

Research Article

An Evaluation of Nigeria's Socioeconomic Development and the Impact of Governance Cost on Economic Growth 2019-2024.

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Abstract: The study looked into how Nigeria's democratic system's economic growth was impacted by the cost of governance. The cost of governance factors is divided into general GDP was the dependent variable and a stand-in for economic growth, while administration, defense, internal security, and national assembly were the explanatory variables. The study examined Nigeria's fourth republic's civil rule from 2019 to 2024. Ordinary Least Square regression and diagnostic tests were performed. The findings indicate that while internal security (-106.17 ISEC) has a negative impact on GDP, general administration (8.67 GA), defense (169.99 DEF), and national assembly (496.50 NAS) have favorable effects. According to the hypotheses' summary, (1) the federal government's expenditure on general administrations has no discernible positive impact on Nigeria's economic growth; (2) the federal government's expenditure on defense has a discernible positive impact on Nigeria's economic growth; and (3) the federal government's expenditure on internal Nigeria's economic growth is significantly impacted negatively by security, whereas the country's economic growth is significantly impacted positively by the federal government's national assembly costs. The research suggested, among other things, that the funds allocated to internal security be examined and that cost-benefit studies be performed on the parastatals that receive the funds.

Keywords: Democracy, Economic Progress, Internal Security, Nigeria, The Cost Of Governance

1. Introduction

The goal of the study is to investigate why, particularly in the current democratic environment, Nigerian government costs so much. The main reason democratic government is favored is that it assures greater economic performance, security, and social provisioning in addition to popular engagement. Abalaka (2019). According to Sen, it's a fact that democracy fosters development since expanded human freedom necessitates social and economic security for individuals. He goes on to say that,

Development necessitates eliminating the main factors that skew freedom, such as tyranny and poverty, inadequate economic possibilities and systematic social hardship, disregard for public infrastructure, intolerance, and excessive activity by regressive states.

We can infer from this that the majority of these issues are preventable with good governance. Because of the high cost of governance in Nigeria, democracy is unable to produce significant socioeconomic growth. Numerous studies have shown that, considering the ratio of resources allotted, Nigeria's governance costs are out of proportion to economic development. This research supports Critics claim that government spending has not resulted in significant progress, as seen by Nigeria's ranking as one of the world's poorest nations (Ajiteru, 2023).

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According to the report, Nigeria has seen a sharp rise in petroleum revenue from 1999 at least until 2013, yet recurrent expenditures (REX) have outpaced capital expenditures (CEX) over the country's more than two decades of unbroken democracy. The amount of money available for infrastructure development has decreased as a result. The report wants to emphasize that other metrics like GDP, life expectancy, literacy, unemployment rates, and so on have not been substantially impacted by the rising REX. Despite government projections that the GDP is growing, it has never been in keeping with the real rate of increase. Aside from the 1999 military budget, which was given to the returning civil rule with 47% REX and 52.55% CEX, statistical data shows that the year 2000 had 63.50% against 36.50% CEX. In 2003, it reached its peak when REX increased to 80.29% compared to CEX's 19.71%. According to Sulaiman (2018), the REX has averaged 70% since 2005, which has hurt the 30% CEX, which should have encouraged investment, infrastructure development, and other growth-promoting activities.

Therefore, it is evident that the production and infrastructure foundation of the Nigerian economy have not significantly improved despite the number of years of democratic process (Ajiteru, 2020). This research hasn't proven that a particular the government is concerned that the previously mentioned factors have prevented it from attaining better economic opportunities in addition to improved health, security, education, employment, and a low poverty rate. The amount of spending should correspond to a specific amount of socio-economic development. Sulaiman (2018). This is because Nigeria's political elite leadership has no development plan and has never given effective governance for socioeconomic development any thought. It is understandable why Ake noted that the political climate that has undermined socioeconomic development might be explained by the carelessness of capital and infrastructure development (Abalaka, 2023).

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1.1 Problem Statement

Because of the enormous profits from the production and sale of crude oil as well as the rising demand, government spending in Nigeria has been steadily increasing for public (utilities) commodities such as power, roads, communication, health, and education. Additionally, there is a growing need to ensure the nation's and its citizens' internal and foreign security. According to data, government spending, both capital and ongoing, has increased over the past forty (40) years. For example, the total amount spent on capital and ongoing expenses grew from N24, 048.6m, and N36,219.6m in 1990 to N23,9450.9m, and N46,1600m in 2000. They rose from N438, 696.5m, N579, and 300m to N1, 152,796.6b, N2, and 131,906b, respectively, between 2001 and 2009, and they continue to rise today (Abalaka, 2023).

