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FISCAL DISCIPLINE AND HUMAN DEVELOPMENT in KOGI STATE: A CRITICAL EXAMINATION.

By

[1]Ejigbo, A, [2]OkpanachI, A.U, [3]Edah, F.J, [4]Tukura, T.P, [5]Adejoh E, [6]Ocheja, P.I

[1]Department of Public Administration, Salem University, Lokoja, Nigeria
[2]Department of Public Administration, Kogi State Polytechnic, Lokoja, Nigeria
[3]Department of Public Administration, Akanu Ibiam Federal Polytechnic, Unwana, Ebonyi State , Nigeria
[4]First Bank PLC, Lokoja Branch, Nigeria
[5]Registry Department, Salem University, Lokoja, Nigeria
[6]Department of Economics and Development Studies, Nassarawa State University, Keffi, Nigeria

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Corresponding author
Ejigbo, A

Abstract

This study critically examines the relationship between fiscal discipline and human development in Kogi State from 2007 to 2017, with a focus on assessing how fiscal variables influence capital expenditures directed at human development. Data were sourced from the Kogi State Annual Report and the Office of the Auditor General to Kogi State Government (2017). Using Ordinary Least Squares (OLS) regression analysis, the study evaluated the effects of fiscal deficit, state internally generated revenue (IGR), and federal allocations on budgetary allocations to capital expenditure for human development. Empirical findings revealed that fiscal deficit exerted a significant negative effect on capital expenditure allocations for human development, while state IGR and federal allocations demonstrated positive impacts. The study concludes that weak fiscal discipline, particularly in managing fiscal deficits, undermines the state's capacity to prioritize human development through capital investments. Recommendations include enacting stringent fiscal controls to curb deficits, implementing policies to enhance IGR through improved financial frameworks, and ensuring transparent utilization of federal allocations to bolster human development initiatives. These measures are critical for fostering sustainable progress in education, healthcare, and social infrastructure in Kogi State.

***Key words**: Fiscal, Discipline, Human, Development, Kogi, Governance The system of rules, practices, and institutions that govern the exercise of power and authority within a society, organization, or state. Good governance involves transparency, accountability, participation, and responsiveness to the needs of citizens.*

1. INTRODUCTION

Fiscal discipline, the effective management of public finances, is crucial for sustainable development, particularly human development (De Mello, 2000). This involves responsible spending, efficient resource allocation, and balanced expenditure and revenue. While Nigeria showed early development promise (Olukayode, 2015), fiscal indiscipline, characterized by expenditure-revenue imbalances (Onodje, 2009), hinders progress. Aka (2013) emphasizes the interconnectedness of fiscal discipline and development, especially for local governments reliant on statutory allocations (Khemani, 2004). The global focus on development, exemplified by the Millennium Development Goals (MDGs) (United Nations, 2003), underscores the importance of sound financial management for achieving human development targets. Resource-rich developing countries like Nigeria face challenges like poverty, disease, and resource mismanagement (Iwuagwu, 2000; United Nations, 2003), necessitating a focus on

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fiscal discipline. Despite abundant resources, Nigeria, including Kogi State, experiences unemployment, poverty, and decaying infrastructure due to fiscal indiscipline (Nwaobi, 2004). State governments require fiscal discipline for developmental projects (Oladunni, 2004), including balancing expenditure and revenue, allocating funds to capital expenditure, managing deficits, and optimizing revenue sources. This study examines the effect of fiscal discipline on human development in Kogi State from 2007 to 2017. Despite Nigeria's mid-20th-century development parity with some nations (Egbochuku, 2001), it lags in human development. Kogi State exemplifies this, struggling with fiscal indiscipline that undermines investments in key areas (Onodje, 2009; Eneojo & Gabriel, 2014). This study investigates how fiscal discipline has shaped human development outcomes in Kogi State between 2007 and 2017, exploring the relationship between fiscal deficits, budgetary allocations to capital expenditure, internally generated revenue, federation account allocations, and human development indicators. This research aims to contribute to the discourse on fiscal discipline in Nigeria (Obasanjo, 2004) by examining the specific factors influencing fiscal performance in Kogi State and providing insights for government agencies and the public.

