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Research Article

Fiscal Policy and Income Distribution in West Africa: Does Governance Quality Matter?

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ABSTRACT

This study examines fiscal policy and income distribution in West Africa with due consideration to governance quality in the West African region. The independent variables were government revenue, government expenditure, fiscal borrowing, governance quality indicators while income inequality index (Gini coefficient) was the dependent variable. Data were sourced from World Bank Development Indicator for 14 countries in West Africa for the period 2000 through 2025. The data were analyzed using Panel random effect least square regression. The results showed that governance quality has profound effect on fiscal policy operation in West African countries. Given the presence of governance quality indicators as control variables, government revenue soared and decreased income inequality. Government expenditure and borrowing increased income inequality in West African economies. The research concluded that West African governments' expenditure is concentrated on one particular segment of the population and is not evenly spread thus leading to uneven income distribution. It was recommended that government expenditure and revenue should be evenly spread with transparency in order to ensure expansionary monetary policy and an even income distribution.

1. Introduction

Fiscal policy issues have been at the forefront of policy discussions in West African countries in recent times. This is because fiscal policy is fundamental to economic growth and development. It is important to point out that one of the convergence criteria in the West African Monetary Zone (WAMZ), a union of Anglophone West African countries, is a healthy fiscal deficit to GDP ratio. According to Odusola (2020), a by-product of income inequality in any economy is regressive taxes, unresponsive wage structures and inadequacy of government investments in basic needs of life. The argument over the distributional effects of government fiscal policies, specifically taxation and spending decisions, has been reignited by the high degree of income inequality in Africa (Odusola, 2020). In other words, despite the increasing access to education and health services over time, the Nigerian labor market is unable to absorb the fast-growing labor force into productive jobs to reduce inequality (Aniemeke &

Mgbomene, 2025). In times of economic recession, governments aggressively implement expansionary policies, which involve raising spending, lowering taxes, or doing both. Unemployment is also a major driver of income disparity; it's been a recurrent aspect of the Nigerian economy and fluctuates tremendously during the study period reflecting limitations in job creation, economic growth and development (Mgbomene, 2025). In such cases government implement a contractionary policy, which lowers spending or raises taxes, or both, in order to support a rapidly expanding economy. Specifically, they can reallocate national income and correct market failures by allocating national resources through tax revenue and public spending. Hence, fiscal policy can considerably contribute to a decrease in income disparity.

According to a United Nations report from 2024, the average income of people living in the European Union is eleven times higher than that of people in sub-Saharan Africa (SSA), of which West Africa is a subregion, and the average income of people in North America is sixteen times higher than that of people in sub-Saharan Africa. Moreover, Oxfam (2016) claims that the richest 1% of the world's population own a disproportionate amount of the world economy, with the top 10% of the population accounting for 46% of the global income growth between 1998 and 2023; in 2023, 62 people had more wealth than the 3.6 billion people who make up the lower half of the world's population (Onatunji, 2025).

According to statistics, the average budget deficit decreased across the continent, although West Africa had a greater deficit in 2022, estimated at 5.6% of GDP, due to prolonged public infrastructure investment and poor domestic resource mobilization (African Development Bank, 2023). This deficit fell from 5.2% of GDP in 2023 to 4.9% in 2024, although it remained the continent's highest. The tax-to-GDP ratio of 7.4% in 2022 was still far below the 15% required average to effectively finance progress toward the SDGs in underdeveloped countries (African Development Bank, 2023).

The empirical investigation of the link between fiscal policy, income distribution, and governance quality in the economic literature appears to be limited. Fiscal policy is described as the government's operations to finance a certain objective without jeopardizing the sustainability of its financial position (Aslan, 2022). It focuses on a government's ability to pay public expenditures, such as social programs, infrastructure development, and public services, while being revenue neutral and ensuring fiscal sustainability (Ekouala-Makala, 2022). Governance quality refers to the efficacy, openness, accountability, and efficiency of a country's institutions and decision-making processes. Good governance implies that the government functions properly, defends the rule of law, combats corruption, and ensures that public resources are used efficiently to benefit its population (Kraay *et al.*, 2010).

