Leadership, Good Governance, and Economic Policy Effectiveness: Avenues for Sustainable Development in Nigeria

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ABSTRACT

This study investigates the intricate relationship between leadership, governance quality, macroeconomic dynamics, and poverty reduction in Nigeria from 1996 to 2024. Framed within governance theory, leadership theory, and institutional economics, it explores how institutional effectiveness and policy choices influence developmental outcomes. The research employs the Autoregressive Distributed Lag (ARDL) model to estimate both short-run dynamics and long-run equilibrium relationships among key governance and economic indicators, including control of corruption, government effectiveness, political stability, rule of law, regulatory quality, voice and accountability, and inflation, and poverty levels in Nigeria. Using time-series data from reputable sources such as the World Bank's Worldwide Governance Indicators and Nigeria's national statistical agencies, the ARDL bounds test confirms the existence of a stable long-run relationship among the variables. The empirical findings indicate that long-term improvements in governance dimensions, particularly control of corruption, regulatory quality, and rule of law, have a statistically significant poverty-reducing effect. In contrast, short-run effects appear more mixed and, at times, counterintuitive, reflecting possible institutional rigidities and lagged policy responses. Inflation shows a delayed but substantial impact on poverty, reinforcing the importance of macroeconomic stability. The study's diagnostic and stability tests confirm the robustness of the model, despite some evidence of serial correlation. Overall, the findings highlight the critical role of strong leadership and institutional reforms in shaping sustainable economic policy outcomes, offering practical insights for Nigeria's development strategy.

Keywords: Governance quality, Leadership effectiveness, Poverty, ARDL model, Institutional economics, Inflation, Rule of law

INTRODUCTION

Sustainable development is a crucial goal for Nigeria, a nation endowed with vast natural resources but facing ongoing economic, social, and environmental difficulties. Notwithstanding significant economic growth over the past decades, the benefits have been inequitably distributed, and pressing challenges such as poverty, inequality, and environmental degradation endure. Attaining sustainable development in Nigeria necessitates not just robust economic policies but also efficient leadership and good governance to guarantee policy implementation, accountability, and inclusive growth.

Leadership and governance play a pivotal role in influencing economic outcomes and assessing the efficacy of policy frameworks designed for sustainable development. Strong leadership provides strategic vision and direction, while good governance ensures transparency, accountability, and institutional effectiveness, key factors that foster investor confidence, efficient resource allocation, and social cohesion (Olabiyi & Olowookere, 2021; Onyeulo and Okeke, 2024; Ariyo-Edu, 2024). The efficacy of economic policy is contingent upon the quality of governance institutions and leadership ability to translate policies into tangible developmental outcomes (World Bank, 2009).

Despite numerous studies examining the relationship between governance and development (Gberevbie, Joshua, Excellence-Oluye, and Oyeyemi, 2017; Ibrahim, Audu, Tyav, and Hamza, 2021; Jeko and Nwana, 2022; Adekunnle, 2023), a notable gap persist in understanding how leadership quality and economic policy effectiveness interact within the Nigerian context to influence sustainable development outcomes. Existing studies often examine these factors separately or emphasize broad governance indicators without specifically modeling their combined influence on sustainability metrics in Nigeria.

This study addresses this gap by empirically investigating the nexus between leadership, good governance, and economic policy effectiveness as essential avenues for sustainable development in Nigeria. Specifically, this study examines how leadership quality and governance indicators affect sustainable development outcomes, the role of economic policy effectiveness in mediating this relationship, and what policy measures that can improve leadership and governance to promote sustainable economic growth.

The paper is structured as follows: Section 2 reviews the theoretical frameworks and relevant empirical literature underpinning the study; Section 3 outlines the data sources, variables, and econometric methodology employed; Section 4 presents the empirical findings; and Section 5 discusses the results, concludes, offers policy recommendations, and outlines directions for future research.

LITERATURE REVIEW

A considerable body of literature has examined the relationship between governance quality and development outcomes, especially in the context of emerging economies. Scholars have widely acknowledged that governance, through mechanisms such as transparency, rule of law, and institutional effectiveness significantly influences economic performance and sustainability. Likewise, the efficacy of economic policy has been studied in relation to macroeconomic stability, investment environment, and social welfare, especially in the context of fiscal constraint and structural change.

However, a significant portion of the existing literature tends to treat leadership, governance, and policy outcomes as independent variables instead of interdependent forces that shape development trajectories. In Nigerian, studies often focus on the adverse effects of corruption or institutional weakness on economic growth, with limited attention to the dynamic interplay among leadership capacity, governance quality, and policy efficacy. Furthermore, few empirical studies attempt to link these governance and leadership dimensions directly to measurable sustainable development outcomes, such as poverty alleviation, human capital development, or environmental sustainability.

To address this gap, this study draws on relevant theoretical frameworks that together elucidate the impact of leadership, governance, and economic institutions on long-term development.

Theoretical Framework

This study is grounded in three complementary theoretical perspectives: governance theory, leadership theory, and institutional economics, each of which provides insight into how public-sector behavior and institutional design affect sustainable development outcomes.

1. Governance theory focuses on the structures and processes through which public authority is exercised, including principles such as accountability, transparency, participation, and rule of law. These principles are widely regarded as critical for ensuring that policy decisions align with public interest and developmental goals (Sari, 2023; Arslan and Alqatan, 2020; Glass and Newig, 2019).

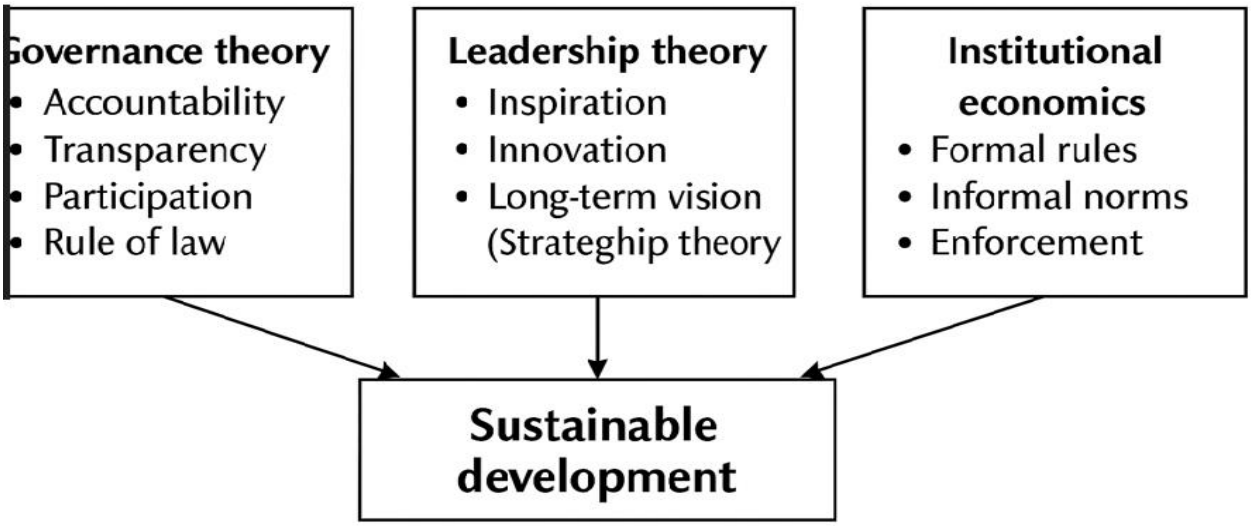
2. Leadership theory, particularly transformational and strategic leadership models, emphasizes the ability of leaders to inspire, innovate, and align institutions with long-term visions. In fragile or transitioning states, effective leadership often plays a decisive role in policy continuity, institutional reform, and stakeholder coordination, all essential for sustainable development (Ugochukwu, 2025).

