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SOVEREIGN WEALTH FUNDS AND NIGERIA'S ECONOMY (2012–2021)

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ABSTRACT: *This study examined how Nigeria's sovereign wealth funds has related to the economy: 2012-2021. The sovereign wealth fund is designed to build a savings base for the Nigerian people, enhancing the development of Nigeria's infrastructure, and providing stabilization support in times of economic stress, somehow stabilizing the local currency value. It seems that the sovereign wealth funds of Nigeria is not yet growing sustainably. Thus, this work seeks to ascertain how the sovereign wealth fund has related to economic growth of Nigeria. The study made use of secondary data sourced from the Central Bank of Nigeria and the Nigerian Sovereign Investment Authority. Using descriptive and scooping methods, the study showed that the total assets value of the Sovereign Wealth Fund (SWF) authority, the total assets value of the SWF group consolidated, the net profit of the SWF authority and the net profit of the SWF group consolidated have not reasonably influenced the economic growth of Nigeria. The work recommends amongst others that the government should be consistent in transferring excess crude oil revenue to the Fund; strategic partnership with investors with superior business intelligence is required; and the SWF Authority must promote accountability and transparency in the management of the funds.*

KEYWORDS: Economy, Infrastructure gap, Sovereign Wealth Fund, and Generation Fund.

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INTRODUCTION

The global economic structure is so dynamic and fraught with uncertainties. Countries all over the world strive to lay more emphasis on global economic investment opportunities, not just to earn foreign exchange and boost their foreign reserves alone, but also to diversify their economies and reduce the risk of potential economic shocks that can have adverse effects on both micro- and macro-economic policies of their various governments. This in no doubt, and if properly harnessed, will in addition, help countries in their good economic policy drive as well as in their quests for development (Dominiques, Hashimoto & Ito, 2012).

Nigeria as a sovereign nation has been actively involved in the international financial operations and other services aimed at enhancing the growth and development of the country. Nigeria was said to have had much exploitations in her numerous natural endowments in agricultural products prior to the discovery of oil in 1956 at Olobiri, in the present day Bayelsa State, Nigeria. Prior to 1966-1970, Nigeria was a hub for raw materials and other natural resources, such as palm oil in the East, groundnut in the North and cocoa in the West. Apart from oil and gas, there exist other numerous natural resources such as limestone, gold, uranium, bitumen, marble, kaolin, columbite, coal, tin ore and others. Nigeria was then and is still seen as a resource-rich country with the potentials of leading the world economically (Iloanya & Nduka, 2020).

Nigeria's economy has continuously been witnessing near dearth in infrastructure development and negative variances in almost all her economic indicators. It is estimated by the G-20, an In-House Think Thank of the Global Infrastructure hub, that the global infrastructure funding gap will gulp up to $1.5 billion by the year 2040 with Nigeria having have to spend a larger chunk of the estimated expenditure (Uche, 2019).

The need for raising funds to tackle all these numerous macro-economic challenges facing Nigeria has led the country into international financial transactions and borrowings. Nigeria has relied heavily on foreign borrowings to support her budget shortfalls and other deficit balances. The constant consummation of foreign loans was aimed at shoring up funds to tackle infrastructure deficit in the country. The loans crystallized as was renegotiated and paid off by the then President, Olusegun Obasanjo in 2005, known as debt forgiveness (Ogwuma, Odili & Ikenna, 2015).

As at 31st April, 2020, the total debt exposure of Nigeria was estimated at ₦33.9 trillion ($84.57 billion) (Debt Management Office, 2021). As at March 2015, the country's foreign reserve fell by 13.4 percent or USD 4.628 Billion. This was mainly caused by the oil price crashing at world oil market. The high debt exposure will not only affect the country's external resources and foreign exchange market, but also have negative implications on the country's macro-economic goals, if not properly managed.

The need for foreign exchange earnings to complement the dwindling inflows and other revenue/earnings of Nigeria has led to the establishment of the Nigerian Sovereign Investment Authority in May, 2011. These negative economic swings culminated to the establishment of sovereign wealth funds where its contributory funding from oil revenue accounts for over 95% (Nigerian Sovereign Investment Authority, 2021). The Nigerian Sovereign Investment Authority or Sovereign Wealth Funds (SWFs) is an agency of the federation set up to manage funds in excess

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of budgeted hydrocarbon revenues. Its mission is to play a leading role in driving sustainable economic development for the benefit of all Nigerians through building a savings base for Nigerian people, enhancing the development of Nigeria's infrastructure, and providing stabilization support in times of economic stress (Nigerian Sovereign Investment Authority, 2021).

Prior to the establishment of sovereign wealth funds by the government via the Act of the National Assembly in May 2011, Nigerian government had a similar savings account known as "Excess Crude Account (ECA), where excess oil revenue were kept for future needs, but unfortunately, on May 22, 2011, it became a subject of litigations by the then governors of the 36 states of the Federation querying the rationale behind FGN purported withdrawal of $1 billion from Excess Crude Account (Ogbara, 2017).

