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Impact of Fiscal Policy on Economic Performance in Nigeria: 1981-2020

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Abstract

This study examined the impact of fiscal policy on economic performance in Nigeria (1981-2020). The Augmented Dickey-Fuller unit root test was employed to establish the stationarity of the variables, Johansen co-integration was used to determine the existence of a long-run relationship between fiscal policy and economic performance while ECM was employed to determine the speed of adjustment of the variable to long-run equilibrium at one lag selected. The findings were that there was evidence of a long-run equilibrium relationship between fiscal policy and economic performance in Nigeria. It was found that government total expenditure has a positive and significant long-run impact on economic performance proxies real GDP, human development index (HDI) but negative impact on poverty level in Nigeria while on the other hand, public debt has a positive and significant impact on human development index but positive and insignificant impact on poverty level in Nigeria. Lastly, public debt has a negative impact on the RGDP in Nigeria. From the conclusion, the recommendation made included; anti-corruption agencies like the Economic and Financial Crimes Commission (EFCC) and Independent Corrupt Practices Commission (ICPC) should be merged to avoid wastages in government expenditure.

Keywords: Economic Performance; Fiscal Policy; Human Development Index; Real Gross Domestic Product; Poverty

JEL: E61, E62

1.0 Introduction

Fiscal policy has long been associated with the use of taxes and public spending to affect a country's economic activity. The budget of the government is where fiscal policy is implemented. The most vital aspect of a public budget is its use as an instrument to manage an economy (Omitogun & Ayinla, 2007). Fiscal policy is a deliberate act of government that entails the use of government spending, taxation and borrowing to control the pattern of economic activities, level of output growth, employment, inflation and employment (Ugwanta, 2014). The growth impact of fiscal policy has generated a huge amount of theoretical and empirical work during the last decade. Economic growth is considered as a key macroeconomic objective of a country and an increase in government expenditure on socio-economic and physical infrastructure

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encourages economic growth, as well as expenditure in health and education, which stimulates the rate of growth of national output (Barro, 1990). Infrastructure spending, such as roads, power, communication, and railways, lowers production costs, boosts private sector investment, and boosts firm profitability, boosting economic growth. Monetarists, on the other hand, believe that increased government spending stifles economic progress. Higher amounts of government spending, according to this school of thinking, tend to lower an economy's overall performance.

According to Oshinowo (2015), the literature on the function of fiscal policy in boosting economic growth has two sides. The first viewpoint holds that the government's support for knowledge, research, and development, productive investment, law and order, and the provision of public services may boost growth in the short and long term. More so, Nigeria's potential for long-term economic growth and development has gone untapped over time. It's discouraging that, despite the country's vast natural and human resources, and despite a growing tendency in public spending year after year, the economy has consistently underperformed. Corruption, bureaucracy, political instability, lack of accountability and transparency, bad governance, and a lack of visionary leaders have all been blamed for the poor growth of the Nigerian economy by policy analysts, economists, and other experts. Asaju, Adagba, and Kajang (2014) added that the misapplication of monetary and fiscal policies and complications in the adoption of non-market friendly tools constituted major challenges to realizing Nigeria's fiscal objectives. The public sector in Nigeria, which is intended to drive the economy through fiscal policies, has remained inefficient in terms of service delivery, infrastructure deterioration, a high rate of corruption, and a lack of accountability and probity in the administration of public policies and resources. As a result, unemployment is increasing, inflation is growing, GDP is slowing, real wages are falling, and poverty is rising. In light of this, the research will look at the impacts of fiscal policy on Nigeria's economic performance from 1981 to 2018. As a result, the study's main objectives are:

- To investigate the impact of overall government spending on Nigeria's economic performance.
- To look at the impact of Nigeria's public debt on the country's economic performance.

This paper is divided into five sections to fulfil these goals, with the introduction as the first. The second section is a literature review. The methodology is examined in the third section. The fourth section focuses on the presentation and discussion of results. The summary, findings,policy recommendations and contribution to knowledge are all covered in section five.

2.0 Review of Related Literature

2.1 Theoretical Review

2.1.1 Endogenous Growth

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Fiscal policy, according to "endogenous growth theory," may influence both the level and pace of increase of per capita production. Endogenous growth models indicate that an increase in productive spending supported by non-discriminatory taxes will boost growth, but distortionary taxation has an unclear impact. In the latter situation, there is a level of productive spending that maximizes growth, which may or may not be Pareto efficient (Irmen-Kuehnel, 2008). Furthermore, growth will be neutral if the non-productive expenditure is funded by non-discriminatory taxes, but growth would be negative if distortionary taxes are employed.

