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Government Expenditure, Government Effectiveness and Poverty Reduction in Nigeria

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Abstract- ***This study explored the connection among government social spending, government effectiveness and poverty reduction in Nigeria, using time series data spanning from 1981 to 2023. The study employed the ADF structural breakpoint unit root, Granger causality, AutoRegressive Distributed Lag (ARDL) and diagnostic models. Poverty Reduction (measured by household final consumption expenditure) was specified as a function of government social recurrent expenditure, government social capital expenditure, worldwide governance indicator (measure of government effectiveness), unemployment rate, total population per year, consumer price index and human development index. It was realized from the ARDL output that government social recurrent spending (LNGSREXP) exerted a substantial (p-value = 0.00 & 0.00<0.05) positive influence on poverty level in Nigeria both in the short-term and long-term. Government social capital spending (LNGSCEXP) and consumer price index (CPI) exerted a substantial (p-values = 0.00 & 0.00<0.05; 0.01 & 0.02 <0.05) and negative influence on poverty level both in the short-term and long-term. Worldwide governance indicator (WGI), total population per year (LNPOP) and human development index (HDI) exerted an inconsequential (p-values = 0.39 & 0.40 > 0.05; 0.32 & 0.34 > 0.05; 0.38 & 0.36 >0.05) negative influence on poverty level in Nigeria both in the short-term and long-term. Unemployment rate (UNEMPLr) exerted an inconsequential (p-values = 0.31 & 0.30 > 0.05) positive influence on poverty level. Granger causality test result indicated that LNGSREXP, LNGSCEXP, LNPOP and HDI share a significant one-directional causality relationship with LNPOV, while WGI and CPI share no significant causality relationship with LNPOV. Sequel to the findings, it was suggested that there is a dire need for effective monitoring and evaluation of the various recurrent income channels to the Nigerian populations including social transfers, remunerations, other social benefits, etc., so as to ensure that the vulnerable ones (especially the less privileged ones) should through these means enjoy the dividends of democracy and good governance in the country.***

Keywords: Government Social Recurrent Expending, Government Social Capital Expenditure, Government Effectiveness, Poverty Reduction, ARDL.

I. INTRODUCTION

The connection among government spending, government effectiveness and efficiency, economic expansion and inequality in any economy, particularly in the Less Developing Countries (LDCs) and emerging market economies has remained an unending critical subject of debate amongst scholars, analysts, etc (Okulegu, 2013). Thus, arguments arise as to the real effects and consequences of government spending in determining the overall growth level of any economy, as well as its strength in reducing poverty. In an ideal macroeconomic setting, government expenditure remains a strong catalyst to foster sustainable economic advancement and ensure equitable distribution of resources. It, therefore, follows that the prime goal of government expenditure remains the improvement of the workings of the economic system via a remarkable Gross Domestic Product (GDP) growth rate and improved wellbeing among the populace.

One of the policy thrusts of every rational and people-oriented government is the achievement of economic improvement via a robust commodity affordability and unemployment diminution. The governments across the globe have at its neck the burden of ensuring the welfare of the subjects (citizens). The attainment of a sustainable growth in an economy embodies the interactions of numerous macroeconomic variables. Various schools of economic thought have argued differently but in a sticky opinion as to the factors or key players for the achievement of full employment. Accordingly, the Say's law argues that the achievement of full employment in an economy remains the dual interactive effects of demand and supply. In a bid to foster sustainable development, vis-à-vis decline in poverty level, the Keynesian school of thought attributes a pertinent role to the government via a robust expenditure approach (Keynes, 1936).

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This, the government can do via a robust fiscal policy framework (and particularly government spending).

In the words of Akrani (2012), government expenditure, otherwise known as public spending (or public expenditure) entails the various disbursements made by the governing body of any given economy—including the three tiers of: federal, regional or local levels, for the provision of basic needs of the society. Put differently, government expenditure or public expenditure encompasses the costs of governance, infrastructural developments, social security disbursements, etc.

