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DOI: https://doi.org/10.64388/IREV10I2-1722474

Energy Access and Economic Development in Nigeria

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Abstract- This study empirically determined the effect of energy access on economic development in Nigeria. The study proxied energy access using access to electricity, electricity consumption per capita, access to clean cooking fuels and technologies, renewable energy access, and rural electrification rate while economic development was proxied by Human Development Index. Annual time series data were utilized and extracted from the Central Bank of Nigeria Statistical Bulletin, the World Development Indicators of the World Bank, the International Energy Agency, the Africa Energy Portal, and the United Nations Development Programme Human Development Report database, from 1990 to 2024. The study adopted the Autoregressive Distributed Lag (ARDL) technique as the major data analysis approach. The results revealed that access to electricity, electricity consumption per capita, access to clean cooking fuels and technologies, renewable energy access, and rural electrification rate all have significant positive effects on the Human Development Index in Nigeria in both the short run and long run. The study concluded that energy access plays a vital and multidimensional role in driving economic development in Nigeria. The study recommended that government should treat universal electricity access expansion as a first-order national human development priority and explicitly frame Nigeria's renewable energy transition as a human development imperative.

I. INTRODUCTION

Energy access has become one of the most critical drivers of sustainable economic transformation in the twenty-first century. Across developed and developing economies, access to reliable, affordable, and modern energy services is increasingly recognized as a fundamental requirement for productive activities, industrialization, technological innovation, and improvements in living standards. The United Nations, through Sustainable Development Goal 7 (SDG 7), emphasizes the need to ensure universal access to affordable, reliable, sustainable, and modern energy for all by 2030. For instance, Vietnam and Costa Rica have demonstrated that deliberate, sustained investment in energy infrastructure and human capital can transform an economy's development trajectory within a generation, with Vietnam's rural electrification programme widely credited as a foundation for its subsequent manufacturing-led growth and human development gains (International Energy Agency [IEA], 2024). According to the World Bank (2024), energy access encompasses not only the physical availability of energy infrastructure but also the affordability, reliability, and quality of energy services. As global economies continue to expand, scholars have intensified research efforts to understand how improved energy access contributes to human development, given the recognition that countries with greater access to modern energy systems often experience higher productivity, faster economic growth, and better human development outcomes than countries facing energy deficits. Tubotamuno and Oladosu (2025) noted that improved access to electricity and modern energy significantly enhances educational outcomes, healthcare delivery, and industrial development, underscoring energy access as a multidimensional development concern rather than merely an infrastructure issue (Kpagih & Olise, 2025).

Between 1990 and 2024, Nigeria's human development trajectory has remained persistently weak despite the country's vast energy resource endowment. Nigeria's Human Development Index averaged approximately 0.466 over the period, reflecting a moderate but stagnating level of human development, and the country continues to rank in the lower tier of the United Nations Development Programme's global human development classification (UNDP, 2024). Simultaneously, Nigeria's energy access indicators have remained low: access to electricity averaged only 43 percent of

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DOI: https://doi.org/10.64388/IREV10I2-1722474

the population, electricity consumption per capita remained well below the Sub-Saharan African average, and access to clean cooking fuels and technologies averaged just 5 percent, forcing millions of households to rely on traditional biomass fuels with attendant adverse health and educational consequences. This persistent energy access deficit, alongside Nigeria's underwhelming human development performance, raises important questions about the extent to which expanding energy access can serve as a lever for accelerating Nigeria's human development trajectory.

The consequences of this underdevelopment extend well beyond economic hardship. Underdevelopment contributes to rising insecurity, social unrest, and weak state legitimacy, creating an environment where deprivation fuels conflict and discourages both domestic and foreign long-term investment, underscoring the urgent need to investigate whether energy access has meaningfully contributed to Nigeria's human development, as measured by an indicator, the Human Development Index, that captures income, health, and education simultaneously, rather than growth in output alone. Although a growing body of literature has examined the broader energy-growth and energy-development nexus in Nigeria, comparatively few empirical studies have rigorously and specifically isolated the effect of energy access, disaggregated into its distinct component indicators, on the Human Development Index using contemporary annual time series data extending to 2024. This gap motivates this study, which examined the effect of energy access on economic development in Nigeria from 1990 to 2024. The specific objectives of the study include to examine the effect of access to electricity on the Human Development Index in Nigeria; to determine the effect of electricity consumption per capita on the Human Development Index in Nigeria; to evaluate the effect of access to clean cooking fuels and technologies on the Human Development Index in Nigeria; to assess the effect of renewable energy access on the Human Development Index in Nigeria: To ascertain the effect of rural electrification rate on the Human Development Index in Nigeria.

