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GOVERNMENT EFFECTIVENESS AND POVERTY IN NIGERIA

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Abstract

This study is motivated by the persistent high poverty levels in Nigeria despite decades of economic growth and various government interventions, highlighting concerns over governance quality and public service delivery. It investigates the relationship between Government effectiveness and poverty in Nigeria over the period of 1996Q_1 to 2024Q4. To assess the relationship between government effectiveness and poverty in Nigeria, Error Correction Model was applied for the analysis of data. The results revealed that government effectiveness at lag 1 has significant negative relationship with poverty. The study concludes that there is a negative relationship between government effectiveness and poverty in Nigeria between 199Q1 and 2024Q4. Based on the results, the study recommends that recommends sustained reforms to improve governance structures, enhance transparency and accountability, and strengthen public service delivery to achieve more inclusive and sustainable poverty reduction in Nigeria. This research contributes valuable insights on how governance quality directly influences socio-economic well-being, emphasizing urgent policy action for Nigeria's development agenda.

Keywords: corruption, government effectiveness, poverty, Nigeria.

INTRODUCTION

Government effectiveness is a key governance indicator that measures perceptions of the quality of public services, the capacity and independence of the civil service from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. It reflects how well a government delivers

essential public goods and services to its citizens, manages resources, and enforces laws efficiently and transparently.

This indicator, developed by the World Bank, is vital in understanding a country's ability to support development, economic growth, and social welfare. Studies show that higher government effectiveness correlates strongly with higher GDP per capita, better health and education outcomes, and lower corruption levels. Government effectiveness measures the perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. It is being measured on a scale of -2.5 to +2.5, where the higher the index the more the level of government effectiveness.

Poverty is the lack of money to access the basic necessities of life such as food , shelter, clothes, quality education and health. According to National Bureau of Statistics (NBS 2012/2013) and the world bank 2012 as cited by Abdullahi (2016) and Okonkwo (2015), the total percentage of poor people in Nigeria grew from 24% in 1960 to 71% in 2012 and NBS described the growing statistics as inflammable. In 2018, Nigeria was ranked the poverty capital of the world by Oxfam and Poverty Clock.

With this growth in poverty, can one say that Nigerian government is effective?
Studies have shown that effective governance can enhance poverty reduction by improving access to essential services such as education, healthcare, and social protection, thus fostering inclusive economic growth and improving livelihoods (Diligent, 2024; World Bank, 2025). Conversely, poor government effectiveness exacerbates poverty by contributing to inefficiencies, corruption, and misallocation of resources. In Nigeria, systemic governance challenges have limited the reach and impact of poverty alleviation programs, raising concerns about the sustainability of recent economic gains amid persistent inequality and social exclusion (Transparency International, 2024; PwC, 2025).

This study seeks to explore the relationship between government effectiveness and poverty in Nigeria by analyzing recent governance metrics alongside poverty indicators. Understanding this interplay is essential for informing policies that strengthen institutional capacity, improve service delivery, and accelerate progress toward sustainable poverty reduction. The findings aim to provide evidence-based recommendations to policymakers, development partners, and stakeholders committed to enhancing governance and achieving inclusive growth in Nigeria.

LITERATURE REVIEW

Government effectiveness is a key governance indicator that measures perceptions of the quality of public services, the capacity and independence of the civil service from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. It reflects how well a government delivers essential public goods and services to its citizens, manages resources, and enforces laws efficiently and transparently. This indicator, developed by the World Bank, is vital in understanding a country's ability to support development, economic growth, and social welfare. Studies show that higher government effectiveness correlates strongly with higher

GDP per capita, better health and education outcomes, and lower corruption levels. Government effectiveness measures the perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. It is being measured on a scale of -2.5 to +2.5, where the higher the index the more the level of government effectiveness. Data for this variable was sourced from the World Governance Indicators (2019).

Townsend (1979) defines poverty as the lack of the resources necessary to permit participation in the activities, customs and diets commonly approved by society which is a pure relative measure. Joseph Rowntree Foundation (2013) defines poverty as the situation where a person's resources are not sufficient to meet minimum needs (including social participation). Smith (1776) defined poverty as the inability to purchase necessities required by nature or custom. In this definition, the social/psychological status aspect of poverty (custom) receives implicitly the same weight as the material, purely economic condition (nature).

