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Public Spending in Education Sector and Poverty Level in Nigeria

Okowa I. Okowa
Adamgbo, Suka L. C.

ABSTRACT

This study focuses on the empirical examination of government spending in Education and poverty level in Nigeria. The study uses time series data from 1980 to 2017, which are sourced from CBN and World Bank Records. It employs ordinary least squares (OLS), Augmented Dickey–Fuller (ADF) Test, unit root, Johansen's Co-integration analysis and error correction model to analyse the relationship between Government Expenditure on Education (GEE) and Poverty Rate in Nigeria. Four variables which include: Government Capital Expenditure on Education (GCEE), Government Recurrent Expenditure on Education (GREE), Primary School Enrolment Rate (PSER) and Secondary School Enrolment Rate (SCER) are considered. The findings reveal that Government Capital Expenditure on Education (GCEE) and Secondary School Enrolment Rate (SSER) were positively linked with poverty in Nigeria, while Government Recurrent Expenditure on Education (GREE) and Primary School Enrolment Rate (PSER) show a negative relationship with poverty rate in Nigeria. The study, therefore, recommends that government through budget planning, implementation and monitoring should ensure that education funds are properly and fully utilized in Nigeria to improve public spending in education and poverty rate in Nigeria.

Keywords: *Public Spending, poverty and education.*

INTRODUCTION

The importance of public spending in the process of human development is well recognized. Education itself does not only provide a better quality of life for every citizen of a nation, but also has positive effect on the economic growth of a country. The provision of education in a nation is the key element (instrument) of a policy to promote broad-based economic growth and there is no doubt that investment in education (human capital) can contribute significantly to global competitiveness. According to Jeff and Laura (2014), human capital formation through expenditure on education will reduce the level of poverty. This link or relationship is generally accepted by most sub-saharan countries, including Nigeria. That, to reduce poverty

Okowa I. Okowa *is a Lecturer in the Department of General Studies, Ken Saro Wiwa Polytechnic, Bori, Rivers State, Nigeria. E-mail: ishmaelokowa@yahoo.com.*

Adamgbo, Suka L. C.*, Ph.D is a Lecturer in the Department of Banking and Finance, Ken Saro Wiwa Polytechnic, Bori, Rivers State Nigeria. E-mail: sukaadamgbo@yahoo.com*

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in Nigeria, the government should invest more funds in education. EFA (2015) reports that the UBE programme is an expression of the desire of the government of Nigeria to fight poverty and reinforce participatory democracy by raising the level of awareness and general education of the entire citizenry. This report is in support of human capital theory because it believes that education is the way out of economic problems for Nigeria as a nation. The causal relationship between education expenditure and school enrolment continues to attract the attention of many. However, despite decades of intensive study, there is no general consensus regarding the effectiveness of monetary, educational inputs for student's outcomes. The NBS (2012) reports that poverty has risen in Nigeria "with almost 100 million people living on less than $1 per day, despite the economic growth. However, the paradox accompanying this is that, despite the huge investment in education, there exists no strong evidence of growth - promoting externalities of education in Nigeria but rather, education expansion further deepens social inequality and inculcate negative social change such as cultism, rent seeking, sexual harassment, "sorting" among other social vices in the Nigerian school system and the society at large.

However, despite her richness in human and material resources, Nigeria is still classified as one of the poorest countries in the world (World Bank, 2017). Nigerians' poverty level from 2010 to 2017 are as follows; 54.43%, 54.9%, 55.01%, 55.21%, 55.9%, 55,8%, 57.2% and 61.2% respectively (World Bank, 2017). Within the same period, the Federal Government of Nigeria has spent the following billions of Naira on education: 4,993.3, 4,233.1, 4,200.03, 4,797.5, 4,210.0,4,650.4,4,550.7 and 4,788.81 respectively (CBN, 2017).