2.0. LITERATURE REVIEW

Definition of Keywords

1. Fiscal

Relating to government revenue, especially taxes and public expenditures. Fiscal policies and management involve the allocation and utilization of public funds to achieve economic and social objectives.

2. Discipline

The practice of adhering to a set of rules, regulations, or principles to achieve a specific goal or objective. In the context of fiscal discipline, it refers to the government's ability to manage its finances prudently, avoid overspending, and make timely payments.

3. Human

Relating to the well-being, development, and empowerment of individuals and communities. Human development encompasses various aspects, including education, healthcare, income, and social protection.

4. Development

The process of improving the quality of life, economic well-being, and social progress of individuals, communities, or societies. Development involves investments in human capital, infrastructure, and institutions to achieve sustainable growth and prosperity.

5. Kogi

A state located in the North-Central region of Nigeria. Kogi State is known for its rich cultural heritage, natural resources, and agricultural potential.

6. Governance

The system of rules, practices, and institutions that govern the exercise of power and authority within a society, organization, or state. Good governance involves transparency, accountability, participation, and responsiveness to the needs of citizens.

2.1. Conceptual Framework

2.1.1 Fiscal Discipline

Fiscal discipline, at its core, represents the prudent management of government finances, characterized by an "ideal balance between revenue and expenditure" (Neyapti, 2006). When fiscal discipline is maintained, governmental revenue adequately covers expenditure, thus avoiding fiscal deficits and the subsequent need for financing through debt or monetary creation – both of which carry long-term adverse economic consequences. As emphasized by Obi (2007), fiscal discipline is not merely a budgetary exercise; it is "essential to improve and sustain economic performance, maintain macroeconomic stability and reduce vulnerabilities," particularly in the face of globalization.

In practical terms, maintaining fiscal discipline encompasses several key elements, as highlighted by Enache (2009):

- Solvability: Ensuring a balanced budget presented to the legislative body, reflecting a commitment to expenditure not exceeding anticipated revenue.
- Liquidity: Maintaining sufficient cash flow throughout the fiscal year to meet monthly expenditures, avoiding short-term borrowing and associated interest costs.
- Credibility: Rigorous enforcement of the approved budget through internal controls and external scrutiny, ensuring that expenditure ceilings and budgetary compositions are adhered to by the administration.

In the Kogi State context, fiscal discipline is recognized as crucial for "sustainable growth and development" (Mamora, 2016). The Kogi State Government has explicitly stated the need to "imbibe fiscal discipline, improved revenue generation, rational allocation and efficient use of resources," especially during times of economic recession and fluctuating government revenues (Mamora, 2016). The stated emphasis on enhancing agriculture and Micro, Small, and Medium Enterprises (MSMEs) as drivers of economic growth further underscores the intended direction of prudent resource management in the state.

2.1.2 Human Development

Human development is a crucial aspect of a society's progress, encompassing the expansion of people's freedoms, capabilities, and opportunities (Sen, 1999). In Kogi State, Nigeria, human development is a pressing concern, with the state ranking 26th out of 36 states in Nigeria's Human Development Index (HDI) (UNDP, 2020).

The state's human development challenges are multifaceted. One major issue is the lack of access to quality education and healthcare. According to the National Bureau of Statistics (NBS), Kogi State has a literacy rate of 64.5%, which is lower than the national average (NBS, 2020). Furthermore, the state's healthcare system is underfunded and understaffed, leading to poor health outcomes (WHO, 2020).

Fiscal discipline is critical in addressing these human development challenges. The Kogi State government must prioritize investments in education, healthcare, and other social sectors. This requires effective management of public finances, including reducing corruption, improving revenue collection, and allocating resources efficiently (IMF, 2019).