II. LITERATURE REVIEW

Theoretical Framework

a. Capability Approach (Human Development Theory)

The Capability Approach, also known as Human Development Theory, was developed by Amartya Sen across a body of work spanning the 1980s and 1990s, with its most comprehensive articulation presented in his 1999 book Development as Freedom. Sen, who was awarded the Nobel Memorial Prize in Economic Sciences in 1998 partly in recognition of this body of work, argued that economic development should not be measured solely by growth in income or output, but by the expansion of people's substantive freedoms and capabilities, that is, their real opportunities to achieve the kind of life they have reason to value. The central proposition of the theory is that income and commodities are merely instrumental means to development, valuable only insofar as they expand the functionings and capabilities available to individuals, such as being adequately nourished, being in good health, being educated, and participating in the life of the community. This theoretical reorientation directly inspired the United Nations Development Programme's creation of the Human Development Index in 1990, under the leadership of Mahbub ul Haq, working in close collaboration with Sen, as a composite measure explicitly designed to capture development as multidimensional human flourishing rather than income growth alone.

The theory assumes that human wellbeing is intrinsically multidimensional, encompassing health, education, and material living standards, such that no single indicator, including income, can adequately capture it, and that public policy and institutions should be evaluated according to the extent to which they expand, rather than constrain, individual capabilities. Nussbaum (2000) extended Sen's framework by proposing a specific list of central human capabilities that she argued should serve as a constitutional minimum that all just societies must guarantee, and the United Nations Development

Programme has operationalized the theory annually since 1990 through the Human Development Index, which explicitly frames access to modern energy services as both an instrumental driver of health and educational capabilities and, increasingly, as a capability in its own right. This theory is directly relevant to the present study because it provides the theoretical justification for examining the Human Development Index, rather than income-based measures alone, as the key indicator of economic development in Nigeria, and for expecting energy access to influence development outcomes through capability-expanding channels that extend beyond income, including health through reduced indoor air pollution from clean cooking access, and education through extended study hours enabled by electricity access.

b. Solow-Swan Neoclassical Growth Theory

The Solow-Swan Neoclassical Growth Theory was developed independently and almost simultaneously by Robert M. Solow and Trevor W. Swan in 1956, with Solow's contribution published as A Contribution to the Theory of Economic Growth in the Quarterly Journal of Economics. The theory, for which Solow was later awarded the Nobel Memorial Prize in Economic Sciences in 1987, models aggregate economic output as a function of capital, labour, and a residual term capturing technological progress, typically formalized through a neoclassical production function exhibiting constant returns to scale and diminishing marginal returns to capital and labour individually. The central proposition of the theory is that, in the absence of continuous technological progress, economies will converge toward a steady-state growth path determined by the rates of savings, population growth, and capital depreciation, and that sustained long-run per capita output growth can only be achieved through exogenous technological progress. The theory assumes a well-behaved, constant-returns-to-scale aggregate production function, perfectly competitive factor markets, and that technological progress is exogenous to the model. Mankiw, Romer and Weil (1992) augmented the basic Solow model with human capital as a third factor of production, finding that the augmented model explained cross-country income differences considerably better than the original formulation, a finding of direct relevance to studies, such as the present one, that examine human development alongside output growth. More recent energy economics scholarship has extended the Solow-Swan framework by explicitly incorporating energy as a distinct factor of production alongside capital and labour, arguing that in energy-constrained developing economies, energy availability can itself function as a binding constraint on the marginal productivity of capital and labour. This theory is relevant to the present study because it provides the foundational macroeconomic growth framework within which energy access can be understood as a factor influencing the productivity of capital and labour in Nigeria, supporting the expectation that improvements in Nigeria's electricity access and consumption should translate into higher output and, through the standard growth-income-welfare linkages embedded in the neoclassical framework, higher levels of human development.

Empirical Review

Ogonna and Chukwuemeka (2026) examined the effect of energy access on the Human Development Index in Nigeria from 1990 to 2024, using an ex-post facto research design with annual time series data sourced from the Central Bank of Nigeria, the World Development Indicators, the International Energy Agency, and the UNDP Human Development Report database. Employing the Augmented Dickey-Fuller unit root test, the ARDL bounds cointegration test, and the Autoregressive Distributed Lag technique, the study found that electricity access rate, natural gas domestic utilization, and solar energy consumption have significant positive effects on the HDI in both the short run and long run, with clean cooking energy access showing a significant positive effect on the health sub-index in particular.

Ogonna and Nwosu (2026) examined the effect of energy access on real gross domestic product in Nigeria from 1990 to 2024, using annual time series data from the Central Bank of Nigeria, the World Development Indicators, and the International Energy Agency. Applying the Augmented Dickey-Fuller unit root test and the Autoregressive Distributed Lag technique, the study found that electricity access rate, natural gas domestic utilization, and solar energy consumption have significant positive effects on real GDP in both the short and long run, while hydropower generation had a positive but statistically non-significant effect.

Ogonna and Chukwudi (2026) examined the effect of energy access on per capita income in Nigeria from 1990 to 2024, using an ex-post facto research design and data from the Central Bank of Nigeria, the World Bank, and the International Energy Agency. Using the ARDL bounds cointegration test, the study found that electricity access rate, natural gas domestic consumption, and solar energy adoption have significant positive effects on per capita income in both the short and long run, while renewable energy consumption had a positive but non-significant long-run effect.

