National Assembly Budget Allocation Expenditure and Welfare of Citizens: 2000-2022

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Abstract
This study examined national assembly budget allocation expenditure and welfare of Nigerian citizens. The study specifically focused on administration, economic services, and social and community services allocation expenditure on Human Development Index (HDI) of Nigerian citizens. The study adopted the ex post facto research design and data were obtained from the Central Bank of Nigeria (CBN) Statistical Bulletin, spanning from 2000-2022. The unit root test using Augmented Dickey-Fuller (ADF) showed stationarity at 1(0), 1(1), and 1(2). The hypotheses were tested using the multiple linear regression technique. Interestingly, the results showed that a significant positive effect of budgetary expenditure on administration on the HDI; secondly, a negative effect of budgetary expenditure on economic services on HDI in Nigeria; lastly, budgetary expenditure on social and community services does not have a significant effect on HDI in Nigeria.From these findings, the study recommends Enhance transparency and accountability in the allocation and utilization of funds earmarked for administration. The Executive and Legislature should implement mechanisms to ensure that funds are used effectively and efficiently to benefit the citizens and contribute to overall human development. In addition, government should encourage diversification of economic services to promote inclusive growth and development across various sectors. Allocating funds towards industries that have the potential to create jobs, increase incomes, and stimulate economic activity will contribute to enhancing the overall human development outcomes. Additionally, government should increase support and funding for SMEs, which are vital contributors to economic growth and employment generation. The government should strengthen social protection mechanisms by expanding coverage of social safety nets, such as cash transfer programs, food assistance, and unemployment benefits.

Keywords: *Budget Allocation Expenditure, Citizens' Welfare, Human Development Index*

1.0 Introduction

A budget is an aggregate policy instrument for structuring and communicating government goals and objectives frequently defined in terms of programmes and projects usually supported by a financial plan (Ngara & Dasat, 2020). Budgets are governments' most important tool for implementing economic policy because they translate political commitments, policies, and goals into decisions about how to use revenues to meet the nation's competing needs. They also

spell out and prioritize objectives or goals that compete for scarce financial resources (Ogbu, 2012). A budget typically covers a period of one year and contains details on how a government intends to mobilize and allocate the anticipated resources that would accrue to it during the period. According to Onah and Innocent (2017 p. 10), the "budget process is carried out within the budget cycle which is a complete set of events occurring in the same sequence every year and culminating in the approved budget." The cycle allows the system to absorb and respond to new information and, therefore, allow for government to be held accountable for its actions (Ngara & Dasat, 2020). As of 2024, the "Budget of Renewed Hope" estimates revenue of NGN18.32 trillion and proposes spending of NGN27.5 trillion for the fiscal year 2024 (PwC, 2024).

The term "budgetary allocation" refers to the distribution of government finances through the budget, which includes a breakdown of all spending (Law Insider, 2024). Budget allocations are designed to effectively manage the limited resources available, in order to facilitate the efficient delivery of services that lead to desired outcomes meeting the needs of society (Mahato, 2021). A well-prepared budget allocation plan allows the government to effectively utilize resources, including international aid, resulting in an improved quality of life for the community. Every nation's government has an obligation to look out for the safety and well-being of its people (Ngara & Dasat, 2020). These obligations include, among other things, the provision of utilities and infrastructure including roads, power, bridges, transportation, schools, water, housing, hospitals, law and order, employment creation, and social security. The legal instrument for acquiring, allocating, and distributing national resources for the country's socioeconomic development is the annual budget. The budget allocation system encourages overall fiscal discipline, fiscal transparency, efficient resource use, and prioritizing of key expenditures in addition to acting as a guide for implementing government goals (Mahato, 2021).

The task of creating the annual budget is divided among several Ministries, Departments and Agencies (MDAs) in many nations; however, in the majority of democracies, whether parliamentary or presidential systems, these responsibilities fall between the executive and legislative branches of government (Ngara & Dasat, 2020).The 1999 Nigerian Constitution (as modified) designated the legislature and executive as the primary players in the budgetary process. The Federal Republic of Nigeria's 1999 Constitution, as amended, contains specifics about the authorities and responsibilities of the two houses of government regarding the allocation of funds over time. These are found in Sections 4, 59, 80, and 81. The purpose of these constitutional provisions is to give reality to the idea of checks and balances between the two branches of government and the separation of powers. In order to guarantee the efficient and prudent utilization of public funds, the National Assembly can oversee the executive branch of government and make sure that public funds are used wisely and efficiently by public servants to provide public goods (Ngara & Dasat, 2020). This can be done by exercising its powers under Sections 80 and 81 of the 1999 Constitution (as amended).

