WELFARE CONSEQUENCES OF NIGERIA'S TAX POLICIES: LESSONS FOR THE REST OF AFRICA[1]

BY

N.A. ADEBAYO
CHIEF LECTURER

DEPT. OF BUSINESS ADMINISTRATION AND MANAGEMENT STUDIES THE POLYTECHNIC, IBADAN, NIGERIA

[1] This paper is an aspect of another effort of the author aimed at specifically evaluating government programmes on poverty reduction using the approach in Grossman (1994).

1. INTRODUCTION

The whole essence of governance is to advance the welfare of an increasing number of people. The 1999 Constitution of the Federal Republic of Nigeria, in many of its provisions affirms this position.

For the purpose of clarification and amplification, it may be necessary to mention the relevant provisions of the Constitution, which have far- reaching implications for general welfare. The principal provisions in this respect are contained in chapter II entitled "*Fundamental objectives and Directive Principles of State Policy".* These provisions extend from section 13 to 24.

The general nature of these provisions is emphasised in section 13, which states that "it shall be the duty and responsibility of all organs of government, and of all authorities and persons, to conform to, observe and apply the provisions of this chapter of this constitution". Since these provisions are too extensive, readers are provided with only a highlight of them.

Section 14, sub section 2(b) makes categorical pronouncement on the relationship between "The Government and The People" that borders on development by stating that:

"(2) It is hereby, accordingly, declared that (b) the security and welfare of the people shall be the primary purpose of government".

Bearing in mind the multi dimensional nature of development other relevant provisions are subsumed under political objectives (Section 15) Economic Objectives (Section 16), Social Objectives (Section 17), Educational Objectives (Section 18), Foreign Policy Objectives (Section 19) and Environment Objectives (Section 20). Other provisions in terms of directives and duties of citizen covered under chapter II are contained in sections 21 to 24.

For our purpose in this paper, provisions of section 16 are very relevant. Section 16(1) provides that "The state shall, within the context of the ideals and objectives for which provisions are made in this constitution;

(a) Harness the resources of the nation and promote national prosperity and an efficient, dynamic and self reliant economy.

(b) Control the national economy in such manner as to secure the maximum welfare, freedom and happiness of every citizen on the basis of social justice and equality status and opportunity.

(c) Without prejudice to its right to operate or participate in areas of the economy, other than the major sectors of the economy, manage and operate the major sectors of the economy;

(d) Without prejudice to the right of any person to participate in areas of the economy, within the major sector of the economy, protect the right of every citizen to engage in any economic activities outside the major sectors of the economy."

Provisions of section 16(2) are also particularly relevant.

"(2) The state shall direct its policy towards ensuring:

(a) the promotion of a planned and balanced economic development;

(b) that the material resources of the nation are harnessed and distributed as best as possible to serve the common good,

(c) that the economic system is not operated in such a manner as not to permit the concentration of production and exchange in the hands of few individuals or of a group; and

(d) that suitable and adequate shelter, suitable and adequate food, reasonable minimum living wage, old age care and pensions and unemployment sick benefits and welfare of the disabled are provided for all citizens.

Section 17(1) actually provides that "exploitation of human or natural resources in any form whatsoever for reasons other than the good of the community, shall be prevented".

The general nature of these provisions is very clear, as they apply to "all organs of government" and "of all or judicial powers." It is equally clear that these provisions are very germane to the promotion of general welfare. This particularly the case when section 16(2) b,c and d are considered. It is therefore established that promotion of general welfare is a goal meant to be pursued by government at all levels in Nigeria. While this may be so, it is equally clear that going by the Theory of Spatial characteristics of public services, local governments are very important in 'midwiving' development along these provisions of the constitution.

It was in apparent compliance with the Theory of Spatial Characteristics of Public Services that Oyediran (1989; 41), affirmed that "the functions which Local Government bodies should perform should be those:

(a) which require detailed local knowledge for efficient performance;

(b) in which success depends on community responsiveness and participation and

(c) which is of a personal nature requiring provision close to where the individuals affected live and in which significant use of discretion or understanding of individuals is needed"

This study seeks to answer the following questions;

(1) What is the trend in revenue generation from tax before and during Nigeria's democratic experiment?

(2) Has the country being able to maximize its tax revenue potentials?

(3) What are the major policy shifts in tax policy in tax revenue generation the past 10 years?

(4) What implications have the tax policies for tax burden and tax incidence?

(5) What are the welfare consequences of these tax policies?

It is important to examine the country's revenue drive and particularly its tax laws and policies in order to assess their adequacy for the constitutional responsibilities of enhancement of general welfare. In specific terms this paper examines the trend in revenue generation particularly tax collection. It investigates the incidence and burden of the taxes and the extent to which government expenditures, over the past 10 years have improved the general welfare of the people.

This paper examines the impact of government spending, particularly tax revenue on poverty reduction. In Section 2, we review related literature, while Conceptual Background and Theoretical Framework can be found in section 3. In section 4, there is data presentation and analysis. Section 5, which is the concluding part, discusses the findings, recommendations, lessons and grounds for further studies.

2; REVIEW OF RELATED LITERATURE

The term 'Welfare' has assumed different meanings over time. Grossman (1994) and Newman et al (1994) refer to it as 'social program' and 'social sector programs' respectively. Encarta Encyclopedias (2005) referred to it as 'Social Security Programmes'. This paper takes the position that improvement in Welfare is synonymous with reduction in poverty. Therefore the concept of poverty is central to this study. A linkage of improvement in welfare to reduction in poverty should not generate any debate, as it is also in tandem with meanings ascribed to other similar terms. Since the concept of poverty is a multi-dimensional one, encompassing economic, social etc aspects, reducing poverty may, to a large extent mean improving general welfare.

Government requires enormous amount of money in the discharge of its constitutional responsibilities. Although there are many sources of such revenue, tax is an important aspect.Tax has been variously defined. For our purpose this paper, tax may be seen an amount of money paid by one person to government, towards defraying expenses incurred by the latter in the common interest of all, without reference to special benefits conferred. Naiyeju(1996;9) gave a simpler definition which is equally useful for our purpose. According to him , a "tax is simply a compulsory payment levied on the citizens by the government for the purpose of achieving its goals."

From these definitions, two major issues become very relevant. The first is government responsibilities and the second is a citizen's duties and/or obligations. It is needless to say that government exists in order to perform certain functions and play certain roles, in the common interest of all. These functions and roles especially those advancing the general welfare, require a large amount of money, which is generated through many sources. One of such is tax. Studies over time have indicated that many governments have found it more convenient to generate income, more from tax than from other sources. The relative importance of tax has sometimes pushed some governments into over-stressing tax to the point, where its use becomes counter – productive.

Nigeria's current democratic experiment places greater responsibility on government to look for ways of improving its revenue generation. This is because political office-holders and their parties, having made election promises and having found themselves in power, may now come to grip with the reality of the moment; need for large amount of money to prosecute party programmes in the context of an almost empty government treasury. The earlier this position in realised the better, given the traditional nature of high expectations of the Nigerian electorate.

The problem of paucity of fund to prosecute welfare programmes by political parties can be solved, using a fair and effective Tax Administration and Assessment system. According to Omorogiuwa (1988; 96), 'Assessment' can be defined as "the process of determining the taxable income of a person and applying the statutory rates to compute the tax bill". From this definition alone, two basic and yet fundamental elements of tax assessment emerge; determination of taxable income and computation of tax liability, through the application of statutory rates. These elements engender a big dilemma more for civilian administrations than the military. The dilemma sometimes referred to as 'The Politics of Tax Assessment' stem from the cautions that civilian Administrations often attempt to take in order to avoid 'stepping on toes' of the influential and the general electorate that constitute the tax-paying public. If the tax rates are raised in order to generate more revenue for improved public services, there may be public outcry with attendant risks for the party in power, whereas, if the tax rates are low, with revenue form tax efforts also being low, there may not be enough revenue for government. The latter may result in Inadequate provision of social amenities and inefficiency of units of government charged with the provision of public services. A situation of non-performance of government like this also portends great danger for a party in power and in the long run, sustainable democracy.

Inter-governmental Fiscal Jurisdiction In Nigeria.

In a federation like Nigeria, the concept of inter-governmental fiscal relation subsists. The two major aspects of this concept are the responsibilities for the enactment of tax laws on one hand and the administration and collection of taxes on the hand. In Nigeria therefore, Enactment of Tax Laws and Administration/Collection of major taxes are disposed as shown in table 2
From this table alone, it is clear that taxes that are fully available for state and local governments are those listed form 14 to 19. In the case of Personal Income Tax (item 8), Capital Transfer Tax and Value Added Tax, the Federal Government makes laws, while Administration and Collection of these taxes are within the jurisdiction of States. This point is important as many of the indicators of poverty reduction should amply fall under supervision and jurisdiction of States and Local Governments going by the Theory of Spatial Characteristics.

Taxes are generally either of two types; Direct and Indirect. A direct tax is levied on income or profit while an indirect tax is levied on expenditures. Good examples of Direct Tax include Personal Income Tax, Capital Gain Tax, Profit Tax and Wealth Tax. Examples of Indirect Tax include Excise Taxes, Export Taxes, Import Duties, Expenditure Tax, Sales Tax and Value Added Tax.

Taxes can traditionally be used for several purposes. Encarta Encyclopedia (2005) has given examples of rationale for taxation to include;

- the encouragement of production of certain goods.
- the discouragement of production and consumption of certain goods and services and
- the bringing about of social reforms through the alteration of distribution of wealth.

The importance of taxation in governance, albeit good governance cannot be over-emphasized. The realization of this has a long history in Classical Economics. Beginning from Adams Smith, through other classical economists like David Richardo and John Stuart Mill, the place of taxation in the running of successful government, has been recognized. Sowel (1974; 66) quoted David Richardo as having argued that an economic principle could only be considered useful if it directs Government to the right measures of taxation. He equally said that, it is in order to emphasise the prominence of taxation, that both Richardo and Mill, put revenue first, in the division of public finance into three, viz "revenue, expenditure and public debt". A local development in this regard is that of Adedeji (1969; 7). Here, the whole issue of Public Finance is condensed into two; "the principle of taxation" and "the principle of expenditure".

Since the classical works of Adam Smith, David Richardo etc, there has been a "fine-tuning of the functions and dynamics of taxation in many countries". According to Naiyeju (1994; 13) four major factors have served as the catalyst for this development. These are:-

- *increasing distillation and understanding of the writings of the classical economists, as well as those of J.M. Buchanan, Karl Marx J.M. Keynes, Carl Shoup, Richard Musgrave and others.*
- *the demand's for economic reconstruction after the the Second World War, which has also witnessed increasing use of tax experts in policy formulation and economic reforms.*
- *the challenges of space of economic depression in different countries at different times and*
- *the collapse of communism which has led to the strengthening of market economies and resultant needs to stabilize the impact of pricing policies.*

Naiyeju (1994;13) has emphasized that today "it is valid to posit that, apart from the provision of money for defence and social and economic infrastructure, taxation serves as a veritable tool of fiscal policy… That is, mobilization and allocation of resources to desired productive sectors of the macro economy; (re) distribution of income and wealth among different groups of citizens; and stabilization of the effects of market forces on prices, employment, balance of payments among others.

Over the years, different Administrations in different countries have taken advantage of taxation to handle socio-economic problems. Stein (1969) described, how in 1931, the Hoover administration in the United States of America used Tax increases to combat unemployment and redress federal budget deficits occasioned by the Great Depression. Bradley (1984) has also mentioned, how in 1962, the Kennedy Administration addressed the same problem, particularly of unemployment using tax reduction. Guatemala has been mentioned as using taxation, particularly, its introduction of Value-Added Tax to encourage people to engage in export, in 1983. See Naiyeju (1994; 14).

Over the years, different Administrations in Nigeria too had used taxation for different reasons. Between 1956 and 1993, in order to discourage the consumption of liquor and wines, government imposed a sales tax of 10%, when the rate on other items was just 5%. In 1996, in pursuit of the objective of reduction in production costs and inflation, the Federal Government introduced tax measures that favoured the implementation of Value-Added Tax and with its initial success story of generating substantial revenue; Nigeria introduced more personal relieves and cuts in tax rate.

Recent developments are pointing to the fact that growth should be the core objective of fiscal policy in developing countries. In spite of this, it has been realized that, in sub-Saharan Africa "there has been over reliance on revenue from export of cocoa, petroleum, coffee or copper which prices often suffer from the vagaries of international trade "Naiyeju (1994;14). This position tends to require that government should expand its internal revenue base, through taxation.

There is however a dilemma with regard to the suggestion of an expansion of the internal revenue base through taxation. This dilemma is well captured in Adebayo (2000; 152-153) and touches the following;

- Even when Personal Income Tax is progressive the low income-earning capacity of the generality of the citizens implies low tax revenue from this source.
- Income from Property Tax is bound to be low, because it is not many citizens that own considerable wealth on which the tax can be imposed. In addition, avoidance is rampant.
- The level of corporate activities determines the yield from Corporate Income Tax. Where the level is high but with many investment incentives bordering on tax holiday, tax rebates etc, this source of tax revenue may not be maximized.

From the foregoing, there is a clear indication that the revenue generating ability of the government in the Third World Countries is far from being desirable. The Indirect Taxes (especially those from Import and Export Duties) which should contribute the highest percentage to the revenue are themselves not dependable. This is because of the imbalance in trading transactions between the Less Developed and the Developed Countries. Excessive export duties may discourage local production while import will be discouraged if the import duties are too high. That the government has to strike a balance between the desire to raise revenue and incentive for economic growth is in fact a major problem.

Naiyeju (1994; 14) has offered a solution to this problem thus;

> *Finally, as the wealth-poverty gap widens in these countries arguments for economic reforms become trenchant. Governments are compelled to continue to explore all means of redistribution resources and improving the welfare of citizens. The result is a look-inward approach, which has in term motivated the introduction of such taxes as the value-added tax.*

The suggestion of Value-Added Tax (VAT) as a way out of the dilemma is predicated on the fact it is capable of generating substantial revenue, since evasion is difficult and the base is wide. Another reason for suggesting, VAT is the belief that it is a weapon that is capable of reducing the wealth-poverty gap. Naiyeju (1994) is optimism on the effectiveness and equity of VAT has strong supports in some earlier works of tax experts. Examples include Due (1981) Due and Fried/Gender (1981) Tanzi (1999) and Schiwartzman (1969). Specifically, Due (1981) affirmed that where the goal of taxation is to realize a large amount of revenue, the value-added tax is the most attractive. Schwartzman (1969;9) advised the Reagan Administration of the US to correct fiscal deficit by increasing income tax rate or "if there is too much resistance to raising income tax rates, the administration might propose imposing a VAT".

Empirical studies show that VAT has become very popularly in many African countries even as far back as the 1960s. From Appendix 2, Cote D'Ivore and Guinea introduced it in 1960 and Senegal in 1961. There are indications that in other parts of the world, particularly in the 1980s and 1990s, VAT had been warmly embraced. Please see Appendix 2.

