays an important role in the functioning of an economy whether developed or underdeveloped. According to Noko (2018), government expenditure is an aspect of public finance that deals with how government spends revenue generated in meeting the needs of the public at large. Olukemi, Bolatito and Olawuni (2019) stated that government expenditure either recurrent or capital expenditure, notably on educational sector can be growth-enhancing. This is because government expenditure on education raises the productivity of labour and increase the growth of national output, thus fostering improvement of economic growth and development. Therefore, the aim of this paper is to find out the relationship between government expenditure on education and economic development in Nigeria.

Statement of the Problem

Most economy, particularly those in emerging economies, invest a sizable amount of money on educational services with the overarching goal of raising the level, volume, and caliber of their human capital for improved economic performance. The fundamental justification for all of this is that education is crucial for fostering progress, especially in industrialized nations. The importance of investment on education is required to aid other sectors of the economy to attract economic development. It is a common placed knowledge that both primary and secondary education has suffered from inadequate funding in Nigeria. The lack of funding has led to dilapidated of buildings and other infrastructure and dehumanizing living condition of educational facilities for both staff and students. This state of affairs has affected quality service delivery of the educational sector and economic development in Nigeria. Incidentally, government allocation to education has never exceeded 20% as against the average UNESCO recommendation that at least 26% of the national budget of any country should be allocated to the educational sector to cater for the educational needs of the country. Thus, it would seem to follow naturally that if more individuals are educated, the wealth of nation would raise, hence more education attract higher wages and aggregately higher national income. Empirically, some studies have been carried out to determine the effect of government expenditure on economic development in Nigeria. However, there is dearth of literature that examined government educational expenditure - economic development nexus in Nigeria. Hence, the aim of this paper is to examine effect of government educational expenditure on economic development in Nigeria.

Aim and Objectives of the Study

The aim of this study is to examine the effect of government educational expenditure on economic development in Nigeria from 1981 to 2021. Other specific objectives of the study are to;

1. Determine how government expenditure on education affect Human Development Index in Nigeria.
2. Ascertain the effect of primary school enrolment on Human Development Index in Nigeria.
3. Evaluate the effect of secondary school enrolment on Human Development Index in Nigeria.

Statement of Hypotheses

H₀₁: Government expenditure on education does not have significant effect on Human Development Index in Nigeria

H₀₂: There is no significant relationship effect of primary school enrolment on Human Development Index in Nigeria

H₀₃: Secondary school enrolment does not significantly affect Human Development Index in Nigeria.

LITERATURE REVIEW

Theoretical Framework

The theoretical foundation of this study is anchored on Wagner's Law/Theory of Increasing State Activities. Adolf Wagner (1883) formulated the "Law of the increasing extension of state activity". He asserted that there is a long-run propensity for the scope government to increase with higher levels of economic development. Wagner's hypothesis deals with the growing relative importance of government activity and has come to be known as Wagner's law. According to Wagner, there are three reasons to expect an expanding scope of public activity; first, as nations develop, there is increased complexity of legal relations and communication along with greater urbanization and population density and it forces the government to produce the regulatory framework that will accompany the greater intricacy of the relationships among economic agents. Second; as income increases, societies demand more education, entertainment, more equitable distribution of income, and generally more public services. Finally, the technological needs of an industrialized society require a larger amount of capital infrastructure than are forthcoming from the private sector, hence the need for government to step in to fill in the gap. Wagner's law has been tested empirically for various countries and the result differs considerably. Musgrave (1959), in support of Wagner's law, opined that as progressive nations industrialize, the share of the public sector in the national economy grows continually. In the work of Chude and Izuchukwu (2013), Wagner's law postulated that;

- i. Extension of the function of the state leads to an increase in public expenditure on administration and regulation
- ii. The development of modern industrial society would give rise to increasing political pressure for social progress and calls for increased allowance for social consideration in the conduct of industry.
- iii. The rise in public expenditure will be more than a proportional increase in the national income and will thus result in the expansion of the public sector.

From the above, it implies that the more government increases its investment especially in the education sector in the Nigerian economy, the more educated will be the population which in turn will increase the productivity of a workforce hence, economic development.