3. Institutional economics, especially the new institutionalist perspective, underscores the role of formal rules, informal norms, and enforcement mechanisms in shaping economic behavior. It argues that

development is contingent on the quality of institutions, which in turn are shaped by leadership dynamics and governance environments (Barbar, 2025).

Together, these theories provide a comprehensive lens for analyzing the interplay between leadership, governance, and economic policy in shaping Nigeria's pathway to sustainable development.

Figure 1: Theoretical Framework



EMPIRICAL LITERATURE

1. Governance and Sustainable Development

Sari (2023) conducted a qualitative study to assess the influence of good governance on decision-making in public management. Using data reduction, display, and conclusion-drawing methods, the study found that core governance principles; transparency, accountability, participation, rule of law, professionalism, and technological integration, significantly enhance bureaucratic efficiency, service quality, and public trust. These elements were shown to be vital for economic growth, social stability, and sustainable development. Glass and Newig (2019) performed a cross-national analysis of 41 high- and upper-middle-income countries to explore how governance dimensions affect Sustainable Development Goal (SDG) performance. Their study used multiple regressions and drew on data from the Sustainable Governance Indicators and the Global SDG Indicators Database. They found that democratic institutions and participatory governance positively influence SDG outcomes, alongside socio-economic variables such as education and economic strength.

Jeko and Nwana (2022) explored development from a multidimensional perspective that integrates ethical, political, scientific, and technological considerations. They emphasized that sustainable development is inextricably linked to democratic governance, strong institutions, and effective policy implementation. Their work reinforces the idea that development must go beyond economic metrics to address the broader well-being of citizens. Ibrahim et al. (2021) examined the interplay between democracy, good governance, and sustainable development in Nigeria using a Marxist political economy framework. They argue that weak democratic practices, unaccountable leadership, and institutional decay have undermined development efforts. The study calls for enhanced transparency, policy stability, and civic engagement to advance sustainable outcomes. Gberevbie et al. (2017) also focused on Nigeria, investigating how leadership accountability affects sustainable development. Using secondary data, the study identified corruption, resource mismanagement, and poor transparency as key constraints. The authors recommend anti-corruption frameworks, better project funding, and leadership reforms to improve governance and citizen welfare. Ihugba, Uwazie, and Njoku (2012) examined the relationship between good governance, basic infrastructure development, economic growth, and poverty reduction in Nigeria from 1960 to 2009. Their study considered infrastructure such as transport, communication, electricity, and water, highlighting the importance of infrastructure development and government capital expenditure for economic performance. The study provides a Nigerian perspective on the relationship between governance, infrastructure, and development. However, it does not fully address how

leadership, governance, and institutional factors jointly influence sustainable development, which the present study seeks to investigate.

2. Leadership and Development Performance

Shahid (2024) examined how transformational leadership adapts to dynamic environments using the CALL framework; Challenges, Adaptation, Leadership, and Learning. Through interviews with leaders across sectors, the study showed that successful leaders modify their strategies in response to evolving challenges, thereby fostering transformational change and adaptability. Suryadi et al. (2024) investigated how transformational leadership influences organizational performance and employee motivation. The study found that leaders who communicate a clear vision, provide support, and encourage innovation foster a motivated workforce and a collaborative culture, which ultimately improves productivity and sustainable growth.

Gupta and Verma (2024) conducted a review emphasizing transformational leadership as a key driver of strategic change and innovation. They argue that vision, emotional intelligence, and empowerment are critical leadership traits that align organizational objectives with changing market demands, thereby enhancing long-term competitiveness and sustainability. Adekunle (2023) focused on Nigeria's Fourth Republic to examine how leadership quality affects governance and development. Using secondary data, the study linked systemic governance challenges, such as corruption, electoral malpractice, and infrastructural deficits, to weak leadership. The paper recommends reforms like electronic voting, removal of political immunity, and improved public security as ways to enhance leadership effectiveness and national development.

3. Institutional Theory and Governance Context

Arslan and Alqatan (2020) explored the institutional foundations of corporate governance in emerging economies, using Pakistan as a case study. Their qualitative study identified eight institutional factors, including legal frameworks, auditing systems, cultural norms, and shareholder engagement, that shape governance outcomes. Their findings emphasize the need to tailor governance models to local institutional realities. Barbar (2025) critiques the over-reliance on the "institutional voids" concept in emerging market research, especially in the MENA region. He advocates for a context-sensitive, configurational approach that better integrates institutional theory with local realities. This perspective is important for understanding why generic governance reforms often fail in developing countries.

Coradini Nader Adam et al. (2025) draw from Douglass North's institutional theory to examine how changes in formal and informal institutions drive regional development. Their bibliographic study argues that local development is more likely when internal institutional shifts are aligned with endogenous resources and priorities. The study highlights the transformative power of institutional reform in unlocking economic potential at the regional level.

Taken together, the reviewed literature highlights that good governance, strong leadership, and institutional coherence are all critical for achieving sustainable development, particularly in the Nigerian context. While governance-focused studies emphasize transparency and participatory structures, leadership literature points to the importance of adaptability, vision, and strategic alignment. Institutional theory provides a necessary bridge between governance and leadership by explaining how context-specific norms and structures mediate policy and performance outcomes. However, a major gap persists in integrated studies that simultaneously examine the interaction of these three dimensions: governance, leadership, and institutional settings in shaping development outcomes. This study addresses that gap by investigating their combined influence on sustainable development in Nigeria.

METHODOLOGY

Research Design

This study employs a quantitative research design, utilizing time series econometric analysis to examine the impact of governance quality and macroeconomic conditions on poverty reduction in Nigeria from 1996 to 2024. The study models the interdependence between governance indicators, inflation, and poverty as a proxy

for sustainable development outcomes. The Autoregressive Distributed Lag (ARDL) model is adopted due to its flexibility in handling variables with different orders of integration (i.e., I(0) and I(1)) and its suitability for small sample sizes.

Data Description

The study employs yearly time series data for Nigeria covering the years 1996–2024. The dependent variable is the poverty rate, while the independent variables are drawn from the Worldwide Governance Indicators (WGI) and macroeconomic data. The data were sourced from:

- World Bank's World Governance Indicators (WGI)
- World Bank World Development Indicators (WDI)

Table 1: Variable Description and Measurement

Variable	Type	Description
Poverty Rate (PVT)	Dependent Variable	Percentage of population living below the poverty line (proxy for SD)
Control of Corruption (CC)	Independent	Perception of the extent to which public power is exercised for private gain
Government Effectiveness (GE)	Independent	Quality of public services, civil service, and policy implementation
Political Stability and Absence of Violence (PV)	Independent	Likelihood of political instability or politically-motivated violence
Rule of Law (RL)	Independent	Perceptions of the extent to which agents have confidence in the legal system
Regulatory Quality (RG)	Independent	Ability of the government to formulate and implement sound policies
Voice and Accountability (VA)	Independent	Extent of citizen participation and freedom of expression
Inflation (INFL)	Control Variable	Annual inflation rate (consumer prices)

Source: World Bank. 2024

- https://www.worldbank.org/en/publication/worldwide-governance-indicators?utm
- https://data.worldbank.org/indicator/FP.CPI.TOTL.ZG?locations=NG

These variables jointly represent the dimensions of leadership quality, governance, and economic policy effectiveness.