2.1.3 The Theoretical Linkage: Fiscal Discipline and Human Development

Theoretically, a fiscally disciplined government is better positioned to foster human development. By maintaining a balanced budget and managing resources effectively, the government can:

- Allocate resources strategically to key sectors: Fiscal discipline allows for the rational allocation of budgetary resources. In Kogi State, budgetary allocations are integral to the annual financial plan, guiding resource commitment to departments and programs (Ryckman, 2017). Ideally, a fiscally disciplined government can prioritize allocations to social sectors like education and health, which are direct drivers of human development. While in Kogi State, the economic sector has historically received approximately 50% of capital expenditure (Mamora, 2016), a robust fiscal framework should ensure adequate and effective investment in human capital development as well.
- Reduce macroeconomic instability: Fiscal deficits and mounting debt, consequences of fiscal indiscipline, can lead to macroeconomic instability, including inflation and economic vulnerability (Neyapti, 2006; Obi, 2007). Macroeconomic stability provides a conducive environment for sustained economic growth, which, in turn, creates opportunities for human development through employment, improved living standards, and increased access to social services.
- Enhance policy credibility and attract investment: Credibility, a cornerstone of fiscal discipline, builds trust in government policies. A credible fiscal stance can attract both domestic and foreign investment, further stimulating economic activity and generating resources for human development initiatives.
- Ensure sustainable development: Fiscal discipline is not just about short-term financial balance; it is about ensuring long-term fiscal health. Sustainable fiscal management enables governments to consistently invest in development projects, including those directly related to human development, without jeopardizing future generations through unsustainable debt burdens.

2.1.4 Fiscal Context of Kogi State: Challenges and Opportunities

Kogi State's fiscal landscape, as presented in the provided text, reveals a complex scenario. The state's revenue sources from 2007-2017 were primarily Statutory Allocation, Value Added Tax, and loans, with a weak Internally Generated Revenue (IGR) base (Mamora, 2016). Budget deficits have been a recurring feature in Kogi State, particularly from 2015 onwards, with expenditures consistently exceeding revenues (Akpa-kpan, 1999; Nwaeke and Korgbeelo, 2016). This reliance on deficit financing can undermine fiscal discipline and potentially constrain resources available for human development if not managed judiciously.

Table 3 and Figure 1 illustrate the trends in Kogi State's fiscal discipline indicators and budgetary allocation to capital expenditure from 2007 to 2017. While capital expenditure allocations fluctuate, the data also highlights the interplay between fiscal deficit, IGR, federation account revenue, and VAT share. A critical examination of these trends is vital to understanding the practical implications of fiscal discipline (or the lack thereof) on development outcomes in Kogi State.

Furthermore, factors affecting fiscal discipline in Kogi State, such as corruption, lack of qualified staff, poor work attitude, and undue political interference (Abah, 2000), present significant challenges. Corruption, in particular, "robs state governments in Nigeria of the financial strength and ability to provide basic social services" (Kolawole, 2006). Addressing these systemic issues is paramount to improving fiscal discipline and, consequently, enhancing human development prospects in the state.

Despite these challenges, Kogi State possesses significant agricultural and mineral resources and plays a crucial role in national food security. Effectively leveraging these economic strengths, coupled with improved tax mobilization and utilization could offer avenues to strengthen the state's fiscal position and enhance its capacity to invest in human development.

2.2. Empirical Review

2.2.1 Fiscal Discipline and Development Outcomes

The empirical literature provides diverse perspectives on the relationship between fiscal discipline and development.