This study is grounded New Institutional Economics theory (NIE) which emphasized that institutions matters for development. This suggests that institutions determine the economic performance differentials across countries (North, 1994). Therefore, the NIE is a useful framework that could help determine the types of institutions needed (either formal or informal) to improve economic performance in Nigeria. The Economic theory (Theory of Institutional Quality) suggests that an increase in institutional quality (government effectiveness) may promote economic growth that is capable of providing jobs and reduce poverty (Acemoglu, et al 2005).

Some reviewed empirical studies on this topic are below:
Bakare, Kareem, Babatunde, Akintaro, and Arije (2014) in their study in Ekiti State Nigeria investigate the relationship between Democratic governance and poverty alleviation. A cross sectional data (an electronic opinion poll) was used to gather opinion of respondents through structured questionnaire on the socio-economic characteristics and the methods of democratic governance of Ekiti State with respect to different sectors of the economy, such as poverty alleviation and job creation as well as issues bordering on welfare generally. The data were analyzed using tables and findings revealed that most people believed that the present government is in the right direction, which have attendant implication on the poverty alleviation of the citizens of Ekiti State.

Olabode, Akintoye, and Kazeem (2015) in their study in Nigeria assess the determinants of Poverty Level in Nigeria using a time frame of 1990 to 2010. The variables used for the analysis had poverty rate as a dependent variable while political right, political terror, civil liberty and population growth were the independent variables. The study applied Dynamic Ordinary Least Square (DOLS) for the analysis of data. The results revealed that political right and political terror have significant negative relationship with poverty rate. However, population growth showed significant positive relationship with poverty rate.

John (2015) in his study in Abia State Nigeria investigate the impact of global governance on poverty reduction using primary and secondary data through the application of Pearson's Product Moment correlation method of analysis. The results showed that there is a strong

positive relationship between global governance and poverty reduction. The main problem of this study is that it used only correlation for the analysis and correlation does not tell the exact impact of the independent variables on the dependent variable.

Nsikak, and Edet (2013) in their study in Nigeria analyzed the determinants of rural poverty in Nigeria through the use of primary data. The variables considered for the analysis had poverty as a dependent variable while farm size, farm income and agric loan served as the independent variable. The data were obtained from 150 rural housed hold farmers questionnaire and were analyzed using Tobit regression model. The results revealed that farm size, farm income and agric loan contribute significantly to the reduction of poverty

Zouhaier (2019) conducted a study in Sub-Saharan Africa countries by investigating the impact of governance on poverty reduction over the period of 1996 to 2016 through the application of panel data regression. The variables used had poverty rate as a dependent variable while Government Effectiveness, Regulatory Quality, Rule of law, Corruption Control, Political Stability and Absence of Violence, Voice and responsibility Official Development Assistance, Government Expenditure, Degree of openness and Financial development served as the independent variables. The results showed that governance indicators such as Government Effectiveness, Regulatory Quality, Rule of law, Corruption Control, Political Stability and Absence of Violence contribute significantly to the reduction of poverty among the Sub-Saharan Africa countries over the period under study. However, the main issue with this study is that diagnostic test were not carry out to be sure that the model is reliable

Barkat, Shen, Nizam, Shama (2021) investigate whether effective public governance and gender inequality matter for poverty using balanced panel data of 29 developing countries over the period 2004–2016. The variables they considered in the analysis had poverty rate as a dependent variable while government effectiveness, inflation rate, unemployment rate, population growth, GDP growth, regulatory quality, control of corruption served and female participation in the labor market served as the independent variables. The study applied fixed effects model for the analysis of data. Findings revealed that government effectiveness, control of corruption and regulatory quality and female participation in the labor market contribute significantly to the reduction of poverty. However, population growth and unemployment rate showed insignificant positive effect on poverty over the period under study.

