The International Open Access Journal of RESISTIVE ECONOMICS (OAJRE)

Volume 14, Issue 1, 2026

ORIGINAL RESEARCH PAPER Pages: 80-110

An Evaluation of the Effectiveness of Monetary and Fiscal Policies on Economic Development in Nigeria

Augustine Okon Jacob[1]*, Emmanuel Ating Onwioduokit[2], Okon Joseph Umoh[3]

*1. Department of Business Administration, School of Management Science, Heritage Polytechnic, Ikot Udota, Nigeria. (**Corresponding Author**) Email: drjacob.ao@gmail.com*

2. Department of Economics, University of Uyo, Uyo, Nigeria.

3. Department of Economics, University of Uyo, Uyo, Nigeria

Received: *05 Nov 2025* ***Revised:*** *30 Jan 2026* ***Accepted:*** *14 Feb 2026*

ABSTRACT

Nigeria's resource-rich economy remains hampered by sluggish growth, volatile inflation and high unemployment. Oil dependence and weak institutions exacerbate macroeconomic imbalances. This review assesses the effectiveness of Nigeria's monetary and fiscal policies in contributing to economic development and examines their interplay. Surveyed theoretical frameworks (classical, Keynesian and New Keynesian) and synthesised empirical findings from studies employing ARDL, ECM, SVAR and DSGE methods published between 1980 and 2025. The study evaluated the policy impacts on GDP growth, inflation, and employment. Quantitative evidence suggests that monetary policy has significant short-run effects: an ARDL study finds that interest rate cuts substantially increase output, whereas the broad money supply has a negative long-run impact. Fiscal policy accounts for a sizable portion of growth variation; a 1994–2023 regression yields an adjusted R-squared (R^2) of 0.59, indicating that government spending and revenue are positively correlated with GDP, while deficits and double-digit debt ratios are negatively correlated. Nigeria's fiscal revenue fell to 5.9% of GDP in 2016, one of the lowest shares globally, while the median tax revenue was only 4.5%. The debt-to-GDP ratio nearly doubled from 13.7% in 2014 to 29.3% in 2021. A simulation of policy combinations suggests that tightening fiscal policy while loosening monetary policy can raise output by 1.6–1.7 %. The effectiveness of both policies is contingent upon price rigidity, the depth of the financial sector, and governance. Low revenues and rising debt constrain fiscal space; unstable money demand and multiple exchange rates hinder monetary transmission. Coordinated policy stances are needed to avoid crowding out and inflation. While monetary policy delivers quick stabilisation, sustained economic development hinges on fiscal consolidation, revenue diversification and institutional reforms. Effective coordination between monetary and fiscal authorities is essential. This review integrates up-to-date theoretical insights with recent empirical data, emphasising quantitative measures of policy effectiveness and identifying research gaps specific to Nigeria's macroeconomic context.

KEYWORDS: Monetary Policy, Fiscal Policy, Economic Development, Policy Coordination

How to Cite This Article: Jacob, A.O; Onwioduokit, E.A., Umoh, O.J.(2026).“ An Evaluation of the Effectiveness of Monetary and Fiscal Policies on Economic Development in Nigeria”. *The Open Access Journal of Resisitive Economics*, 14(1): 80-110.

1. Introduction

Paradoxes have marked Nigeria's economic performance since independence. Despite having abundant oil reserves and being Africa's largest economy, key development indicators have lagged (Jacob, 2018; Jacob, 2024). One NBER study notes that per-capita GDP (in purchasing-power parity terms) was US$1,113 in 1970 and remained around US$1,084 in 2000; poverty rates more than doubled, from 36% to nearly 70%. Income inequality widened sharply: in 1970, the top 2% of earners had the same income as the bottom 17%, but by 2000, the top 2% earned as much as the bottom 55% (Adeleye et al., 2020). The World Bank's 2022 Country Economic Memorandum (CEM) confirms that growth has oscillated through three distinct phases: fast growth (2000--2010), moderate growth (2011–2014), and low growth (2015 – 2021), as macroeconomic foundations weakened and reform momentum waned (Atangana, 2022). Oil price booms spurred growth when revenues were high, but the collapse of global oil prices in 2014 – 2015 precipitated recession, revenue shortfalls, and rising debt (Jacob & Umoh, 2022a).

Against this backdrop, economic development challenges include inadequate diversification, poor infrastructure, weak institutions and high unemployment. The World Bank underscores that boom-and-bust oil cycles and low investment have hindered economic diversification (Jacob & Umoh, 2022b). The non-oil economy shifted from low-productivity agriculture to low-productivity services, while Nigeria's chronic employment crisis has worsened amid demographic pressures. Moreover, Nigeria's revenues are among the lowest globally; over-reliance on oil means that when international prices fell in 2014 – 2015, revenue-to-GDP fell to 5.9%, threatening fiscal sustainability (Chenge, 2024). Inflation has surged due to exchange-rate distortions, trade restrictions, and expansionary finance; the World Bank notes that high inflation pushed an estimated 8 million Nigerians into poverty between 2020 and 2021. These facts highlight the urgency of structural reforms (Musa et al., 2024).

Monetary and fiscal policies are Nigeria's primary macroeconomic tools for stabilising the economy and promoting long-term growth (Jacob et al., 2022). According to Caramp and Silva (2023), monetary policy adjusts the money supply and interest rates to influence aggregate demand. In contrast, fiscal policy uses taxes, spending, and debt to control demand. Both pursue the same ultimate objective, stable and sustainable growth, but employ different instruments. The Central Bank of Nigeria implements monetary policy, targeting price stability, sustainable economic growth, and stable exchange rates (Nwoko et al., 2016).

In contrast, fiscal policy is executed by the Federal Ministry of Finance (and related agencies) through budgeting, taxation, borrowing, and expenditure decisions. However, the success of one policy depends on the other; CBN notes that expansionary fiscal policy can undermine monetary control by raising inflation and forcing the central Bank to tighten, while high interest rates influence government borrowing costs (Okorontah et al., 2024). Thus, policy coordination is essential to avoid conflicting signals.

There is substantial controversy over the effectiveness of monetary versus fiscal policies in Nigeria and other emerging economies. Empirical studies often find that Nigeria's monetary policy is effective in controlling inflation but has mixed effects on growth, partly due to transmission

weaknesses (Ufoeze et al., 2018; Ekpenyong et al., 2025). Zhang (2025) notes that although central banks follow counter-cyclical Taylor-type rules, market interest rates often move in the opposite direction during recessions because global dollar-funding premia are transmitted to domestic banks. This disconnect between policy rates and market rates hinders the effectiveness of monetary policy in emerging markets, a challenge particularly relevant to Nigeria, given its reliance on foreign capital. Fiscal policy is equally contentious. The classical Keynesian view advocates expansionary spending during downturns (Ereke et al., 2025). However, Agu et al. (2015), modelling fiscal stimulus under sovereign risk, argue that increasing spending reduces unemployment yet raises the risk of debt crises and may therefore be undesirable. Nigeria's own experience with large fiscal deficits and debt accumulation underscores the tension between stimulus and sustainability.

Nigeria provides a particularly instructive, though extreme, case for analysing policy effectiveness in Africa. As a resource-dependent economy with persistent revenue constraints, a large informal sector, exchange-rate distortions, and recurrent fiscal dominance, Nigeria embodies many of the structural and institutional challenges confronting African policymakers, albeit in amplified form (Bello et al., 2023). While these characteristics limit direct generalisation, they also offer valuable insights into the conditions under which monetary and fiscal policies succeed or fail across comparable low- and middle-income African economies. This study contributes to the literature by moving beyond isolated assessments of monetary or fiscal policy instruments to examine their joint effectiveness, the consequences of coordination failures, and the role of institutional constraints in shaping macroeconomic outcomes (Yusuf et al., 2023). By situating policy performance within Nigeria’s political economy and structural context, the paper clarifies why similar policy tools often yield divergent results across African economies.

These debates motivate the research questions addressed in this review:

1. How have Nigeria's monetary and fiscal policies evolved since the 1980s, and what institutional frameworks shape their implementation?
2. What evidence exists on the effectiveness of monetary and fiscal policies in promoting economic growth, controlling inflation and reducing unemployment?
3. How do oil dependence, external shocks and structural constraints affect the transmission of monetary and fiscal policies?
4. What lessons emerge regarding the coordination of monetary and fiscal policies for sustainable economic development in Nigeria?

By synthesising theoretical insights and empirical studies, this review aims to assess which policy tools have been more effective, under what conditions, and how policy coordination could enhance economic outcomes. The following section sets the scene with a concise economic history and the macroeconomic context in which Nigeria's monetary and fiscal policies operate.

This review contributes to the African macroeconomic policy literature in three key ways. First, it advances existing research by synthesising evidence on monetary and fiscal policies jointly, rather than treating them as independent stabilisation tools. While much of the African literature evaluates policy effectiveness in isolation, this study highlights how uncoordinated policy stances

particularly fiscal expansion financed through central bank accommodation systematically weaken overall macroeconomic performance.

The paper foregrounds institutional and political-economy constraints as central mediators of policy effectiveness. In contrast to studies that implicitly assume frictionless implementation, this review demonstrates how weak revenue mobilisation, oil-price volatility, fiscal dominance, and exchange-rate management practices condition both monetary transmission and fiscal multipliers in Nigeria and similar African economies.

By explicitly distinguishing between short-run stabilisation effects and long-run development outcomes, the study clarifies why monetary policy often appears more effective in the short term, while fiscal policy remains decisive for sustained development when institutional capacity is adequate. In doing so, the paper reframes policy effectiveness not as a question of instrument superiority, but as one of policy coherence, institutional credibility, and structural context, offering analytically grounded lessons for resource-dependent African economies facing comparable constraints.

2. Economic Context & Background

2.1 Brief Economic History of Nigeria

The Central Bank of Nigeria was established in July 1959 following the enactment of the Central Bank Act of 1958. The Act, along with the Banking Decree of 1969, provided the legal framework for monetary regulation (Umoh et al., 2012). Financial liberalisation under the Structural Adjustment Programme (SAP) of 1986 led to the emergence of more banks and other financial institutions, necessitating the strengthening of regulatory powers. The Banks and Other Financial Institutions Decrees of 1991 expanded the CBN's supervisory authority and enhanced the effectiveness of monetary policy (Adamu et al., 2023). However, amendments in 1997 subordinated the CBN to the Ministry of Finance, stripping it of operational autonomy. Autonomy was restored mainly through the CBN Act of 2007, which mandates the CBN to ensure monetary and price stability and to provide economic advice to the Federal Government (Peter, 2019). The CBN also nurtured financial markets by introducing treasury bills and facilitating the establishment of the Nigerian Stock Exchange (now known as the Lagos Stock Exchange).

Fiscal institutions have evolved in tandem with the monetary authority. The Federal Ministry of Finance (FMF), in collaboration with the Budget Office of the Federation and the Debt Management Office (DMO), prepares budgets, mobilises revenues, and manages the country's public debt (Jacob et al., 2019). Fiscal policy thrusts in the 2011 budget, for instance, aimed at fiscal consolidation, infrastructure improvement, employment generation and inclusive growth. Revenues in 2011 increased due to higher oil and non-oil receipts; however, the federal government still recorded a deficit of 3.3% of GDP (Samuels, 2024). This illustrates the chronic challenge of balancing revenue volatility with expenditure demands.

