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Effect of Political Instability on Human Development in Nigeria

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ABSTRACT

This study investigates the impact of political instability, specifically Control of Corruption (COIN), Government Effectiveness (GOTE), and Political Stability and Absence of Violence/Terrorism (POLS), on human development proxied Poverty (POVT) in Nigeria from 1995 to 2023. Using descriptive statistics, the Augmented Dickey-Fuller (ADF) unit root test, bounds cointegration analysis, and the Auto-Regressive Distributed Lag (ARDL) model, the study examines both the short-run and long-run relationships between governance indicators and poverty reduction. The results reveal that control of corruption and government effectiveness significantly reduce poverty in the long run, supporting the institutional theory that emphasizes the role of effective governance in economic development. However, their short-run effects show mixed outcomes, with initial increases in poverty due to transitional economic disruptions. Conversely, political stability, while critical for economic growth, shows that political stability is positively associated with poverty in the short and long run, suggesting that stability alone is insufficient for poverty reduction unless accompanied by targeted economic recovery programs. The error correction term is highly significant, confirming a rapid adjustment toward long-run equilibrium. The model exhibits strong explanatory power ($R^2 = 0.975$), though potential overfitting warrants cautious interpretation. Based on the findings, this study recommends integrating anti-corruption reforms with social safety nets, enhancing government efficiency through institutional strengthening, and ensuring political stability translates into inclusive economic development.

Keywords: Control of corruption, government effectiveness, political stability, Absence of Violence/Terrorism and poverty.

1. Introduction

Nigeria, often referred to as the "Giant of Africa," is the continent's most populous nation, with an estimated population of over 227 million as of 2023 (World Bank, 2023). The country is endowed with vast natural resources, including significant oil reserves, making it one of the largest economies in Africa. However, despite its economic potential, Nigeria faces persistent challenges in human development, particularly in reducing poverty. According to the World Bank (2022), approximately 40% of Nigerians lived below the international poverty line of \$1.90 per day in 2018/2019, a figure that has likely worsened due to recent economic shocks such as the COVID-19 pandemic and rising inflation.

Political instability has been a recurring issue in Nigeria since its independence in 1960, manifesting through military coups, electoral violence, ethnic tensions, and insurgencies like banditry and Boko Haram. The Worldwide Governance Indicators (WGI) provide a quantitative lens to assess political instability in Nigeria. In 2023, Nigeria scored -1.77 (on a scale of -2.5 to 2.5) in Political Stability and Absence of Violence/Terrorism, indicating significant instability (World Bank, 2023). Similarly, the country's score for Control of Corruption was -1.04, and Government Effectiveness stood at -0.85, reflecting weak governance structures (World Bank, 2023). These governance deficits have profound implications for human development, as they undermine the efficient allocation of resources, erode public trust, and exacerbate socio-economic inequalities.

Scholarly literature has extensively explored the nexus between political instability and human development. Alesina and Perotti (1996) argue that political instability disrupts economic growth by creating uncertainty, which in turn affects investment and poverty alleviation efforts. In Nigeria context, scholars like Uma and Eboh (2013) posit that pervasive nature of corruption in Nigeria has affected various sectors of the economy, leading to misallocation of resources, selfishness, and improper allocation of scarce resources. Acemoglu et al. (2005) argue that weak institutions lead to resource misallocation and policy failures, disproportionately affecting the poor by limiting access to basic services and economic opportunities. In Nigeria, corruption has diverted substantial public funds meant for poverty alleviation. The Nigerian Economic and Financial Crimes Commission (EFCC) estimated that over N50 billion is lost annually to corruption, undermining investments in healthcare, education, and infrastructure (EFCC, 2019). Moreover, the persistent violence in regions like the Northeast, driven by Boko Haram, has displaced over 3 million, further deepening poverty (UNHCR, 2022).

Statement of the Problem

Nigeria's high poverty levels, juxtaposed against its resource wealth, present a paradox that demands investigation. The poverty headcount ratio, which measures the proportion of the population living below the poverty line, remains alarmingly high, with recent estimates suggesting that over 83 million Nigerians were living in extreme poverty in 2018/19 (World Bank, 2022). This situation persists despite various poverty alleviation programs, such as the National Social Investment Programme (NSIP) and the Government Enterprise and Empowerment Program (GEEP), suggesting systemic barriers to effective implementation.

