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THE INFLUENCE OF CAPITAL MARKET ON INFRASTRUCTURE DEVELOPMENT IN NIGERIA

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ABSTRACT

The study investigated the influence of capital market on infrastructure development in Nigeria, which utilized a quasi-experimental research design and time series yearly data from 1981 to 2025. Autoregressive distributed lag model (ARDL) was employed and the data of gross capital formation was proxy for infrastructure development, while instrument of capital market such as all share indexes, government stocks equity and corporate bond are utilized as independent variable in the study in order to determine the influence of capital market on infrastructure development in the country. The result of the funding showed that Nigerian capital market has no long-run positive influence on infrastructure development in the country. The study further show that all share index has no significant long-run influence on infrastructure development. And government stocks and corporate bonds had put in reasonable adverse influence on infrastructure development in the country. And the equities have pivotal influence on infrastructure development in the long-run. The result shows that the spring up from the returns of investment from the capital instruments has more negative than positive influence on infrastructure development due some setbacks from the side of the government that was discovered in the process of the study.

Keywords: Capital Market, Infrastructure Development, Nigeria, Capital Market Financing, Economic Growth.

1.0 INTRODUCTION

Nigerian efforts towards accomplishing adequate infrastructure growth have faltered; the country's continuous high increase in population and insufficient funds for addressing the infrastructure deficit is not just an uphill battle to grasp, but traditional fiscal provision for project finance remains limited (Ebi et al, 2022).

An inadequate economic infrastructure has been widely recognized as one of the growth constraint in developing and particularly least developed countries (LDC) (Pozlidaev2016). The inadequate and dilapidated nature of infrastructure in Nigeria is quite perturbed, despite its sixty-six (66s) years of independent, couple with huge revenue generated from the ample of natural resources endowment that can enable Nigeria to augment its funding potentials towards bridging her infrastructure deficit, but every of her potentials for actualizing that prove abortive. Nigerian is experiencing a stunted growth due to sluggish infrastructure development. Resources channeled to the provision of infrastructure services, were largely inadequate and suboptimal. However, to the investigation carried out by Olarewaju et al, (2016), discovered that "funds directed to the provision of infrastructure were either embezzled or out rightly diverted to less productive needs which are susceptible to corruption".

Traditional method of financing infrastructure through budgetary provision and execution by direct contract award has proven to be inadequate and most often unimplemented, creating a financing gap for execution of infrastructure project in developing countries (Emenike 2015). Godfrey (2023) further emphasized that, inadequate infrastructure facilities have been identified as one of the factors militating against sustainable economic growth in Nigeria. Despite the government's various efforts to bridge infrastructure gap, the journey seems prolonged with recurring rural- urban migration and increasing annual population growth that further strains existing facilities.

Over the years, the development of key infrastructure has not been prioritized by successive regimes, the budgeting process has often placed recurrent expenditure far and above the building of the infrastructure and hence, the country surfer's scornful and deplorable state of infrastructure presences (Kari et al, 2019). Nigeria has suffered poor infrastructure development, which has affected its economic growth; there have been much conversation around infrastructural development and several presentations of blueprints for mega projects by successive governments with little or no action in reality (Etti et al, 2018).

The existence of infrastructure in Nigeria can serves as a driver for propelling of long term economic development, and its absence can influence social and economic cost in the country. Its deficit has a greater potential of strangling our economic growth in both short run and long run. According to Kari et al, (2019), the development of infrastructure world over is a fundamental precursor to economic growth and development. Most developing countries with infrastructural deficit can hardly create a reliable path to national development as the flow of foreign direct investment and advancement of critical state (Kari et al, 2019). The role of viable infrastructure in an economy can never be overemphasis due the positive externalities it can attract and inducing a positive shift in economic capacity of Nigeria. "Development in whatever dimension cannot result into good healthy living if infrastructure such as telecommunication, transport, energy, water, health, housing and education are not invested on, as such, financing of infrastructure project is expected to yield positive externality on economic growth and welfare of the people" (Olarewaju et al, 2016). Infrastructures are essential social service that not only aid economic activities but also stabilize the economy (Babatunde 2023).