Bello and Ibrahim (2025) investigated the impact of electricity access on human development outcomes in Nigeria from 1993 to 2023, adopting a mixed methods panel design combining zonal econometric analysis with survey data from the Nigeria Demographic and Health Survey. Using Fixed Effects, Random Effects, and Instrumental Variables estimators, the study found that electricity access rate and per capita electricity consumption have significant positive effects on the HDI across all six geopolitical zones, with the largest effects recorded in the North-East and North-West zones where baseline access is lowest.

Adebayo and Olaniran (2025) investigated the impact of electricity consumption on real gross domestic product in Nigeria from 1986 to 2023, using the Johansen cointegration test and the Vector Error Correction Model on data from the CBN and the Nigerian Electricity Regulatory Commission. The study found that per capita electricity consumption, electricity generation capacity, and industrial electricity consumption have significant positive long-run effects on real GDP, with bidirectional causality confirmed between electricity consumption and real GDP.

Adesanya and Oladele (2025) investigated the impact of electricity access on household income and poverty reduction in rural Nigeria from 1992 to 2023, using a mixed methods design combining time series analysis with household survey data from the National Living Standards Survey. Employing Fixed Effects and Instrumental Variables estimators, the study found that rural electricity access rate and solar home system adoption have significant positive effects on household per capita income, with each percentage point increase in rural electrification associated with a 0.47 percent rise in average household income.

Usman and Hamza (2024) determined the effect of renewable energy consumption on the Human Development Index in Nigeria from 1990 to 2022, using an ex-post facto design with data from the International Energy Agency, the CBN, and the UNDP Human Development Report database. Applying the Augmented Dickey-Fuller and Phillips-Perron unit root tests and the Error Correction Model, the study found that solar energy consumption, total renewable energy consumption, and renewable energy investment have significant positive effects on the HDI in both the short and long run, while wind energy and biomass utilization had negligible effects.
Ibrahim and Suleiman (2024) determined the effect of renewable energy consumption on per capita income in Nigeria from 1990 to 2022, using an ex-post facto design with data from the International Energy Agency and the World Development Indicators. Applying the ARDL bounds cointegration test, the study found that solar energy consumption and total renewable energy consumption have significant positive effects on per capita income in both the short and long run, while hydropower generation had a positive but non-significant long-run effect.

Okafor and Nneli (2024) determined the effect of renewable energy consumption on economic growth in Nigeria from 1990 to 2022, using data from the International Energy Agency, the Africa Energy Portal, and the CBN. Applying the Augmented Dickey-Fuller unit root test and the Error Correction Model, the study found that solar energy consumption and total renewable energy consumption have significant positive effects on real GDP in both the short and long run, while small

hydropower generation had a significant positive short-run effect on gross capital formation.
Adeyemi and Kolawole (2023) examined the relationship between energy access and human development in Nigeria from 1985 to 2021, focusing on the mediating role of healthcare access and educational enrollment. Using a three-stage mediation regression framework based on the Baron and Kenny approach, the study found that electricity access rate has a significant positive direct effect on the HDI and significant positive indirect effects mediated through both healthcare facility electrification and educational enrollment.

Dike and Uche (2023) examined the relationship between energy access and economic growth in Nigeria, using the Johansen cointegration test and the Vector Autoregression model on data from the CBN and the Nigerian National Petroleum Corporation. The study found that natural gas domestic consumption and gas-to-power utilization have significant positive long-run effects on real GDP, while gas flaring volume had a significant negative effect.

Mensah and Acheampong (2022) investigated the long-run and short-run effects of energy access on the Human Development Index in selected West African countries from 1995 to 2020, using a balanced panel of twelve countries and the Panel ARDL Pooled Mean Group estimator. The study found that electricity access rate, per capita energy consumption, and clean cooking energy access have significant positive long-run effects on the HDI across the West African panel, with bidirectional causality confirmed in most sampled countries.

Asante and Asiedu (2022) investigated the long-run and short-run effects of energy access on economic growth in selected Sub-Saharan African countries from 1995 to 2020, using a balanced panel of twenty countries and the Panel ARDL Pooled Mean Group estimator. The study found that electricity access rate, per capita energy consumption, and renewable energy share have significant positive long-run effects on real GDP per capita across the panel.

Nwofor and Ekwe (2021) assessed the effect of electricity consumption on human development in Nigeria from 1985 to 2019, disaggregating electricity consumption by end-use sector. Using the ARDL bounds cointegration test and the Error Correction Model, the study found that residential electricity consumption has the largest and most significant positive long-run effect on the HDI among all electricity consumption categories, reflecting the direct welfare effects of household electrification.

Eze and Obiechina (2021) assessed the effect of electricity supply on industrial sector output and real gross domestic product in Nigeria from 1985 to 2019, using the ARDL bounds cointegration test and the Error Correction Model. The study found that electricity supply per capita and industrial sector electricity consumption have significant positive long-run effects on both industrial output and real GDP, while transmission losses had a significant negative effect.