Despite the increase in the budgetary allocation in education by the various administrations, the incidence of poverty is still high in Nigeria. However, the situation on ground with regard to education expenditure is different from what the theory of human capital says. This calls for the following questions to be addressed: To what extent does public spending on education reduce the level of poverty in Nigeria? How does primary and secondary school enrolments affect the poverty rate in Nigeria? These questions form part of the purpose for the study which is to examine the relationship between public spending in education sector and poverty levels in Nigeria from 1980 to 2017.

Education Sector in Nigeria

According to Omojomite (2010), the education sector in Nigeria has passed through two phases of development: the phase of rapid expansion in the growth of the sector (1950-1980); and the second phase of rapid decline in the sector in terms of growth

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(1981-2009). A critical look at the trend of events indicates that the situation still remains the same with the latter period to date. During the first phase when representative governance took its roots in Nigeria, the three regional governments had control of the education development in their respective regions. The first period marked the beginning of rapid expansion in terms of access. For example the number of pupils in primary schools was 626,000 in 1954, the figure rose to 2,912,619 in 1960 and the students population in post primary schools rose from 9,908 in 1947 to 140,401 in 1960 (Aigbokhan, Imahe & Ailemen, 2005). The surge in access to schools was due largely to the policies and programmes of governments that built primary and post primary schools and also provided grant-in-aid to missionary schools. We must note here that the missionary churches dominated the provision of schools before the government took over primary and post primary schools in the early 1970s (Omojomite, 2010).

Education curriculum at the first period was not local oriented. It was based on colonial ideology by the British. It must be noted also that at the initial phase of education development no effort was made to select school curricula that would meet the long-run developmental needs of the Nigerian society. Rather, emphasis was placed on numeracy and general intellectual capacity while technical and practical skills were neglected. The University College Ibadan which was the only university in Nigeria before 1960 had no facilities for engineering, law and technology (Omojomite, 2010). During this period, access to tertiary education was easy with the establishment of the University of Nigeria, Nsukka (1960), University of Lagos (1962), University of Ife, Ile-Ife (1961), Ahmadu Bello University Zaria(1962), and University of Benin, Benin City (1970) (Omojomite, 2010). These universities were established and funded by the post independence regional governments and in 1975, the military government took over the regional universities and also extended grants-in-aid to States owned polytechnics (Omojomite 2010).

In establishing the new educational institutions, sound investment criteria were not followed; instead the need to have regional balance, ethnicity, nepotism and opportunity for personal gains were the determining factors (Awopegba & Adedeji, 2000). Also, in 1976 a new structure of the universal primary education (UPE) was introduced into the education system in Nigeria to replace the old structure of 6 years primary; 5-7 years post primary (ie secondary teachers training colleges with sixth form or higher school) and 4-7 years of tertiary education (University, Polytechnics and Colleges of Education) (Awopegba & Adedeji, 2000). Aigbokhan, Imahe & Ailemen (2005) note that the second phase of the educational development in Nigeria was characterized by decline in educational inputs due to inadequate funding.

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Omojomite (2010) advocates for the low and unstable trend in the allocation of resources to the education sector:

- The dwindled oil revenues due to a fall in oil prices in the early 1980s lowered federal government budgetary allocations and education sector was badly affected,
- The IMF/World Bank inspired Structural Adjustment Programme (SAP) that was adopted as a development policy beginning from 1986 engendered cuts in fiscal spending including education expenditure.
- The debt overhang of the 1980s and 1990s constrained the amount of resources available for the other sectors of the economy including the education sector.
- It has also been suggested that the long military rule in Nigeria favoured the defence sector to the neglect of the education sector in terms of resource allocation,
- Widespread corruption in the management of educational institutions by political and school administrators has contributed to the underfunding of the education sector in the past three (3) decades.

Omojomite (2010) further states that what is new in the new system is that post primary education is now made of two tiers, that is, three years of junior secondary and 3 years of senior secondary education for ages 11-13 years; 3 years of senior secondary school for ages 14-16 years and 4-7 years of tertiary education for ages 17 years and above. In spite of these changes in curriculum which is facing dwindling funding, education in Nigeria is yet to improve to bring about the highly desired socio-economic change, that is, the reduction of poverty.