It appears that in Africa, the Francophone countries were front liners in the imposition of VAT. This is evident from the fact that as early as 1954, France had embarked on a number of tax reforms, which culminated in the introduction of VAT (Taxes sur la Valeur ajoutee). With, its policy of Assimilation and Association, it was not difficult to impress it on its colonies in Africa to follow suit. It should however be mentioned that some efforts were also made, very early in non-Francophone countries. From Kadlor (1975), it is established a similitude of VAT, called 'expenditure tax' was recommended for the Nkurumah government of Ghana in the 1950s and India in 1957. In the latter, it was twice introduced and was also twice rejected.

In spite of resistance experienced in the introduction of VAT in some countries, it is clear that by the early 1990s, the tax had gained prominence all over the world. By this time tax literature and empirical studies have it that over 62 countries with more than 50% being developing, had embraced VAT. Nigeria eventually introduced it in 1994. One cannot but agree with Naiyeju (1994; 17) that "considering the popularity of the tax among fiscal planners and governments, it could be said that besides Keynes' fiscal propositions, the most significant fiscal revolution of the twentieth century is VAT"

Welfare, Poverty and Taxes

Welfare, which is a key issue in this paper, has several meanings. But as already affirmed, this paper sees welfare as being synonymous with poverty reduction. Although welfare can be enhanced through several means, like provision of infrastructural and social amenities, doing so also amounts to poverty reduction.

Although it has been averred that 'Poverty' and 'Wealth' are two sides of the same coin, much more has been written on 'Poverty' than on 'Wealth' The reason for this and why the issues have attracted the attention of the international community have found expression in the assertion by Oladeji and Abiola (190; 20) who said the ILO, since 1944 had maintained that 'poverty anywhere is a threat to prosperity everywhere'. Atoloye (1997; 303) citing Martin Rein's Statement in Townsend (1970) reinforced this when he declared thus

> *To understand the poor we must study the affluent. The study of the poor then depends on an understanding of the level of living of the rich, since it is these conditions relative to each other that are critical in the conception of inequality.,*

Although it has been thought that alleviation of poverty will lead to wealth creation, this is hardly so in Nigeria, whether at individual/household or community level. Englama and Bamidele (1997; 320) have seen poverty in terms of the following among others:

> Inability to eat or clothe oneself adequately, the inability to afford other basic necessities such as decent shelter, the inability to meet social and economic obligations or lack of gainful employment. Physical insecurity, lack of skills and inadequate assets.

Englama and Bamidele (1997; 320) citing the World Bank (1992) has asserted that poverty at community level is general deprivation manifested in the following forms:

(a) Inadequacy of socio-economic infrastructure and basic social amenities such as roads, health centre, education, sanitation facilities, water supply, electricity, markets etc. In urban areas the lack of security is seen as another poverty dimension.

(b) Inadequate employment and income earning opportunities, due to the lack of appropriate education and training, the absence of commercial and industrial facilities or the lack of resources to get them up. In the rural areas, inadequate access to agricultural inputs (especially land, fertilizer, credit facilities and extension services) is also regarded as an important indicator of poverty.

(c) Environmental and natural degradation, such as desertification, loss of soil fertility, sea incursion, fuel wood scarcity, environmental pollution and overpopulation.

From these conceptions of poverty it can be seen that the term appears to be an all-pervasive one. This is reason, why approaches and programmes have been multi-faceted over a long period of time. It is in this vein that the Enugu Zonal Unit (1998; 97) of Research Department of the Central Bank of Nigeria affirmed that "since the causes of poverty in Nigeria are multi-dimensional, the alleviation, programme should be multi-dimensional in approach. This unit identified in specific terms the following three basic approaches:

(a) The Economic Growth Approach." This works through as the Trickle-down effects. This means that as a nation makes nation makes progress in economic growth, the success also trickles down to the core poor and non-poor.

(b) The Basic Needs Approach, aims to enhance economic growth, create employment and income generating opportunities for the poor and the non-poor, provide social service and basic infrastructure; and

(c) Targeting and Safety Net Approach. This uses the tool of Targeting where programmes are specifically targeted at the poor rather than the general populace.

For Nigeria, specific lists of programmes floated to alleviate poverty have been compiled by Oladeji and Abiola (1998; 25). Their presentation of the programmes in tabular form is as presented in table 13b. In spite of their multiplicity most of these programmes appear to have failed in achieving the objectives of poverty alleviation. The failure may be due to a number of factors, the principal ones being the following:

(i) As posited by Enugu Zonal Unit (1998;97) of the Research Department of the Central Bank of Nigeria, the impact of Economic Growth Approach has been "minimal, since there was nothing inherent in it that automatically guarantees poverty alleviation."

(ii) The rapid multiplication of programmes without adequate co-ordination has made it difficult for them to achieve the desired results. For instance sectoral programmes with overlapping responsibilities and focus were many. In Agriculture, there were agencies institutions, and programmes, which include Agricultural Development Programme. (ADP) National Agricultural Land Development Authority (NALDA), Strategic Grains Reserves, Accelerated Crop Production Scheme (ACPS). In the Financial and Business Sector alone there was Industrial Development Centre, Nigeria Bank for Commerce and Industry (NBCI), Nigeria Industrial Development Bank (NIDB), Peoples Bank National Economic Reconstruction Fund (NERFUND) and Community Banks.

(iii) Lack of adequate skills and dearth fund. This was the bane of most of the programmes particularly that of the National Directorate of Employment in Enugu

Zone, which was representative of the whole country. Enugu Zonal Unit (1998; 99) specifically reported that "its major defect was lack of high quality staff and management (and) … it was impossible for the Directorate to cope with the needs of the ever expanding applicants in the face of inadequate fund".

(iv) Most of the programmes were targeted at some sections as if poverty is not widespread enough. Of the seven programmes in Oladeji and Abiola (1998;25), four of them were clearly for rural areas/women, two clearly cutting across both rural and urban areas, while there was none that was clearly urban. Such practice has forgotten than in Nigeria "there is also a growing urban poverty among urban dwellers and the marginalized middle income class. See Oladeji and Abiola (1998;23)

(v) The most important criticism of the programmes, which is relevant to the focus of this chapter, is that most of them fall under the Economic Growth and Targeting and Safety Net Approaches. Efforts of such programmes can only ameliorate or at best alleviate poverty. They can hardly help in wealth creation.

There is a common proverb; it is better to teach a man how to catch fish than provide him with fish. Poverty alleviation can be likened to giving a man fish, while wealth creation process is teaching him how catch fish. It is only NDE and FEAP programmes that had at least on the 'Drawing Board' objectives similar to wealth creation. But the problems with NDE have been pinpointed while FEAP was a still-birth.

There has been a general feeling that poverty (or its corollary) – Wealth Creation or prosperity- is purely and economic phenomenon. Ozo-Eson (1998; 32) quoting R.H. Tawney in Titmis 91958) re-emphasised that

The problem of poverty …. is not a problem of individual character, but a problem of economic and industrial organization. It has to be studied at its source and only secondly in its manifestation.

Writing to affirm the same position, Oladeji and Abiola (1998; 23) asserted that "Poverty Alleviation is in the main a task for economic policy and requires anti-poverty programmes directed at the poor". Targeting, particularly in the sense canvassed in Oladeji and Abiola (1998; 19), is important. This in specific term is "a broadly based growth process with specific orientation towards employment generation, supplemented by considerable investment in human capital".

Measurement of poverty has generated heated debates for a long time. For sometime the Gini co-efficient was used to measure poverty, while Lorenz curve was the yardstick to evaluating income distribution.

One of the major approaches at resolving the matter was to distinguish between poverty at two levels. Poverty can be considered as an absolute concept (Ravallion, 1994) or a relative concept (Ali, 1997).

Distinguishing between the two types of poverty and in the process affording us a leeway in poverty measurement, Baye (1998; 434)

As an absolute concept, poverty may be defined as the inability of an individual (or household) to command sufficient resources to satisfy basic needs. These basic needs may include food, clothing, shelter, Health care and other non-food necessities of life (Fields 1997), which may vary from one society to another. These requirements are costed out and expressed in local monetary units the poverty line.

An individual (or household) is then classified as poor if its income (or consumption) is below the poverty line and non-poor if it is above.

Baye (1998; 434) also gives an insight into the measurement of poverty as a relative concept. According to him, this can be done in two ways.

First, the average real income of a group that is relatively the poorest (i.e. the poorest 40%) is taken as the poverty line. A second method of measuring relative poverty is by using higher poverty lines. The poverty line is raised in proportion to increases in the mean income (or consumption) i.e. the richer the population in which poverty is being measured, the higher the poverty line.

Its needful to say that in spite of several criticisms, relative poverty across the globe, is measured using the $1 a day benchmark. Consequently any individual who can not afford this is taken to live below the poverty line. For several reasons this paper adopts this measure. It is definitely convenient and makes international comparison not only possible but also easy.

3;Conceptual Background And Theoretical Framework

The relationship between economic development and growth in government expenditures has a long history, beginning from Wagner (1890). This seminal work gave rise to the popular Wagner Law, which states that there is a long run tendency for state activities to grow relative to the growth of national income. Since Wagner's epochal work, several studies have been undertaken on his conclusions. Most of these studies, according to Essien (1997; 33) dwell on:-

- appropriate measure of public sector growth.
- Correct interpretation of the Law
- finding an index of government size to facilitate companion between countries and
- testing the law by adopting a case-effect relation to estimate the income elasticity of government expenditure.

Essien (1997) is in itself a study on the "test of Wagner's Law on the Nigeria economy i.e. the extent to which the size of Government would grow, relative to increase in National output" p.333. Hinrichs (1966) examined for industrial countries, the thesis of a rising government share of expenditure during development.

It should be recognized that Wagner (1890) did not offer clearly reasons for "the growing share of state activity" Bahl and Linn (1998; 53). However, subsequent studies attempted a filling of this gap. For instance, Peacock-Wiseman displacement thesis concluded that government expenditures undergo a shift in response to major crisis of distribution. This thesis as an explanation of the upward shift in government's share has been tested statistically with some success for a number of industrial countries (Gupta 1967). For a small sample of developing countries, the same result was found Goffman and Mahar (1971) but Bahlm Kinn and Park (1986) estimated a downward displacement for Korean growing government expenditures between 1961 and 1964.

From Adebayo (2000) the following government activities, which have pronounced implications for poverty reduction and development, may be linked to increase in government expenditures. First is “Expenditure on Poverty Reducing Activities”. Specifically the activities are those in the Education, Health and Social services sectors. The rule of the thumb is; the higher the expenditure on these activities, the lower the incidence of absolute poverty. The second is the meeting of the basic needs of the poorest 40% - 50% of the population. This is often referred to as The Basic Needs Approach to development. Indicators of the basic needs are usually.

(1) Food; calorie – supply per head or calories supply as a percentage of requirements of proteins.
(2) Education; Literacy rates, primary school enrolment (as a percentage of the population aged 5 – 14).
(3) Health: Life expectancy at birth infant mortality (per thousand at birth).
(4) Water Supply: Percentage of the population with access to potable water.
(5) Housing

The concept of Targeting as an interventionist policy in welfare enhancement and particularly in poverty reduction, has received considerable attention overtime. Good examples in this regard include Ravallion (1991), Kanbur et al (1994), Van de Walle (1998), and Coady et al (2004). Targeting can assume different dimensions and may be of several types. Van de Walle (1998) specified two categories of Targeting. These are Broad and Narrow. In Broad Targeting, no attempt is made to reach the poor as individuals rather, efforts are made of targeting types of spending that are relatively more important to the poor. Examples of Broad Targeting expenditure include basic social services, primary education, rural development, health care delivery, safe water provision and basic physical infrastructure. According to Van de Walle (1998; 233), “spending on basic social services is found to benefit the poor. Money spent on primary education for example, is likely to reach more poor children than money spent on secondary or tertiary education… Better health and basic education, access to safe water and basic physical infrastructure raise poor people’s well being and may also raise their productivity and income”.

Van de Walle (1998; 236) defined Narrow Targeting as “a deliberate attempt to concentrate benefits on poor people – whatever the type of spending”. Narrow Targeting is said to have become popular in recent times, because it enhance the chance of reducing budget deficits and public spending, while still protecting the poor.

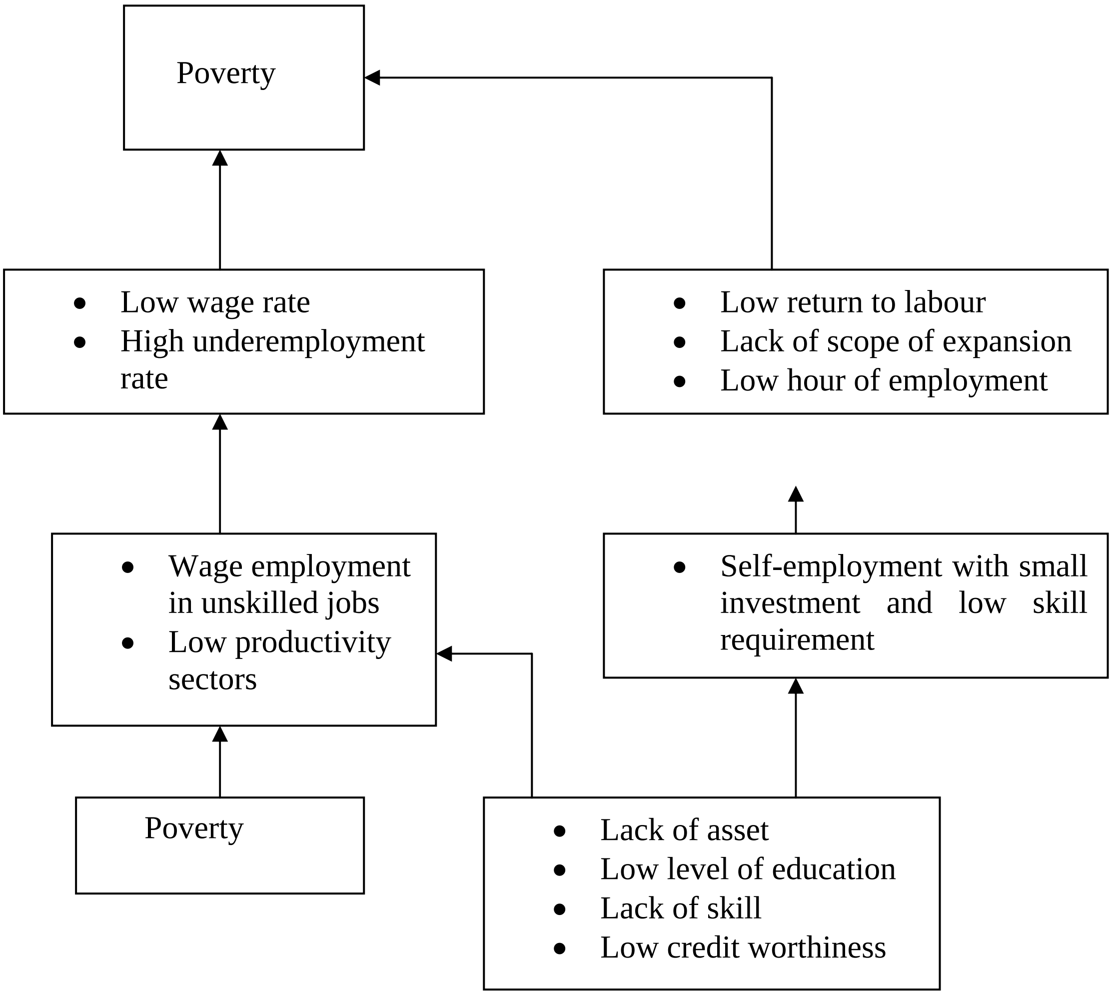
Narrow Targeting can be of two types; Indicator Targeting also called Categorical Targeting. Basley and Kanbur (1993) explained Categorical Targeting as one that identifies a characteristic of the poor (an indicator) that is highly correlated with low income but can be observed more easily and more cheaply than can income. Examples of such indicators include region of residence (geographical targeting, land holding class, gender, nutritional sisters, disability, household and size.