METHODOLOGY

Model Specification on the Relationship between Government Effectiveness and Poverty in Nigeria

The model used to achieve this objective was adopted from the work of Zouhaier (2019) on the impact of governance on poverty reduction in Sub-Saharan Africa countries. The model showed that poverty level is a function of Government Effectiveness, Regulatory Quality, Rule of law, Corruption Control, Political Stability, Absence of Violence, Voice and Accountability, Official Development Assistance, Government Expenditure and Degree of openness. For the purpose of this objective, this study removed Regulatory Quality, Rule of law, Voice and Accountability from the list of the regressors and considered only Government Effectiveness, Political Stability, Official Development Assistance, Government Expenditure and Degree of openness. Hence, the final model used for addressing the study objective is as follows:

POV=f (GE, COR, POS, ODA, GOE, TRO).....(3.4)
Where: POV= Poverty level which is proxy by Household Consumption Per capital, GE = Government Effectiveness, COR=Control of Corruption, POS=Political Stability, ODA= Official Development Assistance, TRO = Trade Openness.
Econometrically, the above model in equation 3.5 can written as
$POV_t=Ø_0 + Ø_1GE_t + Ø_2COR_t + Ø_3POS_t + Ø_4ODA_t + Ø_5GOE_t + Ø_6TRO_t + ε$……...(3.5)
Where: POV= Poverty level (proxy by Household Consumption Per capital, GE = Government Effectiveness, COR=Control of Corruption, POS=Political Stability, ODA= Official Development Assistance, TRO = Trade Openness , $ε_t$ = is the Error term, t= time trend, $Ø_0$ - $Ø_6$= parameters to be estimated.

Measurement and Justification of Variables
Dependent Variable

1. **Poverty:** Poverty refers to situation where people are unable to have access to basic need for their living. The poverty head count and poverty line have been widely used by many studies to measure poverty but in recent times, household consumption expenditure per capital has been seen to capture the ability of the household to purchase essential commodities and better their life. Therefore, this study used household consumption expenditure per capital to capture poverty. Household final consumption expenditure per capita is calculated using private consumption in constant 2010 prices USD.

Independent Variables

1. **Government Effectiveness**: It measures the perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. It is being measured on a scale of -2.5 to +2.5, where the higher the index the more the level of government effectiveness. Data for this variable was sourced from the World Governance Indicators (2019).
2. **Control of Corruption**: Control of corruption is an index which capture corruption on a scale of -2.5 to +2.5, where the higher the index the less the corruption indicated. Data for this variable was sourced from the World Governance Indicators (2019).
3. **Political Stability**: This measure perception of the possibility of political instability and/or politically motivated violence, including terrorism. Data for this variable was sourced from the World Governance Indicators (2019).
4. **Official Development Assistance:** This has to do with assistance in the form of material resources given by the rich countries to less developed countries for the purpose of economic development. It is measured in current U.S. dollars. Data on ODA was sourced from world bank development indicators (2019)
5. **Government Expenditure:** This is the sum of current and recurrent expenditure of government which is measured in billions of naira. Previous studies such as Maria (2013) and among others suggest that government expenditure has influence on economic growth. Data on this variable was sourced from Central Bank of Nigeria Statistical Bulletin, 2019
6. **Trade Openness:** Trade is the sum of exports and imports of goods and services measured as a share of gross domestic product. Data on this variable was sourced from World Bank Development Indicators (2019)

Table 3.2 Summary of variables for objective two

Variables	Measurement	Apriori Expectation
	Dependent Variable	
Poverty	Constant 2010 USD	
	Independent Variables	
Government Effectiveness	Scale from -2.5 to 2.5	Negative
Control of Corruption	Scale from -2.5 to 2.5	Negative
Political Stability	Scale from -2.5 to 2.5	Negative
Official Development Assistance	Current USD	Negative
Government Expenditure	Naira (Billions)	Negative
Trade Openness	Percentage of GDP	Negative

Techniques of Data Analysis

i. Unit Root Test

The unit root test was considered to be necessary because it enabled the researchers to know the stationarity state of the variables. This is because most time series data are not stationary and regressing non stationary variable on another will generate spurious results (Gujarati etal, 2009). Therefore, the study conducted unit root test by using Augmented Dickey-Fuller and Philips-Perron Test approach.