The allocation of the National Assembly budget is a crucial aspect of government spending that directly impacts the welfare of citizens. It is imperative that funds are allocated efficiently and responsibly to ensure that the needs of the public are met. By prioritizing areas such as healthcare, education, and social welfare programs, the government can effectively improve the quality of life for its citizens. The Human Development Index (HDI) is a key indicator of overall well-being and quality of life for citizens in a country. It takes into account factors such

as health, education, and standard of living (Manullang, Amran, Syofya, & Harsono, 2024). The HDI reflects the level of development and progress made by the government in improving the quality of life for its citizens. Through transparent and accountable budgeting practices, the National Assembly work towards enhancing the overall welfare and prosperity of the country. Although many academics have highlighted the budget's many advantages, one of the main problems that have beset Nigeria since its independence is inadequate budget execution (Ngara & Dasat, 2020). Mahato (2021) opined that the environment around governance and administration is getting more complicated, with a growing need to match the demands of society with the finite resources at hand. This means that any funds made available must be used for the reason they were allocated. Against this backdrop, the specific objectives of the study are:

1. To determine the effect of budgetary expenditure on administration on HDI of Nigerian citizens.
2. To ascertain the effect of budgetary expenditure on economic services on HDI of Nigerian citizens.
3. To examine the effect of budgetary expenditure on social and community services on HDI of Nigerian citizens.

2.0 Review of Related Literature

2.1 Conceptual Review

2.1.1 Budget

The origins of the budget may be mostly traced back to Europe, particularly Great Britain. The concept was used in Great Britain in reference to the leather bag that the Chancellor of the Exchequer, or Minister of Finance, presented before parliament as a statement of the government's resources and needs (Ojobo, 2011, Omaliko, Anichebe & Okoli, 2016). The history of budgeting in Nigeria dates back to the colonial era. Public budgeting started in 1922, and Nigerians started to participate in the legislative and administrative processes throughout time (Ogunyemi, 2012). As such, during the 1950s, Nigerians engaged in discussions on the management of taxes and the allocation of revenue. The aforementioned advancement established the basis for public budgeting in Nigeria. As Nwekeaku (2014) correctly pointed out, Nigeria maintained the form, methodology, and substance of the budgetary system used during British colonialism even after gaining independence. However, parliamentary experience with the budget process was limited because of the military's frequent meddling in politics between 1964 and 1979 and between 1984 and 1999.

Nigeria's budget process has been significantly influenced by the National Assembly ever since civilian rule was restored in May 1999. Since the government plans annual activities and programs that it hopes to accomplish in accordance with its priorities, a budget is typically prospective and futuristic because it refers to anticipated revenue and expenditure (Ngara&Dasat, 2020). The budget is the single most important governing tool in any democracy because it determines the resources and uses of public funds (Enoh, 2012); Stapenhurst (2013) concurs, stating that the budget is the government's primary economic tool and arguably it’s most comprehensive statement of priorities.

Ogbu (2012, p. 38) listed some of the purposes that budgets are intended to fulfill, such as “clarifying organizational objectives and goals; identifying constraints and bottlenecks while planning ahead; quantifying financial effects of intended behaviors; establishing targets and

benchmarks for assessing progress; integrating and coordinating objectives and activities; reconciling long, medium and short term activities; providing basis for expert monitoring and evaluation; matching resources available to claim on them; and committing resources to programmes". Kodjo (2009) classified budget into three, namely; fixed or static budget, flexible budget and zero-based or incremental budget; however, the qualitative and quantitative effects that budgeting methods have on the target population's quality of life can be used to gauge their usefulness.

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2.1.1.1 Budgetary Expenditure on Administration

Budgetary expenditure on administration refers to the funds allocated by the government for the functioning and maintenance of its administrative machinery (Chugunov, Makohon, & Korovii, 2020). This encompasses salaries of government employees, operational costs of public offices, procurement of office supplies, and other administrative expenses necessary for the efficient delivery of public services. Effective management of administrative expenditure is crucial for ensuring that resources are used efficiently, thereby enhancing the overall performance of the public sector and contributing to economic stability and growth. In developing economies, administrative expenditures play a crucial role in ensuring the stability and efficiency of public services. Effective budgetary management in this context involves addressing the dynamic interrelation of macroeconomic and budgetary indicators, as well as optimizing the structure of budget expenditures to enhance economic growth and social development (Kanyeva, 2020).

2.1.1.2 Budgetary Expenditure on Economic Services

Budgetary expenditure on economic services encompasses government spending directed towards sectors such as infrastructure, education, health care, and social security. These expenditures are pivotal in enhancing a nation's economic performance and ensuring equitable distribution of resources (Chugunov, Makohon, & Korovii, 2020). Budgetary expenditure on economic services plays a crucial role in a nation's development by influencing economic growth, stability, and overall prosperity.

Budgetary expenditure on economic services can be analyzed through various economic theories. Keynesian theory emphasizes the role of government spending in stimulating economic growth, particularly during periods of economic downturns. According to Keynesian theory, increased government expenditure on economic services can boost aggregate demand, leading to higher output and employment levels (Gurgul, Lach, L., & Mestel, 2012).Conversely, Wagner's Law suggests that as an economy grows, public expenditure on economic services increases at a faster rate than the growth of national income. This theory posits that government spending on economic services is a response to the increased demands of a more affluent society (Solovyova, 2014). The study in Romania emphasizes the importance of public investment expenditures in economic development. The findings reveal that investment in infrastructure and public services is crucial for long-term economic growth,

although challenges such as corruption can hinder the effective allocation of resources (Trandafir & Bebeșelea, 2017).

