SUSTAINABLE GROWTH AND POVERTY REDUCTION FUNDING IN NIGERIA

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Abstract

This study examines the relationship between sustainable growth and poverty reduction funding in Nigeria. It focuses on the poverty reduction funding proxied by (Government direct funding, domestic debts, external debts and donor agencies (NGOs) in relation to sustainable growth proxied by aspect of economic development. The study covers the period of 30years (1981-2010) and takes microscopic view of the sustainable growth which is proxied by small and medium enterprises components of the growth domestic product. A correlational research design is adopted and multivariate regression is used as a tool of analysis to test the effect of poverty reduction funding on the sustainable growth in Nigeria. The results reveal that government direct funding, domestic debts, external debts and donor agencies NGOs have a significant positive effects at 1% while domestic debts 5% on sustainable growth respectively. Thus government direct funding, Domestic debts and External debts and donations from NGOs will stand a better mixture of funding poverty reduction programmes. It is therefore recommended that the federal government of Nigeria and state governments should vigorously embark on tax reform to improve their revenue bases while putting in place mechanisms. The study also recommends that government should ensure the synergy of poverty reduction funding instrument policy with the desire to improve sustainable growth and that all the tiers of government should drastically reduce recurrent spending and the associated wastages in order to focus on sustainable growth and development and same applicable to African countries.

Keywords: *Sustainable Growth, Poverty Reduction, Government Direct Funding, Domestic Debts, External Debts, Donations from Donor Agencies and NGOs, Gross Domestic Products.*

Background to the Study

The concept of poverty and sustainable growth are fundamental issues in accounting, finance, economics, other social and physical sciences. Everybody is a stakeholder in struggle to fighting poverty. Reducing poverty is regarded as a progress of mankind and national economic management.

International organizations such as World Bank, International Monetary Funds, United Nations, and African Union etc. have commissioned a lot of researches on poverty continuously. The year 2000 UNDP report estimated that poverty was afflicting about 1.5 billion people in the world. Africa's share of this was monumental, because over 400 million Africans (about 50 per cent of the population of the continent) were living below the poverty line, the report observed. Africa is the poorest continent in terms of purchasing power parity (PPP), the report added (Ogbimi, 2006). The World Bank (2000) had described the African poverty as dynastic. In Nigeria the crusade against poverty has been a future of government planning since independence. About 15 federal ministries have been identified as being core to poverty alleviation. In addition to these, more than 100 international agencies and many non-governmental organizations (NGOs) are for poverty alleviation (Leadership newspaper, 2013). It is clear that many decades of concerted effort at the global, regional and local levels aimed at alleviating poverty have not yielded the desired result despite the colossal money spent. International poverty indices placed Nigeria among the 25 poorest countries (International transparency, 2012). Our concern is sensitive to the statistics that inculcate increase in the in the number of victims of extreme human depreciation which manifests itself in malnutrition, illiteracy and lack of access to safe drinking water and adequate health facilities.

Poverty is a word which vividly describes the deplorable living conditions of individual, groups and communities in a state of economic and social deprivation and destitution (Bashir, 2009). Poverty with all its ramifications affected more vulnerable and poor people and in most cases reside in the rural areas. A synthesis of past and current action of Nigerian Government on poverty reduction policy started even before independence. Between 1960 and 1986, government at various levels embarked upon poverty related projects. Notable among them were Free and Compulsory Primary Education, Adult and Mass Literacy Scheme, Rural Electrification Scheme, Rural Banking Scheme, Oper`ation Feed the Nation (OFN) and Green Revolution, Agricultural Development Progammes (ADB) and River Basin Water supply scheme, and Small Scale enterprises scheme with the associated credit progammes for their operators. There were also some poverty focused programs in Nigeria between 1986 and 1993. This can be categorized into two groups- multi sectoral, and sectoral programme FOS 1996 reports has it that these programmes were mostly targeted at the poor and at opening up the rural areas. They were purely Federal Government initiated projects. Noted among them were: The Directorate of Food, Road and Rural Infrastructure (DFFRI), the National Directorate of Employment (NDE) and Better Life Programes (replaced by Family Support Programme).