During this fourth republic, a number of administrations have come and gone (Ajiteru, 2023). They all asserted that their contributions to democracy included better infrastructure, high-quality education, medical services, and so forth. It is worthwhile to look into how much government spending on different areas has affected economic growth. Sulaiman (2023). Nigeria is one of the world's poorest nations, and increasing government spending hasn't resulted in significant growth and development thus far, claim Nurudeem and Usman (2020). Furthermore, almost 50% of Nigerians live on less than \$2 per day, and many have continued to live in extreme poverty. Alongside this is deteriorating infrastructure, particularly the electricity supply and roads, which has caused numerous industries to fail and resulted in a high unemployment rate. Furthermore, Nigeria has not performed well according to macroeconomic metrics such as the balance of payments, import obligations, inflation rate, currency rate, and national savings According to Abalaka (2023), in the past few years (CBN, 2018).

Even though government spending has been rising annually throughout the years, particularly

in current democratic era, succeeding administrations continue to argue that their predecessors accomplished nothing to enhance the welfare of the populace. Thus, this study examines how different government spending components affect economic growth. Ajiteru (2023). that this topic has been equally studied in Nigeria by a number of research, including Sulaiman (2023). Nevertheless, none of these studies have focused on the democratic era, which is why this study exclusively looks at the fourth republic's time frame (20–date). There has been conflicting empirical research on government spending in Nigeria. Cooray (2019) believed that economic growth was correlated with the quality of governance. However, Ejubekpokpo (2019) asserted that Nigeria's economic development is impeded by the expense of government.

1.2 The Study's Objectives

This study aims to examine how governance costs affect Nigeria's economic growth. Specifically, the study explores the impact of federal government general administrative costs on economic growth, the effect of federal government spending on defense, and the implications of spending on homeland security on the country's economic development. In addition, the study also analyzes how the operational costs of the National Assembly affect Nigeria's economic growth.

1.3 Hypothesis Statement

Ho1: Nigeria's economic growth is not significantly impacted by the cost of general administrations for the federal government.

Ho2: Nigeria's economic growth is not significantly impacted by the federal government's defense expenditures.

Ho3: Nigeria's economic growth is not significantly impacted by the federal government's expenditure on international security.

Ho4: Nigeria's economic growth is not significantly impacted by the federal government's national assembly costs.

2. Literature Review

2.1 Governance Expense

Governance is more than just a way to provide for the common good; it also has to do with the government's ability to support individuals' pursuit of material success and personal fulfillment. Thus, according to Sulaiman (2023), governance can be likened to the administration, provision, and delivery of public services to a country administrative costs. The cost of governance was broken down into two categories by Adewole and Osabuohien (2017): capital administrative expenses and recurring administrative expenses. The expenses incurred in the operation of government were referred to as the cost of governance. Stated differently, these are expenses incurred by the government in managing this matter. Every member of the state is bound by the social contract, which is maintained in part by the government. In a similar vein, Sulaiman (2018) described the cost of governance as any expense related to the upkeep of governmental administrative systems.

Additionally, he compares the cost of governance to the total administrative expenditure, which is a component of the Nigerian federal government's overall spending (Abalaka, 2023). According to him, the fact that administrative expenses are incurred during the governance process serves as the rationale for defining total administrative spending as the cost of governance. The cost of governance, according to Drucker (2021), is the amount of money allotted by the government to capital and ongoing expenses for the upkeep of government administrative structures. This amount seems to be very high in Africa; therefore, the issue of governance efficiency is to make sure that public funds are used wisely while providing adequate public goods and services.

Fluvian (2019) asserts that some reasons are to blame for the growing expense of government in Africa. The first is the inflation problem. Corrupt politicians raise the costs of public projects. Equity ought to exist. "The rising cost of governance in Nigeria is a price we have to pay for undue consideration for equity," Adewole and Osaabwohien (2017) noted. Likewise, the problem of misusing public monies is additional factor contributing to Nigeria's growing cost of governance (Warimen, 2017). To boost their own egos, political leaders overstate the expenses of public undertakings. Sulaiman (2023) added that restricted prosperity will result from a security supply that is over the ideal level. To put it another way,

as resources are limited and should be used as efficiently as possible, government spending on certain defined items has an impact on development. Abalaka (2023).