Kaufmann *et al.* (2010) identified six good governance quality indicators: voice and accountability, political stability, government effectiveness, regulatory quality, rule of law, and corruption control. The importance of these markers has been thoroughly shown in the literature (Fisman & Svensson, 2007; Easterly *et al.*, 2006; Lewis, 2006). According to these metrics, West African nations have performed poorly in the ratings during the last few decades. It had an average rating of -0.61, -0.81, and -0.82 for government effectiveness in 2002, 2008, and 2016, respectively, on a scale of 2.5, a category considered as unacceptably low by standard. On the other side, the degree of income disparity shows that West Africa's average income inequality peaked at 51.1 in 1991. Average income inequality declined somewhat until 2010, but then increased slightly to 44 in 2024 (World Bank, 2024). Indeed, the trend in average income inequality mirrors the subregion's long-term income Gini coefficient stability (Emara & Chiu, 2016). With the rising gap in economic inequality, which translates to unbalanced income distribution in West African nations, there is confusion over how fiscal policy comes into

play to achieve fair income distribution given the quality of governance in West African countries.

The problem of policy formulation stems from incomplete knowledge of economic indices. This problem leads to mistake in policies thus encouraging policy summersault. Knowing how fiscal policy affect income distribution with due consideration of governance quality will help direct governments in ensuring sound fiscal policy through the maintenance of positive governance rating. Therefore, the motivation for this study lies in the need to unravel the knowledge in this regard with a view towards forming a policy opinion for sound fiscal policy strategies in West African countries. The growing imperative to attain equitable income distribution has compelled international organizations and the academic community to make a collaborative commitment towards alleviating the escalating income inequality experienced through dedicated research.

Therefore, the main aim of this study is to analyze the how fiscal policy affect income distribution in West Africa with due consideration to governance quality as control variables in the West African region. Specifically, the study intends to:

- i. investigate the relationship between government revenue and income distribution in West African countries;
- ii. determine the relationship between government expenditure and income distribution in West African countries;
- iii. analyze the extent to which fiscal borrowing relates with income distribution in West African countries;
- iv. to control for governance quality indicators in the relationship between income distribution and fiscal policy instruments in West African countries.

The following hypotheses are tested:

- H₀₁: No significant relationship between government revenue and income distribution in West African countries;
- H₀₂: No significant relationship between government expenditure and income distribution;
- H₀₃: No significant relationship between fiscal borrowing and income distribution;
- H₀₄: No significant relationship between governance quality indicators and income distribution-fiscal policy instruments nexus in West African countries.

The data for this study spans the period 2000 to 2025. This period is selected because of the availability of data and the need to fit a time series analysis to the data. The geographic comprises countries in the West African region namely: Benin, Burkina Faso, Cote D'Ivoire, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, The Gambia and Togo. These countries make up the West African Monetary Union (WAMU) and West African Monetary Zone (WAMZ) (two regional economic blocs aimed at unifying monetary and fiscal policies in the region).

2. LITERATURE REVIEW

Theoretical Framework

The Keynesian school's theory of the impact of fiscal policy on wealth and income inequality stems from the government's growing role in the economy. Keynesian economists argue that governments should employ fiscal policy to address economic cyclicalities and market failures. Governments can utilize expenditures and taxes to reallocate national revenue, therefore reducing income disparity in society. Notably, Alesina and Ardagna (1998) believe that public expenditure reduces inequality, mostly through social welfare measures such as healthcare, education, social safety nets, and job initiatives.