Poverty level in Nigeria

Poverty has a global outlook and it affects different people in different countries in different ways. Although no country 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 that rose from 44.6 percent to 46.4 percent in the last two decade (Adigan, 2014). 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 (Encyclopedia Americana, 1989). 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 (Oladeji, 2016). The decline in the standard of living in the developing countries including Nigeria has led to an

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increment in the incidence of poverty. The ADB (2018) notes that African countries witnessed a fall in economic growth by an average of 10.5 percent in 1985 and 3.2 percent in 2007. This led to an increase in the level of poverty from 45.3% to 52.99% (Tomat, 2017).

Nigeria has recorded a reasonable growth in its GDP in most of the years since independence (World Bank, 2008). 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 continues to increase even as successive governments in Nigeria, both military and civilian introduced and left behind one form of poverty alleviation programme or another (Binuyo, 2014). This is despite the numerous programmes initiated by the Nigerian government to address the issue of poverty. Such programmes include: The Nigerian Agricultural and Cooperative Bank (NACB) of 1972, Operation Feed the Nation (OFN) of 1976, Directorate of Food, Roads and Rural Infrastructure (DIFRRI) of 1986, Structural Adjustment Programme (SAP) of 1986, National Economic Empowerment and Development Strategies (NEEDS) in 2004, N-power Programme of 2016, School Feeding Programme of 2016, etc (Aigbedion & Sarah, 2016). Despite these programmes, over 63 percent of Nigerians still live below the poverty line (Aigbedion & Sarah, 2016).

Theoretical Review

This study has been anchored on the Human Capital Theory for better understanding. Jeff and Laura (2014) review human capital theory propounded by Walter Heller in the 1960s. Human capital formation through expenditure on education was practically linked to future growth. Education also became a powerful tool for fighting poverty, since there was obvious impact on the general income of the nation. According to them, the poor were poor because they failed to work towards educational attainment. The proponents of this theory therefore believe that development of human capital has the capacity and capability to eradicate poverty and bring about economic development. Obi Z. and Obi C. (2014), study the impact of education expenditure on economic growth as a means of achieving the desired socio-economic change needed in Nigeria. Time series data from 1981 to 2012 were employed. The Johansen's co-integration analysis and ordinary least square (OLS) econometric techniques were the statistical tools applied to analyze the relationship between gross domestic product (GDP) and recurrent education expenditure. The result indicates a positive relationship between education expenditure and economic growth, but a long run relationship does not exist over the period under study. The study observes that this puzzle is attributable to labour market distortions, redundancy of the work force, industrial dispute and job discontinuities as well as leakages in

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the Nigerian society such as brain drain, among others. It invariably concludes that educational sector in Nigeria has not performed as expected. The half-baked graduates, cultism and high rate at which people drop-out of schools are alarming. The study, therefore, suggests total review and overhauling of the education system through efficient use of public resource, good governance, accountability and transparency. Ige (2016) reviews the trends of financial allocation to the education sector, from pre independence to the present moment, the review shows low allocation. The trend also did not meet the 26% of total annual budget as recommended by UNESCO (United Nations Educational Scientific and Cultural Organization). Political influences and poor accountability were also identified as the major problems of allocations to education (Ige, 2016).

Anthonia (2012) examines the impact of education on economic growth using primary and secondary annual data ranging from 1985 to 2007. The result reveals that only recurrent expenditure has significant effects on economic growth as the academic qualifications of teachers also have significant impact on students' academic performance. The study recommends among others that the government should increase its expenditure on education especially, the capital expenditure, while a good salary scheme with other incentives for teachers'motivation will have to be put in place.