Over reliance on oil revenue as a major source of contributions to the country's Sovereign Wealth Investment Funds will in the long-run affect the macro-economic stability of the country. Also, the sustainability and the continuous growth in contribution to the funds will in no doubt be hampered by innovative and scientific reforms, as countries are developing alternative sources of energy, away from oil and gas (Bassey, 2014). In Chile, for instance, the major source of contributions to the country's sovereign wealth funds comes from copper. Chile, Argentina and Bolivia are richly endowed with Lithium. The resource is a key component of rechargeable batteries. Increasing demand for lithium and copper will in no doubt affect the demand for world energy, which in turn will have adverse effects on the annual government (including Nigeria) contributions to the investment funds (Jerry, Perry & Hemphill, 2010).

Nigerian Sovereign Investment Fund (NSIF) has been witnessing incremental contributions from the three tiers of government, but the Nigeria's investment plans and economic policies seem not sustainable. The NSIF outfit which should be highly regenerative and with a long-term period before any withdrawal could be made on it has had an instance of this goal being compromised. The Federal Government of Nigeria for instance, withdrew the sum of $150 million from the stabilization account of the sovereign wealth funds, to augment funds to cater for recurrent expenditure or budget deficit of the governments (NSIA, 2021). These forms of withdrawals could mar the intended objectives of establishing the investment funds and can as well pose a trait to macro-economic objectives of the country, especially if these funds are recklessly appropriated.

Are there viable investment opportunities to channel accumulated funds of the NSWF or invested funds being exposed to high risk of either in very low returns or nil returns on investments? How has the fund faired especially in stabilizing and growing the Nigerian economy? Using scooping method and descriptive techniques, this study assessed how sovereign wealth funds (SWF) has related to the Nigeria's economy in 2012-2021. Specifically, the assessment centred on the total assets value of the SWF authority, the total assets value of the SWF group consolidated, the net profit of the SWF authority and the net profit of the SWF group consolidated.

Data were sourced from the Nigerian Sovereign Investment Authority annual reports, National Bureau of Statistics and World Bank database. Other sections of this work include literature review, data presentation and analysis, conclusion and recommendations.

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REVIEW OF RELATED LITERATURE

Sovereign Wealth Fund

It has been reported that the first Sovereign Wealth Fund in Africa was established in 1994 by Botswana. About twenty-two other African nations have established SWFs including Nigeria in 2011. The Nigerian Sovereign Investment Authority or the Sovereign Wealth Funds (SWFs) is an agency of the federation of Nigeria set up to manage funds in excess of budgeted hydrocarbon revenue. Its mission is to play a leading role in driving sustained economic development for the benefit of all Nigerians through building a savings base for the Nigerian people, enhancing the development of Nigeria's infrastructure, and providing stabilization support in times of economic stress (NSIA, 2021). The Nigeria Sovereign Investment Authority (Establishment Act) 2011 empowered the body to receive, manage and invest Nigeria's Sovereign Wealth Fund (Stabilisation Fund, Future Generations Fund and Nigeria Infrastructure Fund) on behalf of the three tiers of the Federation.

Veisko, Barnard and Merganser (2008) define Sovereign Wealth Funds as federal government reforms which serve as a source through which many countries source revenues for development and economic growth of their countries via Foreign Direct Investments (FDIs). Gbogbo (2012) defines Sovereign Wealth Funds as a state-owned investment funds investing in real and financial assets, such as in stocks, bonds, real estate and precious metal. Hassan (2009) defines Sovereign Wealth Funds as government investment vehicles funded by foreign exchange assets that are managed separately from official reserves.

The International Working Group for Sovereign Wealth Funds (IWG), a voluntary group of SWFs, defines Sovereign Wealth Funds as "Special purpose investment funds or arrangements owned by the general government, created by the general government for macro-economic purpose." The group posits that Sovereign Wealth Funds hold, manage and/or administer assets to achieve financial objectives and employ a set of investment strategies which includes investing in foreign financial assets. The Sovereign Wealth Funds (SWFs) are commonly established out of balance of payments surpluses, official foreign currency operations, the proceeds of privatizations, fiscal surpluses and/or receipts resulting from commodity exports (International Working Group, 2008).

The creation of Sovereign Wealth Fund can be traced to the emergence of business management theories of sovereign states investment portfolios. In other words, the understanding of the activities, operations and performance of SWFs in the economy can be found in many and varied models known as foreign business management portfolio theories. Rozanor (2006) notes that the theoretical foundations of Sovereign Wealth Funds are underpinned from various subjects in foreign portfolio business management. He is of the view that such theories reveal the identity of Sovereign Wealth Funds in terms of its creation, myth, and sources of fund, objectives, structure, benefits and impacts on the economy. These theories explain the factors affecting Sovereign Wealth Fund as it impacts on markets and industries as implications of investment made by the fund.

The proponent of these theories expressed that the sovereign wealth fund could impact on nations' economic growth through the catalytic effect of adequate fund injection, regulation, prudence and

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transparency (Oleka, Ugwuanyi & Ewah, 2014). Sovereign Wealth Funds (SWFs) are expected to manage an increasing share of foreign exchange reserves compared to Central.