Josifidis (2017) develops a theoretical framework that extends Keynesian theory to examine the intervening influence of governance quality on wealth and income inequality. The theory is based on the assumption that income redistribution and the resulting inequality of disposable income (income inequalities after transfers and taxes) are dependent on the impact of market income inequality (income inequality before transfers and taxes) on the processes by which different social groups institutionalize their interests. In a democratic system (where the majority vote plays a significant role against the minority), the drop in wealth distribution can be interfered in by removing elite privileges and redistribution, pro-poor policies.

The absence of institutional fluctuation with redistributive effects is frequently explained by an increase in income inequality, which allows the minority to institutionalize their interests in practice through political and economic power, despite the majority's rational interests (Acemoglu and Robinson 2015). Notably, this article demonstrates that institutional quality can have a major impact on the link between fiscal policy and income disparity in industrialized nations. According to Law and Soon (2020), advanced economies have rule-based governance (high institutional quality) and adequate resources to address poverty and economic disparities in society. Because the dominant party is determined by a majority vote, governments in these economies are always eager to listen to public opinion. As a result, institutional upgrading will establish suitable rules and policies to address and minimize income disparity. The converse is true for emerging nations with inadequate governance quality. This study tests this notion by utilizing data from a panel of 14 nations in West Africa.

Empirical Review

A number of studies have analyzed how fiscal policy and governance affects income distribution and income inequality in West African countries. Afolabi (2019) looked at the influence of governance on sustainable development in West Africa from 2002 to 2016. The study employed the system GMM technique and included all six governance indicators: voice and accountability, political stability, government effectiveness, regulatory quality, rule of law, and corruption control. The results revealed that voice and accountability,

political stability, government effectiveness, and rule of law were all positively associated to development, with government effectiveness having the greatest influence. The difference between this study and the present research is that it did not address fiscal policy factors.

According to Kunawotor, Bokpin, and Barnor (2020), additional institutional quality measures such as government efficacy, voice and accountability, regulatory quality, and political stability have no statistically significant influence on African income disparity. Furthermore, they discovered that institutional quality indices such as corruption control and rigorous adherence to the rule of law lowered income inequality substantially. Again, this study did not include fiscal policy factors in its analysis.

Mohammed and Sanusi (2020) evaluated the impact of governance quality variables such as corruption control, political stability, voice and accountability, and GDP per capita growth on tax revenue generation in 15 West African nations from 2009 to 2018. The results demonstrated a strong and favorable association between corruption control, political stability, and tax revenue creation. Regulatory quality exhibited a negative and insignificant association, indicating the West African region's regulatory frameworks' weakness in terms of revenue mobilization. There is a striking resemblance between this study and the present research, although the data required is restricted to 2018, indicating the necessity for an updated investigation.

Onye and Umoh (2021) discovered that discretionary fiscal policy in ECOWAS has become counter-cyclical with the implementation of convergence criteria. In particular, they discovered a shift from pro-cyclical fiscal policy making in the pre-convergence era (1995-2002) to counter-cyclical fiscal policy making in the convergence era (2003-2018) in ECOWAS. There was no mention of governance quality in this research, and it is confined to the year 2018.

Olowofeso *et al.* (2021) analyzed the amount of fiscal convergence among West African Monetary Zone (WAMZ) nations and investigated how fiscal convergence responds to divergence in public debt levels, inflation rates, and current account balances. Allowing for varied fiscal policies among the WAMZ nations, the results of the log convergence test calculated from 2001 to 2019 revealed substantial evidence of fiscal divergence throughout this time period. The research does not evaluate governance quality as a crucial intervening element in governments' fiscal policy due to its focus on fiscal disparity.

Salman *et al.* (2022) used regression analysis to determine the impact of governance transparency on tax revenue performance in West African countries, and they discovered that regulatory quality, political stability and absence of violence, and voice and accountability have insignificant effects on tax revenue performance. Furthermore, government efficacy, the rule of law, and the control of corruption have positive and significant implications on tax revenue performance in West African nations.