2.1.2 The Keynesian Hypothesis

The Keynesian Theory of an aggressive macroeconomic policy has extensively discussed the role of fiscal policy in achieving macroeconomic objectives. Demand management measures may and should be utilized to improve macroeconomic performance, according to the Keynesian approach. An active macroeconomic policy entails adjusting monetary and fiscal variables at the levels considered to be required to fulfil the government's goals in each period. The private sector is intrinsically unstable, according to Keynesian economics. The components of aggregate demand are subject to frequent and quantitatively significant disruptions. Full employment, a steady price level, the absence of major deviations of production from its equilibrium time course, an acceptable rate of economic growth, and equitable distribution of income, and a balance of payment equilibrium are the basic macroeconomic objectives that are not in dispute. According to Keynesian theory, withdrawing expenditure from the economy decreases aggregate demand and stabilizes prices.

2.1.3 Growth Theory (Classical)

The classical growth theory is the earliest hypothesis in the literature on growth. Thomas Malthus is largely linked with the classical growth hypothesis. In summary, the key points of Jhingan's (2007) classical growth theory are as follows: (i) As a result of technical advancements, the amount of capital and the marginal product of labour both increase. (ii) As the economy expands, so does the standard of living and the population. (iii) As the population grows, labour productivity decreases (more individuals but the same amount of capital). (iv) The GDP per capita will decrease once more. The population will stop growing when GDP per capita falls to a level just high enough to protect the population from starving. (v) Capital destruction, such as via war, has the opposite effect.

2.2 Empirical Review

Taiwo and Agbatogun (2011) in their paper analyze the implications of government spending on the growth of Nigeria economy over the period 1980-2009. Using Johansen co-integration, unit root test and error correction model, it was discovered that total capital expenditure, inflation rate, degree of openness and current government revenue are significant variables to improve growth in Nigeria. In the final analysis, future expenditure on capital and recurrent should be

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managed along with adequate manipulation of other macroeconomic variables to ensure steady and accelerate growth.

Isiaka and Raheem (2011) examined the impact of fiscal and monetary policies on the level of economic activities in Nigeria proxied by the GDP. The OLS regression approach was adopted and the result showed a long-run relationship between the variables used, that is, government capital and recurrent expenditures, taxes and money supply. It was also found that government capital and recurrent revenues positive relationship with the GDP but this relationship is insignificant. Also, tax and money supply were not significant in explaining the gross domestic product.

Onuorah and Akujuobi (2012) examined the trend and empirical analysis of public expenditure and its impact on the economic growth in Nigeria. The study employed Johansen Co-integration and VEC and found that RGPE established a long run relationship with RGDP. Finally, there is no statistical significance between public expenditure variables and the economic growth in Nigeria. The study recommended that government should embark on realistic policy implementation with sincere fiscal and monetary policies in place that can monitor to a greater extent and help in the sustainability for remarkable growth to be recorded in Nigeria.

Nworji, Okwu and Obiwuru (2012) examined the effect of public expenditure on economy in Nigeria for the period 1970 to 2009. The study analyzed the effect of public government spending on economy in Nigeria based on time series data on variables considered relevant indicators of economic growth and government expenditure using OLS multiple regression model based Nigerian time series data on the gross domestic product (GDP), and various components of government expenditure. The study showed that capital and recurrent expenditure on economic services had an insignificant negative effects on economic growth during the study period. Consequently, the study recommended more allocation of expenditures to the services with significant positive effects.

Chude (2013) investigated the influence of government spending on Nigerian economic growth. Using a co-integration error correction model, this paper examines the impact of public education spending on economic development in Nigeria from 1977 to 2012. (ECM). The findings show that overall education spending is statistically significant and has a long-term positive link with Nigerian economic growth. The researchers find that variables both exogenous and endogenous to government spending in Nigeria have a significant influence on economic growth. The technique of data collection was clearly described in the study.

Aregbe and Greg (2015) looked at the influence of government expenditure on Nigerian economic development from 1970 to 2010. The Central Bank of Nigeria statistical Bulletin provided the data for this study. The findings reveal that overall government spending on health and transportation is positively and strongly connected to economic

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growth, whereas agricultural spending increased by 0.7 percent. As a result of the country's present economic diversification push, this has occurred.