On a general note, government spending, otherwise known as government expenditure, encompasses the overall government consumption, investment, and transfer payments (Wikipedia, 2024). This includes the procurement of essential commodities by governments; for instantaneous usage either to directly satisfy society's needs, or the purchase of goods and services with the sole purpose of creating impending benefits, including infrastructure investment or research spending. The growth of government expenditure has gained tremendous attention of various governments; Nigeria inclusive. Governments increase their spending on the grounds peculiar to the immediate economic environment. Basically, the defense of the territorial boundary of the economy remains a paramount rationale behind the increasing government expenditure. This corroborates with the primary purpose of every government, which is the security and welfare of the citizens. In the event of security threats, as it is the case in Nigeria currently, the government remarkably expends heavily in fostering, providing and ensuring adequate security measures. Additionally, the incessant growth in population of various economies, especially Asian and African continents, demands the increasing government expenditure. Other purposes include the improvement of citizens' welfares, acceleration of economic growth, inflation, etc.

Prior to the 19th century, government spending was limited owing to free market philosophies of the early Classical economic thinkers. However, the Keynesian ideology, in recent times, negated this notion, and argued in favour of government full involvement in public expenditure was strategic in shaping the income levels and ensuring its equitable distribution in any economy. Tin this manner, public expenditure plays a catalytic role in the economy as it establishes fiscal policy and provides basic amenities to the individuals and corporations. Following the emergence of public expenditure principles which has played a central part in engendering economic development, every economy (developed as well as developing economies) has manifested a growing concern in the trend of the annual budgetary allocations to the critical sectors engendering and engineering economic expansion.

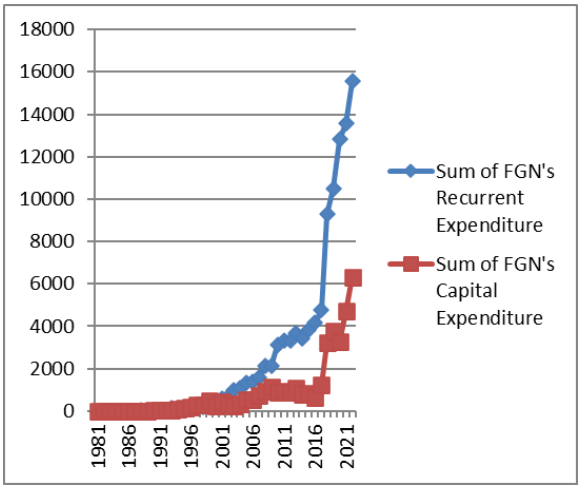

Figure 1.1: Trend of recurrent and capital spending in Nigeria from 1981 to 2023.

The figure above depicts the trends of both the recurrent and capital expenditures in Nigeria in the past years. Interestingly, the trajectory of the government spending has been very impressive in amounts. Thus, Nigeria has been characterized by increasing and widening expenditure patterns every Fiscal Year (FY). However, the bulk of this spending was basically on consumption alone (recurrent spending); as just an infinitesimal amount of the annual budgets are being channeled into infrastructural developments (capital spending). The latter, according to the Keynesian school of Marginal Efficiency of Capital and Lerner's school of Marginal Efficiency of Investment, makes for even development of any economy; increasing the multiplier-accelerator interactions in the economy, as well as increasing the welfare of the citizens via robust income redistribution.

Nigeria, which has always been rated as Africa's largest economy, still struggle with increasing penury and slow economic growth notwithstanding her huge natural resources (World Bank, 2022). Little wonder, the World Bank published that over 80 million Nigerians are still living below $1/day currently. The problem with Nigeria, therefore, is not lack of resources endowment, but a *resource issue*. Despite the huge natural resources and mineral deposits with which Nigeria is known, the population of the country remains progressively geometric. Thus, as argued by Thomas Malthus, resources availability is increasing in arithmetic progression whereas the population growth is in geometric progression. This ceaseless and unperturbed increase in population has invariably increased the number of dependent population across the country; hence widening the poverty gap.