Malla and Pairote (2022) looked at the impact of fiscal policy and institutional ability on income disparity in developed and developing nations. Using the method Generalized Method of Moments (GMM), they discovered evidence that income taxes are more progressive and may reduce income inequality in underdeveloped nations but not in rich countries. Furthermore, the data found that government size, education, and health spending were inversely related with income disparity in developed nations alone.

Katuka, Mudzingiri, and Ozili (2023) investigated the effects of fiscal space and governance quality on inclusive growth in African nations. From 2000 to 2020, 28 African nations were examined using the generalized moment regression approach. The major findings showed that lagging inclusive growth, digitization, and governance metrics had a beneficial effect on inclusive growth. The study revealed that fiscal space availability encourages inclusive growth; however, this effect is moderated by governance quality in Africa.

Nguyen (2023) discovered that while fiscal policy and institutional quality reduce income disparity, their relationship increases it, which appears counterintuitive. Effiong et al. (2023) observed that only voice and accountability significantly reduced economic suffering, whereas the rule of law exacerbated financial misery in West Africa.

Fatoba and Otonne (2024) explored how fiscal policy shocks affected Nigeria's income inequality and household poverty. Using the impulse response function and variance decomposition technique within the Bayesian Vector Autoregressive framework (BVAR), the study found that from years 2 to 15, a 1% shock to tax revenue (i.e., when taxes are suddenly changed) resulted in a 0.036% reduction in household poverty. In contrast, household poverty increased with shocks to government spending.

Onatunji (2025) explored the tripartite relationship between fiscal policy, institutional quality, and economic inequality in Sub-Saharan Africa. Using the cross-sectional autoregressive distributed lag (CS-ARDL) approach, the results demonstrated that economic growth, population growth, and government tax exacerbated income inequality, while education, government spending, and institutional quality metrics mitigated income inequality in SSA countries in the short and long run.

Evidence from the empirical literature show literature on fiscal policy and income inequality abound especially for the West African region. However, some areas of need have led to glaring gaps in literature. One of such areas is the absence of variables such as government revenue, expenditure, fiscal borrowing and the governance indicators in a single model. While most of the studies focused only on governance indicators, others were more on fiscal policy. Also, data spanning the period 2000 to 2025 is conspicuously missing in the previous studies reviewed. These gaps in literature necessitated this research aimed at filling the identified gaps.

3. METHODOLOGY

The data was analyzed using the Panel Least Squares Regression Model. This is warranted since the data are time

series and cross-sectional. The use of panel data analysis takes into account the variability of the data collected from 14 West African nations. However, the Hausman specification test is carried out before the statistical significance tests. The Levin, Lin, and Chu Panel unit root test is also performed to test for the stationarity of the variables in order to avoid false regression.

The fixed and random effect models are two typical options for Panel Least Squares estimation. While the fixed effect model implies that variations between individuals can be handled by various intercepts, the random effect analyzes panel data where interference factors may be interrelated across time and between individual units. The data were sourced from World Development Indicators (available on www.data.worldbank.org).

Model Specification

The model specified in Mohammed and Sanusi (2020) explained the role of governance indicators on tax revenue generation in West African countries. The model took cognizance of the governance indicator variables such as control of corruption, political stability, voice and accountability with the inclusion of GDP per capita on tax revenue. By way of modification of this model, this study replaces political stability with government effectiveness index while introducing other key governance indicators such as rule of law index, and regulatory quality. The primary model becomes:

$$INC_{i,t} = f(\text{Fiscal Policy}) \quad (1)$$

The above functional equation reads that fiscal policy determines income distribution (INC). Thus, income distribution is the dependent variable while fiscal policy is the independent variable. By way of expansion of the right hand side of the functional equation, we have:

$$INC_{i,t} = f(GR, GX, FB) \quad (2)$$

Where 'INC' is income distribution measured with *gini* coefficient, 'GR' is government revenue, 'GX' is government expenditure and 'FB' is fiscal borrowing. The inclusion of the intervening variables being governance indicators changes the functional model to:

$$INC_{i,t} = f(GR, GX, FB, GE, RQ, ROL, COC) \quad (3)$$

Where 'GE' is government effectiveness index, 'RQ' is regulatory quality, 'ROL' is rule of law index, 'COC' is control of corruption index.