Obayori (2016) used co-integration and ECM techniques to study Nigerian fiscal policy and unemployment from 1980 to 2013. The data show that there is a long-term link between fiscal policy and unemployment. As a consequence of the findings, it is concluded that fiscal policy is beneficial in lowering Nigeria's unemployment rate.

Between 1980 and 2015, Odetayo and Adeyemi (2017) looked at Nigeria's fiscal policies and economic development. To examine the impact of government expenditure and income on production growth in Nigeria, the study used an error correction model and an autoregressive distributed lag model. It shows that government revenue, government spending and the fiscal deficit grew massively within the period considered. The results equally revealed that fiscal policy is weakly sustainable in Nigeria.

Aliu, Bello, Ndagwakwa, Wazamari, Zima, Solomon, Salam, Gbadebo and Shettima (2018) examines the impact of fiscal policy on economic performance in Nigeria between 1981 and 2016. Fiscal policy is represented by government total expenditure, government total revenue and direct tax. A model was developed in which economic growth (proxy as economic performance) is expressed as a function of government total expenditure, government total revenue, direct tax, capital (represented as gross capital formation) and labour (represented as employment rate). The study covered 36 years ranging from 1981 to 2016. The econometric techniques of Augmented Dickey-Fuller test, Co-integration test and Error Correction model estimation. The study suggested that; Government should enhance investment in productive expenditure including expenditure on education, health, manufacturing, mining and agriculture and also ensure that funds meant for the development of these sectors are properly utilized.

3.0 Methodology

3.1 Model Specification

The study investigates the impact of Nigeria's fiscal policies on the country's economic performance. The model was adapted from Aliyu, Bello, Ndagwakwa, Zirra, Salam, Gbadebo, and Mohammed (2018), who investigated the influence of fiscal policy on Nigerian economic performance and described their model as RGDP= f. (GTEXP, GTREV, DTAX). However, utilizing government total expenditure (GEXP), public debts (POL), economic growth (RGDP), human development index (HDI), and poverty level(POL). The study's model is thus based on the following disaggregated functional connection, which may be expressed implicitly as follows:

RGDP= F (GEXP, PUD)..... 3.1

POL= F (GEXP, PUD) 3.2

HDI =F (GEXP, PUD) ……..…….3.3

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GTREV and DTAX were removed from the model for this research, HDI and POL are added, and the model is presented.Explicitly, equation 3.1, 3.2 and 3.3 can be written as:

$RGDP_t = \beta_0 + \beta_1 GEXP_t + \beta_2 PUD_t + \mu_{1t}$ 3.4

$POL = \alpha_0 + \alpha_1 GEXP_t + \alpha_2 PUD_t + \mu_{2t}$ 3.5

$HDI = \lambda_0 + \lambda_1 GEXP_t + \lambda_2 PUD_t + \mu_{3t}$ 3.6

Log-linearizing equation 3.4, 3.5 and 3.6 above, we obtain equation 3.7, 3.8 and 3.9

$LRGDP_t = \beta_0 + \beta_1 LGEXP_t + \beta_2 LPUD_t + \mu_{1t}$ 3.7

$POL = \alpha_1 + \alpha_2 LGEXP_t + \alpha_2 LPUD_t + \mu_{2t}$ 3.8

$HDI = \lambda_0 + \lambda_1 LGEXP_t + \lambda_2 LPUD_t + \mu_{3t}$ 3.9

Where: RGDP = Real Gross Domestic Product Growth Rate (proxy as economic performance)

GEXP = Government Expenditure, PUD = Public Debt, POL = Poverty Level (proxy as economic performance), HDI= Human Development Index (proxy as economic performance)

U_t = the stochastic term or the unexplained variation in GDP growth rate, t = the time period. Log= Natural Logarithm

A priori Expectation

It is expected that based on a priori functional relationship between dependent and independent variables the coefficient of government expenditures which are often used to undertake new projects or investments. The expected relationship between government expenditure and economic performance (proxy RGDP and HDI) is positive while negative atthe poverty level. The coefficient of public debt is also expected to be positively related to economic performance (proxy RGDP and

