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EVALUATING THE EFFECTS OF GOVERNANCE ON RURAL POVERTY IN OSUN STATE, NIGERIA

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Abstract

The World Bank has identified third world countries as suffering enormously from under-development due to corruption and bad leadership. The impact of the solution suggested by a various international organization on the African economy (Nigeria inclusive) has been mild, where it has any impact at all, especially in reducing the poverty level. Therefore, this research investigates how good governance impacts rural poverty in Osun state. The objectives are to determine the attributes of good governance in Osun state and evaluate how good governance has contributed to poverty reduction in the state. The study employed linear regression with robust standard error as an inferential tool. The study results indicate that among the six indicators of good governance, accountability, control of corruption, political stability, and the rule of law are significant in influencing rural poverty in the selected rural environment of the state. The study noted that good governance is influential for improving the rural inhabitant's wellbeing in the state. The study also showed that poverty level is high in rural areas of the state, which is an indication that Osun state government is not close to the rural communities in terms of meeting the needs of these people. The study concluded that, unless the State Government adopts good governance, the vision of development will keep being difficult. Therefore, the study recommends that the Government create an institution of governance honesty, transparency and accountability.

Keywords: Good governance, Development, Rural Development, Osun State

1. Introduction

Nigeria is mainly dominated by rural society as a more significant percentage of its inhabitant resides in rural areas (Ele, 2006; Gbadamosi & Olorunfemi, 2016; Nwuke, 2004; Ugwuanyi & Chukwuemeka, 2013). Rural areas refer to communities where its primary occupants engaged in agricultural activities for survival (Adebayo, 1998; Ezeah, 2005).

Even though the proportion has reduced to 48.8% in 2019 (World Bank Indicators, 2020), the approximate proportion of rural residents is 60%, with

various socio-economic issues; this is in line with Otaki (2005) who identified that about 70% of the population of undeveloped countries including Nigeria are rural dwellers. Therefore, it becomes crucial for each responsible government; most importantly, the democratically elected one to give utmost attention to the needs and demands of the rural inhabitants. However, despite these, most studies on rural settlements have depicted that rural areas in Nigeria have been neglected for many years because most governments focus on urban centres when it comes to infrastructural development while neglecting the

country's rural areas. Based on this (Ezeah, 2005), the rural areas' situation is significantly worse in relation to social services even though these services are not in sufficient requirements in the cities.

The need to tackle and alleviate poverty that characterizes less developed countries and poorly industrialized nations are incidentally one of the main focus of the sustainable development goals (SDGs) and global development. Despite the several rural development policies and programs that have been introduced by the Nigerian government, rural/urban drift continues to exist in the 21st century. Any average rural inhabitant given a chance to leave the rural community will never miss such an opportunity. This is due to poor housing conditions, food insecurity, and easily accessible drinkable water that characterise the rural communities (NPC, 2005). Nigeria is one of the developing nations that urgently required sustainable rural development for its citizens through good governance. Rural development remains an essential future of a nation; thus, its achievement depends on the proper application of good governance, which should generally result in a better living standard and an improved economy in the country's rural areas.

Good governance is the product of a focus on societal development, progress and sustainable growth (Ugwu, 2010). Over the years, the people's primary criteria in weighing the success or failure of government are the extent to which government is engaged in providing essential services in meeting the core needs of the people governed by them (Basil, 2009). Less developed countries face weak administration and political structure, which has served as a significant hindrance to economic development in these countries. Development economists suggested that a stable and efficient administration free from corruption is essential for development to occur. As rightly observed by Lewis (1954), the behaviour of government is essential in encouraging or discouraging economic activities in a country and that no country has made significant progress without having an intelligent government who managed its economic activities. Hence, this paper discusses good governance and rural development in Nigeria with particular emphasis on rural development in Osun State. Therefore, the paper's objectives are: first; determine the attributes of good governance in Osun state, second; evaluate the extent to which good governance has contributed to poverty reduction in the state. The rest of the paper is in four sections. The literature review is in the second section. The third section contains the research methodology. Section four discusses the results and findings, and section five concludes the paper with summary, conclusions, and recommendations.