Model Specification

To empirically investigate the impact of leadership quality, good governance, and economic policy effectiveness on sustainable development in Nigeria, this study models the relationship between poverty (as a proxy for sustainable development) and key governance indicators, including inflation as a control for macroeconomic policy environment.

The functional form of the model is specified as follows:

$$PVT_t = f\left(CC_t, GE_t, PV_t, RL_t, RG_t, VA_t, INFL_t\right) \quad (1)$$

Where:

- PVT_t = Poverty Rate at time t (proxy for sustainable development)

- CC_t = Control of Corruption
- GE_t = Government Effectiveness
- PV_t = Political Stability and Absence of Violence/Terrorism
- RL_t = Rule of Law
- RG_t = Regulatory Quality
- VA_t = Voice and Accountability
- $INFL_t$ = Inflation Rate (proxy for macroeconomic policy effectiveness)

This functional relationship captures the hypothesis that improvements in governance quality and leadership indicators, along with stable economic policy, contribute to a reduction in poverty, thus promoting sustainable development. The relationship will be estimated using the Autoregressive Distributed Lag (ARDL) approach to examine both short-run and long-run dynamics.

ARDL Model

The study specifies an Autoregressive Distributed Lag (ARDL) model to explore both the short-run and long-run relationships between governance-related variables and sustainable development outcomes:

$$\Delta PVT_t = \alpha_0 + \sum_{i=1}^{p} \beta_i \Delta PVT_{t-i} + \sum_{j=1}^{q} \gamma_j \Delta X_{t-j} + \lambda_1 PVT_{t-1} + \lambda_2 X_{t-1} + \varepsilon_t \quad (2)$$

Where:

- Δ : denotes the first difference
- PVT_t : Poverty rate (proxy for sustainable development)
- X_t : Vector of independent variables (e.g., governance indicators, inflation)
- ε_t : White-noise error term

Long-run coefficients are derived from the level variables PVT_{t-1} and X_{t-1}, while short-run dynamics are captured through the differenced terms ΔPVT_{t-i} and ΔX_{t-j}.

Long-Run Model:

$$PVT_t = \beta_0 + \beta_1 CC_t + \beta_2 GE_t + \beta_3 PV_t + \beta_4 RL_t + \beta_5 RG_t + \beta_6 VA_t + \beta_7 INFL_t + \mu_t \quad (3)$$

Where:

- β_0 = Constant term
- β_1 *to* β_7 = Long-run coefficients
- μ_t = Error term

The long-run model assumes a steady relationship between dependent and independent variables.

Short-Run Model:

$$\Delta PVT_t = \alpha_0 + \sum_{i=1}^{p} \alpha_1^i \Delta PVT_{t-i} + \sum_{j=0}^{q_1} \alpha_2^i \Delta CC_{t-j} + \sum_{j=0}^{q_2} \alpha_3^i \Delta GE_{t-j} + \sum_{j=0}^{q_3} \alpha_4^i \Delta PV_{t-j} + \sum_{j=0}^{q_4} \alpha_5^i \Delta RL_{t-j} + \sum_{j=0}^{q_5} \alpha_6^i \Delta RG_{t-j} +$$

$$\sum_{j=0}^{q_6} \alpha_7^i \Delta VA_{t-j} + \sum_{j=0}^{q_7} \alpha_8^i \Delta INFL_{t-j} + \lambda ECT_{t-1} + \varepsilon_t \quad (4)$$

Where:

Δ = First-difference operator (captures short-run changes)

ECT_{t-1} = Error correction term lagged one period

λ = Speed of adjustment coefficient (expected to be negative and significant)

ε_t = White-noise error term

Estimation Procedure

The ARDL methodology will be implemented through several steps, including stationarity testing using Augmented Dickey-Fuller (ADF) and Phillips-Perron (PP) tests, lag length selection using criteria like AIC or SBC, and bounds testing for cointegration using Pesaran et al. (2001)'s approach. If cointegration is confirmed, both short-run and long-run models will be estimated, with the Error Correction Term (ECT) included in the short-run model to capture the speed of adjustment. Diagnostic and stability tests will include serial correlation, heteroskedasticity, normality, and model stability using CUSUM and CUSUMSQ tests.

Justification for ARDL Model

The ARDL technique is appropriate for this study for several reasons:

- It accommodates variables that are a mix of I(0) and I(1).
- It allows estimation of both short-run and long-run dynamics in a unified framework.
- It performs well in small sample sizes, such as this study's time frame (1996–2024).
- The model enables policy-relevant insights on how governance quality and macroeconomic policy (inflation) affect poverty reduction over time in Nigeria.

RESULTS AND INTERPRETATION

Descriptive Statistics

Table 2: Descriptive Statistics

	PVT	CC	GE	PV	RL	RG	VA	INFL
Mean	56.47	-1.18	-1.03	-1.78	-1.13	-0.94	-0.67	13.89
Median	62	-1.13	-1.02	-1.86	-1.12	-0.94	-0.64	12.54
Maximum	65.6	-0.9	-0.85	-0.59	-0.84	-0.68	-0.32	33.2
Minimum	40.1	-1.5	-1.21	-2.21	-1.51	-1.29	-1.55	5.39
Std. Dev.	8.51	0.14	0.1	0.34	0.21	0.16	0.24	6.49
Skewness	-0.65	-0.54	-0.3	1.79	-0.39	-0.38	-1.69	1.36
Kurtosis	1.98	2.58	2.26	6.7	2	2.49	7.83	4.71

Jarque-Bera	3.31	1.63	1.08	31.96	1.93	1.01	42.02	12.43
Probability	0.19	0.44	0.58	0	0.38	0.6	0	0
Sum	1637.7	-34.28	-29.9	-51.59	-32.78	-27.33	-19.46	402.73
Sum Sq. Dev.	2025.99	0.57	0.26	3.24	1.19	0.72	1.59	1178.72
Observations	29	29	29	29	29	29	29	29

Source: Author's calculations using Eviews 12, 2025

The poverty rate in Nigeria averages 56.5%, exhibiting significant variability over time. Corruption remains a structural challenge, showing little improvement throughout the period. Government effectiveness is persistently low but relatively stable. Political stability and absence of violence rank extremely low, displaying the highest volatility among governance indicators. The rule of law is weak, negatively impacting economic justice and investor confidence. Regulatory quality consistently performs poorly, hindering private sector growth and foreign investment. Voice and accountability are heavily skewed and peaked, reflecting many years of very low scores. Inflation is both high and volatile, with a mean rate of 13.89% ranging from 5.39% to 33.2%, undermining macroeconomic stability and real income levels. Collectively, these indicators underscore Nigeria's enduring challenges in poverty alleviation, corruption control, governance effectiveness, political stability, rule of law, regulatory quality, civic participation, and economic policy stability.