ii. Co-integration Test

The study conducts cointegration test by using the Johansen cointegration test approach so as investigate whether the variables have long run relationship or not. The Johansen cointegration test was applied on variables that are integrated of the same order that is the variables must be integrated of either order I(1) or order zero I(0) (Gujarati etal, 2009).

iii. Error Correction Model

The study used Error Correction model to for analysis of the data. The Error Correction model has the ability to capture both short run coefficients of the variables and the speed of adjustment toward equilibrium (Error Correction Term) on variables that are integrated of the same order (Gujarati etal, 2009). The specification of the Error Correction Model for objective two is shown below in equation 3.6.

$$D(POR)_t = \alpha_0 + \alpha_1 D(GE)_t + \alpha_2 D(COR)_t + \alpha_3 D(POS)_t + \alpha_4 D(ODA)_t \alpha_5 D(GOE)_t + \alpha_6 D(TRO)_t + ECT(-1) \quad \text{..(3.6)}$$

Where: D=Difference, ECT=Error Correction Term while others are as in equation 3.5 above

RESULTS AND DISCUSSION

Unit Root Test

The unit root test result is presented in Table 4.6

Table 4.6: Unit Root Test Result

Augmented Dickey-Fuller Unit Root Test at Trend and Intercept							
Variables	Test Statistics at Level	5% Critical Value at Level	P Value at Level (5%)	Test Statistics at First Difference	5% Critical Value at First Difference	P Value at First Difference (5%)	Order of Integration
Log(POV)	-2.006983	-3.462912	0.5891	-3.554070	-3.462912	0.0400	I(1)
GE	-2.483101	-3.462912	0.3357	-4.075048	-3.462912	0.0098	I(1)
COC	-3.016041	-3.465548	0.1343	-3.514647	-3.462912	0.0396	I(1)
POS	-3.224032	-3.460516	0.0864	-7.213481	-3.467703	0.0000	I(1)
Log(ODA)	-2.955422	-3.459950	0.1506	-11.34095	-3.460516	0.0000	I(1)
Log(GOE)	-2.157703	-3.465548	0.5062	-3.989189	-3.465548	0.0383	I(1)
Log(TRO)	-2.610467	-3.465548	0.2770	-3.700922	-3.465548	0.0391	I(1)
Phillips-Perron Unit Root Test at Trend and Intercept							
Log(POV)	-1.937628	-3.459950	0.6267	-5.640179	-3.460516	0.0000	I(1)
GE	-2.331198	-3.459950	0.4129	-4.982655	-3.460516	0.0005	I(1)
COC	-2.069139	-3.459950	0.5556	-5.173838	-3.460516	0.0003	I(1)
POS	-2.606689	-3.459950	0.2785	-5.084755	-3.460516	0.0004	I(1)
Log(ODA)	-2.950228	-3.459950	0.1522	-11.34095	-3.460516	0.0000	I(1)
Log(GOE)	-2.541211	-3.459950	0.3081	-6.470524	-3.460516	0.0000	I(1)
Log(TRO)	-3.079780	-3.459950	0.1174	-5.204979	-3.460516	0.0002	I(1)

Source: Author's Computation, 2021 using Eview 9. **Where:** Log=Logarithms, POV= Poverty level, GE = Government Effectiveness, COR=Control of Corruption, POS=Political Stability, ODA= Official Development Assistance, TRO = Trade Openness.

The test was carried out using both Augmented Dickey-Fuller (ADF) and Phillips-Perron (PP) method at 5 percent level of significance. From the result, both the ADF and PP test results revealed that all the variables are stable at first difference

Test of Cointegration

The result of the Johansen cointegration test is presented in Table 4.8

Table4.8: Johansen Cointegration Test Results

Series: **Log**(POV), GE, COC, POS, **Log**(ODA), **Log**(TRO)				
Hypothesized No. of CE(s)	**Eigenvalue**	**Trace Statistic**	**0.05 Critical Value**	**Prob.****
None *	0.476599	141.9511	125.6154	0.0034
At most 1	0.252109	84.33185	95.75366	0.2350
At most 2	0.217831	58.47753	69.81889	0.2851
At most 3	0.145956	36.61163	47.85613	0.3661
At most 4	0.125451	22.56990	29.79707	0.2678
At most 5	0.086618	10.63975	15.49471	0.2346
At most 6	0.028531	2.576227	3.841466	0.1085

Source: Author's Computation, 2021 using Eview 9. **Where:** Log=Logarithms, POV= Poverty (proxy by Household Consumption Per capital) GE = Government Effectiveness, COR=Control of Corruption, POS=Political Stability, ODA= Official Development Assistance, TRO = Trade Openness.