2. Literature Review

2.1 Conceptual Issues

Governance: Governance is a term that has several meanings and is applied to a range of activities that relate to steering or regulating social behaviors. It can refer to international cooperation through nonsovereign bodies outside the state system, public administration, or the regulation of social behavior through networks and other non-hierarchical mechanisms (Fukuyama, 2016). According (Fukuyama, 2013), governance is defined as a government's ability to make and enforce rules, and to deliver services regardless of whether that government is democratic or not. This definition excludes democratic accountability from the definition of governance to allow for theorizing the relationship between governance and democracy.

Governance can be said to be the imposition of rules or restrictions on behavior by regulatory organizations. It involves the governance of members, non-members, criminal actors, and non-criminal civilians. Governance is embedded within the larger domains of state power and differs from state, corporate and rebel governance. It encompasses various dimensions like policing, judicial function, taxation, and provision of public goods (Lessing, 2021).

Rural Poverty: Rural poverty is the poverty faced by people or households in the rural areas, majorly in less developed regions. This is usually measured using official poverty lines which is usually income thresholds below which households or individuals are considered to be poor (Luo, Li, & Sicular, 2020). Some

of the causes of rural poverty are inadequate access to schooling, inadequate healthcare, and job opportunities, as well as natural disasters, conflicts, and economic downturns (Luo, LI, & Sicular, 2020). Rural poverty is poverty that exists in rural areas; these are areas outside the urban areas (Miller, 2010).

Rural poverty is the type of poverty in the rural areas; these are places where people have inadequate access to services, resources, and opportunities. Some common characteristics of rural poverty are low income, inadequate healthcare services, poor access to schooling, poor infrastructure, and inadequate job opportunities. This is a complex issue that is influenced by political, economic, and social factors (Wang, Zhao, Bal, Zhang, & Yu, 2020).

2.2 Empirical Review

There are numerous works of literature on how governance affects rural poverty. Furthermore, a number of these works of literature have found good governance to be a valuable tool in the aspect of democratic development and economic development. In this regard, reviewing some of these literature works becomes relevant in this course of study. Jindra and Vaz (2019) suggest that good governance directly impacts multidimensional poverty and that good governance is linked to lower horizontal inequalities. The study further posited that only good governance might not alleviate poverty in all countries. Danaan (2018) argues that poverty reduction is achievable by encouraging people to develop coping resilience and overcoming it within their means and capacities. The study further recommends an understanding of the underlying causal factors of deprivation in designing the pro-poor intervention and hydra-headed approach to efficiently and gradually resolving their threat.

Sarker, Hossin, Min and Aktaruzzaman (2018) suggest that publicly available information, access to essential government services for the poor, budgetary transparency, spending, court and court verdict, responsive local government, grass-roots democracy and anti-corruption are useful tools for the development of any sector. These can alleviate poverty in any dimension.

The study of Azam, Haseeb and Samsudin (2015) reveals that rise in income results in a reduction in poverty and, therefore, suggests that policymakers should put a suitable measure to rationalize dependency on foreign aids to alleviate poverty majorly by ensuring remittance inflow. Bakare, Kareem, Babatunde, Akintaro and Arije (2014) argue that good governance has an attendant effect on the mitigation of poverty of the citizen of Ekiti state and further posited that failure of government in the aspect of good governance leads to a rise in poverty. The study of Yusuf and Malarvizhi (2013) argues that the lasting solution to poverty in both short and medium-term focuses on critical growthdriven policies. Omoyibo (2013), described "leadership, governance and poverty in Nigeria" attributed the poverty facing Nigerians to lack of responsive and weak leadership and governance. Furthermore, Durowade, Kadiri, Durowade, Sanni, Ojuolape and Omokanye (2020) also emphasized the role of leadership in the health sector in the country and how it influences job satisfaction. The study by Adamu (2018) opines that no significant relationship exists between good governance and rural areas' development in Niger State. Kamar, Lawal, Babangida and Jahun (2014) find out that with all efforts to develop rural areas in Nigeria, rural areas are still like nothing has ever been done in that direction. The study then suggests that development by the people and not that of the elites should be adopted as a strategy for good governance resulting in rural development. Madu, Yusof and Sayatno (2015) find out that rural poverty and illiteracy continue to exist in rural communities resulting from corruption in governance and policy inconsistency that characterize governance in Nigeria. The result of Jide (2010) shows that the federal system in Nigeria does not give the local government authorities the autonomy to perform their constitutional roles talk less of playing the roles in ensuring development in the rural areas.