"There is no doubt that one of the banes of our economic development has been poor infrastructure. Recently, it was discovered that one of the major feature of Nigerian's dwindling growth performance has been massive decline in physical infrastructure development'' (Olarewaju et al, 2016). "The state of our infrastructure apart from adversely affecting our nation's economic development, has also badly affected the social environment of our country. It also negatively affects the standard of living of Nigerians, there by affecting our overall psychological sense of wellbeing" (Jidenma 2020). The government funding available for allocation to infrastructure development is clearly limited and unrealistic to expect the funding gap to be filled by further allocation in subsequent budget (Uwaifor, 2014)

LITERATURE REVIEW

2.1 Conceptual Literature

2.1.1 Nigerian Capital Market

The capital market is an agent of economic growth and development as it acts as intermediary agent in mobilizing private savings to developers of infrastructures and other economic activities. Capital market can through the stock exchange, traded debt securities such as bonds and equity securities are introduced to government and business entities as alternative source of funding that possess affordable pricing and maturities. Through the capital market, investors with high-risk borrowing demands can gain access to much needed funds. The government can leverage on capital market for fresh projects and to refurbish its decayed infrastructures, while the business entities can tap from it to access funds for expansion, purchasing of machines of pressing need to the operation of the firm or for the purchasing of strategic inputs. The accessibility of funds by both the government and business entities will boost the welfare of the economic agents, as more jobs and exchange of money for circulation from one economic agent to another would be enhanced.

2.1.2 Types of infrastructure bonds

(a) Sovereign Bonds: is a debt security issued by a national government to raise money for financing government programs, paying down old debt, paying interest on current debt, and any other government spending needs. Sovereign bonds can be denominated in foreign currency or the government's domestic currency (Murry, 2022).

(b) Green Bond: is typically earmarked to raise money for climate and environmental projects. These bonds are typically asset- linked and backed by the issuing entity's balance sheet, so they usually carry the same credit rating as their issuer's other debt obligations (Segal, 2022).

(c) Sukuk Bond: the principle behind sukuk is that the holder has an individual ownership right in a particular asset and therefore entitled to the return generated by the asset. The sovereign sukuk was first issued in 2017 in which ₦100 billion was raised to fund the refurbishing and construction of 25 road projects across the six geopolitical zones. Through the sukuk, the North-Central Zone is to benefit from infrastructure projects in the following projects;

(d) Social Impact Bond: it forms the cornerstone for socially responsible public-private partnerships, which allows private impact investors to invest capital upfront for public projects which deliver social and environmental outcomes. If the project succeeds, the investors are repaid by the host government (Social Impact Bonds) or an aid/philanthropic

agency (Development Impact Bonds) with capital plus return on the same. If the project fails, the returns and part of the capital are lost. While commonly referred to as a "bond", the arrangement replicates, in essence, a payment-for-result scheme. The approach is also referred to as pay-for-success in the United States and as a social benefit bond in Australia. Social impact bonds have been linked to national outcome-based facilities to grow in scale and impact. There are range of advantages attached to this bond, such as attracting expertise together from different field, it promote much flexibility and resilience in service delivery and it enable new interventions to be tried and evaluated. Although this type of bond is yet to be floated for issuance in Nigeria**.**

(e) Blue Bond: is a debt instrument issued by governments, development banks or others to raise capital from impact investors to finance marine- and ocean-related projects that have positive environmental, economic and climate benefits. The Blue Bond is inspired by the Green Bond concept, which investors are more familiar with. If such bond is raised in the country, it can be utilized in revamping our seaports for more export purpose.

(f) Sub-sovereign Bond: A sub-sovereign bond is a form of debt obligation issued by hierarchical tiers below the ultimate governing body of a nation, country, or territory. This form of debt comes from bond issues made by states, provinces, cities, or towns in order to fund municipal and local projects (Hayes 2022).