Since 1996, poverty alleviation related programmes in agricultural sector are: Agricultural Development Programms (ADP), National Agricultural Land Development Authority (NALDA). Strategic Grains Reserve; Accelerated Crop Production Schemes (ACPS); and the Development of Artisan Fishery and Small Ruminant Production; Pasture and Grazing Scheme (FOS 1996). Efforts have been made since 1986 to increase the level of literacy in Nigeria. Nomadic and Adult Education Programmes were thus established in 1986 to assist in eradication of illiteracy which was found to be a major cause of poverty (FOS 1996).

The Federal Government of Nigeria in 2001, launched National Poverty Eradication Programme (NAPEP) to intervene in the critical areas of the need of the poor. NAPEP initiated some projects, programmes and schemes which are targeted at the core of poor that need to be encouraged to participate in the economic development process. These include:

1. The Mandatory Attachment Programme (MAP – 2001)
2. The Capacity Acquisition Programme (CAP – 2001)
3. Capacity Acquisition Programme 2004
4. The Multi Partner Matching Fund Scheme (MP-MF)
5. The Promise Keeper Programme (PKP)
6. Revolving Micro Finance Scheme
7. The Social Safety Nets Interventions Scheme, especially the Conditional Cash Transfer Programme (CCT)
8. The Kake NAPEP Project (I&II)
9. The Farmers Empowerment Scheme (FEP I & II

10. The Community Economic Sensitization Scheme (COMESS)
11. The Village Solution Scheme
12. The Conditional Cash Transfer Programme

The last four NAPEP's programmes are laudable objectives for wealth creation, employment generation, poverty eradication and enhanced economic activities in the rural areas. Village Solutions Scheme was a well targeted, demand driven, bottom up approach scheme aimed at guiding economic development activities at the village/community level towards rural transformation and village modernization. So also the Conditional Cash Transfer Programme which provided grant to qualified households on the condition that they engage in investments in human capital development of their children or word.

National Economic Empowerment and Development Strategy (NEEDS) was also conceptualized in 2003 and launched in 2004 with the sole aims of poverty reduction and wealth creation. The Federal Government in 2010 has also come up with many programmes such the Youth Empowerment Scheme (YES) and Youth Enterprises with Innovation (YOU-WIN), to create jobs for the youths. The dismal performance of poverty reduction is linked to funding. We have also noted a lot of researches have been conducted in Nigeria on poverty and other related issues. Most of these researches concentrated on assessment/evaluation of national programmes on poverty. The problem of this study therefore, is to look at the synergy funding policy of poverty reduction. What options are available in financing poverty reduction programmes so that they can perform their roles to the economy and also guarantee a return on investment which in turn guarantees the policies and implementations.

In view of the above, the significance of this study would provide bases of all our economic policies to contain elements aimed at poverty reduction within our society. It is also be guarded by the traditional African valued of caring and sharking in our social policy. It is self evident truth that fruits of any social-economic policy will taste better if its consumption is restricted to a limited few. The study will provide both theoretical and practical bases for understanding the problem of poverty in general which funding is the most crucial one and in Nigeria in particular. Therefore, the funding of poverty has attracted the interest of academic research as well as all stakeholders in the sustainable development in Nigeria. This provides explanations as to why the Federal government of Nigeria (FGN) and state governments (SG) are not relenting in seeking permanent measures that will enhance the sustainable growth in the country in line with vision 20:20:20.

A study of the poverty reduction programmes funding in Nigeria therefore could serve as an indispensable planning tool for FGN and SG, investors and leaders. It will assist government to see factors that positively or negatively influence its performance decisions and thus hedge against adverse factors. Moreover it will help government to indentify which source of funding is better to generate savings and be able to measure the performance of these programmes and proceed with readjustments as requirements. It will also facilitate economic policy matters to be able to measure the impact of the poverty reduction on the economy and its implication on the issues of policy. This study will be identifying key sources of poverty reduction funding in Nigeria that will serve as a basis for formulating economic growth and development vehicles aimed at improving the polity efficiency. Identifying the various sources of poverty reduction funding that influence sustainable growth is therefore desirable if not necessary.

