GOVERNMENT EXPENDITURE AND POVERTY LEVEL IN NIGERIA

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ABSTRACT

This study investigated the relationship between government expenditure and poverty level in Nigeria. The specific objectives of the study were to determine whether government expenditure - recurrent expenditure and capital expenditure have any effect on poverty level in Nigeria using per capital income (PCI) as a measure of poverty level. Ex-post facto research design was used and the study used secondary data from the central bank of Nigeria statistical bulletin for the relevant years under consideration (2010-2020). The multiple regression technique was employed to investigate the relationship existing between the variables. The study found that there is a positive and significant relationship between recurrent expenditure and poverty reduction in Nigeria. Furthermore, the study also found that there exist a negative and an insignificant relationship between government expenditure and poverty level in Nigeria. The study therefore recommended amongst others that federal government should increase its monetary budget on recurrent expenditure for the purpose of enhancing human capital development which will also lead to self-employment.

Key words: Government expenditure, Poverty level, Monetary budget, Recurrent expenditure, Capital development, Self-employment.

1. Introduction

In Nigeria, poverty has been on the increase which can be attributed to inequality existing in the economy such as corruption, macro-economic instability and inconsistency in government policies. In an ordinary framework, poverty is concern with absolute, modulate or relatively standard of living or inability to attain a minimal standard of living. Poverty is found to be at the worst in the rural areas which is characterized by malnutrition lack of standard education, low life expectancy and sub-standard housing. Furthermore, Poverty in Nigeria is multi-dimensional and has many faces as revealed by Nigerian indicators of human development such as education and health amidst spending relative to the Gross Domestic Product (GDP). Analysis of poverty in Nigeria shows inequalities in terms of educational and health indicators, and such indicators vary across regions (geopolitical zone), states, location (urban and rural), and gender (male and female). Statistics have revealed regional differences in national poverty. Thus; the North-East and North-West regions had the highest contribution to national poverty, while South-East had the least contribution to national poverty. The Nigerian case shows inequalities by location, with people in the rural areas contributing 65% to national poverty, while their urban counterparts contribute 35% (Falodun, 2019).

There have several theoretical and empirical explanations to the link between government expenditure and poverty levels. From the theoretical point of view, Keynes view holds that public expenditure is an important tool inthe stimulation of economic activities. Keynes argued that government expenditure could bereduced once the economy recovers, so as to prevent inflation. Empirically, Falodun (2019) investigated the relationship between government expenditure and poverty level in the North-Eastern part of Nigeria and discovered government expenditure has positive relationship with poverty level among the sampled states. Also, Umar (2020) examines the relationship between Government expenditure and poverty level in Nigeria and discovered that government expenditure has a negative relationship with poverty level in Nigeria due to persistent corrupt act of notable government officers.

Owing to this, the Nigerian government has developed and implemented several poverty reduction policies. They include National Accelerated Food Production Programme and the Nigerian Agricultural and Co-operative Bank in 1972; Operation Feed the Nation, which was established in 1976; Green Revolution Programme, established in 1979; Directorate of Food, Roads and Rural Infrastructural (DFRRT) in 1986; and the 1993 Family Support Programme and the Family Economic Advancement Programme. In recent time, there is the National Poverty Eradication Programme (NAPEP)in 2001; the National Directorate of Employment established to address the issue of unemployment facing our youths; The 2012 Sure-P programme established to alleviate the impact of increase in pump price on averageNigerians and the 2016 Npowerprogramme which is currently running is also established to alleviate the effect of poverty and reduce unemployment in Nigeria.