Empirical Literature

Ojo and Ojo (2022) looked at Nigeria's health expenditure, education, and economic growth, spanning from 1981 to 2019. The study used an error correction model (ECM) as an estimating approach. The study found that government disbursement on education and health has a positive and considerable impact on economic growth and interaction. The results further demonstrate the absence of serial autocorrelation.

Ebipre and Eniekezimene (2020) investigated the impact of government expenditure on economic growth in Nigeria between 1981 and 2016. Data were collected from CBN (2016) statistical bulletin. To use the Ordinary Least Square (OLS) technique, the data were tested for unit root using the Augmented Dickey-Fuller test, the results showed all the variables became stationary at first difference. The Johansen Co-integration test revealed the existence of long-run relationship among the variables. Thus, the findings showed that GCE was inversely related to RGDP both in short run and in the long run. GRE was positively related to RGDP both in the long run and in the short run and there was inverse relationship between CPS and RGDP both in the short run and in the long run.

Kazeem (2019) investigated the responses of state governments to change in fiscal policy between 1999 and 2017. The methodology employed in the study involves the use of Generalized Method of Moments (GMM). The results showed that the fiscal institutions are rather weak and may actually also form part of the rent-seeking agents in the fiscal space as it engenders procyclical fiscal policy at the second tier of government in Nigeria. The study concluded that fiscal policy of State governments in Nigeria is highly procyclical.

Abiodun and Osagie (2018) investigated educational expenditure and economic growth nexus in Nigeria using secondary and times series data from 1987 to 2016, sourced from the Central Bank of Nigeria (CBN), National Bureau of Statistics (NBS) and other agencies and sources. The links among educational expenditure, education sectoral output and economic growth were tested via the Autoregressive Distributed Lag (ARDL) and bound test approach developed by Pesaran and Shin. The findings showed that educational expenditure was inconsistent with education sectoral output. On

the other hand, while recurrent educational expenditure exhibited significant relationship with real gross domestic product (economic growth), in contrast, capital expenditure on education was insignificant.

Kareem, Bakare, Ademoyewa, Bashir, Ologunla and Arije (2014) investigated the impact of public sector spending (administration, agriculture, education, economic, social and community transfer, industry and health services) on economic growth in Nigeria for the period spanning between 1960 and 2010. The results showed that recurrent and capital expenditure contributed positively to economic growth with particular reference to the period under review. The result therefore revealed that capital and recurrent expenditures are significant at 1% level. The study concluded that the government recurrent and capital expenditure have significant influence on economic growth in Nigeria.

METHODOLOGY

Research Design

The study is a major a predictive study; hence it employed quasi-experimental research design. It is best suitable when variables that cannot be controlled in a laboratory are to be used. Hence, the best and appropriate design for this study is the quasi experimental design.

Data Collection and Sources

The nature of this study necessitates the use of secondary data for a period of forty-one years (1981 – 2021). The justification for the use of secondary data was because the data have been verified and scrutinized by the relevant authorities and their availability. Specifically, these data were sourced from the Central Bank of Nigeria (CBN) Statistical Bulletin and World Bank Development indicators.

Model Specification

In order to achieve the objectives of the study, the linear regression model was adopted to estimate the effect of government expenditure on education on economic development in Nigeria.

Functionally, the model is specified as:

$$HDI = f(GEE, PSE, SSE) \tag{1}$$

More explicitly, model (1) is stated as:

$$HDI_t = \beta_0 + \beta_1 GEE_t + \beta_2 PSE_t + \beta_3 SSE_t + \mu t \tag{2}$$

Where:

HDI = Human Development Index (measure of economic development), GEE = government expenditure on education, PSE = primary school enrolment, SSE = secondary school enrolment, β_0 = autonomous or intercept term, $\beta_1 - \beta_3$ = coefficients of independent variable, t = time, μ = stochastic term or error term

