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PUBLIC SECTOR EXPENDITURE REFORMS AND POVERTY REDUCTION IN NIGERIA

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Abstract

This paper examines the development trends and poverty situation in Nigeria, its effects on the economy, and efforts of government towards poverty reduction. It identifies that there is a gap between public expenditure and poverty reduction strategies. It recommends the need to refocus public expenditure for effective poverty reduction in Nigeria.

Key Words: *Public Sector, Public Expenditure, Reforms, Poverty, Nigeria*

Introduction

Public sector expenditure, also referred to as government spending refers to the money that the government spends. It can be spent on a range of different things – from central and local government, to public sector pensions and welfare. Also, it can be seen as expenditure incurred by the "public sector" in the course of its activities. The term "public spending" is most commonly used to refer to the aggregate sum of all public sector expenditures. As with most economic terms, there are many different ways of measuring public spending so conceived. The Government's preferred measure is Total Managed Expenditure (TME), which describes all forms of expenditure made by central government, local authorities and public enterprises. This includes spending on social services and benefits, health provision, transport, education, defence, debt interest, housing, judicial and protective services and employment (Edame, 2014).

In recent past, government expenditure in Nigeria has continued to increase rapidly, with the structure now skewed in favor of recurrent expenditure. Between 1997 and 2012, consolidated government (Federal, States & Local government) expenditure rose from N551bn to N9.5tn, a massive 683% jump in 15 years, increasing at an annual average rate of 22%. Recurrent expenditure grew by 742% during this period, while capital spend grew by 586%. Save for 2009, when government spending dropped marginally by 0.05%, every other year has been characterized by increase. There appears to be no obvious adverse impact of macroeconomic adjustments on government spending for Nigeria as a whole (Olugbenga, 2014).

The report further indicates that total government expenditure as a percentage of GDP measures the amount a country spends relative to the size of its economy. For Nigeria, the percentage declined from about 19% in 1990 to 13.4% in 2012. This, however, masks the fact

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that in-between the two periods, government spending as a proportion of GDP hit 37%, and stayed above 20% till 2009 (Olugbenga, 2014). It is important to note that the composition of government expenditures reflects government spending priorities. Olugbenga revealed further that, the top three expenditures for Nigeria in 2013 were education, defense, and police formations and command. It is noteworthy that among the top ten priority spending list, security related departments appear 3 times. This shows neglect in the adequate provision of social services, agriculture, employment generation, rural sector development, among other related sectors which should have cumulative effect on poverty reduction in the country (Olugbenga, 2014).

It reveals further that agriculture, which is the largest sector in Nigeria, comes in at a distant 12th. Asides being the largest sector in the economy, more importantly, majority of Nigeria's poor still live in rural areas and are primarily engaged in agriculture. It is well documented that agricultural expenditure is one of the most important government instruments for promoting economic growth and alleviating poverty in rural areas of developing countries. Agriculture expenditures dropped by 37% between 2009 and 2013, with capital expenditure allocation dropping by 53% (Business Day, May 29, 2014). There is a significant relationship between public expenditure on agriculture and poverty reduction in Nigeria. Poverty is significantly visible in Nigeria. It is associated with inadequate access to employment opportunities, inadequate physical assets such as land capital and reduced access by poor to credit even on a small scale and insufficient access to market where the poor can sell goods and services, Further study on the causes of poverty has revealed that inadequate access to the means of supporting rural development in poor regions, lack of participation or non-development of the poor in the design of development programmes, inadequate access to assistance for those living in the margin and those victimized marginalized by transitory poverty and the destruction of natural resources leading to environmental degradation are considered as causes of poverty too (Anam, 2014).

The effective allocation of public expenditure to address this pecuniary challenge remains a controversial issue, not only in the basic matter of how much there should be, but also in terms of the details of its distribution and funding, and of how it is defined in terms of priorities. The public sector forms a large part of the economy, and as such public spending has a major impact on the macro-economy, as well as on the day-to-day quality of people's lives. This has necessitated reforms measures to re-engineering and improves the process in most developing economies and Nigeria in particular. Public expenditure reform is a key part of the strategic response to the present economic situation. Sustained and effective reform is critical if the country is to continue to deliver essential services to the public. To improve public spending and significantly enhance the welfare the citizens through poverty reduction, the Nigerian government have embraced several public expenditure reform measures. This paper examines the development trends and poverty situation in Nigeria, its effects on the economy, and efforts of government towards poverty reduction. It identifies that there is a gap between public expenditure and poverty reduction strategies. It further recommends the need to refocus public expenditure for effective poverty reduction in Nigeria.