Political instability, characterized by weak control of corruption, poor government effectiveness, and frequent violence, appears to be a significant impediment. For instance, Transparency International (2023) ranked Nigeria 145 out of 180 countries in its Corruption Perceptions Index, with a score of 24 out of 100, indicating rampant corruption. Similarly, the underperformance is attributed to a lack of capacity to address complex governance issues, with political leadership driven by self-interest rather than public good, further exacerbating poverty (Yagboyaju and Akinola, 2019). Violent conflicts, such as those in the Niger Delta and Northeast, have displaced populations and disrupted economic activities, contributing to higher poverty rates (UNHCR, 2022).

While existing studies have examined the broader impacts of political instability on economic growth, there is a paucity of research specifically addressing how these dimensions; control of corruption, government effectiveness, and political stability affect the poverty headcount ratio in Nigeria. This study seeks to fill this gap by empirically analyzing the relationship between these governance indicators and poverty, providing insights into how political instability undermines human development in Nigeria from 1995-2023. Specifically, to assess the relationship between control of corruption and the poverty headcount ratio in Nigeria; examine the impact of government effectiveness on the poverty headcount ratio in Nigeria; and to analyze the effect of political stability and absence of violence/terrorism on the poverty headcount ratio in Nigeria.

2. Literature Review

Institutional Economics Theory

One foundational theory is the institutional economics perspective, notably advanced by Douglass North (1990), posits that the quality of institutions is a fundamental determinant of economic performance and human development. North argues that effective institutions, including those ensuring control of corruption and government effectiveness, reduce transaction costs and foster an environment conducive to investment and growth. In the context of this study, corruption, in particular, distorts economic incentives and reduces the efficiency of resource allocation, thereby worsening poverty levels (Mauro, 1995). Similarly, high government effectiveness ensures efficient public service delivery, which can directly improve human development outcomes by reducing poverty through targeted interventions (North, 1990). Studies agree that improving institutional quality and governance is crucial for poverty alleviation (Siddique et al., 2016; Coccia, 2021; Curtis, 2021).

Political Economy of Development

Complementing this, the political economy framework highlights the interplay between political institutions and economic outcomes (Bardhan, 1997). Political stability fosters investor confidence, ensuring economic growth and poverty reduction, whereas instability leads to capital flight, reduced foreign direct investment, and economic stagnation (Alesina et al., 1996). In addition, the absence of violence and terrorism is crucial for sustained economic growth. Conflict and political violence destroys infrastructure, disrupts livelihoods, and diverts public funds from social welfare programs to military spending, leading to worsened poverty (Goodhand, 2001; Justino, 2007).

Capability Approach

Another relevant framework is Amartya Sen's capability approach which provides a complementary lens, emphasizing human development as the expansion of individuals' freedoms and capabilities to lead lives they value (Sen, 1999). Poverty, in this framework, is not merely a lack of income but a deprivation of basic capabilities, such as access to health, education, and economic opportunities all of which are influenced by governance quality. Political instability, including corruption and ineffective governance, restricts these capabilities by misallocating resources or creating barriers to service delivery. For instance, Dreze and Sen (2013) argue that in regions such as in the developing nations where corruption is high and governance is weak, public goods such as education and healthcare become inaccessible to the poor, reducing their opportunities for upward mobility.

Public Choice Theory

Public choice theory according to Buchanan and Tullock (1962) argues that government officials and politicians, like individuals in the market, are primarily motivated by self-interest and may make decisions that benefit themselves rather than the broader public good, even when acting in a political capacity, as outlined by James Buchanan and Gordon Tullock in their work "The Calculus of Consent" (1962). Scholars argue that corruption significantly impedes sustainable economic development and human well-being. It distorts resource allocation, undermines public finances, and hinders private sector performance and poor human development outcomes (López-Claros, 2013; Claros, 2015). When corruption is pervasive, it leads to misallocation of public resources, reducing government effectiveness and human development (World Bank, 2016). Corrupt practices can divert funds from poverty alleviation programs, leading to persistent inequalities (Blackburn and Forgues-Puccio, 2007).

Modernization Theory

Finally, modernization theory posits that political stability and good governance are prerequisites for economic and social development (Lipset, 1959). Countries with strong institutions and effective governance structures tend to experience sustained economic growth and poverty reduction, whereas

those with frequent political turmoil remain underdeveloped (Przeworski et al., 2000). Research papers collectively highlight the detrimental effects of terrorism and political instability on economic development, particularly in developing regions. Terrorism and political violence negatively impact GDP growth, foreign direct investment, and total factor productivity, thereby preventing poverty alleviation (Shahrestani and Anaraki, 2011). Scholars like King et al. (2020) found that in Sub-Saharan Africa, political instability directly hinders economic development

Empirical Review

Using cross-country data analysis from Botswana and other African countries, Kapunda and Moffat (2012) found that controlling corruption in Botswana has led to economic growth and reduced poverty.