Government has executed various developmental programmes to cushion the ravaging effects of this pernicious poverty and retarding economic growth, and hence, redirects the economy to the path of progress. These strategies had been anchored on public expenditure as the key player in achieving the purported enviable goals (Nigerian Government, 2022). Amongst these development programmes are: National Poverty Eradication Programme (NAPEP, 2001), National Economic Empowerment and Development Strategies (NEEDS, 2004), Millennium Development Goals (MDGs) (UNDP, 2000), Vision 20:2020 (NPC, 2009), National Industrial Revolution Plan (NIRP) (FGN, 2014), Social Investment Programmes (SIPs) such as the Conditional Cash Transfer (CCT) program (FGN, 2016), Economic Recovery and Growth Plan (ERGP) (FGN, 2017), National Social Safety Nets Project (NSSNP) (World Bank, 2020), etc. Available statistics has it that government expenditure (especially recurrent expenditure) has more than doubled. Historically, the public expenditure in Nigeria has clearly indicated that between 1981 and 1989, recurrent expenditure averaged N13.5 billion, N181.78 billion between 1990 and 2000, N1, 502.67 billion between 2001 and 2010, N7, 354.51 billion between 2011 and 2022. Similarly, capital expenditure averaged N8.98 billion between 1981 and 1989, N184.34 billion between 1990 and 2000, N618.18 billion between 2001 and 2010, N2, 309.13 billion between 2011 and 2022.

Interestingly, as a differential departure from the plethora of extant literatures, the researcher argues that there are yet more works to be done on demystifying the collaborative effects of government effectiveness with government social spending on poverty reduction in Nigeria. Hence, this study lodges a critical appraisal on the association between government social outlay and inequality gap in Nigeria with special attention to the government effectiveness in engendering poverty alleviation in Nigeria using definitive and globally applicable measures such as World-Wide Governance Indicator (WGI) as approved by the World Bank.

This study raises the following questions: i. to estimate the influence of government social expenditure on poverty diminution in Nigeria. ii. to explore the influence of government effectiveness on poverty diminution in Nigeria. iii. to determine the causal relationship among government social expenditure, government effectiveness and poverty diminution in Nigeria.

This paper is organized as follows: chapter describes the introduction, chapter two deals with literature review, chapter three is concerned with the methodology, chapter treats the results and discussion while chapter five deals with the summary, conclusion and recommendations.

II. GOVERNMENT SOCIAL EXPENDITURE

The term "government social expenditure" entails payments on social services that reallocate resources across households. It includes capital transfers, social transfers, and expenses on education and health services (Igor, 2016). The direction of an economy can be determined by government spending on social and community services, which are crucial sectors in human and economic development because they support production and motivate the highly needed labor force that could aid in the nation's economic advancement (Nwodo & Ukaegbu, 2017). The direction of an economy can be achieved through government spending on social and community services. Okoro (2013) sees social spending as those expenditure made by government to provide social goods and services. Accordingly, Udoffia and Godson (2016) described it as those expenditures made by the

government towards the procurement of public goods and services.

Put differently, government social expenditure could be seen as the distribution of public resources towards social services and programs with sole purpose of improving the welfare of the populace, especially the less privileged ones (OECD, 2022). There are various categories of social expenditure. These include: spending on primary, secondary, and tertiary education—education (UNESCO, 2022), spending on public healthcare facilities, personnel, and programs—healthcare (WHO, 2022), spending on pension schemes, unemployment benefits, and other safety nets—social security (ISSA, 2022), investments in reasonably priced housing, urban development, and community infrastructure—housing and community amenities (UN-Habitat, 2022), expenditures on job provision programs, vocational training, and employment services—labor market employment (ILO, 2022).

III. GOVERNMENT EFFECTIVENESS

The concept "government effectiveness" means the ability or competence of a government to devise and execute policies and programs to achieve their intended goals (Kaufmann, Kraay & Mastruzzi, 2020). Government effectiveness encompasses the following: the capacity to develop and execute effective policies—policy formulation (World Bank, 2022), the eminence and ease of access to public services, such as healthcare and education—public service delivery (UNDP, 2022), the capacity to set up and implement efficient regulations—regulatory quality (OECD, 2022), the degree to which the legal system is just, unbiased, and efficient—rule of law (World Justice Project, 2022), the capability to prevent and combat corruption—corruption control (Transparency International, 2022). Certain measures of government effectiveness include but not limited to: a composite measure of government effectiveness, covering policy formulation, public service delivery, and regulatory quality—World Bank's Worldwide Governance Indicators (WGI) (Kaufmann et al., 2020), a gauge of well-being, covering life expectancy, education, and income —United Nations Development Programme (UNDP) Human Development Index (HDI) (UNDP, 2020), a gauge of competitiveness, covering institutions, infrastructure, and macroeconomic stability—Global Competitiveness Index (GCI) (World Economic Forum, 2022).

