THE IMPACT OF GOVERNMENT EXPENDITURE ON INCOME DISTRIBUTION IN NIGERIA BETWEEN FINANCIAL YEARS 1971/72 AND 1976/77

BY

JOHN B. LONGE

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CERTIFICATION

This is to certify that this work
was carried out by Mr. J.B. LONGE
at the
Department of Economics
University of Lagos
Lagos

1986

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Signature of Author

Certified by

....
Supervisor

....
Supervisor

....
Internal Examiner

....
Internal Examiner

....
External Examiner

DEDICATION

This thesis is dedicated to my late father,
Rev. JOSIAH ONI LONGE, who struggled hard to educate me,
but did not live long enough to enjoy the fruits of his
labour. I got the news of his death in Britain, only
thirty minutes before I was scheduled to collect my
approved Master's thesis from my supervisor.

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ABSTRACT

This thesis attempted an estimation of the impact of Federal government expenditures on income distribution. Using documentary, survey and case study research methods, and employing statistical methods of analyses, the study estimated the distribution of Federal government expenditures for 1971/72 and 1976/77 financial years among the regions and the distributional impacts of 1976/77 Federal government expenditures on education, health, housing, electricity and general services among income-groups.

The study found that the Federal government expenditures have reduced regional disparities in income between 1971/72 and 1976/77. When the impact of government expenditures among income-groups was considered, it was found that it was regressive, that is pro-rich. Thus, Federal government expenditures in Nigeria have been responsible for perpetuating income inequality. This result is contrary to government's declared objective in successive development plans, of using its expenditure policy in reducing inequality among income-groups. Suggestions were offered to enable government expenditures become progressive that is pro-poor.

(iii)

TABLE OF CONTENTS

TABLE OF CONTENTS (Cont'd)

TABLE OF CONTENTS (Cont'd)

(vi)

LIST OF TABLES

(vii)

LIST OF TABLES(Cont'd)

LIST OF TABLES (Cont'd)

LIST OF FIGURES

APPENDICES

CHAPTER ONE

INTRODUCTION

1.1 Nature of the Problem

In most developing countries, development
policy has largely been geared towards stimulating
economic growth with a view to improving the
welfare of the people. Recent studies have shown
that although relatively moderate growth rates
have been achieved by these countries, there
still exist widespread poverty and intolerable
pattern of income inequalities. In Nigeria also,
rapid growth rates have been achieved since
independence but recent studies have highlighted
the extent of the problems of poverty and
inequality in income distribution.[1] In view of
the fact that pursuing economic growth alone has
not helped to eradicate poverty and reduce income
inequality, the emphasis on development policy
in developing countries has shifted from stimulating
economic growth to eliminating poverty and ensuring
a more tolerable pattern of income distribution.
The need to shift emphasis of development policy
was expressed by Haq, when he declared that:

> ...We were taught to take care of
> our GNP as this will take care of
> poverty. Let us reverse this and
> take care of poverty as this will
> take care of GNP.[2]

The recognition of this important shift in development policy by the Federal Government of Nigeria is demonstrated by the fact that one of its declared objectives in the Second National Development Plan is to establish in Nigeria "a just and egalitarian society."[3] The Federal Government went on to explain that:

> A just and egalitarian society puts premium on reducing inequalities in interpersonal incomes and promoting balanced development among the various communities in the different geographical areas of the country.[4]

This declared objective has been repeated in subsequent development plans.

Various policy instruments such as taxes, subsidies and others are used by governments to solve the problems of poverty and income inequalities, but certainly, public expenditures represent one of the most effective fiscal tools. The Federal Government of Nigeria has often used public expenditure policy as a strategy to achieve this purpose. Thus it declared in the Third National Development Plan:

> With respect to income distribution, the plan strategy adopted is for public sector to provide subsidised facilities for the poorer sections of the population, including electrification, water supplies, health services, co-operatives and community development programmes in the rural areas and housing in the urban areas for low income groups. These programmes will directly raise the level of living of the poor classes and constitute a more practical means of income redistribution than other direct measures.[5]

The objective of eliminating poverty and
reducing inequality through the use of expenditure
policy leads to certain questions such as:
Who really benefits from government expenditures?
What types of benefits do they receive? What is
the value and distribution of these benefits among
the various income-groups? Efforts to answer
these questions and other related lead to the
major problem of this thesis which is: What is
the distributional impact of Federal Government
expenditure in Nigeria?

1.2 The Purpose of the Research:

The main purpose of this thesis is to
estimate the distributional impact of government
expenditures in Nigeria by analyzing Federal
Government expenditures for the 1976/77 fiscal
year. The focus of the thesis is on the distribu-
tional impact of government expenditures among
income groups and not the evaluation of the effects
of government expenditures on income distribution.[6]
The specific aims of the thesis are :-

(a) to study the growth and structure of
government expenditures

(b) to study the regional distribution of
government expenditures

(c) to study the distribution of the
benefits from government expenditures
among income groups.

1.3 Justification of Study:

Government expenditure policy is a major fiscal tool aimed at redistributing income in Nigeria. An estimate of the distributional impact of government expenditures is a useful method by which government can know how successful it has been in its redistribution efforts. A similar view was expressed by McNamara, when he declared that:

> ...Shifts in the pattern of public expenditure represent one of the most effective techniques a government possesses to improve the conditions of the poor... Government can best begin to shift public expenditure towards those who need it most by initiating surveys on the effects of their current patterns of disbursement: where do the funds really go and who benefits the most.[7]

As a result of the importance attached to expenditure incidence studies, many researchers have undertaken such studies in many countries. Notable among such studies is that for the United States by Gillespie.[8] No such comprehensive study exists for Nigeria.[9] This study is therefore undertaken to fill up this gap in the hope that the major findings and recommendations can be of use in revising policy options aimed at improving the conditions of the poor and at the same time reducing income inequality in Nigeria.

1.4 Hypotheses Tested:

On the basis of the aims of study and the theoretical constructs contained in this study,

the following hypotheses were tested:

1. That the ratio of government expenditure to GNP rises as economic growth proceeds.

2. That the share of social services expenditure rises faster than other functional components of government expenditure as per-capita income increases.

3. That there are gross inequalities in the regional distribution of federal government expenditures.

4. That government expenditures rather than reducing income inequalities, increase it.

1.5 Scope of Study:

Fiscal incidence studies involve the empirical analyses of the distributional impact of the budget. While some people consider the entire budget as a whole, others concentrate on certain parts of the budget. This research is restricted to the expenditure aspect of the budget.[10]

Nigeria operates a three-tier federal system of government, made up of the Federal Government at the apex, State Governments which occupy an intermediate position and local governments at the grassroot level. This research focuses on Federal Government expenditures. The expenditures of State and Local Governments are excluded to make the study more manageable.

The study examines the growth and structure of government expenditures from the 1959/60 to the 1979/80

fiscal years. This period was chosen because it
represents the post independence years prior to the
study.

The study also analyzes the regional distribution
of government expenditures and its implications for
income distribution for the 1971/72 and the 1976/77
fiscal years. The 1971/72 fiscal year was selected as
the base year because it was the beginning of the
Second National Development Plan in which the government
declared that it was ensuring balanced development
among the regions. The terminal year 1976/77 was selected
because a five year duration was considered sufficient
for the purpose of evaluating the success of the
objective of balanced development among the regions.

The study further analyzes the distributional
impact of actual current and capital government expenditures
for the 1976/77 fiscal year among income groups. The
expenditures for this fiscal year were analyzed mainly
because they were the latest actual government expenditures
for which data for various projects executed were
available at the time of the study. In analyzing the
impact of these expenditures among income groups, the
study focuses on a limited number of expenditures whose
distributional impacts are regarded as most important
and suitable for such analysis. These are expenditures
for education, health and housing in the social services
category; expenditures for power in the economic services
category; and expenditures for general administration.

1.6 Plan of the Thesis:

This thesis consists of nine chapters. Chapter One is the general introduction. A brief incursion into the theory of expenditure incidence is the subject of Chapter Two. In Chapter Three, the survey of the literature on expenditure incidence relevant to the present study is discussed. Chapter Four is devoted to a discussion of the methodology used in the estimation of the distributional impact of government expenditures. In Chapter Five, the growth and structure of government expenditures are examined. Chapter Six deals with the regional distribution of government expenditures. Chapter Seven is devoted to the distribution of beneficiaries of government expenditure in Nigeria. This Chapter summarizes the results of a survey conducted to obtain information on the distribution of beneficiaries of Federal Government expenditures and the value of such benefits categorized by income-groups. In Chapter Eight, the estimation of the distributional impact of government expenditure among income-groups was undertaken. The conclusion and policy recommendation based on the results of the study are the subject of Chapter Nine.

