Sovereign wealth fund on sustainable economic growth in Nigeria

Inim, Victor Edet[1] iD
Udoh, Francis Sylvanus[2] iD
Lungu, Tumba Denis[3]

(✉ Corresponding Author)

[1,3]*Department of Accounting, Nile University of Nigeria, Abuja, Nigeria.*
[1]*Email: victor.inim@nileuniversity.edu.ng*
[3]*Email: denistlungu@gmail.com*
[2]*Department of Business Administration, Nile University of Nigeria, Abuja, Nigeria.*
[2]*Email: slyosly79@gmail.com*

Abstract

The Sovereign Wealth Fund (SWF) nations understood that having enough money in easily accessible foreign accounts would be beneficial to the government in times of fiscal crisis, currency devaluation, natural economic calamity, and even political upheaval to help cushion sustainable economic growth. Between Q1 2005 and Q4 2020, the study looked at the impact of Nigeria's sovereign wealth fund on the country's ability to sustain economic development. In order to conduct the empirical analysis, the study used the ARDL technique of analysis. In order to prevent erroneous regression results, unit root tests were performed on each of the variables. The co-integration test revealed that there is a long-term (or equilibrium) relationship between Nigeria's sovereign wealth fund and the sustainability of its economic growth. It was revealed that Nigeria's gross domestic product was significantly impacted by the Nigerian Infrastructural Fund. Last but not least, it was revealed that the stability Fund has a considerable impact on GDP in Nigeria. Future Generation Fund was also found to have a big impact. On the whole, SWF impact significantly on sustainable economic growth in Nigeria. If government wishes to maintain economic growth and improve the lives of Nigerians, it should demand and pursue effective control and monitoring of the infrastructure, future and stabilization funds.

Keywords: Economic growth, Future generation fund, Gross domestic product and Nigeria, Nigeria infrastructure fund, Stabilization fund.

Contents

Contribution of this paper to the literature
This study concentrated on the overall impact of the Infrastructure Fund, Future Generation Fund, and Stabilization Fund as a substitute for SWFs. Also, none used a combination of the methodology/statistical analysis employed in this study. Therefore, the evaluation of SWFs' impact on Nigeria's sustainable economic growth thus contribute to literature.

1. Introduction

With the founding of the Kuwait Investment Authority in 1953 to invest the nation's excess oil income, the idea of a sovereign wealth fund (SWF) first emerged. SWF has been there for a while, but it has mostly escaped public awareness and policy notice. This associated insignificance abruptly changed in 2006 with the dispute over the attempt to acquire the port management operations at six significant U.S. seaport terminals from Dubai Ports World. This proposed acquisition sparked U.S. national security concerns, which appropriately sparked a larger discussion about the roles, obligations, and duties of sovereign investors (Organization for Economic Co-operation Development, 2016).

Overall, several sovereigns had started to accumulate budgetary and foreign currency surpluses and actively invest them in global financial assets. As a result, sovereigns had solidified their position as important global institutional investors. Significant interest in both policy and business was generated by these developments. Furthermore, it sparked divisive discussions that were so pervasive and politically urgent that in October 2007, the international community requested the International Monetary Fund (IMF) and other international organizations to conduct an analysis of the key problems affecting SWFs and to open a dialogue with the SWFs and economies receiving SWF investments. The most important result of this work was the development of the Generally Accepted Principles and Practices (Santiago Principles) by the SWFs with assistance from the IMF.

So, the Santiago Principles' strategy was meant to lay forth a code of conduct that would support SWF actions and promote more operational simplicity. These steps were acknowledged as helping to create a more stable environment for global capital flows and fending off protectionist sentiments against SWFs (Organization for Economic Co-operation Development, 2016). Around 45 SWF exist globally, and they are all tasked with managing and growing national money through investments. The majority of SWF's funding comes from revenue from non-oil and oil and gas commodities. The management of the Nigerian Sovereign Wealth Fund is under the control of the Nigeria Sovereign Investment Authority.

Worldwide, there are five different categories of SWF: stabilization funds, development funds, pension reserve funds, and reserve investment funds. However, Nigeria has adopted three SWFs: the stabilization fund, the future generation fund, and the infrastructure fund. These three will be used to carry out the mission.