A second variant of Narrow targeting is called self Targeting. Van de Walle (1998;236) said that in Self Targeting “Instead of relying on an administrator to choose participants, these schemes aim to have beneficiaries select themselves, through creating incentives that will induce the poor and only the poor to participate”.

Government spending can also be channeled into employment generation, in order to reduce poverty level. There is a growing interest in studying the linkage between poverty reduction and employment characteristics, Rahman and Islam (2003) is a good example. The study examined whether self-employment, casual wage employment and employment as ‘employees’ have different implications for chances of being in poverty.

Rahman (2004; 21) hypothesizes the linkages between self-employment, wage employment and poverty processes. Using a flow chart, he concluded that sector and status of employment act as critical links between employment, earning and poverty. The flow chart is reproduced below for clarity.

A Model of Linkages Between Self-Employment, Wage Employment and Poverty processing



Islam (2004) was on Bangladesh. From this chart, unemployment or under employment through no-or low – earning capacity is closely linked to poverty. A realization and the implementation of an effective policy targeted at same should produce anecdotal results.

Baye (1998) in his study of the relationship between nature of employment between nature of employment and earning capacity among civil servants in Cameroun at a time of the country's currency devaluation and slash in salary, discovered exacerbated poverty.

Arising form this conceptual background and theoretical framework, successive administrations in Nigeria had approached poverty reduction through several means although targeting has been given the least attention. Please see tables 13a and 13b.

4.0 **Data Presentation And Analysis**

The basic questions that this paper attempts to answer are restated as follows;

1. What is the trend in government revenue (particularly tax) generation in Nigeria before and during Nigeria's democratic experiment?
2. Has the country being able to maximize its tax revenue potentials?
3. What are the major policy shifts in tax revenue generation in the past 10 years?
4. What implication has the country's tax policies for tax burden and tax incidence?
5. What are the welfare consequences especially in terms of poverty reduction of the government's tax policies?

It is clear from the available data at all levels of government in Nigeria that tax accounts for a considerable portion of available revenue for government spending.

At the Federal Government level, and between 1994 and 2003, it was never lower than 34.3% of the federally collected revenue. In actual fact it was as high as 86.0% in 2002 (please see tables 4 and 5). This alone is a good indicator of the prominence of tax in the funding of government programmes in Nigeria. This position is further strengthened when it is realized that federal government independent revenue as a percentage of total tax revenue was very low. From table 5, the percentage was as low as 0.1 in 1998 and 1999 and highest at 13.0 in 1995. Under the current Nigeria's democratic dispensation, it has fluctuated between 4.0% in 2001 and 4.8% in 2000 and 2003 respectively.

Another noticeable feature of the trend is the imposition of tax on petroleum products. The figures for this were made distinct particularly between 1999 and 2001. It is observed that the total collected tax revenue from this source, increased from N14, 376.2million in 1999 to N25, 467.2million in 2000 and N30, 240.3million in 2001. Since petroleum products are price inelastic, an increase of this nature is indicative of a heavier financial burden on the poor. By implication it is a factor that accentuates the level of poverty. Government's promise that it would spend accruing revenue form this source on welfare enhancing programmes is not strong enough to change this position, particularly because of the high incidence of embezzlement and corruption associated with the petroleum sector/industry. The on-going investigation of the country's Vice-President in connection with financial improprieties in the PTDF (Petroleum Trust Development Fund) and his counter-allegation of the President's complicity in the matter is a good reference point.

Value Added Tax (VAT) as a tax policy, made its debut in 1994. Since that time, it has consistently being on the increase. From a modest beginning of N7, 260.8 million in 1994 it has risen to N136, 411.2million (provisional) in 2003. Going by table on the list of exempted goods from VAT, which by implication indicate VATable goods, one may conclude that VAT as a tax policy, has the potentiality for income redistribution. Goods and services that are VATable are items which are mostly consumed by the rich. Necessary goods, which are basic needs are required particularly by the poor are exempted. Please see Appendix 4 It is also salutary to mention that a VAT policy unlike Personal Income Tax is difficult to evade. This may be an important factor in its upward movement trend, since 1994.

An important feature of Nigeria's VAT is the absence of a threshold. This has made it difficult to subject the tax policy to various abuses, as had been the fate of some earlier tax policies in the country.

It is however disheartening to note that with the positive attributes of effectiveness and equity of VAT, its contribution to the total tax revenue has been very low. Form table 5, the highest contribution to the total tax revenue is 18.8% in 1998 and the lowest (7.3%) in 2000 and 2002.

The all-time low contribution of VAT is regrettably under the country's democratic experiment.

The claim that VAT is used for redistribution of income needs be taken, however with a pinch of salt, for several reasons. First is that there is a wide gap between Nigeria's VAT literature and the empirical situation. For instance the consumption of electricity is VATed, whereas it is also consumed by the poor. With this VAT which is progressive in theory in Nigeria, is actually regressive in practice. Secondly, VAT rate at introduction in Nigeria, was one of the lowest in the world. Please see Appendix 2. It may be erroneous to think that this was in favour of the poor. If the items consumed by the poor had been exempted, it would have been good income redistribution policy to increase the VAT rate.

From the available data, Education Tax received a distinct mention in Year 2000. The practice is to expend tax from this source on education. The disposition of the tax has always been on the combined education sector. Allocation is usually spread over primary, secondary and tertiary institutions. If we go by Van de Walle (1998; 283) that "Money spent on primary education is likely to reach more poor children than money spent on secondary or tertiary education", then the salutary effect of the use of Education Tax will become qualified.

In addition, signals within the Nigerian education sector do not suggest that the Poor's welfare is enhanced in the use of the proceeds of education tax. In spite of this tax, education at most levels is commercialized. The private cost of education in the country remains very high. At the primary school level, poor parents still have grapple with the problem of the ever-increasing prices of textbooks, other writing materials, school uniforms etc. At the secondary and tertiary levels, school fees, even in the so-called public institutions are always increasing. Right now, government is implementing a PPP (i.e. Private-Public-Partnership) Scheme, which observers think will escalate the cost of education the more. While the cost of education continues to soar, new classes of the poor are constantly being created by government reform policies. The Banking Consolidation of 2005 swept away in its trail, thousands of bank jobs. The Federal Government Civil service reform of 2006 and its monetization policy have made many jobless.

From the data presented in this study, federal government expenditures are functionally classified into 'Recurrent Expenditure' and 'Capital Expenditure'. The latter is of greater interest as it touches the nerve-centre of welfare enhancement or poverty reduction. Tables 6 and 7 on 'Functional Classification of Federal Government Capital Expenditure' are a guide, particularly data on 'Social and Community Services'.

The percentage of expenditure on Social and Community Services, to the total capital expenditure, has been too low. The highest figure of 23% was in 2003, was provisional. It is not unlikely that the actual figure will eventually be low. The highest actual figure is 12.2% of the total capital expenditure. This figure itself may amount to nothing, when high inflation rate of the period is considered.

State and Local Governments have not fared better. Capital expenditure on 'Social, Community and Economic Services' by State Governments as a percentage of the total capital expenditure was low, accounting for less than 50 percent. .From table 10 the observation becomes very clear. The proportion was between 37.3 and 42.6. Local Governments' performance was more dismal. An examination of table 11A reveals that allocations to Capital Expenditure as a percentage total expenditure ranged between 3.9 and 41.5 percent. By this, the federal as well as the sub-national governments cannot be said to have taken serious consideration of poverty reduction.

Nigeria, as earlier indicated (Table 2) is a Federation and consequently the concept of inter-governmental fiscal federation subsists. However a study of Nigeria's inter-governmental fiscal relations indicates that the arrangement exists more in rhetoric. This has negative implications for poverty reduction and welfare enhancement.

For the purpose of clarity, it is necessary to state that Nigeria has 36 states and a Federal Capital Territory. It also has 774 local government councils. The fiscal arrangement among the three tiers of government (Federal, State and Local Councils) is well laid out in the 1999 constitution and relevant fiscal laws.

From the data in tables 8, 9 and 12, tax constitutes a substantial part of the revenue accruing to state governments in Nigeria. This is especially the case when VAT is added to the internally – generated revenue, which is substantially made up of other taxes. For instance, for the state governments, Personal Income Tax is a prominent component. Tax, from these data, accounts for almost 50% of state governments' current revenue allocation from the Federation Account, represents the remaining 50%.

For local governments, tax constitutes a very insignificant part of the internal revenue. From table 12, with the exception of Abia (48.2%), Bauchi (66.7%), Ekiti (90.6) and Kogi (70.0%), the contribution of tax to internal revenue is very low accounting for 0.9% in Benue, 1.3% in Kano and 1.4% in Lagos. On the aggregate and from returns received from 482 out of the 774 local governments in the country, tax constitutes only 9.5% of the internal revenue.

The emerging picture from the data on revenue generating ability of state and local governments indicates that state governments have had to depend more on the Federation Account while local governments' financial lifeline was usually from the same Federation Account and State Allocation. This situation has dire consequences for welfare enhancement and poverty reduction.

As mentioned earlier, from the data in table 10, that capital expenditure of state governments as a percentage of the total expenditure between 2000 and 2004 was generally less than 50%. The highest (44.5%) was in 2001 and the lowest (37.3%) in 2002. The performance, even with the provisional data for 2004, was 42.6%.

With this scenario, the state governments appear, to have devoted larger proportion of their total expenditure to welfare enhancing services than the Federal government. In real terms however, there may still be no need for celebration. As noted in Adebayo (2000), increase in government expenditure on poverty-reducing activities, is no guarantee of improvement (in real terms) in people's welfare. Reasons for this include:-

- the erosion of purchasing power by highest rate of inflation.
- the possibility of diversion of fund

Local governments' capital expenditure as a percentage of total expenditure is lower than that of the state. This was as low as 3.9% in 2000. The highest percentage of 41.5% was recorded in 2003. This again is not an impressive outing.

The current fiscal structure in Nigeria makes the federal government financially stronger, creating a situation where the other two tiers of government must exist at the mercy of the federal government. This to an extent makes a mockery of the original concept of federalism.

From table 12, both state and local governments are at a great fiscal disadvantage. For local governments, the assigned types of tax revenue are both unattractive and ineffective. This is the major reason why tax constitutes a very small proportion of local council's internal revenue.

The fiscal disadvantage of local governments in Nigeria has placed them at the mercy of both the federal and state governments. The role of local governments in poverty reduction and welfare improvement cannot be underrated, especially if we follow the Theory of Spatial Characteristics and the distribution of constitutional responsibilities. But unfortunately and as a result of financial incapacitation, local governments are the underdog.

As a result of excessive financial control that the other two tiers of government have over them and their own poor revenue-generating position, local governments are tied to the apron strings of the federal and state governments for performance. Attempts to exercise some freedom in the discharge of their constitutional responsibilities had sometime necessitated the threatening of the tenure of their elected leaders. In some cases there was outright withholding of statutory allocation, leading to starvation of the badly needed revenue for prosecuting programmes that would enhance welfare. A good example of this is the conflict between Lagos State government and the federal government, on the creation of additional local governments by the former.

In addition to this some constitutional responsibilities of local government have been hijacked by either the federal or state governments. An example of this is the funding and running of primary school, which is the exclusive responsibility of local governments. In the past, the federal government had taken over the direct payment of primary school teachers. This action had found rationalization in an alleged high level of corruption at this level of government, which led to the non-payment of primary school teachers' salary for several months. This situation worsened the poverty situation of the teachers, to the extent that no landlord or real estate agent was prepared to have the teachers as tenants. Where accommodation vacancies existed, it was not unusual to have such notice as "Room(s) To let, Primary School Teachers Need Not Apply"

Self-targeting, as a channel for poverty alleviation
has been very poor in Nigeria. From table 13, it can be seen that policy inconsistency and inconstancy were the order of the day up to 1999. For instance DFRRI, FEAP and BLP had become part of history by 1999. While they lasted, their impact from table 13 was like a drop of water in the ocean. Of the four interventionist programmes listed in table 13, only NDE survived.

From Rahman (2004) and the Human Development Report (2005), income generation through employment can give poverty alleviation a by boost. When successfully implemented, interventionist policy through employment can actually lead to wealth creation.

There are two agencies in Nigeria, whose mandates are expected to cover employment generation. These are;

- The National Directorate of Employment (NDE) and
- The National Poverty Eradication Programme (NAPEP), which came into existence in 2001.

Available data on these two organs of government are contained in tables
14 and 15. When we compare the number of beneficiaries of these programmes with the number of the unemployed over the same period, the whole exercise will appear a complete mockery. Recent studies (HDR 2005) indicate that one of the best ways of enhancing welfare, thereby reducing poverty is by adopting the Philosophy of 'Progressive Growth'. This is defined as "a growth pattern in which average incomes are growing, but incomes of the poor are growing even faster". Estimate has been made of the "the potential impact on income poverty of doubling the national income share of the poorest 20% of the population, through a transfer from the top 20%". Nigeria's national income has been on the increase (see table 3), but there is no evidence of the use of the Philosophy of ' Progressive Growth' Tax represents one of the most effective means of transferring from the rich to the poor. This remains largely undone in Nigeria. Reducing income poverty is undoubtedly one

of the surest ways of sustaining enhanced welfare and empowering the poor through promoting entrepreneurship is the nerve-centre of this.

From all available data, no distinction can be made between the military and civilian administrations in Nigeria on the use of tax policies to enhance welfare. The performance in this is dismal for both and at all levels of governance-federal, state and local governments.

5.0 Findings, Lessons and Grounds for Further Studies

5.1; Findings

Firstly, the three tiers of government in Nigeria have given enough attention to people's welfare. The various tax policies, by their nature an d mode of implementation have promoted income inequality. The way the VAT has been implemented is a case in point.

Secondly, although the federal government fared better than the state governments, which also fared better than the local governments, caution must be exercised, not to misinterpret increased allocations for good performance. Allocations must be compared with actual disbursement and be deflated.

Thirdly, the Theory of Spatial Characteristics has largely been violated, making it difficult for the tier of government best positioned to enhance welfare at the grass root to do so.

Fourthly, government's actions at all levels have against the spirit and letters of the Constitution. While there are several provisions requiring welfare enhancement, official actions are largely at variance.

5.2: Lessons

The African continent is clearly a backbencher in Human Development evaluation. Countries in the continent dominate the Low Human Development category of the 2005 Human Development Report. Tables 1A and 1B are good portrait of the dismal position of the continent.

Although Nigeria, as an oil-producing country with enormous natural resources and ever-growing GDP (table 3), is expected to be in the Comity of prosperous nations, its citizens wallow in abject poverty. From table 1A, Nigeria is the second poorest country among the Low Human Development countries. It comes next to Mali, having 70% of its citizens living below the poverty line of $1 a day. Mali has 72%.