FOOTNOTES

1. The studies which have highlighted the extent
   of poverty and inequality in income distribution
   in Nigeria can be found in, Poverty in Nigeria,
   (Proceedings of the 1975 Annual Conference of the
   Nigerian Economic Society, University of Ibadan,
   Ibadan). Other studies include O. Teriba and
   O.A. Phillips, "Income Distribution and National
   Integration," The Nigerian Journal of Economic
   and Social Studies, (The Nigerian Economic Society,
   March, 1971): A. Aboyade, "Income Profile," (An
   Inaugural Lecture delivered at the University of
   Ibadan on 3rd May, 1973); Egon Vielrose, "Distribu-
   tion of Income in Nigeria," Mimeograph (Nigerian
   Institute of Social and Economic Research, 1974).
   More recent studies on the same issue are in
   Henry Bienne and V.P. Diejomaoh (Eds.), The
   Political Economy of Income Distribution in Nigeria,
   (Holmes and Meier Publishers, Inc., N.Y. and
   London, 1981).

2. Mahbub UI Haq, "Employment And Income Distribution
   In The 1970's : A New Perspective", Development
   Digest, (October, 1971), p. 7.

3. Federal Republic of Nigeria, Second National
   Development Plan, (Federal Ministry of Economic
   Development), p. 32.

4. _Ibid_, p. 33.

5. Federal Republic of Nigeria, _Third National Development Plan_ 1975-1980, (Federal Ministry of Economic Development), p. 31.

6. The distinction between the distributional impact of government expenditure on income distribution and the effects of government expenditure on income distribution is similar to the distinction between expenditure incidence and benefit incidence treated in Chapter Two of this thesis.

7. Robert McNamara, "Annual Address" International Bank for Reconstruction and Development, International Finance Corporation, and International Development Association, _1972 Annual Meetings of Board of Governors, Summary Proceedings_, (Washington, 25th September, 1972), p. 28.

8. W. Gillespie, "The Incidence Of Taxes And Public Expenditures On The Distribution Of Income", Richard Musgrave (Eds), _Essays in Fiscal Federalism_, The Brookings Institution, 1965.

9. Among such studies are those of O. Odufalu, "The Distributive Impact Of Public Expenditure In Nigeria", H. Bienne and V.P. Diejomaoh (Eds.), _The Political Economy Of Income Distribution In Nigeria_, N.Y. Holmes and Meier Inc; 1981: G. Mbanefoh, "Fiscal Process And Implicit

Personal Income Redistribution Under The Military
In Nigeria", The Nigerian Economy Under The
Military. (Proceedings of the Annual Conference
of the Nigerian Economic Society) 1980.
pp. 135 - 148.

10. Critics of fiscal incidence studies have
suggested that a more meaningful result can
be obtained by focusing on minor aspects of
the budget. This is because such an approach
facilitates detailed and thorough analysis
of the incidence pattern under study. Afterall,
it is the minute aspect of the budget that is
more relevant for policy action.

.CHAPTER TWO

EXPENDITURE INCIDENCE:

THEORETICAL CONSIDERATIONS

Public Expenditure can be analysed in terms of
economic effects and incidence. This Chapter is devoted
to a theoretical discussion of incidence since it is
the basis of studies on the distributional impact of
public expenditures. The first section of the Chapter
focusses on the definition of expenditure incidence.
The following section discusses the two types of
incidence on the expenditure side and the confusion
this distinction leads to. In the third section of the
chapter, the theoretical considerations in the measurement
of expenditure incidence are explored. The determination
of the pattern of benefit distribution is discussed in
section four. A simple model of expenditure incidence
which was adopted in the estimation of the distributional
impact of government expenditure is presented in the
last section of the chapter.

2.1   Definition of Expenditure Incidence

In defining expenditure incidence, it is
necessary first of all to explain the distinction between
tax incidence, expenditure incidence and budget incidence
because of their interrelationship. Concern with

incidence has trationally been focussed on the tax side of the budget. Tax incidence is defined as the changes in the distribution of income brought about by changes in tax policy. Analogously, expenditure incidence is defined as the changes in the distribution of income available for private use brought about by changes in public expenditures. Budget incidence becomes the changes in the distribution of income when the combined effects of tax and expenditure changes are considered.[1] While this distinction of incidence is useful in terms of analysis, it is relevant to point out that their effects are interrelated as they concern precisely the same group of people.

Focussing on expenditure incidence the major concern of this study, Musgrave argued that, the changes in public expenditures which give rise to expenditure incidence should be regarded as alternative types of expenditures within the framework of a balanced budget, while holding tax functions unchanged.[2] Musgrave argued that expenditure incidence should be analysed in this manner in order to isolate it from the incidence of inflation or deflation that may accompany the expenditure changes. The reasoning is that when tax function is held constant while expenditure is increased, the effect is inflationary since such an increase in expenditure is financed from say credit creation. The change in the

distribution of income under such a situation is the
result of the increase in expenditure and the inflation
generated from the mode of finance. Conversely, when
tax function is held constant while expenditure is
decreased, the change in the distribution of income
is the result of the reduction in expenditure and
deflation introduced. In order to analyse expenditure
incidence more meaningfully by isolating the incidence
of inflation or deflation, the tax function must be
held constant while the effects of alternative types
of expenditure on income distribution are analysed
within the framework of a balanced budget. The
distributional effects of a change in a particular
expenditure policy are referred to as "specific
expenditure incidence." But the distributional
effects of a change in expenditure policy within the
framework of a balanced budgeth while holding tax
function constant is regarded as "differential
expenditure incidence". Both analyses of expenditure
incidence can only be conceptualized theoretically as no
empirical base exists with which to isolate these
effects.

2.2   Types of Expenditure Incidence

Two types of incidence have been identified on
the spending side of the budget. These are "expenditure
incidence" which consists of how government spending

affects private income, and referred to as "changes in
the distribution of income disposable for private use"
and "benefit incidence" which means who receives the
benefit of public service[3]. This division of
incidence into expenditure and benefit
incidence has led to a lot of confusion because
of the following three reasons. Firstly, benefits
derived from public services can clearly be regarded
as private income by their recipients. It is therefore
unnecessary to define income too rigorously as consisting
solely of returns on factors of production and on the
spending side, solely of the goods and services which
those returns can purchase. Secondly, confusion also
exists by the use of "expenditure incidence" to refer
to expenditure incidence alone or to both "expenditure
incidence" plus "benefit incidence". Thirdly, the common
definition of "tax incidence" as equal to the amount
of the tax and the use made by Musgrave of expenditure
incidence carry the impression that only expenditure has
effects on relative prices, on techniques and on the
volume of output and taxes have no similar effects.[4]
This is why expenditure incidence is divided into
two while tax incidence is not. But in reality taxes
have similar effects on relative prices, techniques
and on the volume of output.

Considering these three reasons, it should be realised that "expenditure incidence" and "benefit incidence" are closely related and the distinction made between them may not be helpful from the theoretical point of view, although it can be useful from the measurement point of view as explained in the next section below.

2.3   Theoretical Consideration In The
        Measurement of Expenditure Incidence

After the definition of expenditure incidence and a discussion of the two types of expenditure incidence, in this section, the theoretical considerations in the measurement of expenditure incidence is examined. The measurement of expenditure incidence follows the distinction obtained in the last section since this helps to bring out clearly what is being measured. Accordingly, the theoretical considerations in measurement of expenditure incidence and "benefit incidence" are presented separately.

2.3.1   Expenditure Incidence

Essentially, this incidence involves measuring the total changes in income distribution brought about by the effects of government expenditure on prices of products and factors of production. In addition to this, it measures the effects of government expenditure on changes in output which are due to resulting changes in

technique, voluntary changes in labour supply, changes
in savings and capital formation, or in the efficiency
of resource use referred to as Richardian output
effects.[5] Measuring this type of incidence certainly
requires a lot of data and there is no systematic
empirical basis with which to carry it out. Also, the
theoretical implications of such a measure are
overwhelming. Wulf argued that such an exercise is
absolutely impracticable and unnecessary stating that:

> These general equilibrium problems
> could be solved if a gigantic model
> of the economy were constructed and
> if all the data needed to feed such
> a model were gathered. Such a large
> scale exercise would require tremendous
> resources, and might not be worthwhile,
> since such a study implies a comparison
> of what is with what would have been
> if what is were not.[6]

Similar views that such a measure is not
worthwhile were expressed by Meerman,[7] Mclure,[8]
and Thirsk.[9] Measuring this type of incidence has
generally been ignored in budget incidence studies.