Bello & Roslan (2010) use a panel data analysis consisting of pooled model; fixed-effect, random-effects and weighted least square and find out that a unit increase in per capita GDP leads to 0.6 percent increase in poverty. A unit increase in MDG expenditure leads to 11.56 units increase in relative poverty in the pooled model and this is significant at 95 percent level. Considering GDP and population as independent variables against rate of poverty as dependent the independent variables account for 90 percent of total variation in variables; the R^2 is 0.9 in the pooled model, which means the independent variables (rate of poverty) in this case. They conclude that economic growth and MDG spending have not substantially reduced poverty over the sample period. Oladeji & Abiola (2000) assert that poverty alleviation in contemporary Nigeria requires both economic policy and educational reforms in order to enhance the human capital of the poor in particular. The priorities for educational reforms should be in the areas of basic education, vocational education and training (Oladeji & Abiola, 2000). Their work considers "poverty alleviation with economic growth" strategy as long term solution; that is to say, the latter constitutes an immediate and direct shot at the poverty itself.

Ernest & Odior (2014) investigate the likely impact of government expenditure policy on education and poverty reduction in Nigeria. An integrated sequential dynamic computable general equilibrium (CGE) model was employed

to simulate the potential impact of increase in government expenditure on education in Nigeria. The result reveals that it will be extremely difficult for Nigeria to achieve the MDG (Millennium Development Goals) targets, in terms of education and poverty reduction by the year 2015, because as the policy was measured in the analysis, it could not meet the goal. The MDG target for Nigeria in terms of poverty reduction was to reduce the percentage of population living in relative poverty from 54.4% in 2004 to 21.4% by 2015 (Ernest & Odior 2014). The study concludes that increase in education investment portfolio will help the country to meet MDG target and reduce poverty level.

Nurudeen and Usman (2010) carry out a disaggregated analysis on government expenditure and economic growth in Nigeria. Their analysis concludes that there was no significant relationship between expenditure on education and economic growth in Nigeria within the period understudied. However, they suggest that government should increase expenditure in the educational sector. Lawal and Wahab (2011) consider the relation that is established between education and economic growth in Nigeria. Education is seen here as representing one of the primary components of human capital formation, which is an important factor in modeling the endogenous growth. Human capital is essentially important in achieving sustainable economic growth (Lawal and Wahab (2011). However, the greatest contribution is accomplished through investment in the quality and quantity of education. Time series data were collected between 1980 and 2008, and OLS technique was used to establish the relationship. It is discovered that education investments have direct and significant impact on economic growth in Nigeria. It is, therefore, recommended that government at all levels should increase their funding on different segments of education in the country.

Odeleye (2012) examines the impact of education spending on economic growth using primary and secondary annual data ranging from 1985 to 2007. The findings show that only recurrent spending has significant effects on economic growth as the academic qualifications of teachers also have significant impact on students academic performance. Among others, this paper recommends that the Government should increase its expenditure on education especially, the capital expenditure, while a good salary scheme with other incentives for teachers' motivation should be implemented.

Chude N. & Chude D. (2013) investigate the effects of public expenditure in education on economic growth in Nigeria over a period, from 1977 to 2012, with particular focus on disaggregated and sectoral expenditures analysis. The study used Ex-post facto research design and applied time series econometrics technique (Error Correction Model) to examine the long and short run effects of public expenditure

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in economic growth in Nigeria, The results indicate that total expenditure on education is highly and statistically significant, and has positive relationship on economic growth in Nigeria in the long run. The study concludes that economic growth is clearly impacted by factors both exogenous and endogenous to the public expenditure in Nigeria. It is, therefore, recommended that there is need for government to reduce its budgetary allocation to recurrent expenditure on education and place more emphasis on the capital expenditure so as to accelerate economic growth of Nigeria.