2.2 Growth Patterns, Oil Dependence and External Shocks

Nigeria's growth trajectory has been closely tied to its oil industry. The 2022 World Bank CEM notes that boom-and-bust oil cycles and low investment have hindered economic diversification.

Structural transformation has been slow, as the non-oil economy transitioned from low-productivity agriculture to low-productivity services. Employment has not kept pace with population growth, leading to a worsening employment crisis. The report emphasises that oil remains the dominant source of exports and fiscal revenues (Theresa et al., 2025). Overreliance on oil means that external shocks, such as the collapse of oil prices in 2014 - 2015, the COVID-19 pandemic, and heightened insecurity, quickly translate into budget crises and economic contractions. Nigeria's revenue-to-GDP ratio fell to 5.9 % in 2016 after oil prices crashed, leaving the country among the worst global performers in revenue collection. The World Bank warns that low revenues threaten fiscal sustainability and undermine spending on health, education and security (Adebayo & Taiwo, 2025).

Oil dependence also magnifies macroeconomic volatility. Fiscal deficits tend to track oil prices, and consolidation measures are often unsustained. External shocks, such as the Global Financial Crisis (2008), the oil price slump, and the COVID-19 pandemic, exposed structural weaknesses, including low productivity, inadequate infrastructure, and weak institutions (Mgbomene et al., 2025). The CBN's annual reports highlight that favourable oil prices in 2011 increased the excess crude account savings, but revenue windfalls did not translate into diversified growth.

2.3 Roles of the CBN and Federal Ministry of Finance; Importance of Coordination

The Central Bank of Nigeria is responsible for formulating and implementing monetary policy. Its objectives, including price stability, sustainable economic growth, exchange-rate stability, a favourable balance of payments, full employment, and equitable income distribution, require adjusting the money supply, interest rates, and credit conditions (Kure & Salisu, 2024). Direct instruments include interest-rate fixing and credit ceilings, while indirect instruments involve open-market operations, monetary policy rate adjustments, reserve requirements, and discount window operations. The CBN's autonomy (restored by the 2007 Act) allows it to pursue price and financial stability but also mandates it to advise the government (Goshit et al., 2020).

Fiscal policy is primarily the domain of the Federal Ministry of Finance, which plans the federal budget, mobilises revenues (including taxation and oil receipts), allocates expenditures, and manages public debt. While the FMF seeks to promote growth and social welfare, its decisions can influence monetary conditions, for instance, large deficits can fuel inflation and crowd out private investment (Iriabije et al., 2024). Conversely, high interest rates set by the CBN affect the cost of government borrowing.

Because both policies influence aggregate demand and macroeconomic stability, coordination is essential. Esther and Adams (2024) emphasise that monetary and fiscal policies pursue the same ultimate objective, but employ different instruments. It notes that fiscal actions can affect the general price level. It doubts the efficacy of monetary policy, while monetary tightening to offset expansionary budgetary policy can depress economic activity and attract volatile capital inflows. The document concludes that the success of one policy depends on the other; a change in one will influence the effectiveness of the other. In Nigeria, concrete efforts at policy coordination were only recently instituted through committees such as the Fiscal Liquidity Assessment Committee

(FLAC), the Monetary and Fiscal Policy Coordinating Committee (MFPCC) and the Cash Management Committee. These bodies comprise representatives from the CBN, the FMF, and the Debt Management Office, and aim to ensure consistency between budgetary spending, liquidity management, and monetary targets (Kure & Salisu, 2024).

By situating the review within this historical and macroeconomic context, the paper underscores the importance of assessing the effectiveness of monetary and fiscal policies in Nigeria's development. The following sections will explore the theoretical foundations, synthesise empirical findings, and assess policy interactions to answer the research questions outlined above.

3. Theoretical & Conceptual Framework

3.1 Classical versus Keynesian views on policy effectiveness

Classical macroeconomics holds that free markets are self-regulating and that supply-side forces determine long-run output. Prices and wages are assumed to be flexible, so any fall in demand leads to lower wages and prices, quickly restoring full employment (Gemici, 2015). Due to this automatic adjustment, classical economists tend to downplay the importance of aggregate demand management; government intervention is viewed as distortionary, and fiscal policy is deemed unnecessary. In the long run, increases in aggregate demand are believed to cause only inflation.

Keynesians argue that economies can remain below full capacity for extended periods because wages and prices are "sticky" in the downward direction. Recessions can trigger adverse multiplier effects and falls in confidence that reduce spending. Keynes therefore advocates expansionary fiscal policy during downturns to stimulate demand and reduce unemployment (Shobande & Shodipe, 2019). This perspective emphasises active government spending and deficits to boost aggregate demand when private investment falters, and it allows a role for monetary policy, but stresses that interest-rate changes alone may not revive demand if liquidity traps occur.

Modern macroeconomic debates blend these views. Some analysts favour a monetary-dominated policy, while others stress the importance of fiscal stimulus. The disagreements partly reflect different assumptions about price and wage flexibility, the responsiveness of investment to interest rates, and the role of expectations in the economy.

3.2 Tinbergen's assignment problem and policy mix

The coordination of fiscal and monetary policy can be analysed using Tinbergen's targets–instruments framework. Okorontah et al. (2024) note that the traditional targets-and-instruments approach shows that the problem of coordination arises from a shortage of independent instruments. Policy makers must decide which instruments (e.g., interest rates, government spending, tax rates) should be assigned to which targets (inflation, growth, employment). If the number of fiscal instruments equals the number of targets, budgetary policy might achieve the targets alone only if monetary policy is perfectly coordinated, but this situation rarely holds. Blinder emphasises that fiscal expansion tends to push up real interest rates, inhibiting investment, whereas monetary expansion has the opposite effect; therefore, the policy mix matters for capital formation and growth (Okorontah et al., 2024). The implication is that policymakers should choose

a combination of tight fiscal policy and loose monetary policy, or vice versa, depending on macroeconomic objectives, rather than relying on either policy alone.

3.3 New-Keynesian ideas: price rigidity and policy transmission

New Keynesian economics retains Keynes's emphasis on demand management but provides microfoundations for price and wage rigidities. Greenwald and Stiglitz note that with rational expectations and price rigidities, government policy can be even more effective than in models with myopic expectations; multipliers are larger because prices do not adjust quickly to demand shocks (Rabanal & Rubio-Ramirez, 2001). New Keynesian models focus on imperfect information and incomplete markets, aiming to explain unemployment and business cycles as market failures. They build on efficiency-wage theories: firms pay wages above the market-clearing level to reduce turnover and induce effort; if they cut wages during recessions, productivity would fall and profits would decrease. Hence, wages do not fall to market-clearing levels, providing a rationale for persistent unemployment and justifying policy interventions. These models also show that price rigidities vary across sectors; some prices (like gasoline) adjust frequently (Adeniyi et al., 2024). At the same time, services remain sticky, so the aggregate price level responds sluggishly to shocks, making monetary policy potent.

Table1. Summary Comparison of Competing Theoretical Perspectives on Policy Effectiveness

Theoretical School	Core Assumptions	View on Monetary Policy	View on Fiscal Policy	Key Limitations in Nigerian Context
Classical / Neoclassical	Flexible prices and wages; markets clear in the long run; rational agents	Largely ineffective for real output; affects prices only	Ineffective; crowds out private investment	Assumes conditions (price flexibility, perfect markets) rarely hold in Nigeria
Keynesian	Price and wage rigidity; demand-driven fluctuations; underemployment equilibrium	Effective but limited in liquidity traps	Highly effective, especially during recessions	Requires fiscal space and credible implementation, often lacking
Monetarist	Stable money demand; inflation is a monetary phenomenon	Highly effective in controlling inflation via money supply	Limited role; risks inflation if expansionary	Money demand instability and oil-driven liquidity shocks weaken applicability
New Keynesian	Micro-founded rigidities; imperfect competition; forward-looking expectations	Effective through interest rate and expectations channels	Effective when coordinated with monetary policy	Multiple objectives (FX, development finance) dilute transmission
Structuralist / Political Economy	Structural bottlenecks; institutional constraints; distributional conflict	Limited effectiveness due to weak transmission mechanisms	Constrained by rent-seeking, fiscal dominance, and weak institutions	Highly relevant: captures informality, oil dependence, and governance challenges

Table 1 summarises the key assumptions and policy implications of the major theoretical schools informing debates on monetary and fiscal policy effectiveness, highlighting their relevance and limitations in the Nigerian context.

3.4 Interdependence of fiscal and monetary policy

Adewale (2020), emphasises that monetary and fiscal policies share the same ultimate objectives (price stability and sustainable growth), but employ different instruments, which can lead to conflicting actions. Expansionary fiscal policy raises the general price level and increases government borrowing, forcing the monetary authority to tighten and raising interest rates. Conversely, monetary tightening to combat inflation can depress economic activity and increase debt-service costs, undermining fiscal objectives. The CBN warns that a lack of coordination leads to financial instability, high inflation, and negative growth, whereas credible coordination lowers borrowing costs and enhances policy effectiveness. To improve coordination, Nigeria established committees such as the Fiscal Liquidity Assessment Committee and the Monetary and Fiscal Policy Coordinating Committee, which bring together the CBN, the Federal Ministry of Finance and the Debt Management Office to align budgetary spending, liquidity management and monetary targets (Ekong & Effiong, 2020).

3.5 Modelling approaches: DSGE, SVAR and ARDL

Dynamic Stochastic General Equilibrium (DSGE) models offer structural frameworks grounded in microeconomic foundations. Christiano, Trabandt and Walentin observe that monetary DSGE models are widely used because they fit the data well and can be used to address crucial economic policy questions. Policy analysis with DSGE models requires assigning numerical values to parameters using Bayesian techniques or impulse-response matching (Adu et al., 2020). These models can simulate how different policy rules affect output, inflation and welfare, but they rely on assumptions about agents' behaviour and market structures.

Structural Vector Autoregressive (SVAR) models are a popular empirical tool for analysing the monetary transmission mechanism and the sources of business cycle fluctuations. The SVAR methodology focuses on identifying structural shocks and tracing their dynamic effects via impulse-response functions. Identification is achieved by imposing restrictions on contemporaneous relations among variables (Udeaja et al., 2020). SVAR models help analyse the impact of unexpected shocks but are less suited for policy simulations because they typically include only a few variables and rely on orthogonality assumptions.

Autoregressive Distributed Lag (ARDL) models are standard least squares regressions that include lags of both the dependent and independent variables, making them suitable for analysing cointegrating relationships. The ARDL framework is an ordinary least–squares–based model that works with non-stationary or mixed-order variables (Solarin et al., 2021). It allows researchers to estimate short-run dynamics and long-run equilibrium relationships in a single equation, which is particularly useful when variables have different integration orders. In Nigeria, many empirical studies have employed ARDL or error-correction models (ECM) due to their flexibility and modest

data requirements. The review does not claim definitive causality but synthesises conditional associations reported in the literature.