2.3.2   Benefit Incidence

Measuring benefit incidence essentially involves
the estimation of the distributional impact of the
benefits from government expendutures. A distinction is
is usually made between incidence of transfers and
incidence of government expenditures on goods and
services. Expenditure on transfers simply augments
private disposable income without competing directly

for real resources, hence incidence of transfers are treated like negative taxes. The estimation of the distributional impact of benefits from government expenditure on goods and services is similar in some respects to the estimation of the distribution of tax burdens, but it is more difficult in many other aspects. While a tax is expressed in clear monetary value and is levied on well defined bases (such as income, wealth, production), the benefits from expenditures other than transfers essentially involves the attribution to households and business firms of the quantity of goods and services provided. This is the type of incidence that studies of incidence on the spending side of the budget usually measure.

2.4 The Determination of the Pattern of Benefit Distribution

This section explains how the pattern of benefit distribution is obtained. The pattern of benefit distribution can be obtained by constructing a Lorenz curve.[10] In Figure 2.1, the cumulative percentage of benefits is measured on the vertical axis and cumulative percentage of beneficiaries (ranked from the lowest to the highest) on the horizontal axis. Line OB depicts perfect equality in the distribution of benefits. A pattern of distribution below line OB, like OGB depicts inequality in the distribution of benefits. In such a situation the
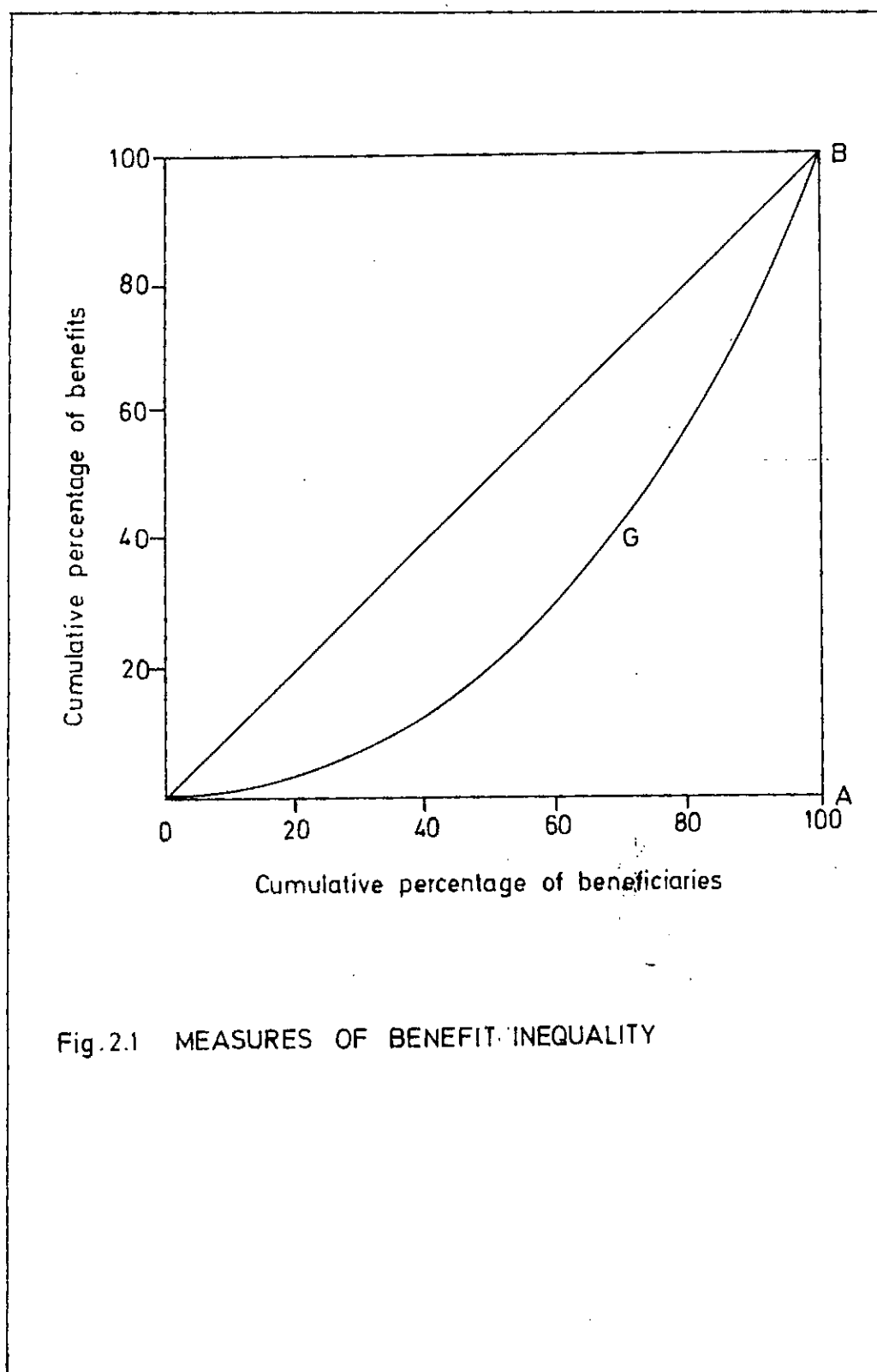
Fig.2.1   MEASURES OF BENEFIT INEQUALITY

impact of government expenditure is regarded as regressive, that is pro-rich.

Another approach known as Gini coefficient is to express the coefficient of inequality as the ratio of the area between the line of equality and the Lorenz curve, to the entire area below the line of equality, that is $\frac{OGB}{OAB}$. If the ratio is one, there is perfect inequality in the pattern of benefit distribution; if it equals zero, there is perfect equality in the distribution of benefits. This ratio can be measured by using the formula[11]

$$R = \frac{\frac{1}{2} X_k (Y_k - Y_{k-1}) - Y_k (X_k - X_{,k-1})}{5000}$$

where,

R = Gini Coefficient

X_k = Cumulative percentage of total recipients up to and including the income class k

Y_k = Cumulative percentage of total income up to and including the income class k.

There is also the "percentile" approach. This approach simply measures the percentage of benefits received by the poorest 20 percent the middle 40 percent and the richest 10 percent.

2.5 A Simple Model of Expenditure Incidence

This model by Meerman,[12] consists of definition and manipulation of the individual budget constraint in a manner that permits its decomposition into the various kinds of incidence.

Expenditure incidence can be viewed from the point of individual budget constraint. First, let us assume that in period I, there is no government and that income received by individuals consists mainly of returns to factors, physical or human. There are no financial savings, no inter-household transfers and all factors are assumed to be privately owned. The budget constraint for each individual can be written as:

$$Y^P_{1i} = \sum_{j=1}^{n} P_{1j} Q_{1j} \quad \dots\dots\dots\dots\dots\dots\dots\dots \quad (1)$$

where Y^P_{1i} = private income of the ith individual in period 1

P_{1j} = price of private factor service j supplied in period 1

Q_{1j} = quantities of private factor service j supplied in period 1

In the second period, we introduce government and assume for simplicity that it obtains its revenue mainly from taxes which is used to finance goods and services which benefit individuals free of charge. The budget constraint for individual i in the second period is made up of private income Y^P_{2i} plus total value of goods and services enjoyed from government expenditure Y^G_{2i} minus taxes paid by individual i denoted by T_{2i}. Thus, the budget constraint

for the second period can be written as:

$$Y_{2i}^P + Y_{2i}^G - T_{2i}$$

where

$$Y_{2i}^P = \sum_{j=1}^{n} P_{2j} \, Q_{2j}$$

One important point of note is that $\sum_{j=1}^{n} P_{2j} \, Q_{2j}$ is a reflection of changes in the prices and quantities of factor services supplied as a result of government expenditure and tax policies. Y_{2i}^G defined as the value of goods and services enjoyed from government expenditure by individual i can be re-written as:

$$Y_{2i}^G = \sum_{k=1}^{m} B_k^G \, Q_k^G$$

where

B_k = cost of good k supplied by government.

Q_k = quantity of good k consumed by individual i and supplied by government.

Thus, equation (2) becomes

$$\sum_{j=1}^{n} P_{2j} \, Q_{2j} + \sum_{k=1}^{m} B_k^G \, Q_k^G - T_{2i} \quad \ldots\ldots\ldots \text{(2)}$$

Equation (2) is the total effect of the government fiscal policies. The first term is the effect of government fiscal policies on relative prices of factor services supplied and quantities of factor services bought. The second term is the goods and services produced by the government from the public expenditure. And the third term is the total taxes paid by the individual.