- Decision-making and Fiscal Performance: Von Hagen and Harden (1995) emphasize the influence of decision-making processes on fiscal discipline, highlighting the potential for "fiscal illusion" to bias spending. Neyaptı (2006) further explores this, suggesting that collective government interests may lead to better fiscal outcomes compared to individual ministerial interests, while also noting that increased spending ministers and higher utility from spending could strain fiscal discipline.
- Fiscal Decentralization: Neyaptı (2006) also investigates fiscal decentralization, underscoring the importance of balancing equality, macroeconomic stability, and efficiency in fiscal arrangements.
- Revenue Generation and Local Government Performance: Michael (2007) highlights the challenges of weak revenue capacity and limited financial autonomy in hindering local government performance in Nigeria, emphasizing a crucial aspect of fiscal discipline at the sub-national level. Adewoye and Fasina (2008) in Oyo State, Nigeria, also demonstrate the significant impact of revenue generation strategies on actual revenue, pointing to the need for efficient and

modernized systems. Jamala et al. (2013) in Adamawa State, Nigeria, further identify practical challenges in revenue generation, such as non-compliance and insufficient public awareness. Osaheni (2017) in Edo State, Nigeria, empirically examined revenue collection methods, finding mixed results on the effectiveness of different revenue sources and collection techniques.

- Impact of Fiscal Discipline on Economic Growth: Enache (2009) found limited evidence for a direct positive impact of fiscal discipline on economic growth in Romania, suggesting the relationship may be more nuanced. Karimi and Khosravi (2010) in Iran, however, identified a long-run relationship between economic growth and fiscal discipline, with government expenditure positively affecting growth, suggesting context-specific outcomes. Baum and Koester (2011) add further nuance, demonstrating that the impact of fiscal discipline shocks on GDP can be contingent on the business cycle phase.
- Fiscal Policy and Poverty Alleviation: Obi (2007), utilizing a GEM model, suggests that targeted government expenditure may be more effective than general transfers or tariffs in poverty alleviation, indicating the importance of the quality of fiscal spending in development outcomes.
- Fiscal Discipline in Nigeria and its Challenges: Omitogun and Ayinla (2007) argue that fiscal discipline efforts in Nigeria have not fully achieved their aims, citing corruption and policy inconsistency as significant impediments, echoing the factors identified as affecting fiscal discipline in Kogi State (Abah, 2000). Ndubuisi and Onuba (2016) focus on local government finance and rural development in Abia State, Nigeria, highlighting the challenges posed by dwindling revenue bases at the local level and emphasizing the importance of efficient financial management for rural and human development.

2.2.2 Gaps in Literature and Study Focus

As noted in the original text (section 2.2.1), a significant gap exists in the literature regarding the direct examination of fiscal discipline's impact specifically on human development, particularly within the context of Kogi State. Existing studies have primarily focused on the relationship between fiscal discipline and economic growth, revenue generation, or rural development in general. Therefore, a critical examination of the relationship between fiscal discipline and human development in Kogi State represents a valuable and necessary addition to the existing body of knowledge. This study aims to address this gap by critically analyzing how fiscal discipline, or its absence, in Kogi State impacts key indicators of human development, thereby contributing to a more nuanced understanding of this crucial relationship in a specific sub-national context within Nigeria.

2.3 Theoretical Framework

2.3.1 Fiscal Discipline and Human Development in Kogi State

To critically examine the relationship between fiscal discipline and human development in Kogi State, this study draws upon a range of theoretical perspectives that provide lenses through which to analyze this complex interplay (Obasi, 1999; French, 1978; Ogouonu and Anugwom, 2007). These theories, acting as conceptual models (French, 1978), help to structure our analysis, guide our inquiry, and connect our findings to broader scholarly understanding. We will focus on theories that offer specific insights into the mechanisms through which fiscal discipline, or its absence, can impact human development outcomes. While several theories were initially considered, for the purpose of this study focusing on the critical examination of fiscal discipline and human development in Kogi State, the following are most pertinent: Structural Functionalism, Efficiency Service Theory, and most prominently, Buchan Fiscal Residuum Theory. These theories, while diverse, converge on the critical role of effective resource management and governance in achieving desired developmental outcomes.

