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Linkage Effects of Sectoral Foreign Direct Investment Inflows and Real Sector Growth: A Case for Achieving SDG-17 in Nigeria

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ABOUT

Abstract

This study examined the linkage effects of foreign direct investment (FDI) on the real sector growth in Nigeria and how this can bring about achieving Goal-17.3 of mobilising additional financial resources for developing countries from multiple sources. Therefore, the generalised method of moments (GMM) estimation technique was used to analyse the effects of FDI inflows on different sectors of Nigerian economy. The study found that only the manufacturing sector produced insignificant positive effects on real GDP while FDI inflows into mining, construction and agricultural sectors have insignificant negative effects on real GDP as demonstrated in their coefficients and probabilities. Hence, the study concluded that there is a minimal linkage effect of FDI inflows into Nigerian manufacturing sector while no notable linkage effect of FDI inflows into mining, construction and agricultural sector was found in the Nigerian economy. The study, therefore, recommended that, to achieve Goal-17.3, the developed nations would need

to be attracted to mobilise additional financial and technological resources, and invest these in the Nigerian economy in order to strengthen her domestic resource mobilisation and sustain economic growth of the host economy.