Following the classification in section 2.3 above, the measure of expenditure incidence is simply:

$$\sum_{j=1}^{n} P_{2j} \, Q_{2j}$$

and the measure of benefit incidence is $\sum_{k=1}^{m} B_k^G \, Q_k^G$

It is relevant to note that $\sum_{J=1}^{n} P_{2J} \, Q_{2J}$

defined as expenditure incidence is difficult and not worthwhile to measure. This was explained in section 2.3.1 above. No studies have attempted such measure.

Also, $\sum_{k=1}^{m} B_k^G \, Q_k^G$ defined as benefit incidence is simply an estimate of the distributional impact of the benefits of government expenditure.

In view of the fact that the focus of this thesis is the estimate of the distributional impact by income-groups as explained in section 2.4 above, the total benefits received by a particular income-group is obtained by summing-up the benefits for all individuals that constitute the income-group. That is

$$\sum_{I=1}^{f} \sum_{K=1}^{m} B_{ik}^G \, Q_{ik}^G \qquad \ldots\ldots\ldots\ldots\ldots\ldots (3)$$

where

I = 1 2 ....f is the number of individuals in the income-group.

FOOTNOTES

1. This definition of incidence is clearly different from the commonly used concept of incidence to denote "the final resting place". Using this common concept, tax incidence is defined as the final resting place of a tax or the ultimate payer of the tax, while expenditure incidence is analogously defined as the final resting place of benefits of expenditures. For a more detailed discussion of this definition of incidence, see Richard Musgrave, The Theory of Public Finance, (McGraw-Hill, 1959), pp. 207 - 208 and 227 - 230. See also Richard Musgrave and Peggy Musgrave, Public Finance in Theory and Practice, (McGraw-Hill, 1976), pp. 376 - 380.

2. Richard Musgrave, The Theory of Public Finance, (McGraw-Hill, 1959), p. 214.

3. Ibid, Musgrave does not use the term "benefit incidence" directly in the text, although it is implied.

4. Jacob Meerman, Public Expenditures in Malaysia: Who Benefits and Why? (Oxford University Press, 1979), pp. 45 - 47.

5. Luc De Wulf, "Incidence of Budgetary Outlays: Where Do We Go from Here", Public Finance/Finance Publiques, 1981., pp 58 and 59.

6. Ibid.

7. Jacob Meerman, op cit.

8. Charles Maclure, "On the Theory and Methodology of Estimating Benefits and Expenditure Incidence", Paper Presented at the Workshop on Income Distribution and its Role in Development, (Rice University, 25th April, 1974).

9. Charles Maclure and W.Thirsk, "A Simplified Exposition of the Harberger Model II: Expenditure Incidence:, National Tax Journal, June 1975 pp. 195 - 207.

10. Richard Musgrave op.cit, pp 223 - 225. See also Richard Musgrave and Peggy Musgrave op.cit pp 381-383.

11. M.G. Kendal, Advanced Theory of Statistics Vol.1, London: Griffin and Co., 1943, pp 43 - 44.

12. A more detailed presentation can be seen in Jacob Meerman, op.cit, pp 44 - 62. Also reprinted as "Do Empirical Studies of Budget Incidence Make Sense" in Public Finance/Finance Publiques November, 1978.

CHAPTER THREE

A SURVEY OF THE LITERATURE

In the previous chapter, an attempt was made to discuss the theory of expenditure incidence and the issues involved in its measurement. In practice, a lot of controversy has been generated as to the proper method of its measurement. This chapter surveys the literature by first focus. · on the various approaches to measuring expenditure incidence. The second part of the chapter discusses the approaches to treating some of the problems discussed in the previous section.

3.1 **Approaches to the Estimation of the Impact of Government Expenditure on Income Distribution**

Approaches to the estimation of the impact of government expenditure on income distribution can conveniently be discussed under the following sub-headings:

i) Valuation of benefits

ii) Identification of beneficiaries

iii) Allocation of benefits among income-groups.

I. Valuation Benefits:

The first aspect in the estimation of the
impact of benefits from government expenditure
on income distribution is the valuation of
benefits. Government expenditures generate
benefits. Benefits are goods or services
measurable or non-measurable, marketable or
non marketable, divisible or non-divisible
accruing to a consumer or a group of consumers.
Benefits are either direct or indirect. Direct
benefits are those which relate closely to the
main objective of government expenditures while
indirect benefits are by-products. For example,
expenditure on subsidized fertilizer directly
benefits the farmers in the form of increased
productivity and total output but it may also
indirectly benefit the consumers through reduced
commodity prices. The problem is to determine
which benefits are relevant and how they should
be valued. In view of the difficultities
in tracing the full effects of the
benefits from government expenditures,
analysis of the impact of the benefits is
restricted to the direct benefits therefrom.
The valuation problem arises beacuse
most government goods and services are not
sold in the market like cows and cars. It is

therefore impossible to observe the prices at
which government goods and services are bought
since individuals are unlikely to reveal their
true preferences. In view of this difficulty,
benefits from government expenditures are valued
by using the "accounting approach".

The "accounting approach" is the method of
equating the value of government output to the cost
of government inputs. When one million naira is
spent on education, exactly one million naira worth
of benefits is therefore allocated either to those
who receive educational services or those who
receive payments from governments. This procedure,
however, assumes that resources are allocated
efficiently between the public and private sectors
and that the goods and services provided by the
public sector coincide with those a recipient would
buy if he were given the corresponding amount of
money, a set of assumptions that may not hold in
many practical situations.[1] Despite these limita-
tions, this method is favoured by researchers
because it is the method used in national income
accounting in valuing government or public services.

II. **Identification of Beneficiaries**:

The second issue in the estimation of
the impact of benefits from government
expenditures is the identification of the
ultimate beneficiary of publicly provided goods
and services. Two approaches have
been used to identify ultimate beneficiaries.
These are the "money flow" approach and the
"benefit" approach. The "money flow"
approach concentrates on the recipients of
direct payments made by the government without
considering who ultimately benefits from the
goods and services supplied through public
expenditures. For instance, contractors who
handled a road project   are considered the
recipients of expenditure on roads excluding
the benefits that accrue to road users. The
"benefit" approach emphasizes the goods
and services produced by public expenditure
and those who were the ultimate beneficiaries.
In the example of road construction, road users
are the beneficiaries from expenditures on road
construction.

There are however, certain cases when even
within the benefit approach, the beneficiaries
are best identified by focussing on money flow.
This is the case of transfer payments where the
recipient and the beneficiary is generally the
same person,

The benefit approach is superior to the
money flow approach since government expenditures
are meant to provide certain goods and services
to the community and not to maintain civil
servants on their pay roll or to be able to
pay certain contractors. But when analyzing the
regional distribution of government expenditure,
that is, estimating what amount of the budget
is spent in various parts of the country or
analyzing the sectoral distribution as between
urban and rural areas, the money flow approach
is more appropriate. This is because the
analysis merely focusses on which region or
sector receives budgetary payments, ignoring
benefits which appropriately concern socio-economic
units.

III. Allocation of Benefits Among Income-groups:

The first issue in the allocation of benefits
among income-groups is the determination of the
extent of the benefits enjoyed by socio-economic
units of the population. The theoretical basis
on which the extent of benefits are imputed among
socio-economic units rests on the concept of
shifting. It is true that for a large share of
government expenditures, particularly expenditures
on social and general services, very little shifting

of benefits occur. This problem is not the same in the case of expenditures in economic services where shifting of benefits do occur, as in the earlier example of expenditure on subsidized fertilizer where forward shifting of benefits to consumers or backward shifting to the productive factors might take place.

Economic theory tells us how various types of taxes are shifted and their incidence used in estimating tax burdens. Unfortunately, the theory of shifting as far as benefits from government expenditures are concerned has not been thoroughly analysed. This is why most studies on the impact of government expenditure ignore expenditures on economic services where shifting of benefits occurs, concentrating on social services expenditures where little shifting of benefits occurs. Those researchers that have attempted to analyze expenditures for economic services have not based their analysis on crude assumptions about shifting but rather on what might be termed as crude assumptions about impact.[2] Thus, benefits from expenditures on economic services are distributed among beneficiaries on the basis of proxies which are assumed to be distributed

among the beneficiaries in the same proportion. Such an approach makes the results of studies on the distributional impact of government expenditures dependent upon the particular assumption or formulas employed by the individual resercher.

After the extent of benefits enjoyed by the various socio-economic units has been estimated, the next aspect is the allocation of benefits among the various income-groups specified in the study. Allocators (which are variables used in the distribution of the benefits among the incom-groups) are often the income distribution series obtained from household budget surveys. For example, in distributing the benefits from expenditure in agriculture, if twenty percent of farmers in a survey belong to a particular income-group, exactly twenty percent of the benefits are allocated to that income-group. The use of income distribution series as allocators are criticised on the ground that they merely reflect the distribution of income of families for that particular year of the survey. Family incomes are affected in any particular year by transitory factors such as good or bad harvest, temporary unemployment, windfall gains or losses, etc.[3]

These transitory factors distort the

income positions of families and statistics

obtained are likely to affect the result of

the study. It has therefore been suggested

that a more appropriate concept of income

for distribution of benefits should be

permanent income, a concept popularly associated

with Milton Friedman.

