

Analysis of How Public Spending, Inflation and Poverty Interact in West African Economies

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Abstract

The connections between poverty, inflation, and public spending are intricate and extensive. Public spending has a significant effect on the economy, which influences inflation and poverty. This study looks at how public spending, inflation, and poverty are related in thirteen (13) ECOWAS nations using the panel causality approach and annual data from 1990 to 2023 that was obtained from World Bank databases. The findings of the study highlight the critical role that capital spending and productive economic activity play in fostering welfare enhancement and poverty reduction by demonstrating that public spending has a unidirectional causal relationship with poverty reduction. For these countries to enhance their capital-based economy, the report recommends that the governments of such nations increase their public investment.

Keywords: *Public Expenditure, Inflation, Poverty, Capital-Based Economy, Welfare*

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Background to the Study

The current trend scenarios in West African countries present a mix of challenges and opportunities. The region has experienced modest economic growth but faces obstacles such as political instability, security threats, and vulnerability to external shocks (Dankumo, et al., 2021). Some countries show high-growth potential in sectors like agriculture, mining, and services. Political stability remains a concern due to electoral violence, corruption, and weak governance structures. Security challenges including terrorism, insurgency, and organized crime are prevalent, posing significant implications for poverty reduction and regional stability. West Africa's rapidly growing young population presents both opportunities and challenges. The region is working toward environmental sustainability and is vulnerable to the consequences of climate change. Initiatives to encourage regional integration, digital advancement, and innovation are in progress (Dankumo, et al., 2021). The economic downturns and stressed of healthcare systems resulted from the world-wide pandemic of COVID-19 buttress this point. It is essential to manage public spending, inflation, and poverty effectively to support sustainable poverty alleviation in West African economies. Tackling issues related to political stability, security threats, demographic changes, climate change, and economic diversification will be crucial for inclusive growth in the region. Collaborative efforts and innovation at the regional level can be instrumental in realizing the region's potential for a more promising future. Public spending, inflation, and poverty are key factors in understanding the economic development of any country. Investigating the connections between these variables can yield valuable insights into the effectiveness of government policies and their influence on a nation's economic health. With the support of relevant literatures and data, this study attempts to examine the connection between poverty, inflation, and governmental spending in West African economies.

Conceptual Literature Review

This section reviews some relevant concepts in the study in a view of giving the research a conceptual underpinning and background.

i. Concept of Public Expenditures

Public expenditures encompass government spending on diverse programs and services. In developing countries, public spending significantly affects economic growth and the reduction of poverty (Phiri, 2018). Public spending is essential to the provision of essential services including infrastructure, healthcare, and education in West African economies. Increased public spending has the potential to boost employment and aggregate demand, both of which are critical for reducing poverty (Potts, 2019).

ii. Inflation

Many economies around the world have struggled with inflation, which Ilyas et al. (2022) define as the pace at which the average level of prices for goods and services in an economy rises over time. Inflation has been a recurring problem in West African economies for a number of reasons, including supply shocks and an overabundance of

money. Bah (2017) highlights that inflation can adversely affect the poor by diminishing their purchasing power and lowering their living standards. High inflation can also distort economic decision-making and contribute to income inequality (Fosu, 2015).

iii. Poverty

Poverty is widespread in West African economies and people living below the poverty line is sizably increasing. It was estimated by the World Bank (2023) that 41 % of people in sub-Saharan Africa were living in extreme poverty in 2022. Disparities in income, access to basic services, and overall quality of life are just a few of the many ways that poverty manifests itself. Programs aimed at lowering poverty are crucial for addressing its root causes and enhancing the general well-being of the populace (Kalu, 2016).

iv. Relationship among Public Expenditures, Inflation, and Poverty

The relationship among public expenditures, inflation, and poverty in West African economies is intricate and multifaceted. Public expenditures can contribute to poverty alleviation by providing essential services and infrastructure to the populace. Nevertheless, excessive public expenditure can engender inflationary pressures, potentially undermining the efficacy of poverty alleviation initiatives.

Inflation can worsen economic inequality and reduce people's purchasing power, especially for those living in poverty. A study by Tchana et al. (2017), for example, emphasized how inflation has a major and detrimental effect on poverty in West African nations. Therefore, in order to promote lasting poverty reduction in the area, authorities must find a balance between public spending, inflation, and poverty reduction.

