

ANALYSIS OF SECTORAL BUDGETARY ALLOCATION AND ECONOMIC DEVELOPMENT IN NIGERIA

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ABSTRACT

The study examines empirically the short-run and long-run relationships between sectoral allocations to long sectors of the economy and economic development of Nigeria. The study adopted multivariate OLS analysis for the estimation process, cointegration analysis for long-run relationship and the associated error correction model to determine the short-run impact of the variables. The Granger causality test was used to determine the direction of causality among the variables. The findings of the study were that budgetary allocations to education, health and agricultural sectors positively and significantly affects economic growth in Nigeria and allocation to defence sector is negative. We therefore recommend that increase, articulate and judicious spending on these sectors of the economy as well as institutional mechanism to properly monitor the resources spent on them, so that the allocated funds are properly channeled for rapid economic growth and development.

Keywords: Sectoral allocations, economic growth, budgetary allocations, cointegration analysis, granger causality