3.2 Data Estimation Technique

The Augmented Dickey-Fuller (ADF) test was adopted to test the time-series properties of data and determine the order of integration to stationarity. Co-integration is applied to determine the existence of a long-run relationship between fiscal policy variables and economic performance. ECM was employed to determine the speed of adjustment of the variables to long-run equilibrium as shown in the following equations:

$$\Delta RGDPt = \alpha_0 + \lambda ECM + \sum_{i=1}^{n} \beta \Delta RGDPt - 1 + \sum_{i=1}^{n} \delta \Delta GEXPt - 1 + \beta \Delta PUDt - 1 + \epsilon t \ldots \quad 3.10$$

$$\Delta HDIt = b_0 + \gamma ECM + \sum_{i=1}^{n} \vartheta \Delta HDIt - 1 + \sum_{i=1}^{n} \eta \Delta GEXPt - 1 + Z \Delta PUDt - 1 + \epsilon t \ldots\ldots 3.11$$

$$\Delta POLt = \eta_0 + \theta ECM + \sum_{i=1}^{n} Þ \Delta POLt - 1 + \sum_{i=1}^{n} \iota \Delta GEXPt - 1 + \alpha \Delta PUDt - 1 + \epsilon t \ldots\ldots 3.12$$

Where Δ is the first difference operator, α_0, b_0, η_0 are constant parameters of the models, and β, θ, ϑ, ι, Þ, δ, α, λ, γ are the coefficients to be estimated.

3.3 Data Types and Sources

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The time-series data was obtained from the Central Bank of Nigeria's statistics bulletin volume 29 and the World Development Index from 1981 to 2020.**4.0Data Analysis**

4.1.1 Unit Root Test.

The unit root test was carried out based on the augmented dickey fuller (ADF) test at a 5% level of significance.

TABLE 4.1.1 Result of Augmented Dickey-Fuller Unit Root Test

Variables	ADF Statistics	5% Critical Value	Order of Integration
LRGDP	-9.218325	-1.950394	I(1)
HDI	-4.830459	-1.950394	I(1)
POL	-5.762527	-1.950394	I(1)
LGEXP	-3.601119	-3.552973	I(1)
LPUD	-5.106364	-3.540328	I(1)

Source: Author's Computation, E-views version 9.0

Based on the above result of the Augmented Dickey-Fuller unit root test, all the variables are integrated of order 1(1) and are significant at a 5% level. This means that the null hypothesis will not be accepted. We, therefore, conclude that the time series collected are all stationary.

4.1.5 Co-integration Test

Co-integration is said to be existent between two or more variables if the Trace Statistic and Maximum Eigenvalue statistic indicates at least one co-integrating equation.

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Table 4.1.4: Johansen Co-integration Test on Model 3.7

Trace Statistic				
Hypothesized No. of CE(s)	**Eigenvalue**	**Trace Statistics**	**0.05 Critical value**	**Probability value**
None *	0.467337	37.29453	29.79707	0.0057
At most 1	0.294638	14.61931	15.49471	0.0674
At most 2	0.055452	2.053742	3.841466	0.1518
Max-Eigen Statistic				
Hypothesized No. of CE(s)	**Eigenvalue**	**Max-Eigen statistics**	**0.05 Critical value**	**Probability value**
None *	0.467337	22.67521	21.13162	0.0301
At most 1	0.294638	12.56557	14.2646	0.0912
At most 2	0.055452	2.053742	3.841466	0.1518

Source: Author's Computation, E-views version 9.0

Table 4.1.5: Johansen Co-integration Test on Model 3.8

Trace Statistic				
Hypothesized No. of CE(s)	**Eigenvalue**	**Trace Statistics**	**0.05 Critical value**	**Probability value**
None	0.519419	29.27806	29.79707	0.0573
At most 1	0.07676	2.898686	15.49471	0.9713
At most 2	0.000653	0.023517	3.841466	0.878
Max-Eigen Statistic				
Hypothesized No. of CE(s)	**Eigenvalue**	**Max-Eigen statistics**	**0.05 Critical value**	**Probability value**
None *	0.519419	26.37937	21.13162	0.0083
At most 1	0.07676	2.875169	14.2646	0.9547
At most 2	0.000653	0.023517	3.841466	0.878

Source: Author's Computation, E-views version 9.0

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Table 4.1.6: Johansen Co-integration Test on Model 3.9