Despite these measures, the poverty level in Nigeria continue to get worse and depth. In 2022, an estimated population of 88.4 million people in Nigeria lived in extreme poverty. The number of men living on less than 1.90 U.S. dollars a day in the country reached around 44.7 million, while the count was at 43.7 million for women. Overall, 12.9 percent of the global population in extreme poverty were found in Nigeria as of 2022. For instance, life expectancy at

birth is 51years for male and 53years for female, only about 10% of Nigerian had access to essential drugs in 2010, this further deteriorated to about 8.9% in 2011, physician per 100,000 people were fewer than 30, access to safe water in 2003 and 2010 were limited to about 45% and 50.3% of the population respectively, (Harmonized Nigeria Living Standard Survey, 2011).

Several empirical studies have proposed government expenditures as the remedy to poverty (Umar, 2020; Sennoga& Matovu, 2013; Kazungu&Cheyo, 2014). Their stance is that government expenditures reduce poverty. Other empirical studies (Falodun (2019; Omari & Muturi, 2016;Sasmal&Sasmal, 2016; Dahmardeh& Tabor, 2013) that investigated the effect of government expenditure on poverty level a positive effect of government expenditures on poverty levels. The mixed outcome of these two previous studies necessitated this study at this point in time.

The general objective of this study is to ascertain the effect of government expenditure on poverty level in Nigeria. The specific objectives for the study includes:

1. To ascertain the effect of government recurrent expenditure on poverty level in Nigeria.

2. To determine the impact of government capital expenditure on poverty level in Nigeria.

Achieving these objectives will require the testing of the following hypotheses,

$H0_1$:   Government recurrent expenditure have no significant impact on the poverty level in Nigeria

$H0_2$:   Government capital expenditure have no significant impact on the poverty level in Nigeria

2.   Literature Review

2.1   Conceptual exposition of government expenditures and poverty

Government spending is a potential means of achieving economic growth and reducing poverty through increase in the overall economic performance, human capital development and ensuring that transaction costs are minimized (Wilhelm & Fiestas, 2005). Government expenditure programmes so far banked on by Nigerian government in order to combat unemployment problems and its inherent effects cut across capital and recurrent expenditures (Olukayode, 2011).

From 1981- 1995 average recurrent and capital government expenditures on social & community services stood at N3.65 billion and N2.20 billion respectively, these figure increased tremendously from 1996 – 2010, within this period average recurrent and capital government expenditures on social & community services stood at N168.33billion and N67.04 billion respectively. 2011- 2016 saw another rapid rise with recurrent and capital government expenditures on social & community services standing at N 797.24 billion and N103.14 billion respectively (CBN, 2016). All these efforts were geared toward reduction of unemployment and improvement of standard of living in Nigeria.

Furthermore, governments are generally expected to act as a social planner when allocating public spending. They have to determine the optimal allocation by maximising a weighted social welfare function. In this framework, the government has to maximise a utility function defined over a set of public services consumed by individuals or electorate, this is however, subject to a budget

constraint which must be equal to the aggregate of public service expenditures (Deacon, 2018). Another important determinant of public spending allocation is the rent seeking behaviour. According to Nitzan (2014), the distribution of potential individual beneficiaries of rents, the number of groups competing, the rule used to distribute private good transfers within groups and the individual valuation of the local public good shape public spending patterns. Studies have provided theoretical basis for determinants and composition of public expenditure (Sass 1991;Tullock2006; and Marlow & Shier 1999). For example, Sass (1991) modelled municipal government choice based on the constitutional choice model of Buchanam and Tullock (2006) to investigate the effect of differing government structures on educational and non-educational expenditures. He found out that not only voter preferences determine public expenditures, but the structures of local government equally determine it.