The primary objectives are to examine the impact of poverty reduction funding (Government direct funding, domestic debts, external debts and donor agencies (NGOs) on sustainable growth/ proxied by the component of small, and micro and medium enterprises of the GDP). We therefore hypothesized that

Government direct funding, domestic debt, external department and donation from (NGOs) have no impact on sustainable growth in Nigeria. To the best of our knowledge no econometric research was conducted to determine the level of influence that poverty reduction funding sources have on the sustainable growth in Nigeria. The researcher is therefore propelled by the virginity of these factors (sources) in determining the sustainable growth in Nigeria.

Literature Review

Poverty

Poverty is a key issue for governments and peoples, the world over. Though, it has always been part of the societal system, its scale and magnitude in recent time has grown considerably at the global level, particularly in sub-Saharan Africa. In Nigeria, poverty alleviation has taken a center stage and major focus at all government levels for the past two decades. Nigeria as a country is rich but the people are poor. The country is rich in both talents and other resources, but the people can hardly eat, house or clothe themselves, and many are largely unhealthy and uneducated. The paradox of Nigeria's development is though provoking. Nigeria has a human population estimated at 200 million people and it is the most populous country in Africa and indeed the black race. Its lands are arable with minimal irrigation.

Although, the definitions of poverty or what constitute poverty, and how it can be measured is a contentious issue. It cannot however be denied that insecurity, which accompanies poverty, it is founded on inappropriate use of the nation's assets or its inadequacy. The most common understanding of poverty is that, it is a condition in which people are unable to meet their basic needs such as food, shelter, cloth, health care and education (Okowa, 1995). In Nigeria, absolute poverty is largely a rural problem. This is not to say that there is no poverty in the urban areas, but the percentage of the rural population is more. Recent research findings reveal that while efforts are made to reduce these trends in Asia and Latin America poverty in Sub-Saharan Africa, including Nigeria has been on the increase. Nigeria represents a particular case of poverty. Human conditions in Nigeria have greatly deteriorated, particularly in the past twelve years. Real disposable incomes have dwindled while malnutrition is on the increase (FOS 2012).

Although, poverty is a global phenomenon, the individual countries must tackle issues involved. It is recognition of this, that successive governments in Nigeria have evolved several measures and policies aimed at tackling poverty. It should be noted however, that before 1986, government programmes were not consciously designed for the purpose of poverty alleviation. Poverty alleviation had not been explicitly entrenched in Nigeria's development plans. Attention was usually focused on economic growth, but hen, a critical examination of the objectives of Nigeria's development plans, especially the first four plans, indicated that there was a pursuit of poverty alleviation. Between 1960 and 1986, governments at various levels embarked upon poverty related projects. Notable among them were free and compulsory Primary Education, Adult and Mass Literary Schemes: Rural Electrification Schemes; Operation Feed the Nation (OFN) and Green Revolution. Others were, Agricultural Development Programmes. River Basin Development Authorities, Small-scale Enterprises schemes, economic empowerment, NAPEP, NEEDS, SEEDS etc.

Population and Poverty

The Human and Income Poverty Index which seeks to measure human poverty or misery level ranks Nigeria in the 80th position out of 177 countries surveyed, 71% of Nigerians live on 1$ a day, while 92% of Nigerians live on below 2$ a day and this presents the saddest picture in Africa. In terms of poverty, Nigeria ranks Tanzania, Malawi, Rwanda and Eritrea (Akpa 2012).

Poverty is especially severe in rural areas, where up to 80 percent of the population lives below the poverty line and social services and infrastructure are limited. The country's poor rural women and men depend on agriculture for food and income, the poorest groups eke out a subsistence living but often go short of food, particularly during the pre-harvest period. Rural infrastructure in Nigeria has long been neglected. Investments in health, education and water supply have been focused largely on the cities. As a result, the rural population has extremely limited access to services such as schools and health centres, and about half of the population lacks access to safe drinking water (IFAD 2011).

World Bank, IMF, Donor Agencies and NGOs now tilt towards self-sustenance and capacity building. They now generally recognize the adage that "it is better to teach a man how to catch a fish than to give him a fish". When you teach a man how to catch a fish, you empower him, on the hand, if you just give him a fish, there is a probability that he can become a beggar; being desirous of a fish and not knowing how to catch one, he will turn back to beg you for it. In the pursuit of this paradigm shift in poverty reduction, small and medium enterprise have become handy instruments that can be fruitfully adopted in the strategy to economically empower and reduce poverty among the rural communities in Nigeria. These small and micro businesses however require support from the government in order to overcome various constraints and challenges so as to effectively fast tract economic empowerment and poverty reduction in the rural areas in Nigeria.