IV. POVERTY

Scarce and deteriorated human requirements that prevent the best fulfillment of basic individual desires like clothing, food, shelter, education, and health are considered to be a form of poverty. Poverty rates have increased as a result of developing nations' declining standards of living, particularly Nigeria. This downturn has been connected to the slowdown in developing nations' economic growth.

Benson and Emmanuel (2023) posit that poverty emerges a universal viewpoint and it affects various people in diverse districts, landmasses and nations in different ways. While no nation or county is protected against scarcity, the degree differs from one economy to the other (Binuyo, 2014). The world's deficiency tempo has been declining, with the exception of a few Sub-Saharan African nations, like Nigeria.

There are two aspects to poverty. The first is *moneylessness*, which denotes a lack of resources and money to meet fundamental human requirements. It also suggests helplessness. That is, those who lack options and opportunity. Inadequate and deteriorated human conditions that impede the best fulfillment of fundamental individual desires such as clothing, food, shelter, education, and health are another definition of poverty. The reduction in the level of life in the emerging economies, Nigeria inclusive, has bred an elevation in the prevalence of poverty. This downturn has been connected to the slowdown in developing nations' economic progress.

According to Obiechina (2020), poverty is defined broadly and is perceived differently by different authors, presenting a distinct paradigm. According to Aboyade (1975), poverty is like an elephant and is easier to recognize than to characterize. In his work on poverty, Ajakaiye (1998) makes reference to Aboyade (1975) and observes that a conventional understanding of poverty remains elusive because of its multidimensional character and dynamic features.

Empirical Review

Musa, Charles and Audu (2024) explored the efficiency of fiscal policy in fostering poverty diminution in Nigeria, while adopting the secondary data spanning from1981 through 2022. The study deployed the AutoRegressive Distributive Lag (ARDL) Model. It was disclosed that government capital spending, recurrent government spending and aggregate oil tax revenue negatively impacted poverty alleviation in Nigeria. Sequel to the above, the study proffered that that the management should contain revenue yielding channels including grants, royalties, return on government investments, licensing fees, etc., which can help in lessening scarcity prevalence when they are efficiently ploughed back in the economy.

Edeh, Ezeagu and Attamah (2023) empirically estimated the correlation amid government social outlay and poverty mitigation in Nigeria between 1981 and 2020. The variables employed were: poverty (measured by household consumption expenditure), social capital outlay, social recurrent outlay, inflation rate, and unemployment rate. Fully Modified Ordinary Least Squares (FMOLS) and Granger causality estimation techniques were utilized, and the outcome of the study revealed that government capital outlay on social goods and services had a considerable effect on poverty diminution in Nigeria. The outcome of the Granger causality test indicated a one-directional causality flowing from government recurrent outlay on public goods to poverty diminution in Nigeria. Sequel to the above, it was suggested that government launches an organization that should guarantee scrutiny and execution of government social spending in Nigeria.

Chinwe, Clifford, Christian and Chukwuma (2023) evaluated the public sector allotment and poverty diminution nexus in Nigeria between 2000 and 2020. The explanatory variables employed were federal government portion, state government portion, and local government portion from the federation account. The OLS, Granger causality and vector error correction estimation techniques were deployed for the estimation. The outcome indicated that federal allocations accounted for 76.6% variations in the poverty indicator in Nigeria during the period under review, whereas federal and local government allocations were negatively affecting poverty index. It was concluded that federal allocations significantly affect poverty diminution in Nigeria. It was suggested that legal frameworks be made available to back up distribution formula and the expenditure policy at the three layers of the government.

Nkamnebe (2023) assessed how government expenditure determined poverty level in Nigeria between 2000 and 2022, using the conventional Ordinary Least Squares (OLS) estimation technique. The study modelled the Multidimensional Poverty Index(MPI) as a function of government outlay on schooling, well-being, and infrastructure. The study revealed that government education spending fosters poverty diminution whereas government health allocation does not produce any substantial effect poverty diminution in the long run in Nigeria.

Fagemi, Osinubi and Adeosun (2022) investigated the correlation between infrastructure and poverty diminution in Nigeria, while adopting the time series data spanning between 1996 and 2019. The Autoregressive Distributed Lag Bounds, Vector Error Correction mechanism and Granger causality techniques were utilized. The study employed infrastructure outlay (capital spending on commercial services) and social infrastructure outlay (such as wellbeing and schooling) as the explanatory variables. All these were assumed the infrastructure investment indicators. The results showed that infrastructure investment indicators significantly impacted poverty diminution. The causality analysis indicated that a bidirectional movement between infrastructure and poverty. It was concluded that the infrastructural provisions in developing countries, including Nigeria, is insufficient. Hence, it was recommended that bringing in and executing novel and formidable infrastructure investments are seminal to engendering poverty mitigation.