Denilson et al. (2022) used the Dumitrescu and Hurlin (2012) panel causality test to examine the causal relationship between corruption and poverty in South American countries from 2002 to 2018. Their findings revealed that control of corruption has a one-directional causal influence on poverty in South American countries.

Using Moderated Regression Analysis (MRA) and secondary data sourced from government and non-governmental organizations Hazmi (2014) found that corruption has a significant negative impact on the poverty rate in Indonesia.

Iskandar and Saragih (2018) investigated and analyze the short and long-run relationship between corruption and poverty in Indonesia. They used secondary data from World Bank and Transparency International 1995-2017. Their study adopted the Autoregressive Distributed Lag (ARDL) and dynamic Error Correction Model (ECM) for data analysis. Their findings revealed that corruption has a positive and significant effect on poverty in the long run, with a 1% increase in corruption leading to a 1.36% increase in the poverty ratio.

Gasperz (2024) examined the connection between government performance and poverty in a process tracing mechanism, utilizing documentation and archival records of Maluku Barat Daya and Halmahera Timur in East Indonesia, 2016-2019. Their findings revealed that poor government performance negatively influences poverty through its impact on education and infrastructure.

3. Methodology

This study adopted the retrospective research design as the systematic plan to guide this investigation and data collection process. The data for this study was obtained from the World Development Indicators and National Bureau of Statistics from 1995 to 2025. While the model specification for this study was anchored on the Institutional Economics theory by Douglass North (1990). The functional specifications of the model are as follows:

$$POVT = f(COIN, GOTE, POLS) \quad (1)$$

The linear regression equation for this study is specified as follows:

$$POVT = \beta_0 + \beta_1 COIN + \beta_2 GOTE + \beta_3 POLS + \mu_t \quad (2)$$

where:

POVT = Poverty Rate

COIN = Control of Corruption

GOTE = Government Effectiveness

POLS = Political Stability and Absence of Violence/Terrorism

β_0 = Constant parameter, while the $\beta_1 - \beta_3$ are the coefficients

μ_t = error term

4. Data Analysis

The data analysis covered the basic descriptive statistics, unit root and cointegration tests alongside model estimation and Residual diagnostics tests.

4.1 Descriptive Statistics

The descriptive statistics for the variables are presented in Table 4.1.

Table 4.1: Summary of descriptive statistics

	POVT	GOTE	COIN	POLS
Mean	56.92604	-1.037094	10.59318	-1.733930
Median	55.50500	-1.024329	11.30390	-1.867300
Maximum	66.90000	-0.847907	18.93204	-0.588244
Minimum	40.10000	-1.213150	0.529101	-2.211123
Std. Dev.	5.737882	0.095310	4.589573	0.407531
Skewness	-0.471049	-0.168233	-0.496437	1.421728
Kurtosis	3.867983	2.318687	2.684189	4.228609
Jarque-Bera	1.914434	0.673629	1.266459	11.19384
Probability	0.383960	0.714041	0.530875	0.003709
Sum	1593.929	-29.03863	296.6089	-48.55004
Sum Sq. Dev.	888.9289	0.245266	568.7328	4.484192
Observations	28	28	28	28

Source: Author's computation using E-views 12, (2025)

The descriptive statistics results in table 4.1 is based on a dataset comprising 28 observations, and the summary statistics reveal significant variations across the key variables. The poverty rate (POVT) exhibited an average value of 56.93%, fluctuating between a minimum of 40.10% and a maximum of 66.90%. This suggests a substantial range in poverty levels, which may be influenced by structural and policy-driven factors within the political economy.

Government effectiveness (GOTE), a critical determinant of state capacity, recorded a mean of -1.03%, with values ranging from -1.21% to -0.84%. This negative trend underscores the challenges associated with bureaucratic efficiency, public service delivery, and institutional credibility within the observed period.

Control of corruption (COIN) presents a more promising outlook, averaging 10.59%, with values spanning from 0.52% to 18.93%. The relatively high mean indicates some success in anti-corruption measures, yet the wide dispersion suggests inconsistencies in governance reforms and enforcement mechanisms. Meanwhile, political stability and absence of violence/terrorism (POLS) averaged -1.73%, with values ranging from -2.21% to -0.58%. The persistent negative values highlight systemic vulnerabilities in governance, which could have adverse effects on economic growth and human capital formation

The standard deviations indicate that most observations are closely clustered around their mean values, except for government effectiveness (GOTE) and political stability (POLS). This suggests relatively higher volatility in these dimensions compared to human development (proxied by poverty) and corruption control.