Theoretical Literature Review

German economist Adolph Wagner created Wagner's Law in the late 19th century, which states that government activity and spending typically increase in proportion to economic expansion. According to this theory, which is also sometimes referred to as "The Law of Increasing State Activity," governments increase their authority in order to satisfy rising economic needs (Wagner, 1838). Wagner stated that governments regularly broaden their jurisdiction to cover areas like healthcare, education, transportation, and communication, in addition to concentrating on long-term trends in public spending.

However, because of its historical foundation and incapacity to forecast future shifts in public spending, Wagner's Law has drawn criticism (Smith and Todaro 2015). But more government spending can boost economic growth by encouraging private investment, according to John Maynard Keynes' Keynesian Theory, which was established in the 1930s (Keynes, 1936). This idea states that government expenditure on public goods and services, like healthcare, education, and infrastructure, can boost the economy as a whole and reduce business cycle volatility (Jhingan, 2012).

Keynesian economists contend that budget deficits brought on by higher spending by the government can stimulate private sector investment and domestic output, both of which will ultimately spur economic expansion. However, in many nations and economic environments, the relationship between government spending and economic growth remains controversial. These theories provide fundamental viewpoints on how government spending and poverty alleviation are related. While Keynesian Theory stresses the proactive use of government spending to foster economic stability and growth, Wagner's Law emphasizes the progressive expansion of government services in reaction to economic growth. Assessing how public spending policies impact economic outcomes in diverse foreign contexts requires an understanding of these ideas and their applications.

Review of Empirical Literature

Governments, policymakers, and academics are very interested in the relationship among public spending, inflation and poverty according to numerous empirical studies that have thoroughly examined the interactions among the issues of public spending, inflation and poverty reduction in both developed and developing economies. Researchers disagree, meanwhile, about how it affects the fight against poverty. Numerous researches have been conducted on the topic, but the findings have been equivocal. By providing financing for relevant public sectors, public spending can assist developing countries in reducing poverty, according to certain study (Feriyanto et al., 2020). These initiatives are said to boost economic growth, reduce poverty, and create jobs. Nonetheless, a different body of research contends that attempts to eradicate poverty may be hampered by the high levels of public debt brought on by increases in public spending. This viewpoint holds that high levels of external or public debt may restrict the amount of money available for social spending and deter private investment, making it more difficult to reduce poverty. As a result, Ashraf et al. (2020) investigated the connection between poverty reduction and Pakistan's external debt using data spanning 1972 to 2018. They found that higher levels of foreign debt—which were necessary due to the increase in public spending—were closely linked to higher levels of poverty, both short-term and long-term. The authors recommend lowering dependency on external borrowing and putting responsible debt management techniques into place in order to combat poverty and advance sustainable development. By concentrating on a heavily indebted developing nation with numerous indicators of poverty, this study adds to the body of existing research. It advances the idea of debt overhang by highlighting how crucial it is to reduce excessive foreign debt in order to boost economic growth and fight poverty.

However, Fayzullokh et al. (2023) additionally looked at the impact of public spending on poverty reduction in emerging countries, accounting for other contributing factors such as population, inflation, economic growth, the human development index, and institutional quality. Using a panel data approach and a dataset including 20 developing countries over a 21-year period from 2000 to 2021, the authors demonstrated a robust and positive association between poverty and public spending. This implies that poverty in

developing countries can worsen as a result of excessive government spending. The authors emphasized that nations must prioritize debt sustainability and use caution when taking on debt in order to avoid detrimental effects on poverty levels, as high levels of public spending have the potential to exacerbate poverty in developing nations. Nonetheless, poverty is strongly correlated negatively with both economic growth and human development, indicating that these factors may be able to lessen poverty in developing nations. They emphasized how crucial it is for governments to combat poverty in all its forms, taking into consideration both the underlying causes of poverty and cutting back on government spending. These components include promoting economic growth, raising the bar for governance, and addressing other pertinent issues. Ochalibe et al. (2017) used a qualitative descriptive approach to data analysis in their investigation of the relationships between external loans and initiatives to fight poverty in Nigeria between 2010 and 2020. Their results demonstrated that Nigeria's external debt did not contribute to poverty alleviation and that the money was not used to finance successful businesses that could have done so. The research suggested that Nigeria's future external debt be allocated to projects with strong capital returns in order to fight poverty. Between 1975 and 2010, Naeem and Hamid (2016) examined the connection between economic growth, poverty alleviation, and public spending in South Asian nations (Bangladesh, India, Pakistan, and Sri Lanka). Using an empirical model, the study discovered that excessive public spending hindered overall economic growth and had a negative impact on economic expansion in the selected South Asian countries. The analysis found that the effects of the public foreign debt were comparable for the rich and the poor, despite the fact that there was no substantial correlation between income disparity and the debt or its servicing. In conclusion, the study offered insightful information about the intricate connections between economic growth, poverty alleviation, and government spending in South Asian countries.