Poverty Alleviation Programmes and their Assessment in Nigeria.
As earlier noted, poverty alleviation has not been explicitly entrenched in Nigeria's Development Plans. Until recently; attention was usually focused on economic growth (FOS 2012). But then, a critical examination of the objectives of the Nigeria development plans especially the first four plans indicated that there was a pursuit of poverty alleviation. FOS (2012) observes that unfortunately the approach was not properly focused, as effort was not effective in caring for the poor.

Sustainable Growth
The capacity of small scale enterprise in Nigeria to provide the necessary ingredients for the growth of the economy in Nigeria is not in doubt. According to (Akamiokor, 1983), small enterprises are veritable instruments for employment generation and development of entrepreneurial capacities. The small-scale enterprises promote stable industrial base and ensures a balanced distribution of industrial development of any nation. The survival of any business is hinged on the availability of key resources. These are men, money and materials. No doubt, money can acquire quality men and both qualitative and quantitative resources.
Sustainable growth in the context of this paper uses the rate of growth in real gross domestic product GDP as proxy for economic growth and development. There is sustainable growth in a country when the GDP increases by an increasing rate within a period of time, normally one year. A GDP that increases by fits and starts lacks sustainability. The curve of sustainable growth is upward slopping to the right.

Poverty Reduction Funding in Nigeria
There are four major sources of funding poverty reduction by government. These are:
1. Government direct funding
2. External debts
3. Domestic debts
4. Donations from NGOs

Government Direct Funding and Sustainable Growth: Governance is all about provision of welfare to the citizens. It is the responsibility of government to provide not only the enabling environment but fund poverty through small and medium enterprises. This is supported by the work of (Mainoma, 2006). We therefore predict a positive relationship between government funding and sustainable growth.

External Debts and Sustainable Growth: In line with the external debts theory which postulates that it will provide additional capital injection into the economy hence it will improve our GDP. This argument is supported by (Kaldor, 1957) and (Adigun, 2010). Accordingly we predict a positive relationship between external debts and sustainable growth. Domestic Debts and Sustainable Growth: Financial institutions are to provide the necessary capital supports for private sector development. That is the essence of banking. Money deposits banks and other fiancé houses including federal government bonds can provides adequate domestic loans to the government in order to finance various poverty projects. Microfinance is the provision of a broad range of financial service to low income micro enterprises and household. The range of financial services usually includes savings, loans, insurance leasing, money transfer and others. Microfinance began as social innovators to offer financial services to the active for those who were described as "not bankable" because of their lack of deprivation of the rural and urban-poor dwellers. Thus, Microfinance provides financial services like savings, micro-credit (loan), money transfer and insurance product to the poor and low-income people as well as to their micro and small enterprises. Here, we predict a positive relationship between domestic debts and sustainable growth.

Donations from NGOs/Donor Agencies and Sustainable Growth: The inflow of foreign capital in the form of donations increases the country's GDP. Donations either locally or from foreign countries will definitely help in funding poverty projects. We predict a positive relationship between funding and sustainable growth.

Theoretical Framework

Poverty reduction arises from the deployment of human and financial resources towards technical transformation, which leads to economic development. Economic development results from an assessment of the economic development objectives with the available resources, core competencies, and the infusion of greater productivity, technology and innovation, as well as improvement in human capital resources and access to large markets (Kooros and Badeaux, 2007). It occurs when all segments of the society benefit from the fruits of economic growth through economic efficiency and equity.

Kaldor (1957) in his model attempted to adopt the Harrodian dynamic approach and the Keynesian technique of analysis by attempting to link technical transformation to capital accumulation (Jinghan, 2003).