4. Literature Review

This section systematically reviews empirical studies on the effectiveness of monetary and fiscal policies in Nigeria and comparable economies, grouping them by policy instrument, method and findings. Many studies employ time-series techniques, such as ARDL, ECM, and VAR; a few use structural models or natural experiments. The review focuses on evidence for economic growth, inflation and employment and identifies methodological gaps.

4.1 Effects of monetary policy: money supply, interest rates and exchange rates

Several studies examine the impact of the money supply and interest rates on economic growth. Adegboyo et al. (2021) analyse Nigerian data (1980-2017) using OLS and cointegration methods. It finds that both monetary and fiscal policy variables have a positive and significant impact on economic growth. Still, monetary policy (proxied by the broad money supply and the monetary policy rate) is more effective than fiscal policy. Adegboyo et al. (2021) argue that fiscal imbalances crowd out private investment and recommend fiscal discipline to enhance the effectiveness of monetary policy.

Akintola and Cole (2020), uses ARDL and error-correction models to assess the impacts of monetary, fiscal, and trade policies (1986 – 2017). It reports that interest rates have a positive and significant effect on growth in the short run (reflecting the cost of capital). In contrast, money supply and trade policy have adverse effects. The long-run results suggest that fiscal policy stimulates growth, whereas trade policy deters growth. Akintola and Cole (2020), conclude that Nigeria should use interest rates to stimulate growth in the short run and review trade policies to reduce their negative impact.

Gylych et al. (2020), employs the ARDL approach to investigate the relationship among crude oil prices, exchange rates, inflation, interest rates, and broad money supply (1986 – 2018). It finds that the interest rate has a positive and significant impact on economic growth in the short run. At the same time, previous GDP and broad money supply exert substantial negative implications in the long run. The study recommends expansionary monetary policy (increasing the money supply and lowering interest rates) to encourage investment and growth. This finding suggests that while monetary tightening can help control inflation, overly restrictive policies may harm long-term growth if they lead to broad money supply constraints that reduce investment.

Can et al. (2020) use Structural VAR techniques to analyse the monetary transmission mechanism. Although not Nigeria-specific, Gottschalk's SVAR methodology highlights that SVAR models facilitate the analysis of monetary transmission by tracing the dynamic responses to shocks. However, SVAR models may not be suitable for policy simulation because they require strong identifying restrictions and include a limited number of variables. Nigerian researchers rarely employ SVAR due to data limitations, so there is limited evidence on how shocks propagate through the economy.

4.2 Effects of fiscal policy: government expenditure, taxes and deficits

Fiscal policy effects are widely studied using ARDL and ECM techniques. Arjang et al. (2025), investigates the impact of fiscal policy on economic growth (1994-2023), regress GDP on government expenditure, tax revenue, external debt, and deficits using the ARDL approach. They find that fiscal policy has a significant influence on economic growth, with an adjusted R^2 of 0.59, and emphasise that government expenditure and revenue have positive effects on economic growth. In contrast, deficits and debt hurt growth. They recommend diversifying revenue by expanding non-oil tax bases and broadening the tax net.

Ukangwa et al. (2023)

Ukangwa et al. (2023) utilise Johansen cointegration (1990-2021) to analyse Nigeria's fiscal variables. It reports that total government expenditure positively relates to GDP, while public debt and tax revenue are negatively related. Ukangwa et al. (2023) argue that increases in public debt and taxes reduce economic growth, whereas spending on capital projects enhances it. They advocate for careful debt management and prioritisation of productive expenditures.

However, it notes that trade reforms and diversification must accompany expansionary fiscal policies to avoid external imbalances. Jacob & Umoh (2025) suggest that government expenditure and taxation have mixed effects on growth, depending on the composition of spending and the efficiency of tax collection. Taken together, these studies suggest that government spending on infrastructure, education, and health can promote growth, but deficits, debt, and inefficient tax policies can hinder it.

4.3 Joint effects and policy coordination

Few studies explicitly analyse the interaction of monetary and fiscal policies. Blinder's simulation using large-scale US macro models shows that a tight fiscal and loose monetary policy mix modestly increases investment and real output (by about 1.6–1.7%) (Bańkowski et al., 2021). In contrast, a loose fiscal and tight monetary mix has a minor effect. While this analysis focuses on the United States, it suggests that policy coordination is crucial, and monetary expansion should complement fiscal consolidation to prevent high real interest rates and crowding out (Orphanides, 2020). The CBN emphasises that a lack of coordination leads to high interest rates, exchange rate pressures, and inflation, which, in turn, undermine economic growth. In Nigeria, the establishment of coordination committees is recent, so empirical studies seldom incorporate policy interaction. Consequently, there is a research gap regarding how simultaneous adjustments in interest rates and government spending affect growth, inflation and employment.

4.4 Cross-country evidence

Studies from other emerging economies provide comparative insights. Cesa-Bianchi et al. (2020) review high-frequency identification methods for estimating the effects of monetary policy, emphasising that policy actions are endogenous to the data. They note that natural experiments (e.g., FOMC announcement windows) are necessary to identify causal effects. They find that

nominal and real interest rates move one-for-one around policy announcements, indicating that monetary policy can have significant real effects when prices are sticky. They also utilise cross-state variation in military spending to estimate fiscal multipliers, demonstrating that relative multipliers can exceed 1.5. These techniques have not yet been applied to Nigeria, suggesting opportunities for future research.

4.5 Methodological differences and gaps

Most Nigerian studies employ OLS, ECM, or ARDL frameworks because they require modest data and allow the estimation of long-run relationships with mixed-order variables. Some use Johansen cointegration for multivariate systems. SVAR and DSGE models are rare due to data and skill constraints; consequently, dynamic inter-linkages and policy transmission mechanisms remain under-explored. Additionally, none of the reviewed studies employs the discontinuity-based identification or cross-state variation techniques advocated by Nakamura and Steinsson. Moreover, few studies consider heterogeneity across sectors; the CBN emphasises that price flexibility differs across industries, which could affect the impact of policy measures.

Another gap is the lack of coordinated policy analysis. Studies typically estimate monetary and fiscal effects separately, ignoring how one policy might offset or amplify the impact of the other. The CBN's call for policy coordination suggests that models should incorporate interactions, such as including fiscal variables in monetary reaction functions or vice versa. Similarly, most studies focus on growth but neglect distributional outcomes (poverty, inequality), welfare indicators or labour market variables. Finally, there is limited attention to structural breaks from major reforms (e.g., the 1986 Structural Adjustment Programme) or shocks (e.g., oil price collapses, COVID-19), which may alter the effectiveness of policies over time.

5. Methodology for the Review

This review employs a systematic approach to identify, select, and synthesise empirical studies on the effectiveness of monetary and fiscal policies in Nigeria. The methodology emphasises transparency and reproducibility.

5.1 Search strategy and inclusion criteria

A comprehensive search was conducted across academic databases (ScienceDirect, JSTOR, NBER, and Google Scholar), open-access journals (Science Publishing Group, ARJHSS, HRMARS, EJTAS, and Future Business Journal), and institutional sources (CBN and IMF reports) for studies published between 1980 and 2025. Keywords included "Nigeria," "monetary policy," "fiscal policy," "economic growth," "money supply," "interest rate," "government expenditure," "ARDL," "SVAR," "DSGE," and "policy coordination." Cross-references in identified papers were also checked. Only studies that empirically estimated the impact of at least one monetary or fiscal instrument on macroeconomic outcomes (GDP growth, inflation, unemployment or welfare) were included. The review excluded purely theoretical papers (unless used for conceptual framing), micro-level studies (e.g., firm-level), and documents lacking sufficient methodological detail.

The time frame begins in 1980 because Nigeria's financial liberalisation under the Structural Adjustment Programme (SAP) started in 1986, which significantly changed policy instruments and transmission mechanisms. The endpoint (2025) includes the latest available data and research. Both published journal articles and working papers were considered, but priority was given to peer-reviewed studies.

5.2 Categorisation of studies

Studies were categorised by policy instrument, method and period:

Monetary policy instruments: money supply (broad and narrow), interest rates (monetary policy rate, Treasury bill rate), credit to the private sector and exchange rates.

Fiscal policy instruments: government expenditure (capital and recurrent), tax revenue, budget deficits and public debt.

Methods: OLS regressions, ECM/ARDL models, Vector Autoregression (VAR/SVAR), Dynamic Stochastic General Equilibrium (DSGE) models and natural-experiment approaches. The majority employed ECM or ARDL because they allow for the analysis of both short-run dynamics and long-run relationships, even when variables have different orders of integration. SVAR models focus on impulse-response analysis of shocks, and DSGE models embed structural microfoundations and require parameter estimation.

Period: The studies' sample periods range widely, from the 1970s to 2023, reflecting the availability of data. The review notes periods of structural reforms (e.g., SAP 1986, return to democracy 1999) and major shocks (oil price collapses, global financial crisis, COVID-19) that may affect policy effectiveness.

5.3 Metrics for evaluating policy effectiveness

Effectiveness was assessed through common macroeconomic indicators:

Economic growth: measured by real GDP or real GDP per capita. Studies examine how changes in money supply, interest rates or government spending affect growth rates.

Inflation: measured by the consumer price index or the inflation rate. Some studies consider how monetary tightening controls inflation or how fiscal deficits contribute to inflation.

Employment or unemployment: although few studies use labour market outcomes, those that do examine unemployment rates as indicators of policy effectiveness.

Welfare or poverty: rarely assessed in the reviewed literature; however, this review highlights that policy should also be judged by its impact on poverty reduction and inequality, given Nigeria's rising poverty rates.

Statistical criteria, such as significance (p-values), magnitude of coefficients, adjusted R^2, and diagnostic tests, were considered. Where available, impulse-response functions (SVAR) or multiplier estimates (DSGE or fiscal multipliers) were used to gauge dynamic effects.

Most empirical studies reviewed assess the time-series properties of macroeconomic variables prior to estimation to avoid spurious regression results. Unit-root tests, particularly the Augmented Dickey Fuller (ADF) and Phillips Perron (PP) tests, are commonly employed to determine whether

variables are stationary in levels or require differencing (Shrestha & Bhatta, 2018; Wickramasinghe et al., 2023). The ADF test corrects for serial correlation by including lagged differences of the dependent variable, while the PP test applies non-parametric adjustments to account for heteroskedasticity and serial correlation in the error term (Afriyie et al., 2020). In the Nigerian context, where macroeconomic series are often volatile and subject to structural shifts, these complementary tests are typically used together to improve robustness.

5.4 Addressing endogeneity and identification issues

A significant challenge in policy evaluation is endogeneity: policy instruments often respond to economic conditions, which can lead to a misinterpretation of causality in simple regression models. Cesa-Bianchi et al. (2020), note that establishing the effects of monetary and fiscal policy is difficult because policy actions are endogenous responses to economic developments. For example, the Federal Reserve cut rates in 2008 because of the financial crisis; regressing output on interest rates would conflate the situation with the policy response. To address this, macroeconomists use structural models and natural experiments. Recent innovations include high-frequency identification (studying changes in interest rates during short windows around central bank announcements) and cross-state variation in fiscal spending to estimate multipliers. These methods isolate exogenous variation in policy, yielding more credible causal estimates. Nigerian studies seldom employ such strategies, relying instead on VAR exclusion restrictions or lag structures, which may not fully resolve endogeneity (Adamu et al., 2023; Adebayo & Taiwo, 2025). This review, therefore, treats causal claims with caution, emphasising correlations rather than definitive causal interpretations.