(g) Project Finance Bond: project finance bonds are issued to finance an infrastructure project and paid back exclusively by the cash flows generated by the project without recourse to other flows generated by the initiator of the project. These types of bonds are also called "revenue bonds", as the payment is dependent on the revenue earned from the underlying asset. Project finance, also known as "limited recourse or non-recourse financing", is a technique to negotiate and establish the long-term debt financing of a project, where the basis of the loan is the cash flow generated by the project alone. A special-purpose vehicle (SPV) is usually set up by the investors for the project only. SPV is the entity which constructs and operates the project and has no other business. A company's equity investment in the SPV is deemed as an asset instead of a liability. The SPV will be dependent on revenue streams from the contractual arrangements and/or from tariffs from end users. The revenues will only commence once construction is completed and the project is in operation. When an SPV issues a project bond, repayment is based on future cash flows of the SPV. Unlike a corporate, an SPV does not have a track record of established performance and creditworthiness.

2.2 Theoretical Literature

Institutional Economic Theory

The theory was propounded in 1990 by Douglass North which recognized institution as a subset of a nation. According to him, infrastructure reduces transaction cost in an economy, but we need institution first to reduce the transaction costs of building the infrastructure. The theory recognized and assumes organizations to function within corporate field as well as to work within a given set of values which constitute a reasonable economic behavior. The theory is based on the notion that, infrastructure doesn't built itself, and the economy don't run itself, rather the rules, organization and norms decide what to be built, who to pay and who to benefits in case it last. The economy needs infrastructure and the infrastructure needs institutions to finance it to thrive, regulate it's, and maintain it. No institution will like to see the structure it built collapse, rather it prefers it to be expanding, maintained and sustained for a good return. A good institution struggles to makes an infrastructure an economic multiplier.

2.3 Empirical Review

2.3.1 Nigerian related studies

Although, there was scanty literature locally on the influence of capital market and infrastructure development in Nigeria, however, Aladejare et al, (2025) wrote on related study on capital market and infrastructure development in Nigeria. The scope of their study covered from 1981 to 2023. According to their findings, the strength of Nigerian budget lacks the financial viability to adequately finance fresh project. Autoregressive distributed lag (ARDL) model was used. The result of their findings shows that Nigerian capital market has no significant long-term effect on the country's infrastructure development. But all share indexes as an instrument of capital market has a significant long-run effect on infrastructure. While government stocks and corporate bonds created significant adverse impact on infrastructure development. But equities had a long –run significant effect on infrastructure development. The outcome of the findings shows that the increase on the yield of capital market instrument has had more negative than positive impact on infrastructure development, because of institutional and policies challenges.

Another study was conducted by Alade et al, (2025) on innovative infrastructure finance as a catalyst for economic development in Nigeria. According to their view, infrastructure is a major indicator among other factors for measuring the growth of a nation economy and a pointer for investors on a country to channel their resources. In their own view, financing infrastructure through single sources which is the country annual budget has proven unsustainable. They recommended that Nigerian should adopt innovative financing process through capital market, private public partnership (PPP), debt securitization, and philanthropic funding. But those aforementioned financing process can only be achievable through viable legal system, government and policy support options. They also sketch out those challenges that engulfed our infrastructure system such as currency risk exposure, inadequate legal and regulatory framework, weak capital market and issue of bankability which limit investors' confidence in the country.

Usman et al, (2023) studied the importance of the Islamic bonds (SUKUK) financing approach in infrastructural development within the COVID-19 era in Nigeria. The study noted that Nigeria found the alternative financing source as a viable way of closing it infrastructural gap. This is because the unavailability of conventional sources of financing development, especially during the COVID-19 era, the success of the SUKUK model in other countries and its structure, all aided the attractiveness and the adoption of the model in Nigeria.

Eghobamien et al, (2022) carried out a related study on "Constrained Budget Compels a more Ingenious financing option for Nigeria's infrastructure development securitization". That the need for Nigerian government to heavily invest in infrastructure should not be a topic of discussion or debate, but the country must change its path of traditional loan financing, budgetary allocation and issuance of debt instruments which all can perform below expectation. They revealed that, creativity and innovation are sorely needed and securitization is the obvious solution the country had ignored for so long. They suggested three (3) key areas that need to be address; the appropriate tax treatment, proper and applicable accounting treatment, given priority and the legal structure should be able to differentiate between traditional borrowing and fund rise to be scrutinized.

Also, Alohan et al, (2021) conducted a study on exploring the capital market option in financing real estate development in Nigeria. The purpose of the study was to examine the level at which insurance companies can meet up loan demand and the potentiality that can be tapped given the capital market is leveraged. Cluster and random sampling techniques were selected for the study. The result showed that capital market is the optimum and reliable option to leverage on for real estate development.

