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Evaluating the Contribution of Nigeria's Transport Sector to Economic Growth from 1970 to 2023

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Abstract

The contributions of the transport sector to the economic growth of a developing country like Nigeria are indeed significant and multifaceted. Transport infrastructure, including roads, railways, airports, and ports, plays a critical role in facilitating trade, enhancing mobility, and improving access to markets and services. A well-developed transport system not only promotes efficient movement of goods and services but also supports various sectors of the economy, such as agriculture, manufacturing, and tourism. This research work on the development and contribution of the transport sector to Nigeria's gross domestic product from 1970 to 2023 provides valuable insights into the significant role that transportation plays in driving economic growth. The research utilized regression analysis, specifically the ordinary least squares method, to examine the relationship between the transport sector and economic growth in Nigeria. This analytical approach allows for a robust assessment of how variations in the transport sector output impact the overall gross domestic product. The findings add to the existing literature on economic growth models but also offer valuable insights for policymakers and stakeholders in the transport industry, highlighting the critical role that transportation plays in driving economic development in Nigeria. The researcher recommended that the federal government significantly increase its investment in the transportation sector to enhance its contributions to economic growth. Emphasizing the need for a diversified transportation network, the researcher highlighted the importance of developing alternative modes of transport, such as railways and water transport infrastructure. Investing in railways can provide a more efficient and cost-effective means of moving goods and people over long distances, reducing the burden on road networks and alleviating traffic congestion. Similarly, enhancing water transport infrastructure can offer a viable alternative for freight transportation, particularly in a country like Nigeria, which has extensive waterways. By diversifying transportation options, the government can improve the overall efficiency of the transport sector, making it more accessible and affordable for users. This approach would not only ease the pressure on road and air transport systems but also contribute to the reduction of transportation costs, ultimately benefiting consumers and businesses alike. Furthermore, such investments are likely to stimulate economic activity by facilitating trade, attracting investment, and promoting regional development. Therefore, the researcher concluded that prioritizing the transportation sector's development is crucial for achieving sustainable economic stability and growth in Nigeria.

Keywords: Transport Infrastructure, Economic Growth, Investment in Transportation

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1. INTRODUCTION

The transport sector plays a key role in the economic development of a region when the system is reliable and efficient (Li et al., 2022). According to Biehl (1986), it is historically noted that improvements in transport technology and transport networks, through effects on costs of transport, access, and connectivity, have been major factors that serve as the basis for economic growth. They provide adequate access to isolated regions for individuals and economic activities such as manufacturing, retail, labor, and housing markets to operate efficiently. The transport sector is a wealth-creating industry on its own. In addition to facilitating economic activities, transport systems contribute significantly to social inclusion and community well-being. Efficient transport infrastructure allows for better access to education, healthcare, and job opportunities, which are crucial for improving the quality of life in underdeveloped areas. Public expenditure on transport can yield productive returns, enhancing economic performance and social equity (Pradhan et al., 2021; Muhammed & Abubakar, 2022). Moreover, it is essential to recognize that the benefits of the transport sector extend beyond mere economic transactions. Effective transport systems enhance connectivity, leading to greater collaboration among businesses and fostering a competitive environment. Therefore, governments and policymakers must prioritize investments in transport infrastructure to support sustainable economic growth (Ali & Rehman, 2015; Sossounov & Kolenikov, 2023; Audi, 2024).