5.5 Limitations of secondary data

Most studies including Adewale (2020), Chenge (2024) and Ereke et al. (2025), rely on secondary macroeconomic data from the Central Bank of Nigeria, the National Bureau of Statistics or the World Bank. Such data may be subject to measurement errors, revisions, and changes in definition over time. GDP series are periodically re-based, and fiscal data may not fully capture off-budget spending or state government activities. Structural breaks (e.g., the 1986 SAP, the 1999 return to democracy, the 2014 oil price crash, the COVID-19 pandemic) can violate the stationarity assumptions of time-series models. However, many studies do not test for or accommodate these breaks. Sample sizes are often small (20–40 years), limiting statistical power. Moreover, monetary and fiscal policies are multifaceted; simple proxies (e.g., broad money supply or total expenditure) may not capture qualitative differences (e.g., composition of spending, regulatory changes). These limitations mean that coefficient estimates may be biased or unstable.

5.6. Synthesis process

After extracting data on sample periods, methods, variables, and findings, the studies were synthesised qualitatively, with some quantitative comparisons of coefficients where possible. Studies were grouped by whether they found positive, negative or insignificant effects of monetary

and fiscal instruments. Conflicting results were analysed in light of methodological differences (e.g., short-term vs. long-term dynamics, variable definitions) and structural contexts (e.g., oil price shocks). The review highlighted patterns, such as the tendency for government spending and the money supply to influence growth positively, and for interest rates, deficits, and debt to have adverse effects. It also highlighted the consensus that monetary policy is often more effective in controlling inflation and stimulating short-run growth, whereas fiscal policy has more substantial long-run growth effects.

6. Evaluation of Monetary Policy

6.1. Monetary instruments and transmission

Nigeria's monetary policy relies on a mix of instruments, including the monetary policy rate (MPR), broad and base money aggregates, reserve requirements, foreign exchange interventions, and sector-specific credit programmes. The Central Bank of Nigeria (CBN) traditionally used monetary targeting (setting growth in base money and M2) to achieve price stability (Shaibu & Enofe, 2021). However, Oyadeyi (2024), that the transmission mechanism has become unclear—money demand and velocity functions fluctuate widely; base money and M2 velocity were unstable and often below their average levels. Consequently, the ideal conditions for the current monetary targeting strategy no longer exist. This instability reduces the CBN's ability to predict the impact of money supply on inflation and growth (see Table 2).

Table 2. Evolution of Nigeria's Monetary Policy Framework

Period	Dominant Framework	Key Instruments	Primary Policy Focus	Key Limitations
Pre-2006	Monetary targeting	Base money, M2 growth ceilings, credit controls	Price stability via money supply control	Unstable money demand; weak predictability
2006–2014	Transition to interest-rate framework	Monetary Policy Rate (MPR), OMO, reserve requirements	Inflation control and output stabilisation	Shallow financial markets; oil-driven liquidity shocks
2015–present	Hybrid discretionary framework	MPR, FX interventions, development finance tools	Inflation management, exchange-rate stability, growth support	Multiple objectives; fiscal dominance; FX distortions
Full IT (not adopted)	Inflation targeting (benchmark)	Policy rate with explicit inflation target	Price stability via rule-based policy	Requires strong institutions, fiscal discipline

Interest-rate policy became more central after the CBN adopted a Monetary Policy Rate (MPR) in 2006. The MPR influences bank lending rates, treasury bill yields, and expectations of the exchange rate. Several studies evaluate the effectiveness of these instruments. Mustapha et al. (HRMARS, 2021) employ ARDL techniques (1986 - 2018) and report that interest rates have a positive and significant impact on economic growth in the short run, while lagged GDP and broad money supply exert substantial negative implications in the long run (Modu et al., 2023). This implies that lowering interest rates can stimulate short-run investment, but over time, an excessive

expansion of the money supply may undermine growth by fuelling inflation and misallocation. Okorie et al. (2016) find that both monetary and fiscal variables positively influence growth, but monetary policy is more potent. The study concludes that monetary shocks (changes in the money supply and interest rates) explain a larger share of output variation than fiscal shocks, and it recommends fiscal discipline to enhance monetary effectiveness.

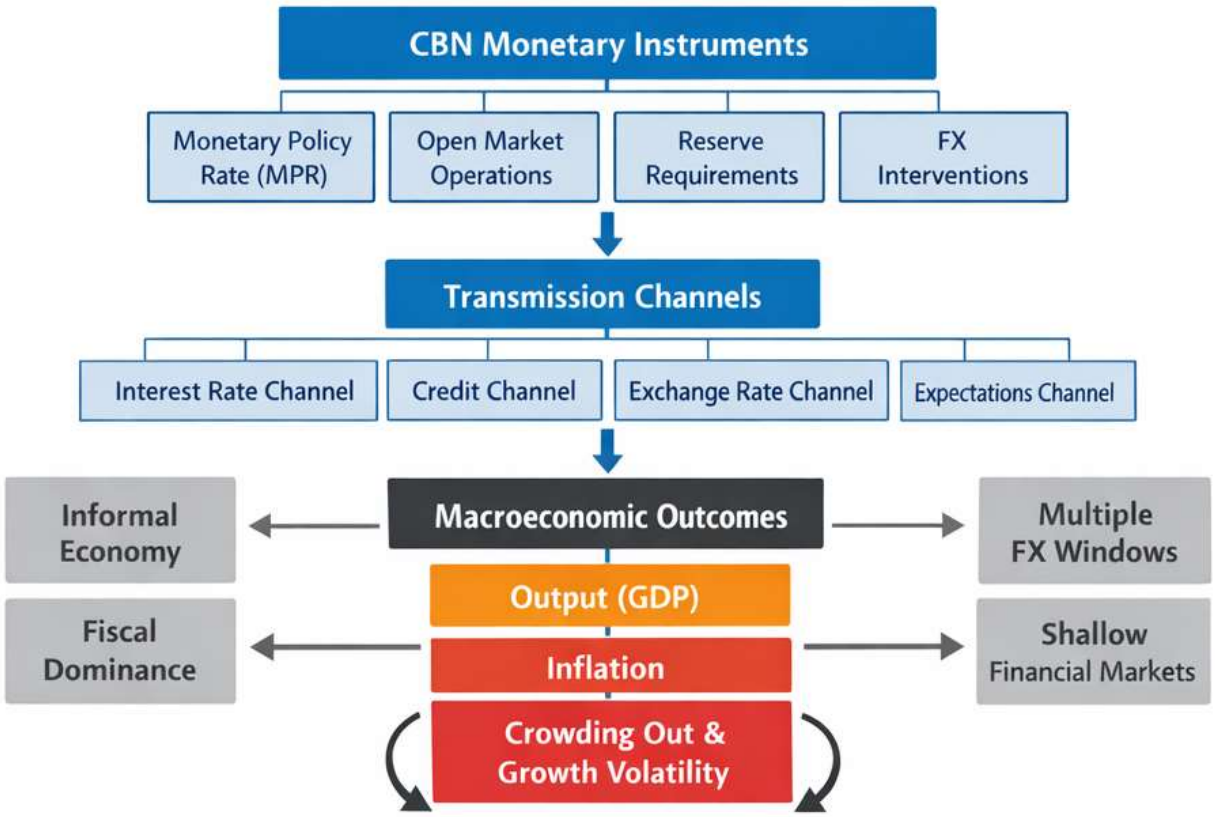

Figure1. Monetary Policy Transmission Channels in Nigeria

Figure 1 illustrates the principal channels through which monetary policy affects economic activity in Nigeria. Changes in the Monetary Policy Rate (MPR) influence market interest rates, credit conditions, and investment decisions through the interest rate channel. Liquidity conditions affect bank lending via the credit channel, while exchange-rate interventions influence inflation and output through import prices and external competitiveness (Tsibu et al., 2025). These channels are mediated by structural factors such as financial sector depth, informality, multiple foreign exchange windows, and unstable money demand, which weaken and delay policy transmission relative to advanced economies.

Since 2015, the CBN has pursued a managed float, maintaining multiple foreign-exchange (FX) windows and restricting access to FX for certain imports. The World Bank describes how this policy aims to stabilise the exchange rate but has introduced distortions: the CBN supplies FX to four windows at different rates and restricts FX for 42 products, while simultaneously supporting priority sectors through subsidised credit (Oliyide et al., 2025). These measures have hurt investor confidence, curtailed production and complicated monetary transmission. The inconsistent

exchange rate policy, combined with direct financing of government deficits, has contributed to inflation and eroded monetary credibility.

6.2. CBN independence, financial sector depth and challenges

Operational independence is crucial for effective monetary management. The 2007 CBN Act granted the Central Bank of Nigeria (CBN) autonomy. Agu and Virtus (2020) note that the CBN has demonstrated this independence through significant reforms, including bank consolidation and mergers (2005), the prosecution of erring CEOs (2009), and the establishment of the Asset Management Corporation of Nigeria (AMCON) to clean up toxic assets. These actions improved financial market credibility and strengthened the transmission of monetary policy. The Bank also built capacity in inflation forecasting and adopted transparency measures (publishing MPC decisions, holding policy forums). These reforms increased financial-sector depth; Nigeria's banking assets tripled between 2005 and 2014, and enhanced monetary transmission.

Despite these gains, challenges remain. The CBN's financing of government deficits has increased; between 2018 and 2021, the CBN increasingly monetised fiscal deficits, thereby heightening inflationary pressures. Exchange-rate restrictions and subsidised lending have distorted credit allocation. Financial inclusion remains limited, and informal credit markets mitigate the effectiveness of official interest-rate changes (Jacob et al., 2022). The volatility of oil revenues creates balance-of-payments pressures that necessitate frequent foreign exchange interventions, complicating monetary management. Finally, rising inflation erodes the real value of savings and reduces the credibility of monetary policy; high inflation between 2020 and 2021 is estimated to have pushed 8 million Nigerians into poverty.

6.3. Overall assessment

Monetary policy in Nigeria has a significant impact on output and inflation; however, structural factors limit its effectiveness. Empirical evidence suggests that changes in the money supply and interest-rates impact output, with interest rate cuts stimulating short-term growth, while excessive monetary expansion can hinder long-term growth. Ekong and Effiong (2020) found that monetary policy is more potent than fiscal policy, reflecting the CBN's operational independence and ability to adjust instruments quickly. However, unstable money demand, multiple exchange rates and fiscal dominance reduce the predictability of transmission. Strengthening monetary policy requires consolidating independence, simplifying exchange-rate regimes, deepening financial markets and coordinating with fiscal authorities to reduce deficit financing. Without these reforms, monetary policy may continue to be reactive rather than proactive.