a. Theory of Structural Functionalism: Fiscal Structures and Human Development in Kogi State

Structural Functionalism, which views society as an interconnected system of parts working together (Haralambos and Herald, 1980; Nwosu and Ofoegbu, 1986; Olaniyi, 1997), is relevant to understanding how fiscal structures in Kogi State impact human development. Within this framework, the state government's fiscal apparatus – revenue generation mechanisms, budgetary processes, and expenditure frameworks – are viewed as structures designed to perform specific functions within the larger societal system. Bahl (2003) argues that decentralizing fiscal powers to sub-national levels like Kogi State should enable more effective welfare service provision and participatory decision-making. However, from a structural functionalist perspective, we must critically examine whether the existing fiscal structures in Kogi State are functionally contributing to human development. Are the structures effectively channeling resources to education, healthcare, and other social services that are fundamental to human development? Or are dysfunctions within the fiscal system – such as corruption or inefficient revenue utilization – hindering the state's ability to meet the human development needs of its population? This theoretical lens encourages us to investigate the functional effectiveness of Kogi State's fiscal structures in promoting human development, or conversely, the structural impediments that may be undermining it.

b. Efficiency Service Theory: Fiscal Discipline as a Means to Effective Service Delivery for Human Development

The Efficiency Service Theory posits that the raison d'être of state governments, including Kogi State's government, is to provide efficient and locally appropriate services to its citizens. Revenue generation, therefore, becomes not an end in itself, but a crucial means to achieving this fundamental objective. Fiscal discipline, in this context, is paramount for ensuring the efficient allocation

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and utilization of generated revenue. Without fiscal discipline, resources may be mismanaged, diverted through corruption, or allocated inefficiently, thereby undermining the state government's capacity to deliver quality services that are essential for human development. These services include, but are not limited to, effective healthcare systems, quality education, access to clean water and sanitation, and infrastructure that supports economic opportunities – all direct determinants of human development. This theory directs our critical examination to assess whether fiscal discipline (or lack thereof) in Kogi State directly translates to the efficiency and effectiveness of service delivery that ultimately impacts the human development outcomes of its citizens. Are resources being used optimally to maximize human development benefits, or are inefficiencies and fiscal indiscipline eroding the state's service delivery capacity?

c. Buchan Fiscal Residuum Theory: Equity and Fiscal Discipline for Human Development in Kogi State

The Buchan Fiscal Residuum Theory (Buchan, 1982) provides a particularly relevant framework for analyzing fiscal discipline and human development in Kogi State, especially given the state's diverse local government areas and varying levels of economic capacity. This theory emphasizes the crucial balance between revenue contribution and public services received – the "Fiscal Residuum." Buchan argues for horizontal equity, suggesting that individuals or regions in similar economic situations should experience comparable fiscal residuals. In the context of Kogi State, this theory highlights potential disparities between local government areas. Areas with weaker revenue generation capacity concerning poor IGR) might struggle to provide adequate public services if fiscal discipline is solely interpreted as strict balanced budgets at the local level.

The Buchan Fiscal Residuum Theory suggests that in a context like Kogi State, Unconditional Equalization Grants are essential to address these disparities. These grants can help ensure that all regions, even those with lower revenue-generating capacity, can achieve a negative fiscal residuum for their citizens – meaning they receive more in public services than they contribute in direct taxes. This is directly linked to human development, as it allows for the provision of essential services across all regions of Kogi State, fostering more equitable human development outcomes.

In applying this theory to Kogi State, our critical examination will focus on:

- Analyzing the fiscal residuum across different local government areas in Kogi State: Are there significant disparities in the balance between revenue contribution and public service access across different regions?
- Assessing the role of intergovernmental fiscal transfers: Are existing equalization mechanisms, if any, effectively addressing fiscal disparities and promoting equitable human development across Kogi State?
- Evaluating whether fiscal discipline measures are exacerbating or mitigating regional inequalities in human development: Is a focus on strict fiscal balance at all levels inadvertently disadvantaging regions with weaker revenue bases, thus hindering overall human development progress in Kogi State?