Banks. Anderson (2010) attributes government investments in Sovereign Wealth Funds to their Central Bank's experiences and the need to have the substantial amount of money in the foreign exchange accounts.

The Nigerian Sovereign Wealth Funds

The Nigerian Sovereign Wealth Funds (SWFs) derives its mandate from the Nigerian Sovereign Investment Authority Act (NSIA) which was signed into law in May, 2011. Item powers the authority to receive, manage and invest funds in a diversified portfolio of medium and long term assets on behalf of the Federal Government, State Governments, Federal Capital Territory and Local Government Area Councils in preparation for the eventual depletion of Nigeria's hydrocarbon resources. To give effect to the mandates, the NSIA established three main funds: the Stabilization Funds, the Future Generation Funds and the Nigeria Infrastructure Funds (NSIA, 2021).

The Sovereign Investment Funds have three core investment categories. They are as follows:

The Future Generation Funds: The purpose of Future Generation Funds (FGF) is to preserve and grow the value of assets transferred into it by investing in a diversified portfolio of appropriate growth investments, in order to provide future generations of Nigeria with a solid savings base for such a time as when the country's hydrocarbon reserves are depleted.

The Nigeria Infrastructure Funds: The Nigeria Infrastructure Funds (NIF) aims to invest in domestic infrastructure projects that meet targeted financial returns and contribute to the development of essential infrastructure in order to stimulate the growth and diversification of the Nigerian economy, attract foreign investments and create jobs for Nigerians. Potential areas for investments include healthcare, transportation, energy and power, water resources and agriculture amongst others. The authority may invest up to a maximum of 10% of the funds in Nigeria Infrastructure Funds in social infrastructure projects, which promote economic development in underserved sectors or regions in the country.

The Stabilization Funds: The Stabilization Fund (SF) is intended to act as a buffer against short-term macro-economic instability. The Stabilization Funds' assets are meant to be invested conservatively, striking a balance between generating a modest positive return and preserving capital in nominal terms. Given the unpredictable and short-term nature of the Fund's potential liabilities, immediate liquidity is also required. Withdrawal from the Stabilization Fund will be made at the direction of the Ministry of Finance, upon satisfaction of the criteria set out in the NSIAAct.

The Authority commenced operations in 2012, with the inauguration of the Board of Directors on 9th October, 2012. After a series of start-up challenges, the NSIA began investment activities in the 3rd quarter of 2013, with a seed capital of US$1 billion, which was allocated as follows: 20% to the Stabilization Funds; 40% to the Future Generation Funds; and 40% to the Nigeria

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Infrastructure Funds. An additional US$250 million was committed to the authority by the National Executive Council on November 19th, 2016. The authority's share ownership structure is as follows:

(i) Federal Government 45.83%

(ii) State Government 36.25%

(iii) Local Government 17.76%

(iv) Federal Capital Territory 0.16%

The NSIA is a signatory to the Santiago Principles of the International Monetary Fund (IMF), and International Forum of Sovereign Wealth Funds (IFSWF) which are set of 24 voluntary guidelines that assign best practices for the operations of Sovereign Wealth Funds (SWF)including transparency and governance, among other things. The Santiago Principle aimsto:

(i) Maintain a stable financial system and encourage the flow of capital and investments across capital markets.

(ii) Comply with disclosure practices advocated by international organizations, such as the Financial Action Taskforce under the organization for Economic Cooperation and Development.

(iii) Take care full considerations of economic and financial risk in investment decisions, and incorporate transparent governance structure that abide by appropriate operational controls, risk management and accountability among stothers.

The information available on the investment strategies of SWFs suggests that they are typically more diverse than traditional reserves held by Central Banks, with a larger share invested in equities and a wider geographical dispersion. Given these differences in investment strategies, the shift of reserve assets from Central Bankst o SWFs could have implications for asset prices, the flow of funds between countries, exchange rates, foreign reserves and evolution of global imbalances (Pilip & Viam, v2017).

Investments in sovereign wealth funds (SWFs) may increasingly cause a diversification of dollar assets. That could lead to a reduction in capital inflows into the US, a depreciation of the dollar assets. Sovereign Wealth Funds may also diversify portfolios away from low-risk, short-term debt instruments, and into long-term equity assets, which might lead to changes in assets prices and rates of return. The changes in asset returns generated growth by the SWFs might in duce are duction in the so-called "exorbitant privilege", that is, the difference between the return the US receives on its foreign assets relative to the return it pays on its foreign liabilities, (Pilip & Viam, 2017).

The Nigeria Sovereign Investment Authority on its 2020 financial report articulated some of its performances and stated her attained growth as measured in the following areas:

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- Recorded a 343% growth in total comprehensive income to ₦160.06 billion in 2020 as against ₦36.15 billion recorded in 2019.
- Excluding devaluation gain of ₦51 billion, the fund managers made a core income of₦109 billion compared to ₦33.07 billion in2019.
- They achieved a 33% growth in Net Assets to ₦772.75 billion above ₦579.54 billion made in 2019.
- Though the fund received a total contribution of US$250 million, it also provided first stabilization support to the federal government of Nigeria to the tune of US $150 million, which was withdrawn from the stabilization fund.
- ThefundsreceivedUS$311millionfromfundsrecoveredfromLateGeneralSanniAbacha from the US Department of Justice and Island of Jersey for Deployment towards the Presidential Infrastructural Development Fund (PIDF) projects of Abuja-Kaduna-Kano Highway, Lagos-Ibadan Expressway and the second Niger Bridge.