7. Evaluation of Fiscal Policy

7.1. Fiscal instruments and patterns

Nigeria's fiscal policy utilises government expenditure, taxation, and borrowing to promote growth and stability. Government expenditure encompasses both capital and recurrent spending at the federal and state levels; revenue is generated from oil earnings, customs duties, value-added tax,

and income tax. Deficits are financed through domestic and external borrowing, including CBN overdrafts. Opayinka (2025), ARDL regression (1994 - 2023) and finds that fiscal policy has a significant influence on economic growth, with an adjusted R^2 of 0.59. It reports that government expenditure and revenue have a positive impact on growth, while deficits and debt reduce growth. It urges Nigeria to diversify its revenue base by expanding non-oil tax revenues and broadening the tax net. Rahman et al. (2021), using Johansen cointegration (1990 - 2021), similarly find that total government expenditure is positively related to GDP. In contrast, public debt and tax revenue are negatively related, highlighting the growth-inhibiting effect of excessive debt and taxation.

7.2. Evidence on taxation, spending and deficits

The literature generally agrees that productive government spending, particularly on infrastructure, education and health, stimulates growth. Bello et al. (2023) attributes part of monetary policy's dominance to fiscal imbalances; large deficits crowd out private investment, forcing the CBN to tighten, which reduces the effectiveness of fiscal spending. Hamzah et al. (2023) note that while interest rates matter in the short run, the broad money supply has an adverse long-run effect on growth, implying that fiscal policy should avoid excessive deficit financing that leads to monetary expansion. Cross-country evidence also suggests that fiscal multipliers are higher when monetary policy is accommodative and debt levels are low.

The World Bank observes that Nigeria's fiscal revenues plummeted to 5.9 % of GDP in 2016 and have remained among the lowest globally. Oil revenues accounted for nearly half of government revenue between 2010 and 2014, but declined to 36.6 % in 2015–20, while non-oil tax revenues stagnated at around 4 % of GDP (Jacob, 2018). The report warns that Nigeria's low revenue threatens fiscal sustainability and undermines the government's ability to finance health, education and security. Tax effort is weak: the median tax-to-GDP ratio was only 4.5 % during 2017–19, one of the lowest globally. Costly tax incentives, low VAT and excise rates, and inefficient administration contribute to the gap.

Debt dynamics further complicate fiscal policy. Nigeria's debt-to-GDP ratio doubled from 13.7% in 2014 to 29.3% in 2021, and debt service–to–revenue ratios have reached critical levels. The federal government's borrowing strategy is ad hoc; deficits are split equally between domestic and external borrowing, without regard for cost or sustainability (Onyele & Nwadike, 2021). Systemic underestimation of fiscal deficits constrains adequate debt issuance and leads to increased reliance on CBN financing, which is costly and distorts the debt portfolio. Interest payments already consume a large share of revenues, crowding out social and capital spending. The report emphasises that unpredictable exchange-rate policies and trade restrictions, part of fiscal authorities' strategy to promote import substitution, have hurt investor confidence and non-oil export competitiveness.

7.3. Fiscal sustainability and governance

Sustainable fiscal policy requires stable revenue sources, prudent borrowing and efficient expenditure. Nigeria's revenue-to-GDP ratio remains among the lowest worldwide. The high

dependence on oil exposes the budget to price swings; when oil prices collapsed in 2016, revenues fell sharply. The report calls for broadening the tax base, increasing VAT and excise rates, reducing costly tax incentives and improving tax administration (Alade, 2025). It also stresses the need to remove petroleum subsidies, which are "an unaddressed and unsustainable burden". Fiscal institutions, such as the Budget Office, the Debt Management Office, and the Auditor-General, must strengthen budget credibility, transparency, and accountability.

Nigeria's fiscal system faces governance challenges. Budget implementation is often pro-cyclical and prone to overspending when oil revenues rise, and to drastic cuts when prices fall. Fiscal reforms are frequently initiated during crises but lose momentum when the crisis subsides. Subsidy reforms and revenue diversification measures encounter resistance from vested interests (Samson et al., 2022). Weak public financial management leads to low capital expenditure efficiency; debt service and personnel costs crowd out investments. These weaknesses underscore the importance of fiscal consolidation, revenue mobilisation, and improved governance to support long-term development.

7.4. Overall assessment

Fiscal policy has a significant, though often inconsistent, impact on Nigeria's economic development. Empirical evidence suggests that government spending and revenue mobilisation contribute positively to economic growth, while budget deficits and debt servicing hinder it. The country's limited revenue base and rising debt limit the fiscal space for counter-cyclical interventions (Ereke et al., 2025). Moreover, heavy reliance on oil revenues makes fiscal outcomes highly volatile. To strengthen the effectiveness of fiscal policy, Nigeria must diversify its revenue sources, enhance tax administration, rationalise expenditures (especially subsidies) and improve public financial management. Without such reforms, fiscal policy will remain constrained and may undermine monetary efforts to stabilise the economy.

8. Policy Interactions and Synergy

The effectiveness of monetary and fiscal policies depends on their interaction. Tinbergen's targets-instruments framework suggests that when policy objectives exceed the capacity of independent instruments, coordination is necessary. In Nigeria, monetary and fiscal authorities often pursue conflicting objectives, leading to macroeconomic instability. A lack of coordination negatively impacts the overall economy; a lax fiscal stance necessitates monetary tightening, which cannot fully compensate for the fiscal imbalance. Crowding out occurs when high deficits lead to increased interest rates, which in turn inhibit private investment and slow economic growth (Chugunov et al., 2021). Effective coordination requires jointly determined objectives and consistent policy signals.

Historical experience illustrates the costs of uncoordinated policies. During the oil boom years of the late 1970s and early 1980s, expansionary fiscal policy, financed by oil revenues and domestic borrowing, led to high inflation and macroeconomic imbalances. Monetary policy tightened but failed to offset fiscal largesse, resulting in a combination of inflation and stagnation, commonly

referred to as stagflation. Similarly, after the 2014 oil price collapse, Nigeria ran large fiscal deficits, which were partly financed by CBN overdrafts (Jacob & Umoh, 2024a). Monetary tightening to curb inflation raised interest rates, but fiscal spending remained expansionary, leading to a recession in 2016. The World Bank notes that inconsistent monetary policies, such as ad hoc exchange-rate management and direct financing of government deficits, have increased inflation and eroded investment (Jacob & Umoh, 2022b). These episodes demonstrate that one policy cannot be effective without the other.

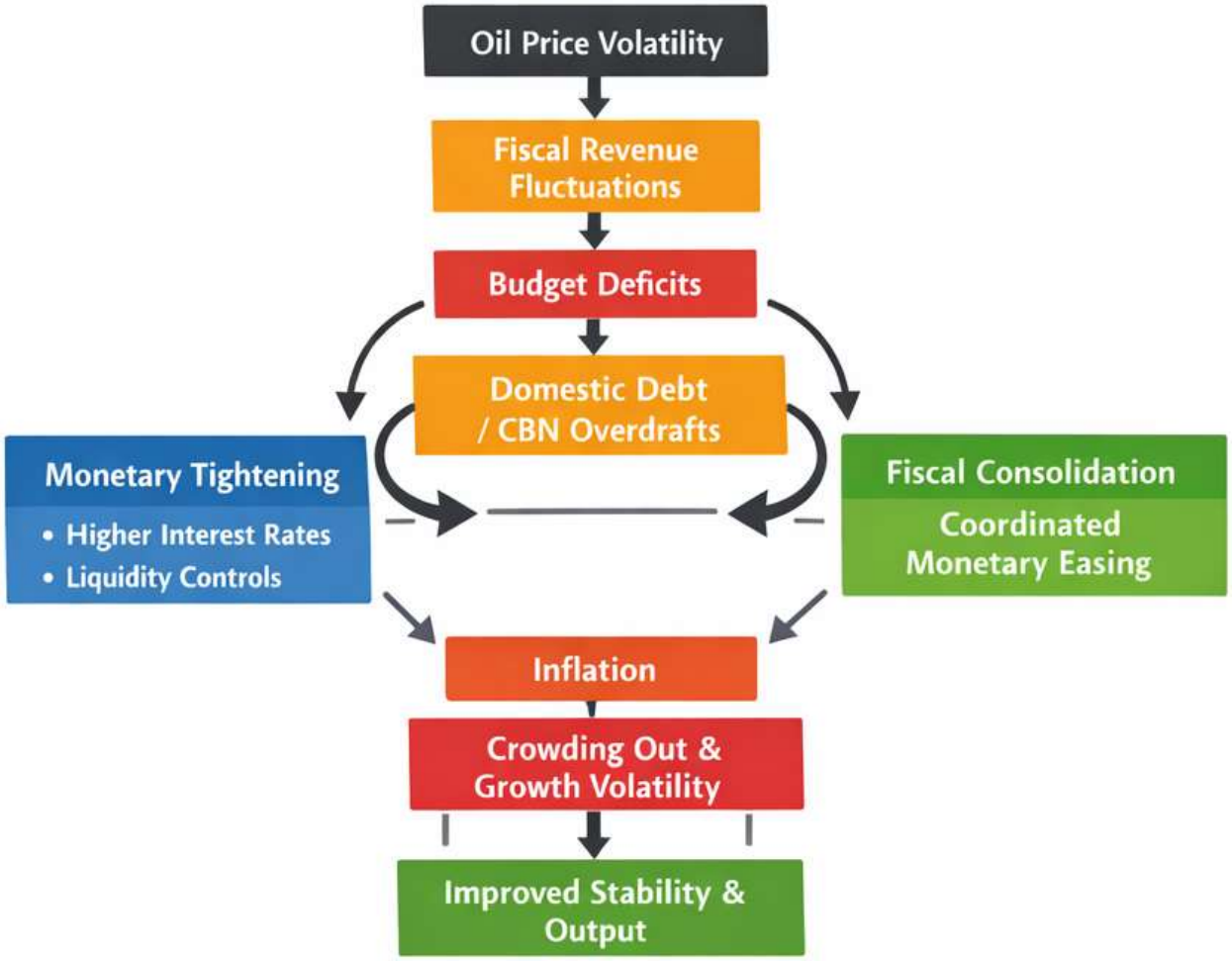

Figure 2: Fiscal–Monetary Interaction under Oil Dependence in Nigeria

Figure 2 depicts the interaction between fiscal and monetary policy in an oil-dependent economy such as Nigeria. Oil revenue volatility affects fiscal balances and borrowing needs, often leading to deficit financing through domestic debt issuance or central bank accommodation. Fiscal expansion increases inflationary pressures and crowding-out risks, prompting monetary tightening, which raises interest rates and constrains private investment. Weak policy coordination amplifies macroeconomic instability, whereas fiscal consolidation combined with accommodative monetary policy improves stabilisation and growth outcomes (Hakimah, 2025).

Chugunov et al. (2021), study simulates different combinations of fiscal and monetary stances using large-scale US macro models and finds that a tight fiscal/loose monetary policy mix modestly

increases investment and real output (approximately 1.6–1.7%). In contrast, loose fiscal/tight monetary combinations have a more pronounced effect. The implication for Nigeria is that fiscal consolidation combined with accommodative monetary policy may stimulate growth without stoking inflation. Conversely, an expansionary fiscal policy financed by borrowing, combined with a tight monetary policy, will raise interest rates and crowd out investment, resulting in limited growth. New-Keynesian models with price rigidities suggest that coordinated policies stabilise output and inflation more effectively than either policy alone (Hiermeyer, 2016).