This scenario implies an urgent need of appraising welfare issues of Africa. Nigeria is a good reference point on the matter, by virtue of its paradoxical position. If tax can be used to redistribute income, enhance welfare, and therefore reduce poverty in Nigeria, then it can be done in most other African countries. With the deadline for the achievement of the millennium Development Goal (MDGs), in eight years' time, including reducing poverty by half, other countries have a number of lessons from Nigeria. Some of the lessons are highlighted in the subsequent paragraphs.

Value –Added Tax, if well handled can be very useful in transferring resources from the rich to the poor. In doing this the rate may be raised while ensuring that the items consumed by the poor are effectively exempted. In addition, in order to prevent abuse and guard against avoidance and evasion, there may not be threshold, as it is , now in Nigeria.

The sharing of the proceeds of the VAT should be attractive enough to prevent a re-introduction of Sales Tax, which may constitute double taxation. This is already being contemplated by Lagos State Government.

A review of tax incentives to investors should be done. This is especially needful on foreign investment. Doing this will put an end to the current drainage of potential tax revenue.

State governments should be encouraged to adopt effective Tax Assessment and sound Tax Administration Principles in order to maximize Personal Income Tax revenue without worsening income inequality.

The Philosophy of ‘Progressive Growth’ should be adopted, to reduce income poverty and enhance individuals’ entrepreneurial capacity, thereby promoting lasting human development

All hands must be on deck to fight corruption in concrete terms. Without this, enormous tax revenue that ought to go into welfare enhancement will continue to end up in private purses.

Self-targeting should be given prominence, in the design of pro-poor people’s programmes and in particular those relating to enhancing income – earning capacity. In addition there should be grass root involvement in budget making and in monitoring budget information.

5.3 Grounds for Further Studies

Some of the noticeable features of Nigeria’s Tax policies, which are also common to other African countries, are weak tax administration and absence of mass taxes based on voluntary compliances. Mc Lure Jr (1992; 221) also observed the same fiscal weakness in Socialist economies in transition. As a solution, he has ‘invented’ what is now known as the Simplified Alternative Tax (SAT). There is a need to adopt the SAT to developing countries, most of which are in Africa and examine the extent to which it promotes tax effectiveness, efficiency, equity and poverty reduction.

Not much has been done in the area of evaluation of Nigeria’s welfare programmes, particularly on the extent to which they have reduced poverty level and hence enhance welfare. Grossman (1994) and Newman et al (1994), have produced some techniques, that can aid such evaluation. Grossman (1994), has even demonstrated the experience of the United States of America, in the use of these techniques to evaluate Social Security Programs. An attempt is required to see the extent to which these techniques are relevant to Nigeria and other African countries, and the extent to which Poverty Reduction Programmes can be evaluated using them.

Table 1A
Human Development Index (Low Human Development Countries)

HDI rank	Human development index (HDI) value 2003	Life expectancy at birth (years) 2003	Adult literacy rate (% ages 15 and above) 2003[b]	Combined gross enrolment rate for primary, secondary and tertiary schools (%) 2002/03	GDP per capita (PPP US$) 2003	Life Expectancy Index	Education Index	GDP Index
1. Madagascar	0.499	55.4	70.6	51	809	0.51	0.64	0.35
2. Swaziland	0.498	32.5	79.2	60	4,726	0.12	0.73	0.64
3. Cameroon	0.497	45.8	67.9	55	2,118	0.35	0.64	0.51
4. Lesotho	0.497	36.3	81.4	66	2,561	0.19	0.76	0.54
5. Djibouti	0.495	52.8	65.5	24	2,086	0.46	0.52	0.51
6. Yemen	0.489	60.6	49.0	55	889	0.59	0.51	0.36
7. Mauritania	0.477	52.7	51.2	45	1,766	0.46	0.49	0.48
8. Haiti	0.475	51.6	51.9	“	1,742	0.44	0.50	0.48
9. Kenya	0.474	47.2	73.6	52	1,037	0.37	0.66	0.39
10. Gambia	0.470	55.7	37.8	48	1,859	0.51	0.41	0.49
11. Guinea	0.466	53.7	41.0	41	2,097	0.48	0.41	0.51
12. Senegal	0.458	55.7	39.3	40	1,648	0.51	0.39	0.47
13. Nigeria	0.453	43.4	66.8	64	1,050	0.31	0.66	0.39
14. Rwanda	0.450	43.9	64.0	55	1,268	0.31	0.61	0.42
15. Angola	0.445	40.8	66.8	30	2,344	0.26	0.54	0.53
16. Eritrea	0.444	53.8	56.7	35	849	0.48	0.49	0.36
17. Benin	0.431	54.0	33.6	55	1,115	0.48	0.41	0.40
18.Cote d'Ivoire	0.420	45.9	48.1	42	1,476	0.35	0.46	0.45
19.Tanzania,U.Rep.of	0.418	46.0	69.4	41	621	0.35	0.60	0.30
20. Malawi	0.404	39.7	64.1	72	605	0.24	0.67	0.30
21. Zambia	0.394	37.5	67.9	48	877	0.21	0.61	0.36
22. Congo, Dem.Rep. of	0.385	43.1	65.3	28	697	0.30	0.53	0.32
23.Mozambique	0.379	41.9	46.5	43	1,117	0.28	0.45	0.40
24. Burundi	0.378	43.6	58.9	35	648	0.31	0.51	0.31
25. Ethiopia	0.367	47.6	41.5	36	711	0.38	0.40	0.33
26. Central African Rep.	0.355	39.3	48.6	31	1,089	0.24	0.43	0.40
27. Guinea-Bissau	0.348	44.7	39.6	37	711	0.33	0.39	0.33
28. Chad	0.341	43.6	25.5	38	1,210	0.31	0.30	0.42
29. Mali	0.333	47.9	19.0	32	994	0.38	0.23	0.38
20. Burkina Faso	0.317	47.5	12.8	24	1,174	0.38	0.16	0.41
21. Sierra Leone	0.298	40.8	29.6	45	548	0.26	0.35	0.28
22. Niger	0.281	44.4	14.4	21	835	0.32	0.17	0.35
Developing countries	0.694	65.0	76.6	63	4,359	0.67	0.72	0.70
Least developed countries	0.518	52.2	54.2	45	1,328	0.45	0.50	0.60
Arab States	0.679	67.0	64.1	62	5,685	0.70	0.61	0.72
East Asia and the Pacific	0.768	70.5	90.4	69	5,100	0.76	0.83	0.71
Latin America and the Caribbean	0.797	71.9	89.6	81	7,404	0.78	0.87	0.74
South Asia	0.628	63.4	58.9	56	2,897	0.64	0.58	0.67
Sub-Saharan Africa	0.515	46.1	61.3	50	1,856	0.35	0.56	0.63
Central and Eastern Europe and the CIS	0.802	68.1	99.2	83	7,939	0.72	0.94	0.75
OECD	0.892	77.7	“	89	26,915	0.88	0.95	0.85
High-income OECD	0.911	78.9	“	95	30,181	0.90	0.98	0.86
High Human development	0.895	78.0	“	91	25,665	0.88	0.96	0.85
Medium human development	0.718	67.2	79.4	66	4,474	0.70	0.75	0.70
Low human development	0.486	46.0	67.5	46	1,046	0.35	0.53	0.58
High income	0.910	78.8	“	94	29,898	0.90	0.97	0.86
Middle income	0.774	70.3	89.6	73	6,104	0.75	0.84	0.73
Low income	0.593	58.4	60.8	54	2,168	0.56	0.58	0.64
World	0.741	67.1	“	67	8,229	0.70	0.77	0.75

Source: Human Development Report 2005

Table 1B
Human and Income Poverty: developing countries (Low Human Development)

HDI Rank	Human poverty index (HPI -1) Rank	Value (%)	Probability at birth of not surviving to age 40 (% of cohort) 2000-05	Adult illiteracy Rate (% ages 15 and above) 2003	Population without sustainable access to an improved water source (%) 2002	MDG Children under weight for age % under age 5) 1995-2003	MDG Population below income poverty line % $1 a day 1990-2003	$2 a day 1990-2003	National poverty line 1990-2002
1. Madagascar	63	35.3	27.8	29.4	55	33	61.0	85.1	71.3
2. Swaziland	97	52.9	74.3	20.8	48	10	-	-	40.0
3. Cameroon	67	36.2	43.9	32.1	37	21	17.1	50.6	40.2
4. Lesotho	91	47.6	67.6	18.6	24	18	36.4	56.1	49.2
5. Djibouti	53	29.5	30.6	34.5	20	18	-	-	45.1
6. Yemen	77	40.3	18.8	51.0	31	46	15.7	45.2	41.8
7. Mauritania	79	40.5	30.5	48.8	44	32	25.9	63.1	46.3
8. Haiti	70	38.0	34.4	48.1	29	17	-	-	65.0
9. Kenya	64	35.4	44.8	26.4	38	20	22.8	58.3	42.0
10. Gambia	88	44.7	27.8	62.2	18	17	59.3	82.9	64.0
11. Guinea	-	-	30.0	-	49	23	-	-	40.0
12. Senegal	87	44.2	26.6	60.7	28	23	26.3	67.8	33.4
13. Nigeria	75	38.8	46.0	33.2	40	29	70.2	90.8	34.1
14. Rwanda	69	37.7	45.5	36.0	27	27	51.7	83.7	51.2
15. Angola	83	41.5	48.1	33.2	50	31	-	-	-
16. Eritrea	73	38.7	27.6	43.3	43	40	-	-	53.0
17. Benin	95	48.4	30.0	66.4	32	23	-	-	33.0
18.Cote d'Ivoire	84	41.9	42.3	51.9	16	21	10.8	38.4	36.8
19.Tanzania,U.Rep.of	65	35.8	44.4	30.6	27	29	19.9	59.7	35.7
20. Malawi	85	43.4	56.3	35.9	33	22	41.7	76.1	65.3
21. Zambia	90	46.4	60.1	32.1	45	28	63.7	87.4	72.9
22. Congo,Dem.Rep. of	82	41.4	45.4	34.7	54	31	-	-	-
23.Mozambique	96	49.1	50.9	53.5	58	24	37.9	78.4	69.4
24. Burundi	80	40.9	46.3	41.1	21	45	58.4	89.2	-
25. Ethiopia	99	55.3	39.5	58.5	78	47	26.3	80.7	44.2
26. Central African Rep.	92	47.8	56.2	51.4	25	24	66.6	84.0	-
27. Guinea-Bissau	93	48.2	42.9	60.4	41	25	-	-	48.7
28. Chad	100	58.8	45.2	74.5	66	28	-	-	64.0
29. Mali	101	60.3	37.3	81.0	52	33	72.3	90.6	63.8
20. Burkina Faso	102	64.2	38.9	87.2	49	34	44.9	81.0	45.3
21. Sierra Leone	98	54.9	47.0	70.4	43	27	57.0	74.5	68.0
22. Niger	103	64.4	41.4	85.6	54	40	61.4	85.3	63.0

Source: Human Development Report 2005

Table 2

Disposition of major Taxes

S/N	Type of Taxes	Jurisdiction	
		Law	Administration and collection
1.	Import Duties	Federal	Federal
2.	Excise Duties	Federal	Federal
3.	Export Duties (listed but no longer imposed)	Federal	Federal
4.	Mining, Rents and Royalties	Federal	Federal
5.	Petroleum Profit Tax	Federal	Federal
6.	Companies' Income Tax	Federal	Federal
7.	Capital Gains Tax	Federal	Federal
8.	Personal Income Tax (other than in 9)	Federal	State
9.	Personal Income Tax: Armed Forces External Affairs officers, Non-residents, Residents of the FCT and the Nigerian Police	Federal	Federal
10.	License fees on TV & Wireless Radio	Federal	Local
11.	Stamp Duties	Federal	Federal/States
12.	Capital Transfer Tax (CTT)	Federal	States
13.	Sales Tax (Replaced by VAT)	Federal	States
14.	Pools Betting & other Betting Taxes	States	States
15.	Motor vehicles and Drives' Licenses	States	States
16.	Entertainment Taxes	States	States
17.	Land Registration and Survey Fees	States	States
18.	Property Taxes and Rating	States	States
19.	Market and Trading Licenses & Fees	States	States

Sources: Constitution of the Federal Republic of Nigeria and other legislations.

Table 3

Nigeria GDP Current Basic Prices

Year	**Amount** (₦)
1994	899,863.2
1995	1,933,211.6
1996	2,702,719.1
1997	2,801,972.6
1998	2,708,430.9
1999	3,194,023.6
2000	4,537,640.0
2001	5,178,150.0
2002	5,454,150.0
2003	7,180,140.0

Source: Statistical Bulletin 2003 Central Bank of Nigeria

Table 4

Current Revenue of the Federal Government

1999 – 2003 (₦ Million)

Sources	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Total: Federally collected Revenue	201,910.8	459,987.3	523,507.0	591,151.0	463,608.8	949,187.9	1,906,159.7	2,231,532.9	1,731,837.5	2,575,096.9
Oil Revenue (Gross)	160,192.4	324,547.6	408,783.0	416,811.1	324,311.2	724,422.5	1,591,675.8	1,707,562.8	1,230,851.2	2,074,280.6
Petroleum Profit Tax & Royalties	42,802.7	42,857.9	76,667.0	68,574.1	67,986.6	164,273.4	525,072.9	639,234.0	392,207.2	683,484.9
Crude Oil Export	-	-	-	-	100,168.2	514,038.9	947,163.0	934,284.2	496,311.5	998,380.0
Domestic Crude Sales.	-	-	-	-	56,583.6	46,110.2	96,429.7	121,544.6	304,242.8	386,397.3
Other Oil Revenue	117,389.7	281,689.7	332,116.0	348,237.0	99,57.8	-	23,010.2	12,500.0	38,089.7	6,018.4
Non-Oil Revenue	41,718.4	135,439.7	114,814.0	174,339.9	139,297.6	224,765.4	314,483.9	523,970.1	1,105,133.4	500,875.3
Company Income Tax	12,274.8	21,878.3	22,000.0	26,000.0	33,315.3	46,211.2	51,147.4	68,660.0	89,104.0	114,771.1
Custom & Excise Duties	18,294.6	37,354.0	55,000.0	63,000.0	57,683.0	87,906.9	101,523.6	170,557.1	181,408.2	195,468.6
Value-Added Tax (VAT)	7,260.8	20,761.0	31,000	34,000.0	36,867.7	47,135.8	58,469.6	91,757.9	108,601.0	136,411.2
Privatization Proceeds	-	-	-	-	-	-	18,103.6	77,958.1	19,697.8	-
Tax on Petroleum Production	-	-	-	-	-	14,376.2	25,467.2	30,240.3	-	-
Ind. Revenue of the FG (in. GSM)	3,888.2	20,436.4	3,407.0	8,339.9	11,431.6	20,076.5	38,061,8	44,405.2	68,134.5	54,164.4
Education Tax	-	-	-	-	-	-	7,528.7	16,213.6	10,284.2	-
Others	-	35,000.0	3,407.0	43,000.0	11,431.6	9,058.8	14,182.0	24,177.9	23,756.6	-
Amount Distributed	-	-	-	-	257,331,4	446,474.7	1,051,643.9	1,298,301.3	1,692,770.6	1,821,010.0
Federal Government	-	-	-	-	124,573.0	218,874.5	502,294.4	530,657.6	859,014.9	917,104.4
State Government	-	-	-	-	57,500.0	108,214.8	248,561.7	391,326.9	398,767.6	419,845.2
Local Government	-	-	-	-	47,910.0	90,179.2	207,146.6	245,436.6	333,900.6	346,865.9
Special Funds	-	-	-	-	14,306.0	29,206.2	93,641.2	130,880.2	101,087.7	-