2.1.1.2 Budgetary Expenditure on Social and Community Services

Social and community services encompass a wide range of programs designed to support individuals and communities. These services include healthcare, education, housing, social protection, and welfare programs, among others. The importance of these services lies in their ability to promote social inclusion, reduce poverty, and enhance overall quality of life (Chugunov, Makohon, & Korovii, 2020).Social and community services plays a critical role in the development and well-being of societies. This includes funding for healthcare, education, housing, social protection, and other essential services.

Recent trends in budgetary expenditure on social and community services reveal significant variations across countries and regions. Several factors influence the allocation and effectiveness of budgetary expenditure on social and community services. These include economic conditions, political priorities, demographic changes, and the effectiveness of existing programs. In low-income countries, debt relief and grants have been found to boost social expenditures, helping to insulate these expenditures from the effects of budgetary tightening (Thomas, 2006).

2.1.2 Welfare of Citizens

The Human Development Index (HDI) is a widely recognized and utilized measure of welfare that takes into accounts a country's health, education, and standard of living. HDI offers a more holistic perspective on a country's development progress. The Human Development Index (HDI) is a composite statistic of life expectancy, education, and per capita income indicators, which are used to rank countries into four tiers of human development. The United Nations Development Programme (UNDP) introduced the HDI in 1990 as a means to shift the focus of development economics from national income accounting to people-centered policies (Sagar & Najam, 1998). The HDI is composed of three dimensions: Health- Measured by life expectancy at birth; Education-Assessed through two indicators - mean years of schooling for adults aged 25 years and expected years of schooling for children entering school; and, Standard of Living-Gauged by gross national income per capita. These components reflect long-term progress in health, access to knowledge, and a decent standard of living (Antony, Rao, & Balakrishna, 2000).

The HDI provides a composite measure that allows for comparison between countries and over time, highlighting the disparities in human development achievements across nations (Lind, 2004). The HDI's simplicity is both its strength and weakness. It may oversimplify the multifaceted nature of human development, failing to capture aspects such as environmental sustainability and human rights (Sagar & Najam, 1998). Despite criticisms, HDI remain a vital tool in understanding and measuring development from its ability to encapsulate key dimensions of human well-being.

2.2 Theoretical Framework

2.2.1 Political Economy Theory (PET)

Political Economy Theory originated from the works of classical economists like Adam Smith, David Ricardo, and Karl Marx. PET examines the relationships between individuals, markets, and the state, focusing on how economic theories and policies are influenced by political

processes and power dynamics (Acemoglu, 2005). It focuses on the relationship between political processes, economic systems, and social welfare outcomes. PET considers the role of institutions in shaping economic policies and outcomes. Initially, it aimed to understand how economic systems and policies could promote wealth and reduce poverty, emphasizing the role of government intervention and regulation. PET evolved to encompass, such as impacts of globalization, income distribution, and the interplay between domestic and international politics on economic policies (Stiglitz, 2002).

The assumptions of PET include the idea that economic decisions and outcomes are deeply intertwined with political interests and power structures. It posits that budgetary allocation and expenditure are not merely technical decisions based on economic efficiency but are also influenced by political considerations, such as the distribution of power among different groups and the pursuit of political agendas (Drazen, Persson, Tabellini, & Saint-Paul, 2000). The relevance of PET is crucial for understanding why certain public expenditures are prioritized over others and how political dynamics can shape economic policies to favour specific constituencies.

2.3 Empirical Review

Onwuegbuna and Abodunrin (2024) investigated the correlation between revenue generation and rural development in the Ado-Odo Ota LGA of Ogun State, Nigeria. The study assessed revenue generation using internally generated revenue (IGR) and federal allocation and measured rural development through capital expenditures during the specified time frame. The secondary data was obtained from the statutory allocation records, IGR documents, and official records on annual budgetary allocation from Ado-Odo Ota over the ten years from 2011 to 2020. The Pearson correlation analysis revealed no significant positive association between Federal Allocation and Capital Expenditure.

Mahato (2021) studied factors affecting budgetary allocation process in public institutions in Nepal. The author sampled 156 government employees in Nepal using stratified random sampling. The research gathered primary data with the use of semi-structured questionnaires. The data were analysed using descriptive analysis and graphical presentations were employed to present the data. The study found that citizen participation has a significant positive impact on the budgetary allocation process.

3.0 Methodology

The research employs ex post facto research design to investigate the relationship between national assembly budget allocation expenditure and welfare of citizens in Nigeria. The data for the study were obtained from the annual statistical bulletin published by the Central Bank of Nigeria (CBN) and covered the years 2000-2022. This time frame was chosen to ensure there was no missing data.

3.1 Methods of Data Analysis

The study conducts a unit root test and, for robustness, utilizes the Dickey-Fuller, Augmented Dickey-Fuller, and Philip-Perron Tests. However, as similar results were obtained from DF and P-P, the researchers presented ADF for brevity. These tests help determine the number of cointegrating equations, which represent the long-term relationships between the variables.

3.1.1 Model Specification

Our model is specified according to the hypothesis.