Trace Statistic				
Hypothesized No. of CE(s)	**Eigenvalue**	**Trace Statistics**	**0.05 Critical value**	**Probability value**
None	0.448329	28.16141	29.79707	0.0763
At most 1	0.123158	6.748464	15.49471	0.607
At most 2	0.054488	2.017042	3.841466	0.1555
Max-Eigen Statistic				
Hypothesized No. of CE(s)	**Eigenvalue**	**Max-Eigen statistics**	**0.05 Critical value**	**Probability value**
None *	0.448329	21.41295	21.13162	0.0457
At most 1	0.123158	4.731422	14.2646	0.7753
At most 2	0.054488	2.017042	3.841466	0.1555

Source: Author's Computation, E-views version 9.0

The Trace statistic and Eigen Statistics indicate one co-integrating equation between economic growth (RGDP) and the independent variables, trace statistic, and Eigen Statistics also indicate one co-integrating equation between human development index, poverty level, and the independent variables. Thus, going by the Trace Statistic and Eigen statistics there is a long-run equilibrium relationship between real GDP, government expenditure, and public debt in Nigeria, there is a long-run relationship between HDI, government expenditure and public debt and also a long-run relation between poverty level, government expenditure and economic growth in Nigeria. Shocks can arise in the shortrun to prevent the variables from reaching a state of equilibrium in the long run. In other words, the variables possess the characteristics that would cause them to converge in the longrun. Interestingly, when only one co-integrating vector is established, its parameters can be interpreted as estimates of the long-run co-integrating relationship between the variables (Hallam and Zanoli, 1993).

4.1.6 Error Correction Mechanism

Given the fact that the variables are co-integrated, the next step is to estimate the long-run and short-run dynamics in the vector error correction model to capture the speed of adjustment to equilibrium in case of any shock that might arise in the independent variables. The error correction model estimation is carried out on the specified models to integrate their short-run dynamics with the long-run relationship.

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Table 4.1.8 Error Correction Estimates

Regressor	**Coefficient**	**Std Error**	**T-statistics**	**Probability**
C	952.623	1327.232	0.717752	0.4783
D (LRGDP (-1))	-0.04877	0.161298	-0.30237	0.7644
D (LGEXP (-1))	7.211529	3.689957	1.954367	0.0397
D (LPUD (-1))	-0.62016	0.928464	-0.66794	0.5091
ECM1(-1)	-0.71158	0.215605	-3.3004	0.0024
Regressor	**Coefficient**	**Std Error**	**T-statistics**	**Probability**
C	0.368822	0.01832	20.13239	0
D (HDI (-1))	18.10505	4.73111	3.826807	0.0006
D (LGEXP (-1))	2.27E-05	1.222071	1.85E-05	0.0509
D (PUD (-1))	1.92E-05	4.76E-06	4.046748	0.0003
ECM2(-1)	-16.106	4.797702	-3.35703	0.0021
Regressor	**Coefficient**	**Std Error**	**T-statistics**	**Probability**
C	-0.11231	0.74947	-0.14985	0.8819
D (POL (-1))	0.986301	0.486061	2.029171	0.0511
D (LGEXP (-1))	-0.000207	0.001821	-0.113626	0.9103
D (PUD (-1))	0.000136	0.000601	0.226939	0.822
ECM3(-1)	-1.39415	0.510235	-2.73237	0.0103

Source: Author's Computation, E-views version 9.0

Table 4.1.8 reveals that government expenditure exerts a positive and significant impact in the long run on the economic growth (LRGDP) and human development index (HDI) and is statistically significant as probability value is less than 0.05 while government expenditure exerts a negative and insignificant impact on the poverty level (POL). Public debt exerts a positive and significant impact on the human development index (HDI) while public debt has a negative and positive impact on RGDP and poverty level (POL) but is insignificant in Nigeria. On the other hand, the coefficients of the error correction term in the models 3.10, 3.11 and 3.12 are rightly signed and are -0.71, -16.11 and 1.39 and they are significant at 0.05. This sign indicates that the economic growth (RGDP), human development index (HDI) and poverty level (POL) will converge to its long-run equilibrium when there is a short-term relationship between the fiscal policy variables, this also means that the error will continue to be corrected in the long run at about 71%, 161% and 139% speed of adjustment respectively.