Unit Root Test

The unit root test is crucial for evaluating the stationarity of a time series, as non-stationary data can lead to spurious regression results (Granger & Newbold, 1974). This study employed the Augmented Dickey-Fuller (ADF) test (Dickey & Fuller, 1979) and the Phillips-Perron (PP) test (Phillips & Perron, 1988) to examine whether the variables in the model are stationary or require differencing to avoid misleading inferences. The ADF test extends the Dickey-Fuller test by including lagged difference terms to address serial correlation, assuming the time series follows an autoregressive process. On the other hand, the PP test accounts for autocorrelation and heteroscedasticity in the error terms by using a non-parametric correction, making it robust against certain violations of classical assumptions.

Table 3 is a summary of the ADF and PP test results for each variable in the model. The test statistics and p-values for both tests are provided, along with the conclusion about the stationarity of the series.

Table 3: Unit Root Test Results with Order of Integration

Variable	ADF Test Statistic	p-value (ADF)	PP Test Statistic	p-value (PP)	Order of Integration (I)	Stationarity
PVT	-4.3	0.0024	-4.3	0.0024	I(1)	Stationary
CC	-4.82	0.0009	-7.09	0	I(1)	Stationary
GE	-3.69	0.01	-3.66	0.0107	I(0)	Stationary
PV	-3.03	0.0444	-3.03	0.0444	I(0)	Stationary
RL	-5.24	0.0003	-7.24	0	I(1)	Stationary
RG	-8.87	0	-8.86	0	I(1)	Stationary
VA	-5.51	0.0001	-5.16	0.0003	I(0)	Stationary
INFL	-6.82*	0	-3.21**	0.0299	I(1)& I(0)	Stationary

Source: Author's calculations using Eviews 12, 2025

The stationarity tests in Table 3 reveal important characteristics about the time series properties of the variables under study. Poverty Rate, Control of Corruption, Rule of Law, and Regulatory Quality show stationarity after first differencing, indicating they are integrated of order one. Government Effectiveness, Political Stability and Absence of Violence, and Voice and Accountability are stationary at their levels, while Inflation shows mixed results, suggesting it may be trend-stationary or have characteristics of both I(0) and I(1).

The mixture of I(0) and I(1) variables justifies the use of the Autoregressive Distributed Lag (ARDL) modeling technique, which accommodates such combinations and allows for the estimation of both short-run and long-run dynamics even when variables are integrated at different orders, provided none is I(2).

Cointegration Testing

The ARDL bounds testing technique, as presented by Pesaran, Shin, and Smith (2001), was utilized to ascertain the presence of a long-run relationship among the variables in the model. This test is appropriate when variables are integrated at mixed orders of I(0) and I(1), as is the case in this study. The null hypothesis of the bounds test asserts that no long-term relationship exists among the variables.

The result of the F-bounds test is presented in Table 4 below:

Table 4: Bounds Test

F-Bounds Test		Null Hypothesis: No levels relationship		
Test Statistic	Value	Signif.	I(0)	I(1)
F-statistic	6.846586	10%	1.92	2.89
k	7	5%	2.17	3.21
		2.5%	2.43	3.51
		1%	2.73	3.9

Source: Author's calculations using Eviews 12, 2025

The calculated F-statistic (6.846586) is greater than the upper bound critical value at all conventional significance levels (1%, 2.5%, 5%, and 10%). This implies that there is strong evidence of a long-run (cointegration) relationship among poverty rate (PVT), governance indicators (CC, GE, PV, RL, RG, VA), and inflation (INFL) in Nigeria. This justifies the estimation and interpretation of both the long-run and short-run dynamics in the ARDL model.

Model Estimation

Following the confirmation of stationarity through unit root tests and the existence of a long-run relationship via the ARDL bounds test, the next step is to estimate the ARDL model. The Autoregressive Distributed Lag (ARDL) approach, developed by Pesaran, Shin, and Smith (2001), is particularly suitable for this study as it accommodates variables that are integrated of different orders; either I(0) or I(1), but not I(2). This flexibility makes the ARDL method ideal for analyzing the interaction between governance quality, leadership effectiveness, inflation, and poverty dynamics in Nigeria over the period 1996–2024.

Long-run Estimation

The long-run coefficients of the ARDL model estimate the enduring effects of governance quality, leadership effectiveness, and macroeconomic conditions on poverty in Nigeria. Specifically, the model captures the structural influence of key variables such as control of corruption, government effectiveness, political stability, rule of law, regulatory quality, voice and accountability, and inflation on poverty levels over time. The long-run equation is presented in Equation 3, while the corresponding estimation results are reported in Table 5. These coefficients offer valuable insights into the institutional and economic factors that shape sustainable development outcomes in Nigeria.

Table 5: Estimated Long-Run Results

Selected Model: ARDL(1, 2, 2, 0, 2, 2, 1, 2)				
Variable	Coefficient	Std. Error	t-Statistic	Prob.*
PVT(-1)	0.11782	0.23778	0.49552	0.6354
CC	19.3686	6.37399	3.0387	0.0189

CC(-1)	6.48541	7.63765	0.84914	0.4239
CC(-2)	49.1626	9.87785	4.97706	0.0016
GE	3.14146	5.32994	0.5894	0.5741
GE(-1)	24.4856	6.14512	3.98457	0.0053
GE(-2)	9.70196	4.61324	2.10307	0.0735
PV	10.813	2.49155	4.33989	0.0034
RL	-12.518	8.3847	-1.493	0.1791
RL(-1)	-7.8193	5.60928	-1.394	0.206
RL(-2)	-43.003	8.00261	-5.3736	0.001
RG	-13.78	3.59835	-3.8295	0.0065
RG(-1)	3.75245	3.49812	1.07271	0.319
RG(-2)	8.1287	3.33013	2.44096	0.0447
VA	10.0343	4.22881	2.37285	0.0494
VA(-1)	-7.5029	2.98677	-2.512	0.0403
INFL	0.07077	0.11693	0.60524	0.5641
INFL(-1)	0.07476	0.14189	0.52688	0.6146
INFL(-2)	-0.5869	0.12006	-4.8882	0.0018
C	129.705	33.5199	3.8695	0.0061

R-squared 0.993451; Adjusted R-squared, 0.975674

Source: Author's calculations using Eviews 12, 2025

The ARDL(1, 2, 2, 0, 2, 2, 1, 2) model estimates show that the control of corruption (CC) has a statistically significant and positive effect on poverty at lag 0 and lag 2, with coefficients of 19.37 and 49.16 respectively (p-values of 0.0189 and 0.0016), indicating that changes in corruption levels at those lags are associated with corresponding increases in poverty. Government effectiveness (GE) is also positively and significantly associated with poverty at lag 1 (coefficient = 24.49, p = 0.0053) and lag 2 (coefficient = 9.70, p = 0.0735), suggesting a delayed impact of government efficiency on poverty levels.

Political stability and absence of violence (PV) shows a strong and positive contemporaneous relationship with poverty (coefficient = 10.81, p = 0.0034). The rule of law (RL) is negatively associated with poverty at lag 2, with a coefficient of -43.00 (p = 0.0010), implying that stronger legal institutions reduce poverty with a time lag.