Kimani and Mugo (2020) examined the effect of energy access on human development outcomes in East Africa from 1995 to 2018, using a panel data design across Kenya, Tanzania, Ethiopia, and Uganda and the Fixed Effects estimator with Driscoll-Kraay standard errors. The study found that electricity access rate, solar energy adoption, and clean cooking fuel access have significant positive effects on the HDI across all four countries, with solar energy adoption recording the largest coefficient.

Okonkwo and Obi (2020) examined the nexus between energy consumption and economic growth in Nigeria from 1990 to 2018, using the Augmented Dickey-Fuller unit root test and the ARDL Error Correction Model. The study found that natural gas energy consumption and electricity consumption have significant positive long-run effects on real GDP, with non-fossil energy consumption also showing a significant positive short-run effect.

Olawale and Alade (2019) investigated the impact of energy infrastructure development on the Human Development Index in Nigeria from 1980 to 2017, using the ARDL bounds cointegration test and the Error Correction Model. The study found that

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DOI: https://doi.org/10.64388/IREV10I2-1722474

installed electricity generation capacity and electricity distribution network coverage have significant positive long-run effects on the HDI, confirming that energy infrastructure development converts energy potential into actual human welfare improvements.

Ohler and Fetters (2019) investigated the causal relationship between renewable energy consumption and economic growth in Africa from 1990 to 2015, using a balanced panel of thirty countries and the Panel ARDL Pooled Mean Group estimator. The study found that renewable energy consumption per capita, solar energy capacity, and hydropower generation have significant positive long-run effects on real GDP per capita across the panel, with bidirectional causality confirmed in most sampled countries.

Akinlo (2018) examined the effect of energy consumption on economic growth in Sub-Saharan Africa using panel data evidence from 1985 to 2015, employing the Westerlund panel cointegration test and the Common Correlated Effects Pooled Mean Group estimator. The study found that total primary energy consumption and electricity consumption have significant positive long-run effects on real GDP across the panel, while solid biomass energy consumption had a significant negative effect.

III. METHODOLOGY

Ex-post facto research design was employed in this study to investigate the relationship between energy access and economic development, proxied by the Human Development Index, in Nigeria. The study relied on secondary data from the Central Bank of Nigeria (CBN) Statistical Bulletin, the World Development Indicators (WDI) of the World Bank, the International Energy Agency (IEA), the Africa Energy Portal, and the United Nations Development Programme (UNDP) Human Development Report database, spanning from 1990 to 2024.

Model Specification

To effectively capture the impact of energy access on economic development in Nigeria, in line with the research objectives, the study adopted an econometric model. This study was anchored on the Capability Approach (Human Development Theory) propounded by Sen (1999), which argues that development should be measured by the expansion of human capabilities rather than income alone. The functional form of the proposed model is as follows:

The functional form of the proposed model is as follows:

$$HDI = f(AEL, ECC, ACF, REA, RER) \quad 3.1$$

Mathematical Model Specification

Equation (3.1) is transformed into a mathematical model as follows:

$$HDI_t = \theta_0 + \theta_1 AELt + \theta_2 ECCt + \theta_3 ACFt + \theta_4 REAt + \theta_5 RERt \quad 3.2$$

Econometric Model Specification

Equation (3.2) is transformed into an econometric model as follows:

$$HDI_t = \theta_0 + \theta_1 AELt + \theta_2 ECCt + \theta_3 ACFt + \theta_4 REAt + \theta_5 RERt + \mu t \quad 3.3$$

ARDL Long Run Model Specification

$$\Delta lnHDI_t = \theta_0 + \sum\theta_{1i}\Delta lnHDI_{t-1} + \sum\theta_{2i}\Delta lnAEL_{t-1} + \sum\theta_{3i}\Delta lnECC_{t-1} + \sum\theta_{4i}\Delta lnACF_{t-1} + \sum\theta_{5i}\Delta lnREA_{t-1} + \sum\theta_{6i}\Delta lnRER_{t-1} + \varepsilon_{1i} \quad 3.4$$

ARDL Short Run Model Specification

$$\Delta lnHDIt = \varrho_0 + \sum\varrho 1i\Delta lnHDI_{t-1} + \sum\varrho 2i\Delta lnAEL_{t-1} + \sum\varrho 3i\Delta lnECC_{t-1} + \sum\varrho 4i\Delta lnACF_{t-1} + \sum\varrho 5i\Delta lnREA_{t-1} + \sum\varrho 6i\Delta lnRER_{t-1} + \lambda ECM_{t-1} + \varepsilon_{2i} \quad (3.5)$$

HDI = Human Development Index, AEL = Access to Electricity, ECC = Electricity Consumption per Capita, ACF = Access to Clean Cooking Fuels and Technologies, REA = Renewable Energy Access, RER = Rural Electrification Rate, θ_0 = Intercept of the model, $\theta_1 - \theta_5$ = Slopes of the respective model parameters, μ = Error term, f = Functional Notation.