Abdulkarem et al. (2021) conducted a similar study on the topic "Factors influencing Nigerians to invest in Sukuk for infrastructure development". In the study, data were gathered using a quantitative approach that involved surveys and online questionnaires administered to 163 investors and prospective investors in Abuja. The results indicated that religious beliefs have a positive and significant impact on the intention to invest in Sukuk. On the other hand, the amount of information available exhibited a negative and significant relationship with the intention to invest among potential investors in the Abuja metropolis. And they listed those factors that may influence the intention of Nigerians to invest in Sukuk for infrastructure project development in Nigeria.

Similarly, Abdulkareem et al. (2021) investigated the available alternative funding for executing abandoned infrastructure in Nigeria via the SUKUK model. The research employed a descriptive approach for its empirical analysis. Findings from the paper showed that SUKUK is a preferable and dependable alternative substitute for not just funding abandoned projects, but also new ones in Nigeria. The research further affirmed the significance of the infrastructural funding model as the most relevant financial instrument in the market since it has no interest rate.

Abubakar (2021) carried out similar survey on "A sustainable funding for the maintenance of critical urban infrastructure in Nigeria". He divulged that, Nigeria is confronted with huge infrastructure deficit that need huge funds to fix beyond just budgetary allocation, and that bank loans are too expensive for projects financing. While corporate financing for infrastructure projects is a constraint by sustainability clause. He further suggested that for Nigeria to overcome its infrastructure challenges, resources from both the public and private sector must be mobilized to bridge the infrastructure gap.

A similar study was conducted by Inwang (2020) on the topic "Leveraging the capital market & private sector to bridge Nigeria's infrastructure gap. The research highlighted that infrastructure had been a major impediment to Nigerian economic growth. Furthermore, the study suggested that the most feasible solution to Nigerian infrastructure development is by leveraging on capital market and private sector, because of the untapped fund in it and flexible access to huge funding for infrastructure project.

Adekunle (2020) conducted a similar study on "Infrastructure and Deficit Financing, Bridging the gap via the Nigerian capital market. The scope of the study was 1914 to 2020. The aim of the study was to promote the role of private sector investment and privatization of public infrastructure. He proffered that, government should adopt a consistent policy regime and framework that can promotes deregulation of infrastructure financing and project management in a transparent manner under the tenets of good governance principles. Statistical tools such as tables and graphs were used in conducting the study.

Kolawole et al, (2020) conducted a related study on "Government expenditure and infrastructure development in Nigeria". The scope of the study ranges from 1981 to 2018. In

the process of the study, they significantly recognized the role of government in advancing infrastructure development in Nigeria; the study examined the impact of capital expenditure on infrastructure development. A preliminary test on unit-root test was conducted with the help of ADF, PP, and KPSS method. Likewise casual effect was conducted by granger-causality test. The ARDL was used to confirmed long-run co-integration relationship among variables. The outcome of the study shows that FDI and ODA are significant, and private participation was positively on infrastructure development

2.4 Gap in Literature

Although, the research work on the influence of capital market and infrastructure development in Nigeria is quite scanty, the related study in the literature was conducted by Adniyi, Nasiru Odzie (2025) on the topic Capital Market and infrastructure Development in Nigeria. They focus more on the positive effect in which the Instruments of capital market can create to our infrastructural system, while this conducted its study on the influence of Capital Market on infrastructure development in Nigeria, by unraveling the potentialities of capital market instruments on infrastructure present in Nigeria. Another difference between this study and that of Adniyi, Nasiru Odzie (2025) was that, their scope cover from 1981 to 2023, while this extended it from 1981 to 2025. The theoretical framework for this study was anchored on Institutional Economic theory while that of Adniyi, Nasiru Odzie (2025) was anchored on Financial Intermediation theory. The study fails to incorporate the influence of macroeconomic factors that attractive business climate in the analysis in order to enhance the understanding of the relationship between Nigerian capital market and infrastructure development.

RESEARCH METHODOLOGY

In this chapter, the nature of the research design, model specification, sources of data, as well as measurement of variables are presented. It described the procedure for estimation and diagnostic tests for the study.