Regulatory quality (RG) has a significant negative effect in the current period (coefficient = -13.78, p = 0.0065) but shows positive and significant effects at lag 2 (coefficient = 8.13, p = 0.0447), suggesting a dynamic relationship. Voice and accountability (VA) exhibits a positive significant impact contemporaneously (coefficient = 10.03, p = 0.0494) and a negative significant impact at lag 1 (coefficient = -7.50, p = 0.0403), indicating a shift in direction over time.

Inflation (INFL) is only statistically significant at lag 2, with a negative coefficient of -0.59 (p = 0.0018), suggesting that past inflation has a downward effect on poverty in the long run within the structure of the model.

The model's goodness-of-fit statistics are robust: the R-squared is 0.9935 and the adjusted R-squared is 0.9757, indicating that nearly 98% of the variation in poverty is explained by the included variables.

Short-run Estimation

Having confirmed the existence of a long-run relationship among the variables through the F-bounds cointegration test, the short-run dynamics of the model are estimated using the error correction representation of the ARDL model. The short-run estimates reveal the immediate or transitory effects of changes in

governance indicators, such as control of corruption, government effectiveness, political stability, rule of law, regulatory quality, voice and accountability, and macroeconomic conditions like inflation on poverty levels in Nigeria.

The Error Correction Term (ECT) is a crucial component of this analysis as it measures the speed at which the poverty rate adjusts back to its long-run equilibrium following any short-run disturbances. A negative and statistically significant ECT coefficient would confirm the stability of the long-run relationship and indicate how quickly deviations from the equilibrium are corrected over time.

The short-run dynamics results, including coefficients of the differenced variables along with their standard errors, t-statistics, and p-values, are detailed in Table 6. These estimates provide valuable insights into how short-term fluctuations in governance quality and economic conditions influence poverty in Nigeria.

Table 6: Estimated Short-Run Results

ECM Regression				
Case 2: Restricted Constant and No Trend				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(CC)	19.3686	3.23273	5.99142	0.0005
D(CC(-1))	-49.163	5.12384	-9.5949	0
D(GE)	3.14146	2.27887	1.37851	0.2105
D(GE(-1))	-9.702	2.28972	-4.2372	0.0039
D(RL)	-12.518	2.74044	-4.568	0.0026
D(RL(-1))	43.0028	4.40617	9.75969	0
D(RG)	-13.78	1.93687	-7.1146	0.0002
D(RG(-1))	-8.1287	1.6843	-4.8262	0.0019
D(VA)	10.0343	1.83446	5.4699	0.0009
D(INFL)	0.07077	0.05256	1.34643	0.2201
D(INFL(-1))	0.58688	0.0624	9.40538	0
ECT(-1)*	-0.8822	0.07677	-11.491	0
R-squared 0.905999; Adjusted R-squared, 0.837065				

Source: Author's calculations using Eviews 12, 2025

The error correction regression estimates the short-run dynamics of the variables on changes in poverty (PVT). The differenced control of corruption (D(CC)) shows a positive and statistically significant coefficient of 19.37 ($p = 0.0005$), while its first lag (D(CC(-1))) is negative and highly significant at -49.16 ($p = 0.0000$). This indicates that current increases in corruption control are associated with short-term increases in poverty, but this effect reverses strongly in the following period. Government effectiveness (D(GE)) is not significant contemporaneously (coefficient 3.14, $p = 0.2105$) but its lag (D(GE(-1))) is negative and significant (-9.70, $p = 0.0039$), implying delayed reductions in poverty due to past improvements in government effectiveness.

Rule of law (D(RL)) is negative and significant at -12.52 ($p = 0.0026$) contemporaneously but positive and significant at lag one with 43.00 ($p = 0.0000$), suggesting a short-run decrease in poverty followed by a rebound effect one period later. Regulatory quality (D(RG)) is negative and significant both in the current period (-13.78, $p = 0.0002$) and at lag one (-8.13, $p = 0.0019$), indicating consistent short-run poverty reductions associated with improvements in regulatory quality. Voice and accountability (D(VA)) is positive and highly significant (10.03, $p = 0.0009$), reflecting that short-run changes in participatory governance are associated with increases in poverty. Inflation (D(INFL)) is not significant contemporaneously (0.07, $p = 0.2201$) but its lag (D(INFL(-1))) is positive and highly significant (0.59, $p = 0.0000$), showing a delayed inflationary effect on increasing poverty.

The error correction term (ECT(-1)*) has a coefficient of -0.88 ($p = 0.0000$), indicating a rapid adjustment back to the long-run equilibrium following any short-run deviation, with about 88% of the disequilibrium

corrected each period. The model explains approximately 90.6% of the variation in changes in poverty, as indicated by the R-squared value.

Diagnostic and Stability Tests

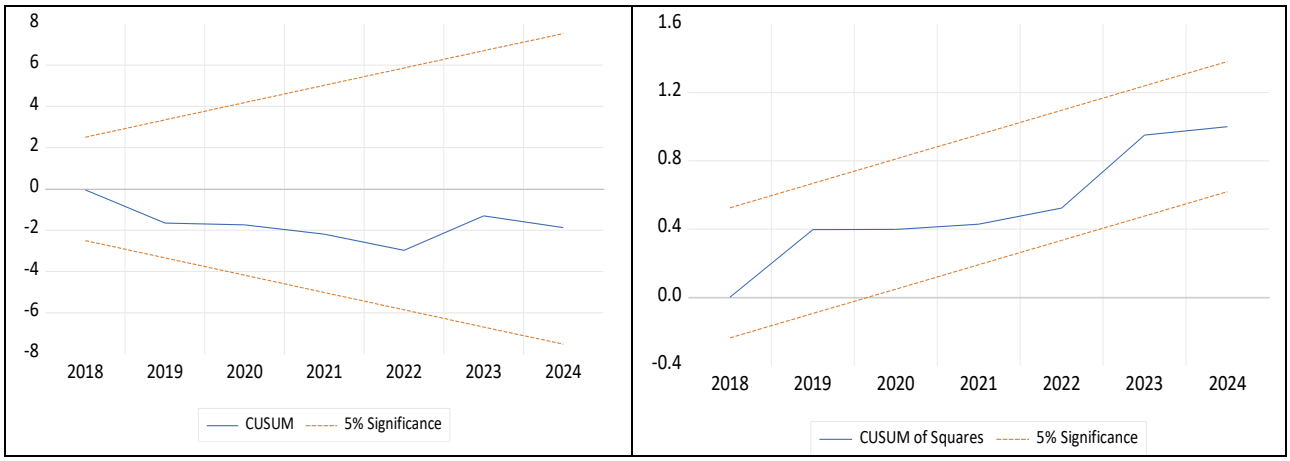
To ensure the adequacy and robustness of the ARDL model, several post-estimation diagnostic and stability tests were conducted. These include the Serial Correlation LM test, Heteroskedasticity test (ARCH), Normality test (Jarque-Bera), Functional form test (Ramsey RESET), and Stability tests using CUSUM and CUSUM of Squares.