2.4.1 Application of the Theories to the Study

The Buchan Fiscal Residuum Theory, complemented by Structural Functionalism and Efficiency Service Theory, provides a robust theoretical foundation for critically examining the link between fiscal discipline and human development in Kogi State. These theories collectively underscore that fiscal discipline is not simply about achieving budgetary balance; it is about strategically managing public finances to create effective, equitable, and sustainable conditions for human development. In Kogi State, where fiscal challenges and developmental needs are significant, understanding and applying these theoretical frameworks is crucial for informed policy analysis and for guiding efforts towards achieving both fiscal prudence and meaningful improvements in the lives of the state's citizens. This critical examination will therefore be guided by these theoretical lenses to analyze the empirical data and draw informed conclusions about the nuanced relationship between fiscal discipline and human development in Kogi State.

3.0 METHODOLOGY

3.1 Research Design

This study employed a descriptive research design, specifically an ex-post facto design, to critically examine the relationship between fiscal discipline and human development in Kogi State (Zikmund, 2000). This design is appropriate as it allows for the analysis of existing data to explore the relationship between the variables of interest. The study utilized secondary data sourced from the Office of the Auditor General to Kogi State Government, relevant academic journals, and reputable internet sources.

3.2 Data Collection

The study used annual time-series secondary data spanning the period from 2007 to 2017. Data collected included fiscal deficit, state internally generated revenue, revenue from the federation account to the state government, and the state's share of value-added tax. These variables served as proxies for fiscal discipline. State budgetary allocation to human development, encompassing expenditures on education, health, and social welfare, was used as a proxy for human development, the dependent variable.

3.3 Data Analysis

The study employed descriptive statistics to summarize the data and multiple linear regression analysis to examine the relationship between fiscal discipline and human development. The Ordinary Least Square (OLS) multiple regression method was chosen for data analysis due to its desirable properties of providing the Best Linear Unbiased Estimator (BLUE) under the classical assumptions (Gujarati, 2004).

3.4 Model Specification

A multiple linear regression model was specified to analyze the relationship between fiscal discipline and human development in Kogi State. The model is presented in equation [1]:

[1] $Y = \beta o + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + \mu$

Where:
Y = State budgetary allocation to human development (proxy for human development)
X1 = Fiscal deficit
X2 = State internally generated revenue
X3 = Revenue from the federation account to the state government
X4 = State share of value-added tax (proxies for fiscal discipline)
βo = Constant term
$\beta 1$-$\beta 4$ = Coefficients of the independent variables
μ = Error term
Eviews version 9.5 software was used for data analysis and hypothesis testing.

3.5 Hypothesis Testing

The study employed the student's t-statistic method to test the statistical significance of the individual coefficients in the regression model. The decision rule was based on a comparison between the computed t-statistic values and the critical t-value at a 0.05 significance level. This level of significance is commonly used in social science research.

4.0. PRESENTATION AND DISCUSSION OF FINDINGS

4.1 Data Presentation

The data for this study, focusing on fiscal discipline and human development in Kogi State, is presented in the table below. The data encompasses indicators of fiscal discipline and measures of human development within the state.

