

Economic Policies and Poverty Alleviation in Nigeria

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Certification

This is to certify that Glory Funmilayo AKINNOLA with matriculation number LCU/PG/001599 carried out this research work titled “Economic Policies and Poverty Alleviation in Nigeria.” in the Department of Economics and Development Studies, Faculty of Management and Social Sciences, Lead City University Ibadan, Oyo State, Nigeria for the award of Master Degree (M.Sc.) in Economics under my supervision and that this has not been previously submitted.

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Date

Dedication

This research study is dedicated to God Almighty, my very source of inspiration and strength for his endless grace to successfully complete this research work with all challenges gracefully surmounted. This work is also dedicated to my dear husband, Olayinka A. Oladimeji.

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Abstract

The study empirically investigated the link among economic policies and poverty alleviation in Nigeria. A choice of variables such as government expenditure on health, government expenditure on education and tax rate were adopted as fiscal policy tools while monetary policy rate and interest rate were chosen as monetary policy proxy. Exchange rate, inflation rate, GDP growth rate and GDP per capita were also incorporated as control variables. The ARDL short-

run and long-run models were estimated to investigate the dynamic relationships between poverty rate, and the array of independent variables, fiscal and monetary policies in Nigeria from 1980 to 2021. Data used was sourced from World Development Indicators (WDI) and analyzed using the EViews software. The augmented Dickey- Fuller (ADF) test and Phillips-Perron (PP) unit root test indicated that some of the variables are stationary and others differenced stationary. The result of the ARDL model estimation revealed that government expenditure on health showed a significant positive coefficient, while government expenditure on education reflected otherwise. Tax rate showed a significant negative effect on the poverty rate. Monetary policy rate has relatively small and statistically insignificant coefficients. Inflation rate impacted poverty negatively. The mixed policy estimation result revealed that a mix of (government expenditure on health and monetary policy rate; tax rate and interest rate) indicated a negative significant relationship with poverty level. While combinations of (government expenditure on education and the monetary policy rate; tax rate and the monetary policy), revealed a positive relationship with poverty. Based on the results, poverty increase in Nigeria is still henpecked by monetary policy, because of inflation instability. Fiscal policy has contributed to poverty rate decrease but not effectively as government budget seem to miss the target. Thus, this study recommends proper monitoring of economic policies channelled towards poverty alleviation in Nigeria.

Keywords: Fiscal Policy, Monetary Policy, Poverty Alleviation, Nigeria.

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