Below is a summary of the diagnostic test results:

Table 7: Summary of Diagnostic Test Results

Test	Test Statistic	p-value	Conclusion
Breusch-Godfrey Serial Correlation LM Test	0.0083	0	Serial correlation
ARCH Heteroskedasticity Test (ARCH)	0.4303	0.4099	No heteroskedasticity
Jarque-Bera Normality Test	0.3069	0.8577	Residuals are normally distributed
Ramsey RESET Test (Functional Form)	0.6691	0.5283	Model is correctly specified
CUSUM Test	Stable	—	Parameters are stable
CUSUM of Squares Test	Stable	—	Parameters are stable

Source: Author's computation using EViews (2025)



The Breusch-Godfrey Serial Correlation LM test reveals evidence of serial correlation in the residuals (test statistic = 0.0083, p-value = 0.0000), indicating that the error terms are correlated across observations. This violates the classical regression assumption of independent errors, which may affect the efficiency of coefficient estimates and bias standard errors. Addressing this issue may require further model refinement or the use of robust standard errors.

The ARCH test for heteroskedasticity returns a test statistic of 0.4303 with a p-value of 0.4099, suggesting no significant presence of heteroskedasticity. This implies that the variance of the residuals is constant over time, satisfying an important assumption for valid inference. The Jarque-Bera normality test yields a statistic of 0.3069 and a p-value of 0.8577, indicating that the residuals are normally distributed. This supports the use of standard hypothesis testing procedures in the model. The Ramsey RESET test for functional form misspecification produces an F-statistic of 0.4477 with a p-value of 0.5283, showing no evidence of omitted nonlinear terms or incorrect functional form in the model specification.

Lastly, both the CUSUM and CUSUM of Squares tests indicate that the model parameters are stable over the sample period, confirming the consistency of the regression estimates through time.

DISCUSSION OF FINDINGS

The empirical results from the ARDL estimation offer rich insights into how governance quality, leadership effectiveness, and macroeconomic factors such as inflation shape poverty dynamics in Nigeria. These findings are broadly consistent with the theoretical frameworks that underpin this study, governance theory, leadership theory, and institutional economics, each of which helps interpret the observed relationships.

Governance Theory Perspective

Governance theory posits that transparency, accountability, participation, and the rule of law are foundational to effective public administration and sustainable development. This aligns with the study's finding that control of corruption (CC) and voice and accountability (VA) are significant predictors of poverty levels. The positive but shifting short-run effects of these variables suggest that while improved anti-corruption efforts and participatory governance structures are desirable, their immediate impact may be complex, possibly reflecting resistance, transitional inefficiencies, or institutional inertia. Over time, however, their long-term positive effects become more apparent, supporting the argument of Glass and Newig (2019) and Sari (2023) that inclusive and transparent institutions drive sustainable outcomes.

Additionally, the negative and significant impact of the rule of law (RL) on poverty in the long run confirms governance theory's assertion that credible legal frameworks and enforcement mechanisms are essential for inclusive development. This resonates with findings from Ibrahim et al. (2021), who emphasize institutional decay as a major barrier to equitable development in Nigeria.

Leadership Theory Perspective

Leadership theory, especially transformational models, emphasizes strategic vision, responsiveness, and institutional alignment. The results highlight the significance of government effectiveness (GE), which has a delayed but substantial impact on poverty reduction. This supports Shahid (2024) and Suryadi et al. (2024), who argue that effective leadership produces measurable improvements when it is adaptive and strategic over time.

The mixed signs and time-dependent impact of governance indicators also reflect the complexities of leadership execution in transitional political environments, as described by Adekunle (2023). The positive short-run impact of voice and accountability (VA) on poverty may indicate that increased public participation initially exposes institutional weaknesses or raises expectations faster than service delivery can adjust, an issue often faced in reforming states with limited capacity.

Institutional Economics Perspective

Institutional economics emphasizes the role of both formal rules and informal norms in shaping economic behavior and development outcomes. The significance of regulatory quality (RG) and its nuanced short- and long-run effects reinforce the argument by Barbar (2025) that reforms must be tailored to local institutional realities. The negative impact of inflation at lagged levels supports the view that macroeconomic instability, when left unchecked by credible institutions, exacerbates poverty.

The presence of serial correlation in the model, despite strong overall fit, may be interpreted as evidence of institutional persistence or path dependency, common in countries with entrenched governance challenges. This supports Coradini Nader Adam et al. (2025), who highlight the importance of aligning institutional change with local capacity and resources.

Integration of Frameworks

Overall, the results validate the interplay between governance quality, leadership dynamics, and institutional context in determining poverty outcomes. While each theoretical lens offers insights on its own, your study demonstrates that the convergence of leadership capacity, institutional robustness, and accountable governance is essential for sustained poverty reduction. This integrative perspective fills a key gap in the literature, as most prior studies examined these dimensions in isolation.

CONCLUSION

This study employed the ARDL modeling framework to investigate the short- and long-run effects of governance quality, leadership effectiveness, and inflation on poverty dynamics in Nigeria over the period 1996–2024. The results confirm the presence of a long-run relationship among these variables and reveal that improvements in key governance indicators; such as control of corruption, rule of law, regulatory quality, and voice and accountability—have significant and time-varying effects on poverty levels. In the long run, stronger legal institutions, effective regulatory frameworks, and improved anti-corruption measures contribute to poverty reduction. However, short-run effects are more mixed and sometimes counterintuitive, reflecting the complexity of governance reform processes and institutional inertia in transitional political environments. Inflation also exerts a delayed but significant impact, underscoring the importance of macroeconomic stability in shaping welfare outcomes.

Despite the presence of serial correlation in the model, diagnostic tests confirm that the estimated relationships are robust, correctly specified, and stable over time. These findings align with governance theory, leadership theory, and institutional economics, which collectively emphasize the importance of credible institutions, adaptive leadership, and transparent governance in fostering inclusive development.

POLICY RECOMMENDATIONS

1. Strengthen Anti-Corruption Frameworks: Policymakers should intensify anti-corruption efforts by promoting transparency, enforcing accountability, and ensuring judicial independence.
2. Enhance Government Effectiveness and Institutional Capacity: Long-term investments in civil service reform, public financial management, and data-driven policymaking are essential to improve institutional performance.
3. Promote Rule of Law and Regulatory Quality: Strengthening judicial systems and simplifying regulatory frameworks can foster a more predictable environment that supports poverty reduction.
4. Balance Participatory Governance with Institutional Readiness: Civic engagement should be matched with capacity-building in local institutions to ensure responsive and effective service delivery.
5. Maintain Macroeconomic Stability: Prudent monetary and fiscal policies, along with strengthened inflation control and targeted social protections are vital to mitigate poverty-inducing shocks.

MODEL LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

Although the presence of serial correlation was identified in the residuals of the model, this is not entirely unexpected given the nature of macroeconomic and governance data in Nigeria. Data from developing countries often exhibit autocorrelation due to factors such as delayed policy effects, institutional inertia, cyclical economic shocks, and inconsistencies in data reporting. These dynamics can introduce time-based dependencies in the error structure that are difficult to fully eliminate within a single model specification.

Nonetheless, the overall model diagnostics, including the absence of heteroskedasticity, normality of residuals, correct functional form, and parameter stability, indicate that the model provides a robust and credible estimation of the short- and long-run relationships between governance indicators, macroeconomic conditions, and poverty.

Given the detection of serial correlation, future research should consider extended model specifications, such as higher-order lag structures, alternative dynamic models, or the use of robust standard errors, to further improve efficiency and inference accuracy. Additionally, exploring sub-periods or applying structural break tests could help account for historical shocks and policy changes that characterize Nigeria’s economic and political landscape.