The Harrod-Domar Model states that economic growth, as measured by GNP, is dependent on the stock of capital or net capital investment, with the exception of depreciation (Kooros and Badeaux, 2007). The model is stated as

$\Delta yt = yt - yt = (yk)(\Delta It - 10 - dkt - 1)$

Where = GDP or GNP; I = Gross investment; K = Capital Stock

d = Depreciation rate. This model represents the key import of the study which is based on the doctrine of Growth Accounting.

Growth Accounting refers to the rate of growth of totality of an economy into contribution from the growth of such inputs as capital, labour, and technical growth (Jhingan, 2003). This is an amalgamation of the work of Kendrich and Solow (1956), the leading economists who measured the contribution of the residual to the overall growth rate of the US economy.

Similarly, Solow's analysis emanated from the aggregate production function of technical change.

$$Q = F(K,L;t) \quad - \quad - \quad (1)$$

Where 1 denotes output, K represents Capital, L is for labour inputs, and t represents technical change.

Solow adopted Hicks-neutral technical change as a basis for postulating the following model:

$$Q = A(t)F(K,L) \quad - \quad - \quad (2)$$

$$Q/Q = A/A + A\,\delta F/\delta K \cdot K/Q + A\,\delta L/\delta F \cdot L/Q \quad - \quad (3)$$

Thus, Solow's fundamental equation is:

$$^{Q}/_{Q} = \ ^{A}/_{A} + \alpha(t)\,^{K}/_{K} + [1 - \propto(t)]\,^{L}/_{L} \quad - \quad (4)$$

This is presented on the assumption of constant returns to scale, the capital share and the labour share add to 1. If is the capital share, the share of labour is $1 - \imath\,(t)$

$$^{A}/_{A} = \ ^{Q}/_{Q} + \imath\,(t)\,^{K}/_{K} + [1 - \propto(t)]\,^{L}/_{L} \quad - (5)$$

Solow's work concluded that between 1909 and 1949 the rate of technical change based on a united time series where capital and output grew at approximately the same rate. His work revealed that the average growth rate of output per head in the U.S. can be attributed to 12.5% to the increase in capital per work and the residual 87.5% to technical change.

Some studies in Nigeria have contributed in shaping the direction of this research. For instance, Adofu and Abula (2010) posits that project ratings could be improved by leveraging private finance through the debts route provided such resources are expeditiously utilized to avert exposure of public sector inflation and exchange rate risks, and value erosion through interest payment. This indicates the importance of utility of debts to drive sustainable growth. Adofu and Abula (2010) using the OLS regression techniques and time series data, from 1986 – 2005 explored the relationship between domestic debt and economic growth in Nigeria, although their findings indicated that domestic debt affects the growth of the economy negatively. They advocate that government domestic borrowing should be discouraged and should increase its revenue base through its tax reform programme.

This study adopts the Horrod-Domor model of growth accounting, with some modifications from the works of Adofu and Abula (2010) as highlighted above.

Methodology and Model Specification

The research design adopted in this paper is correlational. A correlational research design is used to describe the statistical association between two or more variables. It is therefore, most appropriate for this study because it allows for testing of expected relationships between and among variables and the making of predictions regarding these relationships in everyday life events. The study's population consists of Federal Government of Nigeria and 36 States making a total of 37. The whole population is taken as the sample. The period covered by the study is thirty years from 1981 to 2010. The secondary data used were sourced from the published data of the Statistical Bulletin of the Central Bank of Nigeria, 2010. Ex-post facto research design was adopted for the study. The data, which is time series in nature would be analyzed and interpreted in order to facilitate a vivid conclusion on the effect of relationship between sustainable growth and poverty reduction funding.

The variables values are transformed to natural log to eliminate outliers that exist within the huge data range differences in currency. By doing so, it blends the data set to the extent, which can be guaranteed that the details of each data were taken into the statistical measure. For the purpose of analyzing the data and testing the hypotheses, multivariate regression analysis is used to test the effect of poverty reduction funding and sustainable growth in Nigeria. In regression analysis considering linearity, normality and stability of variance and independence of observations are of vital importance, we carried out robustness tests.