The Jarque-Bera probability values further illustrate the distributional characteristics of the variables. Notably, while POLS is non-stationary at the 5% significance level ($p = 0.0037$), the remaining variables (POVT, GOTE, and COIN) exhibit stationarity.

Unit Root Test

As a precondition to time series analysis, the unit root test was conducted using the ADF method to ascertain the stationary process of the series. The results are presented in Table 4.3.

Table 4.2: ADF unit root test results

Variable	ADF statistic at levels	5% critical value	ADF statistic at 1 st difference	5% critical value	Order of integration
POVT	-4.073051	-2.976263	NA	NA	I(0)
GOTE	-3.154582	-2.976263	NA	NA	I(0)
COIN	-1.308028	-2.976263	-4.530569	-2.981038	I(1)
POLS	-1.825129	-2.976263	-4.798846	-2.981038	I(1)

Source: Author's computation using E-views 12

The results of the Augmented Dickey-Fuller (ADF) unit root test in table 4.2 provide critical insights into the time series properties of the examined variables, highlighting their stationarity and order of integration. The ADF result show that Poverty rate (POVT) and government effectiveness (GOTE) were found to be stationary at levels, as their ADF test statistics of -4.073051 and -3.154582, respectively, exceed the 5% critical value of -2.976263. This implies that these variables are integrated at order zero, $I(0)$, meaning they exhibit no unit root and are stable over time, allowing for direct modeling without differencing. Conversely, control of corruption (COIN) and political stability and absence of violence/terrorism (POLS) were found to be non-stationary at levels, with ADF statistics of -1.308028 and -1.825129, both failing to exceed the 5% critical threshold. However, after first differencing, these variables became stationary, as indicated by their ADF values of -4.530569 and -4.798846, which surpass the critical value of -2.981038 at the 5% significance level. This suggests that COIN and POLS are integrated at order one, $I(1)$, meaning they exhibit persistent trends over time and require differencing to achieve stationarity.

The mixed integration of variables, with some at $I(0)$ and others at $I(1)$, necessitates the application of a bounds cointegration approach to assess the long-term relationships between political instability indicators and human development.

Bounds Cointegration Test

Table 4.3: ARDL Bounds cointegration test result

	F-STATISTIC	K	Critical value	
			Lower bound 5%	Upper bound 5%
POVT	7.457276	4	2.86	4.01

Source: Author's computation from E-views 12

Note: K denotes the number of regressors

The results, as shown in Table 4.3, indicate a statistically significant long-run association between poverty and the political instability indicators. With an F-statistic of 7.457276, the computed value exceeds both the lower and upper bound critical values at the 5% significance level (2.86 and 4.01, respectively). This provides strong evidence that a long-run equilibrium relationship exists between the dependent variable (POVT) and the independent variables (COIN, GOTE, and POLS).

Model Estimation

The ARDL model was estimated following the evidence of mixed integrated and cointegrated series. The results are presented in Table 4.4.

Table 4.4: ARDL short and long run results

Short-run results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	162.5474	20.32551	7.997209	0.0041
@TREND	-0.677856	0.191895	-3.532437	0.0386
D(POVT(-1))	3.237809	0.503489	6.430749	0.0076
D(POVT(-2))	2.564062	0.347672	7.374940	0.0052
D(POVT(-3))	1.925101	0.293637	6.556052	0.0072
D(COIN)	-1.022590	0.291071	-3.513199	0.0391
D(COIN(-1))	1.920756	0.464862	4.131886	0.0257
D(COIN(-2))	2.332937	0.398280	5.857533	0.0099
D(COIN(-3))	4.399085	0.576778	7.627004	0.0047
D(GOTE)	-111.5483	19.76840	-5.642758	0.0110
D(GOTE(-1))	132.0872	15.63002	8.450862	0.0035
D(GOTE(-2))	118.2035	13.18672	8.963831	0.0029
D(GOTE(-3))	41.87915	7.430264	5.636293	0.0110

D(POLS)	26.97145	6.497496	4.151053	0.0254
D(POLS(-1))	34.79324	6.799293	5.117185	0.0144
D(POLS(-2))	15.41069	5.508854	2.797440	0.0680
D(POLS(-3))	-10.86959	5.004955	-2.171765	0.1183
CointEq(-1)*	-4.939667	0.629194	-7.850790	0.0043

Long-run results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
COIN	-1.114053	0.168754	-6.601642	0.0071
GOTE	-52.51393	15.46787	-3.395033	0.0426
POLS	9.044544	1.796542	5.034417	0.0151

R-squared = 0.975358; Adjusted R-squared = 0.905538.