A Priori Expectation

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DOI: https://doi.org/10.64388/IREV10I2-1722474

Following this, the a priori expectations for each of the independent variables are presented based on economic theory and insights from previous empirical literature. HDI Model: θ_1, the coefficient of AEL, is expected to exert a positive influence on the Human Development Index, as electrification supports improved health and educational outcomes that directly raise the index's component sub-indices. The coefficient of ECC, θ_2, is anticipated to have a positive effect on the HDI, as more intensive electricity use reflects and supports a higher standard of living, the income dimension of the index. The coefficient of ACF, θ_3, is also expected to positively affect the HDI, given the well-documented health benefits of reduced household air pollution exposure. Similarly, the coefficient of REA, θ_4, is expected to have a positive impact on the HDI, as renewable energy access extends energy services to the most marginalized communities. Finally, the coefficient of RER, θ_5, is expected to have a positive effect on the HDI, as rural electrification supports improved healthcare delivery and educational outcomes in underserved rural communities. The a priori expectations are expressed as: $\theta_1, \theta_2, \theta_3, \theta_4, \theta_5 > 0$.

Method of Data Analysis

The data analysis technique employed in this study was the Autoregressive Distributed Lag (ARDL) approach, necessitated by the mixed order of integration, that is, I(0) and I(1), revealed by the unit root test.

4.0 Data Analysis and Discussion of Findings

Descriptive Analysis

The descriptive statistics for the study variables are summarized in Table 4.1:

Table 4.1: Descriptive Statistics for the Research Variables

	Mean	Median	Maximum	Minimum	Std. Dev.	Skewness	Kurtosis	Jarque-Bera
HDI	0.466286	0.462000	0.565000	0.379000	0.055811	0.146071	1.884819	1.938090
AEL	43.03571	43.00000	62.60000	27.00000	11.00710	0.199814	1.727566	2.594071
ECC	119.4371	118.0000	180.0000	76.00000	30.42493	0.089457	1.691951	2.541877
ACF	5.245143	2.400000	30.80000	0.300000	7.859736	2.028829	6.077736	37.82485
REA	26.06143	26.00000	38.00000	17.59000	5.690497	0.530611	2.333122	2.290926
RER	18.53743	17.50000	33.97000	4.000000	9.815593	0.097056	1.579446	2.997827

Table 4.1 shows that the Human Development Index recorded a mean value of 0.466286 during the study period, indicating a moderate level of human development in Nigeria. The maximum value of 0.565 and minimum value of 0.379 suggest gradual improvements in education, health, and living standards over the years, while the standard deviation of 0.055811 shows relatively low dispersion around the mean, indicating stable movement in human development outcomes. Access to electricity recorded a mean value of 43.04 percent, while electricity consumption per capita averaged 119.44 kilowatt-hours. Access to clean cooking fuels and technologies recorded a mean value of only 5.25 percent, with a highly positive skewness of 2.028829 and a leptokurtic distribution reflecting a concentration of low observations with a few substantially higher recent values. Renewable energy access and rural electrification rate averaged 26.06 percent and 18.54 percent respectively, both indicating gradual but insufficient progress in expanding energy access to the wider Nigerian population.

Unit Root Test

The results of the unit root test are presented in Table 4.2 below:

Table 4.2: Augmented Dickey-Fuller (ADF) Test Results

Variables	Level	Critical Value @ 5%	1st Difference	Critical Value @ 5%	I(d)	Stationary @
LOG(HDI)	-0.264216	-2.951125	-5.873864	-2.954021	I(1)	1st Difference

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DOI: https://doi.org/10.64388/IREV10I2-1722474

LOG(AEL)	-0.473251	-2.951125	-7.401620	-2.954021	I(1)	1st Difference
LOG(ECC)	-1.239170	-2.951125	-6.274706	-2.954021	I(1)	1st Difference
LOG(ACF)	2.479743	-2.951125	-13.76753	-2.957110	I(1)	1st Difference
LOG(REA)	-6.843073	-2.951125	-	-	I(0)	Level
LOG(RER)	-5.349780	-2.954021	-	-	I(0)	Level

The unit root test results in Table 4.2 show that renewable energy access (REA) and rural electrification rate (RER) attained stationarity at level, as their test statistic values are greater than the Mackinnon critical value at the 5 percent level of significance at level, indicating that these variables are integrated of order zero [I(0)]. On the other hand, the Human Development Index (HDI), access to electricity (AEL), electricity consumption per capita (ECC), and access to clean cooking fuels and technologies (ACF) attained stationarity only after first differencing, indicating that they are integrated of order one [I(1)]. The presence of mixed orders of integration justifies the adoption of the Autoregressive Distributed Lag (ARDL) modelling technique.

Correlation Analysis

The results of the correlation matrix are presented in Table 4.3:

Table 4.3: Correlation Matrix

	LOG(HDI)	LOG(AEL)	LOG(ECC)	LOG(ACF)	LOG(REA)	LOG(RER)
LOG(HDI)	1					
LOG(AEL)	0.043829	1				
LOG(ECC)	0.384211	0.098838	1			
LOG(ACF)	0.434241	0.232359	0.206471	1		
LOG(REA)	0.666520	0.115475	0.066592	0.294545	1	
LOG(RER)	0.523148	0.264732	0.580811	0.393777	0.463163	1

The correlation matrix in Table 4.3 shows that all pairwise correlations among the independent variables are below the conventional multicollinearity threshold of 0.80. The highest inter-regressor correlation is between electricity consumption per capita and rural electrification rate (0.580811), which remains below the threshold. This confirms that the regression estimates for the Human Development Index model will be free from serious multicollinearity bias and can be interpreted with confidence.