Using the Auto Regressive Distributed Lag (ARDL) estimate technique, Akindutire and Yetunde (2019) investigated how Nigeria's external debt affected the country's efforts to fight poverty between 2000 and 2017. They discovered that although exchange rates, inflation, and debt service payments had detrimental short-term effects on poverty, they also had detrimental long-term effects, suggesting that poverty was gradually declining. The research suggested prudent use of external debt to fight poverty and foster national development. In an attempt to reduce poverty and enhance the standard of living for residents, it was proposed that a portion of these funds be used to provide public social goods and services. Economics, development studies, and policy making have all placed a lot of emphasis on the connection between poverty and economic growth. By highlighting other elements including GDP levels, inflation, and public health spending as factors that contribute to poverty reduction, especially in emerging nations, scholars have contested the widely held notion that poverty levels decline with economic growth.

According to the World Bank's (2014) analysis of global poverty trends, regions with substantial economic expansion also have lower rates of poverty, highlighting the critical role that economic growth plays in alleviating poverty. According to a study done in

Nigeria by Emerah and Ogege (2013), there is a long-term correlation between GDP and poverty alleviation. While Kasidi and Said (2013) showed using time series data that external debt and debt service had a significant impact on GDP growth, with the debt service payment having a negative effect and the overall external debt stock having a positive effect, they also found no long-term relationship between GDP and external debt. In contrast, Ijirshar and Godoo (2016) found that paying down external debt hinders economic growth over the long term and does not help reduce poverty. Similarly, Naheem and Sherbaz (2016) found that debt had a beneficial impact on both GDP and poverty, indicating that external debt and its repayment raise poverty levels in Pakistan. Research on the relationship between inflation and reducing poverty has produced mixed results. According to some researchers, inflation causes poverty since it lowers people's purchasing power, especially for those in low-income groups (World Bank, 2022). Romer and Romer (1998) assert that while hyperinflation can exacerbate poverty, low inflation is not always associated with higher rates of poverty. Chani et al. (2011) verified that inflation had a short-term positive impact on poverty using the ARDL model.

According to research by Galindo and Ros (2008), those in need may benefit somewhat from inflation in Latin America, particularly if they have assets like real estate that shield them from price increases. They concluded that the way inflation affects poverty is significantly influenced by the economic structure and the assets held by those living in poverty. The impact of health and education in reducing poverty was examined by Janjua and Kamal (2014), who emphasized that effective use of public funds for these areas not only enhances health and educational outcomes but also lowers poverty. Subsequent research examined how the unemployment rate affected efforts to reduce poverty and found that it was a hindrance. Feriyanto et al. (2020) investigated the effects of real gross regional product (GRDP), minimum wage, and unemployment on the battle against poverty in Indonesian provinces. They discovered that unemployment and salaries significantly reduced poverty in these areas. Therefore, reducing unemployment, preserving price stability to safeguard purchasing power and wage levels, and raising real GDP per capita to combat poverty must be the primary objectives of Indonesian government policy.

In 2015, Kiaušienė carried out research on the connection between poverty and unemployment in European nations. The percentage of unemployed women in this group increased as a result of the results, which demonstrated a positive relationship between female unemployment and the probability of living in poverty. On the other side, a low unemployment rate may contribute to a decrease in the number of people living in poverty due to the income earned by those who are employed. Kiaušienė's research revealed that women had a lower unemployment rate than men. Furthermore, despite Nigeria's ranking as the 158th most developed nation in the world, a 2015 study by Adejimi and Ogunode found that the unemployment rate had a substantial impact on poverty in the country.

The importance of effective government in reducing poverty was highlighted by Aloui (2019), who used data from 1996 to 2016 to examine the relationship between governance and poverty reduction in sub-Saharan Africa. The study showed that governance variables have both positive and negative effects on poverty reduction in sub-Saharan African countries. According to the World Bank (1994) and Wei (1999), fighting corruption can help reduce poverty. These programs are frequently predicated on the idea that battling corruption will boost economic expansion and benefit the economy overall. Additionally, Anderson (2003) noted that those living in poverty are less equipped to defend themselves against harm and financial loss resulting from political power-related violence. Police violence against the poor is more likely to occur in many nations than against the wealthy. Inadequate property rights protection also has a detrimental effect on the poor. Anderson thus illustrated how strengthening the rule of law might aid in the fight against poverty.