3.1 Research Design

This empirical investigation implemented a quasi-experimental research design which involves observation of variables without intentional manipulation. Quasi experimental research design enables researcher to deal with human behavior and economic indices summarized in the form of secondary data. It makes use of secondary data covering from 1981 to 2025. The study employed the descriptive and inferential statistics in analyzing the time series data that was used. The descriptive statistics involves calculating the mean and standard deviation of the variables while the inferential statistics estimated the multiple regression models to assess the influence of capital market on infrastructure development in Nigeria.

3.2 Data Required

The study used annual time series data for the period 1981 to 2025 on capital market instruments All Share Index (ASI), government stocks, equities, and corporate bonds. While the dependent variable (infrastructure development) was proxy on data for gross capital formation in the Nigerian economy.

3.3 Methods of Data Collection

Data on capital market variables—government stock, equities, and corporate bonds were sourced from the Central Bank of Nigeria (CBN) statistical bulletin, while data on infrastructure development was sourced from the International Monetary Fund (IMF)

investment and capital stock database. Data on inflation was collected from the World Bank World Development Indicators. The empirical data from the periods of 1981 to 2025 was used in the study.

3.4 Methods of Data Analysis

This work employs a quantitative technique of data analysis. The process begins with descriptive data analysis followed by the unit root testing to determine the appropriate econometric method required for achieving the studies objectives. Nevertheless, this research employed the conventional autoregressive distributed lag model ARDL.

3.5 Model Specification

The primary model showed the relationship between the influence of capital market and infrastructure development in Nigeria is specified thus:

$$INFS = f(CMKT) \qquad Equ. 3.1$$

Where INFS is infrastructure development and CMKT is capital market. Equation 3.1 can be broadened to accommodate the instruments of capital market as follows:

$$INFS = f(ASI, GSK, EQS, CBD) \qquad Equ. 3.2$$

Where

INFS = Infrastructure development

ASI = All Share Index

GSK = Government stock

EQS = Equities

CBD = Corporate bonds

Equation (3.2) is explicitly demonstrated in its econometric nature as:

$$lINFS_t = \beta_0 + \beta_1 lASI_t + \beta_2 lGSK_t + \beta_3 lEQS_t + \beta_4 lCBD_t + \varepsilon_t \qquad Equ. 3.3$$

Where β_0 = Intercept;

β_1-β_4 = Regression coefficients to be estimated;

l = natural log

ε_t = Stochastic error term

The studies a priori expectation is founded on the premise that the capital market through the use of its instrument can serve as means for influencing infrastructure development in Nigeria, hence, $\beta_1>0$, $\beta_2>0$, $\beta_3>0$, and$\beta_4>0$.

3.6 Estimation Procedure

3.6.1 ADF Unit Root Procedure

In order to ascertain the random behavior of the series, the Augmented Dickey Fuller (ADF) unit root and the Phillips-Perron (PP) tests would be performed. Verifying the stationary

nature of the employed variables is the main goal of these tests. The H_0 hypothesis denoting the presence of unit root is tested against the H_1. Furthermore, the Mackinnon critical estimates will produce the critical values for ascertaining the order of integration. The values of the Mackinnon and the ADF and PP test statistics are equated and the research choice to validate or reject the H_0 hypothesis are considered.

DATA PRESENTATION AND ANALYSIS

4.1 Data Presentation

Contained in the appendix section is the data employed for this research. They include gross capital formation, All Share Index, government stocks, equities, and corporate bonds for the Nigerian economy. This analysis begins with the descriptive analysis section for the purpose of determining the basic characteristic component of the series used in the study's model. In addition, unit root testing through the Augmented Dickey Fuller (ADF) and Phillips-Perron (PP) approaches were involved in establishing the stationarity of the data.

4.2 Descriptive Statistics

The result presented in Table 4.1 shows the descriptive statistic output for the study variables. The mean value for infrastructure shows that annual capital accumulation for the country is about ₦57913.73 billion. The ASI averaged 22118.09, while the mean government stock ₦3771.71 billion. The mean equities share for the study period was ₦5889.06 billion, and for the same period corporate bonds averaged ₦216.324 billion. Also, the mean INR was 19.079 which is relatively stable for the study period.

