

**Foreign Private Investment and Poverty Reduction in Nigeria
(1975 to 2003)**

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ABSTRACT This paper examines the effects of foreign private investment on poverty in Nigeria. The study seeks to test the hypothesis that foreign Direct Investment has no impact on poverty reduction in Nigeria. Using regression analysis for the period 1975 to 2003, the test demonstrates that the inflow of foreign private investment and foreign loan into Nigeria significantly alleviate poverty. The paper maintained that government expenditure and the continuous increase in petroleum profit tax would aggravate the poverty level in Nigeria. The study recommended that effort should be made to encourage the inflow of foreign resources such as foreign private investment. Foreign loan should be highly discouraged. If it must be collected it must be done in a manner that could not have negative effects on the economy in the long run. It has also recommended that government should fine tune policies that would bring infrastructural facilities to the majority of Nigerians in the rural areas. Petroleum profit tax should be reduced so that the existing firms would not close shops and new firms should be allowed to come in and invest.