METHOD

This study adopted the survey of literature as its research design. It focused on the empirical examination of government spending in Education and poverty rate in Nigeria. The study used time series data from 1980 to 2017, which were sourced from Central Bank of Nigeria (CBN) and World Bank Records. It used the econometric technique of ordinary least square (OLS) in form of multiple linear regression to the relative regression coefficients to analyse the data. The regression model was estimated through the use of E-view. The mathematical model for the study was as follows:

POVR = F (GCEE, GREE, PSER, SSER) ——————————— 1

Which can be translated to linear equation as

$POVR - a_0 + a_1 GCEE + a_2 GREE + a_3 PSER + a_4 SSER + U_t$ ——————— 2

Where

POVR = Poverty rate,
GCEE = Government capital expenditure on Education,
PSER = Primary School Enrolment rate,
SSER = Secondary school Enrolment rate U_t = Error Term
a_0 = Intercept,
a_1, a_2, a_3 and a_4 = Coefficients of explanatory variables.

On the apriori, the study expects, $a_1 > 0$, $a_2 > 0$, $a_3 > 0$ and $a_4 > 0$

Ordinary least square (OLS) tests the magnitude and nature of relationship between the variables in the short-run, using R^2 test in the regression equation. R^2 explains the high power of the explanatory variables on dependent variable. Unit Root was used in order to avoid false results that would lead to biased estimates and unpredictability. The time series data were tested for stationary. ADF was employed to test the order of integration of the variable.

Co-Integration: The study adopted the Johansen test to determine long-run

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relationship among the variables.

Error Correction Model: Co-integration is confirmed to exist and the error correction mechanism is built in to regulate the speed of adjustment of the equation from short run to the long-run equilibrium.

RESULTS AND DISCUSSION

The table 1 shows the results of the ordinaryleast square (OLS) for our studied variables.

OLS MODEL
Dependent Variable: POVR
Method: Least Squares
Date: 07/28/19 Time: 21:30
Sample: 1980 – 2017
Included observations: 38

Variables	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	73.40787	12.27027	5.982577	0.0000
GCEE	0.013059	0.006311	2.069262	0.0464
GREE	-0.002881	0.002333	-1.234736	0.2256
PSER	-0.256992	0.115068	-2.233389	0.0324
SSER	0.083590	0.270718	0.308771	0.7594

R-squared	0.305717	Mean dependent var	53.78053
Adjusted R-squared	0.221561	S.D. dependent var	6.844753
S.E. of regression	6.039069	Akaike info criterion	6.556456
Sum squared resid	1203.522	Schwarz criterion	6.771928
Log likelihood	-119.5727	Hannan-Quinn criter.	6.633119
F-statistic	3.632758	Durbin-Watson stat	0.357940
Prob(F-statistic)	0.014679		

Source: Authors computation (2017) using e-view 10

Applying the multiple regression equation; we can express the linear relationship between poverty level (dependent) and the independent variables as:

POVR = 73.40787 + 0.013059 GCEE -0.002881 GREE -0.256992 PSER +0.083590 SSER .....(3)

From this scenario (equation 3),it is established that Government Capital Expenditure on Education (GCEE) and Secondary School Enrolment Rate (SSER) has a positive link with poverty level which disagreed with human capital theory by Jeff and Laura (2014), that expenditure on education has the capacity to eradicate poverty and bring about economic development. Also, Government Recurrent Expenditure on Education (GREE) and Primary School Enrolment Rate (PSER) show a negative

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link (relationship). That means, Ige's (2016) study of allocation trends and poor accountability of allocations to education is proved. The negative sign of GREE shows the allocation did not meet the 26% of the total annual budget as recommended by UNESCO. In fact this year is about 6.7% of the total budget allocation to Education sector in Nigeria.

Judging from the coefficient of R^2 = 0.305717 or 31%, it depicts that the independent variables account for 31% variation in the dependent variable, that is to say, changes in poverty level in Nigeria is explained by Government Capital Expenditure on Education (GCEE), Government Recurrent Expenditure on Education (GREE), Primary and Secondary Schools Enrolment Rates (PSSER).

The adjusted R^2 values of 0.221561 or 22% indicate that the model captured 22%, of the independent variables. The probability of the F. statistic shows that the model was significant at 0.014679 or 10%. However, the Durbln -Watson (D.W) statistic value of 0.357940 or 35%, indicate existence of serial autocorrelation which justify the test of unit root (Table 1).