Estimation Techniques

The analytical procedure for this study began with providing the summary statistics for each series that will be included in our model. The study built on this by conducting certain pre-estimation tests so as to ensure that the estimated model is not spurious in nature and if a co-integrating regression can be estimated. However, since the result of the unit root test showed that all the variables have mixed stationarity, that is, mixture of stationary at level and stationary at first difference, Autoregressive Distributed Lag (ARDL) technique was adopted. Specifically, in order to ascertain or establish the long run dynamic and short run dynamic interaction among the study time series variables under study Autoregressive Distributed Lag (ARDL) bound test approach to cointegration formulated by Pesaran and Shin (1999) and Pesaran, Shin and Smith (2001) was used. The ARDL model is represented as follows:

$$\Delta(HDI_t) = \beta_0 + \sum_{t=1}^q \alpha_1 \Delta(HDI_{t-1}) + \sum_{t=1}^q \alpha_2 \Delta(GEE_{t-1}) + \sum_{t=1}^q \alpha_3 \Delta(PSE_{t-1}) + \sum_{t=1}^p \alpha_4 \Delta(SSE_{t-1}) + \delta_1(HDI_{t-1}) + \delta_2(GEE_{t-1}) + \delta_3(PSE_{t-1}) + \delta_4(SSE_{t-1}) + \varepsilon_t \tag{3}$$

Where:

Δ = the first difference operator, β_0 = the drift component, $\alpha_1 - \alpha_4$ = short-run dynamic dynamics of the model, $\delta_1 - \delta_4$ = long-run dynamic coefficients of the model, ε_i = serially uncorrelated stochastic term with zero mean and constant variance.

The rule is that if computed F-statistics falls below the lower bound value I(0), the null hypothesis of no cointegration ($\delta_1 = \delta_2 = \delta_3 = \delta_4 = 0$) will not be rejected. Otherwise, if the computed F-statistics exceeds the upper bond value, I(1), then null hypothesis is rejected which indicates that there is co-integration. If the computed result falls between the lower and upper bonds, the test is inconclusive. This is in line with Pesaran et al (2001) that in the case of inconclusive report, investigation may be based on short-run analysis. After the establishment of the existence of the cointegration between variables, the following long-run model for economic development can be estimated:

$$HDI_{t-1} = \delta_1(HDI_{t-1}) + \delta_2(GEE_{t-1}) + \delta_3(PSE_{t-1}) + \delta_4(SSE_{t-1}) + \varepsilon_i \tag{4}$$

Lastly, the error correction model is formulated in order to estimate the short-run dynamics.

$$\Delta(HDI_t) = \beta_0 + \sum_{\tau=1}^p \delta_1 \Delta(HDI_{t-\tau}) + \sum_{\tau=1}^q \delta_2 \Delta(GEE_{t-\tau}) + \sum_{\tau=1}^q \delta_3 \Delta(PSE_{t-\tau}) + \sum_{\tau=1}^q \delta_4 \Delta(SSE_{t-\tau}) + \lambda ECT_{t-1} + \varepsilon_{1i} \tag{5}$$

Where: $\delta_1 - \delta_4$ = the short-run parameters and λ is the speed of adjustment parameter which is expected to be less than zero. To establish the stability of the long-run and short-run coefficients, the CUSUM test to the residuals of equation was applied in order to examine if the two statistics stay within the 5 % significant level.

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

The section presents the result of descriptive analysis in Table 1:

Table 1: Descriptive Statistics

	HDI	GEE	PSE	SSE
Mean	0.478610	147.5456	92.63098	31.85293
Median	0.463000	57.96000	91.81000	27.22000
Maximum	0.564000	646.7500	113.3800	56.87000
Minimum	0.413000	0.160000	78.31000	10.97000
Std. Dev.	0.036087	192.2239	7.065426	11.88272
Skewness	0.573507	1.219103	0.937850	0.657320
Kurtosis	2.491061	3.264087	4.318630	2.490748
Jarque-Bera	2.690044	10.27493	8.980769	3.395511
Probability	0.260534	0.005873	0.011216	0.183094
Sum	19.62300	6049.370	3797.870	1305.970
Sum Sq. Dev.	0.052090	1478001.	1996.810	5647.959
Observations	41	41	41	41

Source: Authors' Computation, 2023.

The results of the descriptive statistics as presented in Table 1 showed that Human Development Index (HDI) recorded a mean average value of 0.48 with a maximum of 0.56 and minimum of 0.41. The Human Development Index (HDI) has a standard deviation of 0.04 which shows the level at which it deviates from the mean. Also, government expenditure on education (GEE) recorded a mean average value of 147.55 with a maximum of 646.75 and minimum of 0.16. The government expenditure on education (GEE) has a standard deviation of 192.22 which shows the level at which it deviates from the mean. In addition, primary school enrolment (PSE) recorded a mean average value of 92.63 with a maximum of 113.38 and minimum of 78.31. The has a standard deviation of 7.07 which shows the level at which it deviates from the mean. Lastly, secondary school enrolment (SSE)

recorded a mean average value of 31.85 with a maximum of 56.87 and minimum of 10.97. The secondary school enrolment (SSE) has a standard deviation of 7.153739 which shows the level at which it deviates from the mean.