The transport sector plays a vital role in promoting economic development and social inclusion. By ensuring reliable and efficient transport systems, governments can facilitate access to opportunities and resources, ultimately contributing to a more prosperous and equitable society. A notable example of effective investment in the transport sector is the People's Republic of China. According to CDTN (2016), China is not only recognized for its thriving technology industry but also boasts the world's busiest airport by passenger traffic. Additionally, it has one of the busiest seaports, the Port of Dandong,

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located in Dandong province. The revenue generated from these transportation hubs is substantial and contributes significantly to the national economy. Such achievements would not have been possible without the Chinese government's immense investment in the transport sector. This commitment to infrastructure development is also reflected in the country's extensive rail transport system, which plays a crucial role in facilitating both domestic and international trade. The strategic enhancement of these transport networks underscores the critical link between infrastructure investment and economic growth. In light of these observations, the Nigerian government is encouraged to significantly increase investment in the transport sector, which is vital for national development (Akujor et al., 2022; Ohonba & Ogbeide, 2023). Prioritizing initiatives that focus on the construction and rehabilitation of roads will not only improve connectivity but also enhance trade and movement of goods across regions. Upgrading seaports and airports is equally crucial, as these facilities serve as critical gateways for international trade and tourism. An efficient transport network facilitates smoother logistics, reduces transit times, and ultimately lowers costs for businesses and consumers alike.

Revitalizing the rail system in Nigeria represents another essential component of this investment strategy. A robust rail network can efficiently move large quantities of goods over long distances, alleviating pressure on road transport and reducing congestion. Furthermore, rail transport is often more environmentally friendly and cost-effective compared to road transport, making it a sustainable alternative for freight movement. Insufficient transportation infrastructure has been shown to hinder a nation’s capacity to effectively harness its natural resources, distribute food and other finished goods, and integrate the manufacturing and agricultural sectors. This lack of adequate transport options not only limits market access for farmers and manufacturers but also increases the cost of goods and services, negatively impacting the overall economy. Moreover, inadequate transport networks impede access to essential services such as education and healthcare. In rural areas, for instance, poor transport infrastructure can lead to significant barriers in accessing educational institutions and medical facilities, perpetuating cycles of poverty and limiting socio-economic development.

The direct and indirect contributions of a well-functioning transport sector underscore the urgent need for the maintenance and enhancement of existing transportation systems, as well as the construction of new infrastructure to bolster national wealth. This wealth is often quantified through the real Gross Domestic Product (GDP), a critical indicator for measuring economic growth and overall economic health (Zhang, 2020; Osei & Acheampong, 2021; Avelino & Coronel, 2021). Investment in transportation infrastructure leads to increased efficiency in the movement of goods and services, which can directly translate into higher productivity levels across various sectors of the economy. Improved transport networks reduce travel times and costs, thereby enabling businesses to operate more effectively and competitively. As companies streamline their logistics and supply chains, they can pass on these efficiencies to consumers through lower prices and enhanced service delivery. Moreover, the enhancement of transportation systems can have a multiplier effect on the economy. For instance, improved access to markets can stimulate local economies, boost job creation, and encourage entrepreneurship. Rural areas, in particular, stand to benefit significantly as better transportation links can facilitate access to markets for farmers and local producers, enabling them to sell their products more easily and at better prices. This, in turn, can lead to improved living standards and reduced poverty levels. Furthermore, investing in transportation infrastructure can also attract foreign direct investment (FDI). Investors are more likely to establish operations in regions where they can efficiently move goods and access necessary resources. Thus, the transport sector plays a vital role in enhancing a country's attractiveness as a destination for investment. The ongoing development and improvement of transportation infrastructure are essential for fostering sustainable economic growth, maximizing national wealth, and ensuring that the benefits of development are shared across all segments of society. By prioritizing transport systems, nations can not only enhance their GDP but also create a more resilient economy capable of adapting to future challenges and opportunities.

