**FISCAL DEFICIT AND INFLATION RATE IN SELECTED AFRICAN REGIONAL BLOCS: A COMPARATIVE ANALYSIS**

**OLUBIYI EBENEZER[[1]](#footnote-1)**

**AND**

**BOLARINWA M.A[[2]](#footnote-2)**

***Abstract***

*This study investigates the effect of fiscal deficit on inflation rate in selected African countries. The data collected spans 22 years from 1994 to 2015. The countries considered are Egypt, Kenya, Mali, Nigeria, and South Africa. The selection of these countries was based on the countries with highest fiscal deficit or inflation rate in each of the geo-political zones in Africa. Based on the nature of the data, an autoregressive distributed lag (ARDL) in the context of Keynesian model of aggregate expenditure was specified and estimated. The result shows that inflation effect of fiscal deficit is country specific and period specific. Out of the five countries considered, it is only in Nigeria and South Africa that inflation is affected positively by fiscal deficit in the short run. In the long run, Nigeria is the only country where inflation rate is affected positively by fiscal deficit. In Egypt, there was no short run effect of fiscal deficit while in Kenya, there was negative effect. Recommendations were proffered based on these results.*

1. Department of Economics, Federal University of Agriculture Abeokuta, Nigeria; Researcher: Africa Economic Research Consortium; Nairobi, Kenya; Associate Researcher: Trade Policy Research and Training Programme (TPRTP). Email: biyimclincon@yahoo.co.uk; olubiyiea@funaab.edu.ng , +234803 218 4121 [↑](#footnote-ref-1)
2. Department of Economics, Covenant University, Sango Otta, Ogun State Nigeria. adebolarinwa@yahoo.com; +234802 310 6084 [↑](#footnote-ref-2)