Unit Root Test

In any time series analysis, identification of the order of integration of the variables has always been the first step taken to avoid spurious regression problem. Since the testing of the unit roots of a series is a precondition to the existence of cointegration relationship, this study first employed the popular Augmented Dickey-Fuller (ADF) unit root test to investigate the stationarity of all the variables used. Thus, the results of the unit root test are presented in Table 2 below:

Table 2: Augmented Dickey-Fuller (ADF) Test Results

Variables	At Levels		At First Difference		Order of Integration
	ADF	Mackinnon Critical Value @ 5%	ADF	Mackinnon Critical Value @ 5%	
HDI	0.659543	-2.938987	-6.242074	-2.938987	I(1)
GEE	2.197703	-2.936942	-5.114672	-2.938987	I(1)
PSE	-3.552610	-2.936942	-	-	I(0)
SSE	-0.367288	-2.936942	-6.337575	-2.938987	I(1)

Source: *Authors' Computation, 2023.*

After comparing the test statistic value against the Mackinnon critical value at 5% level of significance, it was noticed primary school enrolment was stationary at level [i.e. integrated of order I(0)] and was significant at 5%. On the other hand, Human Development Index, government expenditure on education and secondary school enrolment were stationary at first difference [i.e. integrated of order I(1)] and are all significant at 5%.

ARDL Bound Cointegration Test

This bound test enables us to test for long run dynamic relationship among the variables in ARDL modeling approach. We estimated ARDL with Wald test (F-statistics) to test for joint (overall) significance of the coefficients of all the variables.

Table 3: ARDL Bounds Test

Null Hypothesis: No long-run relationships exist		
Test Statistic	Value	k
F-statistic	8.722832	3
Critical Value Bounds	I(0) Bound	I(1) Bound
Significance		
10%	2.37	3.2
5%	2.79	3.67
2.5%	3.15	4.08
1%	3.65	4.66

Source: *Authors' Computation, 2023.*

The Table 3 revealed that F-statistics is 8.722832 which exceeds the upper bounds at both 5% critical value and this implies that there is evidence of co-integration. Therefore, we can proceed to estimate Autoregressive Distributed Lag (ARDL) Model. The investigation would be based on long-run analysis of ARDL to determine the long run dynamic relationship. On the other hand, short-run analysis of Error Correction Model (ECM) would also be carried out to determine the short run dynamic relationship. The ECM of the ARDL model is efficient to determine the long-run relationship among the variables.

Long-Run Estimates of the ARDL Model

The dynamic relationship between government expenditure on education and economic development was estimated using ARDL method. The results are presented in Table 4:

Table 4: Estimated Long-Run Coefficients of ARDL

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
Dependent Variable = HDI				
GEE	0.403723	0.036852	10.95512	0.0000
PSE	0.001998	0.000491	4.072702	0.0003
SSE	0.002874	0.002752	1.044066	0.3111
C	1.116128	0.690186	1.617140	0.1243

Source: Authors' Computation, 2023.

From the ARDL results in Table 4, government expenditure on education has a positive and significant effect on Human Development Index. The implication of this is that a unit increase in government expenditure on education will lead to significant increase in Human Development Index in the long run. This finding is also supported by the finding of Idenyi, Onyekachi and Ogbonna (2016) which stated that government expenditure on education has positive relationship with gross domestic product in Nigeria. This implies any increase in expenditure on education contributes positively to the growth of the economy. Also, the ARDL results in Table 4 showed that primary school enrolment positively and significantly influences Human Development Index in the long run. The implication of this is that a unit increase in primary school enrolment will lead to significant increase in Human Development Index in the long run. This finding conforms to the finding of Borojo and Jiang (2015) who found that primary school enrolment has positive effect on economic growth both in long run and short run. Lastly, secondary school enrolment has made a positive and significant contribution to Human Development Index in the long run. The implication of this is that a unit increase in secondary school enrolment will lead to significant increase in Human Development Index in the long run. This finding is related to the finding of Olukemi, Bolatito and Olawuni (2019) who established that secondary school enrolment exerted a positive and significant effect on economic growth and development in the long run.