In addition, the population is growing. A growing population suggests that the little resources that are available are under stress. According to Fluvian (2016), a growing population also means that there is a greater need for public goods and services like health and education. Another factor driving up costs is the requirement to provide each ethnic group with sufficient representation of governing. The excessively big public service sector is another significant factor contributing to Africa's ongoing increase in governance costs when compared to Nigeria (Ajiteru, 2023). Afolugbo (2016) has referred to this as an institutional factor. In Africa, the majority of state employees are laid off as a result of hiring too many people to lower unemployment. There are more employees than is ideal, which resulted in inefficiencies and needless expense increases (Abalaka, 2023).

The equity principle serves as the foundation for the allocation of public goods and services in Nigeria. When the market is permitted to be the primary mechanism for resource allocation, natural and human resources may bias income distribution in favor of endowed groups (Ajiteru, 2023). Therefore, it is more likely that free markets will be impeded when there are notable differences in how different groups within a community are endowed with natural and human capital. Since their little investment in human capital would place them at a disadvantage in a post-independence Nigeria, this largely explains why northern extraction nationalists initially opposed the idea of Nigerian independence (Abalaka, 2023).

Therefore, Nigeria established a political structure that guaranteed the public sector would retain control of the economy (Sulaiman 2023). In retrospect, it is possible to argue that this arrangement marked the start of patronizing practices that suppressed the market and production, encouraged rent-seeking, created an imbalance between rewards and efforts, and increased costs.

The money spent on administrative procedures is the cost of government. It's also referred to as the cost of Nigerian governance. Therefore, Afolugbo (2016) defines the cost of governance as the expenses incurred in the operation of the government. It is the price of carrying out political obligations and providing the general public with governmental services (Ajiteru, 2023).

In conclusion, PwC Nigeria (2018) believes that if the government intends to upgrade infrastructure and carry out a number of capital projects for the economy's benefit, the high cost of governance cannot be maintained.

2.2 Growth in the Economy

Abalaka (2023) defines economic growth as "a sustained rise in the output of goods, services, and employment opportunities with the sole aim of improving the economic and financial welfare of the citizens." This definition is used for the purposes of this study. Economic expansion is a crucial concern in economics and is regarded as one of the prerequisites for improving social welfare, which is the primary goal of economic policy. This is in line with the long-standing interest in researching economic growth and its factors among scholars (Sulaiman, 2023).

2.3 Conceptual Structure

The theories of government spending and comparative cost advantage serve as the foundation for this investigation. The government expenditure theory examines how government spending on public goods affects the general welfare of the populace, whereas the comparative cost advantage considers the opportunity cost of investing additional resources in administrative costs associated with running the government. Ajiteru (2023).

2.4 Comparative Advantage Theory

Considering the restricted availability of resources, there will be less money available for productive uses if the cost of governance rises, according to Abalaka (2023). Therefore, important sectors like business, education, and agriculture must receive enough funding. This system takes advantage of the comparative advantages provided by production and governance costs. Thus, Sulaiman's (2023) comparative cost advantage theory serves as the foundation for this investigation.

More public monies must be devoted to development initiatives in order to accelerate development, and governance costs must be decreased. Ajiteru (2023). For governance to be successful and efficient, the government and civil service must have the ideal size. Olivia

(2017) asserts that in a country where the cabinet of the government is larger than optimal and/or an overly large civil service sector, the expense of governance will increase. Sulaiman (2018). The comparative cost theory Opportunity cost analysis is the foundation of advantage. Public services like health, education, and security will undoubtedly become less expensive as the cost of administration rises, as will the cost of manufacturing or industrialization. Accordingly, Olivia (2017) asserted that reducing funding for beneficial endeavors is the opportunity cost of enhancing governance.