The result revealed that there is one cointegrating equation which implied that the variables used for analysis have long cointegration over the study period.

Error Correction Model (ECM) Estimate

The analysis of data was also carried out by using Error Correction Model (ECM). Some of the variables were also log so as to reduce the effect of outliers in the data. The study presents the results of the estimated ECM in Tables 4.10

Table 4.9: Estimated Error Correction Model

Dependent Variable: D(**log**(POV))				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	-0.000604	0.005565	-0.108556	0.9138
D(**log**(POV(-1)))	0.543974	0.093882	5.794256	0.0000
D(GE)	0.026666	0.064661	0.412400	0.6812
D(GE(-1))	-0.005672	0.002282	-2.484489	0.0329
D(COC)	-0.130100	0.185572	-0.701074	0.4854
D(COC(-1))	0.055852	0.184885	0.302091	0.7634
D(POS)	-0.180304	0.074199	-2.430008	0.0175
D(POS(-1))	-0.217535	0.074603	-2.915922	0.0047
D(**log**(ODA))	0.010364	0.008530	1.214938	0.2282
D(**log**(ODA(-1)))	-0.012818	0.008505	-1.507086	0.1360
D(**log**(GOE))	-0.136670	0.063106	-2.165722	0.0415
D(l**og**(GOE(-1)))	0.099394	0.077648	1.280054	0.2045
D(**log**(TRO))	0.152927	0.075499	2.025545	0.0464
D(**log**(TRO(-1)))	-0.106603	0.078023	-1.366298	0.1759
ECT(-1)	-0.691038	0.306111	-2.257477	0.0325
R-squared=0.641668, Prob(F-statistic)= 0.519313				

Test	**Statistic**	**P-Values**
Jarque-Bera Sta	14.70280	0.062010
Breusch-Godfrey Serial Correlation LM	2.063398	0.1509
Heteroskedasticity :Breusch-Pagan-Godfrey	14.60971	0.4053
Durbin-Watson stat	2.178147	_
CUSUM Test	See Figure 4.2 below	

Source: Author's Computation, 2021 using Eview 9. **Where:** D=Difference, Log=Logarithms, POV= Poverty (proxy by Household Consumption Per capital) GE = Government Effectiveness, COR=Control of Corruption, POS=Political Stability, ODA= Official Development Assistance, TRO = Trade Openness.