Short-Run Estimates of ECM

Table 5: Error Correction Model (ECM) Estimates

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Dependent Variable = HDI				
D(HDI(-1))	0.002030	0.001286	1.578211	0.1271
D(HDI(-2))	0.005926	0.211529	0.028014	0.9779
D(GEE)	0.002631	0.001133	2.322874	0.0272
D(GEE(-1))	0.000368	0.000412	0.894909	0.3780
D(PSE)	0.005523	0.002417	2.285064	0.0295
D(PSE(-1))	-0.162383	0.157730	-1.029498	0.3115
D(SSE)	0.000127	5.28E-05	2.411808	0.0222
D(SSE(-1))	0.045007	0.026538	1.695959	0.1002
ECM(-1)	-0.554097	0.209761	-2.641561	0.0140

$R^2 = 0.699194$; Adjusted $R^2 = 0.506808$; Prob(F-statistic) = 0.007976
 Durbin-Watson stat = 1.989883

Source: Authors' Computation, 2023.

Adjusted R-squared obtained from the results of the regression analysis is 0.506808. This shows that if the coefficient of determination is adjusted, approximately fifty-one percent (51%) of the changes in Human Development Index are attributable to changes in government expenditure on education, primary school enrolment and secondary school enrolment while the remaining forty-nine percent (49%) of the variation in the model is equally captured by the error term (unknown factors outside the model). Also from the ECM result, prob(F-statistic value) of 0.007976 is less than the alpha value (i.e. $0.007976 < 0.05$), this indicates that the model estimated is statistically significant. This also means

that government expenditure on education, primary school enrolment and secondary school enrolment have joint significant effect on Human Development Index in Nigeria. In addition, the result of the error correction model showed that the error term is negative and significant. Thus, the error term coefficient of -0.554097 shows an evidence of speedy adjustment towards long run equilibrium (i.e about 55 percent). This implies that if there is a shock, the long-run equilibrium will return to its steady state easily.

Moreover, initial government expenditure on education has a positive and significant effect on Human Development Index while government expenditure on education at lag one has a positive but insignificant effect on Human Development Index. The implication of this is that a unit increase in government expenditure on education will bring about an increase in Human Development Index. Moreover, also, the ECM result revealed that primary school enrolment at initial level positively and significantly affects Human Development Index while primary school enrolment at first lag negatively and insignificantly affects Human Development Index. The implication of this is that a unit increase in primary school enrolment at initial level will lead to an increase in Human Development Index. In furtherance, initial level secondary school enrolment has made a positive and significant contribution to Human Development Index while lag one secondary school enrolment has made a positive but insignificant contribution to Human Development Index. The implication of this is that a unit increase in secondary school enrolment at initial level will lead to an increase in Human Development Index. This finding is related to the finding of Ogunleye, Owolabi, Sanyaolu and Lawal (2017) who found that secondary school enrolment, tertiary school enrolment, total government expenditure on health and total government expenditure on education exhibit positive and statistically significant impact on economic growth of Nigeria which implies that these indicators are indispensable in the achievement of growth in the Nigerian economy. The finding is also supported by the finding of Adeyemi and Ogunsola (2016) which revealed that secondary school enrolment has a positive long-run relationship with gross capital formation and economic growth.

Conclusively, it can be observed that both the short run and long run results yielded the same sign for the variables which signifies consistency in the effects of the independent variables (government expenditure on education, primary school enrolment and secondary school enrolment) on the dependent variable (Human Development Index).

Post Estimation Tests

The results of the post-estimation tests are presented and discussed below:

Table 6: Post-Estimation Test Results

Test	F-Statistic	Probability	Null Hypothesis	Decision
Serial Correlation LM Test	0.095087	0.9096	H_0 : No serial correlation	Retain H_0
Normality Test	4.125074	0.123411	H_0 : Normal distribution	Retain H_0
Heteroskedasticity Test	0.582738	0.7129	H_0 : Homoscedasticity	Retain H_0
Ramsey RESET test	1.331713	0.2084	H_0 : Correctly specified	Retain H_0

Source: *Authors' Computation, 2023.*

The diagnostic test results of the economic development were presented in Table 6. Specifically, the result of serial correlation LM test showed that there is no evidence of autocorrelation given that Breush Godfrey LM test probability value was greater than 0.05. In furtherance, the result of normality test showed that the error term is normally distributed. In addition, the result of heteroscedasticity test showed that it is absent in the model hence confirmed the assumption of homoscedasticity. Finally, the result of Ramsey RESET test showed that the model was correctly specified while no variable is missing in the model. In conclusion, diagnostic test results in Table 6 provided evidence that all the variables (Human Development Index, government expenditure on education, primary school enrolment and secondary school enrolment) in our model conform to the basic assumptions of ordinary least squares estimation.