Cost-effective governance, an efficient civil service, and a growing public investment in economically productive industries are all necessary to promote growth and development. The size of the civil service must be lowered to a reasonable yet ideal level. Nigeria has a very extensive civil service sector with egregious inefficiency and excessive government expenses. An ideal balance of public and private goods that will optimize social welfare can be achieved by society when a state is correctly established. According to Abalaka (2023), private companies can offer private goods at a lower cost for economic efficiency, while the government as a whole can give public goods at a lower cost.

Adewole and Osabuohien (2017) claim that since both the public and private sectors create items in which they have a comparative advantage, output can no longer be increased at equilibrium. In Nigeria, the private sector is more efficient than the governmental sector, but the last naira spent on private goods will increase output by the same amount to the public sector, where expenses are on the rise Ajiteru (2023).

When the public and private sectors are only permitted to perform what they are best at, governance costs are negligible, which makes the aforementioned study significant. Fortunately, the players are sufficiently disciplined by the free market to be motivated to produce at low cost. However, politicians are not obligated to try to reduce the cost of governance (or administrative spending) in the absence of clear regulations. This is what it's like in Nigeria. Abalaka (2023) expressed hope that the present National Conference will rein down the excesses of the current lawmakers the connection between 71 countries' economic growth and government spending. The findings demonstrated a strong correlation between economic growth and the size and caliber of governance. Using gross domestic product as a stand-in for economic growth and recurring and capital administrative expenditures as a proxy for the cost of governance, Ejuvbeokpo (2017) examined the relationship between the cost of governance and economic development in Nigeria. Using data from 2005 to 2022 and the Ordinary Least Squares (OLS) method of analysis, the study finds that Nigeria's economic development is hampered by the cost of governance. Therefore, he claimed that in order to reduce the amount of money that is taken from the state and increase the availability of resources, institutional restraints on technocrats and public office holders are necessary.

3. Proposed Method

3.1 Empirical Research

Cooray (2019) conducted a cross-sectional analysis of government spending and governance quality using an econometric model Using public financing for important economic sectors and development initiatives Sulaiman (2023).

To identify the elements of government spending that contribute to growth and those that do not, Akpan (2015) employed a disaggregated method. These elements include capital, recurring, administrative, economic, social and community, and transfer expenditures. The author came to the conclusion that the majority of government spending components and Nigeria's economic growth did not significantly correlate. Nigeria is one of the world's poorest nations, according to Abalaka (2023), who notes that increased government spending has not resulted in significant progress. They then used a disaggregated study to look into how government spending affected economic growth. The findings show that government spending on education, total capital expenditures, and total recurring expenditures have a detrimental impact on the economy expansion. Conversely, increased government spending on health, transportation, and communication leads to faster economic growth. In addition to ensuring that monies intended for the development of these sectors are appropriately managed, the projected increased capital expenditure and recurring spending includes investments in education, transportation, and communication. Ajiteru (2023).

Loto (2021) examined how government spending affected Nigeria's economic growth from 2019 and 2024, paying special attention to sectoral spending. The Johansen cointegration approach was used to perform cointegration analysis and test the variables for stationarity. Additionally, an error correction test was conducted. The main goal of using the tools is to determine how the government interacts with Nigeria's economic growth and expenditure in various areas (education, health, national security, transportation and communication, and agriculture) Sulaiman (2023). The outcome demonstrates that, in the short term, there was a negative correlation between agricultural spending and economic expansion. Even though schooling had a detrimental impact, it was minimal. Economic growth was found to have a favorable relationship with health spending. Despite a strong correlation between economic development and national security, transportation, and communication spending, the effects were not statistically significant. If brain drain could be prevented, education spending might wind up being beneficial in the long term. Abalaka (2023) looked at how public spending affected Nigeria's economy between 2005 and 2022. The analysis tool was the apparent causal relationship between government spending and economic growth was specified using the OLS multiple regression models. The study's primary goal was to examine how public government spending affected Nigeria's economy using time series data on variables deemed significant predictors of both government spending and economic growth (Sulaiman, 2023).

Consequently, time series data on the GDP and different aspects of government spending were incorporated into the model. The analysis's findings demonstrated that during the study period, capital and ongoing spending on economic services had a negligible detrimental impact on economic growth. Additionally, the favorable impact of capital spending on transfers on growth was negligible. However, capital and ongoing spending on community and social services, as well as ongoing spending on transfers, had substantial boost to economic expansion, according to Ajiteru (2023).