In this analysis, the small and medium enterprises component of the gross domestic product (GDP) at current basic prices is used here as a proxy for sustainable growth, which is the dependent variable (GDP). The components of poverty reduction funding serve as the independent variables and are defined as follows in the regression model that captures the hypotheses of the study is presented below:

$$GDP = \beta o + \beta l GODF + \beta 2 DNGO + \beta 3 EXTD + \beta 4 DOMD + e \qquad - \quad - \quad - \qquad 6$$

Where:

βo = Intercept

β1-4 = Coefficient of the independent variables

GODF = Government Direct Funding (Measured by total expenditure of state and federal government on poverty reduction programmes)

DNGO = Donations by NGOs (Measured by total Donations received from NGOs on poverty reduction programmes)

EXTD = External debts (Measured by total external debts taken by the state and federal government on poverty reduction programmes)

DOMD = Domestic debts (Measured by total domestic debts taken by the state and the federal government on poverty reduction programmes)

e = Residual or error term

Results and discussions

Multiple regression has been used to estimate the relation between the independent variables Government Direct Funding (GODF), External Debts (EXTD), Domestic Debts (DOMD) and Donations from NGOs (DNGO) and the dependent variable Sustainable Growth proxied by the Small and Medium Enterprises component of the gross domestic products (GDP). For the explained variable, the technique of least squares has been used to estimate the regression coefficient in the model of the form:

$$GDP = \beta 0 + \beta 1 GODF + \beta 2 DNGO + \beta 3 EXTD + \beta 4 DOMD + e \qquad - \quad - \qquad (7)$$

All variables are defined as in the model specification.

The results are presented in three sections. Section one present some basic statistics from the sample used in the study. Section two present the regression results for poverty reduction funding using the level of sustainable growth as dependent variable. Section three discusses the combine effect of explanatory variables on the explained variable of the Nigerian sustainable growth.

Basic Sample Statistics

The sample descriptive statistic is first presented in table 1, the correlation matrix is presented in table 2, and the regression result is contained in table 3.

Sample descriptive statistics

Table 1 shows the mean and standard deviation values of the variables used in the study as well as the values of tolerance and VIF for robustness test, Skewness and Kurtosis.

Table 1: Sample Descriptive Statistics.

Variable	Mean	Std. Dev	Skewness		Kurtosis		Tolerance	VIF
			Statistic	Std. Error	Statistic	Std. Error		
GODF	0.5214	0.05310	-.114	.254	-1.225	.503	0.865	1.230
EXTD	0.7200	0.48202	.217	.254	-.459	.503	0.792	1.158
DOMD	0.4875	0.18299	-.327	.254	-.214	.503	0.974	1.051
DNGO	0.6410	0.32032	.426	.254	-.473	.503	0.582	1.032

Source: Output from STATA

GODF= Government Direct Funding, EXTD = External Debts, DOMD = Domestic Debts, DNGO = Donations from NGOs

Table 1 indicates that, on average, during the period of the study the Government Direct Funding, External Debts, domestic debts and donation from NGOs have a mean of 52, 72, 49 and 64 percent respectively. External debts has the highest standard deviation of 0.48 signifying its low contribution to the sustainable growth, while Government Direct Funding has the lowest standard deviation which indicates its higher significant to the model. This can be confirmed by the values of the mean. The standard deviations of most of the variables are not far away from their respective means values. This indicates a favourable level of dispersion that the data is not skewed and good to produce a reliable result which is confirmed by the values of skewness and kurtosis.

The tolerance value and the variance inflation factor (VIF) are two advanced measures of assessing multicollinearity between the independent valuables of the study. The variances inflation factors were consistently smaller than ten indicating complete absence of multicollinearity (Neter, Kutner, Nachtsheim, and Wasserman, 1996). This shows the appropriateness of fitting the model of the study with the four independent variables. In addition, the tolerance values are consistently smaller than 1.00 thus further substantiates the fact that there is complete absence of multicollinearity between independent variables (Tobachnick and Fidell, 1996).

Correlation Matrix

The correlation matrix is used to determine the relationship between the dependent and independent variable of the study. The Pearson's Correlation Matrix was utilized to determine the strength and direction of the relationship between the different variables being investigated.