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Literature Review and Theoretical Framework

In order to perform the roles assigned to it by its people, the government needs, among other things, to: (i) collect resources from the economy, in a sufficient and appropriate manner; and (ii) allocate and use those resources responsively, efficiently and effectively (Richard & Daniel, 2001). Arising from forms of government and economic policies of a country, there are several determinants of public sector expenditure. Some of which include,

1. Political will: Public expenditure is determined by political will of the leading forces in the state: their priorities, their desired state model, and their interpretation of current economic and political phase. Past choices have relevant impact on public expenditure because of inertia and incrementalism. Bureaucracy may play an important decision role for the actual expenditure. Sometimes considered as a completely exogenous variable, the public expenditure would thus be fully in the hands of political decision-makers without dependency from the economic context.

2. Level of available revenue: In a different political and institutional context, public expenditure may, instead, positively respond to state revenues. Higher revenues (and maybe even a public surplus) may lead to higher public expenditure. Symmetrically, if there is an upper limit to public deficit and, because of a recession, tax revenue fall, the State may be forced to cut public expenditure. In this context, public expenditure would turn out to be pro-cyclical.

3. The process of public budgeting:The process of public budgeting is crucial to influence the outcome of public policy, e.g. with the sequence of decisions being capable of "leaving no money" for the "last" choices. The current level of public deficit or surplus is ambivalently used to influence changes in the level of public expenditure. For those who desire a more or less balanced budget, the surplus is an invitation to spend, a deficit to cut. However, the same surplus can instead be directed to tax cut and the deficit gap can be filled in by new taxes or more incisive fight to tax evasion.

At all levels, expenditure has a significant impact on the public sector. In fact, its impact on Gross Domestic Products (GDP) is immediate. An increase in public expenditure raises GDP by the same amount, other things equal. Moreover, since income is an important determinant of consumption, that increase of income will be followed by a rise in consumption: a positive feedback loop has been triggered between consumption and income, exactly as in the case of shocks in export, investment or autonomous consumption.

The full extent of this mechanism will depend, however, on the reactions of the other economic agents. Firms have to decide whether to increase production or prices in response to demand. Moreover, if consumers interpret the increase in public expenditure as a fall in their disposable income (i.e. after-tax income), consumption may fall accordingly.

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Public expenditure is also told to crowd-out investment, possibly through an interest rateincrease, further leading, in a floating exchange rate regime, to a currency appreciation. Exports would then be displaced as well. Barro and Sala-i-Martin (1992) classified expenditures as productive and unproductive and assume that productive expenditures have a direct impact on the rate of economic growth and the unproductive expenditures have an indirect impact or no effect.

In more microeconomic terms, public expenditure may be directed to consumer goods and thus substitute families' expenditure, as with the case of health drugs. By contrast, in other cases, as with education, public expenditure may trigger further consumption (books and all the other goods whose consumption depend on culture levels). Conversely, the part of public expenditure which is burned in rent-seeking behaviours, corruption, and purposeless purchases can alter the rules of the game in markets, firms, and income distribution.

Also, public expenditure has an impact on business cycle behavior. It may turn out to be pro-cyclical or anti-cyclical depending on the political and institutional attitude toward public deficit. During recessions, tax revenue tends to fall. Some governments react by reducing public expenditure and freezing employment and wages in the public sector. Other decides to spend more to stimulate the economy.

Government expenditure varies and ranges from education, defense, general administration, health, to water supply, electricity generation and supply, roads, telecommunications among others. On the other hand, public expenditure on infrastructure has been an issue for policy discourse among researchers and scholars all over the continent. Researchers have shown that investment in infrastructure has tremendous positive impact on a country's economic growth and development (Adenikinju, 2005). It is expected to have significant impact on the economy of the country, to such an extent that growth indices are turned into development impact; improvement in the wellbeing of the people. To achieve this therefore, expenditure must be properly channeled to enhance public efficiency.