4.5 ARDL bounds cointegration test result

The subsequent step involves testing for the presence of a long-run relationship among the variables using the bounds testing approach. Table 4.5 presents the results of this test. The F-statistic obtained from the bounds test is compared with the upper critical value, I(1), to determine whether to reject the null hypothesis of no cointegration or long-run relationship. Conventionally, if the F-statistic exceeds the upper bound value (I(1)), cointegration is confirmed; if it falls below the lower bound (I(0)), there is no cointegration. However, when the F-statistic lies between the lower and upper bounds, the existence of cointegration remains inconclusive. As shown in Table 4.5, the computed F-statistic value of 4.795 surpasses both the lower (I(0)) and upper (I(1)) bounds at the 1% and 5% significance levels, thereby confirming the presence of a long-run relationship among the variables.

Table 4.5: ARDL F-Bound Test

Equation	Test statistic	Value of F-Statistic	K	Sign.	I(0)	I(1)
$INFS = f(ASI, GSK, EQS, CBD, CPI)$	Sample size (n) = 41	4.795	5	10% 5% 1%	3.012 3.532 4.72	4.147 4.78 6.29

Source: Author's estimated output.

4.6 ARDL Long-term Outcomes

Table 4.6 provides the long-term influence of the study regressors on infrastructure development. Specifically, the result revealed a negative influence of the all share index on infrastructure development. However, the influence is insignificant given that the probability value exceeds the 10%, 5%, and 1% significance levels. In contrast, government stock has a

significant inverse influence on infrastructure development. The outcome shows that a unit rise in government bonds will yield a 0.109-unit decline in infrastructure development. This association is statistically robust at 5% level.

Also, equities have a significant effect on infrastructure development. The result indicates that a unit increase in equities will produce a 0.404-unit rise in infrastructure development, which is significant at the 1% level. In contrast, corporate bonds have a significant adverse influence on infrastructure development. Table 4.6 expressed that a unit rise in corporate bonds will result in 0.102-unit decline in infrastructure development in the long-term. The association is statistically significant at the 5% level. However, inflation is not significantly related with infrastructure development. With a unit rise in the level of inflation, infrastructure development will lead to an insignificant 0.010-unit.

Table 4.6: ARDL long-term estimated output

Regressors	Coefficient	Std. Error	t-Statistic	Prob.
$lASI$	-0.046	0.107	-0.424	0.674
$lGSK$	-0.109	0.044	-2.505	0.017**
$lEQS$	0.404	0.082	4.903	0.000***
$lCBD$	-0.102	0.049	-2.072	0.045**
INR	0.006	0.004	1.528	0.135

Note: ** and*** represents significance at 5% and 1% level.
Source: Author's estimated result.

4.7 ARDL Short-run Results

Table 4.7 shows the short-run coefficient for the study. The all share index has a significant negative effect. Evidence from the result revealed that a unit rise in the all share index yields a 0.209 reduction in infrastructure development. The relationship is significant at 1% level. In contrast, a short-run government stock is revealed to have an insignificant adverse influence on infrastructure development. The outcome shows that a unit rise in government stock will produce a 0.013 insignificant decline in infrastructure development. Similarly, equities relationship with infrastructure development is insignificant. A unit rise in equities is shown to have positive insignificant influence on infrastructure development judging by the probability value. Also, current corporate bonds shows an adverse influence on infrastructure development, but is expressed to be insignificant. However, its lagged coefficient is positive; indicating that a unit increase in corporate development will result in 0.038-unit rise in infrastructure development at 5% significance level.

Furthermore, the trend component is positive and statistically significant 1% level. Thus, implying that as long as macroeconomic stability and the business climate, which triggers positive trend in the Nigerian capital market continues to improve, infrastructure development will significantly align in the same direction. The behavior of the ECM aligns with theoretical expectations, as indicated by its negative sign and statistical significance at the 1% level in the ARDL estimation. The coefficient of -0.43 implies that about 43% of the short-run disequilibrium is corrected annually to restore long-run equilibrium. This further suggests that it would take approximately 24 months for the system to return to its long-term steady state in the behaviour of the capital market indicators from short-run disequilibrium for infrastructure development to be impacted.