Transportation infrastructure is vital for sustaining economic growth, as it directly influences the ability of individuals and communities to improve their standards of living. People often perceive increased income as a pathway to achieving their goals and enhancing their quality of life. In Nigeria, which is still classified as a developing country, the state of the transport system is crucial for facilitating this progress. Investments in transportation not only create immediate job opportunities but also lay the groundwork for long-term economic benefits. An efficient transport network allows for the seamless movement of goods and services, reduces travel times, and enhances accessibility to markets, healthcare, and education. However, Nigeria's transport infrastructure is currently in a state of development, and while advancements have been made, significant challenges remain. As Nigeria continues to develop its transport system, the relative gains from investment in advanced transport infrastructure may not be as substantial as they were in earlier years. This is largely due to the need for a comprehensive approach that considers existing deficiencies and integrates improvements across various modes of transportation, including roads, railways, and waterways. Moreover, the potential for diminishing returns on investment in transport infrastructure emphasizes the importance of strategic planning and prioritization in order to maximize the economic benefits derived from such investments. Ultimately, addressing the gaps in Nigeria's transportation infrastructure is crucial for fostering sustainable economic growth. It will enable individuals and businesses to capitalize on opportunities for advancement and contribute to the nation's overall economic development, thereby improving living standards across the country.

According to Lucas (1998), enhancing the transportation system is essential for maintaining or improving economic opportunities, quality of life, and ultimately the income of individuals within a specific region. The transport sector is widely recognized as an indispensable component for sustained economic growth and the modernization of a nation. The development of transportation infrastructure facilitates efficient movement and connectivity, which are crucial for stimulating economic activities. By improving access to markets and resources, the transport sector enables businesses to operate more effectively, thereby contributing to overall economic productivity. Furthermore, a robust transport network

enhances social inclusion by connecting communities to essential services such as healthcare and education, which are vital for improving the quality of life. In the context of Nigeria, the investment in transport infrastructure is particularly important for achieving national development goals. Given that Nigeria is still developing its transport system, focusing on this sector can significantly impact the nation's economic trajectory, ensuring that the benefits of growth are accessible to all citizens. Therefore, as countries aim for modernization and enhanced living standards, prioritizing the transport sector will play a pivotal role in driving sustainable economic progress (Abigail, 2023; Xiong, 2024). Aschauer (1989) argues that the primary function of transport is to facilitate access between spatially separated locations for both the business and household sectors, enabling the movement of goods (freight) and individuals. In the business sector, effective transportation connections are essential for linking companies to their markets, allowing them to operate efficiently and compete effectively. Similarly, for households, a well-developed transport system provides access to workplaces, educational institutions, shopping areas, and essential services such as healthcare, recreation, and community facilities. This accessibility is vital for enhancing the quality of life for individuals and families, enabling them to participate fully in the economy and society (Qasim, 2022; Muhammad, 2023). Thus, transport infrastructure plays a crucial role in supporting economic activities and improving living standards.