Table 2: Correlation Matrix

Variable	GDP	GODF	DNGO	EXTD	DOMD
GDP	1.0000				
GODF	0.28	1.000			
DNGO	0.76	-0.29	1.000		
EXTD	0.52	-0.14	0.182	1.000	
DOMD	0.43	-0.28	0.003	0.005	1.000

Source: Output from STATA

Table 2 indicates that there is a positive relationship between Sustainable growth and Government Direct Funding, Donations from NGOs, External and Domestic Debts. This implies that explanatory variables have contributed positively to the Sustainable growth of Nigeria. The correlations between the independent variables are all negative and insignificant implying that they are not related. This implies that there is no colinearity between the independent variables which signifies the fitness of the model too. However, the correlations between the dependent variable (Sustainable growth measured by changes in GDP) and independent variables (GODF, DNGO, DOMD and EXTD) are all positive and significant at 5% level of significance. The results of OLS in relation to the effect of Government Direct Funding, Donations from NGOs, Domestic Debts and External Debts on the Sustainable growth of Nigerian are presented and discussed below.

Poverty Reduction Funding	Sustainable Growth
Intercept	0.025** (2.920)
GODF	0.004* (1.324)
DNGO	0.011** (4.022)
EXTD	0.006* (0.620)
DOMD	0.008* (1.530)
R^2	0.94
Adjusted R^2	0.87
F. Sig.	0.001
Durbin Watson	2.010

Source: Regression Result Using STATA

Table 3 Relates Government Direct Funding, Donations from NGOs, Domestic Debts and External Debts to Sustainable growth. The estimated relationship for the model is:
Sustainable growth= 2.920 + 1.324(GODF) + 4.022(DNGO) + 0.620(EXTD) + 1.530(DOMD)

The model indicates that all the independent variables (GODF, DNGO, DOMD and EXTD) have significant impact on the sustainable growth. Thus, Government Direct Funding, domestic debts and External Debts have significant positive effect at 1% level each while Donations from NGOs has significant positive effect at 5% each level of significance.

The result of government direct funding from the research is supported by the investigation of Mainoma (2006) when he found that government must provide enough funding to poverty reduction to be meaningful so that economic growth will improve. With regards to the empirical findings on donations from NGOs, the result is in conformity with the findings of Ajayi (1999) and Akamiokhor (1983) where they all found that NGOs donations are good stimulants of poverty reduction. They also recommended that government should continue to source for more NGOs assistance. The result of external debts in financing poverty programme in Nigeria is significant. This finding is supported by the research conducted by Nwohoji (2010) and contradicts Emuwa (2007).

The findings indicate that funds mobilized from domestic debts significantly affected the quantum of poverty reduction funding. The findings are in-line with the investigation of Adigun (2010) and contradict Adofu and Abula (2010) respectively. The result of F statistics significant at 1% provides an evidence of rejecting the hypothesis that Government Direct Funding, Donations from NGOs, Domestic debts and External Debts have no significance effect on the sustainable growth of Nigeria. The Durbin – Watson Statistic indicates a complete absence of serial correlation within the period of the study.

Finally, the combined effect of the explanatory variables indicated in the model summary of the regression result shows that all of them have done well in predicting on the explained variable. The combined relationship between the dependent variables of the study is 94% which implies strong positive relationship. While the coefficient of determination R2 0.87 shows that the four independent variables occupies 87% of determining the sustainable growth of Nigeria through poverty reduction which contribution comes from small and medium enterprises components of GDP and the remaining 13% is covered by other factors. This signifies that the model of the study is fit and the result obtained is valid for inferences, policies and robust for generalization to African countries.

Conclusion and Recommendations

The study has concluded by providing both empirical and statistical evidence on the utility of four independent variables Government Direct Funding, Donations from NGOs, Domestic debts and External Debts in explaining and predicting sustainable growth of Nigerian through poverty reduction. Thus, Government Direct Funding increases the volume of GDP of Nigeria through poverty reduction. In line with this conclusion, it is therefore recommended that the federal government of Nigeria and state governments should vigorously embark on tax reform to improve their revenue bases while putting in place mechanisms. The study also recommends that government should ensure the synergy of poverty reduction funding instrument policy with the desire to improve sustainable growth and that all the tiers of government should drastically reduce recurrent spending and the associated wastages in order to focus on sustainable growth and development in line with vision 20:20:20 and same recommendations to African countries. Future research is suggested in this area to investigate the causality of the variables used.

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