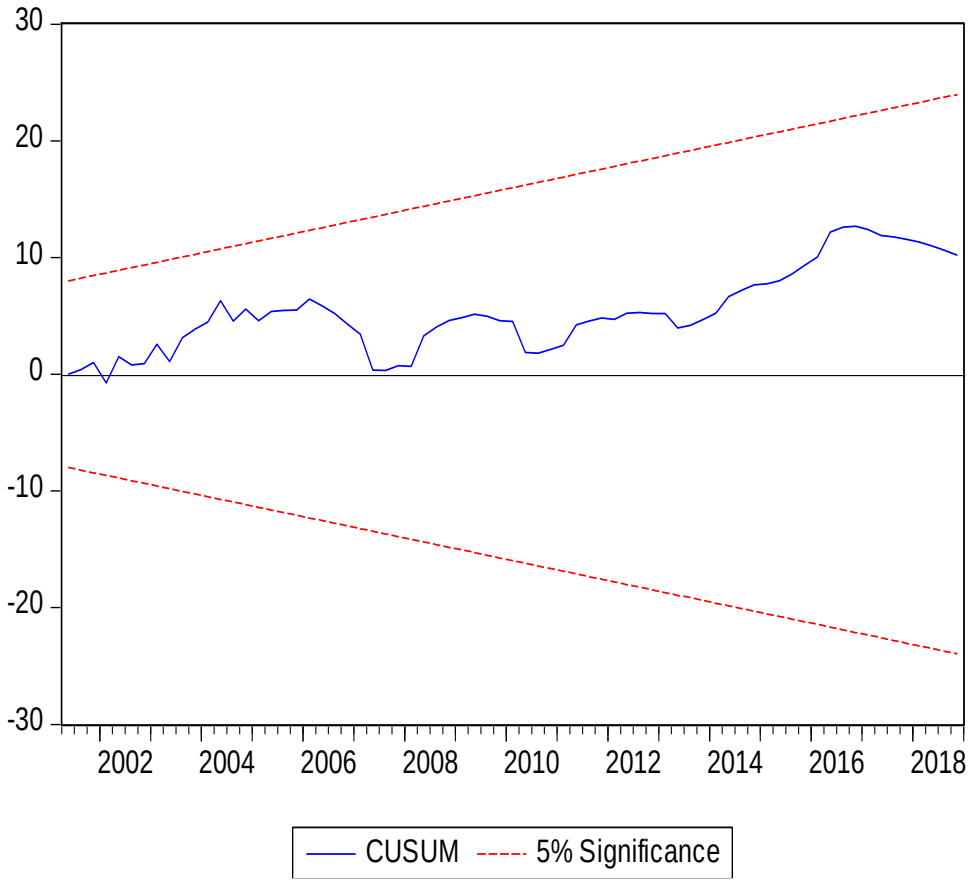


Figure 4.2: CUSUM Test

Just like in the first model, diagnostic test were also carried out for the above estimated model so as to ascertain its reliability. The Jarque Bera statistic of the model has a probability value that is above 5 percent which implied that the model has a residual that is normally distributed. Similarly, the observed R squares probability values of Breusch-Godfrey Serial Correlation LM test and Breusch-Pagan-Godfrey Heteroscedasticity test are above 5 percent which signified that the model does not suffer from heteroscedasticity and serial correlation problem.

In addition, Durbin-Watson stat value is close to 2 which signified that the model does not suffer from autocorrelation problem. The parameters of the model are stable because the CUSUM plot in Figure 4.2 falls within the 5 percent critical bound. Therefore, the above model also proved to be reliable and the interpretations of its coefficients are as follows:
The coefficient of the lag dependent variable POV(-1) showed significant positive sign at 5 percent level. This implied that previous information on Poverty significantly influenced the current level of Poverty in Nigeria. The coefficient of Government Effectiveness (GE) showed significant negative sign only at lag 1 using 5 percent level of significance. This implied that Government Effectiveness at lag 1 has significant negative relationship with Poverty. To be specific, a unit change in GE at lag 1 will bring about 0.005672 percent significant decrease in Poverty in Nigeria over the study period.

For Political Stability (POS), the coefficient also showed significant negative sign both at lag 0 and 1 using 5 level of significant. This also implied that Political Stability at lag 0 and 1 has significant negative relationship with Poverty. Precisely, a unit change in POS at lag 0 and 1 will bring about 0.180304 percent and 0.217535 percent significant decrease in Poverty in Nigeria respectively. For Official Development Assistance (ODA), the coefficient showed insignificant positive sign at lag 0. This implied that Official Development Assistance at lag 0 has insignificant positive relationship with Poverty in Nigeria over the study period.

For Government Expenditure (GOE), the coefficient showed significant negative sign at lag 0 using 5 per cent level of significance. This implied that Government Expenditure at lag 0 has significant negative relationship with Poverty. Specifically, a unit change in GOE at lag 0 will bring about 0.136670 percent significant decrease in Poverty in Nigeria over the study period. However, for Trade Openness (TRO) coefficient showed significant negative sign at lag 0 using 5 percent level of significance which also implied that Trade Openness at lag 0 has significant negative relationship with Poverty over the study period. Specifically, a unit change in TRO at lag 0 will bring about 0.106603 percent significant reduction in Poverty in Nigeria over the study period

Furthermore, the coefficient of the Error Correction Term (ECT) showed significant negative sign (-0.691038) at 5 percent level of significance. This implied that the variables considered for the analysis such as; Poverty, Government Effectiveness, Government Expenditure, Control of Corruption, Political Stability, Official Development Assistance and Trade Openness have long cointegration which further confirmed the result of the Johansen coinegration test earlier carried out. The significant negative coefficient of the ECT term implied that there is an adjustment in the system if any disequilibrium occurs. To be specific, the ECT Term explains that about 69 percent of the disequilibrium in the long run will be adjusted annually.