Measuring government efficiency has continued to interest policymakers and researchers as a result of the need to generate speedy socio-economic growth and development (Chu and Hemming, 1991; Chu et. al., 1995 in Gupta, Honjo, and Verhoeven, 1997). This interest received a boost with the initiation of wide-ranging institutional reforms by the government of New Zealand in the late 1980s, aimed at improving the efficiency of the public sector (Scott, 1996 in Gupta, Honjo, and Verhoeven, 1997). The central elements of these reforms tried to separate policy formulation from policy implementation, create competition between government agencies and between private firms, and develop output oriented budgets using a wide array of output indicators. Elements of this approach have also been adopted by many countries, and the theory and practice of result oriented public expenditure management has generated a wealth of information on how to control production processes within the government and enhance their efficiency (Oxley, 1990; and OECD, 1994 in Gerdtham, 1995).

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In Nigeria, and most African developing economies, Adenikinju (2005) Edame (2014) and Olugbenga (2014) had shown particular research interest to investigate the trends, efficiency and impacts of public expenditure on the improvement of economic wellbeing of the Nigerian rural class. From their various studies, they concluded that, there is disproportional impact, as expenditure has little or no significant impact on the wellbeing of Nigerians. They noted further that expenditure should be prioritized and redirected to agricultural production as this will have a multiplying effect on the rural economy where poverty resides. According to them, agricultural expenditure as a percentage of agriculture GDP measures government spending on agriculture relative to the size of the sector. Compared to developed countries, agricultural spending as a percentage of agricultural GDP is extremely low in Nigeria. The former usually boasts of more than 20%, while the latter averages less than 3% percent (Olugbenga, 2014). Before the discovery of crude oil in Nigeria, agriculture was the key driver key of the nation's economy. With particular reference to poverty reduction, the importance of Agriculture to Nigeria's economy is endless (Ebejer and Mandl, 2009*)*. This therefore calls for a rethink and reordering of fiscal priorities.

Poverty situation in Nigeria

Ayanwu (1997) had reiterated that a concise definition of poverty is elusive because different criteria are used in conceptualizing it. However, a few definitions will be examined here. Galbraith (1969) defines poverty as a condition in which when the incomes of a people, even adequate for survival, fall radically behind that of the community and as such the people live outside the grades or categories which the community regards as acceptable. Sen (1987) sees poverty as the lack of certain capabilities that make it difficult for them to participate with dignity.

Poverty is also seen as the inability of an individual to cater adequately for the basic needs of food, clothing and shelter. The inability encompasses social and economic obligations; lack of gainful employment, assets, self esteemetc (CBN 1999). These social and economic inabilities make it difficult for the poor to attain a minimum standard of living.

There exist two types of poverty namely; absolute and relative. Absolute poverty also referred to as subsistence poverty is grounded in the idea of subsistence-the basic condition that must be met in order to sustain a physically healthy existence. People who lack these fundamental requirements (sufficient food, shelter and clothing) of existence are said to live in poverty. The concept of absolute poverty enjoys universal applicability. It is held that standards for human subsistence are more or less the same for all people of an equivalent age and physique, regardless of where they live (Addison, Hulme and Kanbur, 2008).

According to Anam (2014), poverty is "state or condition characterized among others things, by lack of material possession existing without the luxuries and often necessities of the life being in a position to excite compassionate regards or pity, inferior in quality and having little distinction value or worth". In the UNDP (2001) poverty is defined as a living condition in which one is faced with economic, social, and political cultural and environmental deprivations. Thus, despite the huge expenditure of government on the achievement of these development objectives, through designed poverty alleviation programme, poverty is still on the increase.

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Poverty encompasses economic, social and political dimensions. Poverty is the state of the majority of the world's people and the nations. In its broad from, it is for low income and low consumption. The poor have no access to the bare necessities of life such as food, clothing, and decent housing. They are not capable of meeting their social and economic obligation. Thus, one challenge faced by developing countries is the reduction of poverty.

3.1 Nigeria's Poverty Profile Report as at 2010

The 26-page report provides details of the conditions of poverty and income distribution across the country, as well as technical notes regarding the various definitions and methodologies employed for the survey. The report classified poverty in Nigeria into several ways, among which are: Relative, Absolute, Dollar-per-day measure and Subjective Poverty. The major findings from the survey reveal the following:

i. Relative poverty is defined by reference to the living standards of majority in a given society. In 2004, Nigeria's relative poverty measurement stood at 54.4%, but increased to 69% (or 112,518,507 Nigerians) in 2010. The North-West and North-East geo-political zones recorded the highest poverty rates in the country with 77.7% and 76.3% respectively in 2010, while the South-West geo-political zone recorded the lowest at 59.1%. Among States, Sokoto had the highest poverty rate at 86.4% while Niger had the lowest at 43.6% in the year under review.