(a) Other areas of performance:

(i) Health Care: The funds contributed in operationalizing the Kano Diagnostic Centre, Umuahia Diagnostic Centre and Lagos State Teaching Hospitals (LUTH) Diagnostic Centre.

(ii) Agriculture: The funds completed the construction of 300-hectare Panda Agriculture Farm in Nasarawa.

(iii) Financial Markets Infrastructure:

- The funds significantly improved contributions from subsidiaries/affiliates such as Infrastructure Credit (Infra Credit), Nigeria Mortgage Refinance Company (NMRC) and Family Homes Funds Ltd. (FHFL)
- Invested additional capital into Nigerian Clearing, the first derivative clearing house in Nigeria, to maintain NSIA's shareholding at 16.5% following the company's right issue of2020.
- Admitted infrastructure company, African Presidential Infrastructure Development Group Company based in the UK as 33% shareholder in Infra Credit, reducing NSIA's stake from 50% in 2019 to 33% (NSIA, 2020).

Empirical Literature Review

The idea and creation of sovereign wealth funds has been an issue of public discourse among varying interest groups, focusing on the good management of the funds, global financial market volatility, exchange rate instability, issues on foreign resource management and contributory reinvestment strategies, political interference on the investment and related decline in demand for treasury bonds, and other financial instruments (Veejko, Bernado & William, 2008 in their work,

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The Financial Impact and Wealth Effects of Sovereign Wealth Funds' Investments in the Listed Companies around the World). The study also examined investment patterns exhibited by sovereign wealth funds in 620 equity investments and found that, contrary to perceptions, these funds almost always purchase minority stake directly from target companies, roughly half of which are unlisted and very frequently are headquartered in the funds' home country.

Filipa and Francesca (2017) investigated the macroeconomic implications of sovereign wealth funds. They posit that sovereign wealth funds are expected to manage an increasing share of foreign exchange reserves compared to Central Banks, and that SWFs have higher risk tolerance and invest less in U. S. assets. The study used dynamic general equilibrium model with two countries (The U.S. and the rest of the world) and two asset classes (Equities and Bonds). The model is characterized by imperfect substitutability between assets and allows for endogenous adjustmentsininterestratesandassetprices.Itaccountsforcapitalgainsarisingfromequityprice movements in addition to valuation effects caused by changes in the exchange rate. The model is used to simulate what will happen if "excess" reserves held by "Emerging Markets" are transferred from Central Banks to SWFs. The study has two findings and implications categorized as Part I and II. In Part I, SWFs keep the same allocation across bonds and equities as Central Banks, but more away from dollar assets and in Part II is a situation in which they choose the same currency composition as Central Banks, but shift from US Bonds to US equities. The implication in Part I is that the dollar depreciates and US net debt falls on impact and increases in the long-run while in Part II, the dollar depreciates and US net debt increases in the long-run.

Oleka, Ugwuanyi and Ewah (2014) evaluated sovereign wealth funds and economic growth in Nigeria with a view to empirically examine the factors that affect its creation, operations and impact on the growth of the economy. The study made use of both primary and secondary data. Thet argetpopulationofthestudywasderivedfromallthe40staffoftheNigerianSovereign Investment Authority. A purposive sampling technique was used to select 30 staff of the establishment for the study. Means cores and standard deviation were used to answer the research questions. Parametric statistics in forms of analysis of variation – ANOVA, co-efficient of correlationandsimplelinearregressionwereusedtoanalysethehypothesis. The study found that thelinkbetweensovereignwealthfundsandeconomicgrowthinNigeriaisstatisticallysignificant but not positive. The reason is because the sovereign wealth fund is new in Nigeria, coupled with several challenges facing its operations, and hence, it has not contributed much to the GDP growth rate of the economy. The study recommends that there is need to ensure that the financial and operationalindependenceoftheorgansofNSIAbeguaranteedbystatuteandNSIAanditsorgans mustbeshieldedfromunduepoliticalinfluencethroughwell-definedadministrativeandoperating procedures, and also that transparency and accountability in reporting must be seen as major watch words of thefund.

Hai-Chiand Nguyen (2021) investigated the impact of sovereign wealth funds on financial and non-financial performances of target firms. The study was aimed to fill the gap by using quartile regression technique on a sample of non-commodity sovereign wealth funds, and their target in five countries namely, France, Singapore, China, Malaysia and Vietnam. The research shows that non-commodity sovereign wealth funds have a positive effect on increasing financial performance for domestic target firms with relatively good performance. However, the sovereign wealth funds

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have no significant impact on low-performing target businesses. The research findings imply that SWFs have limitations in management skills and experience and hesitate to invest in business with poor performance to avoid risk of bankruptcy and financial distress. The result shows that the commodity SWFs tend to exert a negative impact on the non-financial performance of the target firms. Finally, these results indicate that SWFs are concerned with both financial and non-financial performances, and try to balance the two types in an optimal way.