Source: Author's computation using E-views software 12

The ARDL (Auto-Regressive Distributed Lag) model results in Table 4.4 provide a detailed examination of the impact of Control of Corruption (COIN), Government Effectiveness (GOTE), and Political Stability and Absence of Violence/Terrorism (POLS) on poverty (POVT) in Nigeria. The findings suggest significant short-run and long-run effects, offering valuable insights into how political instability affects human development outcomes.

The short-run analysis reveals a negative and statistically significant relationship between control of corruption and poverty at the current period (coefficient = -1.022, $p = 0.0391$), implying that an increase in anti-corruption efforts reduces poverty in the immediate term. However, at lag 1, lag 2, and lag 3, the relationship becomes positive and statistically significant, indicating that a one-unit increase in COIN raises poverty by 1.920, 2.332, and 4.399 units, respectively. These results suggest a paradox: while immediate corruption control measures alleviate poverty, their lagged effects may initially disrupt economic activities, potentially reducing informal sector earnings and employment, thereby increasing poverty in the short term. In the long run, control of corruption exerts a negative and statistically significant impact on poverty (coefficient = -1.114, $p = 0.0071$). This finding is consistent with Hazmi (2014), who demonstrated that reducing corruption leads to improved economic growth and lower poverty rates. However, it contrasts with Iskandar and Saragih (2018), who found that anti-corruption measures could have an adverse effect on poverty, possibly due to disruptions in entrenched economic networks.

Furthermore, government effectiveness is found to have a negative and statistically significant impact on poverty in the short run (coefficient = -111.548, $p = 0.0110$), indicating that improved governance and efficient public service delivery reduce poverty. This aligns with the institutional theory (North, 1990), which suggests that strong governance structures enhance economic stability and human development. However, the lagged effects at lag 1, lag 2, and lag 3 indicate a positive and statistically significant relationship, where a one-unit increase in GOTE raises poverty by 132.087, 118.203, and 41.879 units, respectively. This counterintuitive finding suggests that while immediate improvements in governance reduce poverty, delayed effects may arise due to factors such as policy adjustments, inefficiencies in implementation, or redistributive consequences that temporarily disadvantage certain segments of the population. In the long run, government effectiveness remains negatively and significantly correlated with poverty (coefficient = -52.513, $p = 0.0426$), reinforcing the idea that sustained governance improvements eventually lead to poverty reduction.

Additionally, In the short run, POLS exhibits a positive and statistically significant relationship with poverty at the current period, lag 1, and lag 2, with coefficients of 26.971, 34.793, and 15.410, respectively. This implies that short-term increases in political stability and the reduction of violence may paradoxically increase poverty. This could be due to economic disruptions caused by transitions from instability to stability, shifts in power structures, or the short-term costs of conflict resolution.

At lag 3, the relationship turns negative (-10.869) but is not statistically significant. This suggests that, over time, political stability may begin to contribute to poverty reduction, though not immediately in a measurable way.

In the long run, POLS has a positive and statistically significant relationship with poverty (coefficient = 9.044, $p = 0.0151$). This suggests that even as political stability improves, poverty may persist due to the structural effects of past conflicts, economic dislocation, or inadequate post-crisis recovery mechanisms. The findings are consistent with Goodhand (2001) and Justino (2007), who argue that prolonged political violence and instability deplete economic resources, disrupt livelihoods, and divert funds from social welfare to security expenditures, ultimately exacerbating poverty.

The error correction term (CointEq(-1)) is highly significant and negative (-4.939667, $p < 0.0043$), indicating a strong adjustment mechanism, with approximately 493.96% of deviations from the long-run equilibrium corrected annually. This rapid correction speed suggests that despite short-term fluctuations, poverty dynamics in Nigeria tend to converge to a long-run equilibrium influenced by governance and political stability.

The model exhibits a high explanatory power, with an R-squared value of 0.975358 and an adjusted R-squared of 0.905538. This indicates that approximately 97.5% of the variations in poverty are explained by the included variables. However, the high R-squared value raises concerns about potential overfitting, necessitating robustness checks such as out-of-sample validation or alternative model specifications.