Ejemezu and Ajala (2022) investigated the connection between government disbursements in diverse economic sectors on poverty in Nigeria between 1986 and 2022. The study employed government spending on schooling, wellbeing, safety, building and construction and roads as the explanatory variables, whereas head count index was used as the dependent variable. Vector error correction and Johansen cointegration techniques were adopted for the data

analysis. It was indicated that all the chosen government spending had positive short-run influence on poverty but negative long-run influence, excluding for government spending on roads. The study concluded that government spending plays a pivotal part in ensuring drastic poverty diminution in the long term. It was recommended that prioritizing infrastructure advancement, predominantly in road construction and public transportation, to get better the movement of the populace, lessen transportation costs, and aid easy movement embedded on mitigating penury amongst the citizens.

Duruh and Chima (2022) evaluated the correlation between education outlay and poverty diminution in Nigeria between 1980 and 2019. Autoregressive distributed lag (ARDL) model was adopted. It was found that population growth, inflation and domestic capital formation had depressing impact on poverty diminution both in the short and long term, whereas government education and health expenditures had positive effect on poverty diminution in the short run and long run. Nevertheless, recurrent education outlay mounted a harmful pressure on poverty diminution in the short term.

Nursini, Fachry and Nurbayani (2022) explored the influence of government spending on productive sectors on poverty mitigation directly and indirectly via economic growth in 24 cities in Indonesia from 2015 to 2020. The study made use of Panel data analysis. It was shown that government spending on education and health directly and indirectly affected all poverty indicators.

Fashanu, Kasali and Olowe (2022) investigated the comparative efficacy of different components of government public outlay on income-poverty diminution in Nigeria from 1981 to 2020. Autoregressive Distributed Lag (ARDL) estimation technique was employed. The findings indicated that capital transfer and social transfer had strengths to lessen poverty in Nigeria, whereas increased government social spending raises the poverty level.

Ibrahim and Umar (2021) empirically estimated the correlation between public spending and poverty diminution in Nigeria between 1980 and 2019. Vector Autoregressive (VAR) model was utilized. It was disclosed that government total spending has a substantial impact on poverty in Nigeria. The study, therefore, suggested that the misappropriation of public funds and corruption need be confronted.

Megbowon, Aderoju and Gbenga (2021) empirically studied the correlation amid government expenditure and poverty diminution in Nigeria with special focus on federal and state governments' spending between 1981 and 2018. Autoregressive distributed lag (ARDL) model was utilized. It was gathered that there is the need for more devolution and increase in fiscal disbursement tasks and intensification of revenue in favour of state governments.

Ali, Suryati, Yasmin and Hanny (2021) evaluated the connection among governance, public spending, trade and poverty diminution in some selected Sub-Saharan African countries between 1996 and 2019. The study used the Pool Mean Group (PMG) technique in analyzing the data. The outcome confirmed a long-run connection among public spending, governance, trade and poverty diminution in SSA. The study recommended the management of fraud, political firmness, government spending, and trade to lessen poverty by promoting or improving the Human Development Index (HDI) in the long term.

Nenbee, Aleogho, Vite and Otovwe (2021) explored the link between government expenditure and poverty diminution in Nigeria between 1980 and 2017. The study utilized the Error Correction Model (ECM). It was found that government capital spending had a direct impact on per capita income, whereas government recurrent outlay had an indirect and significant influence on poverty in Nigeria.

Suharno and Badriah (2021) studied how regional spending affects poverty level in districts and cities in Central Java, Indonesia. The study applied the Fixed Effect Model, and the result revealed that regional expenditure on health, education and social protection indirectly affected poverty levels, whereas spending on economic sector had a significant-direct influence on poverty level. Again, the result had it that spending on infrastructure had no significant impact on poverty diminution in Central Java. Hence, the study suggested that government should uphold adequate monetary

administration in the health, education and social support functions.