The CBN acknowledges the need for institutional arrangements to enhance coordination and cooperation. Its 2011 coordination paper explains that policy objectives should be jointly determined and that mechanisms for coordination include committees such as the Fiscal Liquidity Assessment Committee (FLAC), which comprises representatives from the CBN, Ministry of Finance, Debt Management Office and other agencies. The committee shares high-frequency fiscal data, aligning liquidity management with fiscal operations. The Monetary Policy Committee (MPC) also includes a representative from the Ministry of Finance, ensuring that fiscal considerations are taken into account in monetary deliberations. However, these committees remain advisory; they lack binding rules to prevent fiscal dominance and may not fully align incentives.

A framework for coordinated policy in Nigeria should include: (1) joint setting of macroeconomic targets (inflation, growth, debt sustainability) with straightforward assignment of instruments; (2) binding fiscal rules—such as limits on deficits and debt—to anchor expectations and reduce the need for monetarsterilizationon; (3) enhanced transparency through regular publication of fiscal data and MPC minutes; (4) flexible exchange-rate management that avoids multiple FX windows and allows monetary policy to focus on inflation; and (5) institutional autonomy, ensuring that the CBN's financing of government deficits is constrained. International experience indicates that such frameworks can reduce risk premiums and improve macroeconomic outcomes.

9. Discussion and Implications

9.1. Comparing policy effectiveness

The evidence suggests that both monetary and fiscal policies influence Nigeria's economic development, but they operate over different horizons and face distinct constraints. Monetary policy appears more effective in the short term: interest-rate adjustments and liquidity management can quickly impact investment and consumption. Empirical studies find that monetary shocks explain a larger share of output variation than fiscal shocks and that interest rate reductions stimulate short-run growth. This potency reflects the CBN's operational independence and its ability to adjust instruments promptly (Hamzah et al., 2023; Modu et al., 2023). Nevertheless, monetary policy is limited by unstable money demand and by fiscal dominance. When the government runs enormous deficits, the CBN must choose between financing the deficit (which can lead to inflation) or raising interest rates (which can crowd out private investment). Hence, monetary effectiveness depends on fiscal discipline.

Public investment in infrastructure, education and health has enduring effects on productivity and human capital. The Science Publishing Group study reveals that fiscal policy has a significant impact on growth (Adj. $R^2 = 0.59$). In contrast, Adebayo and Taiwo (2025) find that public debt and tax revenue hurt GDP, but government expenditure has a positive effect on it. However, Nigeria's fiscal space is constrained by low revenue, oil dependence, rising debt and inefficiencies. The revenue-to-GDP ratio remains among the world's lowest (≈approximately 6%). Debt service consumes a large share of revenues, limiting funds for social services. These constraints mean that fiscal policy often fails to deliver counter-cyclical support and may even undermine monetary efforts.

9.2. Structural factors shaping policy outcomes

New-Keynesian models show that when prices and wages are sticky, policy shocks have real effects. In Nigeria, markets for services and labour are often characterised by administered prices and contracts, leading to slow adjustment. This amplifies the short-term impact of monetary policy but can also lead to delayed inflationary effects (Musa et al., 2023). At the same time, imperfect information and weak expectations management make policy less predictable; although the CBN has improved communication, public understanding remains limited.

A deep and competitive financial sector enhances monetary transmission. Bank consolidation, AMCON, and improved regulation have increased financial depth. However, access to finance remains limited for small firms and households, and informal credit markets dilute the effect of interest-rate changes. Strengthening financial inclusion and capital markets would improve monetary efficacy. Weak public financial management, corruption and delays in budget implementation reduce fiscal efficiency. Low budget credibility and inefficient public investment. Enhancing governance, transparent budgeting, accountability, and anti-corruption measures is essential (Jacob & Umoh, 2017).

Oil price fluctuations, global financial conditions and domestic insecurity shape policy outcomes. The oil price collapse in 2014–2015 sharply reduced revenues and forced painful adjustments; the COVID-19 pandemic exacerbated poverty and underscored the need for social protection. High global interest rates raise borrowing costs and restrict both fiscal and monetary space. Policies must incorporate buffers, such as fiscal rules and reserves, to manage shocks.

9.3. Distributional impacts and sustainable development

Policy effectiveness should not be judged solely by aggregate growth; distributional impacts matter. High inflation erodes real incomes and disproportionately affects people experiencing poverty; the estimates that inflation between 2020 and 2021 pushed 8 million Nigerians into poverty. Fiscal measures that cut subsidies without compensatory social programmes can worsen inequality (Adediran et al., 2024). Conversely, targeted spending on health, education and social protection can reduce poverty and promote inclusive growth. Both monetary and fiscal policies must align with the Sustainable Development Goals (SDGs), with a focus on decent work, reduced inequality, and climate resilience. Diversifying the economy away from oil toward agriculture, manufacturing, and services is crucial for sustainable development.

9.4. Policy recommendations

Establish a formal framework in which monetary and fiscal authorities jointly set macroeconomic targets, supported by binding fiscal rules and a single exchange-rate regime. The existing FLAC and MPC provide a foundation but need legal backing and regular reporting. Increase the tax-to-GDP ratio by implementing higher VAT and excise rates, broadening the tax base, eliminating inefficient subsidies, and enhancing tax administration. Adopt medium-term expenditure frameworks to prioritise capital expenditures and limit recurrent costs. A credible fiscal stance reduces the need for CBN deficit financing and enhances monetary control.

Utilise the MPR and open-market operations to smooth economic cycles. In downturns, lower interest rates provide liquidity support to banks, while in booms, monetary conditions are tightened to prevent overheating. However, avoid direct credit allocation and maintain a unified FX market to improve transmission. Channel fiscal resources toward infrastructure, renewable energy, agriculture and manufacturing to reduce oil dependence. Such investments have high multipliers and support long-term growth. Public-private partnerships can leverage private capital and reduce fiscal burdens. Enhance transparency and accountability by publishing quarterly fiscal data, strengthening parliamentary oversight, and implementing independent evaluations of both monetary and fiscal policies. Transparent communication fosters clear expectations and enhances the credibility of policies.

9.5. Political Economy Constraints on Policy Effectiveness in Nigeria

The effectiveness of monetary and fiscal policies in Nigeria is profoundly shaped by political economy constraints that weaken implementation fidelity and undermine policy credibility (McCulloch et al., 2021). A central challenge is the persistence of fuel subsidy politics, which has historically absorbed a substantial share of public resources while delivering regressive distributional outcomes. Despite repeated reform attempts, subsidy removal has often been delayed, partially implemented, or reversed due to social resistance, electoral pressures, and organised interest groups (Faleti et al., 2025). These dynamics constrain fiscal space, exacerbate deficits, and frequently compel monetary accommodation, thereby weakening macroeconomic stabilisation efforts.

Closely related are budget credibility issues, reflected in systematic deviations between approved budgets and actual outcomes. Revenue projections are frequently optimistic, expenditure execution is uneven, and off-budget financing particularly through central bank overdrafts—has become increasingly prominent (Islam, 2025). Such practices erode fiscal transparency and reinforce fiscal dominance, whereby monetary policy is subordinated to financing government deficits. Under these conditions, interest-rate adjustments and liquidity controls lose effectiveness, as inflationary pressures are driven less by aggregate demand management than by deficit monetisation and exchange-rate distortions.

Nigeria's policy history also reveals a pattern of reform reversals following oil-price booms. Periods of favourable oil revenues tend to weaken reform discipline, as pressure to broaden the tax base, rationalise expenditures, or strengthen fiscal rules diminishes. Conversely, reforms are often reintroduced only during crises, limiting their durability and credibility (Usman, 2019). This stop-

go reform cycle reflects deeper rent-seeking incentives, particularly in oil-dependent fiscal structures, where concentrated benefits and diffuse costs generate resistance to structural change. Resistance to tax reform further constrains fiscal effectiveness. Efforts to raise the tax-to-GDP ratio face opposition from politically influential groups, administrative weaknesses, and a large informal sector (Olujobi et al., 2022). As a result, Nigeria relies disproportionately on volatile oil revenues and debt financing, perpetuating macroeconomic instability. These political economy constraints suggest that policy effectiveness in Nigeria cannot be assessed solely through technical design or econometric outcomes; rather, it is contingent on institutional incentives, distributional conflicts, and the credibility of reform commitments.

10. Conclusion & Recommendations

Findings may not generalise to diversified or institutionally strong economies. Nigeria's economic development depends on the judicious use of monetary and fiscal policies. This review has demonstrated that both policies are important: monetary policy affects economic activity rapidly through interest rate adjustments and liquidity management, while fiscal policy influences long-term growth through investment and redistribution. Empirical studies indicate that monetary policy has more substantial short-run effects on growth and is often more potent than fiscal policy, reflecting the CBN's operational independence and rapid instrument adjustment. Conversely, fiscal policy has significant long-term impacts, primarily through productive expenditure and revenue mobilisation, but is constrained by low revenue, oil dependence, and rising debt levels. The success of one policy depends on the stance of the other; uncoordinated policies have historically led to high inflation, crowding out and macroeconomic instability.

Policy coordination and institutional reforms are therefore crucial. Nigeria should establish a comprehensive framework for monetary-fiscal coordination that includes joint target setting, fiscal rules, a unified exchange-rate regime, and strengthened committees (FLAC and MPC). The CBN must preserve its independence, avoid direct deficit financing and focus on transparent inflation targeting. Fiscal authorities must broaden the tax base, diversify revenues, rationalise spending and improve public financial management to restore fiscal sustainability. Diversifying the economy away from oil, investing in infrastructure and human capital, and strengthening governance are essential for long-run development.

Research gaps remain. Most studies rely on OLS, ECM, or ARDL techniques; there is a need for richer models, such as SVAR, DSGE, and high-frequency identification, to capture dynamic interactions and identify causal effects. Future research should explore sectoral heterogeneity, examining how monetary and fiscal policies affect agriculture, manufacturing and services differently. Natural experiments and micro-level data could shed light on distributional impacts and the channels through which policies influence firm behaviour and household welfare. Additionally, researchers should investigate how digital financial services and green investments modify the transmission of monetary and fiscal policies in Nigeria. Filling these gaps will enable the design of policies that foster inclusive and sustainable growth.