Dependent Variable   **Independent Variable**
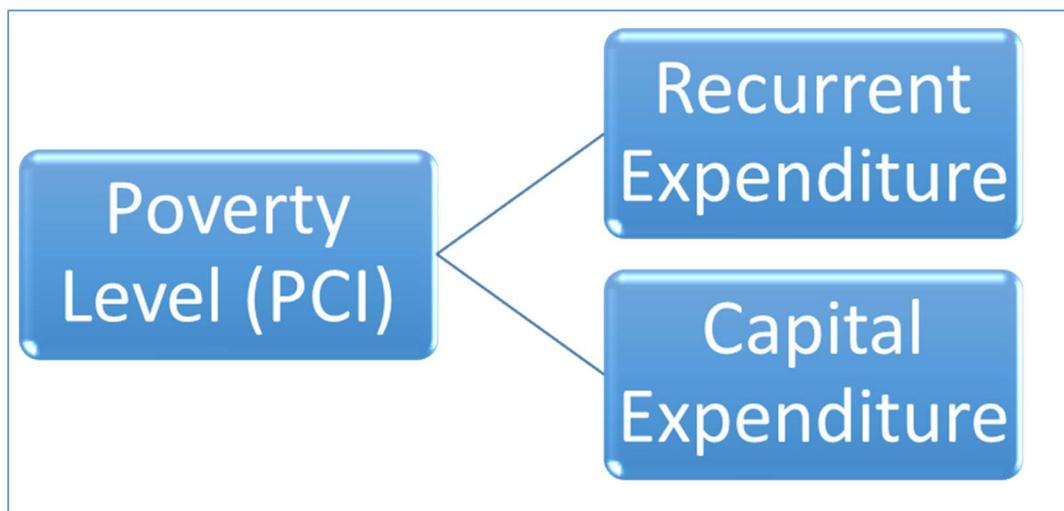
Source: Researcher's Compilation, 2023

Poverty has been defined as deficient and degraded human conditions that hinders the optimal realization of basic human needs like health, food, education, shelter and clothing.The decline in the standard of living in the developing countries including Nigeria has led to an increment in the incidence of poverty. This decline has been linked to the decline in economic growth in developing countries. The ADB (2020) noted that African countries witnessed a fall in economic growth by an average of 10.5 percent in 1985and 3.2 percent in 2019. This led to a reduction in the level of poverty from US$1600 in 1980 in US$1160 in 2019 (ADB, 2020;Mukah et al 2019). Nigeria has recorded a reasonable growth in its GDP in most of the years since independence. The paradox is however that the growth in GDP over the years has not led to a reduction in the level of poverty in Nigeria. The level of poverty in Nigeria continue to increase even as successive governments in Nigeria, both military and civilian introduced and left behind one form of poverty alleviation programme or the other (Binuyo, 2014).

Poverty has a global outlook and it affects different people in different regions, continents and countries in different ways. Although no country or region is immune from poverty, the magnitude varies from country to country or from region to region (Binuyo, 2014). Global poverty has been

on the decline except in some countries in Sub-Saharan Africa, Nigeria inclusive. The rate of poverty in Africa rose from44.6 percent to46.4 percent in the last two decade (Adigan et al 2011; Ravallion&Chen, 2004).Poverty has two dimensions. The first is *moneylessness* which indicates insufficient cash and inadequate resources to satisfy basic human needs secondly, it implies powerlessness. That is those without opportunities and choices. Poverty has also been defined as deficient and degraded human conditions that hinder the optimal realization of basic human needs like health, food, education, shelter and clothing. The decline in the standard of living in the developing countries including Nigeria has led to an increment in the incidence of poverty. This decline has been linked to the decline in economic growth in developing countries.

2.2   Public Expenditure and Poverty Policy in Nigeria

Poverty in Nigeria remains significant in spite of the high economic growth. During the British Empire, Nigeria had one of the World's highest economic growth rates averaging 7.4%, a well-developed economy and plenty of natural resources. However, it retains a high level of poverty, with 63% living on below $1 daily; this implies a decline in equity. A huge amount of public expenditure have been allocated at various times to address the issue of poverty through establishment of various programme aimed at poverty alleviation.

However, we argue here that these programmes have largely failed to overcome the three reasons for this persistent poverty; income inequality, ethnics conflict and political instability. Statistics show that income inequality worsened from 0.43 to 0.49 between 2004 and 2009, further deteriorated from 0.49 in 2009 to 0.56 and 0.61 in 2010 and 2020 respectively. The income inequality is further correlated with differential access to infrastructure and amenities.