Obiechina (2020) empirically evaluated the connection among public spending, gross domestic product and poverty alleviation in Nigeria between 1981 and 2015. The ARDL bounds estimation technique was utilized. The outcome of the analysis indicated that public expenditures stimulate economic growth, although insignificantly, whereas gross domestic product does not diminish poverty in Nigeria. It was proffered that public spending lever that spurs more investments in capital public spending, social sector public outlay and private capital outlay.

V. GAP IN LITERATURE

Research works are not with loopholes. In other words, no research work is complete in itself; that is, devoid of shortcomings, the present study inclusive. From the plethora of extant empirical literatures reviewed above, it is observable that virtually all the previous studies were one-dimensional; that is, their focus was primarily on the connection between aggregate public spending and poverty mitigation or government social spending and poverty. However, none of the previous studies, to the researcher's best of knowledge, had empirically investigated the connection among public social spending, government effectiveness and poverty mitigation in Nigeria. The inability of the previous researchers to model the aggregated Worldwide Governance Indicator (WGI) as a key measure of government effectiveness leaves a question mark on the reliability of the estimations; hence, the departure of the present study.

VI. DATA AND METHODOLOGY

The unit root test for stationarity and descriptive statistics are two of the preliminary tests that are performed on the time series variables that are used to ascertain the connection between the variables. The Autoregressive Distributed Lag Model (ARDL) is used to estimate the parameters for the selected model. Additional post-estimation tests were performed to ensure the rationality of the findings.

Both the short-term dynamics and the cointegration (long term) connection between the regress and regressors are examined using the Autoregressive Distributed Lag (ARDL) Bounds testing system. The bounds test is a better cointegration method than the Johansen techniques method. According to Pesaran, Shin, and Smith (2001), the bound test is essentially calculated using Ordinary Least Squares to compute an estimated error correction version of the Autoregressive Distributed Lag (ARDL) model by Ordinary Least Squares (OLS) estimator. The hypothesis that there is no cointegration among the variables will be tested against the possibility that there is cointegration among the variables using an F-test of the joint significance of the coefficients of the lagged levels of the variables.

Either way, the F-test has a nonstandard distribution for the variables: 1(0) or 1(1). Two sets of adjusted critical values—the lower and upper bounds—are presented by Pesaran, Shin, and Smith (2001). Whereas the other set assumes that all variables are 1(1), the first set assumes that all variables are 1(0). The illogical hypothesis of no cointegration would be rejected if the calculated F-statistic is greater than the upper bound critical value. However, if it falls below the lower bound, then the null would not be rejected. Finally, if it falls between the lower and upper bound, then the result would be uncertain. The equation for the ARDL bounds test model is specified as follows:

$$\Delta POVr_t = \alpha_0 + \sum_{i=1}^{p} \alpha_1 \Delta POVr_{t-i} + \sum_{i=1}^{p} \alpha_2 \Delta GSREXP_{t-i} + \sum_{i=1}^{p} \alpha_3 \Delta GSCEXP_{t-i} + \sum_{i=1}^{p} \alpha_4 \Delta WGI_{t-i} + \sum_{i=1}^{p} \alpha_5 \Delta UNEMPLr_{t-i} + \sum_{i=1}^{p} \alpha_6 \Delta POP_{t-i} + \sum_{i=1}^{p} \alpha_7 \Delta CPI_{t-i} + \sum_{i=1}^{p} \alpha_8 \Delta HDI_{t-i} + \beta_1 GSREXP_{t-1} + \beta_2 GSCEXP_{t-1} + \beta_3 WGI_{t-1} + \beta_4 UNEMPLr_{t-1} + \beta_5 POP_{t-1} + \beta_6 CPI_{t-1} + \beta_7 HDI_{t-1} + ECM_{t-1} + \mu_t \quad (3.12)$$

VII. RESULTS AND DISCUSSION

Test of Hypotheses
Regression analyses
Short-term and long-term direct relationships

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AUTOREGRESSIVE DISTRIBUTED LAG (ARDL) MODEL ESTIMATES

Short-run Variables	Coef	SE	t-stats	Long-run Variables	Coef	SE	t-stats
LNGSREXP	0.35	0.07	4.80***	LNGSREXP	0.46	0.10	4.44***
LNGSCEXP	-0.18	0.05	-3.04***	LNGCREXP	-0.24	0.07	-3.02***
WGI	-0.04	0.05	-0.86	WGI	-0.06	0.07	-0.85
UNEMPLr	0.03	0.03	1.01	UNEMPLr	0.04	0.04	1.03
LNPOP	-0.49	0.49	-1.01	LNPOP	-0.66	0.68	-0.96
CPI	-0.00	0.00	-2.54***	CPI	-0.00	0.00	-2.36***
HDI	-2.33	2.65	-0.88	HDI	-3.10	3.38	-0.91
C	22.58	—	—	—	—	—	—