4. Results and Discussion

4.1 Nigeria's Rising Governance Costs:

The cost of governance is the metric employed here to evaluate the state's development process. According to a number of academics, the cost of running Nigeria has skyrocketed over time, decreasing the amount of public revenue that can be used to fund infrastructure development and growth that brings services. They also contend that corruption is linked to high governance costs because politicians inflate project costs. According to Okeke and Eme, the high cost of governance is linked to a number of factors, including population growth, the oversize of the civil service, and the misuse of public monies. It is understandable why Obi stated in his argument that

In Nigeria, government is very expensive, particularly if our leaders can cut back on spending on things like maintaining a large number of guesthouses, hiring unnecessary aides, maintaining lengthy convoys, staying in more expensive hotels, using chattering planes, supporting politicians who don't benefit society, and living the epicurean lifestyle, among other things. Ajiteru (2023).

4.2 Higher Recurrent Budgeting:

Table 1: Analysis of Federal Expenditure

YEAR	TR	TEX	REX	CEX	TRS	REX %	CEX%	TRS %	GDP
2005	949.19	947.69	449.66	498.03	-	47.44	52.55	-	-
2006	1,906.16	701.06	461.60	239.45	-	65.84	34.16	-	-
2007	2,231.60	1,018.03	579.30	438.70	-	56.91	43.09	-	-
2008	1,731.84	1,018.16	696.80	321.38	-	68.44	31.56	-	-
2009	2,575.10	1,225.97	984.30	241.69	-	80.29	19.71	-	-
2010	3,920.50	1,426.20	1,032.70	351.30	42.20	72.41	24.63	2.96	-
2011	5,547.50	1,822.10	1,223.70	519.50	78.90	67.16	28.51	4.33	-
2012	5,965.10	1,958.00	1,290.20	552.39	95.41	6.66	28.50	4.92	145.43
2013	5,727.50	2,450.90	1,589.27	759.32	102.30	64.84	30.98	4.17	166.45
2014	7,866.59	3,240.82	2,177.36	960.89	162.57	65.33	29.65	5.09	208.07
2015	4,844.59	3,452.99	2,127.97	1,152.80	172.22	65.66	35.57	4.99	169.48
2016	7,303.67	4,194.58	3,109.38	883.87	201.32	74.12	21.07	4.80	369.06
2017	11,116.55	4,712.06	3,314.51	918.55	473.00	70.34	19.49	10.17	411.74
2018	10,654.75	4,605.39	3,325.16	874.83	405.40	72.20	18.99	8.80	460.95
2019	9,759.79	5,185.32	3,689.06	1,108.39	387.87	71.14	21.38	7.48	514.97
2020	10,068.85	4,578.06	3,417.56	783.12	377.37	74.65	17.11	8.24	568.51
2021	3,602.00	4,358.00	2,616.00	634.00	412.00	60.02	14.55	9.45	575.22
2022	6,077.68	6,077.68	2,648.60	157.15	351.37	43.57	2.59	5.78	-

Source: Federal Ministry of Finance and Central Bank of Nigeria (2023).

For every year after 2019, Table 1 displays a rising total expenditure (TEX), of which the recurrent expenditure (REX) is the largest. Capital development has been neglected, as evidenced by the rise in recurrent expenditure (REX) from 65.84% in 2020 to 80.29% in 2023 and its average of almost 70% from 2019 to the present (Ajiteru, 2023). Transfers receive the largest vote among the recurrent expenditure (REX) components, followed by administration. This indicates that Nigeria has been borrowing money for debt repayment and consumables. Education, health, agriculture, building, transportation, and other socio-economic services are all included under general administration. This explains why socio-economic indices perform so poorly (Sulaiman, 2023).

The irony that can be Although the value of capital expenditure for these years has been below average, table 1 shows that the Gross Domestic Product (GDP), which is the total expenditure for all final goods and services produced in the country within a specified period of time, has shown an increasing trend from 2019 to at least 2023. Nigeria abruptly emerged as "the fastest growing economy" according to the National Bureau of Statistics' GDP data. We therefore question how the GDP will be affected by this subpar capital budgeting performance. With a 2023 GDP of \$568.51 billion, Nigeria accounted for 0.92% of the global economy. From 1960, when Nigeria gained its independence, to 2023, its GDP averaged \$79.89 billion, hitting a record high about \$4.20 billion in 1960 and \$568.51 billion in 2023, according to Abalaka (2023).