Agriculture can simply be defined as the cultivation of the soil and rearing of animals for the purpose of feeding for survival (Ogboru et al., 2018). Agriculture is a way of life that involves production of animals, fishes, crops, forest resources for the consumption of man and supplying the agro-allied product required by our sectors. It is seen as the inherited and dominant occupation employing about 70% of Nigerians. Though, subsistence agriculture is practiced in this part of the world, it will not be an exaggeration to say that it is the life-wire of the economies of developing countries. According to Yusuf (2014), the systems of agriculture prevalent in Nigeria comprising of crop production, peasant farming, plantation farming, and mechanized agriculture as its components cannot be overlooked. Government expenditure on agriculture is a mechanism which goes a long way to reduce poverty in every nation. This is obvious in the sense that agriculture helps in sufficient food supply at a very low cost as well as industrial raw materials and also reduce the level of unemployment by creating jobs.

Countries that consider investment in agricultural sector as a priority, speedily drive away poverty from their economy because it is a sector that is capable of employing people in mass no matter the age differences and it is highly rewarding both to the government and individual households. It provides foods and income for households while exports of agricultural produce improve a country's balance of payment and increases the GDP growth.

2.3   Review of empirical Literature

Mehmood and Sadiq (2010) employed error correction model to examine the relationship between government expenditure and poverty reduction in Pakistan from 1976 to 2010. The result established the existence of a negative relationship between government expenditure and poverty

level in Pakistan. Asghar *et al.* (2012) also reviewed the impact of government spending on poverty reduction in Pakistan using annual time series data from 1972 to 2008. The study found evidence that government spending on education, to maintain law and order contributed significantly to reduce poverty while expenditures on budget deficit, community and economic services were found to be responsible for poverty in Pakistan.

Dahmardeh and Tabor (2013) used Autoregressive Distributed Lag (ARDL) technique to study the effects of government expenditure on poverty reduction in Sistan and Baluchestan Province of Iran from 1978 to 2008. The result showed that government constructive expenditures had a positive effect on poverty reduction. Sennoga and Matovu (2013) examined the impact of public spending on economic growth and poverty reduction in Uganda using dynamic computable general equilibrium model. The study found evidence that investments in agriculture and infrastructures contribute to higher economic growth and accelerate the rate of poverty reduction. Kazungu and Cheyo (2014) assessed the impact of government expenditure on growth strategies and poverty reduction in Tanzania and found that government expenditure on social services reduced income poverty indirectly although, the paper stated that the effects could be realized in the long run.

Omari and Muturi (2016) investigated the effect of government sectoral expenditure on poverty level in Kenya using time series data covering a period from 1964 to 2010. The findings from the regression results revealed that expenditures on health and agriculture exerted a significant positive impact on poverty level. The effect of education expenditure was not significant but expenditure on infrastructure had significant negative influence on poverty level. Sasmal and Sasmal (2016) investigated the impact of public expenditure on economic growth and poverty alleviation in India using both fixed and random effects models. The findings disclosed that public expenditure on infrastructures such as road, power, irrigation, transport and communication was high as well as the per capita income and so the effect on poverty reduction was significant and positive.

Onodugo et al (2016) examined the impact of public spending on unemployment in Nigeria with regression model from 1980 to 2013. The study found capital expenditure and private sector investment both in the medium to long-run were found to serve as catalyst towards reduction of unemployment, while recurrent expenditure was not statistically strong enough to do same. Danladi (2015) examined the impact of government expenditure on Nigeria economic growth. The autoregressive distributed lag (ARDL) model revealed that government spending significantly and positively explained the economic growth of the country. Okoro (2013) investigated the impact of government spending on the Nigerian economic growth from 1980 to 2011. The study made use of ordinary least square multiple regression analysis and found the evidence of both short and long-run relationship between government spending and economic growth in Nigeria. Abu and Abdullah (2010) analyzed the effect of government expenditure on economic growth from 1980 to 2008. The study revealed that government total capital expenditure (TCAP), total recurrent expenditures (TREC), and government expenditure on education (EDU) have negative effect on Nigerian economic growth.