According to Ujah (2013) an SWF is financed by central bank reserves that build up as a result of trade and budget surpluses, as well as by income from the export of natural resources. Gbogbo (2013) said that in addition to these, the earnings from privatizations, fiscal surpluses, official currency operations, and receipts from commodity exports are all used in equal measure to build SWFs or from the central bank's foreign exchange reserves. As part of its oversight of a country's financial system, a central bank may hold some sovereign wealth funds, which are typically of significant economic and fiscal value. Other SWFs merely invest state savings for an anticipated return, which may not play a big part in fiscal management. However, each SWF's allowed investment categories vary by country; those with low liquidity profiles restrict investments to a small number of liquid public debt instruments, while those with high liquidity profiles spread widely (Ujah, 2013).

Political and economic pressures that may lead to excessive resource consumption in the present or overinvestments in infrastructure and diversification projects that may only have marginally beneficial social effects on her population present a significant challenge for the sovereign wealth fund on the sustainability of economic growth in Nigeria. Additionally, even after more than six decades of relying on oil revenues, Nigeria has not been able to account for the trillions of dollars made from oil sales and exports through investments, industrialization, infrastructure development, general socioeconomic growth, diversifications, and savings.

Examining how Nigeria's sovereign wealth fund affects long-term economic growth was the main goal of this study. Other connected goals include figuring out the impact of the Nigerian Infrastructure Fund on the country's GDP, examining the impact of the Future Generation Fund on the GDP, and assessing the impact of the Stabilization Fund on the GDP.

The hypotheses of the study are stated in null forms and tested from the objectives of the study:

Ho₁: Nigerian Infrastructural Fund has no significant effect on Gross Domestic Products in Nigeria.
Ho₂: Future Generation Fund has no significant effect on Gross Domestic Products in Nigeria.
Ho₃: Stabilization Fund has no significant effect on Gross Domestic Products in Nigeria.

Oleka, Ugwuanyi, and Ewah (2014) evaluated the relationship between Nigeria's sovereign wealth fund and economic growth using both primary and secondary data with 40 employees of the Nigerian Sovereign Investment Authority (NSIA) as the population. The establishment's 30 employees were chosen for the study using a purposive sampling technique, and the results showed no significant difference between the two factors. Additionally, Knill, Lee, and Mauck (2012) examined the performance of the target firms over a 5-year period to examine the impact of SWF investment and the return on risk performance of the target firms and discovered a decline in SWF on firm performance. None of these studies, however, concentrated on the overall impact of the Infrastructure Fund, Future Generation Fund, and Stabilization Fund as a substitute for SWFs. The evaluation of SWFs' impact on Nigeria's sustainable economic growth thus fills a research vacuum.

1.1. Concept of Sovereign Wealth Fund

Sovereign wealth funds (SWFs), in Hassan (2009) are government investment entities financed by foreign currency assets that are managed independently of official reserves. Compared to traditional reserves, they may invest in a larger variety of asset types and seek better rates of return. According to Anderson (2010) the main drivers behind the creation of SWFs include central banks' earlier realizations that it is preferable to hold a sizeable sum of money in foreign exchange accounts. They understood that having enough money in easily accessible

foreign accounts would be beneficial to the government in times of fiscal crisis, currency devaluation, natural economic calamity, and even political upheaval. Based on the countries' sources of foreign exchange assets, SWFs are typically divided into two categories: commodity funds and non-commodity funds (Barney, 2001).

The Nigeria Investment Authority Act (NIAA), which established the SWF and was passed into law in March 2011, became effective in October 2011. The money saved from the discrepancy between budgeted and actual market oil prices would be invested to produce returns that will benefit Nigerians in the future (Gbogbo, 2013). A $1 billion USD first founding investment was made in the fund. According to Ujah (2013), the federal, state, and local governments in Nigeria, as well as the municipal council should all contribute to the initial fund that the Nigerian Sovereign Investment Authority will manage, which is the equivalent of $11 billion USD.