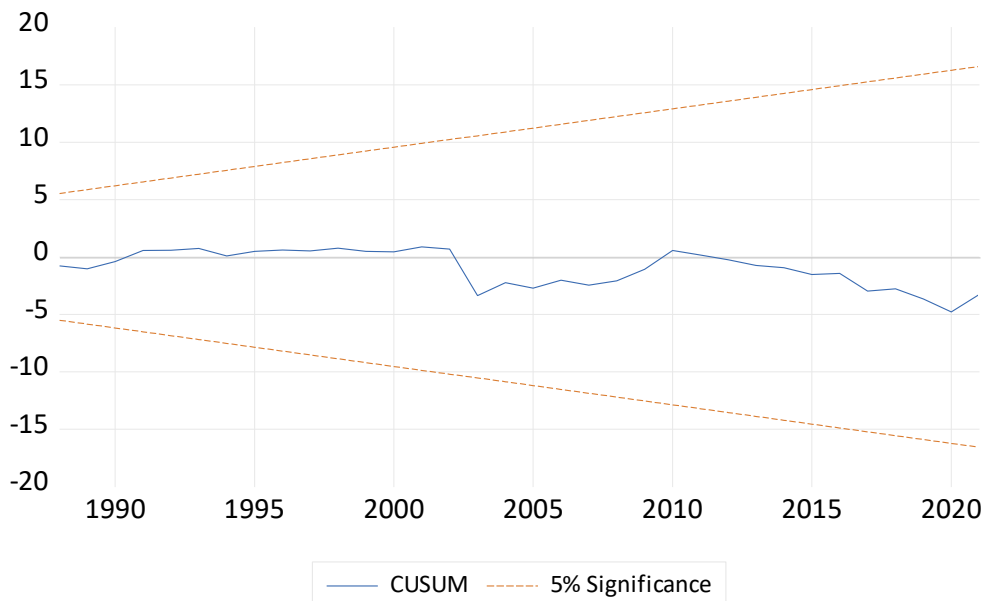


Figure 1: Stability Cusum Test

The cumulative sum (CUSUM) was used to test the stability of the long-run coefficients with the short-run dynamics. The result of stability test presented in Figure 1 indicates that the CUSUM line stayed within the 5 percent critical bound while neither did CUSUM plot crosses the 5 percent critical lines. The implication of this is that there is stability of the long-run coefficients of the regressors that have an economic development in Nigeria.

Conclusively, the results of the diagnostic tests conducted showed that our findings are reliable because it has passed all the major tests in the forms of serial correlation, normality, heteroscedasticity function form, and stability. Thus, the model estimated has a good fit and is adequate for any conclusion drawn from it.

CONCLUDING REMARK AND RECOMMENDATIONS

This study determined the effect of government educational expenditure on economic development in Nigeria. The finding of the study revealed that government expenditure on education exerts a positive and significant effect on Human Development Index in Nigeria. Premised on the findings, the study concludes that government educational expenditure plays a positive and significant role in promoting and enhancing economic development in Nigeria. The following recommendations are proffered based on the findings of this study:

1. The government should ensure that the share of expenditure on education in total expenditures is kept within a reasonable proportion by blocking all leakages and wastages in public financing in the educational sector in country.
2. Monetary authorities should carry out regular appraisal and assessment of the performance of the government expenditure on education in Nigeria particularly in terms of its contribution to the performance and growth and development of the Nigerian economy.
3. Government should make concerted effort to ensure increase and efficient disbursement of expenditure to educational sector so as to boost the level of economic development in Nigeria.
4. Government should ensure that expenditure to education sector is properly managed in a manner that will raise the nation's productive capacity and accelerate economic development.

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