Berstein, Lerner and Schoar (2013) argued that higher investment concentration in domestic firms is an indication of poor diversification. It can be argued that firms that invest heavily in domestic firms may be more motivated to serve social goals, so their financial effectiveness may be reduced compared to Sovereign Wealth Funds' investing abroad.

In addition, State-owned enterprises with little investment experience could hesitate to invest in overseas' enterprises, if there are sparing opportunities to diversify investments. SWFs investing primarily in domestic enterprises are more likely to choose to reduce risks by opting for target companies with high quality and low insolvency risk (Murtinu & Scalera,2016).

GDP per capita is a country's economic output divided by its population, measuring the economic output of anationper person; the prosperity of anation by economic growth perpers on. It is a representation of a country's standard of living, and describes how much citizens benefit from their economy.

DATA PRESENTATION AND ANALYSIS

The assessment of the data generated followed the stakeholder management theory. Stakeholder theory links the importance of internal resources and external factors to various stakeholder groups and assesses the ability of these in exerting pressure on an enterprise (Nguyen & Nguyen, 2021). These factors help managers pinpoint specific stakeholders that are critical to the organization's existence (Donaldson & Preston, 1995). Stakeholders can influence the organization's decision-making process and outcomes, and the organization's decisions and policies, in turn, can affect specific stakeholder groups (Clarkson, 1995). Stakeholder management and decision-making differ between private companies and public agencies (Jurisch, Ikas & Wolf, 2013). The management decision in the context of SWF should consider how the interests of the stakeholders are taken into consideration. Under the stakeholder theory, as SWF is a state-dominated agency, there may be other goals besides seeking profits. Therefore, SWFs might have different priorities regarding the financial performance of target companies. In this case, the researchers judge based on public domain information and hindsight.

This study assessed the total assets value of the SWF authority, the net profit of the SWF authority and the net profit of the SWF group consolidated. Were viewed the progress of the SWF in relation to the Human Development Index and Real Gross Domestic Product of Nigeria.

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Table 1: Total assets value of the Nigeria's SWF Authority (TAVA) against the Net Profit of the SWF authority (NPA)

Year	TAVA (₦' billion)	TAVA % Change	NPA (₦' billion)	NPA % Change
2012	-		-	
2013	157, 595,371	-	525, 158	-
2014	170,148,959	8	5,007, 386	854
2015	199,687,015	17	12,205,881	144
2016	391,328,398	96	129,434,191	960
2017	502, 903, 772	29	23,686,882	(82)
2018	555, 513, 581	10	42,036,469	77
2019	598, 859, 087	8	34,060,024	(19)
2020	923, 144,036	54	159,436,775	368

***Source:** Extracted and computed from annual reports of the Nigerian Sovereign Wealth Authority, 2021*

The TAVA of the SWF authority is on increase, reaching ₦923,144,036 by 31st December, 2020. The assets are expected to increase given the government's posture to release more funds, and positive returns that funds have attracted in recent time.

Table 2: Total assets value of the Nigeria's SWF group consolidated (TAVC) against the Net Profit of the SWF group consolidated (NPAC)

(I) Year	(II) TAVC (₦' billion)	(III) TAVC % Change	(IV) NPAC (₦' billion)	(V) NPAC % Change	(VI) Return on assets: (I) divide by (%)	(VII) Observations by highest rate of return
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	177,838,556	-	5,165,926	-	2.9	6th
2015	213,674,786	20.2	11,775,578	128	5.5	3rd
2016	420,934,176	97	130,329,425	1007	40	1st
2017	533,882,579	26.8	22,557,274	(82.7)	4.2	5th
2018	617,698,108	15.7	46,504,429	106	7.5	3rd
2019	649,846,048	5.2	34, 467, 764	(25.9)	5.3	4th
2020	981,781,024	51.1	156, 470, 303	354	16	2nd

***Source:** Extracted and computed from annual reports of the Nigerian Sovereign Wealth Authority, 2021*

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The return on assets posted by the Fund recorded its highest in 2016 (40%), and least in 2014(2.9%). Despite the COVID-19 pandemic, the Fund recorded 16% return on assets in 2020. Unfortunately, there al growth rate in 2020 was negative (-1.8%; see Table 4). The growth in assets and return on assets could not translate to positive real growth rate in Nigeria. Though many alleged that the COVID-19 pandemic made many Nigerians poor, and occasioned the moribund of many enterprises, the uncalculated reactions of the Government in response to the pandemic must have contributed to the untold economic losses suffered. The SWF managers must have deployed local intelligence and partnered with right institutions for sustainable investments to remain profitable.