The Act further stipulates that any additional money must be generated from leftover monies in the federation account, provided that the financing does not contain the derivation component of the revenue allocation formula. The three separate funds, referred to as windows, that make up Nigeria's sovereign wealth fund each have distinct investing and development goals. The three windows would each receive 85% of the money, leaving 15% of the $150 million initially unallocated to be divided among the three funds as needed in the future. The money would be invested in a variety of cross-border securities. The stabilization fund received an initial allocation of 20%, while the future generation and the Nigeria infrastructure funds each received 40%.

1.2. Concept of Economic Growth

Economic growth is the process of escalating but not necessarily linearly growing the size of macroeconomic and national economic indicators, particularly the GDP per capita, with a beneficial impact on the socioeconomic sector. Increasing a country's production capacity and making the best use of its resources are the two main ways to achieve economic growth (Wolla, 2013). Additionally, it makes economic redistribution between the populace and society easier. Gross domestic product growth entails an expansion in the nation's wealth, which includes the production capacity stated in terms of both absolute and relative size per capita. Economic growth is the expansion of a country's ability to generate goods and services over time. It is an essential component for every economy's pursuit of sustainable development. Through the provision of better infrastructure, health, housing, and education services as well as an increase in agricultural output and food security, economic expansion raises people's standards of life (Wolla, 2013).

1.3. Empirical Review

In their study, Oleka et al. (2014) examined Nigeria's sovereign wealth fund and economic expansion. In this study, both primary and secondary data were utilised. Five research objectives served as the study's direction. The target demographic was made up of all 40 employees of the Nigerian Sovereign Investment Authority (NSIA) in the state. Using a purposive sampling technique, 30 establishment employees were chosen for the study. The research topics were addressed using mean scores and standard deviation. The hypothesis was examined using parametric statistics, namely analysis of variance (ANOVA), coefficient of correlation, and simple linear regression. Using the gross domestic product as a key economic performance measure, we assessed the impact of SWF on economic growth. The analysis discovered a statistically significant, though unfavorable, relationship between SWF and economic growth in Nigeria.

Knill et al. (2012) investigated how investments made by sovereign wealth funds affected the performance of the target companies' return on risk. The performance of the target companies over the five years following the acquisition was examined while taking the level of risk into consideration. The results of their investigation showed that, following investments made by sovereign wealth funds, the target firm's actual returns decreased as the risk increased. This is consistent with the law of financial arson, which holds that the expected return is inversely proportional to the level of risk. However, their findings indicated that investments made by SWFs are linked to a decrease in risk compensation over the five years after the acquisition.

2. Theoretical Framework

2.1. Stewardship Theory

The stewardship theory put out by Davis (1997) is the theoretical framework most appropriate for this investigation. It states that managers will act responsibly as though they are the guardians or custodians of the assets under their stewardship when given the freedom to act independently and without direction or oversight. According to Barney and Hesterly (2009) this idea serves as the fundamental tenet of hedge fund operations, in which investors place complete trust in the management of their assets. Citizens in the country of the SWFs initially look to the government to manage their national wealth; after that, senior management, the central bank, or ministries rely on hired external wealth managers, investment banks, or both, as their trusted guardians of sovereign wealth. This is comparable to a president who is required to lead or direct the national government within the bounds of the constitution established by the nation's legal system. In most nations with successful SWF administration, the central bank and elected officials are in charge of managing sovereign wealth. This is widely regarded as the most effective method for managing SWFs in the literature and in international practices (Bernstein, 2009). The stewardship hypothesis makes the assumption that the principle would be pleased with the agents' individual achievement or that the agents' collective success would reflect in the overall success of the company (Davis, 1997). Therefore, according to the stewardship hypothesis, managers are presumed to be self-motivated and devoid of vested self-interests like bribery, corruption, and self-enrichment, making them result-oriented. This indicates that the objectives of principals and agents are closely related to one another.

3. Methodology

Ex-post facto design was chosen as the research method for this study. Ex-post facto research design, according to Kerlinger and Howard (2013) is the statistical correlation between dependent and independent variables with the goal of establishing a causal relationship between them. The important goal of this study is to evaluate cause-and-effect linkages, hence the data are time series obtained from the 2015–2021 annual reports and

audited financial statements posted on the websites of NSIA and National Bureau of Statistics. The Autoregressive Distributed lag (ARDL), Error Correction Mechanism (ECM), and the co-integration approach were used to analyze the annualized secondary data and evaluate for the long-run effect between the series. The fundamental supposition, in other words, is that all variables are integrated of order 1 or I. (1).