It cannot be overstated that public sector initiatives aimed at alleviating poverty will struggle to succeed without the support of robust transport infrastructure and services. The achievement of goals such as universal education and healthcare is virtually unattainable without establishing the necessary transportation facilities that enable access to these essential services. As Aschauer (1989) points out, transport is not an industry that operates solely for its own benefit; rather, it serves as a crucial enabler for attaining broader socio-economic objectives. By ensuring effective transportation systems, governments can facilitate access to vital resources and services, thereby enhancing the overall quality of life and contributing to the economic well-being of communities. Since gaining independence, Nigeria has implemented various plans and programs aimed at enhancing the transport sector. The primary goal of these initiatives has been to optimize the use of idle resources and boost overall economic activity, which is anticipated to lead to economic growth and improved societal welfare. The country's first National Development Plan, spanning from 1962 to 1968, included significant investments in transportation, with a total allocation of N150.6 million dedicated to road development across all regions—East, West, North, and the Federal Capital Territory. This early commitment to transport infrastructure highlights the recognition of its critical role in facilitating economic progress and improving the quality of life for citizens. Onokala (2012) notes that the transport sector accounted for 21% of the budget in Nigeria's first National Development Plan, which resulted in significant improvements to key infrastructure, including the enhancement of several trunk A roads, the construction of the Niger Bridge linking Onitsha to Asaba, and the Mainland Bridge in Lagos. Building on this foundation, the second National Development Plan (1970–1974) saw the government allocate N485.189 million to transport development, increasing the sector's share to 23.7%. This investment led to tangible outcomes, including the establishment of automobile manufacturing industries, such as the Peugeot Automobile plant in Kaduna and the Volkswagen assembly plant in Lagos. These initiatives were aimed at ensuring the availability of vehicles necessary to support and enhance production capacities across the country. The development of Nigeria's transport sector has seen significant efforts over the years, with notable allocations in national development plans. During the first National Development Plan (1962–1968), 21% of the total budget was dedicated to transport, which resulted in improvements to major roads and the construction of key infrastructure like the Niger Bridge connecting Onitsha and Asaba, as well as the Mainland Bridge in Lagos (Onokala, 2012). In the subsequent second National Development Plan (1970–1974), the government allocated N485.189 million to transportation development, increasing the transport sector's share to 23.7%. This period also saw the establishment of automobile industries, including the Peugeot Automobile plant in Kaduna and the Volkswagen assembly plant in Lagos, facilitating access to vehicles necessary for enhancing production in the country. Further investment during this period led to the construction of 22,000 miles (approximately 35,520 kilometers) of roads, alongside the development of Enugu Airport and contracts for the construction of additional airports in Kano, Lagos, Jos, Ilorin, and Calabar. These efforts were part of a broader strategy aimed at balanced national development, prompting early leaders to focus on diversifying industry and improving public investment efficiency. The subsequent third and fourth National Development Plans allocated 22.5% and 15% of public expenditure to the transport sector, respectively (Osuka, 2010). This focus continued in the rolling plans from 1990 to 1998, which recorded transport shares of public expenditure at 11.6%, 6.65%, and 10.1%, respectively (Easterly & Rebelo, 1993). These allocations underscore Nigeria's commitment to advancing its transport infrastructure as a key driver of economic growth and development. The primary aim of advancing Nigeria's transport system has been to foster economic development across the country. At its peak in 1990, Nigeria boasted a transport network that included well-designed highways, railway lines, waterways, airways, and ports, positioning it among the best in the region. The oil boom of the 1970s provided the necessary financial resources for leaders to establish a robust transport sector. However, a culture of inadequate maintenance over the years has led to significant deterioration of many transport infrastructures. As a result, the conditions of Nigerian roads have become perilous, giving rise to numerous automobile accidents and airplane crashes, particularly since the early 2000s.

This research seeks to investigate the development and contributions of various modes of transportation—road, rail, air, and water—to economic development, specifically measured by real gross domestic product (GDP) in Nigeria. By examining these relationships, the study aims to provide insights into how improvements in the transport sector can drive economic growth and enhance overall national development.

2. METHODOLOGY

The study proposes a model aimed at examining the effects of selected transport sub-sector indicators on Nigeria's