4.4 Discussion of Results

The analysis started by conducting a unit root test. The results of the analysis indicated that there is a long-run equilibrium relationship between economic performance and fiscal policy.Furthermore, it was found that fiscal policy represented by government total

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expenditure has a positive and significant impact on economic performance proxy economic growth (RGDP) and human development index (HDI) but has a negative and insignificant impact on poverty level in Nigeria. While on the other hand, the fiscal policy represented by public debts has a positive and significant impact on the human development index in Nigeria but exhibited an insignificant and positive impact on RGDP and poverty level. Fiscal policy is not fully effective on Nigeria's economic performance. The non-significance or partial effectiveness of the fiscal policy on the economic performance of Nigeria within the estimated periods could be attributed to several reasons. Firstly, public debt exerts a positive relationship with the poverty level in the longrun. The explanation for this was those loans obtained are not used for the development of the economy rather channel the funds to their benefit. For instance, Nigeria has borrowed large amounts, often at highly concessional interest rates with the hope to put them on a faster route to development through higher investment, faster growth and poverty reduction but in contrast economic growth and poverty situations are staggering at the back door amidst excess debt, albeit that was the initial intention. Public debt exerts a negative impact in the long run on economic growth (RGDP). This is not significant because there is a growing concern over the amount of borrowing indulged in, the servicing of foreign debt alone, and the future strain on poverty level and general sustainable development. Resources transferred abroad for debt servicing represents a reduction in what can be devoted to economic growth and development. This conforms to the finding of Obademi (2012).

Thirdly, poor information has limited the effectiveness of the fiscal policy on Nigeria's economic performance. Fiscal policy will suffer if the government has poor information. For example, if the government projected a recession, it will want to increase aggregate demand. However, if this projection is wrong and the growth of real GDP increases, government action would generate inflationary pressure. According to Obamanyi (2014), the factors responsible for public policy impact in Nigeria include lack of defined policy structure with no proper guidelines, ineffective targeting to real beneficiaries, deficiencies in the structure and content of the budget, lack of full implementation of budget, corruption, lack of continuity as different regimes, both military and civilians, enunciated different pattern of fiscal policy, poor governance, misappropriation of public funds and macroeconomic dislocation.

5.1 Summary of major findings

The study examined the impact of fiscal policy on the economic performance of Nigeria.The econometric techniques of the Augmented Dickey-Fuller test, Co-integration test, and Error Correction model estimations, with the findings of the study, revealed that the real GDP, human development index, poverty level, government expenditure, and public debts became stationary at the first-order difference. There was a long-run relationship between fiscal policy variables and economic performance in Nigeria. The speed of

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adjustment from the short run to the long run-on equations 3.10, 3.11 and 3.12 were 71%, 161%, and 139% respectively. Government total expenditure has a positive impact on economic performance proxy economic growth (RGDP) and human development index (HDI) but a negative impact on the poverty level in Nigeria. While on the other hand, the fiscal policy represented by public debts has a positive impact on the human development index and the poverty level but a negative impact on RGDP in Nigeria.

5.2 Conclusion

It was concluded that fiscal policy was partially effective on economic growth, human development index and poverty level (a proxy of economic performance) in Nigeria between 1981 and 2020. The partial effectiveness of the fiscal policy on Nigeria's economy could be attributed to lack of defined policy structure with no proper guidelines, ineffective targeting to real beneficiaries, deficiencies in the structure and content of the budget, lack of full implementation of budget, corruption, lack of continuity as different regimes, both military and civilians, different pattern of fiscal policy, poor governance, misappropriation of public funds and macroeconomic dislocation.

5.3 Recommendations

Based on the findings that have been established and the conclusion is drawn from the study, the following recommendations are necessary:

(i) Anti-corruption agencies like the Economic and Financial Crimes Commission (EFCC) and Independent Corrupt Practices Commission (ICPC) should be merged to avoid wastages in government expenditure and be strengthened to tackle the high incidence of corruption in the public sector. This will go a long way to ensure that public funds are expended on productive purposes.

(ii) The government has to put in place effective debt management strategies. This is to ensure that public debts are directed towards the purpose for which they are applied.

(iii) Government should come up with a monitoring team to supervise revenue generation and government expenditure in Nigeria.

(iv) Government should ensure that its debts are used to invest in critical infrastructure to provide the enabling investment environment and reduce external debt collections.

(v) There is a need for an improvement in government expenditure on health, education and economic services, as components of productive expenditure, to boost economic growth, human development index and reduce poverty level and in turn improve economic performance.

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