Expanding equations (1) and (2), to their linear form, we obtain:

$$INC_{i,t} = \sigma_0 + \sigma_1 GR_{i,t} + \sigma_2 GX_{i,t} + \sigma_3 FB_{i,t} + \mu_{i,t} \quad (4)$$

$$INC_{i,t} = \beta_0 + \beta_1 GR_{i,t} + \beta_2 GX_{i,t} + \beta_3 FB_{i,t} + \beta_4 GE_{i,t} + \beta_5 RQ_{i,t} + \beta_6 ROL_{i,t} + \beta_7 COC_{i,t} + \epsilon_{i,t} \quad (5)$$

Where: σ_0 and β_0 are the intercepts of both models, $\sigma_1 - \sigma_3$ and $\beta_1 - \beta_7$ are the unknown coefficients to be estimated. The stochastic error term is represented by $\mu_{i,t}$. It is important to note that equations (3) and (4) will be estimated separately in order to better appreciate the intervening effect of governance quality indicators in the fiscal policy and income distribution nexus.

A-priori Expectation

Based on economic theories and the expectation of the researcher, the coefficients of the governance indicators are expected to have decreasing or negative effects on Gini index. That is to say that the lower the Gini index, the closer the

countries are towards achieving perfect income equality. Conversely, the higher the Gini index, the worse off the countries attain in terms of income equality. Also, government revenue, government expenditure and fiscal borrowing of West African countries are expected to decrease their income inequality index (Gini index).

4. RESULTS AND DISCUSISON

Panel unit root test

In order to derive meaningful results in a panel regression, it is essential that variables are stationary. The Levin, Lin and Chu (LLC: Levin, Lin and Chu, 2002) panel unit root tests result is shown in Table 1.

Table 1: Summary of the panel unit root test [*p-value in parenthesis*]

Variables	LLC @Level	LLC @First Diff.	Order of Stationarity	Decision
INC	-0.59605 [0.2756]	-8.94910 [0.0000]*	I(1)	Stationary at 1st difference
GR	-1.20349 [0.1144]	-10.1173 [0.0000]*	I(1)	Stationary at 1st difference
GX	-1.28508 [0.1112]	-9.15246 [0.0000]*	I(1)	Stationary at 1st difference
FB	-1.85293 [0.2311]	-6.53305 [0.0000]*	I(1)	Stationary at 1st difference
GE	0.77987 [0.7823]	-5.12416 [0.0000]*	I(1)	Stationary at 1st difference
RQ	-1.77201 [0.0382]	-8.02659 [0.0000]*	I(1)	Stationary at 1st difference
ROL	-1.83059 [0.3336]	-8.42243 [0.0000]*	I(1)	Stationary at 1st difference
COC	0.76305 [0.7773]	-6.90057 [0.0000]*	I(1)	Stationary at 1st difference

Note: Probabilities of the tests statistics are presented in parenthesis.

* indicates that the test statistic is significant at 5% level

The panel unit root test presented in Table 1 shows that the data are relatively consistent showing integration at I(1). The implication of the stationarity test above is that the data used in the model have been ascertained to have no unit root and their statistical properties do not vary with time. This means that we assume no structural break in the series. However, since we have ascertained that the unit root tests assume cross-sectional independence and do not incorporate structural breaks, there is also possibility that the test may have little power if the estimated data suffers from cross-sectional dependency (Sadorsky, 2014). Therefore, there is need to test the presence of cross-sectional dependency (CD) using the Pesaran's (2004) CD test. The null hypothesis is that there is cross-section independence while the alternate hypothesis is that there is cross-section dependence. The result is displayed in Table 2.