The unit root test is a test for stationarity. Most monetary data exhibit stochastic trend which can only be smoothen by differencing (stationary). Hence, we adopt the Augmented Dickey-Fuller unit root interpretation to reject the null hypothesis. By this, when the ADF statistic value is greater than the critical value, then we reject the unit null hypothesis. From the analysis of the unit root results, table 2 is presented as follows:

Table 2: Summary of unit root results: Augmented Dickey–Fuller Test (1981-2017)

Variables	Level	Prob	1st difference	Prob.
POVR	-	-	-6.312527	0.0000
GREE	1.497902	0.9990	-	-
GCEE	-	-	-7.963057	0.0000
PSER	-	-	-5.325036	0.0001
SSER	—	—	-7.467227	0.0000

Source: Authors computation (2017) using e-view 10

From the unit root test, only government recurrent expenditure on education was found to be stationary at 0.05% level, while all other variables in the study were stationary at first differencing. By this result, our order of stationarity is built on 1(0) and 1(1) according to sic criteria. Table 3 indicates five (5) cointegrating equations at 0.05 level denoting rejection of the hypothesis at 5% level. Therefore, we conclude that there exists a long run equilibrium relationship between our variables using the trace test.

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Cointegration Johansen tests result (1981-2017).
Series; D(POVR), D(GCEE), D(GREE, 2), D(PSER), D(SSER).
Lags interval (in first differences): I to 1.
Unrestricted cointegration Rank Test (Maximum Eigen Value)

Hypothesized No of CE(S)	Eigen value	Max Eigen Statistic	0.05 Critical value	Prob **
None *	0828870	60,02132	33.87687	0.0000
At most 1 *	0.571203	28.79020	27.58434	0.0349
At most 2 *	0.324731	13.34991	21.13162	0.4205
At most 3 *	0.272207	10.80313	14.26460	0.1643
At most 4 *	0.238505	9.264031	3.841466	0.0023

Max – eign value test indicates 2 cointegrationeng(s) at the 0.05level.
* denotes rejection of the hypothesis at the 0.05 level
** Mackinnon-Haug-Minchelis (1999)P-values
Source: Authors computation (2017) using e-view 10.

From the result above, it indicates that there exists a long-run equilibrium relationship between public spending on the educational sector and poverty level and further points to the suitability of adopting the overparamatized model with ECM(-l) of -1.164856 (Table 4). The parsimonious model uses the ECM value of interpretation. The ECM incorporates a mechanism which restores a variable to its long-term relationship from a disequilibrium position.

The ECM was carried out to find the short-run dynamics of long-run equilibrium relationship established by the cointegration test. Here, the ECM measures the speed of adjustment towards long run equilibrium. Therefore, from the result of parsimonious model, the ECM (-l) value of -1.163840 or -1.2 is rightly sign and significant for the existence of short and long-run equilibrium relationship between government spending on education and the poverty level in Nigeria.

Table 4: The parsimonious results for the variables.

Parsimonious model
Dependent Variable: D(POVR)
Method: Least Squares
Date: 07/28/19 Time: 21:44
Sample (adjusted): 1986 2017
Included observations: 32 after adjustments