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ANNEX 1: Summary of Variables

Year	PVT	CC	GE	PV	RL	RG	VA	INFL
1996	65.6	-1.19	-0.92	-1.06	-1.29	-0.97	-1.55	29.27
1997	65.23	-1.35	-1.01	-1.33	-1.34	-1.05	-0.71	8.53
1998	64.86	-1.16	-1.12	-0.59	-1.19	-0.92	-1.08	10
1999	64.49	-1.41	-0.96	-1.62	-1.4	-1.14	-0.64	6.62
2000	64.11	-1.32	-0.97	-1.46	-1.16	-0.88	-0.48	6.93
2001	63.74	-1.37	-0.94	-1.67	-1.45	-1.12	-0.74	18.87
2002	63.37	-1.5	-1.02	-1.63	-1.5	-1.18	-0.63	12.88
2003	63	-1.42	-0.92	-1.64	-1.51	-1.23	-0.66	14.03
2004	62.93	-1.38	-0.94	-1.75	-1.44	-1.29	-0.8	15
2005	62.87	-1.18	-0.9	-1.67	-1.35	-0.79	-0.87	17.86
2006	62.8	-1.13	-0.97	-2.03	-1.08	-0.95	-0.62	8.23
2007	62.73	-1.07	-1.03	-2.01	-1.06	-0.89	-0.76	5.39
2008	62.67	-0.9	-0.99	-1.86	-1.04	-0.82	-0.74	11.58
2009	62.6	-1.04	-1.2	-1.99	-1.16	-0.76	-0.85	12.54
2010	62	-1.05	-1.17	-2.21	-1.16	-0.74	-0.78	13.74
2011	59.17	-1.19	-1.1	-1.96	-1.18	-0.7	-0.71	10.83
2012	56.33	-1.18	-1	-2.04	-1.14	-0.72	-0.7	12.22
2013	53.5	-1.23	-1	-2.09	-1.12	-0.68	-0.69	8.5
2014	52.8	-1.28	-1.19	-2.13	-1.06	-0.84	-0.59	8.05
2015	52.1	-1.1	-1	-1.92	-0.98	-0.89	-0.37	9.01
2016	51.4	-1.05	-1.12	-1.87	-1.04	-0.94	-0.32	15.7
2017	50.7	-1.1	-1.04	-2	-0.89	-0.92	-0.34	16.5
2018	50	-1.08	-1.12	-2.1	-0.92	-0.88	-0.43	12.1
2019	40.1	-1.11	-1.21	-1.93	-0.94	-0.94	-0.43	11.4
2020	40.93	-1.12	-1.14	-1.89	-0.84	-1.02	-0.58	13.25
2021	41.77	-1.1	-1.03	-1.79	-0.87	-0.94	-0.64	16.95
2022	42.6	-1.13	-1.04	-1.78	-0.91	-1.16	-0.6	18.85
2023	46	-1.04	-0.85	-1.77	-0.89	-0.94	-0.55	24.7
2024	47.3	-1.1	-1.02	-1.81	-0.88	-1.02	-0.59	33.2

Source: World Bank, 2024

Poverty rate Data was compiled from World Bank (WDI), National Bureau of Statistics (NBS), and World Bank Poverty and Equity Briefs. Missing years were linearly interpolated by the author.

Note: The Table above shows that PVT represents the poverty rate (proxy for sustainable development), CC denotes control of corruption, GE is government effectiveness, PV stands for political stability and absence of violence/terrorism, RL is rule of law, RG denotes regulatory quality, VA represents voice and accountability, and INFL is the inflation rate (proxy for macroeconomic policy effectiveness).

ECM Regression
Case 2: Restricted Constant and No Trend

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(CC)	19.36862	3.232725	5.991423	0.0005
D(CC(-1))	-49.16262	5.123843	-9.594873	0.0000
D(GE)	3.141456	2.278872	1.378514	0.2105
D(GE(-1))	-9.701957	2.289715	-4.237189	0.0039
D(RL)	-12.51835	2.740444	-4.568001	0.0026
D(RL(-1))	43.00283	4.406169	9.759686	0.0000
D(RG)	-13.78003	1.936872	-7.114581	0.0002
D(RG(-1))	-8.128701	1.684302	-4.826155	0.0019
D(VA)	10.03433	1.834463	5.469901	0.0009
D(INFL)	0.070771	0.052562	1.346433	0.2201
D(INFL(-1))	0.586883	0.062399	9.405381	0.0000
CointEq(-1)*	-0.882176	0.076772	-11.49092	0.0000

R-squared	0.905999	Mean dependent var	-0.664021
Adjusted R-squared	0.837065	S.D. dependent var	2.229058
S.E. of regression	0.899763	Akaike info criterion	2.927732
Sum squared resid	12.14360	Schwarz criterion	3.503659
Log likelihood	-27.52438	Hannan-Quinn criter.	3.098985
Durbin-Watson stat	3.252342		

* p-value incompatible with t-Bounds distribution.

F-Bounds Test — Null Hypothesis: No levels relationship

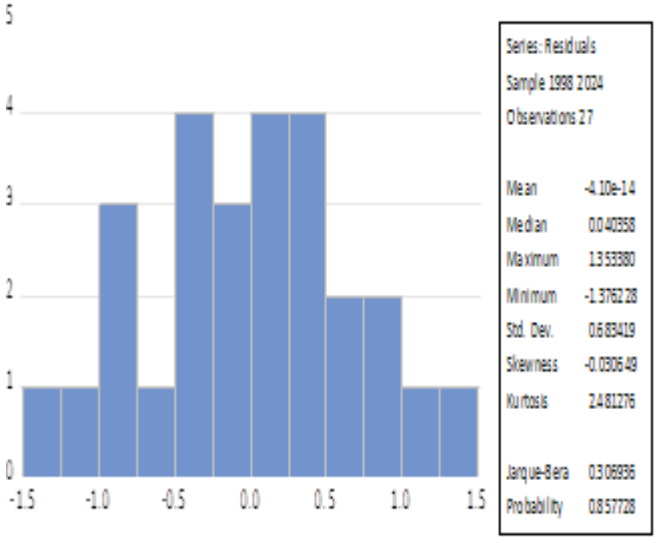
Test Statistic	Value	Signif.	I(0)	I(1)
F-statistic	6.846586	10%	1.92	2.89
k	7	5%	2.17	3.21
		2.5%	2.43	3.51
		1%	2.73	3.9

Dependent Variable: PVT
Method: ARDL
Date: 07/21/25 Time: 17:28
Sample (adjusted): 1998 2024
Included observations: 27 after adjustments
Maximum dependent lags: 1 (Automatic selection)
Model selection method: Akaike info criterion (AIC)
Dynamic regressors (2 lags, automatic): CC GE PV RL RG VA INFL
Fixed regressors: C
Number of models evalulated: 2187
Selected Model: ARDL(1, 2, 2, 0, 2, 2, 1, 2)