ii. Absolute Poverty is defined in terms of the minimal requirements necessary to afford minimal standards of food, clothing, healthcare and shelter. Using this measure, 54.7% of Nigerians were living in poverty in 2004 but this increased to 60.9% (or 99,284,512 Nigerians) in 2010. Among the geo-political zones, the North-West and North-East recorded the highest rates at 70% and 69% respectively, while the South-West had the least at 49.8%. At the State level, Sokoto had the highest at 81.2% while Niger had the least at 33.8% during the review period.

iii. The-Dollar-per-day measure refers to the proportion of those living on less than US$1 per day. Applying this approach, 51.6% of Nigerians were living below US$1 per day in 2004, but this increased to 61.2% in 2010. Although the World Bank standard is now US$1.25, the old reference of US$1 was the standard used in Nigeria at the time that the survey was conducted. The North-West geo-political zone recorded the highest percentage at 70.4%, while the South-West geo-political zone had the least at 50.1%. Sokoto had the highest rate among States at 81.9%, while Niger had the least at 33.9%.

iv. Subjective Poverty is based on self-assessment and "sentiments" from respondents. In this regard, 75.5% of Nigerians considered themselves to be poor in 2004, and in 2010 the number went up to 93.9%. FCT recorded the most number of people who considered themselves to be poor at 97.9%. Kaduna recorded the least number of people who considered themselves poor at 90.5%.

v. NBS has also forecast the poverty rate for 2011 using various economic models. It is important to stress at this point that these estimates are constrained by the assumption that the status quo in 2010 was maintained in 2011. Accordingly, it ignores the potential positive impact various poverty alleviation strategies implemented since 2011 may have

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had on reversing the poverty trend. This will become clearer once the 2011 Annual Socio-Economic Survey is completed later in the year. Thus, using the relative, absolute and dollar-per-day poverty measures, NBS estimates that poverty may have further risen slightly to about 71.5%, 61.9% and 62.8% respectively in 2011.

vi. Income inequality: The survey suggests rising income inequality in the country as measured by the Gini-coefficient. By this measure, income inequality rose from 0.429 in 2004 to 0.447 in 2010, indicating greater income inequality during the period.

vii. Consumption Expenditure Distribution: Lastly, analysis of consumption expenditure distribution indicates that the top 10% income earners was responsible for about 43% of total consumption expenditure, the top 20% was responsible for about 59% of total consumption expenditure while the top 40% was responsible for about 80% of total consumption expenditure in the year under review.

NBS disclosed further that, it remains a paradox that despite the fact that the Nigerian economy is growing, the proportion of Nigerians living in poverty is increasing every year, although it declined between 1985 and 1992, and between 1996 and 2004. In another assessment, a report in Daily Independent (2014) relates the World Bank submission on the level of poverty in Nigeria. [1]World Bank established that Nigeria with about 170 million population falls among countries with extreme poverty whose over 70% population live on $1.25 (N200) or even less per day. Specifically, the report revealed that 7% of the 1.2 billion people living below poverty line in the world are Nigerians.

The report stated thus: "The fact is that two-thirds of the world's extreme poor are concentrated in just five countries: India, China, Nigeria, Bangladesh and the Democratic Republic of Congo (DRC). If you add another five countries: Indonesia, Pakistan, Tanzania, Ethiopia and Kenya, the total grows to 80 per cent of the world's extreme poor." Our survey discovered that the World Bank ranked these countries based on their population and their share of the 1.2 billion extreme poor people in the world thus: India (33%), China (13%), Nigeria (7%), Bangladesh (6%), DRC (5%), Indonesia (4%), Pakistan (3%), Tanzania (3%), Ethiopia (2%) and Kenya (1%) (Daily Independent, 2014).