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Variables	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	3.072838	0.757505	4.056525	0.0098
D(POVR(-2))	0.224029	0.144444	1.550973	0.1816
D(POVR(-3))	-0.461689	0.075414	-6.122079	0.0017
D(POVR(-4))	0.554442	0.114279	4.851661	0.0047
D(POVR(-5))	0.440060	0.148855	2.956306	0.0317
D(GREE)	0.014123	0.003260	4.332159	0.0075
D(GREE(-1))	-0.020386	0.002436	-8.367805	0.0004
D(GREE(-2))	-0.027208	0.003176	-8.565401	0.0004
D(GREE(-3))	-0.017429	0.002510	-6.944825	0.0010
D(GREE(-4))	0.026183	0.002438	10.73854	0.0001
D(GREE(-5))	-0.011445	0.001991	-5.748603	0.0022
D(GCEE)	0.024340	0.003253	7.481155	0.0007
D(GCEE(-1))	-0.017836	0.002904	-6.141762	0.0017
D(GCEE(-2))	-0.014126	0.002976	-4.747078	0.0051
D(GCEE(-3))	0.030080	0.002788	10.78934	0.0001
D(GCEE(-4))	0.036555	0.004173	8.758928	0.0003
D(GCEE(-5))	0.018004	0.004829	3.727925	0.0136
D(PSER)	0.478414	0.058499	8.178119	0.0004
D(PSER(-1))	0.772393	0.069746	11.07437	0.0001
D(PSER(-2))	0.483410	0.036040	13.41332	0.0000
D(PSER(-3))	0.374563	0.049373	7.586399	0.0006
D(PSER(-4))	0.275827	0.051991	5.305269	0.0032
D(PSER(-5))	0.258139	0.055499	4.651234	0.0056
D(SSER)	0.568437	0.107127	5.306213	0.0032
D(SSER(-2))	-0.412499	0.088392	-4.666676	0.0055
D(SSER(-5))	1.230125	0.096748	12.71476	0.0001
ECM(-1)	-1.163840	0.089857	-12.95219	0.0000
R-squared	0.992599	Mean dependent var		0.496875
Adjusted R-squared	0.954115	S.D. dependent var		3.095565
S.E. of regression	0.663095	Akaike info criterion		1.847404
Sum squared resid	2.198473	Schwarz criterion		3.084119
Log likelihood	-2.558469	Hannan-Quinn criter.		2.257340
F-statistic	25.79236	Durbin-Watson stat		2.082184
Prob(F-statistic)	0.000930			

Source: Authors computation (2017) using e-view 10

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CONCLUSION AND RECOMMENDATIONS

This study focused on examining government expenditure in education and poverty level in Nigeria. When designing strategies aimed at accelerating education and poverty reduction in Nigeria, it is particularly important to understand the links between government expenditure in education and poverty reduction. From the analysis, the study concluded that government capital expenditure on education (GCEE) and secondary school enrolment rate (SSER) impact positively on poverty level in Nigeria, which agrees with Human Capital Theory, that expenditure on education has the capacity to eradicate poverty and brings ABOUT economic development. This result also means that government recurrent spending on education (GREE) and primary school enrolment rate (PSER.) have impact on poverty rate in Nigeria. In fact, government recurrent expenditure on education has succeeded in reducing poverty rate in Nigeria; result shows that as decrease in government recurrent expenditure on education, poverty rate is increasing.

However, some of the reasons, despite the government investment in the education sector in Nigeria, beclouded by uncertainties include that most schools in Nigeria are characterized by overcrowding, poor sanitation, poor management, low students-teacher's ratio, poor teachers' remunerations and welfare packages. Other factors include abandoned capital projects, inadequate funding and poor condition of service. The resultant effects of these myriads of anomalies are production of half-baked graduates, unsatisfied yearnings and aspirations, corruption of different kinds, bribery of varying nature and so on. The obvious poor performance in Nigerian education sector in spite of the government spending on education has resulted in low capacity to develop human capital and this has retarded economic growth and development, hence increase in poverty rate (FRN, 2004).

Therefore, from the study one of the challenges of education is poor funding. Education should be given the necessary attention, through consistent and increased government expenditure especially in the areas of recurrent expenditure for recurrent educational investment in Nigeria. Government should ensure that capital expenditure and recurrent expenditure are properly managed in a manner that would raise the nation's production capacity. The secondary school education should be empowered through provision of high education facilities and engage students in more practical education services and skills acquisition to enable the students to engage in entrepreneurial activities during and after schools and thereby increasing the participation of the sub-sector in productivity process in Nigeria. Government should increase the rate of infrastructural development and funding of the education sector.

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