3.1. Model Specification

In this study, the impact of Sovereign Wealth Fund operations on economic growth is compared to those of the Nigeria Infrastructure Fund, Future Generation Fund, and Stabilization Fund. Below are the details for the Unit Root test, descriptive statistics test, and ARDL-ECM utilizing the mathematical specification of the implicit model that represents the connection between sovereign wealth funds and sustainable economic growth:

$$GDP_t = \alpha_0 + \alpha_1 NIF_t + \alpha_2 FGF_t + \alpha_3 SF_t + v_t \quad\quad (1)$$

Where:
GDP   =   Gross Domestic Product.
NIF   =   Nigerian Infrastructural Fund.
FGF   =   Future Generation Fund.
SF =   Stabilization Fund.

V_t =   Error term.

$\alpha_1 - \alpha_3 =$ The parameter coefficients.

Equation 1 above presents the dependent variable GDP as a function of the specific objectives of the independent variable, given as Nigerian Infrastructural fund, Future generation Fund and Stabilization Fund.

The error correction model (ECM), of Equation 1 which captures the speed of adjustment from the short-run disequilibrium towards the long-run equilibrium is specified as follows:

$$\Delta \log G\,DP_t = \alpha_0 + \sum_{i=1}^{m} \alpha_1^i \Delta \log G\,DP_{t-i} + \sum_{j=0}^{n} \alpha_2^i \Delta \log N\,IF_{t-i} + \sum_{k=0}^{o} \alpha_3^i \Delta \log F\,DF_{t-i} + \sum_{l=0}^{p} \alpha_4^i \Delta \log S\,F_{t-i}$$
$$+ \delta ECT_{t-1} + \varepsilon_t --(2)$$

Equation 2 depicts or expresses the logging of 1 so as to have a robust result and also test for long-run relationship.

4. Results and Discussion

4.1. Descriptive Statistics Results

Results from the descriptive statistics are captured in Table 1.

Table 1. Descriptive statistics of the variables.

	Log (GDP)	Log (NIF)	Log (FGF)	Log (SF)
Mean	17.0282	19.14273	18.94638	18.32741
Std. dev.	0.176652	0.564147	0.415708	0.510826
Skewness	-0.82366	-0.51796	-0.86108	-0.45125
Kurtosis	3.106681	2.277545	2.411746	2.082176
Jarque-Bera	2.725046	1.59506	3.311908	1.656898
Probability	0.256014	0.45044	0.19091	0.436726
Observations	24	24	24	24

Note: Future generation fund, Nigeria infrastructure fund, Stabilization fund and Gross domestic product.

According to the results of the descriptive statistics, between 2005 and 2020, SF averaged 18.32%, FDF averaged 18.94, and GDP averaged 17.02%, NIF averaged 19.14%, according to Table 1.

All the variables are negatively skewed and have values smaller than zero, which shows that the distribution tails to the left of the mean, according to skewness, a measure of the shape of the distribution.

NIF, FGF, and SF are examples of platykurtic (fat or short-tailed) variables. Conversely, leptokurtic (slim or long-tailed) variables are those with kurtosis values greater than three, and GDP was shown to be leptokurtic.

A statistical test called the Jarque-Bera statistic was used to determine whether the series were normally distributed or not. It was discovered that the variables were all regularly distributed. The assumption behind this is that all probability values were discovered to be higher than 0.05.

4.2. Unit Root Test Result

The unit root test was used to determine the stationary status of the variables using the Augmented Dickey - Fuller (ADF) technique. This was done to make sure that the data for the variables used in the model do not vary excessively and prevent erroneous regression findings. Results from estimating regression using non-stationary data series can sometimes be erroneous and unreliable. As a result, Table 2 shows the outcomes of the unit root tests:

Table 2. Summary of unit root test results of 1st and 0 order test result of the variables.

Variable	PP test statistics	Critical values	Order of integration
GDP	-4.155252	-3.5620012**	I (0)
NIF	-3.142250	-3.557543**	I (1)
FGF	-3.966352	-3.557759**	I (1)
SF	-4.369988	-4.222571*	I (0)

Note: The tests include intercept and trend; * significant at 1%; ** significant at 5%.