economic growth. This growth model is based on the Solow growth framework, which emphasizes the importance of investment, specifically capital, and labor efficiency as key drivers of economic growth (Osuka, 2010). In this context, the capital component is further disaggregated to include outputs from the transport sub-sector alongside public capital.
It is understood that substantial investment in the transportation sector has a multiplier effect that enhances effective transport and improves the mobility of production factors (Easterly & Rebelo, 1993). This, in turn, leads to better resource allocation, increased economic activity, and positively impacts the overall output of the country. Outputs from various transport sub-sectors—such as road, rail, air, and water transport—are anticipated to significantly contribute to the real gross domestic product (GDP) (Onokala, 2012). An increase in the utilization of a country's resources due to improved transportation can lead to higher output and income levels while also helping to reduce unemployment rates. Moreover, fluctuations in macroeconomic variables have the inherent capacity to transform a growing economy, enabling it to acquire new characteristics that are essential for further development. To mathematically articulate this relationship, the equation can be expressed as follows:
RGDP=f(RT,RW,AT,WT,K,L)
RGDP = f(RT, RW, AT, WT, K, L)
RGDP=f(RT,RW,AT,WT,K,L)
where RGDP represents the real gross domestic product, RT denotes road transport output, RW signifies railway transport output, AT stands for air transport output, WT indicates waterway transport output, K represents capital as measured by gross fixed capital formation (GFCF), and L represents the labor force. Initially, the time series properties of the data will be assessed to determine the unit root status. This will be accomplished through the Augmented Dickey-Fuller (ADF) unit root test, supplemented by the Philips-Perron (PP) unit root test to ensure reliability (Engle & Granger, 1987). The ADF test addresses the autocorrelation of first differences in a parametric manner by estimating additional nuisance parameters, while the PP test utilizes non-parametric statistical methods to account for serial correlation in the error terms without introducing lagged difference terms. The stationarity of the variables will be established by evaluating the order of integration for each variable included in the model.
The co-integration test will be utilized to investigate the long-term relationship between the variables in the model, followed by regression analysis using the Error Correction Mechanism (ECM) method. The ECM is preferred due to its advantages over other estimators, given its BLUE (Best Linear Unbiased Estimator) properties (Aderemo & Mogaji, 2010). This research is classified as explanatory, employing time series data from various macroeconomic indicators, including Gross Domestic Product (GDP) and transport sector outputs from the years 1970 to 2023. The multiple regression models utilizing the ECM technique will ascertain the contributions of each transport system within the sector to economic growth, as measured by GDP. The data for this study is secondary time series data sourced from the Central Bank of Nigeria Statistical Bulletin and the National Bureau of Statistics Annual reports. This research aims to provide critical insights into the relationship between the transport sector and economic growth in Nigeria, highlighting the importance of sustained investment in transportation infrastructure for the nation's overall development (Biehl, 1986).

3. RESULTS AND DISCUSSION

The table 1 presents the results of a unit root test for several variables, using both the Augmented Dickey-Fuller (ADF) and Phillips-Perron (PP) tests. Each variable is tested against a critical value at the 1% significance level to assess stationarity. For the variable AT, both the ADF and PP test statistics are 4.840375, which are above the critical value of -3.577723. This indicates that AT is not stationary at the 1% level, as its test statistics do not exceed the critical value in the negative direction. For GDP, the ADF test statistic is -3.610058 and the PP test statistic is -3.615685, both of which are slightly lower than the critical value of -3.581152. This suggests that GDP is stationary at the 1% level in both tests. The variable K has an ADF test statistic of -7.505072 and a PP test statistic of -9.990581, both well below the critical value of -3.581152. This indicates that K is stationary at the 1% significance level. Similarly, the variable L shows an ADF and PP test statistic of -6.736669, which is below the critical value of -3.581152, indicating stationarity at the 1% level. For RT, both the ADF and PP test statistics are -6.986839, which also fall below the critical value of -3.581152, signifying stationarity at the 1% level. The variable RW, however, has an ADF test statistic of -2.687844 and a PP test statistic of -2.731264, both of which are above the critical value of -3.577723, indicating that RW is not stationary at the 1% significance level. Lastly, WT shows high stationarity, with an ADF test statistic of -8.040138 and a PP test statistic of -8.451450, both significantly below the critical value of -3.581152, confirming stationarity at the 1% level.
In sum, variables GDP, K, L, RT, and WT are stationary at the 1% significance level in both tests, while AT and RW are non-stationary at this level. This indicates that the stationary variables do not contain a unit root, while AT and RW may require differencing or other transformations to achieve stationarity.
The table 2 presents the results of a co-integration test for the variable ECM, using both the Augmented Dickey-Fuller (ADF) and Phillips-Perron (PP) tests to determine whether it is integrated at level I(0), which would indicate stationarity at level. The ADF test statistic for ECM is -4.040430, and the PP test statistic is -4.097453. Both values are below the critical values at the 1% and 5% significance levels (-3.577723 and -2.925169, respectively), which suggests that ECM is stationary at level I(0) in both tests. This indicates that ECM does not contain a unit root and is, therefore, co-integrated, providing evidence of a long-term equilibrium relationship in the dataset. The results demonstrate that the variable ECM is stationary at level I(0) at both the 1% and 5% significance levels, suggesting that co-integration exists within the model.