Stojanovic, Ateljevic and Stevic (2016) find that good governance is required for social and economic development to take place in a country. In a study by Sebudubudu (2010) on how good governance impacts development in Botswana, it was found that

development in Botswana was encouraged by the presence of good governance. This has also helped in poverty reduction in the country. Ukwandu and Jarbandhan (2006) pointed out that the main obstacle to development in this region is poor governance. The effect of good governance cannot be overemphasized in facilitating development. More so, the findings of Akpan and Effiong (2012) suggest that all good governance indicators have a significant and positive effect in ensuring rural development in sub-Saharan Africa. Apata, Apata, Igbalajobi and Awoniyi (2010) find that access to micro-credits, participation in agricultural enlightenment, livestock asset and access to agricultural extension services significantly affect the likelihood of existing chronic poverty among the households. Additionally, Kilishi, Yaru and Mobolaji (2013) reveal that institutions (good governance) are vital for sub-Saharan African economic performance. Furthermore, regulatory quality and the rule of law are the most critical institutional indicators necessary to improve the region's overall economic performance.

3. Methodology

3.1 Theoretical framework

Based on statistics, the geographical disparities theory of poverty was used to illustrate how poor governance leads to a high level of poverty in rural areas. The geographical disparities theory focused on poverty from a global viewpoint, e.g. rural poverty, urban poverty, poverty in the third world and others. This draws attention to the fact that people, institutions, and communities lack access to wealth creation opportunities in some areas. This theory is closely related to agglomeration theory that portrays how identical firms attract favourable market and services, which attracts more firms. At the same time, impoverished communities are exposed to deprivation. In respect of the above position, Ebirim (2011) revealed that rural poverty in Nigeria dates back to the colonial era 1900-1960. The rural area's neglect was deliberate as community development was not a priority to the colonial authorities. Rural areas are provided necessary infrastructures only to aid their goals in the long term

and their exploitative agenda. After the colonial rule, the national leaders at the helm of affairs preferred to maintain the status quo, which was detrimental to the rural poor. It enhanced social inequalities and dichotomy.

The idea is valid in Nigeria, where deprivation is widespread in specific geographical locations: rural areas, slum and places vulnerable to natural disasters. In the rural part of Nigeria, Economic activities are weak, resulting in a high unemployment rate and other forms of poverty manifestation. The systematic abandonment of rural areas by subsequent administration has created a broad gap between rural and urban dwellers, leading to rural-urban drift. Poverty is high because the Government has not used the resources in the economically disadvantaged area (rural area) to enhance people's wellbeing. The theory concluded that good governance is key for the economically disadvantaged area (rural area) to get out of poverty.

3.2 Model Specification

This section provides information on model specification, data requirement and sources, study area, sampling unit, sampling size, and estimation techniques.

The research design examines good governance on rural poverty in Osun state. Precisely, this study seeks to measure the relationship between the individual indicators of good governance and their impact on poverty level using the Multidimensional Poverty Index (MPI) in measuring poverty. Following the theoretical framework above, one can deduce that to combat rural poverty; good governance becomes indispensable. However, for this study's purposed, the six World Bank governance indicators were used as a measure for governance, and three other control variables that have been found empirically significant in affecting poverty. Therefore, the model is specified as follows:

$$\begin{aligned} POV_t &= \alpha_0 + \alpha_1 A c c_t + \alpha_2 S t b^t + \alpha_3 E f f_t + \alpha_4 R e g_t + \alpha_5 L a w_t \\ &+ \alpha_6 C r r_t + \alpha_7 I N C_t + \alpha_8 F A M_t + \alpha_9 E D U t + \mu_t \end{aligned} \tag{i}$$

Where POV represents the Multidimensional Poverty Index 1 , Acc represents Voice and Accountability, Sta represents Political Stability and Absence of Violence, Eff represents Government Effectiveness, Reg represents Regulatory Quality, Law represents Rule of Law, Crr represents Control of Corruption, FAM represents the Family size, EDU represents education and μ_i represents the error term.