Source: Author's computation using EViews 13.0

The suppositions detailed previously in this study stood tested using the combinations of ARDL and Granger causality models or econometric techniques. In reaching a conclusion, the following procedures were heeded; A. the test results were presented and analyzed and, B. the suppositions were reaffirmed in null and alternate forms, C. the decision rule involving the rejection or acceptance of the null hypothesis based on the decision criterion of the techniques of analysis was made.

The outcome of the examination is the focus of discussion in accordance with the research objectives and in response to the research questions. Objective One: To estimate the influence of government social expenditure on poverty diminution in Nigeria. In consonance with this objective and using the ARDL model to test the hypothesis, the findings revealed that LNGSREXP exerts both short-term and long-term substantial positive influence on final consumption expenditure of households in Nigeria over the period under study. By implication, this result suggests that for any change (that is, increase as indicated in the ARDL model); the households in the economy would be left with more liquid resources to spend on consumption; that is, for the procurement of goods and services. According to IMF (2019), 1 percent increase in government social recurrent spending yields approximately 0.5 to 1.5 percent increase in household consumption expenditure, and by extension, an improvement in the consumers' wellbeing and a reduction in the poverty level. Moreover, based on the Keynesian theory, increasing government spending invariably makes more funds available for households' use through a robust multiplier effect. This, therefore, means that for any increase in government social recurrent spending in the Nigerian economy, the resultant effect is 35 and 46 percent increase in household consumption expenditure. In this manner, poverty level is further reduced following the increasing availability of funds to the households via recurrent spending by the government. This result follows the trend of the recent upward evaluation of the national lowest wage in the Nigerian economy. The typical policy implications of this impressive result include: the channeling and targeting of this increasing social recurrent spending to the susceptible populations; adequate distribution of government social recurrent spending; encouragement of the households to imbibing entrepreneurship and attaining self-independency, etc.

Objective Two: To explore the influence of government effectiveness on poverty reduction in Nigeria. Following the stated objective and relying on the ARDL model to test the accompanying hypothesis, the results showed that LNGSCEXP exerts both short run and long run insignificant indirect consequence on household consumption expenditure in Nigeria. Just as in the case of social recurrent expenditure of government, increasing government social capital spending invariably triggers an upward movement in the disposable incomes as well the consumption expenditures of households. Positively, increasing social capital spending in the economy steps up the infrastructural development initiatives, increasing human capital development index, fostering social

cohesion as well as economic growth; and all these are geared towards engendering households' self-sufficiency. However, following the negative and insignificant impact of social capital spending of the Nigerian government on household consumption expenditure as indicated in by the ARDL result above, it signifies that for any increase in the social capital spending of the government, the disposable incomes of the households are adversely affected, and by extension, their consumption expenditure patterns diminish by 18 and 24 percent in the short-term and long-term correspondingly. In another development, this result suggests that for any increase in social capital expenditure in Nigerian economy, there is an economic loss in terms of increasing taxation just as is the case in Nigeria currently, reduction in disposable incomes and consumption expenditures of households, etc. This outcome corroborates the findings of Adegboyo (2020) whose study sought to evaluate the connection between public spending and poverty diminution in Nigeria between 1981 and 2017, and found that capital spending aggravates poverty in Nigeria.

Objective Three: To determine the causal relationship among government social expenditure, government effectiveness and poverty reduction in Nigeria.

In accordance with this objective and using conventional Granger causality model to test the hypothesis, the discovery indicated that LNGSREXP and LNGSCEXP share a significant long run one-directional causality relationship flowing from LNGSREXP→LNPOV and LNGSCEXP→LNPOV, with LNPOV in Nigeria over the period under study. On the contrary, WGI shares no significant long run causality relationship with LNPOV. The above result, therefore, speaks volume of the forecasting potentials among LNGSREXP, LNGSCEXP and LNPOV. From the foregoing, it suffices to say that the past values of both LNGSREXP and LNGSCEXP are adequate in forecasting the future values, trends and prospects of LNPOV, whereas the past values of LNPOV is not sufficient enough to forecast the future values, trends and prospects of both LNGSREXP and LNGSCEXP in Nigeria. However, the past value of WGI is not sufficient enough to forecast the future values, movements and prospects of LNPOV, and vice versa.