Unit root test was carried out using Phillips Perron (PP) technique to determine the stationary state of the variables in order to make sure that the data for the variables utilized in the model do not fluctuate unnecessarily. Table 1 lists the outcomes of the unit root testing.

Two of the variables (GDP and SF), according to the PP test, were discovered to be stationary at levels and at 5% and 1% level of significance, respectively. As a result, levels for the two relevant variables were rejected by the unit roots PP test. NIF and FGF, however, were discovered to be stationary at the first difference at the 5% level of significance. The variables pass the requirement for employing the limits approach to the co-integration test because they were all discovered to be stationary at various orders.

4.3. Bounds Cointegration Test

The statistical inference that there is a long-term relationship between economic variables is called co-integration. Thus, using the bound test technique to co-integration, the paper investigates the linear combination of the non-stationary variables discovered in the unit-root test. The outcome is shown in Table 3.

Table 3. Co-integration result showing the bound test.

F-bounds test		Null hypothesis: No levels relationship		
Test statistic	Value	Signif.	I (0)	I (1)
F-statistic	5.055705	10%	2.37	3.2
k	3	5%	2.79	3.67
		2.5%	3.15	4.08
		1%	3.65	4.66

The outcome showed that there is co-integration between the variables. At the 5% level of significance, the f-statistics value of 5.055705 is bigger than the lower and upper bound values. The presence of a long-run equilibrium link between the sovereign wealth fund and economic development in Nigeria between 2015 and 2020 is therefore sufficiently demonstrated. The outcome consequently demonstrates that the sovereign wealth fund has a long-term impact on economic growth in Nigeria during the study period.

Table 4. Auto-regressive distributive lag-error correction regression result.

ARDL error correction regression				
Dependent variable: DLOG(GDP)				
Selected model: ARDL (3, 3, 3, 3)				
Case 2: Restricted constant and no trend				
Date: 08/12/22 Time: 15:38				
Sample: 2015Q1 2020Q4				
Included observations: 21				
ECM regression				
Case 2: Restricted constant and no trend				
Variable	Coefficient	Std. error	T-statistic	Prob.
DLOG(GDP(-1))	0.007137	0.094780	0.075305	0.9429
DLOG(GDP(-2))	-0.279421	0.107479	-2.599776	0.0483
DLOG(NIF)	0.034460	0.133945	0.257269	0.8072
DLOG(NIF(-1))	-0.302357	0.142037	-2.128728	0.0865
DLOG(NIF(-2))	-0.242821	0.138900	-1.748173	0.1409
DLOG(FGF)	-0.489069	0.169259	-2.889468	0.0342
DLOG(FGF(-1))	1.046799	0.193517	5.409331	0.0029
DLOG(FGF(-2))	1.355017	0.203853	6.647027	0.0012
DLOG(SF)	0.341420	0.143640	2.376917	0.0634
DLOG(SF(-1))	-0.814711	0.167271	-4.870614	0.0046
DLOG(SF(-2))	-0.932262	0.158643	-5.876480	0.0020
CointEq(-1)*	-0.411354	0.060982	-6.745469	0.0011
R-squared	0.934801	Mean dependent var		0.020079
Adjusted R-squared	0.855112	S.D. dependent var		0.135373
S.E. of regression	0.051529	Akaike info criterion		-2.797802
Sum squared resid	0.023897	Schwarz criterion		-2.200932
Log likelihood	41.37693	Hannan-Quinn criter.		-2.668266
Durbin-watson stat	1.688068			

Note: * p-value incompatible with t-Bounds distribution.
Future generation fund, Nigeria infrastructure fund, Stabilization fund, economic growth, gross domestic product -0.411354.

Table 4 presents, which according to expectation in the result, the Error Correction Term (ECT) parameter is negative, smaller than unity, and significant at the 5% level. If there is any disequilibrium in the system, the ECT value of 0.411354 indicates that it takes an average speed of 41.13 percent to return to the long-run.