The area of study for the research work is Osun state. This state was created from the old Oyo state on August 27, 1999 (George, 2017). Osun state falls under the South-west geopolitical zone in Nigeria with its capital in Osogbo. This state has a landmass of 9,251km² (3,752 sq mi) with estimated population of 3,416,959 (NPC, 2006). Primary data was used in terms of data sources, and this was obtained through the use of questionnaire and observation, since the target population of this study is rural inhabitant in the state.

A random selection approach was utilized to pick one local government area from each senatorial zone of the state in order to have a wide and even coverage of the study area. Thus, Ede local government from Osun west, Irewole local government from Osun ceast, and Osogbo local government from Osun Central senatorial zone. Fifty people were picked at random from each local government area, for a total of one hundred and fifty people.

The estimation techniques used in analyzing the data that were gathered through the use of questionnaire are descriptive and inferential statistical tools. The descriptive tools entail frequency and percentage distribution, and summary statistics showing the mean, standard deviation, minimum and maximum values of variables. The inferential statistics focus on linear regression and ordered logistic regression.

4. Results and Discussion

The Multidimensional poverty index is arrived at by attaching a weight to the various questions asked under poverty. 1/6 weight is attached to each question on health and education, while 1/18 is attached to each living standard question. An individual is considered poor if his/her total weight is below 33.33 (Alkire, Conconi and Seth 2014).

This section focuses on the presentation, analysis, and interpretation of the results obtained from the regression and other tests carried out for this study.

4.1 Descriptive Statistics

Samples survey copies of the questionnaires were directly distributed to the respondents in each of the selected rural areas in the three senatorial zones of Osun State. Out of one hundred and fifty (150) questionnaires distributed, one hundred and forty-eight (148) copies of the questionnaire were retrieved from the respondents. This gives the questionnaire response rate of 98.7%. One hundred forty-five were considered usable from the recovered questionnaire, representing 96.7%. Thus, this makes the response rate considered adequate for the study.

The frequency and percentage distribution of demographic data of the respondent are presented in table 1 above. Seventy-eight of the respondents were male, representing 53.79 per cent, while female respondents were 67, representing 46.21 per cent of the respondent. This shows that both male and female participated significantly in the study. It was observed that majority (81.38 per cent) of the respondents in the study area revealed they were below 30 years, 11.03 per cent were between 31-40years, 5.52 per cent were 41-50 years, 0.69 per cent were 51-60 years and 1.38 were 61 years and above. This signifies that the majority of the respondents were youths. Based on respondents' profile by marital status, a majority (86.21 per cent) of the respondent surveyed were single.

In contrast, 9.66 per cent surveyed were married, 2.76 per cent were divorced, and 1.38 per cent were separated, by implication, most respondents were single. It was observed that 1.38 per cent of the respondents have no formal education, 3.45 per cent of the respondents are primary certificate holders, 21.38 per cent were WAEC holders, 10.34 per cent were OND/NCE, and 44.83 per cent were HND/Degree holder. In comparison, 18.62 per cent were holders of higher degrees. In terms of occupational distribution of the respondent, 10.34 per cent were farmers, 22.07 per cent were traders/artisans, 32.41 per cent were civil servants, while 35.17 per cent were unemployed.

Table 1: Tabulation of Demographic Data of Respondent

	Freq.	Per cent	Cum.
Gender			
Male	78	53.79	53.79
Female	67	46.21	100.00
Total	145	100	
Age			
30 years and below	118	81.38	81.38
31-40 years	16	11.03	92.41
41-50 years	8	5.52	97.93
51-60 years	1	0.69	98.62
61 years and above	2	1.38	100.00
Total	145	100.00	
Marital status			
Single	125	86.21	86.21
Married	14	9.66	95.87
Divorced	4	2.76	98.63
Separated	2	1.38	100.00
Total	145	100.00	
Education Qualification			
No Formal Education	2	1.38	1.38
Primary Certificate	5	3.45	4.83
WAEC	31	21.38	26.21
OND/NCE	15	10.34	36.55
HND/Degree	65	44.83	81.38
Postgraduate	27	18.62	100.00
Total	145	100.00	
Occupation			
Farmer	15	10.34	10.34
Traders/Artisan	32	22.07	32.41
Civil servant	47	32.41	64.82
Unemployed	51	35.17	100.00
Total	145	100.00	