Table 2: Cross-Sectional Dependency Test

Test	Statistic	d.f.	p-value
Pesaran CD	0.983046	120	0.3256

Source: Extracted from Eviews Output

Table 2 gives significant evidence to reject the null hypothesis of cross-section independence for the residuals of the panel model. This implies that the residual of the model is independent of each other and takes due cognizance of country peculiarities. In other words, there is no cross-section dependence (correlation) in the residuals of the cross sections (Sadorsky, 2014).

Consequently, since the variables are all I(1) series, we proceed with the test for long run relationship as summarized in the Table 3 below.

Table 3: Panel Cointegration Test (Kao Test) and Hausman Test

	t-Statistic	Prob.
ADF	-2.845420	0.0022
Residual variance	0.153028	
HAC variance	0.116191	
Hausman	24.11380	0.0669

Source: Extracted from Eviews Output

The ADF test statistic value of -2.845 with *p-value* = 0.0023 (at 0.05 critical value) suggests that cointegration exists in the model. The long run relationship affirms that fiscal policy and governance indicators have long run effect on income distribution in West Africa. Also, the Hausman test suggests

preference for the random effect model since the p -value is greater than 0.05 critical value. In other words, the estimated effect of fiscal policy and governance indicators on the

Table 4: Panel Random Effect Estimates

Exclusion of Governance Indicators				
	Coefficient	Std. Error	t-Stat.	p-value
GR	0.042524	0.011534	3.686902	0.0003*
GX	-0.032587	0.016747	-1.945869	0.0527
FB	-0.125804	0.023781	-5.290178	0.0000*
C	-0.033619	0.017172	-1.957803	0.0513
Inclusion of Governance Indicators				
GR	-6.132666	2.172796	-2.822477	0.0081*
GX	8.706435	3.098561	2.809832	0.0090*
FB	7.701227	2.663704	2.891172	0.0128*
GE	8.095948	2.936359	2.757138	0.0331*
RQ	7.490270	2.659313	2.816618	0.0085*
ROL	-12.76548	4.510494	-2.830173	0.0075*
COC	0.038074	0.008382	4.542282	0.0000*
C	0.589205	2.054651	0.286766	0.7746

Source: Extracted from Eviews Output

The relationship between government revenue and income inequality index is significantly positive in the Table 4 (coefficient = 0.0425; p -value = 0.0003). However, the intervening effect of governance quality indicators led to decreased effect of government revenue on income inequality index (-6.1327; p -value = 0.0081). Government expenditure and fiscal borrowing decreased income inequality index by 0.0326 and 0.1258 units respectively. The intervening effect of the governance quality indicators showed that government expenditure and fiscal borrowing increased income inequality by 8.7064 and 7.7012 units respectively. Further discussion and implication of these findings is made in the next subsection.

Discussion of Findings

Table 4 shows that government revenue exerts positive and significant effect on gini index of the counties in West Africa (coefficient = 0.0425; p -value = 0.0003). This means that the revenue of the governments of West African countries increases the income gap thus creating inequality in the economies. With the intervening effect of the governance quality indicators, revenue exerted a significantly negative effect on income inequality index (Gini index) of the countries. This is a rather contrasting finding and it means that government revenue is dependent on the quality of governance as the presence of governance indicators led to reduction in income inequality. Thus, there is wider spread of revenue sources when effective of governance is assured in West African countries. This is consistent with the finding of Salman *et al.* (2022) where-in they asserted that the rule of law and control of corruption have positive and significant impacts on tax revenue performance in West African countries. Also, Fatoba and Otonne (2024), Mohammed and Sanusi (2020), Afolabi (2019) all made similar conclusion in their studies. Invariably, governance quality has strong significant impact on fiscal policy and income equality in West African countries.

economies of West African countries can take random values based on the peculiarity of their economies. The study proceeds with estimation of the Panel random effect model coefficients.