4.3 Additional Elements Contributing to Nigeria's Exorbitant Governance Costs:

The role and scale of government, the organizational structure of governance, the duplication of functions, and corruption are some of the additional issues.

The Function and Scale of Government:

It is anticipated that the state will step in to improve welfare and bring about socioeconomic change. This is supported by Ofuani (2013:4), who claimed that the fundamental goal of governance is the efficient use of public funds to improve the socioeconomic well-being of the populace by selecting prudently and sensibly among conflicting claims and initiatives to produce the best outcomes (Sulaiman 2018).

Despite the fact that Nigeria's top priority is to grow the public sector to spur economic this is because the leadership has strayed from the original role of the state by paying lip service, which explains why there is a constant increase in spending on an overbloated public sector, with an expensive legislature and rapacious corruption (Ajiteru, 2023). Currently, the three tiers of government spend 70% on recurrent expenditure (REX) and 30% on capital expenditure (CEX) annually on average, despite the fact that there are growing demands for infrastructure, healthcare, education, etc. Abalaka,2023).

Organizational Structure of Governance:

Since crude oil is the backbone of the Nigerian economy, the budget is primarily funded with its sales through the Federation Account, which is normally shared between the three tiers of government by the evil COVID-19 virus, which is wreaking havoc on the world. A thorough analysis of Nigeria's experience with the complicated federal presidential system reveals that the executives at all levels of these tiers of government are expensive. The President, his Vice, and Ministers, for instance, have merged and divided ministries under many administrations since Nigeria's democratic governance began. President Olusegun Obasanjo, for instance, had 27 ministers from 1999 to 2003 and 31 ministers from 2003 to 2007. Between 2007 and 2010, President Umaru Yar'adua appointed just 27 ministers. Between 2010 and 2011, there were 29 ministers under President Goodluck Jonathan; from 2011 to 2015, there were 33 ministries. President Muhammadu Buhari, who assumed office in 2015, has 36 ministers.

All of these individuals have a lengthy list of assistants, which raises the administrative component's expense. These include the 36 state governors and their deputies, each of which has at least 12 commissioners; the federal and state justices; the permanent secretaries at the federal and state levels; the secretary to the federal and state governments; the heads of the various parastatals at the federal and state levels; and the 774 chairpersons of local governments, each of whom has a deputy, secretary, and portfolio or supervisory councilor. All of these, together with their respective assistants, draw substantial funding, such as table 2.

Table 2: Approved basic Annual Salaries for the President and others:

Office	Amount (₦)
The Nigerian President to earn	1.4 million naira
Vice President	1.2 million naira
Chief Justice of the Federation	1.3 million naira
Secretary to the Federal Government and Cabinet Minister	794,085 naira
Ministers of State	783, 032 naira
Special Advisers as well as <u>Chairman Independent</u> National Electoral Commission (INEC)	777,150 naira
Heads of Parastatals	777,150 naira
Justice of the Supreme Court and President of the Court of Appeal	990,844 naira
Justices of the Court of Appeal and Chief Judge of the Federal High Courts	776,038 naira
Chairman of Area Council	454,156 naira
Vice Chairman	426,528 naira
Portfolio or Supervisory Councilors	404,650 naira
Secretary of Area Council	370,720.00 naira

Source:<http://www.nigerianmuse.com/20070729164059zg/sections/essays/monday-quarterbacking-a-quick-look-at-yaraduas-ministers-and-a-few.trumbling-issues-to-ponder/29> November 2001.

In 2002, 68% of the administrative component was made up of 37 ministers (including the cabinet minister and the minister of the Federal Capital Territory), 541 heads of parastatals, 774 chairs and their various vice chairs, supervisory councilors, and secretaries of area councils, to name just a few of these individuals outside the president and his vice. In general, all of these expenses accounted for 38% of 2002's recurring expenses. This signaled the beginning of these massive spending for the succeeding governments Sulaiman (2018).

The Nigerian Legislature, which is regarded as the highest paid assembly in the world, is the most depressing. The number of allowances received from extremely high percentages of their base pay is displayed in Table 3 (Abalaka, 2023).