The data in Table 4.1 presents information on fiscal deficit (X1), state internally generated revenue (X2), revenue from the federation account (X3), and the state share of value-added tax (X4) as proxies for fiscal discipline (the independent variables). State government budgetary allocation to human development (Y), encompassing expenditures on education, health, and social welfare, serves as the proxy for the dependent variable, human development. The data spans the period from 2007 to 2017 and is sourced from the Office of the Auditor General to the Kogi State Government.Fiscal Discipline and Human Development in Kogi State: A Critical Examination

Table 4.1: Fiscal Data for Kogi State (2007-2017)

| Year | Budgetary Allocation to Human Development (Y) | Fiscal Deficit (X1) | Internally Generated Revenue (X2) | Federation Account Revenue (X3) | Value Added Tax Revenue (X4) |

Year	Y.	X1.	X2.	X3.	X4
2007	44,505,102,366.42	29,316,726.80	10,934,506.88	14,700,335,194.50	20,934,506.88
2008	24,861,322,401.34	85,208,072.47	25,767,260.07	12,989,134,820.00	35,767,260.07
2009	35,650,321,400.42	8,238,373.40	12,491,863.36	15,995,638,742.50	52,491,863.36
2010	25,715,245,209.26	22,467,237.00	20,501,796.52	16,998,635,240.60	40,501,796.52
2011	26,739,254,122.07	12,917,724.32	33,244,007.71	15,200,648,195.40	33,244,007.71
2012	36,739,909,206.65	31.401,925.00	59,797,456.15	17,580,635,924.30	29,797,456.15
2013	27,799,986,341.22	7,383,310.00	28,227,509.55	18,650,395,184.50	18,227,509.55
2014	37,746,212,112.31	22,128,540.70	51,324,560.86	16,085,342,196.50	31,324,560.86
2015	47,813,161,260.02	24,855,926.65	66,343,006.14	17,334,079,182.65	26,343,006.14
2016	88,863,231,402.01	10,075,819.99	60,869,005.16	19,600,250,134.60	30,869,005.16
2017	98,999,035,342.86	61,899,881.67	95,626,375.03	30,980,465,322.00	65,626,375.03

Source: Kogi State Annual Report (2017), Office of the Auditor General to Kogi State Government, Kogi State.

4.2 Presentation of Regression Results

The regression results presented below analyze the relationship between fiscal discipline indicators (fiscal deficit (X1), state internally generated revenue (X2), federation allocation (X3), and state share of VAT (X4)) and state government budgetary allocation to human development (Y) for the period 2007-2017. The estimated model, as outlined in Chapter Three, is:

$Y = \beta0 + \beta1X1 + \beta2X2 + \beta3X3 + \beta4X4 + \mu$

The estimated coefficients are:

$Y = 3224.213 - 0.642304X1 + 0.455125X2 + 0.535676X3 + 0.252789X4 + \mu$

Standard Errors:

(1234.214) (0.021512) (0.032292) (0.051885) (0.028743)

t-statistics:

(2.61236) (-29.85794) (14.094048) (10.324294) (8.794802)

Source: Researcher's Computation using Eviews, 2019

Where: β0, β1, β2, β3, and β4 are the regression coefficients, and std.e represents the standard error of the regression coefficients.

4.3 Analysis of Estimated Regression Results

The intercept of the regression equation is 3224.213, representing the value of state government budgetary allocation to human development (Y) when all other variables are zero.

The coefficient for fiscal deficit (X1) is -0.642304. This indicates that a one-unit increase in fiscal deficit is associated with a 0.642304 unit decrease in the state budgetary allocation to human development (Y). The negative sign signifies an inverse relationship, consistent with a priori expectations, as increased fiscal deficits are expected to constrain human development expenditures.

The coefficient for state internally generated revenue (X2) is 0.455125. A one-unit increase in IGR (X2) is associated with a 0.455125 unit increase in human development expenditure (Y). The positive sign confirms the expected direct relationship, as higher IGR provides more resources for human development investments.

The coefficient for federal allocation (X3) is 0.535676. A one-unit increase in federal allocation (X3) leads to a 0.535676 unit increase in human development expenditure (Y). This positive relationship aligns with a priori expectations, as increased federal allocations provide states with more funds for human development programs.

The coefficient for the state share of VAT (X4) is 0.252789. A one-unit increase in the state share of VAT (X4) corresponds to a 0.252789 unit increase in human development expenditure (Y). The positive sign indicates a direct relationship, suggesting that increased VAT revenue contributes to greater investment in human development.