Techniques of Data Analysis

This study focuses on the Keynesian theory, which serves as the foundation for the model used. Examining the relationship between public spending, inflation, and poverty in thirteen ECOWAS countries (Benin, Burkina Faso, Gambia, Ghana, Guinea, Guinea Bissau, Cote D'Ivoire, Mali, Niger, and Nigeria) from 1990 to 2023 is the aim of the study. Cubic spline interpolation will be used to manage missing data in some countries to provide precise estimation with balanced panel data. Panel data from these nations for the designated time period will be used to meet the study's goals; the data will be taken from the World Development database (WDI, 2023). Two data analysis methods are used in this work to guarantee the correctness of our estimation: The Fully Modified Ordinary Least Square (FMOLS) technique and the panel Autoregressive Distributed Lag (PARDL) approach. Previous research has shown that the ARDL technique is well-suited to handling probable non-stationarity and heterogeneity of data over extended periods of time and with significant sample sizes. Two factors led to the selection of the ARDL approach: it performs well in data estimation for a combination of I(0) and I(1), but not larger than I(1), and it takes into consideration the effects of both heterogeneity and non-stationarity in the data.

According to Keynesian analysis (Jhingan, 2012), a rise in public spending promotes economic growth, improves wellbeing, and may aid in the fight against poverty. Basically, as the human development indices (HDI) show, increased government spending leads to changes in poverty reduction.

$$HDI = f(PEXP, GDP, Z) \dots \dots \dots 1$$

The relationship among public spending, inflation and poverty reduction, previously discussed in the literature, is formally described by the panel model equation that follows:

$$HDI_{it} = \beta_0 + \beta_1 EXP_{it} + \beta_2 IFL_{it} + \beta_3 Z_{it} + \mu_{it} \dots \dots \dots 2$$

The econometric function that is estimated in this work explicitly reflects the relationship between these three variables – public spending, inflation, and poverty reduction – as shown by equation (2) above, where Z stands for control variables is given in equation (3) below:

$$HDI_{it} = \beta_0 + \beta_1 \ln GDP_{it} + \beta_2 GEX_{it} + \beta_3 GCF_{it} + \beta_4 GEED_{it} + \beta_5 IFL_{it} + \beta_6 LFP_{it} + \beta_7 LEX_{it} + \beta_8 PSCE_{it} + \mu_{it} \dots \dots \dots 3$$

An overview of the meaning of the econometric abbreviation is provided in Table 1 below:

Table 1.

Variable	Description	Measurement
HDI	Human Development Index proxy of poverty reduction	Index
GDP	Gross Domestic Product	Using constant 2022 US\$
GEX	Final Consumption by the Government Expenditure	Using a percentage of GDP
GCF	Gross fixed capital formation	Using a percentage of GDP
GEED	Total government spending on education	Using a percentage of GDP
IFL	Inflation	Consumer Price Index
LFP	Rate of labor force participation	percentage of the population aged 15–64
LEX	Life expectancy	years of life expectancy at birth
PSCE	Primary school enrollment	percentage of gross enrolment
i and t	Denote the country and time respectively	
$\beta_1 \dots \beta_8$	Coefficients	
μ_{it}	Stochastic error term.	

Discussions of Findings

The empirical data is displayed using a variety of techniques, including unit root test analysis, panel cross-sectional dependency, and descriptive statistics.

Descriptive Statistics

Table 2 below displays the descriptive result along with the skewness and standard deviation of the 429 data, as well as the low, mean, and maximum values of the variables employed in this study.