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
PVT(-1)	0.117824	0.237778	0.495519	0.6354
CC	19.36862	6.373991	3.038696	0.0189
CC(-1)	6.485413	7.637654	0.849137	0.4239
CC(-2)	49.16262	9.877845	4.977060	0.0016
GE	3.141456	5.329944	0.589398	0.5741
GE(-1)	24.48563	6.145120	3.984565	0.0053
GE(-2)	9.701957	4.613238	2.103069	0.0735
PV	10.81303	2.491549	4.339885	0.0034
RL	-12.51835	8.384703	-1.492999	0.1791
RL(-1)	-7.819349	5.609281	-1.394002	0.2060
RL(-2)	-43.00283	8.002612	-5.373599	0.0010
RG	-13.78003	3.598348	-3.829543	0.0065
RG(-1)	3.752452	3.498118	1.072706	0.3190
RG(-2)	8.128701	3.330126	2.440959	0.0447
VA	10.03433	4.228813	2.372849	0.0494
VA(-1)	-7.502877	2.986771	-2.512036	0.0403
INFL	0.070771	0.116931	0.605241	0.5641
INFL(-1)	0.074761	0.141893	0.526884	0.6146
INFL(-2)	-0.586883	0.120061	-4.888204	0.0018
C	129.7053	33.51989	3.869502	0.0061

R-squared	0.993451	Mean dependent var	55.81005
Adjusted R-squared	0.975674	S.D. dependent var	8.444751
S.E. of regression	1.317118	Akaike info criterion	3.520324
Sum squared resid	12.14360	Schwarz criterion	4.480203
Log likelihood	-27.52438	Hannan-Quinn criter.	3.805747
F-statistic	55.88435	Durbin-Watson stat	3.252342
Prob(F-statistic)	0.000008		

*Note: p-values and any subsequent tests do not account for model selection.



Ramsey RESET Test
Equation: UNTITLED
Omitted Variables: Squares of fitted values
Specification: PVT PVT(-1) CC CC(-1) CC(-2) GE GE(-1) GE(-2) PV RL RL(-1) RL(-2) RG RG(-1) RG(-2) VA VA(-1) INFL INFL(-1) INFL(-2) C

	Value	df	Probability
t-statistic	0.669080	6	0.5283
F-statistic	0.447668	(1, 6)	0.5283
Likelihood ratio	1.942892	1	0.1634

F-test summary:

	Sum of Sq.	df	Mean Squares
Test SSR	0.843142	1	0.843142
Restricted SSR	12.14360	7	1.734800
Unrestricted SSR	11.30046	6	1.883410

LR test summary:

	Value
Restricted LogL	-27.52438
Unrestricted LogL	-26.55293

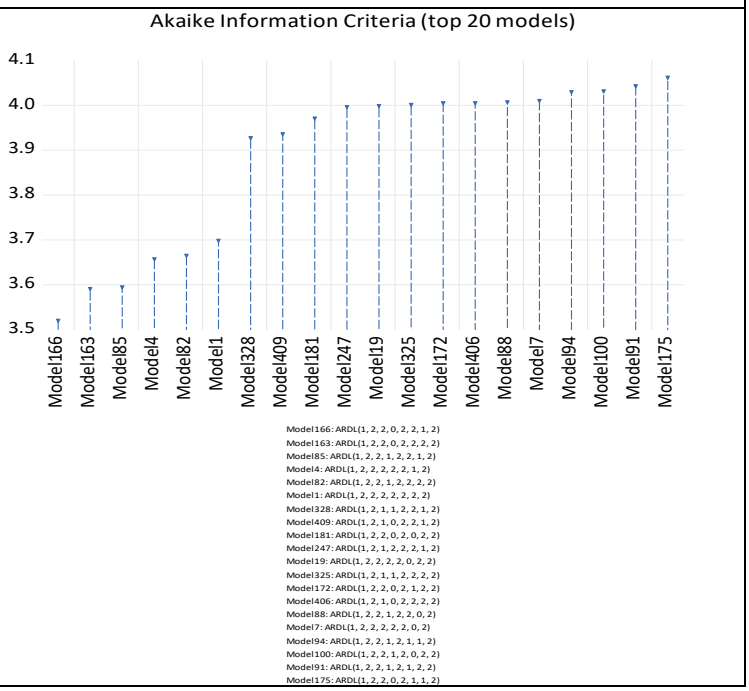
Heteroskedasticity Test: ARCH

F-statistic	0.643672	Prob. F(1,24)	0.4303
Obs*R-squared	0.679099	Prob. Chi-Square(1)	0.4099

Test Equation:
Dependent Variable: RESID^2
Method: Least Squares
Date: 07/21/25 Time: 17:33
Sample (adjusted): 1999 2024
Included observations: 26 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.389948	0.145076	2.687899	0.0129
RESID^2(-1)	0.161284	0.201029	0.802292	0.4303

R-squared	0.026119	Mean dependent var	0.464618
Adjusted R-squared	-0.014459	S.D. dependent var	0.563398
S.E. of regression	0.567457	Akaike info criterion	1.778500
Sum squared resid	7.728178	Schwarz criterion	1.875277
Log likelihood	-21.12050	Hannan-Quinn criter.	1.806368
F-statistic	0.643672	Durbin-Watson stat	1.890511
Prob(F-statistic)	0.430257		



Breusch-Godfrey Serial Correlation LM Test:
Null hypothesis: No serial correlation at up to 2 lags

F-statistic	14.50190	Prob. F(2,5)	0.0083
Obs*R-squared	23.02986	Prob. Chi-Square(2)	0.0000

Test Equation:
Dependent Variable: RESID
Method: ARDL
Date: 07/21/25 Time: 21:43
Sample: 1998 2024
Included observations: 27
Presample missing value lagged residuals set to zero.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PVT(-1)	0.161068	0.127579	1.262503	0.2624
CC	1.492434	3.890838	0.383576	0.7171
CC(-1)	-6.025808	3.674466	-1.639914	0.1619
CC(-2)	-3.079732	4.816736	-0.639382	0.5507
GE	-5.735287	2.900507	-1.977340	0.1049
GE(-1)	-5.005431	2.983242	-1.677849	0.1542
GE(-2)	-3.431004	2.220639	-1.545053	0.1830
PV	-0.243262	1.218551	-0.199632	0.8496
RL	2.642610	4.699704	0.562293	0.5982
RL(-1)	3.082515	3.113616	0.990011	0.3676
RL(-2)	0.393948	3.637425	0.108304	0.9180
RG	-1.208530	1.720111	-0.702588	0.5137
RG(-1)	-0.587898	1.990626	-0.295333	0.7796
RG(-2)	0.484254	1.618605	0.299180	0.7768
VA	0.720495	2.024412	0.355903	0.7364
VA(-1)	-1.471547	1.448792	-1.015707	0.3564
INFL	0.083815	0.064986	1.289729	0.2536
INFL(-1)	0.068358	0.065662	1.041071	0.3455
INFL(-2)	-0.006272	0.054952	-0.114128	0.9136
C	-30.02889	17.82691	-1.684470	0.1529
RESID(-1)	-1.528089	0.292066	-5.231998	0.0034
RESID(-2)	-0.986853	0.419686	-2.351406	0.0654

R-squared	0.852958	Mean dependent var	-4.10E-14
Adjusted R-squared	0.235380	S.D. dependent var	0.683419
S.E. of regression	0.597599	Akaike info criterion	1.751438
Sum squared resid	1.785624	Schwarz criterion	2.807305
Log likelihood	-1.644410	Hannan-Quinn criter.	2.065402
F-statistic	1.381134	Durbin-Watson stat	2.350650
Prob(F-statistic)	0.387052		