

## Human Development Outcomes and Macroeconomic Indicators Nexus in Nigeria: An Empirical Investigation

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**Abstract :** This study investigates the response of human development outcomes to selected macroeconomic indicators in Nigeria. Human development outcomes is measured by human development index while the selected macroeconomic variables are inflation rate, real interest rate, government capital expenditure, real exchange rate, current account balance, and savings. Structural Vector Autoregression (SVAR) technique is employed in examining the response of human development index to the macroeconomic shocks. The result from the forecast error variance decomposition and Impulse-Response analysis reveals that fiscal policy (government capital expenditure) shock is the greatest determinant of human development outcomes. This result reiterates the role which the government plays in improving the welfare of the citizenry. The fiscal policy tool is pivotal in human development which comes in the form of investment in education, health, housing, and infrastructure. Further conclusion drawn from this study is that human development outcome positively and significantly responds to shocks from real interest rate, a monetary policy transmission variable and is felt greatly in the short run period. The policy implication of this study is that if capital budget implementation falls below expectations, human development will be engendered. Hence, efforts should be made to ensure that full implementation and appraisal of government capital expenditure is taken sacrosanct as any shock from such plan, engenders human development outcome.

**Keywords :** human development outcome, macroeconomic outcomes, structural vector autoregression, SVAR

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