Table 2: Descriptive Statistics for Variables

Variables	Sample size	Mean	Standard Deviation	Minimum	Maximum	Skewness	Kurtosis
HDI	429	0.388	0.145	0.000	0.632	-1.492	4.908
GDP	429	3.360e+10	7.810e+10	7.610e+08	6.170e+11	4.032	19.137
GEX	429	11.797	4.392	0.911	26.065	0.206	3.276
GEED	429	3.069	1.504	0.300	9.087	0.622	4.180
GCF	429	18.524	7.644	-2.424	53.122	1.051	5.954
IFL	429	8.100	11.394	-7.797	72.836	2.626	11.482
LFP	429	65.143	8.440	46.882	85.696	0.223	2.295
LEX	429	55.148	5.431	41.852	68.526	-0.214	2.627
PSCE	429	81.964	26.040	26.187	156.445	-0.010	2.611

Source: Authors' Compilation 2023 from E-Views 13

Before selecting the optimal method, panel data econometric analysis of different economies must be checked for cross-sectional dependence (CD) as suggested by Kumeka et al., (2023). Panel data analysis may lead to CD because of shared socioeconomic networks, proximity, environmental factors, and other unobserved factors. The results of panel regression analysis could be inaccurate if these aspects are not considered beforehand (Kumeka et al., 2023). Consequently, we used the Breusch and Pagan (1980) LM test in this investigation; the outcomes are shown in Table 3.

With the exception of the government spending (GEX) variable, the results show the existence of cross-sectional dependence (CD) at levels and starting disparities. This implies that the variables we are dealing with are of order $I(0)$ and $I(1)$. After CD was established, we employed the Covariate Augmented Dicky Fuller test (CADF), a second-generation unit root test, because first-generation approaches would not be suitable or reliable for this type of study (Pesaran, 2007).

The authors of the study used the fully modified ordinary least square (FMOLS) data to assess the robustness of the ARDL conclusion. It was discovered that both outcomes were consistent. Starting with the most important factors, the ARDL results indicate that GDP and government spending (GEX) have a short-term negative influence on reducing poverty, but this effect is negligible for all West African nations. These results are consistent with those of Madaki and Waren (2012), Nwolisa and Amakor (2019), and Deepti and Deepak (2020). It was shown that the rate of poverty alleviation decreases by 0.052% for every 1% increase in government spending.

Table 3: Cross-Sectional Dependency Test and Second-Generation Unit Root Test

CD		CADF				
At Level						
VARIABLES	CD TEST	P-VALUE	CORR.	ABS (CORR.)	WITHOUT TREND	WITH TREND
HDI	46.21	0.000	0.926	0.926	-1.461*	-0.537
GDP	47.45	0.000	0.950	0/950	-0.564	-0.297
GEX	0.65	0.508	0.012	0.368	-2.606**	-1.326
GEED	4.63	0.000	0.092	0.395	-1.953*	-0.803
GCF	4.83	0.000	0.098	0.342	-0.466	0.647
IFL	12.95	0.000	0.258	0.346	-5.790***	-4.636***
LFP	15.65	0.000	0.313	0.692	3.223**	0.349
LEX	47.58	0.000	0.952	0.952	-2.671	-0.683
PSCE	35.58	0.000	0.711	0.755	-1.353*	0.148
First Difference						
DHDI	6.67	0.000	0.137	0.202	-4.491***	-3.468***
DGDP	4.83	0.000	0.099	0.167	-3.630***	-4.582***
DGEX	1.41	0.155	0.028	0.128	-7.073***	-5.570***
DGEED	0.06	0.958	0.001	0.141	-3.397***	-3.753***
DGCF	0.53	0.559	0.011	0.151	-4.683***	-7.222***
DIFL	9.48	0.000	0.194	0.266	-6.574***	-4.721***
DLFP	13.42	0.000	0.272	0.301	-1.235*	-8.231***
DLEX	14.50	0.000	0/296	0.341	-7.403***	-7.263***
DPSCE	3.19	0.001	0.066	0.179	-4.946***	-9.321***

Source: Compilation of Authors, 2023.

NB: The null hypothesis is rejected at the 1%, 5%, and 10% levels of significance, respectively, shown by the symbols ***, **, and *.

Similarly, a 1% increase in GDP is equivalent to a 0.1115% decrease in short-term poverty in a typical West African economy. The administration is considering the long-term effects. Spending has a positive but statistically insignificant effect on poverty reduction. This suggests that the reduction of poverty is impacted by a 1% increase in government spending by 0.016%. Additionally, GDP has a positive and statistically significant 1% impact on poverty reduction. Additionally, for every 1% increase in GDP, poverty reduction in ECOWAS countries rises by about 1.427%. Additionally, poverty is somewhat but favorably reduced by government spending on education.