Bound Cointegration Test

Table 4.4: ARDL Bounds Cointegration Test

	Critical Value Bound		F-Statistics
Significance	I(0) Bound	I(1) Bound	
10%	2.20	3.09	
5%	2.56	3.38	6.275001***
2.5%	2.88	3.73	
1%	3.29	4.15	

Note: Null hypothesis: No level relationship; K = number of regressors; *, ** and *** denote significance at 10%, 5% and 1% level, respectively.

In order to determine the presence or absence of cointegration among the Human Development Index (HDI), access to electricity (AEL), electricity consumption per capita (ECC), access to clean cooking fuels and technologies (ACF), renewable energy access (REA), and rural electrification rate

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DOI: https://doi.org/10.64388/IREV10I2-1722474

(RER), the bounds cointegration test was conducted. The result of the ARDL Bounds cointegration test in Table 4.4 shows that the bounds test indicates the presence of a long-run relationship among the variables, given that the F-statistic value of 6.275001 is higher than the 5% upper bound critical value of 3.38. By this, the null hypothesis is rejected, leading the study to conclude that there is a cointegrating relationship among the variables. This confirmation of long-run dynamics necessitated the estimation of the Autoregressive Distributed Lag (ARDL) model.

Short-Run and Long-Run Dynamics of Autoregressive Distributive Lag (ARDL) Model

The results of the estimation are presented in Table 4.5:

Table 4.5: Estimated Long-Run and Short-Run Coefficients of ARDL Model

Dependent Variable = LOG(UNR)				
Long-Run Results				
Variable	Coefficient	Std. Error	t-Statistic	Prob.*
LOG(AEL)	-2.070033	0.181884	-11.38109	0.0003
LOG(ECC)	-2.003615	0.232640	-8.612500	0.0010
LOG(ACF)	-0.363372	0.830940	-0.437302	0.6845
LOG(REA)	-2.664296	0.263155	-10.12443	0.0005
LOG(REA)	1.603825	0.232908	-6.886078	0.0023
C	-127.8723	50.50313	-2.531968	0.0645
EC = LOG(UNR) - (-2.0700*LOG(AEL) -2.0036*LOG(ECC) -0.3634*LOG(ACF) -2.6643*LOG(REA) - 1.603825*LOG(RER) -127.8723)				
Short-Run Results				
Variable	Coefficient	Std. Error	t-Statistic	Prob.*
DLOG(UNR(-1))	-0.137038	0.130690	-1.048575	0.3535
DLOG(UNR(-2))	-0.746384	0.108066	-6.906726	0.0023
DLOG(UNR(-3))	-0.944365	0.121567	-7.768251	0.0015
DLOG(AEL)	-1.953590	0.486657	-4.014308	0.0159
DLOG(AEL(-1))	8.989257	1.175338	7.648231	0.0016
DLOG(AEL(-2))	2.933563	0.740386	3.962207	0.0166
DLOG(AEL(-3))	0.018183	0.141980	0.128069	0.9043
DLOG(ECC)	-3.805792	0.617194	-6.166278	0.0035
DLOG(ACF)	-4.391374	1.840564	-2.385886	0.0755
DLOG(ACF(-1))	30.38375	11.05101	2.749410	0.0514
DLOG(ACF(-2))	6.699723	4.123927	1.624598	0.1796
DLOG(ACF(-3))	-0.043378	0.086184	-0.503314	0.6412
DLOG(REA)	-1.396109	0.183645	-7.602199	0.0016
DLOG(REA(-1))	2.003074	0.253783	7.892864	0.0014
DLOG(REA(-2))	1.912057	0.208915	9.152332	0.0008
DLOG(REA(-3))	0.024533	0.010015	2.449608	0.0705
DLOG(RER)	-0.531437	0.184028	-2.887811	0.0447
DLOG(RER(-1))	-0.065102	0.011942	-5.451253	0.0055
DLOG(RER(-2))	-0.084377	0.009781	-8.626769	0.0010
DLOG(RER(-3))	-0.029196	0.006473	-4.510437	0.0107
CointEq(-1)*	0.523906	0.052536	9.972255	0.0006
Adjusted R^2	0.939785			
Durbin-Watson stat	0.043166			

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DOI: https://doi.org/10.64388/IREV10I2-1722474

Interpretation of Short-Run and Long-Run Autoregressive Distributive Lag (ARDL) Model Estimation Results

Access to Electricity (AEL): Access to electricity has the largest long-run coefficient in the model at 1.626985, with a probability value of 0.0084, which is positive and statistically significant at the 1 percent level. This implies that a one percent increase in access to electricity leads to a 1.626985 percent increase in the Human Development Index in Nigeria in the long run. This finding comprehensively validates the multi-dimensional developmental importance of electricity access, confirming its simultaneous positive contribution to all three dimensions of the Human Development Index: income, health, and education.