Abu and Abdullah (2010) investigated the effect of government expenditure and economic growth in Nigeria from the period ranging from 1970 to 2008.They used disaggregated analysis in an attempt to unravel the impact of government expenditure on economic growth. Their results revealed that capital and recurrent government expenditures on education have negative effect on economic growth, while government expenditure on transport and communication, and health have positive effect on economic growth of Nigeria. Pradhan (2010) try to analyze the link between

financial development and poverty reduction in Indian economy by using cointegration and causality approach. The study concludes that financial development and economic growth can both be used to reduce poverty in the economy.

2.4   Theoretical Framework

This studyadopts the Endogenous Growth theory, pioneered by Romer (1994).The theory holds that economic growth depends on investment in human capital, innovation and knowledge management (Romer, 1994). Government spending on education (research and development), infrastructures, power and capacity building is very essential, it fosters economic growth and alleviates poverty in a nation. It helps to access a common pool of knowledge emanating from global technological spillovers. Technology is non-rival idea and contagious because its use by one country does not prevent other countries from benefiting from it. This form of government expenditure gives a speedy alleviation of poverty in a country as there will be a trained and productive work force as well as availability of new technologies to increase productivity.

For better understanding of the subject matter, the study is anchored on the endogenous growth theory which is the most suitable for this kind of research.

3.0 Materials and Methods

The research design for this work is ex-post facto research design. The study made use of secondary data gotten from the Nigeria Bureau of Statistics which covers the period of 2010 to 2020.Since data cannot be sourced from all the household in Nigeria, the sample size for this study shall consist of the measure of the per-capital income of households for the period under study (2010-2020)

The multiple regression analysis technique was used to test the hypotheses stated with the help of E-views 10.0. The hypotheses of the study was also analyzed using the probability value of the regression estimate. The model specification for the analysis is as follows: The general regression equation states that:

$$Y_{it} = \beta_o + \beta_1 X_{it} + \beta_2 X_{it} + U. \text{-} \quad \text{-} \quad \text{-} \quad \text{-} \quad \text{-} \quad \text{-} (1)$$

Where Y_{it} =   dependent variable (financial performance measure)

β_o =   the intercept term

X_{it} =   independent variable

β_1, β_2 =   Regression coefficients

U   =   error term

t   =   time unit (t = 1, 2… 9 years)

The functional and econometric relationship between the dependent variable and the independent variables are seen in the equation below:

PCI = f (CE, RE) ……………………………………….(1)

PCI = β0 + β1CExp + β2RExp+μ …………………………..(2)

Where:

PCI = Per Capital Income;

CExp = Capital Expenditure;

RExp = Recurrent Expenditure

β_0 = Constant;

β_1-β_2 = Regression coefficients;

μ= Error term.

On the a priori, we expect; $\beta_1 > 0$, $\beta_2 > 0$,

4.   DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

Descriptive Data Analysis

Table 4.1: Descriptive Statistics

	PCI	REXP	CEXP
Mean	0.495282	4584.644	1169.899
Median	0.550100	3831.947	918.5489
Maximum	0.612000	8121.640	2288.996
Minimum	0.310000	3109.379	653.6090
Std. Dev.	0.099532	1668.034	499.3621
Skewness	-0.661050	1.120091	1.112000
Kurtosis	1.941752	2.905099	3.190430
Jarque-Bera	1.314426	2.304235	2.283616
Probability	0.518294	0.315967	0.319241
Sum	5.448100	50431.09	12868.89
Sum Sq. Dev.	0.099067	27823382	2493625.
Observations	11	11	11