Furthermore, the value of the R-square (0.641668) suggests that the model has a fairly good fit. It showed that that about 64 percent of Poverty in Nigeria is being explained by Control of Corruption, Domestic Investment, Government Expenditure, Population Growth ,Inflation Rate and Official Exchange Rate while remaining 36 per cent is being explained by other variables that were not captured in the model. The F statistics also show significant sign at 5 per cent level of significance which implied that all the regressors in the model can jointly explain Poverty over the study period.

Discussion of Findings

The results of the Augmented Dickey Fuller/Philips-Perron unit root test and the Johansen cointegration test presented in Table 4.6 and Table 4.8 indicate that the variables considered for the analysis namely; Poverty, Government Effectiveness, Control of Corruption, Political Stability, Official Development Assistance and Trade Openness are integrated of order one and have long run cointegration respectively. Subsequently, Error Correction Model was applied for the estimation of the data based on the ground that the variables considered for the analysis are integrated of order one and have long run cointegration.

Economic theory (Theory of Institutional Quality) suggests that an increase in institutional quality (government effectiveness) may promote economic growth that is capable of providing jobs and reduce poverty (Acemoglu, et al 2005). The results of the estimated Error Correction Model presented in Table 4.9 agreed with this assertion because Government Effectiveness at lag 1 has significant negative relationship with Poverty at 5 per cent level. This result implied that previous information on Government Effectiveness significantly reduce the current level of poverty in Nigeria. This finding is is in line with the apriori expectation of the study and consistent with the study of Tebaldi and Mohan (2008) on the impact of institutional on Poverty rate in selected developing countries.

Similarly, the study also found that Political Stability at lag 0 and 1 have significant negative relationship with at 5 per cent level. This result implied that political stability significant significantly reduce poverty level in Nigeria over the study period which is consistent with the apriori expectation of the study. It was also observed that Official Development Assistance at lag 0 has insignificant positive relationship with Poverty in Nigeria over the study period which is not in line with the apriori expectation of the study but it is consistent with the study of Zouhaier (2019) on the impact of governance on poverty reduction in Sub-Saharan Africa countries.

The study also discovered that Government Expenditure at lag 0 has significant negative relationship with Poverty which implied that Government significantly helped in the reduction of poverty in Nigeria which is consistent with the apriori expectation of the study. Similarly, Trade Openness at lag 0 showed significant negative relationship with Poverty over the study period which means that Trade Openness contribute significantly in poverty reduction in Nigeria over the study period

CONCLUSION AND RECOMMENDATIONS

This study investigates the the relationship between Government Effectiveness and poverty in Nigeria over a period of 1996Q1 to 2024Q4. Based on the results the study concludes that government effectiveness political stability and government expenditure contribute significantly to the reduction of poverty in Nigeria while official development assistance do not contribute significantly to the reduction of poverty in Nigeria.

Based on the results, the study provide the following recommendations:

1. The study shows that improved government effectiveness significantly reduces poverty. Therefore, efforts should focus on building institutional capacity, increasing transparency, and ensuring efficient public service delivery.

2. Since political stability at both current and previous periods significantly lowers poverty, maintaining a peaceful and stable political environment is crucial for sustained poverty reduction.
3. With government spending found to have a significant negative impact on poverty, allocating more resources to essential sectors like education, healthcare, and infrastructure will help further decrease poverty levels.
4. The findings indicate that greater trade openness correlates with lower poverty, so policies encouraging liberalized trade and global market integration should be advanced.
5. Given that ODA showed an insignificant positive relationship with poverty, it is important to critically evaluate how aid is distributed and managed to improve its effectiveness in reducing poverty

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