Source;

Table 5

Trend and Relationship Analysis in Federal Government Fiscal Disposition (1999-2003)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Non-oil Revenue	41,718,4	135,439.7	114,814.0	174,339.9	139,297.6	224,765.4	314,483.9	523,970.1	1,165,133.4	500,815.3
- Non – Tax Revenue	3,888.2	20,436.4	3,407.0	8,339.9	11,431.6	20,076.5	38,061.8	44,405.2	68,134.5	54,164.4
	37,830.7	**115,003.3**	**111,407.0**	**166,000.0**	**27,866.0**	**204,688.9**	**176,422.1**	**479,564.9**	**1,036,998.9**	**446,650.9**
+ PPT & R	42,802.7	42,837.9	76,667.0	58,571.1	67,986.6	164,273.4	525,072.9	639,234.0	392,207.2	683,484.9
Total Tax Revenue	**80,633.4**	**157,841.2**	**188,074.0**	**224,577.1**	**195,852.6**	**368,962.3**	**801,495.0**	**1,118,798.9**	**1,489,206.1**	**1,130,135.8**
Federal Collected Revenue	201,910.8	459,987.3	523,597.0	591,151.0	463,608.8	949,187.9	1,906,159.7	2,231,532.9	1,731,837.5	2,575,096.9
Total Tax Revenue as % of federally collected Revenue	40.0	34.3	35.9	38.0	42.2	38.9	42.1	50.1	86.0	43.9
Value Added Tax	**7,260.8**	**20,761.0**	**31,000.0**	**34,000.0**	**36,867.0**	**47,135.8**	**58,469.6**	**91,757.9**	**108,601.0**	**136,411.2**
Increase	-	13,500.2	10,239.0	3,000.0	2,867.0	10,268.8	11,333.8	33,288.3	16,843.1	27,810.2
% of Increase	-	65.0	33.0	8.8	7.8	21.8	19.4	36.3	15.1	20.4
% of Total Tax Revenue	9.0	31.2	16.5	15.1	18.8	12.8	7.3	8.2	7.3	12.1
Federal Govt. Ind. Rev.	**3,888.2**	**20,436.4**	**3,407.0**	**8,39.0**	**11,431.6**	**20,076.5**	**38,061.8**	**44,405.2**	**68,134.5**	**54,164.4**
Total Tax Revenue as a % of federal Govt. Ind. Rev.	4.8	13.0	1.8	**3.7**	0.01	0.01	4.8	4.0	4.6	4.8

Source; Computed By the Author from Various Tables

Table 6

Functional classification of Recurrent Expenditure of the Federal Government

Year	Administration	% of total	Economic services	% of total	Social and community services	% of total	Transfers	% of total	Total	% of GDP
1994	20,534.8	23.9	3,909.9	4.6	10,085.5	11.7	51,383.7	59.8	85,918.9	9.4
1995	28,757.9	21.6	5,917.9	4.5	13,820.8	10.4	84,403.1	63.5	132,899.7	6.8
1996	47,122.8	37.6	5,841.1	4.7	17,687.2	14.2	53,640.2	43.2	124,291.3	4.5
1997	61,333.1	38.7	7,794.0	4.9	21,330.6	13.5	68,105.8	43.0	158,563.5	5.6
1998	54,673.1	30.7	11,862.0	6.7	22,777.6	12.8	88,784.6	49.9	178,097.8	6.4
1999	97,224.1	21.6	20,451.2	4.5	37,748.3	8.4	294,238.8	65.4	449,662.4	10.1
2000	121,299.1	26.3	29,816.3	6.5	58,802.4	12.7	251,690.7	54.5	461,608.5	12.8
2001	180,810.0	31.2	53,011.1	9.2	79.634.3	13.7	265,873.6	45.9	579,329.1	10.6
2002	331,736.0	38.2	65,910.9	7.6	189.431.6	21.8	280,258.0	32.3	867,336.5	11.8
2003	307,848.5	31.3	96,031.8	9.8	102.565.9	10.4	477,821.9	48.5	984,268.1	13.4

Source; Statistical Bulletin 2003

Table 7

Functional classification of Capital Expenditure of The Federal Government
(^~~N~~Million)

Year	Administration	% of total	Economic services	% of total	Social and community services	% of total	Transfers[1]	% of total	Total	% of GDP
1994	8,785.1	12.4	27,102.8	38.2	4,994.4	7.0	30,036.0	42.4	70,918.3	7.8
1995	13,337.8	11.0	43,149.2	35.6	9,215.6	7.6	55,435.7	45.8	121,138.3	8.9
1996	14,863.6	9.4	63,581.1	40.1	8,656.2	5.5	71,577.4	45.1	158,678.3	7.8
1997	49,549.0	18.4	169,613.1	62.9	6,902.0	2.6	43,587.6	16.2	269,651.7	9.5
1998	35,270.4	11.4	200,861.9	65.0	23,365.6	7.6	49,517.7	16.0	309,015.6	9.5
1999	42,737.2	8.6	323,508.6	65.0	17,253.5	3.6	114,456.1	23.0	498,027.6	17.4
2000	53,279.5	22.3	111,508.6	46.6	27,965.2	11.7	46,697.6	19.5	239,450.9	6.6
2001	49,254.9	11.2	259,757.8	59.2	53,336.0	12.7	76,347.8	17.4	438,696.5	8.0
2002	73,577.4	22.9	214,333.4	67.0	32,467.3	10.1	-	-	321,378.1	5.4
2003	87,958.9	36.4	97,982.1	40.5	55,736.3	23.1	11.3	-	241,688.6	3.3

Source: Statistical Bulletin Volume 14, December, 2003

Footnote

Items here include –Public Debt Charges (Domestic and Foreign), Pension and Gratuities, External Obligations, Extra – budgetary expenses, Deferred Customs Duties

Table 8

Summary of State Governments and Federal Capital Territory (FCT) Finances
(~~N~~ million)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Current Revenue	49,506.1	69,641.7	89,529.1	96,962.6	143,202.5	168,990.1	359,072.3	573,548.2	669,817.7	854,987.1
(i) Federation Account	29,006.8	38,671.5	41,493.0	50,902.5	66,067.1	103,657.3	251,570.0	404,094.0	388,294.7	535,179.9
(ii) Value Added Tax	5,026.0	6,256.9	11,286.0	13,905.3	16,206.8	23,750.5	30,644.0	44,912.9	52,623.0	65,877.6
(iii) Internal Revenue	10,929.8	16,993.0	19,467.0	27,368.2	29,213.9	34,109.0	37,788.5	59,416.0	89,606.9	118,753.5
(iv) Grants & Others	3,478.3	7,284.0	16,652.3	4,337.3	34,477.8	6,551.7	33,289.3	58,064.4	129,714.4	134,179.3
(v) Stabilization and Receipts	1,065.2	436.3	630.8	449.3	238.0	921.6	5,780.5	7,060.0	9,569.7	996.8

Source; Statistical Bulletin 2003

Table 9

Summary of Local Government Finances
(^~~N~~Million)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Current Revenue	19,223.1	24,412.7	23,789.0	31,254.4	44,948.2	60,800.6	154,008.2	171,523.1	172,141.2	347,567.5
Federation Account	17,321.3	17,875.5	17,586.5	20,443.3	30,600.9	43,870.3	118,589.4	128,500.5	128,896.7	277,500.6
State Allocation	466.4	625.4	685.1	578.9	750.4	419.8	1,923.1	1,598.6	1,672.3	2,054.2
Value Added Tax	-	3,558.1	3,306.9	7,586.1	10,170.8	9,559.8	13,908.7	20,102.7	18,727.2	36,957.6
Internal Revenue	1,205.9	2,110.8	2,211.1	2,506.9	3,331.6	4,683.8	7,152.9	6,020.4	10,420.9	15,098.3
Grants & Others	229.5	242.9	-	139.2	94.5	2,266.9	12,434.1	15,300.9	12,434.1	15,456.8

2003 Figures are provisional
Source: Statistical Bulletin 2003

Table 10

FUNCTIONAL CLASSIFICATION OF STATE GOVERNMENT RECURRENT AND CAPITAL EXPENDITURE (N MILLION)

Source	2000	2001	2002	2003	2004
TOTAL RECURRENT EXPENDITURE	**196,784.1**	**294,709.5**	**424,195.4**	**545,308.7**	**556,812.3**
ADMINISTRATION	**42,888.6**	**61,264.2**	**102,921.6**	**115,193.8**	**170,895.0**
General Administration	42,888.6	61,264.2	102,921.6	116,193.8	102,000.7
State Assembly	-	-	-	-	22,421.0
State Judiciary	-	-	-	-	15,163.9
Others	-	-	-	-	31,309.3
ECONOMIC SERVICES	**58,687.0**	**55,139.7**	**60,600.1**	**63,978.1**	**80,500.5**
Agriculture	11,319.3	9,581.5	13,658.9	18,111.6	17,077.2
Livestock	2,683.8	254.8	-	394.9	882.6
Forestry	729.0	3,553.2	762.2	718.9	627.3
Industry	2,777.0	7,388.1	1,428.0	2,146.4	871.4
Commerce	1,366.6	7,695.6	1,524.6	1,896.8	2,860.7
Finance	13,903.6	10,541.1	27,763.0	24,265.7	19,208.6
Transport	3,401.9	8,457.5	6,794.0	7,528.5	11,831.0
Cooperative/Supply	6,511.6	153.3	162.9	232.4	433.8
Rural Electrification	2,381.0	978.8	1,370.5	1,681.8	5,430.0
Others	13,613.4	6,535.8	7,136.1	7,001.1	21,277.9
SOCIAL SERVICES	**58,301.1**	**162.117.5**	**162,385.7**	**217,810.9**	**208,783.7**
Education	40,441.0	20,045.5	55,636.4	83,750.9	78,886.2
Health	17,860.2	7,835.1	26,308.2	36,711.1	45,998.7
Water Supply	-	-	5,516.3	6,445.6	18,492.5
Information & Culture	-	-	6,181.3	6,329.1	9,465.6
Social & Country Dev.	-	-	5,171.1	5,695.3	17,779.2
Housing	-	-	4,121.8	5,093.8	5,531.8
Town & Country Planning	-	-	2,794.8	4,944.4	3,272.5
Others	**-**	134,236.6	56,655.5	68,840.6	29,357.2
TRANSFERS	**36,907.4**	**16,188.2**	**98,288.0**	**147,325.9**	**96,633.2**
Debt Charges	18,440.3	9,878.5	76,464.7	112,477.1	22,455.0
Pensions & Gratuities	18,467.1	6,309.6	21,823.3	34,848.9	44,387.5
Others	-	-	-	-	29,790.7
TOTAL CAPITAL EXPENDITURE	**158,895.6**	**235,241.7**	**283,473.8**	**324,019.9**	**412,926.2**
ADMINISTRATION	**23,002.4**	**32,225.6**	**34,543.5**	**36,564.9**	**75,051.0**
General Administration	23,002.4	32,225.6	34,543.5	36,564.9	63,018.9
State Assembly	-	-	-	-	8,141.7
State Judiciary	-	-	-	-	3,877.2
Others	-	-	-	-	13.2
ECONOMIC SERVICES	**49,695.3**	**83,932.3**	**96,362.0**	**122,194.5**	**183,027.9**
Agriculture	6,289.8	5,988.9	6,682.1	9,581.9	20,875.4
Livestock	767.7	352.3	674.8	1,331.5	2,22.8
Forestry	400.6	498.2	696.1	660.0	1,275.4
Industry	2,368.5	17,554.9	7,641.7	2,574.5	4,936.2
Commerce	2,588.3	9,896.4	3,193.6	3,257.3	11,911.5
Finance	615.7	1,055.7	2,275.4	11,623.9	3,375.7
Transport	25,606.5	32,415.2	37,254.3	39,081.1	69,202.8
Cooperative/Supply	439.8	1,073.4	380.8	459.8	1,821.2
Rural Electrification	8,049.0	11,156.3	25,058.3	24,457.0	26,453.2
Roads Construction	-	-	-	14,932.2	29,560.2
Others	2,569.5	3,941.0	12,504.9	14,235.3	11,343.7
SOCIAL SERVICES	**52,830.2**	**78,528.0**	**103,846.9**	**111,427.7**	**141,520.4**
Education	10,300.4	15,790.0	16,090.6	17,839.2	35,882.0
Health	6,395.5	7,371.9	8,750.4	15,515.6	21,171.1
Water Supply	-	-	12,840.2	13,467.4	18,302.3
Information & Culture	-	-	5,782.9	5,454.4	12,930.1
Social & Comm. Development	-	-	4,309.1	5,871.4	4,721.1
Housing	-	-	10,137.4	8,645.8	20,557.9
Town & Country Planning	-	-	12,463.5	8,502.1	14,407.8
Others	36,134.3	**55,366.1**	33,472.9	36,121.8	15,548.2
TRANSFERS	**33,367.6**	40,555.8	**48,721.3**	**53,832.8**	**13,326.8**
Capital Repayments	-	-	-	-	4,909.0
Grants to Parastatals/Higher Inst.	33,367.6	40,555.8	48,721.3	53,832.8	4,864.4
Others	-	-	-	-	3,553.4
Total Expenditure (1)	**379,047.3**	**528,951.2**	**707,669.2**	**869,328.6**	**969,738.4**
Capital Expenditure (1**)** as a % of Total Expenditure	41.9	44.5	40.1	37.3	42.6

* Revised:

** Provisional

Source: State Governments' Accountants – General's Reports

Table 11A

SUMMARY OF LOCAL GOVERNMENT FINANCES (2000-2004)
(N MILLION)

	2001 1/	2002 1/	2003 1/	2004 2/
Current Revenue	171,523.06	172,151.14	370,170.90	468,295.15
Internal Revenue	6,020.36	10,420.93	20,175.50	22,407.75
Tax Revenue	1,612.93	3,262.86	3,471.30	4,852.91
Non-Tax Revenue	4407.43	7,158.06	16,704.20	17,554.84
Federation Account	128500.48	128,896.7	291,406.90	375,656.30
Value-Added Tax (VAT)	20102.75	18,727.21	39,648.40	45,985.20
Stabilization Fund & Fen. Ecology	12,980.17	9,896.97	4,610.30	6,082.70
State Allocation	1598.57	1,672.26	2,119.80	3,625.70
Grants & Others	2320.72	2,537.07	12,210.00	14,537.5
Total Expenditure	171,374.51	169,820.2	361,763.20	461,050.60
Recurrent Expenditure	122,712.73	124,701.59	211,683.00	295,654.70
Personnel cost	66,951.17	70,354.68	134,167.80	186,030.00
Overhead Cost	45,758.04	44,040.85	63,192.50	94,213.50
CRFC & Others	10,003.52	10,306.05	14,272.70	15,411.20
Capital Expenditure	48,661.78	45,118.61	150,130.20	165,395.90
Administration	11,642.19	11,996.08	21,643.30	22,809.70
Economic Services	25,001.62	21,455.19	51,994.60	56,592.40
Social & Community Services	9,946.25	10,289.62	62,941.50	67,725.00
Transfers	2,071.72	1,377.72	13,550.80	18,268.80
Capital Expenditure (1) As a % of Total Expenditure	28.4	26.6	41.5	35.9

Sources: CBN Animal Report and Statistical Bulletin, December, 2004

1 = Computed from CBN Report and Bulletin.