From Table 4.1 we noticed that the mean of the Per Capital Income (PCI) for the study period is 0.495282 with yearly rates fluctuating between a maximum of 0.612000 and a minimum of 0.310000. The standard deviation of 0.099532 suggests that the series is slightly dispersed from the mean, while the kurtosis value of 1.941752 reveals that the distribution is leptokurtic, with a skewness value of -0.661050 indicating that the distribution is negatively skewed.Recurrent Expenditure (REXP) of the period has a mean value of 4584.644and a standard deviation of 1668.034 suggesting that the series is dispersed from its mean. The maximum and minimum values of the series were 8121.640 and 3109.379 respectively. While the distribution is positively skewed and leptokurtic with values of 1.120091 and 2.905099 respectively.

Furthermore, Capital Expenditure (CEXP) has a mean value of 1169.899 and a standard deviation of 499.3621 suggesting that the series is slightly dispersed from its mean, with minimum and maximum values of 653.609 and 2288.996 respectively. While the kurtosis value of 3.190430reveals that the distribution is leptokurtic, with a skewness value of 1.112000 indicating that the distribution is positively skewed.

Finally, the Jarque-Bera statistic suggested only interest rate was normally distributed, as all the variables p-value is above the significance level of 10%.

Unit Root Test

A unit root is a stochastic trend in a time series, sometimes called a "random walk with drift", if a time series has a unit root, it shows a systematic pattern that is unpredictable. Existence of unit roots can lead to serious issues such as; spurious regressions and errant behaviour variables due to econometric assumptions for analysis not being valid. The unit root test would be conducted to examine the stationarity process of the variables to ensure that none of the variables are integrated of order two, I(2) to avoid spurious results.

Table 4.2: Unit Root Test

Variables	ADF Test	Remarks	PP Test	Remarks
PCI	-3.212696	I(0)	-3.364096**	I(0)
CEXP	-2.747676	I(0)	-2.752040*	I(0)
REXP	-4.420595	I(1)	-5.339182*	I(1)

*/**/***, indicates significance at 1%, 5% & 10% respectively.

Test includes Trend and Intercept

Source: Author's Computation Using Eviews 10

4.2.3 Heteroskedasticity.

Heteroskedasticity occurs when the residuals for a regression model do not have a constant variance. Table 8, below indicates that the ARCH Heteroskedasticity test with F-statistics value of 0.715227 and a p-value of 0.5779 confirms the absence of Heteroskedasticity in the model since its p-values are greater than the critical values at 5% level of significance.

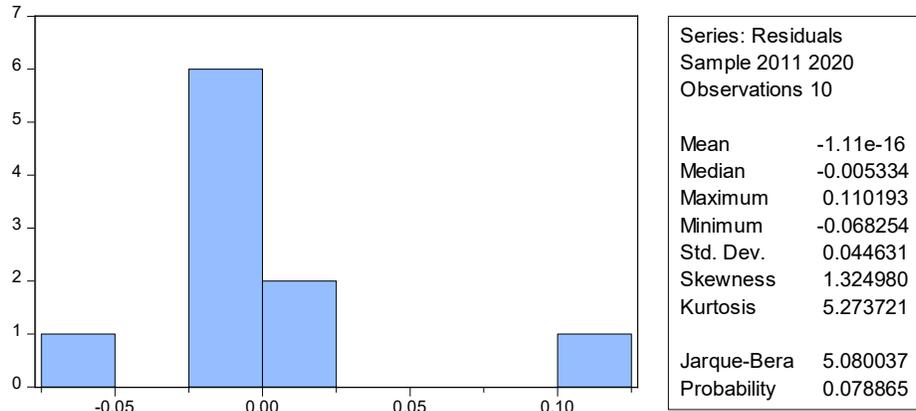**Table 4.4 Heteroskedasticity Test: Breusch-Pagan-Godfrey**

F-statistic	0.715227	Prob. F(3,6)	0.5779
Obs*R-squared	2.634134	Prob. Chi-Square(3)	0.4515

Source: Author's Computation Using Eviews 10

Normality Test.