References

Adamu, Y., Oladipo, O., & Umaru, A. (2023). The disaggregated impact of financial development on the effectiveness of monetary policy in Nigeria. *Journal of Economics Management and Trade*, *29*(8), 77–87. https://doi.org/10.9734/jemt/2023/v29i81116

Adebayo, A. I., & Taiwo, I. B. (2025). Convergence of fiscal policy and economic growth in Nigeria. *Journal of Social and Development Sciences*, *15*(1(S)), 1–13. https://doi.org/10.22610/jsds.v15i1(s).4368

Adediran, Adewale, S., Oladipo, O., Akinnola, B. U., Oladimeji, M. T., & Funmilayo, G. (2024). The effects of fiscal policy on poverty alleviation in Nigeria. *International Journal of Research Publication and Reviews*, *5*(4), 1700–1711. https://doi.org/10.55248/gengpi.5.0424.0943

Adegboyo, O. S., Keji, S. A., & Fasina, O. T. (2021). The impact of government policies on Nigeria economic growth (case of fiscal, monetary and trade policies). *Future Business Journal*, *7*(1). https://doi.org/10.1186/s43093-021-00104-6

Adeleye, B. N., Gershon, O., Ogundipe, A., Owolabi, O., Ogunrinola, I., & Adediran, O. (2020). Comparative investigation of the growth-poverty-inequality trilemma in Sub-Saharan Africa and Latin American and Caribbean Countries. *Heliyon*, *6*(12), e05631. https://doi.org/10.1016/j.heliyon.2020.e05631

Adeniyi, O. I., Oladeji, O. S., Zekeri, A., Olasehinde, I. O., & Abimbola, A. O. (2024). Investigation of inflation and wage dynamics in Nigeria: New Empirical insights. *Asian Journal of Economics Business and Accounting*, *24*(11), 297–306. https://doi.org/10.9734/ajeba/2024/v24i111558

Adewale, A. A. (2020). Policy coordination and Outcomes: theoretical perspectives and empirical evidence in Nigeria. *Journal of Economics and Behavioral Studies*, *12*(4(J)), 90–105. https://doi.org/10.22610/jebs.v12i4(j).3084

Adu, O., Alege, P., & Olurinola, O. (2020). Macroeconomic Policy Effectiveness and the Informal Economy in Nigeria: A DSGE approach. *Research in World Economy*, *11*(6), 51. https://doi.org/10.5430/rwe.v11n6p51

Afriyie, J. K., Twumasi-Ankrah, S., Gyamfi, K. B., Arthur, D., & Pels, W. A. (2020). Evaluating the performance of unit root tests in single time series processes. *Mathematics and Statistics*, *8*(6), 656–664. https://doi.org/10.13189/ms.2020.080605

Agu, A., & Virtus, A. (2020). Cashless Policy and the Nigerian Economy: A Disaggregated approach. *International Journal of Humanities Social Sciences and Education*, *7*(4). https://doi.org/10.20431/2349-0381.0704003

Agu, S. U., Okwo, I. M., Ugwunta, O. D., & Idike, A. (2015). Fiscal policy and economic growth in Nigeria. *SAGE Open*, *5*(4). https://doi.org/10.1177/2158244015610171

Akintola, A. F., & Cole, A. A. (2020). Monetary Policy and Nigeria Economic Growth (1981-2014). *The International Journal of Business & Management*, *8*(1). https://doi.org/10.24940/theijbm/2020/v8/i1/bm2001-024

Alade, E. O. (2025). Assessing the Influence of Tax and Non-Tax Revenue on Budget Implementation in Sub-Saharan African countries: A Case Study of Nigeria. *Asian Journal of Economics Business and Accounting*, *25*(4), 84–97. https://doi.org/10.9734/ajeba/2025/v25i41735

Arjang, A., Khuan, H., Badrudin, R., Judijanto, L., Kalsum, U., & Manullang, R. R. (2025). Impact of fiscal policy on economic growth in developing countries. *Nomico.*, *1*(12), 44–53. https://doi.org/10.62872/06bv6z03

Atangana, E. (2022). With the continuing increase in Sub-Saharan African countries, will sustainable development of Goal 1 ever be achieved by 2030? *Sustainability*, *14*(16), 10304. https://doi.org/10.3390/su141610304

Bańkowski, K., Christoffel, K. P., & Faria, T. (2021). Assessing the Fiscal-Monetary policy mix in the euro area. *SSRN Electronic Journal*. https://doi.org/10.2139/ssrn.3979319

Bello, A. K., Ndako, J. A., Yusuf, F., & Ejura, A. A. (2023). Fiscal dominance and monetary policy efficacy in Nigeria. *International Journal of Research and Innovation in Social Science*, *VII*(X), 857–877. https://doi.org/10.47772/ijriss.2023.701068

Can, U., Bocuoglu, M. E., & Can, Z. G. (2020). How does the monetary transmission mechanism work? Evidence from Turkey. *Borsa Istanbul Review*, *20*(4), 375–382. https://doi.org/10.1016/j.bir.2020.05.004

Caramp, N., & Silva, D. H. (2023). Fiscal policy and the monetary transmission mechanism. *Review of Economic Dynamics*, *51*, 716–746. https://doi.org/10.1016/j.red.2023.08.001

Cesa-Bianchi, A., Thwaites, G., & Vicondoa, A. (2020). Monetary policy transmission in the United Kingdom: A high frequency identification approach. *European Economic Review*, *123*, 103375. https://doi.org/10.1016/j.euroecorev.2020.103375

Chenge, A. A. (2024). Exploring fiscal federalism and the structure of public spending in Nigeria. *Journal of Political Science*, 86–102. https://doi.org/10.3126/jps.v24i1.62856

Chugunov, I., Pasichnyi, M., Koroviy, V., Kaneva, T., & Nikitishin, A. (2021). Fiscal and Monetary Policy of Economic Development. *European Journal of Sustainable Development*, *10*(1), 42. https://doi.org/10.14207/ejsd.2021.v10n1p42

Ekong, C. N., & Effiong, U. E. (2020). Monetary Policy and Inflation Targeting in Nigeria: The need for Monetary-Fiscal Coordination. *American Journal of Theoretical and Applied Business*, *6*(3), 37. https://doi.org/10.11648/j.ajtab.20200603.14

Ekpenyong, N. G. U., Caroline, N. a. I., & Mohammed, N. A. (2025). Assessing the Effects of Monetary Policy on Bank Profitability in Nigeria. *International Journal of Business Economics and Management Science*. https://doi.org/10.70382/hijbems.v06i7.022

Ereke, K., Offiah, G., Ndukwe, C., Adeyemi, H., & Okpata, F. (2025). Interrogating fiscal policy for national economic growth and development in Nigeria. *Journal of Policy and Development Studies*, *17*(2), 109–123. https://doi.org/10.4314/jpds.v17i2.8

Esther, O. Q., & Adams, A. (2024). Rent-seeking and optimal fiscal-monetary policy rules in Nigeria: A DSGE approach. *African Development Review*, *36*(3), 535–551. https://doi.org/10.1111/1467-8268.12777

Faleti, O., Olumide, L., Mark, O., & Godwin, D. (2025, August 8). *The Nigerian economy and fuel subsidy removal: An analysis of the AMAC of Abuja*. https://journals.e-palli.com/home/index.php/jgesd/article/view/4976

Gemici, K. (2015). The neoclassical origins of Polanyi's Self-Regulating Market. *Sociological Theory*, *33*(2), 125–147. https://doi.org/10.1177/0735275115587389

Goshit, G. G., Jelilov, G., Iorember, P. T., Celik, B., & Davd-Wayas, O. M. (2020). Asymmetric effects of monetary policy shocks on output growth in Nigeria: Evidence from nonlinear ARDL and Hatemi-J causality tests. *Journal of Public Affairs*. https://doi.org/10.1002/pa.2449

Gylych, J., Jibrin, A. A., Celik, B., & Isik, A. (2020). Impact of oil price fluctuation on the economy of Nigeria, the core analysis for energy producing countries. In *IntechOpen eBooks*. https://doi.org/10.5772/intechopen.94055

Hakimah, Y. (2025). Monetary and fiscal policy: drivers of stability in developing economies. *Jurnal Konseling Dan Pendidikan*, *13*(1), 1–10. https://doi.org/10.29210/1135100

Hamzah, N., Fatmawati, N., & Fitrianti, R. (2023). The effect of interest rates, economic growth, and inflation on the money supply. *Economics and Business Journal (ECBIS)*, *1*(5), 723–730. https://doi.org/10.47353/ecbis.v1i5.83

Hiermeyer, M. (2016). Crowding out of monetary policy as a limitation of fiscal policy. *SSRN Electronic Journal*. https://doi.org/10.2139/ssrn.2869391

Iriabije, A. O., Ekong, C. N., & Orebiyi, P. A. (2024). Monetary Policy and inflation in Nigeria: Unraveling the threshold puzzle. *International Journal of Research and Innovation in Social Science*, *VIII*(IV), 77–91. https://doi.org/10.47772/ijriss.2024.804006

Islam, S. (2025). A Systematic Review of Public Budgeting Strategies in Developing Economies: Tools for Transparent Fiscal Governance. *American Journal of Advanced Technology and Engineering Solutions*, *01*(01), 602–635. https://doi.org/10.63125/wm547117

Jacob, A. (2024). A review on economic implications of Nigeria's border closure on rice importation. *Open Journal for Research in Economics*, *7*(1), 9–22. https://doi.org/10.32591/coas.ojre.0701.02009j

Jacob, A. O. (2018). An Impact Assessment of Non-Oil Export on the Economic Growth of Nigeria (1986-2016). *International Journal of Service Science, Management and Engineering*, *5*(3), 111. http://www.openscienceonline.com/author/download?paperId=4511&stateId=8000&fileType=3

Jacob, A. O. (2022). Poverty alleviation in Developing countries: A successful approach. *Socio Economy and Policy Studies*, *2*(1), 53–56. https://doi.org/10.26480/seps.02.2022.53.56

Jacob, A. O. (2023). The Growth of Nigeria's Economy from 1981 to 2019 in Relation to the Financing of Agriculture. *Food and Agri Economics Review*, *3*(2), 32–37. https://doi.org/10.26480/faer.02.2023.32.37

Jacob, A. O., & Umoh, O. J. (2017). Influence of corruption on economic development in Nigeria. *Journal of Public Policy and Administration*, *1*(1), 10. https://doi.org/10.11648/j.jppa.20170101.12

Jacob, A. O., & Umoh, O. J. (2018). Effects of Technology Transfer from Developed Nations and Developing Economy: The Nigeria Experience. *American Journal of Business, Economics and Management*, *6*(3), 42. http://www.openscienceonline.com/author/download?paperId=4509&stateId=8000&fileType=3

Jacob, A. O., & Umoh, O. J. (2021). Effective capital development and productivity growth in Nigeria (1985 – 2020). *International Journal of Progressive Sciences and Technologies*, *28*(2), 635–646. https://doi.org/10.52155/ijpsat.v28.2.3480

Jacob, A. O., & Umoh, O. J. (2022a). The Green Economy Paradigm: How Can Nigeria Make the Shift. *Economic Growth and Environment Sustainability*, *1*(2), 36–40. https://doi.org/10.26480/egnes.02.2022.36.40

Jacob, A. O., & Umoh, O. J. (2022b). The Nigerian Blue Economy: Economic Expansion Issues and Challenges. *Socio Economy and Policy Studies*, *2*(1), 29–33. https://doi.org/10.26480/seps.01.2022.29.33

Jacob, A. O., & Umoh, O. J. (2024a). Driving Economic Growth: Financial Innovations in Nigeria's Multifaceted Emerging Markets. *Business and Economics in Developing Countries*, *2*(2), 100–107. https://doi.org/10.26480/bedc.02.2024.100.107

Jacob, A. O., & Umoh, O. J. (2024b). Understanding The Grey Economy in Nigeria: Implications for Growth, Governance, and Social Equity. *Business and Economics in Developing Countries*, *2*(2), 93–99. https://doi.org/10.26480/bedc.02.2024.93.99

Jacob, A. O., Udo, S. S., & Odey, F. I. (2022). Effects of Selected Macroeconomic Variables on Stock Market Performance in Nigeria. *Malaysian E Commerce Journal*, *6*(2), 54–58. https://doi.org/10.26480/mecj.02.2022.54.58

