

EFFICIENCY OF GOVERNMENT SPENDING IN THE ECOWAS SUB-REGION: DO THE ENTITIES DIFFER SIGNIFICANTLY AND WHERE LIE(S) THE DIFFERENCE?

¹Dada. M. A; ¹Posu. S. M. A; ¹Adedeji, A. O; ¹Ojo O. T; ²Owoeye, S. D.

¹Department of Economics, Federal University of Agriculture, Abeokuta, Nigeria.

²Department of Banking and Finance, Federal University of Agriculture, Abeokuta, Nigeria.

Corresponding Author's email: mattabeyvoice@gmail.com



Abstract

Prior to taking action in any event, it is often important to ponder on the voice of wisdom from a popular adage that says, "birds of the same feathers flock together". The knowledge from this adage is relevant when a set of different elements proposed to front a common currency to be called ECO in the West African sub-region. It is no gain saying that this proposal has been widely debated and efforts have reached an advanced stage to achieve this feat. This paper examines the efficiency of government spending in this respect. Are the spending efficiencies of these different entities the same? Alternatively, is there a significant difference in the spending efficiency variable? To achieve this objective, efficiency variables were computed for each country using GDP-Government spending ratio otherwise known as output-input ratio or output per unit of input. Both parametric and non-parametric tests were carried out on the computed efficiency variables. The result shows that there is significant difference in the efficiency variables. To find out where the difference lies, a post hoc analysis was conducted and the result shows that the difference lies in Nigeria. The study called on all stakeholders in the sub-region to identify government spending on projects that could yield greater efficiency in order to boost the growth of member countries. The study concluded that despite the uniqueness in cultural heritage and socio-economic attributes, the efficiency of government spending still varies considerably across member countries in the ECOWAS sub-region.

Keywords: Government spending efficiency, parametric test, non-parametric test, common currency, output-input ratio.