Another great objection to the use of

income distribution statistics from budget

survey in the allocation of benefits from

government expenditures is the conceptual

assumption that such statistics provide a

true reflection of the exact proportion of the

benefits to be allocated to particular income-

groups. Using the earlier example, that

twenty percent of the farmers belong to a

particular incom-group does not necessarily

mean that twenty percent of the benefits

from agricultural expenditure benefited them.

To avoid this problem, it has been suggested that

specific surveys which show the distribution of

beneficiaries of government services identified

by income-groups are more appropriate for allocating

benefits from government expenditures.

As far as benefits from general services
expenditure are concerned, the allocation
requires special consideration because this
category of government expenditures is on "collec-
tive goods" which "all enjoy in common in the
sense that each individual consumption of such a
good leads to no subtraction from any other
individual's consumption of that good".[4] There is
therefore no consensus as to the proper method of
allocation among income-groups. Various allocation
assumptions are adopted. One argument is that
collective goods are available equally to all and
therefore each person or each household is
benefitting to the same extent.[5] Another
argument advanced is that, collective goods may
be available to all but benefits do not accrue
to all individuals or households in equal
proportion.[6] For example, defence expenditures
protect not only citizens but also their properties
from dangers and insecure borders. Thus, this
argument leads one to allocate larger share of
benefits of collective goods to the richer segment
of the population than the poorer segment. Another
argument is that expenditure on defence aims at
securing a congenial environment for independent
production activity. Based on this hypothesis more
productive citizens would therefore enjoy a larger
share of the benefits derived from collective goods

than less productive ones. Another argument is
that benefits from such expenditures should be
allocated according to wealth rather than according
to income. Each of these arguments leads to a
different set of allocation formulae. To resolve
this issue, Aaron and Mcguire,[7] presented a method
of imputing the value of benefits from collective
goods to households. According to them, the
estimation of benefits from government expenditures
implies certain implicit utility functions applicable
at least on the average. Assuming the existence of
the form of a utility function, they showed that
each household should be imputed a fraction of the
total value of the collective good, proportional
to the reciprocal of its marginal utility of private
good expenditure. Thus, an estimate of income
value to each household of collective good is given
by

$$Y_p^i = Y_p \frac{1}{f_p^i} \qquad \ldots\ldots \qquad (1)$$

where Y_p^i is public good income of household i

Y_p is the total collective good income to
be allocated.

f_p^i is the marginal utility schedule for
each household.

The implication of this model is that the shape of the utility function determines the method of distribution of benefits among households. Assuming a logarithmic utility function $u^i =$

$$A \log (Y_D^i + Y_S^i) + B \quad \ldots \ldots \quad \text{(ii)}$$

where A and B are arbitrary constants, Y_D^i is disposable money income of household i Y_S^i is government supplied specific good income of household i.

$$\text{Marginal Utility} \quad \frac{dU^i}{d (Y_D^i + Y_S^i)} = \frac{A}{(Y_D^i + Y_S^i)} \quad \ldots \ldots \quad \text{(iii)}$$

Substituting in equation (i)

$$Y_p^i = Y_p \frac{(Y_D^i + Y_S^i)}{A} \quad \ldots \ldots \quad \text{(iv)}$$

Thus total utility rises with income and Y_p should be allocated in direct proportion to household income.

Alternatively, assuming a hyperbolic utility function.

$$U^i = E \frac{C}{(Y_D^i + Y_S^i)} \quad \ldots \ldots \quad \text{(v)}$$

where C and E are arbitrary constants

$$\text{Marginal Utility} \quad \frac{dU^i}{d (Y_D^i + Y_S^i)} = \frac{-EC}{(Y_D^i + Y_S^i)^2} \quad \ldots \quad \text{(vi)}$$

$$Y_p^i = Y_p (Y_D^i + Y_S^i)^2$$

and the distribution criteria becomes

$$Y_p^i = (Y_D^i + Y_S^i)^2$$

The basic criticism of this approach is that to estimate the income value of the collective good to be allocated to each household, one must specify the marginal utility schedule for each household. Each set of utility functions lead to a different result. Maital[8] in an attempt to resolve the ambiguity in the above approach, used three identical and independent methods to measure the required utility function for United States. His estimated utility function of -1.5 coincided with that of others. When the particular value of the form of utility function has been estimated, it can be used to estimate the benefits from collective goods among households.

However, Wulf[9] has shown that different estimates of the value of the utility function leads to different distributional implications. Similar criticism was expressed by Brennam.[10] The fact that the proper method of allocation free of criticism has not been obtained has led researchers to allocate benefits from expenditures in general services on the basis of several criteria.

3.2   A Survey of Studies of Expenditure Incidence

This section surveys the literature of studies
which have attempted to measure expenditure incidence,
by discussing the approaches which the researchers have
adopted in treating some of the problems discussed in
the previous section of this chapter.

Gillespie[11] estimated the redistributive impact of
both sides of the budget in United States by using
1960 budget data. His study has become the most
celebrated because it broke the ground on the possibility
of estimating expenditure incidence. His methodology
has generally been adopted by other researchers
estimating expenditure incidence. He simply valued
benefits of government expenditures at production cost.
In the allocation of benefits, expenditures on goods and
services that were traceable to the beneficiaries were
allocated to the direct beneficiaries. Where
clearly delineated beneficiary group not identifiable,
allocation was based on assumptions about benefit
shifting. For an example, the total expenditure on
transportation was allocated proportionately to
"consumers of transported products" and "consumers of
passenger travel". The benefits allocated among
beneficiaries were further allocated among income
groups of beneficiaries by using various income
distribution series.[12] This method of allocating

i

benefits among income-groups implies that
benefits of government expenditures are
distributed according to the income of beneficiaries.
General expenditures like defence expenditures were
regarded as indivisible or unidentifiable by
specific groups and as a result four alternative
assumptions were used to allocate the benefits
among income groups. Specifically, these
expenditures were distributed:

i) Equally per family;

ii) Similarly as income;

iii) Similarly as capital income and

iv) Similarly as disposable income.

The overall result of the study showed that
fiscal incidence for the entire budget was generally
progressive (pro-poor) at the federal, state and
local government levels, but larger benefits were
granted to the lower income group at the state
and local government levels than at the federal.

In the most recent study of the United States,
Ruggles and O'Higgins[13] allocated 1970 budget
figures using essentially Gillespie's methodology
except the method of allocating benefits among
income groups. Unlike Gillespie who used the
income distribution series of beneficiaries in

allocating benefits among income groups, they
used data obtained from a survey of public use of
government services known as "public use sample
1970". Despite the difference in the data used
in allocating benefits among income groups, the
overall results showed similar pattern of distribution
of benefits as that of Gillespie's study.

In the United Kingdom, the Central Statistical
Office (CSO) has been carrying out expenditure
incidence studies annually for the past twenty years
or so. These studies and related papers by
Nicholson[14] the initiator of the CSO studies, and
Barna,[15] constitute almost all the empirical work
on this subject in the United Kingdom. These studies
generally analyzed less than fifty percent of
government expenditures consisting mainly of social
services expenditure which were regarded as allocable
expenditures. Other categories of government
expenditures were not analysed because they felt that
benefits cannot be traced to their direct beneficiaries.
These researchers like Gillespie, allocated benefits
among income groups on the basis of income distribution
series of beneficiaries. The results of these studies
showed progressive patterns of distributional impact
of government expenditures.

Foxley, Aninat and Arellano[16] estimated
the incidence effects of government expenditures for
Chile. The study also focussed on the redistribution
policy of the government in terms of target groups
consisting of the poorest thirty percent of the
pupulation. Rather than allocate broad categories
of government expenditures, their approach
involved estimating the incidence effects of various
government programmes by analysisng about One hundred
and forty expenditure items. In other words, a
disaggregated approach of estimating the
incidence of government expenditure was adopted.
This disaggregated approach was expected to increase
the quality of the result of the study because
analysis of broad categories of expenditures normally
concealed a number of distributional aspects which
minute allocation can focus on.

Gupta[17] estimated the incidence of India's
Central Government expenditures for 1973/74 fiscal year.
He analysed only allocable expenditures consisting
of about seven-tenths of the total central government
expenditures among two income-groups, the poor and the
non-poor by making several assumptions about impact.
His study focussed only on two income groups because
his major concern was to determine the direction of
distribution which according to him was equally useful
for policy action as a study that focussed on numerous

income-groups. The main conclusion was that the poor did not benefit from central government expenditures in India.