Table 11B

SUMMARY OF STATE GOVERNMENT FINANCES IN 2004
(N MILLION)

	2001 1/ (1)	2002 1/ (2)	2003 1/ (3)	2004 2/ (4)
Current Revenue	573,548.2	669,817.7	854,997.1	1,113,943.7
(i) Federation Account 3/	404,094.0	388,294.7	535,179.9	777,208.0
(ii) Value Added Tax	44,912.9	52,632.0	65,887.6	96,195.6
(iii) Internal Revenue	59,416.0	89,606.9	118,753.5	134,195.3
(iv) Grants & Others	58,064.4	129,714.4	134,179.3	104,344.8
(V) Stabilization Fund Receipts	7,060.9	9,569.7	996.8	2,000.0

Source;CBN Annual Report 2004

Table 12

ANALYSIS OF LOCAL GOVERNMENTS INTERNAL EFFORT STATE – BY – STATE BASIS 2004

(N MILLION)

State	Response	Internal Revenue Tax	Non-Tax	Total	% of total that is tax
Abia	16	1,312.5	1,410.7	2,723.2	48.2
Adamawa	13	239.0	981.1	1,220.1	19.6
Akwa-Ibom	0	-	-	-	-
Anambra	17	79.0	465.1	544.1	14.5
Bauchi	20	6,775.4	3,388.7	10,164.0	66.7
Bayelsa	8	2.6	5.0	7.6	26.3
Benue	18	5.5	642.7	648.2	0.9
Borno	0	-	-	-	-
Cross-River	16	789.5	11,004.5	11,793.9	6.7
Delta	4	58.0	574.5	632.5	10.1
Ebonyi	0	-	-	-	-
Edo	0	-	-	-	-
Ekiti	14	236.6	24.7	261.3	90.6
Enugu	17	55,845.9	134,739.8	190,585.7	29.3
Gombe	11	3,437.2	55,859.7	59,296.9	5.8
Imo	11	11,758.1	55,224.9	66,983.0	17.6
Jigawa	27	7,335.9	172,222.8	179,020.9	4.1
Kaduna	18	16,000.3	349,568.0	365,568.3	4.4
Kano	32	11,877.5	928,143.4	940,020.9	1.3
Katsina	30	22.3	180.9	203.3	11.0
Kebbi	20	37.7	120.3	158.0	23.9
Kogi	21	258.2	106.2	364.4	70.9
Kwara	11	104.5	618.8	720.4	14.4
Lagos	11	37,327.3	2,553,517.1	2,590,844.4	1.4
Nassarawa	10	124.4	2,765.0	2,889.4	4.3
Niger	23	44,166.8	190,421.7	234,588.5	18.8
Ogun	0	-	-	-	-
Ondo	0	-	-	-	-
Osun	0	-	-	-	-
Oyo	21	22.8	121.4	144.2	15.8
Plateau	0	-	-	-	-
Rivers	21	115,681.0	279,143.4	394,824.4	29.3
Sokoto	21	1,872.0	4,414.1	6,286.1	29.8
Taraba	16	33,600.4	81,269.6	114,870.0	29.3
Yobe	17	63,765.8	177,511.8	241,277.6	26.4
Zamfara	12	2,382.0	32,124.3	34,506.3	6.9
FCT Abuja	6	129,689.6	202,698.0	332,387.6	39.0
TOTAL	**482**	**544,807.8**	**5,239,268.2**	**5,784,075.9**	**9.5**

Table 13A

REPRESENTATION OF PAST POVERTY ALLEVIATION EFFORTS

Programme	Period of activity	Projects executed and funds disbursed
1. Directorate of Food. Roads and Rural Infrastructure (DFRRI)	1986 – 1993	a) 90.857.40km feeder roads were constructed with the sum of N72m b) 1000 communities were electrified at an estimated cost of N193m c) 22,267 communities were provided with potable water d) 2000 individuals were trained and equipped with skills to build the improved rural housing type. e) 15,000 extension workers were trained.
2. Better Life Programme BLP	BLP (1987 – 1993)	1. BLP a) Agricultural Programme i) 9,998.9 tones varieties of seeds supplied at N6.6m ii) 1,062 livestock farms established at N5.1million b) 929 Development Support Services provided at N4.5 million c) 959 Market Support Services provided at N6.1million d) 8,258 Cottage Industries established at N41.7 million e) 114 WF clinics established at N3.4million 2. FSP a) Agricultural Programme i) 10,717.6 tones varieties of seeds supplied at N16.3m ii) 1,208 livestock larns established at N30.3million b) 975 development Support Services rendered at N13.9m c) 2,579 Market Support Services rendered at N20.3m d) 17,437 Cottage Industries established at N154.0m e) Health Programme i) 795 Vesico-Vaginal Istula (VVI) clinics established ii) 52 mobile clinics established f) Exportation of local art and crafts via participation in international trade fairs and organization of training programmes for rural women entrepreneurs in export development.
3. NDE	1987 to date	a) 6,340 peasant farmers were employed under Mass Agricultural Projects (MAP i) 7,421 school leavers and 8,217 graduates recruited and trained for the projects. ii) 3,091 retired people turned farmers and graduates benefited from loans totaling N31m for rural based agricultural projects: iii) 19 irrigation pumps were provided as relief loans to 240 farmers displaced by flood in Bauchi and Borno States at N1.5m b) i) 400,500 people benefited from the small scale enterprises scheme ii) 100,000 Youth Corpers went through the Entrepreneurship Development Programme (EDP) iii) 600 unemployed University graduates were assisted to establish micro-enterprises under the graduate job creation guarantee scheme. iv) Market stalls and toilets were constructed under the Special Public Works (SPW)
4.Family Economic Advancement Programme (FEAP)	1997 – 1999	FEAP disbursed N1.73b to 11,747 cooperative societies nationwide in 1998 for locally based production of goods and services to potential entrepreneurs.

Sources: i) CBN Annual Reports

ii) "Nigerian Development Prospects Poverty assessment and Alleviation Study" Research Department CBN in collaboration with the World Bank.

Table 13B

S/N	Programmes	Year Established	Target Group	Nature of Intervention
1.	Directorate for Food, Roads and Rural Infrastructure (DFRRI)	1986	Rural Areas	Better roads, Water supply, and rural electrification
2.	National Directorate of Employment (NDE)	1986	Unemployed Youth	Training, Finance and guidance
3.	Better Life Programme (BLP)	1987	Rural Women	Self-help and rural development programmes, skill acquisition and health care
4.	People's Bank of Nigeria (PBN)	1989	Under-privileged in urban and rural areas	Encouraging savings and credit facilities
5.	Community Banks (CB)	1990	Rural residents, micro-enterprises in urban areas	Banking facilities
6.	Family support programme (FSP)	1994	Families in rural areas	Health ore delivery, child welfare, youth development etc.
7.	Family Economic Advancement Programme (FEAP)	1997	Rural areas	Credit facilities to support the establishment of cottage industries

Source: Oladeji and Abiola (1998; 25)

Table 14
Summary of NDE Programme Beneficiaries 2000 and 2002

		2000	2002
A.	**Training**		
(1)	Vocational Training		
	N O A S	21,708	48,358
	S O W	1,651	1,229
(2)	Business Training		
	E D P	95,000	-
	S Y O B	468	53,994
	Job Centre	32	1,124
	WEB (Road Processing Training)	270	-
(B)	Enterprises Creation	488	929
(C)	Public Works Training	-	580
(D)	Job Counseling	-	4,300
(E)	Women Employment Training	-	1,000
	Total	**120,405**	**114,191**

Sources:-

- NDE Annual Reports, Years 2000 and 2002

Table 15

S/NO	STATES	NO. OF PROJECTS	AMOUNT
			₦
1.	Abia	9	1,800,000
2.	Abuja - FCT	37	7,949.000
3.	Adamawa	8	1,000,000
4.	Akwa-Ibom	18	2,747,000
5.	Anambra	3	700,000
6.	Bauchi	28	2,336,000
7.	Bayelsa	8	698,500
8.	Benue	10	1,780,000
9.	Borno	87	10,875,000
10.	Cross River	5	660,000
11.	Delta	14	1,670,000
12.	Ebonyi	27	3,075,000
13.	Edo	0	0
14.	Ekiti	7	1,210,000
15.	Enugu	15	2,858,000
16.	Gombe	10	3,042,000
17.	Imo	10	1,900,000
18.	Jigawa	6	600,000
19.	Kaduna	32	5,800,000
20.	Kano	49	8,405,000
21.	Katsina	26	4,375,000
22.	Kebbi	10	1,420,000
23.	Kogi	5	1,000,000
24.	Kwara	17	2,900,000
25.	Lagos	11	1,650,000
26.	Nasarawa	6	980,000
27.	Niger	10	797,100
28.	Ogun	8	730,000
29.	Ondo	9	1,250,000
30.	Osun	15	1,450,000
31.	Oyo	10	1,550,000
32.	Plateau	41	4,576,000
33.	Rivers	17	2,200,000
34.	Sokoto	9	1,115,000
35.	Taraba	52	4,680,000
36.	Yobe	10	1,580,000
37.	Zamfara	10	1,700,000
38.	Women Cooperative Societies	44	11,000,000
	Total		**N104,058,600**

Source: Job Creator Vol. 7 No.3 2006 pg. 19

Appendix 1

Value – Added Tax in Africa

Country	Introduction date	Stage Levied	Tax Rate (%)
Algeria	1992	Retail	7, 13, 21, 20
Benin	1991	Wholesale	18
Cote d'Ivoire	1960	Wholesale	5, 11, 11, 25, 35
Guinea	1960	Manufacturing	13, 6
Kenya	1990	Retail	5, 18, 30, 50, 85
Madagascar	1969	Retail	15
Malawi	1989	Retail	10, 35, 55, 85
Mali	1991	Retail	10, 17
Mauritius	1983	Wholesale	5
Morocco	1986	Retail	7, 14, 19
Niger	1986	Retail	10, 17, 24
Senegal	1961-80	Retail	7, 20, 30, 34
South Africa	1991	Retail	14
Togo	1984	Retail	5, 10, 14, 20, 30
Tunisia	1988	Retail	6, 17, 29
Nigeria	Jan. 1994	Wholesale, Manufacturing, Producer	5, 0
Tanzania	Mid – 1994		
Ghana	March 1995	Retail	17, 5
Zambia	August 1995	Retail/Wholesales	

Source: Various Reports

Appendix 2: VAT Rates around the World

Country	Date VAT Introduced or Proposed	VAT Rates' At introduction	VAT Rates' On Jan. 1, 1991
Algeria	Jan. 1992		
Argentina	Jan. 1975	16	13
Austria	Jan. 1973	8, 16	10, 20, 32
Belgium	Jan. 1971	6, 14, 18	1, 6, 17, 19, 25, 33
Bolivia	Oct. 1973	5, 10, 5	10
Brazil	Jan. 1967	15	9, 11
Brazil	Jan. 1967	15	17
Burkina Faso			
Canada	Jan. 1991	7	7
Chile	Mar. 1975	8, 20	18
Colombia	Jan. 1975	4, 6, 10	4, 6, 10, 15, 20, 35
Costa Rica	Jan. 1975	10	8
Cyprus			
Cote d'Ivoire	Jan. 1960	8	11, 11, 25, 35, 13
Denmark	July 1967	10	22
Dominican Rep.	Jan. 1983	6	6
Ecuador	July 1970	4, 10	6
El Salvador			
Finland	Oct. 1990	17	17
France	Jan. 1968	6, 4, 13, 6, 20, 25	2, 1, 4, 5,5,18, 6,22
Germany	Jan. 1968	5, 10	7, 14
Greece	Jan. 1987	6, 18, 36	3, 8, 18, 36
Guatemala	Aug. 1983	7	7
Haiti	Nov. 1982	7	10
Honduras	Jan. 1976	3	6, 7
Hungary	Jan. 1988	15, 25	15, 25
Iceland	Jan. 1990	14, 24, 5	14, 24, 5
Indonesia	Apr. 1985	10	10
Ireland	Nov. 1972	5,26,16, 37, 30,26	2,2,3,3,12,5,21
Israel	July 1976	8	6,5,16
Italy	Jun. 1973	6,12,18	4,9,19,38
Jamaica			
Japan	Apr.1989	3,6	3,6
Kenya	Jan. 1990	17,20,40,50,270	17,20,40,50,270
Korea	May 1989	10	2,3,5,10
Luxembourg	Jan. 1970	2,4,8	3,6,12
Madagascar	Jan. 1969	6, 12	15
Malawi	May 1989	10,35,55,85	10,35,55,85
Malaysia			
Mali	Jan.1991	10,17	10,17
Mexico	Jan. 1980	10	6,15,20
Morocco	Apr.1986	7,12,14,19,30	7,12,14,19,30

Netherlands	Jan.1969	4,12	6,18,5
New Zealand	May 1986	10	12,5
Nicaragua	Jan. 1975	6	6,10,25
Niger	Jan.1986	8,12,18	15,25,35
Norway	Jan.1970	20	11,11,20
Pakistan	July 1990	12, 5	12,5
Panama	Mar.1977	5	5
Paraguay	Jan.1991	12	12
Peru	July 1976	3,20,40	18
Philippines	Jan. 1988	10	10
Poland			
Portugal	Jan 1986	8,16,30	8,17,30
Senegal	Mar.1961-80		7,20,34,50
South Africa	Oct.1991		
Spain	Jan.1986	6,12,33	6,12,33
Sweden	Jan.1969	2,04,5,38,11,1	25
Taiwan Province of China	Apr.1986	5	5,15,25
Trinidad and Tobago	Jan. 1990	15	15
Tunisia	July 1988	6,17,29	6,17,29
Turkey	Jan 1985	10	1,6,8,12,20
United Kingdom	Apr.1973	10	15
Uruguay	Jan. 1968	5,14	12,21
Venezuela	July 1991		
Yugoslavia			

Source: Alan A. Tait, *VAT: International Practice and Problem, IMF. 1988 pp.40-41*

Appendix 3: **Rates of Corporation Tax and Income Tax in CATA Member-Countries (as at March 1993)**