HDI = f (ADMI, ECON, SOCS, INFL, EXCR) ……Eq. (1)

Where: HDI-Human Development Index; ADMI-Administration Allocation; ECON-Economic Services Allocation; SOCS-Social and Community Services Allocation; INFL-Inflation; EXCR- Exchange Rate.

The MLR model equation form for the dependent variable can be written based on the selected variables.

The general MLR model can be represented as:

$HDI_t=\beta_0+\beta_1ADMI_t+\beta_2ECON_t+\beta_3SOCS_t+\beta_4INFL_t+\beta_5EXCR_t+\epsilon t$……Eq. (2)

Where:

HDI_t	is the dependent variable (Human Development Index) at time t
$ADMI_t$	is the Administration Allocation Expenditure at time t
$ECON_t$	is the Economic Services AllocationExpenditure at time t
$SOCS_t$	is the Social and Community Services AllocationExpenditure at time t
$INFL_t$	is the inflation rate at time t
$EXCR_t$	is the exchange rate at time t
β_0	is the intercept (constant term)
β_{1-5}	are the coefficients for the respective variables
ϵt	is the error term at time t

4.0 Data Analysis

Table 1: Descriptive Analysis of the Model Variables

	HDI	ADMI	ECON	SOCS	INFL	EXCR
Mean	0.485652	275.8174	472.0879	133.0782	13.07171	92.46495
Median	0.500000	229.6322	386.4000	111.2900	12.00000	85.13346
Maximum	0.560000	789.8060	1369.662	377.2592	23.80000	155.7536
Minimum	0.330000	49.25490	97.98210	27.96520	6.600000	58.24839
Std. Dev.	0.062728	189.9131	322.0366	89.85192	4.293781	27.06612
Skewness	-1.299453	1.197750	1.340580	1.103628	0.784913	1.140774
Kurtosis	3.870820	3.895006	4.188508	3.792123	3.212356	3.302999
Jarque-Bera	7.199616	6.266983	8.242786	5.270298	2.404888	5.076551
Probability	0.027329	0.043565	0.016222	0.071708	0.300459	0.079003
Sum	11.17000	6343.799	10858.02	3060.798	300.6493	2126.694
Sum Sq. Dev.	0.086565	793473.4	2281566.	177614.1	405.6042	16116.65
Observations	23	23	23	23	23	23

Source: E-Views 11

Key: HDI-Human Development Index; ADMI-Administration Allocation; ECON-Economic Services Allocation; SOCS-Social and Community Services Allocation; INFL-Inflation; EXCR- Exchange Rate.

Based on the statistical summary provided in Table 1 above, HDI has a mean value of 0.486 and a median of 0.500, indicating that the values are centered around the median with a slight negative skewness of -1.299. The standard deviation of 0.063 indicates moderate variability

among the observed values. The maximum HDI recorded is 0.560 and the minimum is 0.330. The J-B test statistic is 7.200 with a p-value of 0.027, indicating that the distribution of HDI is not normal.
The mean ADMI is 275.8174, with a median of 229.6322, showing that the data is positively skewed (skewness = 1.198). The maximum allocation recorded is 789.8060, and the minimum is 49.2549, indicating a wide range of values with a standard deviation of 189.9131. The positive skewness indicates that a few high values are pulling the mean above the median. The J-B test statistic of 6.267 and a p-value of 0.044 suggest that the ADMI distribution is also not normal.

The mean allocation for ECON is 472.0879, with a median of 386.4000. The positive skewness of 1.341 indicates a rightward tail. This is further supported by the wide range from a minimum of 97.9821 to a maximum of 1369.662, and a high standard deviation of 322.0366. The J-B test value of 8.243 and a p-value of 0.016 indicate significant non-normality in the distribution. The mean value for SOCS is 133.0782, with a median of 111.2900. The positive skewness of 1.104 suggests that there are higher values that elevate the mean above the median. The maximum value recorded is 377.2592 and the minimum is 27.9652, with a standard deviation of 89.8519 indicating moderate variability. The J-B test statistic of 5.270 and a p-value of 0.072, close to the threshold, imply that the distribution is approximately normal but still shows some deviations.

Inflation has a mean of 13.0717 and a median of 12.0000, with a skewness of 0.785, indicating a slight positive skew. The minimum inflation rate recorded is 6.6000 and the maximum is 23.8000, with a standard deviation of 4.2938, suggesting moderate dispersion around the mean. The J-B test statistic is 2.405 with a p-value of 0.300, indicating that the distribution of inflation rates is close to normal. The mean exchange rate is 92.46495, and the median is 85.13346, with a skewness of 1.141 suggesting a positive skew. This indicates that while many countries have exchange rates clustered around the median, some have much higher rates, pulling the mean up. The minimum exchange rate observed is 58.24839, and the maximum is 155.7536, with a standard deviation of 27.0661, showing considerable variability. The J-B test statistic of 5.077 with a p-value of 0.079 indicates that the exchange rate distribution is close to normal but still slightly deviates.

4.1 Stationarity Test

A unit root signifies that the data is non-stationary, implying that the statistical characteristics of the series vary over time. The ADF test is an advancement of the original D-F is capable of dealing with more intricate forms of autocorrelation. Table 2 displays the unit root test results for the individual series.