Snodgrass[18] estimated the redistribution of expenditure between income-groups, races and regions in Malaysia by using 1958 and 1968 budget figures. His inter-temporal approach in determining redistribtuion is conceptually better than incidence studies for a single year. Equally significant is that his study did not focus on the redistribution among income-groups alone as typical of most studies but it also estimated the redistribution between races, and regions. Such an approach which focussed on other dimensions of impact are more useful for policy action than a study that concentrates on one dimension.

Meerman[19] in a more recent study for Malaysia did not value the benefits from government expenditure at production cost as common with similar studies. Rather, he carried out a survey whereby he estimated the average cost of providing the various kinds of social services which he charged to the recipient households. Meerman, analyzed only social services expenditure because he felt that only such expenditures can be traced to their direct beneficiaries and that the beneficiaries of other categories ·

of expenditure cannot be traced. In these cases,
the manner of their impact cannot be determined.
General services expenditures were equally not
analyzed because according to him they are public
overhead expenditures. In allocating benefits
among income-groups, a specific survey was conducted
to determine the extent to which households benefit
from government services, an approach which is superior
to the one which uses income distribution series os
assumed beneficiaries.

Selowsky[20] in his study of Colombia concentrated
primarily on the redistribution between income groups
and regions by analysing mainly social services
expenditures whose consumption he considered can
be identified by households and measured. He also
did not value benefits at production cost like most
researchers in this field but estimated the subsidy
received by households from consuming government
provided services. This approach favours largely
government services which are subsidized. Allocation
of benefits was based on a specific survey of the
beneficiaries of government services by income-groups,
an approach more favoured by recent reserchers in
the field.

Odufalu[21] used the "money flow" approach to allocate federal government consumption expenditures in Nigeria for the 1975/76 fiscal year and focussed on the redistribution between income-groups and regional/ethnic. Using employment creation as a redistributive device, his study showed that federal government current expenditures "offered the largest employment opportunities to the income-group that was most seriously hit by unemployment". However, the distribution of the total benefits from government expenditures was in favour of the highest paid officials. The distribution of benefits from investment expenditures was reported to folow the same pattern as that of consumption expenditures except agriculture expenditure which benefitted the low income-group. While this pioneering study is quite commendable, the present one used the benefit approach to allocate benefits. This in line with recent studies in this area allocates benefits among income-groups on the basic of a specific survey conducted for the purpose. These methodological changes reflected in the present study are expected to yield more reliable results for policy action.

44

FOOTNOTES

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9. Luc De Wulf, 1981, op. cit.

10. G. Brennam, "The Distributional Implications of Public Goods", Econometrica, March, 1976, pp. 391 - 399.

11. W. Gillespie, "The Incidence of Taxes and Public Expenditures on Income Distribution" in Richard Musgrave (edts.) Essays in Fiscal Federation, The Brooking Institution, 1965.

12. Income distribution series were the size distribution of income of socio-economic units used in the allocation of benefits of government expenditures among income groups.

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21. O. Odufalu, " The Distributive Impact of Public Expenditures in Nigeria" in H. Bienne and V.P. Diejomaoh (Eds.), The Political Economy of Income Distribution in Nigeria, N.Y. Holmes and Meier Inc; 1981.

CHAPTER FOUR

METHODOLOGY OF THE STUDY

In this chapter, the general aspects of how the impact of government expenditure on income distribution in Nigeria was estimated are outlined. The methodology outlined here has largely been influenced by the criticism of the methodology of measuring expendigure incidence and the approaches adopted by researchers in treating some of the problems in their study, discussed in the previous chapter.

i) **Valuation of Benefits**

In this study, the benefits from government expenditures were valued at production cost. This approach was adopted as there was no alternative method of valuation suitable for analysis. Another reason for using this approach was that it was the same procedure used in the compilation of national income accounts.

Estimates of the benefits were obtained by studying the cost of executing each programme as published in government documents like the Progress Report of various Development Plans and the Recurrent and Capital estimates of the government for the year of analysis.

ii) **Identification of Beneficiaries:**

The "benefit approach" has been used in this study in identifying the ultimate beneficiary of government-provided goods and services. This approach has been adopted because it is superior to the "money flow" approach.

iii) <u>Allocation of Benefits</u>:

For the purpose of allocating benefits, current and capital expenditures were treated differently. The current expenditures of the various programmes for the year of analysis were allocated to the ultimate beneficiaries. In the case of expenditures on capital projects, the benefits of which accrue several years in the future, a fraction of the total benefits discounted over the life of the project was allocated among the beneficiaries. Assuming that the present value of benefits of a capital project is $N(x)$.

$$N(x) = \frac{a}{1 + r} + \frac{a}{(1 + r)^2} + \cdots\cdots \frac{a}{(1 + r)^t}$$

where a is the annual steam of benefits assumed to be constant.

r is the discount rate

t is the life span of the project

$$N(x) = \sum_{t=1}^{n} \frac{a}{(1 + r)^t}$$

$$= a \frac{1}{r} \left(1 - \frac{1}{(1 + r)^n}\right)$$

then $a = \dfrac{r}{\left[1-(1+r)^{-n}\right]} N(x)$

The value "a" becomes the fraction of benefits of the project allocated among the beneficiaries.

In estimating the value "a", a discount

rate of 7% was used because it is the rate used for

major capital expenditures in Nigeria. A life

expectancy of fifteen years was assumed for

the capital projects as this is the normal practice.[1]

The reason for adopting fifteen years life expectancy

is that, for most capital projects exceeeding that

period, the operating and maintenance costs become

exceedingly high.

(iv) Allocation Among IncomeGroups:

The focus of this study is to estimate the

distributional impact of government expenditures among

income-groups. In the language of the model presented

in Chapter 2, the basic measure therefore is

$$\sum_{1=1}^{f} \sum_{k=1}^{m} B_{k_1}^{G} Q_{k_1}^{G}$$

For each expenditure category analysed, this term

requires estimating the proportion of the benefits which

accrue to each income-group. The benefits which

accrued to each income-group was estimated from a survey

conducted for the purpose. The survey was designed to

obtain the following information from each expenditure

category analyzed:-

a) The average value of the benefits enjoyed by each

individual in each income-group, i.e. $B_k^{G} Q_k^{G}$

b)　The total number of people in each income-
group.

From (a) and (b) above, allocators[2] were
obtained which were used to estimate the
distribution of benefits among the income-groups.
Details of the survey and its results are the
subject of Chapter 7 of this thesis.

In the allocation of benefits of general
services where no acceptable method of
allocation exists, benefits were allocated
according to income.　This is the most popular
criterion of allocation in similar studies.

4.3　Data Sources And Analysis

Federal Government actual current
and capital expenditures were obtained from
"Accountant General's Report" published by
the Ministry of Finance, "The Progress
Report" of National Development Plan
published by the Ministry of Economic
Development and Reconstruction and
"Recurrent and Capital Estimates of the
Government of the Federal Republic of
Nigeria".

Data used in allocating benefits of
government expenditures among the various
income-groups were obtained from a survey

conducted for the purpose. The questionnaire approach was used to obtain information on education while the interview and questionnaire methods were used in obtaining information on health, housing and electricity.

In analyzing the data, the study used regression analysis, coefficient of variation, ratio and Lorenz curves. Tables and diagrams were used in the presentation of data.

FOOTNOTES

1. This information was based on an interview held with a government official handling capital projects in Nigeria.

2. Allocators are proportions of benefits enjoyed by income-groups which were estimated from the survey.

CHAPTER FIVE

FEDERAL GOVERNMENT EXPENDITURE
IN PERSPECTIVE

In this chapter, the Nigerian Federal Government expenditure is put in a theoretical perspective by examining its growth and structure. Although government expenditure has been playing an increasing role in the national economy of many countries, not much work was done in this area until Wagnar's hypothesis that the ratio of government expenditure to GNP should expand as economic growth proceeds. Wagnar's hypothesis which was based on historical facts attributed this phenomenon to the tendancy for the activities of government to increase both intensively and extensively. Both Thorn[1] and Enweze[2] in their studies of government expenditures based on time-series data found a positive relationship between the ratio of central government expenditure and per-capita national product. While Thorn found that /social services expenditure was responsible for the rising ratio of government expenditure to GNP, Enweze found that the rising ratio was not associated with any functional component of government expenditure. In this chapter, the following two hypotheses are tested:

(i) That the ratio of government expenditure to GNP rises as economic growth proceeds.

(ii)   That the share of social services expenditure in
total expenditure rises faster than other functional
components of government expenditures.