It reiterated that for this very poor result to be the fortune of a country that was recently rebased and declared by NBS to have a GDP of $510 billion (over N80 trillion), and as such the largest economy in Africa and the 26th largest economy in the world, is grossly condemnable and most unacceptable. It is indeed a shame that for all her Gross National Income (GNI), Nigeria would be rated so highly in global poverty index.In a positive trend, the story should have been the reverse. It is so saddening to note that less than 10% of the country's population amasses and controls over 90% of the country's wealth and resources, causing so much poverty and leaving

[1]Daily Independent, May 2, 2014. World Bank report on poverty in Nigeria. cited from http://dailyindependentnig.com/2014/05/world-bank-report-poverty-nigeria/

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so many citizens dying of hunger and diseases. The consequence has since manifested in the high rate of crime and insecurity in the country. This is rather most unfortunate. According to World Bank (1999), some causes of endemic poverty in Nigeria include,

a. harmful economic and political systems,
b. national conflict and violence,
c. human rights abuses,
d. weak government effectiveness and efficiency,
e. weak respect for rule of law,
f. weak control of corruption,
g. environmental conditions and changes,
h. population growth and changes, and
i. misappropriation of public expenditure

Poverty resides more in rural areas. Tella (1997) views the cause of poverty in two dimensions, rural and urban poverty. In the rural communities poverty is related to poor physical facilities, food insecurity, primitive agricultural practices, poor nutritional values, little access to saving and credit and general inability to meet basic needs, while in the urban communities, the cause of poverty is identify as employment, underemployment, the inability to educate children due to high cost, inadequate diet, home without amenities such as latrines, bathrooms, or kitchens, irregular water supply and electricity, inability to clothe oneself adequately by prevailing social standards.

Abudullahi (1993) views the causes of poverty as two types; first is the structural poverty which is a more permanent phenomenon, depends on host of factors limited productive resources, lack of skills for gainful employment, location disadvantage, and endemic socio-political and cultural factors. The other is the transitory poverty. While structural poverty is long term and persistent, transitory poverty is short term and its causes are more revisable. The causes includes natural disasters like war and environmental degradation, and changes in domestic policy that may result in price changes, increased unemployment etc (cited in Anam, 2014).

Misappropriation of resources could remarkably reduce poverty in Nigeria through providing employment, revamping the industrial sector, improving agriculture and rural development, enhancing the provision of healthcare, education, physical infrastructure and various basic social amenities as befits a country that prides itself as the sixth biggest member of the Organisation of Petroleum Exporting Countries (OPEC). The government must therefore take calculated steps to address these challenges and improve the social and economic wellbeing of her citizens.

Poverty has several effects on the economy of the country. According to Ozoana (2013) these are some of the effects of poverty in Nigeria.

(i) **Powerless**: poverty contributes to the powerlessness in many ways, especially through exploitation by wealthy individuals. Poor people are unable to obtain or demand for their rights because they are powerless.

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(ii) **Isolation**: The poor are isolated from the outside world because of lack of education, remoteness or being out of contact, their children do not have the privilege of going to school and have remained dropouts.

(iii) **Physical weakness:** There is high ratio of dependency to able bodied adults. The dependents are young children, the sick, the old or the handicapped. The reason could be that the adults have been permanently weakened, disabled by accidents, illness or early death. Members of these poor household or communities are seasonally hungry and weakened by parasites, sicknesses and malnutrition.

(iv) **Low standard of living:** The poor usually have fewer assets, live in small houses. Poverty promotes ignorance, social discontentment and estrangement.

(v) **Vulnerability**: The poor are always attracted by drawing on the slender reserves of cash by reduced consumption, barters or loans from friends, relatives or trades.

Efforts at poverty reduction in Nigeria and their challenges

There have been several attempts at poverty reduction in Nigeria. Some of the programmes with poverty eradication thrust are Agricultural Development Projects (ADP), River Basin Development Authority, Operation Feed the Nation (OFN), Green Revolution (GR), Family Economic Advancement Programme (FEAP), Family Support Programme (FSP), National Poverty Eradication Programme (NAPEP), National Empowerment and Development Strategy (NEEDS) and the Millennium Development Goals (MDGs) (Oladeji&Abiola 1998, Ewhrudjakpor 2005, Omonzejie 2007). Very recently, the SURE-P programme was initiated.

Beyond the institutional framework of the government, the complexity of the phenomenon and its impacts on the national economy has attracted the attention of international organizations and agencies with government in different nations embarking on policies aimed at reducing poverty (Omonzejie 2007). Consequently, Nigerian fiscal policies especially as regard expenses in the areas that have positive impact on the wellbeing of the poor, have progressively being on the increase over the years. Recently, the Imo State government took a bold step towards poverty reduction by introducing free education to all the indigenes of the state up to the tertiary level (Omonzejie 2007). Despite these programmes, access to basic necessities of life by the most vulnerable rural populace has limited.