Table 1: Unit Root Test Outcomes

Variables	ADF	1%	PP	1%
AT	4.840375	-3.577723	4.840375	-3.577723
GDP	-3.610058	-3.581152	-3.615685	-3.581152
K	-7.505072	-3.581152	-9.990581	-3.581152
L	-6.736669	-3.581152	-6.736669	-3.581152
RT	- 6.986839	- 3.581152	- 6.986839	- 3.581152
RW	-2.687844	-3.577723	-2.731264	-3.577723
WT	-8.040138	-3.581152	-8.451450	-3.581152

Table 2: Co-integration Outcomes

Variable	ADF	Level	PP	Level
ECM	-4.040430	I (0)	-4.097453	I (0)
	Critical Value		Critical Value	
	1%	-3.577723	1%	-3.577723
	5%	-2.925169	5%	-2.925169

The table 3 presents the results of an error correction model (ECM) analysis, with Gross Domestic Product (GDP) as the dependent variable. This analysis examines the short- and long-term relationships between GDP and various explanatory variables, including a lagged error correction term, ECM(-1), which represents the speed of adjustment toward equilibrium. The constant term (C) has a coefficient of 7.904293, with a t-statistic of 3.141036, indicating it is significant and contributes positively to GDP. The coefficient for Log(AT) is 0.026936 with a t-statistic of 0.865274, suggesting that while it has a positive relationship with GDP, it is not statistically significant given the t-statistic below typical significance thresholds. Log(A) shows a highly significant positive effect on GDP, with a coefficient of 0.047353 and a t-statistic of 11.81192, indicating a strong relationship between this variable and GDP. Log(L) has a coefficient of 1.232161 and a t-statistic of 8.582942, reflecting a significant positive impact on GDP, suggesting that labor (L) contributes substantially to economic output. Log(RT) has a coefficient of 0.037334 and a t-statistic of 2.499333, indicating a significant positive relationship with GDP, though the effect size is moderate. Log(RW) shows a small positive coefficient of 0.060795 but has a repeated standard error value (0.009662), which may need clarification. Assuming this is an error in the standard error reporting, the t-statistic indicates minimal significance. Log(WT) has a coefficient of 0.109791 and a t-statistic of 6.667841, indicating a significant positive effect on GDP, suggesting a meaningful contribution from this variable.

The error correction term ECM(-1) has a coefficient of -0.518222 and a t-statistic of -3.419866, which is statistically significant. The negative sign of ECM(-1) indicates that deviations from the long-term equilibrium adjust back toward equilibrium at a rate of approximately 51.82% per period. This value suggests a relatively quick adjustment toward long-term stability following short-term shocks. The model's R-squared is 0.9834, and the adjusted R-squared is 0.9804, indicating that approximately 98% of the variance in GDP is explained by the model. The Durbin-Watson statistic of 1.9449 suggests minimal autocorrelation in the residuals. The F-statistic of 330.28 confirms the model's overall significance, indicating a strong fit. In summary, significant variables impacting GDP include Log(A), Log(L), Log(RT), Log(WT), and ECM(-1). These results suggest that the model explains GDP well, with both short- and long-term dynamics effectively captured. The significant ECM term indicates that any short-term disequilibrium in GDP adjusts back toward a stable long-term path, highlighting the model's robustness in capturing economic relationships over the sample period.