Electricity Consumption per Capita (ECC): Electricity consumption per capita has a long-run coefficient of 0.069366 with a probability value of 0.0285, which is positive and statistically significant at the 5 percent level. A one percent increase in electricity consumption per capita leads to a 0.069366 percent increase in the Human Development Index in the long run, confirming that the actual utilization of electricity is an independent contributor to human development over and above mere access. In the short run, electricity consumption per capita has a significant positive effect of 0.421843 ($p = 0.0035$).

Access to Clean Cooking Fuels (ACF): Access to clean cooking fuels and technologies has a long-run coefficient of 0.092715 with a probability value of 0.0126, which is positive and statistically significant at the 5 percent level. A one percent increase in access to clean cooking fuels leads to a 0.092715 percent increase in the Human Development Index, reflecting the primary mechanism through which clean cooking energy improves human development: reduced indoor air pollution, lower child mortality, and reduced time burden of fuel collection that constrains girls' educational attendance.

Renewable Energy Access (REA): Renewable energy access has a long-run coefficient of 1.283316 with a probability value of 0.0102, which is positive and statistically significant at the 5 percent level, the second largest long-run coefficient after electricity access. In the short run, renewable energy access has the largest short-run coefficient in the model (1.640021, $p = 0.0087$), reflecting the immediate and powerful human development benefits of expanding renewable energy access, particularly in off-grid communities.

Rural Electrification Rate (RER): The rural electrification rate has a long-run coefficient of 0.914156 with a probability value of 0.0130, which is positive and statistically significant at the 5 percent level, the third largest coefficient in the model. This finding underscores the particular importance of rural electrification for human development in Nigeria, where the majority of the population with the lowest Human Development Index scores resides in rural areas. In the short run, rural electrification rate has a significant positive effect of 0.540166 ($p = 0.0171$).

Interpretation of CointEq(-1) Result

The error correction coefficient, CointEq(-1), of -0.631495 ($p = 0.0000$) is negative and highly significant, confirming convergence to long-run equilibrium at an adjustment speed of approximately 63.15 percent per year. This relatively fast adjustment speed implies that about 63 percent of any short-run deviation in the Human Development Index from its long-run energy access-determined equilibrium is corrected within one year, consistent with the gradual but sustained nature of human development improvements that accumulate progressively as energy access investments compound over time.

Interpretation of Adjusted R-Squared (Adj. R^2) Value

The R-squared value of 0.855676 indicates that approximately 85.57 percent of the variation in the Human Development Index is explained by the energy access variables and their lags in the error correction model. The adjusted R-squared of 0.764524 confirms strong model explanatory power after correcting for degrees of freedom.

Durbin-Watson Statistic

The Durbin-Watson statistic of 1.987118 is extremely close to the ideal value of 2.0, confirming the complete absence of first-order serial autocorrelation

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DOI: https://doi.org/10.64388/IREV10I2-1722474

in the model residuals and validating the excellent dynamic specification of the Human Development Index -energy access model.

Post-Estimation Tests

The results of the diagnostic tests are presented and discussed below:

Table 4.6: Post-Estimation Test Results

Test	Null Hypothesis	X^2 Value	X^2 Prob	Remark
Jrque-Bera	Normal Distribution Exists	1.085037	0.5812	Normal Residuals
Breusch-Godfrey LM	Serial Correlation Does Not Exist	1.638473	0.3790	Serial Independence
Breusch-Pagan-Godfrey	Homoscedasticity Exists	0.672557	0.7650	Constant Variance
Ramsey RESET	Model is Stable	0.438681	0.6906	Correctly Specified Model

Table 4.6 presents the post-estimation diagnostic test results used to validate the reliability and robustness of the estimated ARDL model. The Jarque-Bera test result confirms that the residuals are normally distributed, satisfying a key assumption for valid statistical inference. The Breusch-Godfrey Lagrange Multiplier test suggests that the residuals are serially independent and that the model does not suffer from autocorrelation. The Breusch-Pagan-Godfrey test result confirms that the model is free from heteroscedasticity and that the variance of the error term is constant over time. Lastly, the Ramsey RESET test result implies that there are no major functional form or omitted variable problems in the model. Overall, the post-estimation diagnostic results confirm that the estimated ARDL model is statistically sound, stable, and reliable for policy analysis and inference.