To buttress this point, let's assess two basic indicators; access to health care service and education. Life expectancy declined from 54 years for women and 53 years for men in 1991 to48 years for women and 46 years for men in 2009 (World Bank, 2010). Similarly in the education sector, schools at all levels lacked qualified teachers and basic infrastructures. The schools suffer from over-crowding, poor sanitation, poor management, and poor intra-sectoral allocation as well as abandoned capital projects. This often led to closure of schools and workers strikes with the attendant and composite effects of poor quality of teaching resulting to poor quality of products (CBN, 2007).

Poverty is on the increase and this can be further attributed to inequality existing in the economy such as corruption, macro-economic instability and inconsistency in government

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policies. Anam (2014) affirms further that poverty is found to be at the worst in the rural areas. These areas are characterized by malnutrition, lack of standard education, low life expectancy and sub-standard housing. Obadan (2014) argued that, the fact that the incidence of poverty remains very high, the existence of the various programmes notwithstanding, points to the ineffectiveness of the strategies and programmes. A number of factors have contributed to the failure of past poverty-related programmes and efforts. Some of them are:

(i) Lack of targeting mechanisms for the poor and the fact that most of the programmes do not focus directly on the poor.

(ii) Political and policy instability have resulted in frequent policy changes and inconsistent implementation which in turn have prevented continuous progress.

(iii) Inadequate coordination of the various programmes have resulted in each institution carrying out its own activities with resultant duplication of effort and inefficient use of limited resources. Overlapping functions ultimately led to institutional rivalry and conflicts.

(iv) Severe budgetary, management and governance problems have afflicted most of the programmes, resulting in facilities not being completed, broken down and abandoned, unstaffed and equipped.

(v) Lack of accountability and transparency thereby making the programmes to serve as conduit pipes for draining national resources.

(vi) Overextended scope of activities of most institutions, resulting in resources being spread too thinly on too many activities. Examples are DFRRI and Better Life Programmes which covered almost every sector and overlapped with many other existing programmes.

(vii) Inappropriate programme design reflecting lack of involvement of beneficiaries in the formulation and implementation of programmes. Consequently, beneficiaries were not motivated to identify themselves sufficiently with the successful implementation of the programmes.

(viii) Absence of target setting for Ministries, Agencies and Programmes.

(ix) Absence of effective collaboration and complementation among the three tiers of government.

(x) Absence of agreed poverty reduction agenda that can be used by all concerned – Federal Government, State Governments, Local Governments, NGOs and the International Donor Community.

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(xi) Most of the programmes lacked mechanisms for their sustainability (Obadan, 2014).

In addition to the above, the problem of corruption cannot be deemphasized; it is a clog in the wheel of our national progress. The manifestations and problems associated with corruption have various dimensions. Among these are project substitution, plan distortion, misrepresentation of project finances, diversion of resources to uses to which they were not meant, even conversion of public funds to private uses, etc. The effect of corruption on poverty increase is both direct and indirect. On one hand, the indirect effect follows from the reduction or misapplication of resources which penalizes growth rate and growth potential. When growth rates are lowered, there will be no outputs and incomes to redistribute. So poverty could escalate. On the other hand, the direct effect is that the poor are denied resources and access to facilities that could have been provided through judicious application of the siphoned/diverted resources (Obadan, 2014).

In light of the above, the government needs to make a firm commitment to deal with the problem of corruption and place poverty alleviation at the forefront of its development strategy, to provide effective resources management and policies that can support a stable and growing economy, thus enabling Nigeria to take its place in regional leadership.

Public Expenditure and Poverty Alleviation in Nigeria: the missing gaps

Public expenditure has been defined as the expenditure (spending) made by government towards the achievement of executive of economic development programmes and promotion of socio-economic well-being, thus government spends for the purpose of financing economic development programmes in the areas of regulation, support and more efficient operation of business as well as poverty reduction. Certain factors can be attributed to gaps which identify why poverty reduction strategies in Nigeria do not meet desired outcomes. Garuba (2002) identified five factors to explain this. These factors have been denoted as the five Cs'.