Null Hypothesis (H_o): The variable X has a unit root
Alternate Hypothesis (H_1): The variable X has no unit root

Table 2: ADF Test for Model Variables

Variable			ADF	Prob*
HDI	Level	1(0)	-2.736518	0.0840
	First difference	1(1)	-4.524029	0.0020
ADMI	Level	1(0)	0.529098	0.9828
	Second difference	1(2)	-8.857275	0.0000
ECON	Level	1(0)	0.343330	0.9752

	First difference	1(1)	-4.676678	0.0014
SOCS	Level	1(0)	-0.075888	0.9407
	First difference	1(1)	-4.982683	0.0007
INFL	Level	1(0)	-3.406153	0.0219
EXCR	Level	1(0)	-1.678500	0.4277
	First difference	1(1)	-3.895238	0.0079

Source: E-Views 11
Note: *, ** and *** denote significance levels at 10%, 5%, and 1% respectively.

Table 2 above summarizes the results of the ADF test for stationarity at various levels and differences for six variables: HDI, ADMI, ECON, SOCS, INFL, and EXCR. The HDI showed Level (1(0)): ADF = -2.736518, Prob = 0.0840 (The p-value is higher than the typical threshold of 0.05, indicating that the HDI series at level is not stationary). First difference (1(1)): ADF = -4.524029, Prob = 0.0020 (The p-value is well below 0.05, indicating that the HDI series becomes stationary after first differencing).The ADMI showed Level (1(0)): ADF = 0.529098, Prob = 0.9828 (The high p-value indicates non-stationarity at the level). Second difference (1(2)): ADF = -8.857275, Prob = 0.0000 (The p-value is zero, indicating that the series becomes stationary after second differencing).ECON showed Level (1(0)): ADF = 0.343330, Prob = 0.9752 (The high p-value suggests that the ECON series is not stationary at the level).First difference (1(1)): ADF = -4.676678, Prob = 0.0014 (The low p-value indicates that the ECON series is stationary after first differencing). SOCS showed Level (1(0)): ADF = -0.075888, Prob = 0.9407 (The p-value is much higher than 0.05, showing non-stationarity at the level).First difference (1(1)): ADF = -4.982683, Prob = 0.0007 (The low p-value indicates stationarity after first differencing).

INFL showed Level (1(0)): ADF = -3.406153, Prob = 0.0219 (The p-value is below 0.05, indicating that the INFL series is stationary at the level).EXCR showed Level (1(0)): ADF = -1.678500, Prob = 0.4277 (The high p-value indicates non-stationarity at the level). First difference (1(1)): ADF = -3.895238, Prob = 0.0079 (The low p-value indicates that the EXCR series becomes stationary after first differencing).The results suggest that most variables (except INFL) exhibit non-stationarity in their original forms and require differencing to achieve stationarity.

4.2 Correlation Analysis

Table 3: Granger Causality Test of Model Variables

	HDI	ADMIN	ECON	SOCS	INFL	EXCR
HDI	1.0000	0.5514	0.4806	0.5247	-0.0309	-0.0118
ADMIN	0.5514	1.0000	0.9877	0.9794	0.1851	-0.2568
ECON	0.4806	0.9877	1.0000	0.9784	0.2228	-0.3373
SOCS	0.5247	0.9794	0.9784	1.0000	0.2083	-0.2505
INFL	-0.0309	0.1851	0.2228	0.2083	1.0000	-0.3481
EXCR	-0.0118	-0.2568	-0.3373	-0.2505	-0.3481	1.0000

Source: E-Views 11

The correlation between HDI and ADMI is 0.5514, indicating a moderate positive relationship. The correlation between HDI and ECON is 0.4806, there is a moderate positive relationship between HDI and economic services allocation, implying that increased economic services

allocation tends to coincide with higher HDI. The correlation between HDI and SOCS is 0.5247 indicates a moderate positive relationship between HDI and SOCS. This means that higher allocations in social services are generally linked with higher HDI. The correlation between HDI and INFL is -0.0309, indicating a very weak negative relationship. The correlation between HDI and EXCR is -0.0118 also indicates a very weak negative relationship.HDI has very weak correlations with INFL and EXCR, suggesting that inflation and exchange rate have minimal impact on the Human Development Index.

The correlation between ADMI and ECON is 0.9877 suggests that administration and economic services allocations tend to increase together. The correlation between ADMI and SOCS of 0.9794 indicates a very strong positive relationship. The correlation between ADMI and INFL is 0.1851, there is a weak positive relationship between administration allocation and inflation, indicating a slight tendency for higher administration allocations to coincide with higher inflation. The correlation between ADMI and EXCR is -0.2568 indicates a weak negative relationship, suggesting that higher administration allocations are slightly associated with lower exchange rates.

There is a very strong positive relationship between ECON and SOCS of 0.9784, indicating that these allocations typically increase together. The correlation between ECON and INFL is 0.2228 shows a weak positive relationship, suggesting that higher ECON is slightly associated with higher inflation. The correlation between ECON and EXCR is -0.3373 indicates a moderate negative relationship, meaning that higher economic services allocation is generally associated with lower exchange rates.