Interpretation of Residual Diagnostics Tests

To ensure the robustness and reliability of the estimated ARDL model analyzing the effects of Control of Corruption (COIN), Government Effectiveness (GOTE), and Political Stability and Absence of Violence/Terrorism (POLS) on poverty (POVT), a series of residual diagnostics tests were conducted. These tests assess whether the model satisfies key econometric assumptions, including serial independence, homoscedasticity, and normality of residuals. The results confirm the validity of the model, enhancing confidence in the findings and policy recommendations.

Table 4.5: Residual Diagnostics Tests

Test Type	Null Hypothesis	F-Statistic	Probability value	Decision
Breusch-Godfrey Serial Correlation LM Test	H_0 : Serial independence	0.155	0.873	Accept H_0
Breusch-Godfrey-Pagan heteroskedasticity test	H_0 : Homoscedasticity	0.949	0.608	Accept H_0
Normality test	H_0 : Normal distribution of residuals	0.853	0.652	Accept H_0

Source: *Author's computation using E-views 12*

Serial Correlation Test (Breusch-Godfrey LM Test)

The Breusch-Godfrey Serial Correlation LM Test in table 4.5 was conducted to detect the presence of autocorrelation in the residuals. The test yielded an F-statistic of 0.155 with a probability value of 0.873, which is well above the 5% significance level. This result supports the null hypothesis of serial independence, implying that the residuals are not correlated over time. The absence of serial correlation is critical in time-series models like ARDL, as it ensures that estimates remain BLUE (Best Linear Unbiased Estimators), thereby preventing efficiency loss and biased inference. The model's ability to pass this test underscores its reliability in capturing the true relationship between political stability factors and poverty dynamics without the distortion of autocorrelated residuals.

Heteroskedasticity Test (Breusch-Godfrey-Pagan Test)

Heteroskedasticity, or the presence of non-constant variance in the residuals, can severely distort standard errors, leading to unreliable hypothesis testing. The Breusch-Godfrey-Pagan heteroskedasticity test in table 4.5 returned an F-statistic of 0.949 with a probability value of 0.608, exceeding the 5% threshold. This indicates that the null hypothesis of homoscedasticity is accepted, meaning that the variance of the residuals is constant across observations. The implication is that the estimated coefficients remain efficient and unbiased, allowing for more precise statistical inferences regarding the effect of COIN, GOTE, and POLS on poverty. In policy terms, this validates the model's robustness in assessing the long-run and short-run impacts of governance and political stability on poverty reduction in Nigeria.

Normality Test of Residuals (Jarque Bera)

A fundamental assumption in econometric modelling is that residuals should be normally distributed to ensure valid hypothesis testing and confidence interval estimations. The normality test in table 4.5 produced a test statistic of 0.853 with a probability value of 0.652, exceeding the 0.05 level of significance. This result suggests that the model's residuals follow a normal distribution, affirming that the estimated parameters conform to standard statistical properties. The normality of residuals further strengthens the model's predictive power and ensures that t-statistics and confidence intervals remain valid for policy interpretation.

5. Conclusion and Recommendations

Conclusion

The findings of this study highlight the significant impact of control of corruption (COIN), government effectiveness (GOTE), and political stability and absence of violence/terrorism (POLS) on poverty (POVT) in Nigeria. The study reveals that control of corruption (COIN) and government effectiveness (GOTE) play crucial roles in reducing poverty in Nigeria, particularly in the long run. However, their short-run effects may initially increase poverty due to economic adjustments and structural shifts. Additionally, political stability and absence of violence/terrorism (POLS) do not immediately translate into poverty reduction, as economic recovery from instability takes time. The strong error correction term suggests that despite short-term fluctuations, Nigeria's economy has the capacity to adjust toward long-term poverty reduction when governance and anti-corruption policies are effectively implemented.

Policy Recommendations

Based on the findings, this study makes the following policy recommendations;

1. Anti-corruption efforts should be designed with transitional support mechanisms to mitigate the short-term disruptions that may increase poverty before long-term benefits materialize.
2. The Nigerian government should focus on strengthening institutional capacity, improving bureaucratic efficiency, and reducing delays in public service delivery to prevent short-run reversals of poverty reduction gains
3. The Nigerian government should implement comprehensive post-conflict economic recovery programs, including infrastructure rebuilding, business incentives, and regional development initiatives in conflict-prone areas, ensuring that stability translates into tangible improvements in livelihood.

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