1. Conception: this has to with the primary intention of the government that conceived programmes. In most cases, these programmes were conceived not primarily to address poverty issues but mainly to score cheap political point or as a populist programme designed to confuse existing situation. For instance, the Green Revolution of the second republic turned out to be a ploy to favour politicians of the ruling party, Fertilizer procurement and distribution became political patronage with beneficiaries being mainly politicians of the ruling party. The actual farmers were left to depend on the emergency farmers the politicians. Lack of participation or non-involvement of the poor in the design of poverty reduction programmes creates apathy and subsequent failure such programmes.
2. Content: poverty alleviation programmes in the country have always suffered from content deficiency, for instance, due consideration has never been given to adult education as a tool for empowering people against poverty. In addition, poverty alleviation programmes in Nigeria have always been a top-down arrangement with little or no input from the grassroots.
3. Coordination: The problem here is the existence of too many agencies established to do same thing thereby resulting in role overlaps and confusion. These lead to difficulties in coordination.

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4. Corruption: this has remained the bane of Nigeria's development efforts. Where poverty alleviation programmes are put in place, they end up empowering the rich as they are the actual beneficiaries.
5. Continuity: in Nigeria it takes more time to design policy than it takes to jettison it. Owing to rapid changes in government, good policies put in place by successive government have often been abandoned by their successors in a bid for the later to crate impression of working for the people. This misplacement of priorities, wrong intentions, poor coordination, lack of continuity, policies designed not to meet poverty needs but to satisfy the already rich have undermined the effectiveness of public expenditure in the country. Until there is a redress and reframing from the likeliness of ill tendencies, Nigeria will continue to be poor even in the midst of her abundance.

Theoretical Framework

Within the strength of the identified challenges, the study places emphasis on two theoretical assumptions.

i. The Basic Needs Approach (BNA):

BNA was popularized in the work of Streeten (1982). According to him, "BNA was a response in the late 1970s to the idea that monetary growth - economic and income - alone would promote human well-being through a trickledown effect. BNA promoted the construction of selective policies to target basic needs of the whole population directly, rather focusing on an indirect approach to satisfying basic human needs" (Streeten, 1982). At the basic level, "the BNA included the satisfaction of minimum levels of material needs such as consumption of food, shelter, clothing, and access to such essential public services as pure water, sanitation, public transport, health, and education" (Streeten, 1982).

The theoretical relevance of the basic needs approach is founded on the premise that it focuses on the ends of development. This means a direct attack on poverty through meeting the basic human requirements of the neediest segment of society, the poor". According to Streeten (1982), "there are two approaches that can be taken when one adopts the basic needs concept as the theoretical framework for a project. The first is a top down effort concerned with satisfying basic needs as quickly as possible and is referred to in this thesis as a technocratic approach to meeting basic needs". He added that, "The second is concerned with developing a sustainable project based on the community so that it can continue to meet its basic needs and is referred to in this thesis as a community development approach to meeting basic needs". He emphasized that "Success is defined as the meeting of immediate and long term water needs leading to improvements in health, economic and social conditions of communities" (Streeten, 1982).

The Basic Needs approach calls for the provision of basic needs such as food, shelter, water, sanitation, health care, basic education, transportation etc. Unless there is proper targeting, this approach may not directly impact on the poor because of their inherent disadvantage in terms political power and the ability to influence the choice and location of government programmes and projects.

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ii. Participatory Development Theory:

Fiorino and Bowles (2001) are the major proponents of the Participatory Development Theory (PDT). The theory is a comprehensive and well strategized activity requiring the role of the rural dwellers. Participation must start from the planning stage; at planning or project initiation, the people for which the project is planned for must be the drivers and part of the decision making process, to help identify areas of felt needs. Equally, proper human training (i.e the rural dwellers) must be completed; especially in technical areas were such skills will be required in project implementation and maintenance.

The theory emphasizes the participation of the beneficiaries and the role of communities as major actors". It is a model that involves "putting the last first" or the "farmer first" (Ering, 2000), and is fundamental to', the entire development process which is linked with poverty alleviation' and rural development. It focuses on sustainability of life and attempts to put people rather than materials/funds at the centre of development.

Equally, the theory advocates for a support system, ensuring that rural dwellers get involved, accept and support rural projects. Individual participation in rural development initiatives is generally supported for its potential to provide low-cost sources materials like sand, water, timbers, gravels, and other local resources to government agencies. This increases acceptance of projects and confidence in government decision (Miller, 2000). There is therefore need to achieve a balance in both policies and strategies directed at poverty reduction and rural development. Granted a comprehensive approach with rural participation, the objective of improving rural lives can be objectively attained.