Jacob, A. O., Umoh, O. J., & Akpan, A. K. (2022). Effects of Monetary Policy on Economic Growth in Nigeria. *Economic Growth and Environment Sustainability*, *1*(1), 10–15. https://doi.org/10.26480/egnes.01.2022.10.15

Jacob, A. O., Umoh, O. J., & Ibanga, J. I. (2020). The Role of Bank Credits on Poverty Reduction in Nigeria. *Social Values and Society*, *3*(1), 29–33. https://doi.org/10.26480/svs.01.2021.29.33

Jacob, A. O., Umoh, O. J., & Samuel, O. C. (2019). The Role of Financial Intermediation on Agricultural Output in Nigeria (1980 – 2016). *International Journal of Social Science*, *2*(3), 1–8. https://dergipark.org.tr/en/download/article-file/840330

Jacob, A., & Umoh, O. (2025). Exploring the intersections of blue, green, and grey economies in Nigeria: opportunities, challenges, and strategic pathways for sustainable development. *Journal of Sustainable Economics*, *3*(1), 1–26. https://doi.org/10.32734/jse.v3i1.19060

Kure, E., & Salisu, A. (2024). Monetary policy implications of the new fiscal regime in Nigeria: A simulation study. *Scientific African*, *24*, e02243. https://doi.org/10.1016/j.sciaf.2024.e02243

McCulloch, N., Moerenhout, T., & Yang, J. (2021). Fuel subsidy reform and the social contract in Nigeria: A micro-economic analysis. *Energy Policy*, *156*, 112336. https://doi.org/10.1016/j.enpol.2021.112336

Mgbomene, C., Ashakah, F. O., Metieh, F. C., Okoro, E. N., Dim, H. C., & Opara, F. N. (2025). Crude oil price volatility and the Nigerian economy. *International Journal of Energy Economics and Policy*, *15*(3), 390–402. https://doi.org/10.32479/ijeep.18831

Modu, M., Kime, M. M., & Yunusa, B. M. (2023). Analysis of monetary policy and economic growth in Nigeria. *International Journal of Research and Innovation in Social Science*, *VII*(X), 319–334. https://doi.org/10.47772/ijriss.2023.701028

Musa, D., Alege, P. O., & Ewetan, O. O. (2023). Public debt shocks and macroeconomic stabilization in Nigeria: A new Keynesian approach. *Economics of Development*, *22*(4), 43–52. https://doi.org/10.57111/econ/4.2023.43

Musa, Y., Zoramawa, A. B., & Shember, C. A. (2024). Assessing the Impact of Inflation, Unemployment on Poverty and Human Development Index in Nigeria. *FUDMA Journal of Sciences*, *8*(5), 25–33. https://doi.org/10.33003/fjs-2024-0805-2518

Nwoko, N. M., Ihemeje, J., & Anumadu, E. (2016). The impact of Monetary Policy on the economic growth of Nigeria. *African Research Review*, *10*(3), 192. https://doi.org/10.4314/afrrev.v10i3.13

Okorie, D. I., Sylvester, M. A., & Simon-Peter, D. C. (2016). Relative effectiveness of fiscal and monetary policies in Nigeria. *Asian Journal of Social Science Studies*, *2*(1), 117. https://doi.org/10.20849/ajsss.v2i1.129

Okorontah, C., Uruakpa, C., Uzoma, K., Amadi, K., & U, O. (2024). Monetary-Fiscal Policy Coordination and Economic Growth Sustainability in Nigeria. *International Journal of Strategic Research in Public Administration and Organizational Process*, *4*(1), 62–75. https://doi.org/10.48028/iiprds/ijsrpaop.v4.i1.05

Oliyide, O. R., Ogbebor, P. I., Akande, N. D., & Ilesanmi, F. (2025). Foreign exchange management regime and value of shares traded ratio in Nigeria. *International Journal of Economics Business and Management Research*, *09*(04), 312–330. https://doi.org/10.51505/ijebmr.2025.9420

Olujobi, O. J., Olarinde, E. S., Yebisi, T. E., & Okorie, U. E. (2022). COVID-19 pandemic: The impacts of crude oil price shock on Nigeria's economy, legal and policy options. *Sustainability*, *14*(18), 11166. https://doi.org/10.3390/su141811166

Onyele, K. O., & Nwadike, E. C. (2021). Impact of national debt burden on economic stability in Nigeria. *Economics and Business*, *35*(1), 91–106. https://doi.org/10.2478/eb-2021-0006

Opayinka, T. K. (2025). The Interplay between Fiscal Policy, Inflation and Economic Growth in Nigeria: An ARDL Approach. *International Journal of Research and Innovation in Social Science*, *VIII*(XII), 259–274. https://doi.org/10.47772/ijriss.2024.815ec0021

Orphanides, A. (2020). The fiscal–monetary policy mix in the euro area: challenges at the zero lower bound. *Economic Policy*, *35*(103), 461–517. https://doi.org/10.1093/epolic/eiaa017

Oyadeyi, O. O. (2024). Financial Development, Monetary Policy, and the Monetary Transmission Mechanism—An Asymmetric ARDL Analysis. *Economies*, *12*(8), 191. https://doi.org/10.3390/economies12080191

Peter, G. (2019). Empirical Analysis of Monetary Policy and its Effect on Private Sector Growth in Nigeria (1990-2018). *International Journal of Managerial Studies and Research*, *7*(4). https://doi.org/10.20431/2349-0349.0704002

Rabanal, P., & Rubio-Ramirez, J. F. (2001). Comparing New Keynesian models of the Business Cycle: A Bayesian approach. *SSRN Electronic Journal*. https://doi.org/10.2139/ssrn.292400

Rahman, N. Z. U., Abbas, N. M., Riaz, N. M., & Rahman, N. S. U. (2021). The Impacts of Fluctuations in Public Revenue and Expenditures on Economic Growth in Pakistan: An Impulse Response Approach. *International Journal of Management Research and Emerging Sciences*, *11*(1). https://doi.org/10.56536/ijmres.v11i1.132

Samson, B., Peter, F., & Adesuji, A. (2022). Fiscal Policy Implementation in Nigeria: Issues & Challenges. *International Journal of Economics and Management Studies*, *9*(5), 32–36. https://doi.org/10.14445/23939125/ijems-v9i5p104

Samuels, D. (2024). A literature review on fiscal policy in Nigeria. *SSRN Electronic Journal*. https://doi.org/10.2139/ssrn.4810744

Shaibu, I., & Enofe, E. E. (2021). Monetary Policy Instruments and Economic Growth in Nigeria: An Empirical evaluation. *International Journal of Academic Research in Business and Social Sciences*, *11*(5). https://doi.org/10.6007/ijarbss/v11-i5/11304

Shobande, O. A., & Shodipe, O. T. (2019). New Keynesian liquidity trap and Conventional Fiscal stance: an estimated DSGE model. *Economics and Business*, *33*(1), 152–169. https://doi.org/10.2478/eb-2019-0011

Shrestha, M. B., & Bhatta, G. R. (2018). Selecting appropriate methodological framework for time series data analysis. *The Journal of Finance and Data Science*, *4*(2), 71–89. https://doi.org/10.1016/j.jfds.2017.11.001

Solarin, S. A., Nathaniel, S. P., Bekun, F. V., Okunola, A. M., & Alhassan, A. (2021). Towards achieving environmental sustainability: environmental quality versus economic growth in a developing economy on ecological footprint via dynamic simulations of ARDL. *Environmental Science and Pollution Research*, *28*(14), 17942–17959. https://doi.org/10.1007/s11356-020-11637-8

Theresa, U. O., Nkechi, O. I., Gloria, A. O., & Ikechukwu, U. P. (2025). Boosting Economic Diversification in Nigeria through AfCFTA: How Trade Logistics and Infrastructure Shape the Future. *International Journal of Research and Scientific Innovation*, *XII*(IV), 1107–1117. https://doi.org/10.51244/ijrsi.2025.12040091

Tsibu, I. D., Woode, J. K., Moro, K. D., Sam, M., & Fumey, M. P. (2025). Monetary policy rate adjustment and commercial bank lending rates time-frequency co-movement in Ghana: Evidence from a wavelet-based approach. *Scientific African*, *29*, e02786. https://doi.org/10.1016/j.sciaf.2025.e02786

Udeaja, E. A., Audu, N. P., & Obiezue, T. O. (2020). The transmission mechanism of monetary policy shocks in Nigeria: the interest and exchange rates channels. *Advances in Social Sciences Research Journal*, *7*(9), 283–311. https://doi.org/10.14738/assrj.79.8927

Udo, S. S., Jacob, & Augustine. (2024). Impact of Made-In-Nigeria Products on Solid Waste Generation and Public Health: Challenges and Solutions. *Environment & Ecosystem Science*, *8*(1), 73–80. https://doi.org/10.26480/ees.01.2024.73.80

Ufoeze, L. O., Odimgbe, J. C., Ezeabalisi, V. N., & Alajekwu, U. B. (2018). Effect of Monetary Policy on Economic Growth in Nigeria: An Empirical Investigation. *Annals of Spiru Haret University Economic Series*, *18*(1), 123–140. https://doi.org/10.26458/1815

Ukangwa, J. U., Wolugbon, D., Nwanosike, D. U., Ekpendu, J. E., Onwuka, I., & Nzelu, C. A. (2023). The impact of fiscal policy on the economic growth of Nigeria. *European Journal of Theoretical and Applied Sciences*, *1*(6), 741–750. https://doi.org/10.59324/ejtas.2023.1(6).73

Umoh, O. J., Jacob, A. O., & Chuku, C. A. (2012). Foreign Direct Investment and Economic Growth in Nigeria: An Analysis of the Endogenous Effects. *Current Research Journal of Economic Theory*. http://www.maxwellsci.com/print/crjet/v4-53-66.pdf

Usman, Z. (2019). The Successes and Failures of Economic Reform in Nigeria's Post-Military Political Settlement. *African Affairs*, *119*(474), 1–38. https://doi.org/10.1093/afraf/adz026

Wickramasinghe, W. M. A., Athukorala, P. P. a. W., Senarathne, S. G. J., & Yapa, Y. P. R. D. (2023). Examine the Reliability of Econometrics Software: An Empirical comparison of time series modelling. *Open Journal of Statistics*, *13*(01), 25–45. https://doi.org/10.4236/ojs.2023.131003

Yusuf, S., Omojorla, V., Umar, I., & Loko, A. (2023). Implementation of a 220v Ac Overload and High Voltage Monitor Alert System with Auto Shut Down. *International Journal of Engineering and Modern Technology*, *8*(5), 32–40. https://doi.org/10.56201/ijssmr.v8.no1.2022.pg32.40

Zhang, S. (2025). The Federal Reserve's interest rate decision Mechanism and its impact: on the perspectives of Taylor rule, economy and stock market. *Journal of Economics Business and Management*, 131–136. https://doi.org/10.18178/joebm.2025.13.1.856

ACKNOWLEDGMENTS

The current study has not received any grant, fund or contribution from private or government institutions. Also, the authors declare that there is no conflict of interests

ETHICAL CONSIDERATION

Authenticity of the texts, honesty and fidelity has been observed.

CONFLICT OF INTEREST

Author/s confirmed no conflict of interest.