The coefficient of determination (R-square) was utilized to demonstrate the model's capacity for explanation and the accuracy of the estimates. It shows how the model has a good match for prediction. It revealed that NIF, FGF, and NIF were each responsible for 93.48 percent of changes in economic growth, with the error term accounting for the remaining 6.52 percent of unaccounted variations. The Durbin Watson (DW) statistic of 1.688 provided by the model also suggested that the variables do not autocorrelate (which fell within the acceptable range of 1.5 and 2.4). This demonstrated that the estimations were objective and trustworthy for making policy choices.

4.4. Statistical Test of Hypotheses

The three hypotheses proposed in this study were examined using the Wald F-statistic test and its related p-values because the level of significance for the study was 5% (for the two-tailed test) (probability value). The

variable in question is indicated to be statistically significant at the 5% level if the PV is less than 5% or 0.05 (i.e., PV 0.05); otherwise, it is not significant at that level.

Hypothesis One: H_{01}:   Nigerian Infrastructural Fund has no significant effect on Gross Domestic Products in Nigeria.

Table 5. Results of Wald test on Nigerian infrastructural fund and GDP.

Test statistic	F–value	Df	Probability
F–statistic	4.52211	(3, 2)	0.00152
Chi–square	21.98571	3	0.00000

The computed F-value for the Nigerian Infrastructural Fund was 4.52211, and its probability value was 0.00152, according to the Wald-test in Table 5. The initial null hypothesis (H01) was rejected since the probability value is less than 0.05 at the 5% level of significance, which places it in the rejection region. The outcome consequently demonstrates that Nigeria's Gross Domestic Product is significantly impacted by the Nigerian Infrastructural Fund.

Hypothesis Two: H_{02}: Future Generation Fund has no significant effect on Gross Domestic Products in Nigeria.

Table 6. Results of Wald test on future generation fund and GDP.

Test statistic	F–value	Df	Probability
F–statistic	4.669633	(3, 3)	0.00169
Chi–square	24.11477	3	0.00014

Table 6's Wald-test results showed that Future Generation Fund's computed F-value was 4.669633 and its probability value was 0.00169. The analysis rejects the second null hypothesis (H02) and comes to the conclusion that the Future Generation Fund significantly affects Gross Domestic Products in Nigeria since the probability value is also less than 0.05 or the five percent level of significance and fell in the rejection zone.

Hypothesis Three: H_{03}:   Stabilization Fund has no significant effect on Gross Domestic Products in Nigeria.

Table 7. Results of Wald test on stabilization fund and GDP.

| Test statistic	F–value	Df	Probability
F–statistic	5.225221	(3, 4)	0.0011
Chi–square	68.02593	3	0.0000

The Wald-test in Table 7, indicated that the F-value for the relationship between Stabilization Fund and GDP was found to be 5.225221 and its probability value is 0.0011. Since the probability value is less than 0.05 or 5percent level of significance, and fell in the rejection region, we reject the third null hypothesis (H03). The study concludes that Stabilization Fund has a significant and positive effect on Gross Domestic Products in Nigeria.

4.5. Robustness Test Results

To determine the reliability of the findings, the article ran a number of post-estimation diagnostic tests. We performed tests for heteroscedasticity, normality, and the serial correlation Lagragian Multiplier test (for higher order autocorrelation). Any one of these diagnostic tests must have a probability-value (p-value) greater than 0.05, or 5% threshold of significance, in order for the null hypothesis to be accepted. The residual test results are therefore presented in Table 5:

Table 8. Robustness (Test) results.