Source: Author's field Survey, 2019

Table 2: MPI Descriptive

MPI	Frequency	Per cent	Cumulative			
Non-poor	32	22.07	22.07			
Poor	113	77.93	100			
Total	145	100				

Source: Author's Computation

Table 2 above shows the MPI descriptive statistics. The result shows that out of the 145 respondents that were observed, 113 representing 77.9 per cent are poor, while 32 of the respondent representing 22.1 per cent are

considered non-poor. This indicates a high poverty level in the rural areas of the state under consideration for the study.

Table 3: Monthly Income of Respondents

Variable	Obs	Mean	Std. Dev.	Min	Max
TotMonIn	145	18733.1	11720.87	3000	100000

Source: Author's Computation

Table 3 above shows the mean, standard deviation, the minimum and maximum income of the respondent. The respondents' average income is ₹18,733.1k; this implies that an average respondent earns ₹18,733.1 per month. The respondents' minimum income is ₹3,000, which implies that the respondent's lowest-income earner earns about ₹3,000 monthly. In contrast, the highest income among them happens to be ₹100,000 signifying that the respondent having the highest monthly income in the

study area earns \$100,000 per month. The standard deviation of 11,720.87 indicates a large spread in the respondents' income.

4.2 Presentation of Estimated Model

The results of the estimated model are presented and summarized in this segment. Model one was estimated using linear regression.

Table 4: Summary of Regression Results

MPI	Coef.	Std. Err.	T	P>t	[95%	Interval]
					Conf.	
ACC	-9.79324	3.375155	-2.9	0.004	-16.4683	-3.11822
STB	-1.68901	3.114753	-0.54	0.589	-7.84903	4.471015
EFF	2.73462	3.351649	0.82	0.416	-3.89391	9.363151
REG	1.466207	3.345953	0.44	0.662	-5.15106	8.083472
LAW	-3.2333	3.398246	-0.95	0.343	-9.95398	3.487386
CRR	-2.00487	3.355121	-0.6	0.551	-8.64027	4.630528
LOGINC	-1.61056	6.922156	-0.23	0.816	-15.3005	12.07933
Edu	-0.07824	3.439132	-0.02	0.982	-6.87979	6.723301
FamSize	2.993354	2.644099	1.13	0.26	-2.23586	8.222569
_cons	72.07846	73.44839	0.98	0.328	-73.1799	217.3368

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity, Ho: Constant variance, Variables: fitted values of Poverty, chi2(1) = 2.7 Prob > chi2 = 0.0948

Source: Author's Computation

The heteroskedasticity test was carried out to test for the constant variance from the table presented above. The probability value of 0.0948, which is greater than 0.05 indicates no constant variance in the model, meaning

that there is heteroskedasticity. Therefore, this necessitates the need for variance-covariance robust estimate [vce(r)] to eliminate the problem of heteroskedasticity.

Table 5: Linear regression results with vce(r)

MPI	Coef.	Std. Err.	T	P>t	[95%	Interval]
					Conf.	
ACC	-9.79324	3.271683	-2.99	0.003	-16.2636	-3.32286
STB	-1.68901	2.982616	-0.57	0.572	-7.58771	4.20969
EFF	2.73462	3.279095	0.83	0.406	-3.75042	9.219661

REG	1.466207	3.356057	0.44	0.663	-5.17104	8.103454
LAW	-3.2333	3.299277	-0.98	0.329	-9.75825	3.291656
CRR	-2.00487	3.040112	-0.66	0.511	-8.01728	4.007537
LOGINC	-1.61056	6.944929	-0.23	0.817	-15.3455	12.12437
Edu	-0.07824	3.387771	-0.02	0.982	-6.77821	6.621725
Fam	2.993354	2.544982	1.18	0.242	-2.03984	8.026545
_cons	72.07846	72.67275	0.99	0.323	-71.6459	215.8028