From an analysis of government expenditures, an idea
about its impact on income distribution can be obtained.
This is because, the rising ratio of government expenditure
means that government has greater scope to effect changes
in income distribution. Also, larger expenditure in social
services relative to expenditures in other functional
categories are indications of the government direct contri-
butions to income redistribution since the benefits of
social services expenditure are expected to contribute more
to the income of the lower income-groups than to that of
the higher income-groups.

This chapter consists of five sections. In section
one, the size of the government sector is examined. In
section two, the structure fo government expenditures is
discussed. The contribution of Federal Government expendi-
tures to personal income is discussed in section three.
Federal Government expenditure per-capita is the subject of
section four. A summary of the results and conclusions
based on the preliminary study constitute the focus of
section five.

5.1   Size of the Government Sector:

As can be seen from Table 5.1, Federal
Government's total expenditures at current prices rose
from ₦144.5m in the 1959/60 fiscal year to ₦10,141m in
1979/80 fiscal year, an increase of seventy-fold. But
when the size of the government sector is measured by

the ratio of Federal Government expenditure to GNP at
current prices as shown in Table 5.2, it can be seen that
the size of the government sector rose from 6.0 percent to
'33.7 percent in the same period. The annual increase in
the size of the government sector was continuous except for
the 1961/62 and 1973/74 fiscal years when the size fell to
5.9 percent and 10.8 percent respectively. The general
increase in the size of the government sector over the years
is in conformity with the results of smiilar studies for
other countries.[3] The increasing size of the government
sector is an indication that government participation in the
allocation of resources in the economy has been on the
increase.

But a closer look at Table 5.2 shows that between the
1959/60 and 1974/75 fiscal years, the size of the government
sector was generally less than 20 percent. As from 1975/76
fiscal year, the size rose sharply to 30.4 percent and it
has remained generally high except in the 1978/79 fiscal
year when it fell to 24.6 percent.

An attempt to compare the size of the Nigerian govern-
ment sector with that of other countries is difficult in the
absence of the results of studies for other countries
computed for the same year as the present study. This
apart, while the size of the government sector of some
countries was obtained by considering all the level of
governments, others were based on the central government.
The 1979/80 size of Nigeria's government sector of 33.7
percent compares favourably with that of the United States
of 33.0 percent for the 1974 fiscal year but much lower
than the 1971 share for the United Kingdom of 36.4 percent,

Table 5.1: FEDERAL GOVERNMENT CURRENT AND CAPITAL
EXPENDITURES 1959/60 - 1979/80

YEAR	CURRENT EXPENDITURE		CAPITAL EXPENDITURE		TOTAL EXPENDITURE
	% of Total	N' mll.	% of Total	N'mll.	N' mill.
1959/60	50.1	72.4	49.9	72.1	144.5
1960/61	44.5	79.7	55.5	99.3	179.0
1961/62	53.6	86.8	46.4	75.0	161.8
1962/63	68.4	195.1	31.6	90.0	285.0
1963/64	62.4	197.4	37.6	119.2	316.6
1964/65	68.2	249.3	31.8	116.4	365.7
1965/66	70.4	280.2	29.6	118.0	398.2
1966/67	68.1	281.3	31.9	131.9	413.2
1967/68	63.3	278.4	36.7	161.3	439.7
1968/69	65.4	323.8	34.6	171.5	495.3
1969/70	79.0	662.2	21.0	175.0	837.2
1970/71	84.7	773.6	15.3	136.0	913.4
1971/72	64.4	665.7	35.6	368.7	1,034.4
1972/73	68.6	1,213.1	31.4	554.2	1,767.3
1973/74	49.6	755	50.4	767	1,522.0
1974/75	36.4	1,059	63.4	1,850	2,908.0
1975/76	34.6	2,220	65.4	4,199	6,419.0
1976/77	27.7	2,040	72.3	5,332	7,372.0
1977/78	30.4	2,598	69.6	5,939	8,537.0
1978/79	37.4	2,592	62.6	4,326	6,918.0
1979/80	28.5	2,890	71.5	7,251	10,140.0

Computed from Appendix A.1

France 36.6 percent, Germany 36.7 percent, Canada 36.2 percent and Sweden 44.7 percent.[4] When the size of Nigeria's government sector is compared with that of other developing countries, it is found that the size of 14.5 percent for 1971/72 compares with the size of 14.6 percent for Korea in 1961, 14.2 percent for Tazania in 1964 and 14.2 percent for Thailand in 1964. Also, Nigeria's size of 28.7 percent in 1976/77 compares with the size of 28.6 percent for Ceylon in 1963, and 29.4 percent for Guyana in 1965.[5]

5.2 Structure of Federal Government Expenditure

The structure of government expenditure is now considered by examining the current and capital expenditures and functional components of expenditures separatively.

5.2.1 Current and Capital Expenditures

A look at Table 5.1 shows that between 1959/60 and 1972/73 fiscal years, the share of current expenditures in total expenditures was generally higher than that of capital expenditures, averaging 65 percent for this period and reaching a peak of 84.7 percent in the 1970/71 fiscal year. As from 1973/74 fiscal year, the situation changed and the share of capital expenditure has since been rising while that of current expenditure has been declining. From this period, the share of capital expenditure rose from 50.4 percent reaching a peak of 71.5 percent in the 1979/80 fiscal year. This structure shows that in the first four-teen years of this period under review, government devoted much of its expenditures for recurrent purposes. The huge capital expenditures in the last 7 years depicted increase

TABLE 5.2

SHARE OF FEDERAL GOVERNMENT EXPENDITURES AS
PERCENTAGE OF GNP

YEAR	CURRENT/GNP	CAPITAL/GNP	G/GNP
1959/60	3.0	3.0	6.0
1960/61	3.2	3.9	7.1
1961/62	3.1	2.8	5.9
1962/63	6.7	3.1	9.8
1963/64	6.4	3.9	10.3
1964/65	7.9	3.5	11.4
1965/66	8.2	3.4	11.6
1966/67	9.7	5.6	15.3
1967/68	10.1	5.8	15.9
1968/69	8.7	4.8	13.5
1969/70	12.4	3.2	15.6
1970/71	11.5	2.1	13.6
1971/72	9.3	5.2	14.5
1972/73	14.8	6.7	21.5
1973/74	5.4	5.4	10.8
1974/75	6.5	11.2	17.7
1975/76	10.5	19.9	30.4
1976/77	7.9	20.8	28.7
1977/78	9.4	21.4	30.8
1978/79	9.2	15.5	24.7
1979/80	9.6	24.1	33.7

Computed from Appendix A.1

in capital formation. Table 5.2 shows the ratios of current and capital expenditure in GNP.

5.2.2 Functional Components:

As can be seen from Table 5.3, the proportionate share of expenditures on general services in total expenditures averaged 27 percent in the first decade of the review period. There was a sharp rise from 18.4 percent in the 1966/57 fiscal year to 35.9 percent in 1967/68. This high percentage share was maintained till the 1970/71 fiscal year when it started to decline till date except for the 1973/74 when it rose to 50.5 percent. The high percentage share of general services expenditures in total expenditures during the 1967/68 - 1970/71 fiscal years was due to large expenditures on defence used to prosecute the civil war. The relatively high percentage share recorded for subsequent years was due to the huge cost of maintaining the army and the rising share of public administration consequent upon the creation of states.

The ratio of expenditures in social and community services sector in total expenditures did not exhibit a uniform pattern. Generally, this ratio was falling, recording its lowest level of 2.3 percent in 1969/70, the last of the war years. This low level was maintained till 1973/74 when it recorded 5.7 percent. The ratio which rose to 20.6 percent in 1974/75, started to exhibit a declining trend from 1977/78 after attaining its highest level of 25.3 percent in the 1976/77 fiscal year. A closer look at expenditures on education and health, the major components of expenditures in social and community services reveal that

TABLE 5.3

FUNCTIONAL SHARE OF FEDERAL GOVERNMENT EXPENDITURE (CURRENT AND CAPITAL) AS

PERCENTAGE OF TOTAL EXPENDITURE 1959/60 – 1979/80

FUNCTION	1959/60	1960/61	1961/62	1962/63	1963/64	1964/65	1965/66	1966/67	1967/68	1968/69
General Services	27.0	26.4	32.1	20.5	22.2	23.8	22.3	18.4	35.9	43.7
Social and Community Services	24.6	17.3	21.4	10.9	7.8	10.4	9.3	11.1	7.3	6.6
Education	7.7	6.2	8.8	5.5	3.3	5.1	3.2	6.6	3.1	4.2
Health	3.8	2.6	5.0	3.6	3.6	3.5	3.5	3.1	3.2	1.4
Other Social and Community Services	13.1	8.5	7.6	1.8	0.9	1.8	2.6	1.4	0.9	1.0
Economic Services	29.9	31.9	15.9	12.5	11.2	20.8	15.7	16.9	13.0	6.7
Unallocated	18.5	25.2	13.6	52.7	57.5	54.6	47.6	54.8	40.0	36.7
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