4.4 Test of Hypotheses

4.4.1 Student's t-Statistic Test

The student t-distribution test was used to determine the significance of the individual parameter estimate. To achieve this, we have to compare the t-value in the regression result with the t-tabulated at n-k degree of freedom (d.f) at 5% level of significance. Theoretically, the degree of freedom (d.f) is denoted by n-k. n = 10, k = 4, so that d.f = 10-4 = 6; the t-tab obtained at 5% significance level under a two-tailed test is ±1.943.

The calculated t-statistic for β1 is -29.85794. Since t-tab < t-cal, that is, 1.943 < 29.85794 (absolute values), we reject the null hypothesis which states that the alternative hypothesis has no significant effect on state budgetary allocation and concluded that lack of fiscal discipline on fiscal deficit has significant effect on state budgetary allocation to capital expenditure towards Sustainable Development in Kogi State.

The calculated t-statistic for β2 is 14.094048. Since t-tab < t-cal, that is, 1.943 < 14.094048 (absolute values), we reject the null hypothesis which states that the alternate hypothesis has no significant effect on financial control measures and framework put in place for state internally generated revenue on state budgetary allocation to capital expenditure has significant effect on Sustainable Development in Kogi State.

The calculated t-statistic for β3 is 10.324294. Since t-tab<t-cal, that is, 1.943 < 10.324294 (absolute values), we reject the null hypothesis which states that the alternative hypothesis has no significant effect on the improvement on fiscal discipline on revenue from federation allocation to state government on state budgetary allocation to capital expenditure has significant effect on Sustainable Development.

5.0 CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

This research investigated the relationship between fiscal discipline and human development in Kogi State, utilizing three research questions, three objectives, and three hypotheses. The study focused on the three senatorial districts of Kogi State and drew upon existing scholarly literature. Annual time-series secondary data were employed, using fiscal deficit, state internally generated revenue (IGR), federal allocation, and the state government's share of value-added tax (VAT) as proxies for fiscal discipline (the independent variable). State government expenditure on human development (specifically, allocations to education, health, and social welfare) served as a proxy for the dependent variable.

The study employed ordinary least squares (OLS) multiple regression analysis to examine the impact of the independent variables on human development expenditure. Hypotheses were tested using t-statistics. The empirical findings suggest that increased fiscal deficits are associated with decreased human development expenditure in Kogi State. Conversely, increases in state IGR and federal allocation are positively related to human development expenditure. Therefore, the study concludes that a lack of fiscal discipline, as reflected in fiscal deficits, significantly affects state budgetary allocations for human development, hindering sustainable human development in Kogi State. Effective financial controls and frameworks for IGR significantly impact human development outcomes. Finally, improved fiscal discipline regarding the utilization of federal allocations significantly influences human development in Kogi State.

5.2 Recommendations

Based on the findings, the study offers the following recommendations:

- The Kogi State government should prioritize fiscal discipline by implementing measures to control and reduce fiscal deficits. This will free up resources for increased budgetary allocations to crucial human development sectors like education, health, and social welfare, thereby promoting sustainable human development.

- The state government should strengthen financial control mechanisms and frameworks to enhance IGR. Increased IGR will provide the state with greater fiscal space to allocate more funds to human development initiatives, leading to improved outcomes in education, health, and social welfare.
- The Federal Government should ensure timely and transparent disbursement of allocations to Kogi State. The state government should, in turn, utilize these funds effectively and efficiently, prioritizing human development expenditures to maximize their positive impact on the population.
- The Kogi State government should invest in training and capacity building for revenue collection agents. This will minimize fraud and ensure that IGR is maximized, providing the state with more resources for human development investments. Furthermore, the state government should strengthen oversight and accountability mechanisms related to the management of public funds allocated to human development.

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