Refocusing Public Expenditure for Effective Poverty Reduction in Nigeria

Arising from the above concerns, this paper identifies a strategic framework, which is believed can enhance effective poverty reduction in Nigeria. Experience from the past poverty alleviation programmes has shown the inability to involve the people in their planning and implementation, therefore for it to be successful, this framework must involve the people.

1. Targeting Interventions for Rural Development: A good place to emphasize effort should be the rural areas where it is believed poverty grows in an astronomical rate. It is therefore important for the government to order her priorities in the allocation of resources. Public expenditure should be concentrated on the provision of basic needs, such as food, which is the basic needs for human existence and on which other necessities, including democracy, thrive. This emphasizes the primacy of improved agriculture as the means of eradicating poverty and providing raw material for agro allied industries. The government can target the delivery of some services and resources to poor areas and to communities living in poverty, building on existing community-based organisations, civil society groups and their activities where possible. Some elements of targeting should also be introduced in public expenditure, especially for social sector spending (health and education) which touch the lives of the poor people than most of other public expenditure (Obadan, 2014).

2. Broad-based Economic Growth with Equity: Rapid growth is important for poverty reduction. Therefore attention must be focused on those macro and microeconomic policies and

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programmes which would ensure the rapid growth of the economic. Growth must be accompanied by a deliberate policy of redistribution and equity, promoted by participation. In this direction, broad-based growth that involves the poor and generates employment is recognised to have a tremendous impact on poverty. Economic growth is crucial in efforts aimed at conquering poverty as it would:

i. Generate income earning opportunities for the poor, make job creation possible, and thereby make use of their most abundant asset - labour;
ii. Produce additional resources for the government to use for social programmes aimed at overcoming poverty; and
iii. Increase the incomes poor people receive as remuneration for their labourObadan (2014).

3. There is need to improve social and economic infrastructures: Government should appraise the state of infrastructure and include same in the annual budget with a view to monitoring the implementation after disbursing funds to the affected ones. In the same vein, a project (infrastructure) policy should be evolved to guide prospective contractors on the need to utilize funds meant for project on public utilities (Edame, 2014)

4. Support income and employment generating programmes in the country: Successful poverty reduction strategy in Nigeria will require a strong and focused emphasis on regional aspects of economic growth, increased access to social services and adequate infrastructure and targeting.

5. Commitment towards Good Governance, Transparency, Accountability and Social Responsibility: Corruption is generally acknowledged as having adversely affected previous poverty alleviation efforts in Nigeria. Corruption is one of the aspects of bad governance. The anti-corruption crusade of the present administration is expected to have favourable implications for poverty alleviation if successfully carried through. Furthermore, efficiency, equity and fairness in the distribution of government finances are considered paramount in the struggle to reduce poverty. Poverty reduction programmes should correctly target the poor since poverty in Nigeria is massive (Obadan, 2014). There must be an effective civil society that encourages delivery of quality services to the population. This will require emphasis on accountability and transparency.

Conclusion

Public expenditure has been defined as government spending for the provision of basic amenities to the society. Poverty is the state of derivation and it remains a major challenge in the development of the Nigerian economy. Despite the plethora of poverty alleviation programmes, Nigeria and Nigerians still remain poverty ridden. The study therefore underscores the need for government to reduce their spending in unproductive sectors but emphasize public expenditure towards the promotion of socioeconomic well-being which relates to the achievement of a balanced and an improved standard of living. Government should spend more on rural

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development, especially on targeted projects such as education, health, housing, agriculture, enhancing infrastructural amenities and social security.

Equally, the study identifies the need for government and it agencies to monitor the expenditure, adhere strictly to due process in accordance with the enabling fiscal policy and strategic programme blueprints. In same regard, meaningful development outcomes cannot be achieved without a good balance of efficiency, effectiveness and equity. Any reforms that emphasize efficiency at the expense of effectiveness and equity cannot achieve much. While efficiency is the attribute of a well-functioning market, effectiveness and equity are primary functions of the state. This underscores the need to have a good hybrid of both the market and a well-functioning state. Undue reliance to either the market or the state does provide the optimal solution. For any reform to be put in place, it is imperative for government to critically examine how efficiency, effectiveness and distributional issues would be achieved. There is strong need to strike a balance between economic technicality and the political economy of any reform or in the design of a strategic framework or policy in poverty reduction in Nigeria.

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