Number of obs = 145; F(9, 135) = 1.98; Prob > F = 0.0461; R-squared = 0.7026

Source: Author's Computation

Table 5 indicates above that the signs of the coefficient of ACC, STB, LAW, CRR, LOGINC, EDU and FAM conform to the apriori expectation (the coefficient of ACC, STB, LAW, CRR. INC and EDU were expected to be negative while that FAM was expected to be Positive). The R-squared value of 0.10 means that the independent variables explain 70 % of the dependent variable's variations. The F-statistics value of 1.98, which measures the explanatory variables' combined effects, was significant at 5 per cent, as shown by the corresponding probability value of 0.0461. This implies that the model variables are jointly and statistically significant in affecting the poverty level in the state. Moreover, the ACC coefficient, which is -9.79324 indicates that the number of people in poverty decreases by 9.79 when government improves on accountability. It is significant at 5 per cent with its p-value of 0.003, which is less than 0.05. Also, the coefficient of STB is -1.68901, implies that the poverty level decreases with an improvement in the state's level of political stability. However, this coefficient is not significant with its pvalue of 0.572, which is higher than 0.05. Likewise, the result above shows that the coefficient of Eff is 2.73462; this indicates that the proportion of people in poverty increases by 2.73 with government effectiveness, although this is not significant given its p-value 0.406 which is greater than 0.05 significant level.

REG's coefficient is 1.466207 showing that poverty level increases by 1.47 with improvement in regulatory quality in the state; this coefficient is not statistically significant with its p-value of 0.663 which is greater than 0.05 significant level. Also, LAW has a coefficient of -3.2333 signifying that the poverty level decreases by 3.23 when the government strictly adheres

to the rule of law. However, this coefficient is not statistically significant with its p-value of 0.329, which is greater than 0.05 significant level. The coefficient of CRR is -2.00487; this implies that the poverty level decreases by 2.00 with adequate control of corruption in the state. This coefficient is statistically insignificant with its p-value of 0.511, which is greater than 0.05.

LOGINC has a coefficient of -1.61056; this shows that individual poverty level decreases with an increase in income level. This coefficient is statistically insignificant with its p-value of 0.817, which is greater than 0.05. The coefficient of Edu, which is -0.07824 indicates that individual poverty level decreases when higher education level is attained. However, the coefficient is insignificant, with its p-value of 0.982, which is greater than the 0.05 significance level. Similarly, family size has a coefficient of 2.993354. This implies that the poverty level in a household increases by 2.99, with increased family size. This coefficient is statistically insignificant with its p-value of 0.242, which is greater than 0.05.

From the results interpreted above, it can be observed that among the good governance indicators, only Voice and Accountability (ACC) showed evidence of reducing rural poverty in Osun state. The implication of this is that there are little evidences of governance reducing povrty in the rural Area of Osun state. This could equally be attributed to the situation of governance in the Nigeria. In Nigeria, law is no longer supreme as what one individual do and get penalized another person can do the same and go scot free. Also, violence has becomes order of the day. From Fulani herdsmen kidnapping people to Boko haram disturbing the entire country. Also, the quality of institution in Nigeria is so weak that instead of controlling

corruption, they became the major victims of corruption. It is however expected that if institutions are weak there would be bad governance and this will translate to poor economic performance (Knack and Keefer, 1995).

5. Conclusion and Recommendations

This study evaluated the impact of good governance on rural poverty, focusing on selected rural areas in Osun state. Good governance was measured through the information provided by the rural inhabitants based on their perspective about government performance in the state. On the other hand, the measurement of rural poverty is in terms of the poverty level in the state's rural communities. Linear regression was used to analyze the data obtained.

From the results, it can be concluded that, out of the six indicators of good governance that were examined, only four of these indicators significantly impact the poverty of rural communities of the state.

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The significant indicators include voice and accountability, political stability and absence of violence, the rule of law and control of corruption while government effectiveness and regulatory quality were found to have an insignificant impact on rural poverty. This shows that good governance is essential for rural development. It was also found that there's a high poverty level in the rural areas of the state despite the natural and physical resources which the state is endowed with.

Therefore, it recommends that good governance be put in place to ensure the alleviation of poverty in rural areas. This could be possible if the executive arm provides policies that eliminate corruption in governance; the legislature must pass past relevant laws that ensure the transformation of the rural areas while the judiciary must be genuinely independent to ensure that government officials work according to the constitution.

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