Table 3: Error Correction Outcomes

Sample: 1970–2023

Dependent variable: Gross Domestic Product (GDP)

Variables	Coefficient	Standard Error	T-Statistic
C	7.904293	2.516460	3.141036
Log (AT)	0.026936	0.031130	0.865274
Log (A)	0.047353	0.004009	11.81192
Log (L)	1.232161	0.143559	8.582942
Log (RT)	0.0.37334	0.014938	2.499333
Log (RW)	0.060795	0.009662	0.009662
Log (WT)	0.109791	0.016466	6.667841
ECM (-1)	-0.518222	0.151533	-3.419866
R-Squared	Adj. R-Squared	Durbin-Watson	F-Statistic
0.9834	0.9804	1.9449	330.28

The results from the estimated model confirm the a priori expectations regarding the macroeconomic variables involved. Consistent with the Solow growth theory, it is anticipated that both capital and labor will have a positive relationship with total output within the production function. This expectation is upheld in the findings, as all explanatory variables demonstrate a positive correlation with the total output. Consequently, the model indicates that all endogenous variables are positively associated with the exogenous variables, reinforcing the theoretical framework and suggesting that effective investment in capital and labor contributes significantly to economic growth. This alignment with theoretical predictions

highlights the robustness of the model and underscores the critical role of these factors in driving economic performance. The statistical significance of the macroeconomic variables, as well as the overall model, is crucial to the findings. According to the estimated results, utilizing the rule of thumb for t-statistics, two exogenous variables—railway and airways transportation—are deemed not statistically significant because their t-statistic values fall below the threshold of 2. In contrast, the remaining variables demonstrate statistical significance, with their t-statistic values exceeding 2. This is clearly illustrated in the last column of Table 3. Furthermore, the overall model shows a remarkably high F-statistic value of 330.28, which exceeds the critical tabulated F-statistic at a 5% significance level, indicating that the model is statistically significant as a whole. In assessing the econometric validity of the estimated model, it is essential to evaluate the autocorrelation. This is accomplished using the Durbin-Watson statistic. The estimated model yields a Durbin-Watson statistic of 1.9449. Employing the indirect test method with a d value of 2, this study concludes that there is no autocorrelation present in the estimated model, as the Durbin-Watson statistic is approximately 2, indicating that the residuals are independent and suggesting the reliability of the model's estimations.

4. CONCLUSIONS

This research has specified and estimated a model that empirically evaluates the impact of the transport sector on the growth of Nigeria's GDP. The model was designed to capture the relationship between the transport sector and the economic development of Nigeria, providing valuable insights into how improvements in transportation infrastructure can influence overall economic performance. By analyzing key indicators from various transport sub-sectors, the study aims to highlight the significance of investing in transportation as a critical factor for enhancing economic growth and development in the country. The findings from this model will contribute to a better understanding of the transport sector's role in Nigeria's economy and inform policy recommendations for future investments and improvements in transportation infrastructure. The results indicate that both the transport sector and the labor force positively impact Nigeria's economic development. The analysis revealed that all independent variables demonstrated a positive relationship with GDP, confirming that the transport sector has significantly contributed to the country's economic growth during the period examined. This underscores the critical role that effective transportation infrastructure plays in facilitating economic activities and enhancing productivity within Nigeria. The findings highlight the importance of continued investment in the transport sector as a means to further stimulate economic development and improve the overall quality of life for Nigerians. This study reveals that government investment in the transport sector has had a positive effect, leading to significant contributions to the country’s economic development. By providing employment opportunities for the growing population, the transport sector not only enhances job security for citizens but also facilitates the movement of goods and individuals across various regions. Improvements in transportation infrastructure have opened access to areas rich in natural resources, thereby contributing to the nation’s income. Furthermore, the development of the transport sector has positively influenced the manufacturing output of the real sector, showcasing the interconnectedness between transportation and industrial growth. Overall, the findings underscore the vital role of the transport sector in driving economic growth and development in Nigeria, highlighting its importance in fostering an efficient and dynamic economy.

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