		Corporations		Individuals *	
		Old Rates	Current Rates	Old Rates	Current Rates
1.	Australia	49%	39%	60%	47%
2.	Bahamas		NO INCOME TAX		
3.	Bangladesh	45-60%	40-45%	60%	30%
4.	Barbados	45%	40%	70%	40%
5.	Belize	45%	35%	u.a	45%
6.	Botswana	35%	40%	75%	40%
7.	Brunei	30%	30%	NO INCOME TAX	
8.	Canada	36%	23-28%	56%+	50.4+
9.	Cyprus	42.5%	20-25%	60%	40%
10.	The Gambia	50%	50%	75%	35%
11.	Ghana	50-60%	35-45%	65%	35%
12.	Grenada		INCOME TAX		
13.	Guyana	35%	35%	70%	40%
14.	Hong Kong	18.5%	17.5%	175	15%
15.	India	45-65%(1) 25-70%(2)	40-50%(1) 15-65% (2)	60%	40%
16.	Jamaica	45%	$33^{1}/_{3}$%	57.5%	$33^{1}/_{3}$%
17.	Kenya	45%(1) 52.5(2)	35%(1) 47.5%(2)	65%	40%
18.	Kiribati	25-35%	25-35%	50%	35%
19.	Lesotho	37.5-45%	37-45%	53%	48%
20.	Malawi	45%(1) 50%(2)	45%(1) 50%(2)	50%	45%
21.	Malaysia	40%	34%	55%	34%
22.	Malta	32.5%	35%	65%	35%
23.	Mauritus	55-60%	35%	70%	35%
24.	Namibia	42%	40%	59%	40%
25.	New Zealand	45%(1) 50%(2)	33%	60%	33%
26.	Nigeria++	45%	40%	70%	45%
27.	Pakistan	57.5%	55%	60%	45%
28.	Papua New Guinea	36.5%(1) 48%(2)	25%(1) 48%(2)	50%	28%
29.	Saint Kitts & Nevis	50%	40%	Abolished in 1990	
30.	Saint Lucia	45%	33.3%	60%	30%
31.	Sierra Leone	60.55	49.5%	75%	45%
32.	Singapore	40%	30%	55%	33%
33.	Solomon Islands	35%(1) 50(2)	35%(1) 50%(2)	42%	42%

34.	Sri. Lanka	40-50%	40%	70%	35%
35.	Swaziland	27-37.5%	27-37.5%	50%	40%
36.	Tanzania	50%	45%	75%	40%
37.	Tonga	25-35%(1) 37.5-42.5%(2)	15-30%(1) 37.5-42.55(2)		
38.	Trinidad & Tobago	49.5%	45%	70%	35%
39.	Uganda	45%	40%	77.5%	50%
40.	United Kingdom	52%	34%	60%++	40%
41.	Western samoa	42%(1) 55%(2)	39%(1) 48%(2)	60%	50%
42.	Zambia	50%	40%	705	35%
43.	Zimbabwe	52.8%	42.5%	63%	50%

Old Rates = Highest marginal rate between 1980 and 1985
(1) Resident Companies
(2) Non resident Companies
* Highest marginal rate of income tax
++ Was 98% on Investment Income in 1978/79
+ Maximum Federal and Provisional marginal tax rate

Source: Commonwealth Association of Tax Administration (CATA).

Appendix 4 **DETAILED LIST OF ITEMS EXEMPTED FROM VALUE ADDED TAX (VAT)**

Introduction

As part of the enlightenment campaign to educate members of the public on their rights and obligations under the new VAT Decree No. 102 of 1993, the Federal Inland Revenue Service gives below a comprehensive break down of the list of goods and services exempted from VAT.

For the avoidance of doubt, all collection agencies are advised to restrict themselves to this published list of exemptions. Consequently, no request for special concession or exemption will be entertained by the FIRS. This is to avoid possible abuse in the process.

Furthermore, all registered persons are enjoined to display this list conspicuously in their places of business to educate their customers. All items not included in this published list are VATable at he standard rate of 5% except in the case of exports where the rate is 0%.

(2) List of Goods Exempted from VAT

Heading No.	**Harmonized System (H.S) Code**		**Tariff Description**
			(A) MEDICAL AND PHARMACEUTICAL PRODUCTS
30.01			Glands and other organs for organotherapeutic uses:
	3001.10	-	Glands and other organs, dried whether or not powdered.
	3001.20	-	Extract of glands or other organs or of their secretions.
30.02		-	Human blood; animal blood prepared for therapeutic, Prophylactic or diagnostic uses;
	3002.10	-	Antisera and other blood fractions.
	3002.20	-	Vaccines for human Medicine Vaccines for Veterinary Medicine.
	3002.31	-	Vaccines against food and mouth disease.
30.03			Medicaments (excluding goods of heading No. 30.03. 30.05 or 30.06):
	3003.10	-	Containing penicillin or derivatives thereof; with a Penicillin acid structures, or streptomycin or their derivatives.
	3003.20	-	Containing other antibiotics.
		-	Containing hormones or other products of heading No.29.37 but not containing antibiotics.
		-	Containing hormones or other products of heading No.29.37 but not containing antibiotics.
30.03	3003.31	-	Containing insulin.

	3003.40	-	Containing alkaloids or derivatives thereof but not containing hormones or other products of heading No. 29.37 or antibiotics.
30.04 30.05 or		-	Medicaments (excluding goods of heading No. 30.02, 30.06) consisting of mixed or unmixed products for therapeutic uses:
	3004.10	-	Containing penicillin or derivatives thereof; with a Penicillin acid structure, or streptomycin or their derivatives.
	3004.20	-	Containing other antibiotics.
		-	Containing hormones or other product heading No.29.37 but not containing antibiotics.
	3004.40	-	Containing alkaloids or derivatives thereof but not containing hormones, other products of heading No. 29.37 or antibiotics.
	3004.50	-	Other medicaments containing vitamins or other Products of heading No. 29.36
30.05		-	Wadding, gauze, bandages and similar articles (for example dressing, adhesive plaster, poultices), impregnated or coated with pharmaceutical substance or put in the form or packaging for retail sale for medical, surgical, dental or veterinary purposes.
	3005.10	-	Adhesive dressing and other articles having an adhesive layer.
30.06		-	Pharmaceutical goods:
	3006.10	-	Sterile surgical catgut, similar sterile suture materials and sterile tissue adhesives for surgical wound closure; sterile laminar and sterile absorbable surgical or dental haemostatic.
	3006.20	-	Blood-grouping reagents.
	3006.30	-	Pacifying preparations for X-ray examinations; Diagnostic reagents designed to be administered to the patient.
	3006.40	-	Dental Cements and other dental fillings; bone reconstruction cements.
	3006.50	-	First-aid boxes and kits.
	3006.60	-	Chemical contraceptive preparations based on hormones or spermicidal.
	(B)	**BASIC FOOD ITEMS**	
07.13		-	Dried leguminous vegetables, shelled, whether or not skinned or split:
	0713.10	-	Peas (Prism sati rum)
	0713.20	-	Chickpeas (garbanzos) Beans
	0713.31	-	Beans of the species vigna Mingo, Hipper or Vign radiate.
	0713.32	-	Small red (Adzuki) beans.
	0713.33	-	Kidney beans, including white pea beans
	0713.40	-	Lentils.
	0713.50	-	Broad beans and horse beans
	0713.90	-	Other
07.14		-	Manioc, arrowroot, salep Jerusalem artichokes, sweet potatoes and similar roots and tubers;
	0714.10	-	Manioc (Cassava)

	0714.20	-	Sweet Potatoes.
	0714.90	-	Yam, Cocoyam
11.03		-	Cereal grouts, meal and pellets.
	1103.11	-	Goats and meal of wheat.
	1103.13	-	Maize (corn)
	1103.14	-	of rice,
	1103.19	-	of Millet,
	1103.20	-	of Pellets,
	1103.21	-	of Wheat,
	1103.29	-	Rice, millet, corn, maize
11.04		-	Cereal grains otherwise worked except rice of heading No.10.06
		-	Rolled or flaked grains:
	1104.19	-	Wheat
	1104.23	-	of maize (corn), rice, corn, millet
10.06		-	Rice
	1006.10	-	Rice in the husk (paddy or rough)
	1006.20	-	Husked (brown) rice
	1006.30	-	Semi-milled or wholly milled rice, whether or not polished or glazed.
	1006.40	-	Broken rice.
04.01		-	Milk
			Milk and cream not concentrated not containing added sugar or Other sweetening matter
	0401.10	-	of a fat content by weight not exceeding 1%
	0401.20	-	of a fat content by weight exceeding 1% but not exceeding 6%
	0401.30	-	of fat content by weight exceeding 6%
04.02		-	Milk and cream concentrated or containing added sugar or other sweetening matter.
	0402.10	-	In powder, granules or other solid forms, of a fat content by weight not exceeding 1.5%
	0402.21	-	Not containing added sugar or other sweetening matter
03.02		-	Fish
			Fish, fresh or chilled, (excluding fish fillets and other fish Meat of heading No.03.04):
		-	Salmonidase, excluding livers and roes:
	0302.11	-	Trout
	0302.12	-	Pacific Salmon, Atlantic Salmon and Danube Salmon.
	0302.13	-	Flat fish (excluding livers and roes).
03.02	0302.21	-	Halibut
	0302.22	-	Plaice
	0302.23	-	Sole
	0302.29	-	Tunas, skip jacks or stripe bellied bonito (excluding livers and Roes)
	0302.31	-	Albacore or long finned tunas.
	0302.32	-	Yellow fin tunas.
	0302.33	-	Skip jack or stripe-bellied bonito
	0302.40	-	Herrings (excluding livers and roes).
	0302.50	-	Cord (excluding livers roes)
	0302.61	-	Sardines (brisling or sprats).
	0302.62	-	Haddock.
	0302.63	-	Coalfish.
	0302.64	-	Mackerel.
	0302.65	-	Dogfish and other shanks.

	0302.66	-	Eels.
	0302.70	-	Livers Roes.
03.03			Fish, frozen, excluding fish fillets and other fish meat and heading No. 03.04.
	0303.10	-	Detail as above.
03.05			Fish, dried, salted, or in brine smoked fish, whether or not cooked before or during the smoking process; fish meal fit for human consumption.
	0305.10	-	Fish meal fit for human consumption.
	0305.20	-	Livers and roes, dried smoked, salted or in brine.
	0305.30	-	Fish fillets, dried, salted or in brine, but not smoked. Smoked fish, including fillets.
	0305.41	-	Pacific salmon, atlantic salmon and Danube salmon.
	0305.42	-	Herrings.
	0305.49	-	Dried fish, whether or not salted but not smoked.
	0305.51	-	Cod
	0305.59	-	Fish, salted but not dried or smoked and fish in brine
	0305.61	-	Herrings
	0305.62	-	Cod
	0305.63	-	Anchorless
19.01	(C)	**INFANT FOOD**	
			Malt extract, food preparations of flour, meal, starch or Malt Extract, not containing Cocoa power or containing Cocoa powdered in proportion by weight of less than 50% not elsewhere specified or included; Food preparation of goods or heading Nos. 04.01 to 04.04, not containing. Cocoa powder in a proportion by weight of less than 10% not elsewhere specified or included.
	1901.10	-	Preparations for infant use, put up for retail sale.
49.01	(D)	**BOOKS, NEWSPAPER AND MAGAZINE**	
			Printed books, brochures, leaflets and similar printed matter Whether or not in single sheets,
	4901.10	-	In single sheets, whether or not folded.
	4901.91	-	Dictionaries and encyclopedias, and serial installments thereof;
49.02			Newspapers, journals and periodicals, whether or not illustrated or containing advertising materials.
	4902.10	-	Appearing at least four times a week
49.03	4903.00	-	Children’s picture, drawing or installation books.
49.04	4904.00	-	Music, printed or in manuscript whether or not bound or illustrated.
49.05		-	Maps and hydrographic or similar charts of all kinds including atlases, wall maps, topographical plans and globes, printed.
	4905.10	-	Globes
49.06	4906.00	-	Plans and drawings for architectural, engineering, industrial, commercial, topographical or similar purposes being originals drawn by hand, hand written texts, photographic reproductions on sensitized paper and carbon copies of the forgoing.

49.07	4907.00	-	Unused postage, revenue or similar stamps of current or new issue in the country to which they are destined; stamp impressed paper; cheque forms, bank notes, stock, share or bond certificates and similar document of fible.
		(E)	**EDUCATIONAL MATERIALS**
			(Laboratory Equipments).
84.19			Machinery, plant or laboratory equipment, whether or not electrically heated, for the treatment of materials by a process involving a change of temperature such as heating looking, roasting, distilling rectifying, sterilizing, pasteurizing, steaming, drying, evaporating, vaporizing, condensing or cooling, other than machinery or plant of a kind used for domestic purposes, instantaneous or storage water heaters, non-electric.
		-	Instantaneous or storage water heaters, non-electric; (for imported educational and scientific use).
	8419.11	-	Instantaneous gas water heater.
	8419.20	-	Medical, surgical or laboratory sterilizers.
	8419.30	-	Dryers (Laboratory).
	8419.31	-	For agricultural products
	8419.32	-	For wood, paper pulp, paper or paperboard,
	8419.40	-	Distilling or rectifying plant,
	8419.50	-	Heat Exchange units
	8419.60	-	Machinery for liquefying air or gas.
	8419.81	-	For making hot drinks or for cooking or heating food.
	8419.90	-	Part of the above.
		(F)	**BABY PRODUCTS**
		-	Carriages
87.15	8715.00	-	Baby carriages and parts thereof
		-	Clothes
61.11			Babies garments and clothing accessories, knitted or crocheted.
	6111.10	-	Of wool or fine animal hair.
	6111.20	-	of cotton
	6111.30	-	of synthetic fibres
	6111.90	-	of other textile materials.
62.09			Babies garments and clothing accessories
	48.18	-	Napkins
48.18	4818.00	-	Sanitary towels and tampons napkins and Napkin liners for babies and similar sanitary articles.
		(G)	**COMMERCIAL VEHICLES AND SPARE PARTS**
87.01			Tractors (others than tractors of heading No.87.09)
	8701.10	-	Pedestrian controlled tractors
	8701.20	-	Road tractors for semi-trailers
	8701.30	-	Track-laying tractors.
87.02			Public transport type passenger motor vehicles.
	8702.10	-	With compression-ignition internal combination piston engine (diesel or semi-diesel i.e. vehicle capable of carrying not less than nine passengers).
	8705.30	-	Fire fighting vehicles
87.08	8708.29	-	Brakes and Servo-brakes and parts thereof.

	8708.40	-	Gear boxes (for fire fighting vehicles)
87.01	8701.00	-	Tanks and other armored fighting vehicles motorized, whether or not fitted with weapons and part of such vehicles.
87.11			Motorcycles (including mopeds) and cycles fitted with an auxiliary motor with or without side-cars; side-cars.
	8711.30	-	With reciprocating internal combination piston engine of a cylinder capacity exceeding 250cc but not exceeding 500cc.
	8711.40	-	With reciprocating internal combustion piston engine of a cylinder capacity exceeding 500cc but not exceeding 800cc. cylinder capacity exceeding 800cc.
87.12	8712.00	-	Bicycles and other cycles (including delivery tricycles not motorized).
87.13		-	Invalid carriage whether or not motorized or otherwise mechanically propelled.
	8713.10	-	Not mechanically propelled.
		(H)	**AGRICULTURAL EQUIPMENT**
84.32		-	Agricultural, horticultural or forestry machinery for soil preparation or cultivation; Lawn or sports-ground roller
	8432.10	-	Ploughs
		-	Harrows, sacrificers, cultivators, weeders and hoes.
	8432.21	-	Disc harrows.
	8432.30	-	Seeders, planters and trans-planters.
	8432.30	-	Manure spreaders and fertilizer distributors.
	84.32.90	-	Parts of 84.32
84.33		-	Harvesting or threshing machinery, including straw or fodder balers, grass or hay movers; machinery for cleaning sorting or grading eggs, fruit or other agricultural produce.
	84.33.40	-	Other harvesting machinery, threshing machinery.
	8433.51	-	Combine harvester-threshers.
	8433.53	-	Root or tuber harvesting machineries.
	8433.60	-	Machine for clearing, sorting or grading eggs, fruits or other agricultural produce.
	8433.90	-	parts of 8433.40.51.53 and 60 above
84.34		-	Milking machines and diary machinery
	8434.10	-	Milking machines
	8434.20	-	Diary machinery
	8434.90	-	Parts of 8434.10 and 20 above
84.36		-	Agricultural, horticultural forestry, poultry-keeping or beekeeping machinery, including germination plant fitted with mechanical or thermal equipment poultry incubators and brooders.
	8436.10	-	Machinery for preparing animal feeding stuffs/
		-	Poultry-keeping machinery, poultry incubators and broods;
	8436.21	-	Poultry incubators and brooders.
	8436.80	-	Part of 8436.10, and 21 above.
	8436.91	-	Of poultry-keeping machinery or poultry incubators and brooders.