The Jarque-Bera test is a statistical process used to determine if a sample or any group of data fits a standard normal distribution. The result of the Jarque-Bera normality test (5.080037) with a probability value of 0.078865 indicates that the model residuals are not normally distributed.

**Figure 4.1. Residual Normality Tests**

Series: Residuals	
Sample 2011 2020	
Observations 10	
Mean	-1.11e-16
Median	-0.005334
Maximum	0.110193
Minimum	-0.068254
Std. Dev.	0.044631
Skewness	1.324980
Kurtosis	5.273721
Jarque-Bera	5.080037
Probability	0.078865

Source: Author's Computation Using Eviews 10

Recursive Estimates

The CUSUM and CUSUMQ of recursive residuals test as suggested by Pesaran and Pesaran (1997) was used to access the coefficient stability in the model. From figure 2, the plot of the CUSUM and CUSUMQ of recursive residual stability test indicates that all estimated coefficients of the model are stable over the study period since they are within the 5% critical bounds.

Figure 2. Plot of Cumulative Sum and Cumulative Sum of Squares of Recursive Residuals Stability Tests
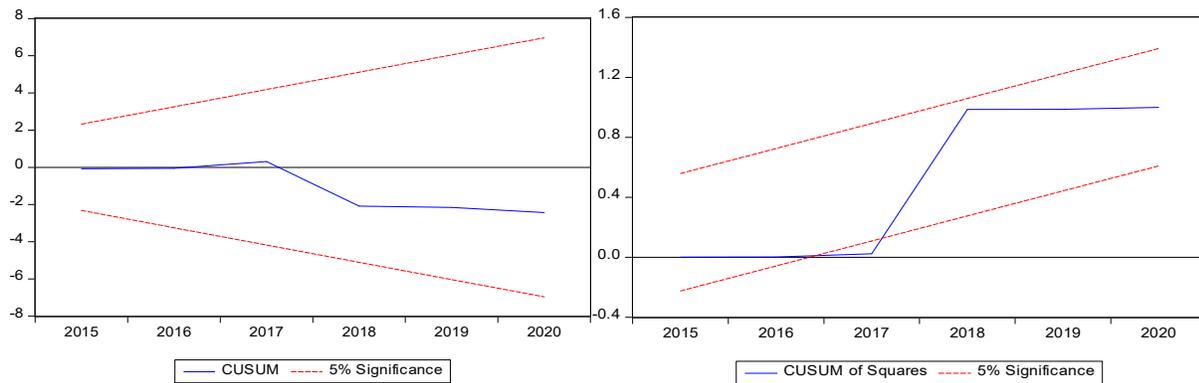
Source: Author's Computation Using Eviews 10

REGRESSION ANALYSIS

Table 4.5 ARDL REGRESSION TECGNIQUE

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
PCI(-1)	0.065237	0.197169	0.330871	0.7520
LOG(REXP)	0.112011	0.027243	4.111504	0.0063
LOG(CEXP)	-0.085998	0.052711	-1.631509	0.1539
C	2.026315	0.340972	5.942764	0.0010
R-squared	0.707570	Mean dependent var		0.513810
Adjusted R-squared	0.561356	S.D. dependent var		0.082532
S.E. of regression	0.054661	Akaike info criterion		-2.686145
Sum squared resid	0.017927	Schwarz criterion		-2.565111
Log likelihood	17.43073	Hannan-Quinn criter.		-2.818919
F-statistic	4.839254	Durbin-Watson stat		2.938445
Prob(F-statistic)	0.048303			

Source: Author's Computation Using Eviews 10

According to table 4.5 above, the co-efficient of determinant (R Square) of 0.707570 suggests that about 70.75% of the variation in dependent variable; Poverty Index (PI) is explained by the independent variables (Recurrent Expenditure and Capital Expenditure) The 29.25% variance in PI is explained by other factors not captured in this research. Also, the standard error of 0.054661, indicates that on the average, 5.4% of changes in the dependent variable; PI will not be explained by the independent variables.