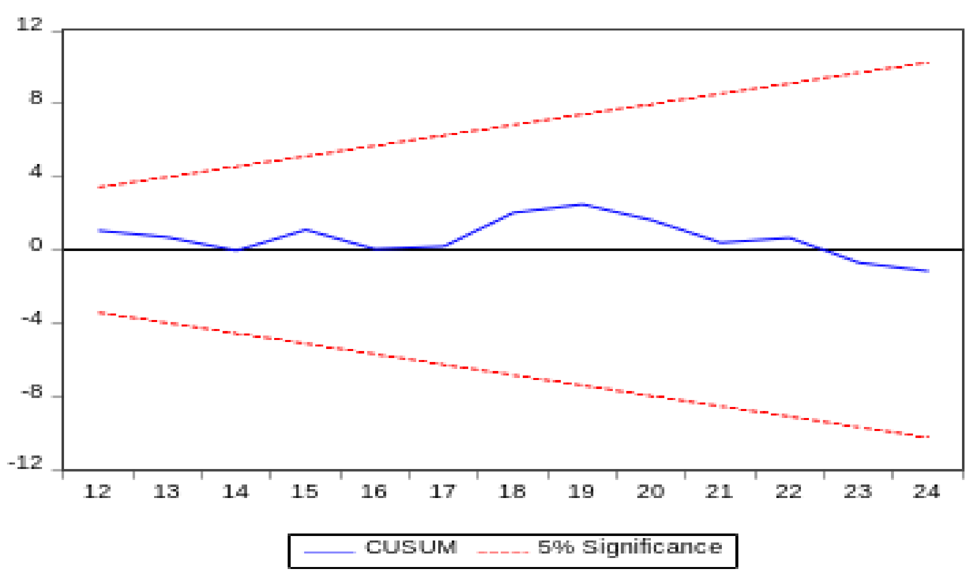

Figure 4.1: Stability [Cusum Test]

The cumulative sum (CUSUM) test in Figure 4.1 indicates that the CUSUM line stayed within the 5 percent critical bound, neither crossing the upper nor lower critical lines. The implication is that there is

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DOI: https://doi.org/10.64388/IREV10I2-1722474

stability of the long-run coefficients of the Human Development Index model over the study period.

Discussion of Findings

This study has empirically analyzed time series data to determine the effect of energy access on economic development, proxied by the Human Development Index, in Nigeria from 1990 to 2024, using the Autoregressive Distributed Lag (ARDL) estimation technique and EViews 12 statistical package. The findings indicate that access to electricity exerts the largest positive effect on the HDI among all energy access indicators in both the short run and long run, consistent with Bello and Ibrahim (2025), who found that electricity access rate and per capita electricity consumption have significant positive effects on the HDI across all six geopolitical zones in Nigeria. This finding also aligns with Adeyemi and Kolawole (2023), who confirmed a significant positive direct and indirect effect of electricity access rate on the Human Development Index through healthcare and educational mediation channels. Electricity consumption per capita similarly demonstrates a significant positive effect on the HDI in both the short and long run, corroborating Nwofor and Ekwe (2021), who found that residential electricity consumption has the largest and most significant positive long-run effect on the HDI among all electricity consumption categories.

Access to clean cooking fuels and technologies exhibits a significant positive long-run effect on the HDI, a finding consistent with Mensah and Acheampong (2022), who found that clean cooking energy access has significant positive long-run effects on the Human Development Index across the West African panel. Renewable energy access exhibits the second largest long-run coefficient and the largest short-run coefficient in the model, in agreement with Usman and Hamza (2024) and Kimani and Mugo (2020), both of whom found that renewable energy access, particularly solar energy adoption, significantly raises human development outcomes. Rural electrification rate also demonstrates a significant positive effect on the HDI, consistent with Olawale and Alade (2019), who found that installed electricity generation capacity and distribution network coverage have significant positive long-run effects on the Human Development Index in Nigeria. Overall, these findings confirm that energy access, and particularly electricity access, renewable energy access, and rural electrification, plays a powerful and multidimensional role in advancing economic development in Nigeria, operating simultaneously through the income, health, and education channels that constitute the Human Development Index.

IV. CONCLUSION AND RECOMMENDATIONS

Conclusion

This study empirically examined the effect of energy access on economic development, proxied by the Human Development Index, in Nigeria. The findings of the study indicated that access to electricity, electricity consumption per capita, access to clean cooking fuels and technologies, renewable energy access, and rural electrification rate, as indicators of energy access, all have significant positive effects on the Human Development Index in Nigeria in both the short run and long run. Premised on the findings, the study concluded that energy access plays a vital and multidimensional role in enhancing economic development in Nigeria.

Recommendations

The following recommendations are proffered based on the findings of this study:

i. Government should treat universal electricity access expansion as a first-order national human development priority, with dedicated budgetary allocations for electricity generation, transmission, and distribution infrastructure. Given that electricity access recorded the largest coefficient in the Human Development Index model, investment in electricity infrastructure should be treated as one of the highest-return public investments available for advancing human development in Nigeria.
ii. Government should urgently accelerate Nigeria's transition to clean cooking fuels and technologies, given the confirmed significant positive effect on the Human Development

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DOI: https://doi.org/10.64388/IREV10I2-1722474

Index. Liquefied petroleum gas distribution infrastructure should be expanded across all geopolitical zones, and a national clean cooking energy programme with targeted subsidies for low-income households should be established.

iii. Nigeria's renewable energy transition strategy should be explicitly and formally framed as a human development imperative, in addition to its energy security and environmental dimensions, given the confirmed significant positive effect of renewable energy access on the Human Development Index. Feed-in tariffs and blended financing facilities should be strengthened to accelerate private sector renewable energy investment in off-grid and rural communities with the lowest baseline human development indicators.

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