(I) **VETERINARY MEDICINE EQUIPMENT**

30.01			As in the case of Medicaments and pharmaceutical products above.
90.18		-	Instruments and appliances used in medical, surgical, dental or veterinary sciences, including scintigraphs apparatus, other electro-medical apparatus and sight testing instruments.
	9013.11	-	Electro-Cardiographs
	9013.20	-	Ultra-Violet or infra-red ray apparatus.
		-	Syringes, needles, catheters with or without cannulae and the like;
	9018.31	-	Syringes, with or without needles.
	9018.32	-	Tubular metal needles and needles for sutures.
	9018.39	-	Instruments and appliances used in dental sciences.
	9018.41	-	Dental drill engines, whether or not combined on a single base with other dental equipment.
	9018.50	-	Ophthalmic instruments and appliances.
94.02		-	Medical, surgical, dental veterinary furniture, barbers, chairs and similar chair having rotating as well as both reclining and elevating movements. Parts of the fore-going articles.
	9402.10	-	Dentists, barber's or similar Chairs and parts thereof.

(J) **FERTILIZER AND FARMING TRANSPORTATION EQUIPMENT**

31.01	3101.00	-	Animal or Vegetable fertilizers, whether or not mixed together or chemically treated; fertilizers produced by the mixing or chemical treatment of animal or vegetable produces.
31.02			Minerals or chemical fertilizers nitrogenous
	3102.10	-	Urea, whether or not in aqueous solution.
		-	Ammonium sulphate, double salts and mixtures or ammonium sulphate and ammonium nitrate.
	3102.21	-	Ammonium sulphate
	3102.30	-	Ammonium nitrate, whether or not in aqueous solution.
	3102.40	-	Mixtures of ammonium nitrate with calcium carbonate or other inorganic non-fertilizing substance.
	3102.50	-	Sodium nitrate.
	3102.60	-	Double salts, and mixtures of calcium nitrate and ammonium nitrate.
	3102.70	-	Calcium cyan amide
	3102.80	-	Mixtures of urea and ammonium nitrate in aqueous or ammonia cal solution.
	3102.90	-	Including mixtures not specified in the foregoing subheadings.
31.03		-	Mineral or Chemical fertilizers phosphoric
	3103.10	-	Super phosphate
	3103.20	-	Basic Slag
31.04		-	Mineral or Chemical Fertilizers Potassic.
	3104.10	-	Cannallite, Sylvie and other crude natural potassium salts.
	3104.20	-	Potassium Chloride
	3104.30	-	Potassium Sulphate

31.05		-	Mineral or Chemical Fertilizers containing two or three of the fertilizing elements nitrogen phosphorus and potassium; other fertilizers, goods of this chapter in tablets or similar forms or in packages of a gross weight not exceeding 10kg.
	3105.10	-	Goods of chapter in tablets or similar forms or in packages of a gross weight not exceeding 10kg
	3105.20	-	Mineral or Chemical fertilizers containing the three fertilizers elements nitrogen, phosphorus and potassium.
	3105.30	-	Dominium hydogenorth phosphate
	3105.40	-	Mineral or Chemical fertilizers containing the two fertilizing elements nitrogen and phosphorous.
		-	Ammonium dehydrates northo-phosphate.
	3105.51	-	Containing nitrates and Phosphates.
	3105.60	-	Mineral or Chemical fertilizers containing the two fertilizing elements phosphorous and potassium.
			Ships, Boats and Floating Structures.
89.01		-	Cruise ships, excursion boats, ferry-boats, cargo ships, barges.
	8901.30	-	Refrigerated vessels.
	8901.90	-	Vessels for the transport of goods and vessels for the transport of both persons and goods
89.02	8902.00	-	Fishing vessels, factory ships and vessels for processing or preserving fishery products.

(K) **EXEMPT DIPLOMATIC GOODS**

(Based on Federal Government Duty Free Concession)

1. Aircrafts, their parts and ancillary equipment e.g. Items 1-10;
2. Films;
3. Fuel, lubricants and similar products;
4. Goods imported by voluntary organization e.g. Nigerian Red Cross Society;
5. Goods for donation to charity;
6. Goods imported for the President, Commander-in-Chief of the Armed Forces of Nigeria.
7. Goods imported for consular officers;
8. Diplomatic Privileged importations;
9. Technical assistance Importations (Based on custom's Personal Effect Standards);
10. Passengers baggage (e.g. passengers personal and household accompanying luggage)
11. Patterns and samples, cut, mutilated, spoiled or otherwise rendered unmerchantable (based on Custom Standard)
12. Personal effects
13. Scientific specimens, imported for public exhibition, study or research;
14. Foodstuff;
15. Church and Mosque equipment;
16. Life-Saving appliances
17. Medicinal preparations;
18. Specialised Hospital and Surgical equipment
19. Military hardware and uniforms and
20. Arms and ammunition imported by Armed forces of Nigerian.

(3) List of Services Exempted from VAT

i. Medical and health care services;

ii. Services by community banks, peoples banks and mortgage institutions (interest earning on loans by commercial bank and premiums paid to insurance companies are not VATable).
iii. Performances conducted by educational institutions as part of learning;
iv. Social services (orphanages, charities, and fire fighting);
v. Pure postal service (excluding giro services);
vi. Religious services;
vii. Non-commercial cultural services;
viii. Overseas air transportation;
ix. Public telephone (coin operated) and telegram services. This does not include private telephone or telephone used for business or commercial purposes.

(4) Other Exempted Goods and Services which by Inference Fall within Categories 2 and 3 above.

i. Salt;
ii. Water;
iii. Salary or wage from employment or directors' emolument from appointment;
iv. Hobby activities;
v. Private transactions, for example, the occasional sale of domestic or household articles, furnishings, personal effects or private motor vehicle and
vi. House rent. (i.e. rent on residential accommodation only)

BIBLIOGRAPHY

Adam Smith (1776): An Inquiry into the Nature and Causes of the Wealth of Nations.

Adebayo, N.A. (2000): Principles of Development, Lifeline Publishers, Ibadan, Nigeria.

Adedeji, Adebayo (1996): Nigeria Federal Finance its Development, Problems and Prospects Hutchinson, London.

Ali A.A.G (1997): Dealing with poverty and income distribution issues in developing countries; Gross Regional experiences. Paper presented at the AERC Bi-Annnual Research Workshop, Nairobi, Dec. 1991 Revised January 1997.

Aluko, S.A. (1976): "Defining The Problems of Small Industries" in Aluko et al, reproduced from Ade T. Ojo. The Nigerian Financial System, University of Wales Press.

Atoloye, A.S.F. (1997): "Strategy for Growth-led Poverty Alleviation In Nigeria" in Economic and Financial Review Vol. 35, No. 3, September 1997), Central Bank of Nigeria, Lagos

Bahl R.W and Lirin J.P (1987): "Inter-governmental Fiscal Relations in Developing Countries" IN Tolley G.S and Thomes V (Eds): the Economics of Urbanisation and Urban Policies in the developing Countries World Bank Symposium, Washington DC.

Baye, M.F. (1998): Inequality and the Degree of Poverty Among Public Sector Workers in Cameroun in Nigerian Journal of Economics and Social Studies, Vol. 40, No.3, Nov. 1981.

Besley T and Kanbur, R (1993): "Principles of Targeting" in Lipton, M and Van de Gaag (Eds); Including The Poor World Bank, Washington DC.

Bradley, b. (1984): The Fair Tax, Pocket Books, New York.

CBN Enugu Zonal (1998): "A Profile of Regional/Zonal Poverty In Nigeria: The case of Enugu Zone in Proceedings of the Seventh Annual Conference of Zonal Research Units, CBN, Abuja, Nigeria.

CBN Statement of Account and Annual Report various years

CBN Statistical Bulletin (2003): Central Bank of Nigeria

Coady, d. Crosh M and Hoddinott (2004) ‘Targeting Outcomes Redux’; World Bank Research Observer, Vol. 19, No.1, spring 2004.
Due, J.F. (1981): “Alternative Forms of Sales Taxation for A Developing Country” in Readings on Taxation, ed Bird, R and Oldman O, John Hopkins University Baltimore.

Due, J.F. and Friedlander, K. (1981): Government Finance; Economics for The Public Sector Richard D. Irwin Inc. Illinois.

Eales-White, R. (1993): The Power of Persuasion-Improving Your Performance and Leadership Skill. Kogan Page Ltd. London.

Englama, A and Bamidele, A. (19997): “Measurement Issues in Poverty: in Poverty Alleviation in Nigeria, Proceedings of the Annual Conference of Nigerian Economic Society, NES, Secretariat, Ibadan.

Essien E.A. (1997): “Public Sector Growth, An Econometric Test of Wagner’s Law”
Economic and Financial Review, Vol.35, No.3, 1997. Central Bank of Nigeria.

Fayol, H. (1916): Administration Industrielle et Generale. Dunods, Paris.

Fields, G.S. (1980): Poverty Inequality and Development University Press Cambridge

Fields, G.S. (1997): Poverty, inequality and Well Being; African Economic Growth in Perspective. Paper prepared for presentation to the AERC Nairobi, Kenya, August, 1997.

Goffman E.M and Mahar D.J (1971): “The Growth of Public Expenditure Selected Developing Nations: Six Caribbean Countries 1940 – 1965” Public Finance/Finances Publique 20, No.1.
Grossman, B.J. (1994); “Evaluating Social Policies; Principles and U.S. Experience” in The World Bank Research Observer Vol. 9, No,2, July 1994. IBRD Washington D.C. U.S.A.

Gupta S.P (1967): “Public Expenditure and Economic Growth: A Time Series Analysis” Public Finance/Finances Publiques, 22, No.4

Hersey, P. and Blanchard, K.H. (1977): Management of Organisational Behaviour; Utilising Human Resources. Prentice-Hall Inc. Engle wood, Cliff, New Jersey.

Hinrichs, H. (1966): A General Theory of Tax Structure change during Economic Development, Harvard University Law School International Tax Program Cambridge, Mass.

Human Development Report 2005.

'Job Creator' – Vol. 7, No.3 February 2006; National Directorate of employment, Nigeria.
Kadlor N. (1975): "Will Under developed Countries Learn to Tax?" in Readings on Taxation and In Developing Countries ed. Bird, R and Oldman, O. John Hopkins University, Baltimore.

Levy, B. (1993): "Obstacles To Developing Indigenous Small and Medium Enterprises: An Empirical Assessment" in The World Bank Economic Review Vol. 7, No. 1. Jan. 1993.

McLure Jr. C.E.(1992); "A Simpler Consumption-Based Alternative to the Income Tax for Socialist Economies in Transition" in The World Bank Research Observer, Vol. 7, No 2 July 1992.IBRD, Washington D.C. USA.

Mookherjee, D. (1997): "Incentives Reforms in Developing Country Bureaucracies: Lessons from Tax Administration" in the 1997 Proceedings of Annual World Bank. Conference on Development Economics, World Bank, Washington D.C, U.S.A

Naiyeju, J.K. (1996): Value Added Tax; The Facts of a Positive Tax in Nigeria KUPAG Public Affairs, Lagos, Nigeria.

Naiyeju, J.K. (1998): "Fiscal Policy Thrust of the 1998 Budget" in Bullion, Vol. 22, No. 1, January/March 1998, Central Bank of Nigeria.

Newman, J, Rawlings L, and Gertler P (1994): Using Randomised Control Designs in Evaluating Social Sector Programs in Developing Countries. The World Bank Research Observer, Vol. 9, No. 2, July, 1994.

Oladeji, S.I. and Abiola, A.G. (1998): "Poverty Alleviation With Economic Growth Strategy: Prospect and Challenges In Contemporary Nigeria" in The Nigerian Journal of Economic and Social Studies Vol. 40, No.1, March 1998. Nigerian Economic Society, Ibadan, Nigeria.

Omoniyi, P (1989): How to Start And Manage Your Own Business From the Scratch. Business Ideas and Innovations Management (Nig.) Ltd., Ibadan.

Omorogiuwa, P. A (1988): "Tax Administration Assessment" in Ndekwu, B.C. (Ed), Tax Structure and Administration in Nigeria, NISER, Ibadan, Nigeria.

Oshionebo, B.O. (1992): Controlling; A Basic Function Of Management. ASCON Occasional Paper 4, Administrative Staff College of Nigeria, Topo, Badagry.

Owualah, S.I. (1999): Entrepreneurship In Small Business Firms G-Mag Investment Ltd (Educational Publishers); Lagos, Nigeria.

Ozo-Eson, P.I. (19998): "Income Inequality And Poverty In Nigeria" in Proceedings of the Seventh Annual Conference of The Zonal Units of the Central Bank of Nigeria. CBN, Abuja, Nigeria.

Peacock A and Wiseman J. (1961): The Growth of Public Expenditures In The United Kingdom. Princeton University Press, Princeton, New Jersey.

Personal Income Tax Decree 104 of 1993 Federal Government Printer.

Rahman R.I. and Islam K.M.N. (2003) "employment Poverty Linkages; Bangladesh": Issues in Employment and Poverty: Discussion Paper 10 ILo, Geneva.

Rahman, R.I (2004): Employment Route to Poverty Reduction In Bangladesh Role of Self-Employment and Wage Employment". Issues In Employment and Poverty Discussion Paper 17, ILO, Geneva.

Ravallion M. (1994): Poverty Comparisons; A Guide to Concepts and Methods World Bank LSMS, Working Paper 88.

Ravallion, M (1994): Measuring Social Welfare with and without Poverty Lines American Economic Review 84(2) 359 – 364.

Schwartzman D (1969): Economic Policy; An Agenda for the 1990s, Praeger Publishers, New York.

Sowell, T. (1974): Classical Economics Reconsidered Princeton University Press, New Jersey.

Stein, H (1969): The Fiscal Revolution In America, University of Chicago, Chicago
The World Bank (1992): Poverty Reduction Handbook, Washington D.C., U.S.A.

Tianzi; V. (1991): Public Finance In Developing Countries; Edward Elgar, England.
Townsend, P. (1970): The Concept of Poverty. Heinemann Educational Books Ltd. London.

Van de Walle, D (1998): Targeting Revisited World Bank Research Observer, Vol. 13, Number 2, August.

Wagner A. (1890): Finanz Wissenschaft Leipzig