Table 4: Regression Result – Multivariate
Panel A: Long-run Estimate

VARIABLE	ARDL Result	FMOLS Result
lnGEX	0.0155 (0.0180)	0.056 (0.030)
lnGDP	1.4269*** (0.3673)	0.165*** (0.011)
lnGEED	0.0004 (0.0089)	-0.008 (0.021)
lnGCF	0.0336 (0.0203)	-0.095*** (0.015)
lnIFL	-0.0065 (0.0028)	-0.072*** (0.017)
lnLFX	0.2578 (0.1227)	0.442*** (0.014)
LnLFP	0.7480** (0.22387)	0.107*** (0.009)
lnPSCE	0.2233*** (0.0410)	0.029*** (0.018)
C	-0.2574** (0.0823)	

Source: Authors' Compilation 2023 from E-Views 13

Panel B: Short-run Estimate

VARIABLE	ARDL Result	FMOLS Result
ΔGEX	-0.0524 (0.0179)	
ΔGDP	-0.1147 (0.0875)	
ΔGEED	0.0059 (0.0093)	
ΔGCF	0.0127 (0.0073)	
ΔIFL	0.0017 (0.0018)	
ΔLFX	0.5094 (0.2662)	
ΔLFP	0.3020 (0.2541)	
ΔPSCE	0.0402 (0.0510)	
CointEq(-1)	-0.0523 (0.0198)**	

Source: E-Views 13 Authors' Compilation 2023

NB: Note that significant statistical values at 1%, 5%, and 10% are denoted by the symbols ***, **, and *. Standard errors (S.E.) are indicated by numbers in parenthesis.

The rate of poverty reduction improves by 0.0004 percentage points for every 1% increase in government spending. Poku et al. (2022) found a weak but positive relationship between poverty reduction and gross fixed capital output. Specifically, for every 1% increase in gross fixed capital production, poverty reduction rises by 0.034 percent. Since inflation indicates a continuous rise in the price of goods and services, which reduces purchasing power and the standard of life, its negative consequences on ending poverty are consistent with economic theory. Additionally, our results show a statistically small but favorable correlation between poverty reduction and life expectancy. Labor force participation and poverty reduction are strongly and favorably correlated; for every 1% increase in labor force participation, poverty reduction increases by 0.748 percent. A one percent increase in primary school enrollment results in a 0.223 percent increase in poverty across ECOWAS countries, demonstrating the positive and statistically significant influence of primary school attendance on poverty reduction.

Furthermore, the model will ultimately attain its steady state given the short-run speed of adjustment, $CointEq (-1)$, is 0.0523 and exhibits the required characteristics—the correct sign (-), statistical significance at the five percent level, and being less than one. This analysis concludes that primary school attendance, labor force participation, and gross domestic product have a positive and statistically significant impact on the alleviation of poverty in ECOWAS countries. Additionally, the study concludes that poverty is not considerably reduced by government spending on education. This may be the result of widespread corruption in West African countries or the underreporting of government expenditures on education. One possible contributing factor is the low amount of funding allotted to education development, which includes insufficient infrastructure provision, inadequate teacher training, and low teacher wages and pay in most countries that fall short of UNESCO's recommended norms. Public spending and poverty reduction in the ECOWAS countries for the time under consideration were shown to have a long-term but negligible relationship, which may have contributed to the region's ranking as the least developed in the world (Africa Human Development Report, 2016).

Summary and Recommendations

This study looks at the connection between government spending, inflation, and poverty reduction in the 20 countries that comprise the Economic Community of West African States (ECOWAS). The World Development Indicators (WDI) data from 1990–2023 and panel data analysis were used to investigate the connections between public spending, inflation, and poverty alleviation in thirteen (13) ECOWAS nations. The Human Development Index (HDI) serves as a proxy for poverty reduction in this study, which combines descriptive and quantitative analysis. The analysis used the Fully Modified Ordinary Least Square (FMOLS) strategy to ensure the results were robust and the Panel Autoregressive Distributed Lag (PARDL) approach to accomplish the main goal. Regression 14 analysis shows a substantial yet long-term relationship between public spending and poverty reduction in ECOWAS countries during the review period. In light of the possibility that improvements in the trends of the human 2 development index might be made in a comparatively short period of time, it implies that public money has not been adequately employed to assist 14 poverty reduction in the ECOWAS region. In light of the study's findings, the authors recommend that all governments increase their spending on healthcare and education, put in place sensible monetary and fiscal policies, prioritize capital projects over ongoing ones, and promote higher enrollment rates across the board by making sure public schools have adequate facilities.

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