Furthermore, government expenditure and fiscal borrowing have decreasing effects on income equality index (gini index) of the countries. There is an estimated decrease in income inequality by 0.0326 and 0.1258 units occasioned by changes in government expenditure and fiscal borrowing of the countries in West Africa. With the introduction of the governance quality variables, there was increased income inequality in the countries which depicts uneven income spread. While governance quality is expected to exert decreasing effect of fiscal policy on income inequality, the reverse was the case in this scenario. Interestingly, previous studies such as Malla and Pairote (2022), Fatoba and Otonne (2024), all found government expenditure as drivers of income inequality in West Africa. However, Onatunji (2025) concluded that government expenditure mitigated income inequality in SSA countries. The conclusion from Onatunji (2025) comes from a wider perspective as his study considered the entire sub-Saharan African countries. However, for the West African region, government expenditure and fiscal borrowing widens the income inequality gap with introduction of governance quality variables.

In order to further buttress the finding made in this study, a plot of the actual and fitted regression line is done using the panel data and shown in fig. 1:

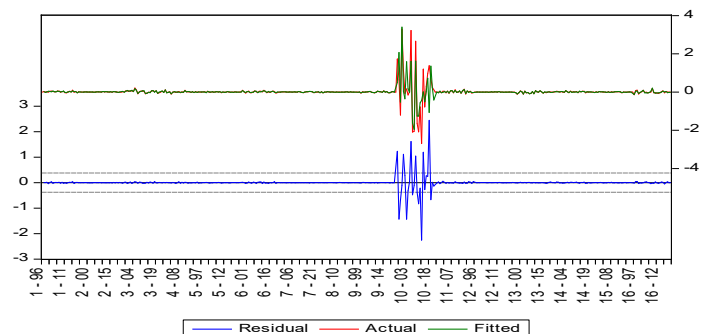


Fig. 1: Actual and Fitted regression line plot

Observation from figure 1 shows that there is close relationship between the expected outcome of the fiscal policy, governance indicators and income distribution nexus in West African countries and the fitted regression line. Thus, the expected outcome and the forecasted outcome made in this study can be said to have close relationship. Thus, the model can be used to forecast fiscal policy, governance indicators and income distribution nexus in West African countries.

5. CONCLUSION AND RECOMMENDATIONS

Evidently, governance quality has profound effect on fiscal policy operation in West African countries. The governance cannot be separated from fiscal policy operations because it is what determines income equality in economies. Given the presence of sound government effectiveness, good regulatory quality, positive rule of law and low corruption index, government revenue soared and decreased income inequality. Thus, government spread the revenue base and gained more income from taxes. However, government expenditure and borrowing became lopsided thereby exacerbating income inequality. By implication, government expenditure is concentrated on one particular segment of the population and is not evenly spread thus leading to uneven income distribution. The conclusion from this analogy based on verified data and robust analysis is that the government of West African countries utilizes the wheel of governance to favour uneven expenditure pattern but use same to create an even revenue and taxation regime. This can be likened to taking from the poor and enriching the wealthy.

The relevance of the findings from this study to the theme of this conference is such that governments in West Africa have the necessary machinery to finance Africa's development through sound and even fiscal policies. However, equitable income distribution has been found to be far-fetched given the lopsided use of governance quality and governance indicators. Therefore, in order to ensure that fiscal policy is used to achieve equitable income distribution in West African countries, the following recommendations have been put forward:

1. Government expenditure should be evenly spread in order to ensure expansionary monetary policy. This will make income to be wide spread and improve the economies of countries in West Africa. The increasing Gini index of West African countries can be tamed through expansionary monetary policy and this can be achieved by governments' concerted efforts towards making expenditure to reach every segment of the economy.
2. Government revenue, particularly tax revenue should be designed in such a way that it ensures decrease in income inequality. This can be achieved by creating an equitable tax system similar to that of developed countries.
3. Fiscal borrowing should be decreased to its barest minimum to ensure that there is decreased tendency of concentrating government funds in the wrong

hands. A sound and healthy governance quality ensures that this is achieved.

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