Also, the F-statistic of 4.839254 with a p-value of 0.048303 suggests that the model is significant at a 5% level. While the Durbin-Watson statistic of 2.938445 indicates the absence of autocorrelation in the model.

Test of Hypotheses

In accepting or rejecting our null hypothesis the p-values of the t-statistic were used. The study adopted 5% level of significance. As p-values in excess of 5% were considered not significant.

H0$_1$: Government recurrent expenditure does not impact on poverty level in Nigeria

According to the result of this study; Recurrent Expenditure has a positive and significant impact on Poverty Index with a p-value of 0.0063, which is significant at a 10% level. Hence, we reject the null hypothesis, and hereby postulate that Government recurrent expenditure impact on Nigeria Poverty Index.

H0$_2$: Government capital expenditure have no significant impact on the poverty level of Nigeria

Based on the findings of this study, Capital expenditure has a negative and insignificant relationship with Poverty Index (PI), with a p-value of 0.1539which is insignificant at a 10% level. Hence, we accept the null hypothesis, that Government Capital Expenditure have no significant impact on the poverty index of Nigeria.

4.4 Discussion of Findings

Two explanatory variables were taken into account namely; Recurrent Expenditure and the capital expenditure to examine their impact on the Poverty Index of Nigeria.

It was observed that Recurrent expenditure had a positive and very significant effect on the Poverty Index of Nigeria; suggesting that a rise in the Recurrent Expenditure of the Government will spike reduce the poverty rate of the country. However, the result suggested that the Capital expenditure had quite a negative and insignificant effect on poverty index of Nigeria. This indicate that a rise in Capital expenditure, would consequent not trigger a fall in the poverty index or rate. Therefore, the study suggest that the government should increase her recurrent expenditure in other to reduce the rate of poverty in the country.

5.0   Conclusion and Recommendations

5.1 Conclusion

From the analysis of the study, the aim / objective was to determine the impact of government spending on the poverty level or index of Nigeria. Two explanatory variables were employed which are the Capital and the recurrent expenditure as well as the Poverty index which was gotten from the world bank data. The study found that there is a positive and significant relationship between recurrent expenditure and poverty reduction in Nigeria. This suggest that government increase on her recurrent expenditure will drastically reduce the poverty level of the country.

Furthermore, the study also found that there exist a negative and an insignificant relationship between capital expenditure and poverty level of Nigeria. This also suggest that government capital expenditure does not directly and immediately reduce poverty level in Nigeria.

In conclusion, poverty is widespread and deep-rooted in Nigeria, as shown by different socio-economic indicators. Although, government has achieved some level of progress at the aggregate level, within the limits of available resources, and internet of strategies for poverty reduction. Large proportion of Nigerians still lack access to the most basic human needs. Based on the findings of this study, the study draws the following conclusions. i. The level of government expenditure in Nigeria is inconsistent and unreliable ii. There is gross misplacement of government expenditure pattern in Nigeria and finally, there is direction of relationship between public spending and poverty reduction in Nigeria.

5.2 Recommendations

Having estimated the parameters of the regressions extracted the possible findings, the following recommendations are made.

i.   The federal government should increase its monetary budget on recurrent expenditure for the purpose of enhancing human capital development which will also lead to self-employment.

ii.   Poverty is at increase in rural areas of the country, occasioned by low income, inadequate and conducive houses and the environmental degradation especially in river line areas and oils producing communities. Government should channel more fund to this sector to sanitize the environment degradation suffered by the people living in such areas, and increase their income to reduce the adverse effect of poverty in their lives.

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