Table 3: Value of Securities of the Nigeria's SWF authority (VOSA) against the Value of Securities of the SWF consolidated (VOSC):2012 - 2020

Year	VOSA (₦' billion)	VOSA % Change	VOSC (₦' billion)	VOSC % Change
2012	-		-	-
2013	45, 114, 706	-	-	-
2014	108, 471,837	140	112,746,679	-
2015	154, 152, 447	42	164,382, 547	46
2016	234, 132, 773	52	249, 822,688	52
2017	404, 313, 672	72	429, 852, 525	72
2018	441, 635, 909	9	461, 391,586	7
2019	324, 361, 629	(27)	360, 087, 275	(22)
2020	544, 423, 629	68	570, 817, 236	59

Note:*VOSA(ValueofinvestmentinsecuritiesbyNSWFAuthority;VOSC(Valueofinvestmentin securities by NSWFconsolidated)*

Source: *Extracted and computed from annual reports of the Nigerian Sovereign Wealth Authority, 2021*

The value of the investment in securities has continued to increase, recording its highest in 2020 (68% and 59%). In 2019, the growth was in the negative (-27% and -22%). This may not be unconnected to unfavourable performance in frontier markets due to uncertainties resulting from Brexit politics and negotiations. The China-US trade war also impacted on the value of the investments in securities. This suggests the need for proper diversification of investments to include local and emerging markets as well as African markets. This could mitigate the associated risks in securities' investment.

Though the Nigeria Sovereign Wealth Authority since 2014 has scored nine points out of a possible ten, in the Linaburg-Maduell Transparency Rating Index of the Sovereign Wealth Fund Institute (SWFI), the usual change in leadership after tenure of service should promote patriotism and the sustainable strategic investments that would ensure the achievement of the mandate of the Authority. Obviously, the HDI has not improved in recent years, the Fund's investment seems not yet adequate to be impactful on human development in Nigeria. The infrastructure gap is still very wide: deficit agriculture output, inadequate healthcare facilities, low literacy level, high cost of

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education, unstable power supply, and so on.

Table 4: Economic indicators in Nigeria: Human Development Indicator (HDI) and Real Gross Domestic Project Growth Rate (RGDPGR)

YEAR	HDI (%)	RGDPGR (%)
2012	0.50	4.2
2013	0.52	6.7
2014	0.53	6.3
2015	0.53	2.7
2016	0.53	-1.6
2017	0.53	0.8
2018	0.54	1.9
2019	0.54	2.2
2020	0.539	-1.8

Source: *Extracted from National Bureau of Statistics and World Bank database, 2021*

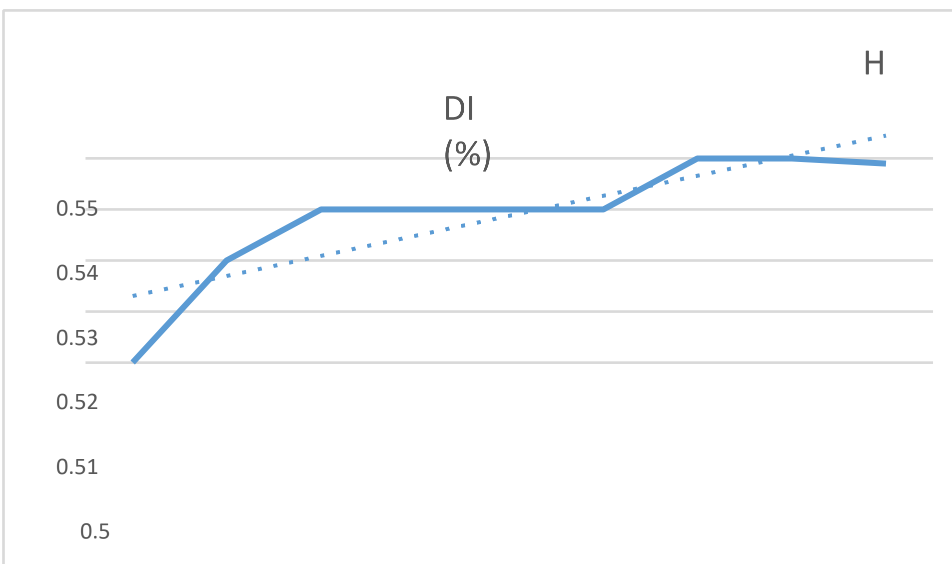

Figure 1: Nigeria HDI trend graphs

Source: *E-view output data, 2022.*

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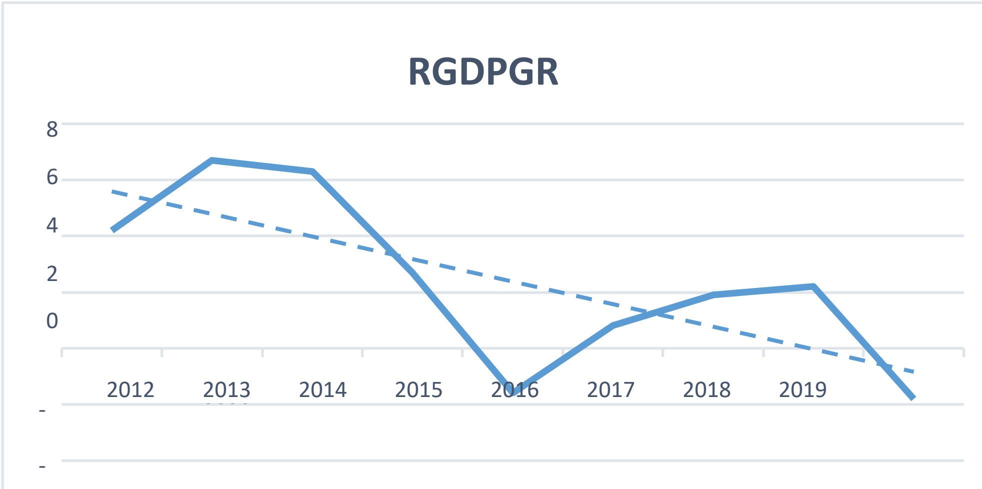