The correlation between SOCS and INFL is 0.2083 indicates a weak positive relationship, meaning that higher social services allocation is slightly associated with higher inflation. The correlation between SOCS and EXCR is -0.2505 shows a weak negative relationship, indicating that higher social services allocation tends to be associated with lower exchange rates. The correlation between INFL and EXCR is -0.3481 shows a moderate negative relationship.

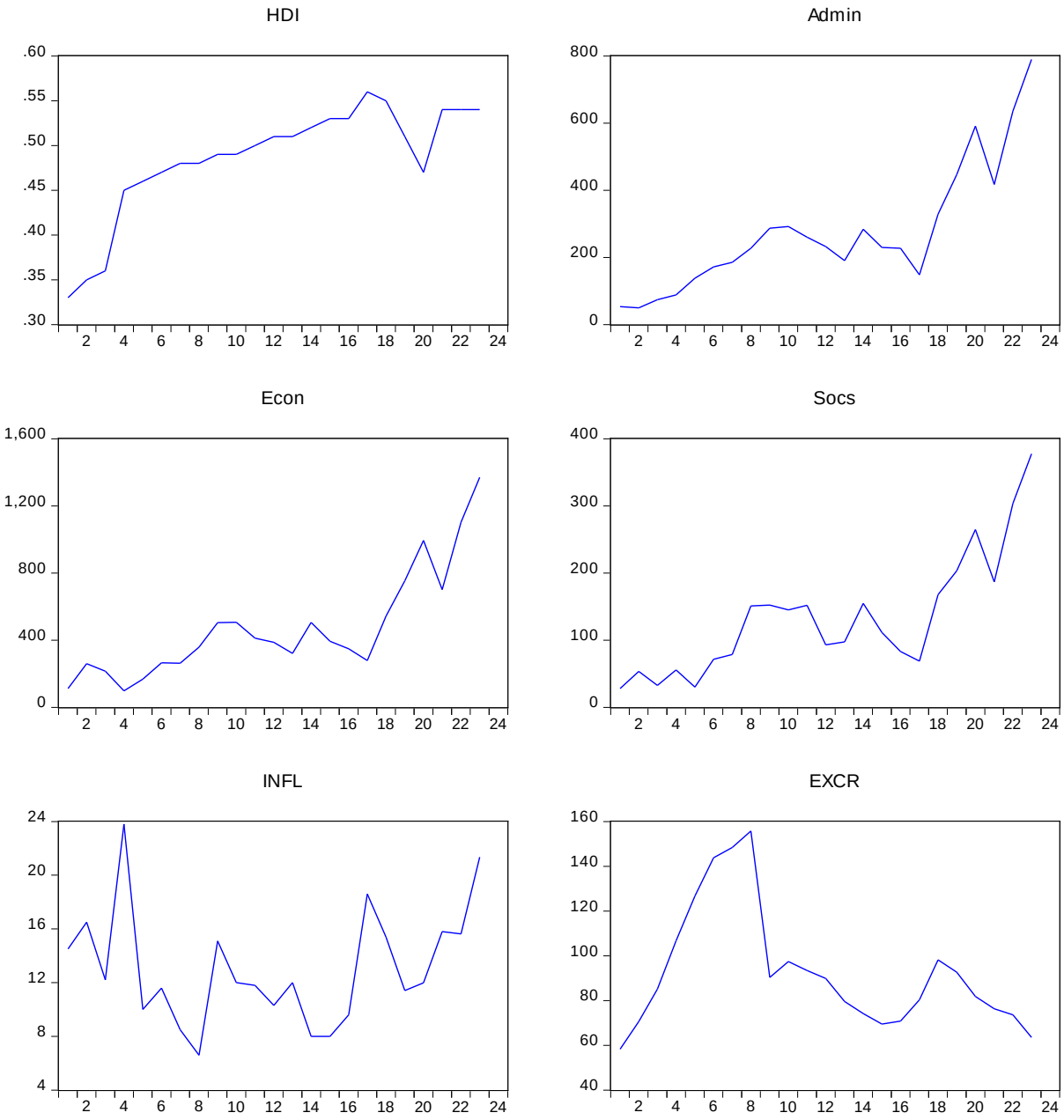

Figure 1: Time series plot of model variables
Source: E-Views 11

The Figure above provides time series plots for six variables: HDI (Human Development Index), ADMI (Administration Allocation), ECON (Economic Services Allocation), SOCS (Social and Community Services Allocation), INFL (Inflation), and EXCR (Exchange Rate). The HDI shows a generally upward trend over time, with some fluctuations. It starts around 0.33 and reaches approximately 0.55 by the end of the period, with a notable dip before the final increase. This indicates an improvement in HDI, though there are periods of decline suggesting instability or challenges.

The ADMI shows a significant increase over time, with noticeable fluctuations. It begins at a low level and peaks around 800. There is a substantial increase in administrative spending,

which could imply increased government or institutional efforts in administrative functions, although the fluctuations suggest variability in allocation priorities. ECON shows an upward trend with significant variability. It starts below 200 and rises sharply to around 1200 towards the end. The increasing trend suggests growing investments in economic services. The SOCS shows an upward trend with some fluctuations, starting from a low base and increasing to about 400. There is an increasing focus on social and community services, indicating efforts to improve social welfare and community development.