For the Diagnostics Test results, the BG-LM depicts the test for higher autocorrelation. The insignificant p-value of the BG-LM test shows that there was no higher autocorrelation for the chosen ARDL model. HET (BPG) entails the test for heteroscedastic residuals. The insignificant p-value of the BPG (HET) test meant that the chosen ARDL model was without heteroscedastic residuals. The Regression Error Specification Test (RESET) being insignificant implies that the ARDL model was without misspecification.

The Jarque-Bera Test of normality of the residuals, which had its probability value to be greater than 0.05 indicated that the residual maintained a normal distribution; otherwise, they were normally distributed.

The CUSUM and CUSUM of Squares graphs which were helmed between two dotted red lines provides indication in courtesy of parameter firmness which showed that the CUSUM and CUSUM of Squares tests demonstrated that the models were stable as depicted in Figure 1.1 and Figure 1.2 below;

Figure 1.1: CUSUM graph

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Figure 1.2: CUSUM of squares graph

In a nutshell, the models were best, linear and unbiased. This is due to the R^2 goodness test of fit. There was no higher autocorrelation, alluding the diagnostics tests, specifically the BG-LM test. The lack of heteroscedastic residuals in the outcome was demonstrated by the BPGs' insignificance.

VIII. CONCLUSIONS AND POLICY RECOMMENDATIONS

There is paucity of extant literature on government social expenditure, government effectiveness and poverty mitigation in Nigeria (a disaggregated approach). Nearly all the studies reviewed concentrated on the influence of pecuniary policy (particularly public spending) on poverty alleviation in Nigeria, which ignited the stimulus for this research work. Checking the combined influence of government spending (social recurrent and capital) and government efficiency on poverty level in Nigeria using the test for serial correlation, heteroskedasticity, stability, and adopting both the conventional causality and ARDL Bounds estimation method to test the hypotheses, some noteworthy results were obtained. The study found that government social recurrent spending symbolized as LNGSREXP exerted a substantial short-term and long-term encouraging influence on household consumption expenditure (proxy for poverty level) in Nigeria. On the other hand, the research revealed that government social capital expenditure denoted as LNGSCEXP had an insignificant short run and long run negative effect on poverty level (measured by final consumption expenditure of households). Finally, the research revealed that as LNGSREXP and LNGSCEXP equally share a long run significant one-directional causality relationship with LNPOV, WGI shares no significant direction of causality with LNPOV in Nigeria over the period of this study. The research envisages stimulating public social spending not only in Nigeria but across other developing and developed economies. As evidenced by the revelations in the research, the under-listed policy recommendations are put forward: Given the significant positive influence exerted by social recurrent expenditure on poverty level in Nigeria, it is imperative to suggest, therefore, that there is a dire need for effective monitoring and evaluation of the various recurrent income channels to the Nigerian populations including social transfers, remunerations, other social benefits, etc., so as to ensure that the vulnerable ones (especially the less privileged ones) should through these means enjoy the dividends of democracy and good governance in the country.

Looking at the insignificant negative influence of social capital spending of the government on poverty level in Nigeria, judging from the results, it suffices to provide that government is yet to perform and / or discharge its core mandate of providing life-sustaining infrastructures to the reach of the vulnerable ones. It becomes important, therefore, for the Nigerian government to have a rethink and embark on an immediate and speedy infrastructural development of the Nigerian economy. By so doing, there would be effective multiplier-acceleration effect in the economy, as well as the effective redistribution of resources and incomes across Nigerian households.

Lastly, the Nigerian economy has been identified as a democratic entity over the decades. However, it is appalling that the modelled measure of government efficacy, world governance index, exhibited an insignificant negative short run and long run influence on poverty mitigation in Nigeria. Accordingly, the study suggests that the true definition of democracy and its tenets need be reoriented and crusaded into the enormous Nigerian populations so as to ensure a sane discharge of public office responsibilities devoid of parochialism, favouritism, tribalism and clientelism. This would help to ensure the equitable distribution of the dividends of democracy amongst Nigerians.

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