Figure 2: Nigeria RGDPGR trend graph

Source: *E-view output data, 2022.*

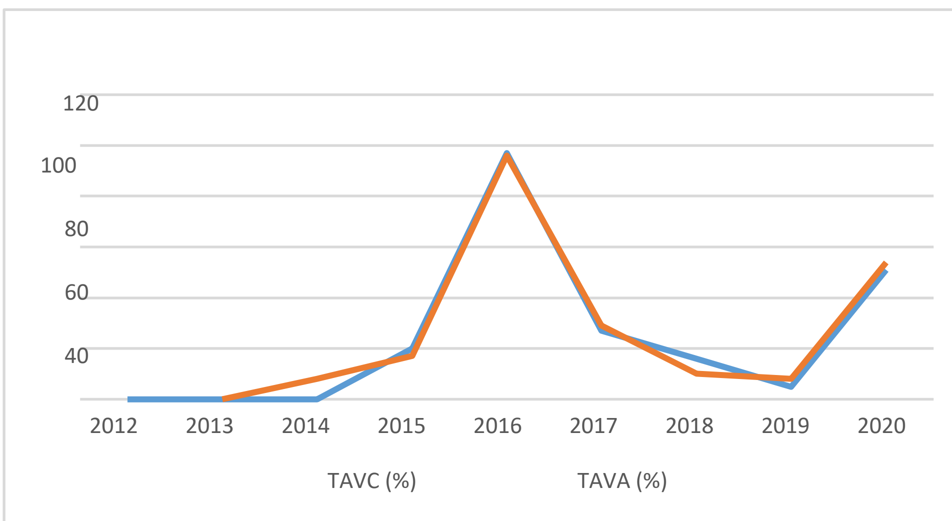

Figure 3: Nigeria SWF TAVC AND TAVA trend graphs

Source: *E-view output data, 2022.*

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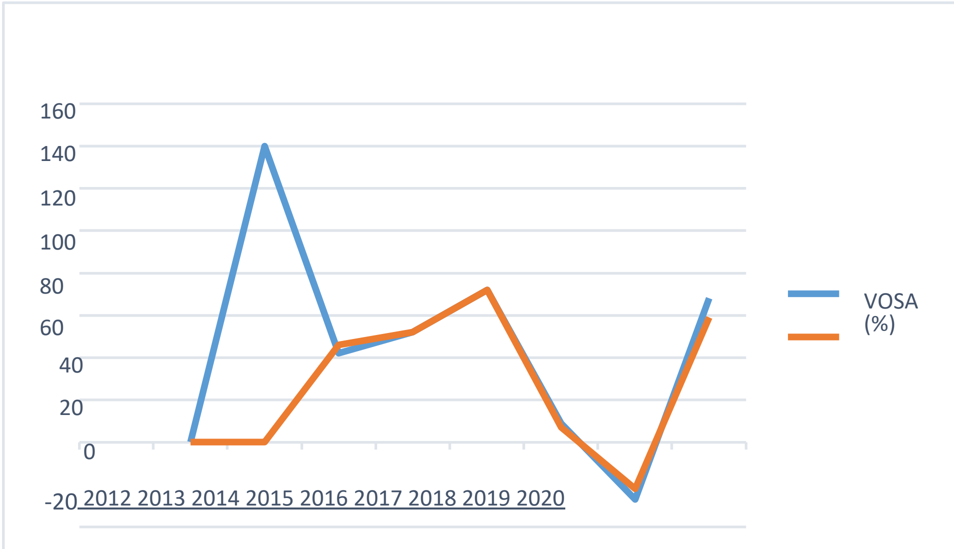