Tests		Outcomes	
		Coefficient	Probability
Breusch-Godfrey-serial-correlation test	F-stat.	1.885522	0.1985
Heteroscedasticity-ARCH test	F-stat.	1.369990	0.2577
Normality test	Jarque-bera	0.566987	0.1258
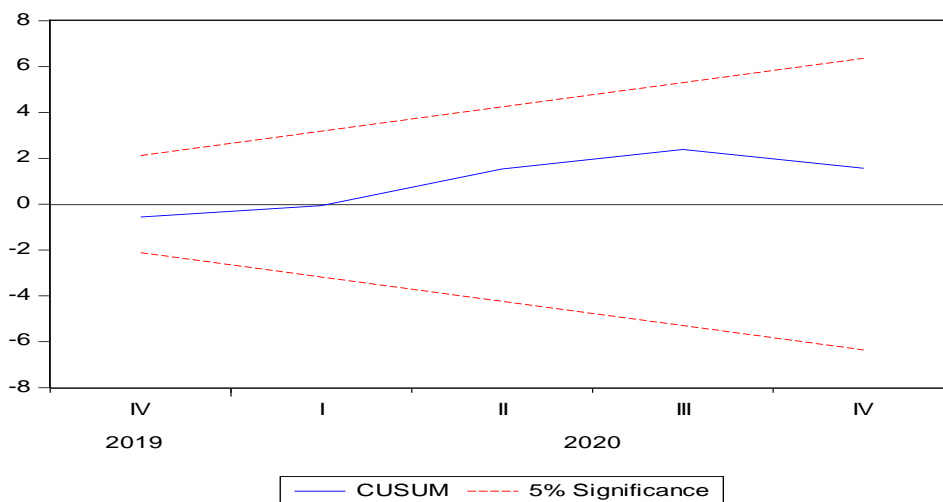
Figure 1. CUSUM stability.

The results of the ARDL model, which are shown in Table 8, showed that there were no indications of serial correlation or heteroskedasticity in the estimated ARDL model, as both of their p-values (0.1985 and 0.2577) were determined to be higher than 0.05 or 5%. According to the Jarque-Bera test for normal distribution, the outcome

also attained a normal distribution with a bell-shaped symmetrical distribution at the 5% significance level. This was represented by the Jarque-bera probability value of 0.1258, which was discovered to be greater than 0.05.

The regression equation is correctly defined and the model is stable, according to the Cumulative Sum (CUSUM) stability test in Figure 1, because the plots of the charts are within the critical bounds at the 5% level of significance.

5. Discussion of Findings

According to study results, Nigeria's gross domestic product is significantly impacted by the Nigerian Infrastructural Fund. It was inferred that carefully thought out domestic investment may support economic expansion and diversification away from risky reliance on a single, dominant resource. The results of this analysis contradict those of Oleka et al. (2014) who found a statistically significant but negative relationship between SWF and economic growth in Nigeria. Additionally, the analysis demonstrated that Nigeria's Gross Domestic Product is significantly impacted by the Future Generation Fund. The implication of this finding is that keeping a sovereign wealth fund could help the nation dramatically lessen the culture of careless spending associated with boom-era incomes. This is consistent with the adage that "saving for a rainy day" has been used for ages.

Above all, the study discovered that Nigeria's Gross Domestic Product is significantly impacted by the stability Fund. The findings have important implications for the Nigerian economy, which still depends on a single source of income and is susceptible to declines in resource revenue. The stability fund's presence acts as a safety net against ensuing revenue shortfalls.

6. Conclusion and Recommendations

This analysis showed how the GDP of Nigeria increased from Q1 2015 to Q4 2020 as a result of the Nigerian sovereign wealth fund. The research's theoretical and empirical underpinnings were examined in this publication. The Sovereign Wealth Fund has gained widespread recognition in the contemporary global economy, particularly in developed economies, and is now seen as a legitimate path to economic growth, according to the empirical study. This is consistent with research findings that indicated the Nigerian economy was positively and significantly impacted by the infrastructure fund, future generation fund, and stabilization fund. The analysis comes to the conclusion that Nigeria's sovereign wealth fund has a major impact on the country's ability to sustain economic growth. Because of this, it is crucial that all levels of Nigerian government ensure that the investment is not mismanaged. Only by demanding transparency and responsibility in the management of the fund can this be possible. The following suggestions are made in light of the empirical findings:

i. If the government wishes to continue the expansion of the economy and the improvement of Nigerians, adequate oversight and monitoring of the infrastructure fund should be required and pursued. This can be accomplished by making sure that its business is managed transparently, exactly like in the world's wealthy nations, and without getting bogged down in politics.

ii. The public, investors, and Nigerian governments at all levels should support and expedite efforts to catch up with the worldwide movement focused toward realizing the relevance of the future Generation Fund in order to reclaim the lost ground. This will contribute to greater social, economic, and human development as well as increased economic revenue creation.

iii. To achieve stable and slow economic progress, Nigeria should observe how stabilization funds are managed in wealthy nations. State and local governments should be permitted to establish and manage their own SWFs independently for sustainable economic growth rather than the federal government making it a national concern.

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