

Public Expenditure, Agricultural Productivity, and Income Inequality in ECOWAS

Abimbola Elizabeth ADETUNJI

LCU/PG/002673

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Social Sciences, Lead City University, Ibadan Oyo State, Nigeria**

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(MSc) in Economics**

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Certification

This is to certify that Abimbola Elizabeth Adetunji with Matriculation Number LCU/PG/002673 carried out this research work titled “Public Expenditure, Agricultural Productivity and Income Inequality in ECOWAS” in the Department of Economics, Faculty of Management and Social Sciences, Lead City University, Ibadan, Oyo State Nigeria, for the award of Masters Degree (MSc) in Economics and that this has not been previously submitted.

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Dr. O. O Ogunjinmi
(Supervisor)

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Date

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Dr. O. O Ogunjinmi
(Head of Department)

.....

Date

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Dedication

This thesis is dedicated to the Almighty God and my lovely husband, Mr Johnson Adebayo Adetunji.

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Acknowledgement

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Abstract

High disparities in the distribution of public expenditure across the agricultural sector in ECOWAS have exacerbated economic inequalities among its residents, as large individuals or groups receive disproportionate attention. Moreover, the effectiveness of public spending in enhancing agricultural productivity has faced severe problems in the region, thereby posing substantial challenges to the goal of reducing income inequality in the ECOWAS region. This study investigates the interactive effects of agriculture productivity and public expenditure on income inequality in ECOWAS from 2000 to 2021. Using the panel ARDL approach, the study found that agriculture productivity and public expenditure positively and significantly influence income in ECOWAS. It implies that increased productivity primarily benefits large-scale commercial farmers or those with access to modern agricultural technologies which therefore exacerbate existing income disparities. Thus, agriculture productivity widen gap between the wealthier agricultural producers and smallholder farmers, contributing to overall income inequality. The positive and significant impact of public expenditure on income inequality in ECOWAS suggests that public spending primarily benefits higher-income groups or is directed toward projects that do not address the needs of the poor, it can contribute to increased income inequality. The negative and insignificant impact of public expenditure and agriculture productivity on income inequality suggests that the joint effect of agriculture productivity and public expenditure does not significantly alter the existing income distribution patterns in ECOWAS. In economic terms, this could imply that despite efforts to enhance productivity in the agricultural sector and increase public spending, the outcomes do not translate into a substantial change in the distribution of income among different segments of the population. Government should increase public expenditures on social programs that directly benefit the poor and vulnerable populations. Investments in education, healthcare, and social safety nets can improve human capital development and reduce income inequality.

Keywords: Government spending, agriculture output growth, GINI index, ECOWAS.

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