Figure 4: Nigeria SWF VOSA AND VOSC indicator graphs

Source: *E-view output data, 2022.*

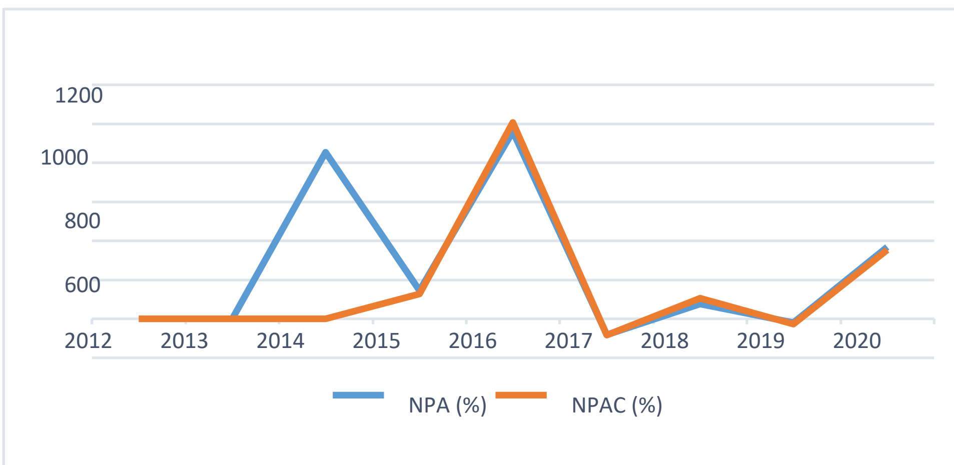

Figure 1: Nigeria SWF NPA and NPAC trend graphs

Source: *E-view output data, 2022.*

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FURTHER DISCUSSION

First, the study showed that sovereign wealth fund had not influenced noticeably the economic growth proxied in Nigeria. This outcome does not conform to economic theoretical expectation given that an increase in sovereign wealth fund ought to benefit a nation's economy through returns on investment derived from such investment funds. As the funds is invested in real and financial assets such as stocks, bonds, real estate, precious metals and the likes, it yields returns such that the economy of the country is enhanced. However, the finding of this study showed otherwise. This finding corroborates Oleka, Ugwuanyi and Ewah (2014) which found that sovereign wealth fund negatively and insignificantly affected Nigeria's economic growth. Perhaps, this outcome might be attributed to the yet to be adequate size of the Fund and poorly diversified partners. Some investments are yet to generate returns and are still in progress, like the Second River Niger Bridge in Asaba and Onitsha. Could it be that the sovereign wealth fund had become an avenue through which revenue generated from other sources are siphoned out of Nigeria thereby undermining Nigeria's economic growth?

It is possible the depreciating value of naira has exacerbated the foreign exchange rate which had noticeable effect on the value of the assets and value of investment in securities of the SWF. The depreciation of the naira makes the nation's export products compete favourably with other foreign products in the international market and this ought to increase the government revenue but unfortunately, the nation has less to export, and be devilled by crude oil theft. The expected excess from crude oil sales given rising price of crude oil in the international market is meagre to build up the SWF as planned to sustainable development of Nigeria. This may not be unconnected to celebrated oil thefts being alleged against government officials in collaboration with international persons; and alleged activities of Niger Delta militia obstructing upstream (exploration, drilling and production sector) and downstream (refining, production of petrochemical products, supplying, marketing, etc.) segments of oil and gas business in Nigeria.

CONCLUSION AND RECOMMENDATIONS

Sovereign Wealth Fund (SWF) has been acknowledged to be beneficial to a nation's economy and her citizens given that it is a fund that is usually invested and expectedly yields returns to the government. However, Nigeria sovereign wealth fund is yet to impact on the Nigerian economy meaningfully. The fund benefits seemed to have been limited by unfavourable interest rate, currency crisis, mounting insecurities, asset prices volatility, inadequate political will to execute real beneficial projects, climatic changes and increasing agitations for green environment.

The under-listed recommendations are hereby made:

(i) The Sovereign Wealth Funds' creation was done with the main objective of increasing the resource base of the nation; therefore, the pooling and transferring to the Fund of excess oil revenue should be sustained and consistent by respective governments.

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(ii) More so, given the recorded positive contributions by the funds towards infrastructure growth and in the other key sectors of the economy, such as health sector, it is of note that not much of their results attained have contributed substantially to the economic growth of Nigeria. It becomes very important that the governance structure of the authority should be sustained, and accountability and transparency in the management of the funds should be enthroned to guarantee sustainable growth of the fund and achieving of the mandates of theAuthority.

(iii) In addition, the mono classified country's products export revenue (oil) generating unit has not had a stable international price that gives Nigeria's budgetary plan a leeway. The negative swings on oil prices have been a source of worry to the Nigerian economy, especially as oil contributes over 95% to the Nigeria's external reserves. There is an urgent need for economic diversification say in areas of mechanized farming, technology empowered business models and human capital development. The Fund allocation to the three mandate areas should therefore favour generation fund investments. Of course, government borrowing should primarily be regenerative investments to enhance growth and development ofNigeria.

(iv) More robust export promotions should be created to enable Nigeria maintain strong and viablemarketsforthecountry'snumerousexportproductsandservicesaroundtheglobe, and as well be able to earn foreign exchange to cushion the negative effect of trade and other imbalances the Nigerian economyexperiences.

(v) The Sovereign Wealth Fund authority should strategically partner with other persons who possess superior business intelligence that will not only ensure investments that shall attract high returns but also impactful in achieving sustainable development. There is no gainsaying that projects should be such that will address reasons for agitations that has manifested in insurgencies, kidnapping and terrorism in Nigeria.

(vi) The Sovereign Wealth Fund Authority partnership with others favour Western countries and United States of America to the detriment of the Asian nations including investors from Japan, Israel, India, and China. These other nations have shown remarkable business models that are winning. These other investors should be allowed fair chance to partnering with the authority in building the Nigerian economy.

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