Table 3: Nigerian Legislator's Emoluments:

Annual	Senator(₦)	House of Reps (₦)
Basic Salary	2,026,400.00	1,952,498.50
Vehicle fuelling/Maintenance	1,520,000.00	1,489,000.00
Constituency	5,000,000.00	1,985,000.00
Domestic Staff	1,519,000.00	1,488,000.00
Personal Assistant	506,600.00	496,303.00
Entertainment	607,920.00	595,563.00
Recess	202,640.00	198,521.00
Utilities	607,920.00	397,042.00
Newspaper/Periodicals	303,960.00	297,781.00
House Maintenance	101,320.00	99,260.00
Wardrobe	506,600.00	496,303.00
Estacode	\$950.00**	\$900.00**
Tour Duty	37,000.00	35,000.00**
Total	12,902,360.00	9,525,985.50

**Not added to total.

$N 12,902,360.00 \times 109 \text{ Senators} = N 1,406,357,240.00$ (that is, almost N 1.5 billion).
 $N 9,524,985.50 \times 360 \text{ House of Reps members} = N 512,994,780$
 (that is, over half of a billion naira).

Others:

Tenure (Every years)	4	Senators (₦)	House of Reps members (₦)
Accommodation		4,000,000.00	3,970,000.00
Vehicle Loan		8,000,000.00	7,940,000.00
Furniture		6,000,000.00	5,956,000.00
Severance Gratuity		6,090,000.00	5,956,000.00
Total		24,090,000.00	23,822,000.00

$N 24,090,000.00 \times 109 \text{ Senators} = N 2,625,810,000.00$ (i.e. over 2.5 billion naira)
 $N 23,822,000.00 \times 360 \text{ House of Reps members} = N 8,575,920,000.00$ (i.e. over 8.5 billion naira).
 Grand total to each Senator: $N 12,902,360.00 + N 24,090,000.00 = N 36,992,360.00$
 At an exchange rate of about N 200 to \$1, this means \$184,962.00. For House of representative members, $N 9,525,985.50 + N 23,822,000.00 = N 33,347,985.50$ This means \$ 166,740.00 to each member Abalaka, (2023).

Source: Ejiofor, C (2019) Revenue Mobilization and Fiscal Commission (RMAFC) Salaries and Allowances of National Assembly Members, <http://www.rmafrc.gov.ng/> or <http://www.naij.com/442040> Retrieved on 16th March, 2016.

This explains why the legislative budget has been steadily rising. According to table 3, the total emoluments for 360 members of the House of Representatives and 109 senators demonstrate a significant withdrawal from federal resources, which is why the National Assembly's allocation under administrative recurrent expenditure increased from N6.02 billion to N68.74 billion in 2008 and then to N150.73 billion in 2014. This means that the National Assembly alone bears well over half of the total overhead costs, as suggested by the Orosenya Committee Report.

Duplication of Duties in Government:

The Orosenya Committee Report suggested cutting Nigeria's 541 parastatals, commissions, and agencies to 161. For example, VIO, FRSC, HIGHWAY, NAFDAC, NDLEA, and SON are all examples of these duplications. Orosanya noted that despite the fact that the two commissions were set up independently to combat corruption—something the police seemed to have failed to do—successive administrations have ironically continued to select the EFCC Chairman from the Police Force, while the ICPC's investigative methodology and personnel training are handled by the police Abalaka (2023). Therefore, is it not preferable to let the Nigerian Police develop into a dynamic and

efficient agency? The government ignored the Orosenya Report's recommendation to reduce the number of agencies from 541 to 161 based on this argument. According to Okeke and Eme, there are an estimated 30,000 employees working for various organizations and parastatals across the country. In addition to a preponderant executive cabinet and an ineffectual legislature, this raises the cost of maintaining government administrative expenditures to fund abnormally large, inefficient, and corrupt Civil Service personnel. These costs are peculiar to Nigerian governance (Ajiteru, 2023).

Corruption:

Accountability is the essential component of democratic good government, as was previously mentioned. Therefore, it stands to reason that we should steer clear of the expenses linked to a lack of openness (Ajiteru, 2023). But the price of governance is mostly reliant on subpar leadership, which results in shrewd and dishonest actions. Abalaka (2023). Corruption

permeates every aspect of government, from the hiring of legislative and executive assistants to the upkeep of convoys, multiple federal agencies, international travel, etc., rather than maintaining a sound framework that would raise people's standard of living and socioeconomic prospects. There are 2,750 legislative assistants, many of whom appear to be redundant yet are compensated for work that has not been completed, according to the Institute of Legislative Studies. Lawan contends that members of the national assembly spend millions of naira on the salaries of legislative assistants, only to use the money for their own pointless expenses (Sulaiman, 2023).