INFL exhibit significant volatility over the period, with values fluctuating between approximately 6 and 24. The exchange rate shows initial volatility with a peak followed by a downward trend and subsequent fluctuations, starting around 60, peaking around 150, and ending around 100.

4.3 Test of Hypothesis

Table 4: Multiple linear regression test for hypotheses

Dependent Variable: HDI
Method: Least Squares
Date: 07/24/24 Time: 15:40
Sample (adjusted): 1 23
Included observations: 23 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.498359	0.072085	6.913500	0.0000
ADMIN	0.001092	0.000440	2.480722	0.0239
ECON	-0.000668	0.000284	-2.352484	0.0310
SOCS	0.000426	0.000660	0.645277	0.5274
INFL	-0.001060	0.002723	-0.389225	0.7019
EXCR	-0.000446	0.000526	-0.848148	0.4081

R-squared	0.498801	Mean dependent var	0.485652
Adjusted R-squared	0.351389	S.D. dependent var	0.062728
S.E. of regression	0.050519	Akaike info criterion	-2.913487
Sum squared resid	0.043386	Schwarz criterion	-2.617271
Log likelihood	39.50510	Hannan-Quinn criter.	-2.838989
F-statistic	3.383729	Durbin-Watson stat	1.172271
Prob(F-statistic)	0.026496		

Source: E-Views 11

The Table above shows that $R^2$and Adjusted R^2indicate a moderate, the R-squared value of 0.4988 indicates that approximately 49.88% of the variation in HDI is explained by the model. The adjusted R-squared value of 0.3514, i.e., 35.14% of the variation in HDI after adjust for the number of predictors in the model. The F-statistic of 3.383729 with a p-value of 0.026496 suggests that the model is statistically significant. The Durbin-Watson stat 1.172271 indicates potential positive autocorrelation in the residuals.

4.3.1 Test of Hypotheses One

Ho_1: There is no significant effect of budgetary expenditure on administration on HDI of Nigerian citizens.

The coefficient for ADMIN is 0.001092, which is positive and statistically significant (p = 0.0239). This suggests that a one-unit increase in administration allocation is associated with a 0.001092 increase in HDI, holding other factors constant. The null hypothesis is rejected and the alternate accepted: There is a significant effect of budgetary expenditure on administration on HDI of Nigerian citizens.

4.3.2 Test of Hypotheses Two

Ho_2: There is no significant effect of budgetary expenditure on economic services on HDI of Nigerian citizens.

The coefficient for ECON is -0.000668, which is negative and statistically significant (p = 0.0310). This indicates that a one-unit increase in economic services allocation is associated with a 0.000668 decrease in HDI, holding other factors constant. The null hypothesis is rejected and the alternate accepted: There is a significant effect of budgetary expenditure on economic services on HDI of Nigerian citizens.

4.3.3 Test of Hypotheses Three

Ho_3: There is no significant effect of budgetary expenditure on social and community services on HDI of Nigerian citizens.

The coefficient for SOCS is 0.000426, which is positive but not statistically significant (p = 0.5274). This suggests that changes in social and community services allocation do not have a statistically significant effect on HDI in this model. The null hypothesis is accepted and the alternate rejected:There is no significant effect of budgetary expenditure on social and community services on HDI of Nigerian citizens.