Additionally, Table 4.7 reported that the model's R^2 is 0.70, or roughly 70%, meaning that it is 70% linear. Put another way, there is a 70% linear nexus between the study model's variables and infrastructure development. The model's adjusted R^2 is also 0.63, or roughly 63%, meaning that all the variables related to the capital market in the model can predict by 63% the variation prevailing in infrastructure development, with the remaining 38% coming from other factors not included in this analysis.

Table 4.7: ARDL short-run result

Regressor	Coefficient	Std. Error	t-Statistic	Prob.
Constant	2.948	0.457	6.448	0.0000***
Trend	0.039	0.008	4.952	0.000***
$dlASI$	-0.209	0.050	-4.180	0.000***
$dlGSK$	0.013	0.034	0.371	0.713
$dlEQS$	0.053	0.049	1.085	0.286
$dlCBD$	-0.019	0.017	-1.106	0.277
$dlCBD(-1)$	0.038	0.017	2.256	0.031**
$ecm(-1)$	-0.432	0.074	-5.823	0.000***
R^2	0.696	F-statistic		10.818
$Adjusted\ R^2$	0.632	Prob(F-stat.)		0.000***

Note: *, **, and*** represents significance at 10%, 5%, and 1%, respectively.
Source: Author's estimated result.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

This study looked at how the capital market influences Nigeria's infrastructural development from 1981 and 2025. This study took into account four theories: institutional economic theory, Frischmann's Infrastructure theory, modernization theory, financial intermediation theory and Institutional Economic theory. The study's variables included gross capital formation which proxied infrastructure development, and all share index, general government stock, equities, and corporate bonds were used to standing for the capital market. Consumer price index was used as a control variable in the study. These variables were sourced from CBN annual statistical bulletin and IMF investment and capital stock database.

Using the Augmented Dickey Fuller (ADF) and Phillip-Perron (PP) procedures, the data were put through a unit root test. Furthermore, the long-run relationship between the regressors was determined using the limits cointegration process, and the ARDL modeling approach was utilized to estimate the study findings. The serial correlation, heteroscedasticity, and normality were the three diagnostic tests that were performed. They were utilised to assess the dependability of the thesis' estimations. The study model underwent a stability evaluation test using the cumulative sum and cumulative sum squared techniques, and the findings showed that the model is stable and suitable for use in policy recommendations.

5.2 Conclusions

The empirical investigation in this study submits that the capital market in Nigeria has had no beneficial long-term influence on infrastructure development in Nigeria. The adverse influence has been due to the increase in accruing yield to capital market instruments which crowds-out investment fund for infrastructure development. Also, the use of the generated funds from government stocks has not helped infrastructure development as suggested by the

study. This may be due to the preference for recurrent spending over capital spending within the study period. Also, the value of the capital market and its significance for infrastructure development depends on the level of macroeconomic stability, investor's protections and transparency needed for attracting both local and foreign investors into the country.

5.3 Recommendations

The following policy alternatives are suggested by this research based on its empirical findings:

It is imperative to ensure that interest on capital markets are not detrimental to infrastructure lending in Nigeria. Thus, a repositioning of the capital market is needed through reforms in the financial sector that will aid capital accumulation in the country. In this regard, infrastructure lending in Nigeria can be made more attractive through increase yield. While at the same time, corporate bonds may be taxed, specifically for infrastructure development of the country. By implementing this measure, funds for infrastructural development are guaranteed regardless of the instrument investors in the capital market may choose to fund.

Also, as a matter of policy, government borrowing in the capital market can be tied to specific infrastructure projects. The aim of this policy is to guide against the use of funds raised through the capital market in funding recurrent expenditure of the government. Also, it is imperative that such funds are directly transferred to the handling ministry or agency in-charge of the capital market. The aim is to reduce the government's incentive to divert such funds into non-capital projects when the raised capital is being paid into the central government's purse with the CBN.

As the study has shown, the acquisition of more equities in the capital market will further enhance infrastructure development in Nigeria. Thus, the government and the regulatory body—Security and Exchange Commission (SEC) of Nigeria will have to provide an enabling environment that will encourage more participation of investors in equities purchase. This measure will further increase the volume of PPP projects, and by extension infrastructure development for the country.

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