Related to this is the fact that, aside from the allowances authorized by the Fiscal and Revenue Mobilization Nigerian public offices are the highest paying in the world because the Commission (RMAFC), the National Assembly, gave themselves high percentage allowances of basic salary, such as fifty percent of the hardship allowance, fifty percent of the newspaper allowance, twenty-five percent of the wardrobe allowance, seventy-five percent of the vehicle maintenance allowance, two hundred percent of the accommodation allowance, two hundred percent of the constituency allowance, three hundred percent of the furniture allowance, four hundred percent of the motor vehicle allowance, etc. The constituency allowances alone are more than legislators' salaries in other countries (Abalaka, 2023). For instance, the president of the United States of America receives a salary of \$400,000.00 annually, but the Nigerian senator receives more than 1.7 million dollars a year from the constituency allowance. It has caused the electorate to lose faith. Lawan encapsulated each of these as follows:

Corruption raises the cost of governance because it abuses existing rules and regulations in the award and execution of public contracts, such as over-invoicing and inflation in the cost of public funds through various forms of contract process manipulation. This is especially true when budgetary estimates are inflated or manipulated, which shows a high level of insecurity and irresponsibility on the part of political office holders or leaders.

Corruption is the main source of revenue leakage that is depleting Nigeria's economic resources. Therefore, Ofuani concluded that corruption drains 70% of recurring spending and 15% of the 30% that remains for capital expenditures, again drained by kickbacks on contracts (Ajiteru, 2023).

Final Thoughts:

The study examined the effects of governance costs on Nigeria's socioeconomic development using secondary data. Since the cost of governance is the metric used to evaluate the state's development process, a number of scholars have argued that the cost of running Nigeria has skyrocketed over time, lowering the percentage of public revenue that can be used to support growth that brings about services and infrastructure development. They also contend that corruption is linked to high governance costs, as evidenced by politicians inflating project costs, duplicating government functions, and corruption (Organizational Structure of Governance, Role and Size of Governments, and Corruption Abalaka, 2023). Consequently, the research has demonstrated that the continuously rising budgetary expenditures have not resulted in any

significant socioeconomic growth. Sulaiman (2023) finds that this cost is the result of a number of variables that have combined to work against the development project. This is partially due to the fact that development has not been a priority for succeeding presidents. Furthermore, Nigeria's development effort is now negatively impacted by a number of issues, including corruption, extravagance, and the government structure. Any sane leader knows that diversifying the economy to other industries is necessary in light of the present coronavirus outbreak. (Ajiteru (2023).

5. Conclusions

Political leaders should always be held accountable for their deeds and inactions in order to defend the exorbitant cost of governance by ensuring that it results in socioeconomic development. This will help us lower the cost of governance and achieve the intended socioeconomic development in Nigeria (Sulaiman (2023).

The Nigerian constitution's social, economic, and political goals need to be rendered "justiciable" so that former governments can be held accountable for their failure to meet them. All political office leaders should no longer have immunity, and the National Legislature's capricious privileges should also be eliminated. In order to eradicate the culture

of impunity and establish discipline, corruption should be reduced by the application of appropriate punishment, which should be applied to all officers and those implicated (Abalaka, 2023).

To promote a productive economy or social economic development, the budgetary system should be connected to sectors such as health, agriculture, education, and economic services. This supports Keechi's contention that democracy ought to be evaluated against ideal such as zero rates of inequality, unemployment, and inflation. Increased capital budgeting and a dedication to establishing fundamental socioeconomic needs are needed. Abalaka (2023).

According to Kathmadu in: Oyedele, infrastructure can assist in resolving the following four issues: economics, social, health, and environmental development." An improvement in this area has the potential to boost economic growth and inspire confidence in the populace. In order to actually achieve the intended socio-economic growth in Nigeria, the report also suggests complete diversification of the oil mono economy to other sectors as agriculture, health, etc. Sulaiman (2023).

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