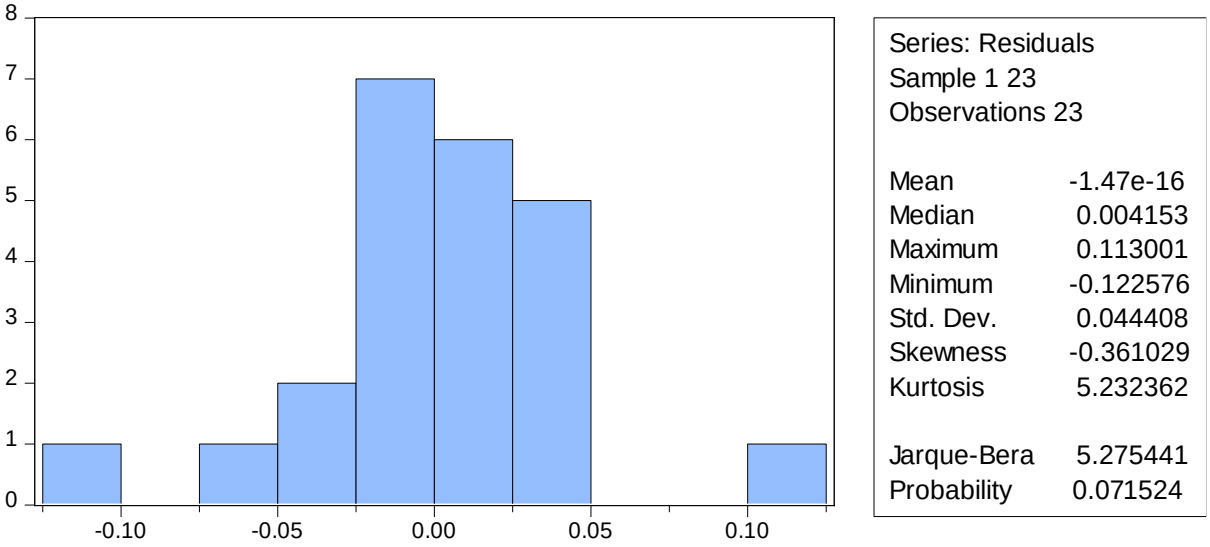

Figure 2: Residual series plot of MLR
Source: E-Views 11

The histogram of residuals appears to be roughly symmetric around zero, although there is a slight left skewness (Skewness = -0.361029). The Kurtosis value of 5.223362 indicates that the

residuals have heavier tails than a normal distribution. The Jarque-Bera statistic tests whether the residuals are normally distributed. The probability value (0.071524) is greater than the conventional significance level of 0.05, suggesting failure to reject the *null* hypothesis of normality. Thus, the residuals can be considered approximately normally distributed. The mean of the residuals is approximately zero, indicating no systematic bias in the residuals. The slight left skewness and leptokurtic nature (heavier tails) of the residuals suggest some departures from normality, but not severe enough to violate the normality assumption significantly. The standard deviation of the residuals is 0.044408, indicating the average spread of residuals around the mean. The minimum and maximum values of the residuals (-0.122576 and 0.113001) indicate the range within which the residuals lie. There are no extreme outliers observed in the histogram.

4.4 Discussion of Findings

The first hypothesis showed a significant positive effect of budgetary expenditure on administration on the Human Development Index (HDI) of Nigerian citizens. This finding aligns with several studies across different contexts and time periods. Afonso and Aubyn (2005) studied OECD countries from 1990 to 2000 and found that efficient administration expenditure enhances public service quality, thereby improving HDI. Cooray (2009) focused on 71 countries from 1980 to 2005, indicating that public administrative efficiency significantly impacts human development indicators. Jajri and Ismail (2010) in Malaysia, finds a positive correlation between administrative spending and human development. Aristovnik (2012) reviewed a sample of 27 EU countries from 1995 to 2010, demonstrating that efficient public administration positively impacts human development metrics. Farooq, Shahbaz, and Arouri (2015) in Pakistan from 1972 to 2012, highlighting that public administrative investments improve institutional quality, directly influencing HDI.

The second hypothesis showed a negative effect of budgetary expenditure on economic services on HDI in Nigeria. This is supported by various research findings; Devarajan, Swaroop, and Zou (1996) studied 43 developing countries from 1970 to 1990, finding that excessive economic service spending often leads to inefficiencies and reduced human development. Tanzi and Schuknecht (2000) focused on OECD countries from 1960 to 1995, indicating that beyond a certain point, increased economic service spending can hinder growth and development. Rajkumar and Swaroop (2008) reviewed developing countries from 1990 to 2003, highlighting that without proper management, economic service spending fails to enhance HDI.

The third hypothesis that budgetary expenditure on social and community services does not have a significant effect on HDI in Nigeria. Reinhart and Rogoff (2010) studied 44 countries from 1800 to 2009, indicating that social service investments sometimes fail to produce significant human development outcomes. Easterly and Rebelo (1993) reviewed 100 countries from 1970 to 1988, suggesting that social service expenditures do not always correlate with HDI improvements. These suggest that social and community service expenditures often face significant challenges in translating into measurable improvements in HDI, highlighting the need for effective management.

5.0 Conclusion and Recommendations

The study concludes that National Assembly budget allocation expenditure affects the welfare of citizens in Nigeria. Based on the above, the study makes the following recommendations in the Nigerian context:

1. **Budget Transparency and Accountability:** Enhance transparency and accountability in the allocation and utilization of funds earmarked for administration. The Executive and Legislature should implement mechanisms to ensure that funds are used effectively and efficiently to benefit the citizens and contribute to overall human development. In addition, an increase budgetary allocation towards essential social services such as healthcare, education, etc. These sectors directly contribute to improving the HDI by enhancing the health and education outcomes of the population.
2. **Diversification of Economic Services:** The Government should encourage diversification of economic services to promote inclusive growth and development across various sectors. Allocating funds towards industries that have the potential to create jobs, increase incomes, and stimulate economic activity will contribute to enhancing the overall human development outcomes. Additionally, government should increase support and funding for SMEs, which are vital contributors to economic growth and employment generation. Supporting SMEs with financial aid, training programs, and market access will encourage entrepreneurship, drive innovation, and promote economic empowerment within the community.
3. **Social Protection Programs, Housing and Urban Development:** the government should strengthen social protection mechanisms by expanding coverage of social safety nets, such as cash transfer programs, food assistance, and unemployment benefits. Invest in affordable housing programs and urban development initiatives to address housing shortages and improve living conditions in urban and rural areas. Prioritize investments in community infrastructure projects, such as water supply, sanitation, and transportation networks. Improving basic amenities and services at the grassroots level will enhance living standards, promote social inclusion, and uplift the quality of life for communities, thereby elevating the HDI.

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