69

Table 5.3 (Cont'd)

FUNCTION	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/73	1978/79	1979/80
General Services	52.3	44.4	33.1	33.3	50.5	35.0	35.7	27.9	27.4	28.7	22.7
Social and Community Services	2.3	2.6	10.5	4.0	5.7	20.6	21.6	25.3	15.4	15.9	14.5
Education	0.8	0.3	5.2	1.5	2.8	10.6	16.3	15.8	6.5	6.9	7.5
Health	1.4	0.7	1.6	2.0	2.0	1.4	1.7	2.0	1.8	1.7	1.7
Other Social and Community Services	0.1	1.6	3.7	0.5	0.9	8.6	3.6	7.5	7.1	7.3	5.3
Economic Services	6.7	7.3	21.5	17.1	22.4	26.5	26.6	33.1	43.2	37.5	46.3
Unallocated	38.7	45.6	34.9	45.6	21.8	17.8	16.1	8.7	14.0	17.7	18.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Computed from Appendix A.1

61

TABLE 5.4

FEDERAL GOVERNMENT EXPENDITURE (CURRENT AND CAPITAL) AS PERCENTAGE

OF GNP 1959/60 - 1979/80

FUNCTION	1959/60	1960/61	1961/62	1962/63	1963/64	1964/65	1965/66	1966/67	1967/68	1968/69
General Services	1.6	1.9	1.9	2.0	2.3	2.7	2.6	2.6	5.7	5.9
Social and Community Services	1.5	1.2	1.2	1.1	0.8	1.2	1.1	1.6	1.2	0.9
Education	0.5	0.4	0.5	0.5	0.3	0.6	0.4	0.9	0.5	0.6
Health	0.2	0.2	0.3	0.4	0.4	0.4	0.4	0.4	0.6	0.7
Other Social and Community Services	0.8	0.6	0.4	0.2	0.1	0.2	0.3	0.3	0.1	0.1
Economic Services	1.3	2.2	1.9	1.5	1.3	1.3	2.4	2.3	2.7	1.7
Unallocated	1.1	1.8	0.8	5.2	5.9	6.2	5.5	7.8	6.3	4.9
TOTAL	6.0	7.1	5.9	9.8	10.3	11.4	11.6	14.3	15.9	13.4

62

TABLE 5.4 (Cont'd)

FUNCTION	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80
General Services	8.2	6.0	4.8	7.1	5.5	6.2	10.8	8.0	8.4	7.1	7.7
Social and Community Services	0.4	0.4	1.5	0.9	0.6	3.7	6.6	7.3	4.8	3.9	4.9
Education	0.1	0.1	0.8	0.3	0.3	1.9	5.0	4.5	2.0	1.7	2.5
Health	*	0.1	0.2	0.4	0.2	0.3	0.5	0.6	0.6	0.4	0.6
Other Social and Community Services	*	0.2	0.5	0.5	0.1	1.5	1.1	2.2	2.2	1.8	1.8
Economic Services	1.0	1.0	3.1	3.7	2.4	4.7	8.1	10.9	13.3	9.2	15.6
Unallocated	6.0	6.2	5.1	9.3	2.3	3.1	4.9	2.5	4.3	4.4	5.5
TOTAL	15.6	13.6	14.5	21.5	10.2	17.7	30.4	28.7	30.8	24.6	33.7

* Less than 0.1   Computed from Appendix A.1

their ratios exhibited the same pattern as the ratio
of social and community services expenditures,
although expenditures for education were generally
higher than expenditures for health.

With regard to the hypothesis that the share of
expenditures in social and community services in total
expenditures rises faster than other components as
per-capita income increases, it was found that there
was no tendency for it to grow faster than the
average of other government expenditures. This
result does not corroborate the results of similar
studies by Thorn[6] and Musgrave[7] to mention a few
which found that the share of social and community
services expenditures in total expenditures will
tend to rise faster than the average of other
government expenditures. The major reason for this
result is that in the constitution, the states and
local governments are responsible for social services.

The ratio of economic services expenditures
exhibited a general downward trend from the 1959/60
fiscal year when it was 29.9 percent till the
1969/79 fiscal year when it attained its lowest level
of 6.7 percent. After the war years, the ratio
started to rise attaining its highest level of 46.3
percent in 1979/80 fiscal year. The recent rising
trend is due to the heavy capital investments in
transportation, communications, agriculture and
industry particularly the iron and steel industry.

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Unallocated expenditures' share in total expenditures make up mainly of public debt servicing and non-staturoty allocations to regional/state governments has been substantial over the years. Its relatively high share of 18.5 percent in 1959/60 fiscal year rose to 57.5 percent in 1963/64 before exhibiting a declining trend, attaining its lowest level of 0.7 percenet in the 1976/77 year. In the last three fiscal years of this review, the share has risen averaging about 15 percent.

5.2.3 Changing Composition of Government Expenditures:

In Table 5.3, it can be observed that there had been some structural changes in the functional shares of total expenditures over the years. Expenditures on general and economic services have largely dominated total expenditures but economic services expenditure assumed a leading role in the last four years of the review period. This structure in which the rising size of the government sector is associated with functional components of total expenditures does not corroborate the results of similar studies by Enweze,[8] Lall,[9] and Lotz,[10] which did not find any association between the structural components and the rising size of the government sector.

As regards to changes in the component parts of social and community services, Table 5.3 reveal that expenditures in education have generally been the dominant item. In the last five fiscal years of the

review period, expenditures on other social and community services made up mainly of expenditures for water supply, housing and town and country planning have been on the increase.

5.2.4 Expenditure Elasticity:

Expenditure elasticity, a measure of the degree of responsiveness of expenditures to changes in GNP is estimated from time-series data using the logarithmic equation

log E = a + b log Y

where E = the government expenditure component

and Y = GNP

This model is similar to the one used by Enweze in his study describing the growth of government expenditure component as a function of GNP.[11]

On the whole, a total of nine regression equations were computed. These were elasticities for total expenditures, current and capital expenditures, functional components, education, health and development services (comprising economic and social services expenditures combined). The results are presented in Table 5.5.

In general, the fit of the regression equations is quite good as can be seen from Table 5.5. The income elasticities of the various components of expenditures are greater than unity. Considering the three functional parts of government expenditures, economic services expenditure revealed the greatest income elasticity of 1.76. Next is social services expenditure with 1.62 income elasticity and current expenditure with the least

TABLE 5.5

INCOME ELASTICITIES OF FEDERAL GOVERNMENT EXPENDITURES FOR THE PERIOD 1959/60-1979/80

DEPENDENT VARIABLE Ei	a	b	R^2	D-W	T- Statistics	
					a	b
Federal Government Expenditures (G)	-5.99 (0.62)	1.46 (0.69)	0.96	1.26	-1.73	21.07
Current Expenditures (CUR)	-4.18 (0.88)	1.18 (0.99)	0.88	0.77	-4.76	11.95
Capital Expenditures (CAP)	-9.16 (0.81)	1.72 (0.91)	0.95	1.24	-11.29	18.83
General Services (GS)	-7.69 (0.79)	1.52 (0.89)	0.94	0.66	-9.73	17.04
Social and Community Services (SOS)	-9.64 (1.42)	1.62 (0.16)	0.84	0.98	-6.81	10.14
Economic Services (ECN)	-10.19 (0.98)	1.76 (0.11)	0.93	1.06	-10.35	15.84
Education (EDC)	-11.3 (1.92)	1.72 (0.11)	0.77	1.20	-5.89	7.92
Health (HLT)	-7.26 (0.98)	1.73 (0.11)	0.85	1.22	-7.38	10.57
Development Services (DS)	-9.39 (1.07)	1.71 (0.12)	0.91	0.97	-8.75	14.18

Note: Terms in   brackets are the standard error.

income elasticity of 1.18. These results indicate
that a one percent increase in GNP will lead to a
more than one percent increase in various components
of expenditures.

5.3 Government Expenditures and Personal Income:

Personal income received by households
from the government consists of three components:
transfer payments, wages and salaries and
interest payments. This category of expenditures
represents government's direct contribution to
personal income. Although indirect income is
also generated by these expenditures, the effect
cannot be easily analysed. In Table 5.6, the
direct contributions of Federal Government
expenditures to personal income and employment
are presented. Federal Government contribution
to personal income amounted to ₦68.9m in 1959/60
rising to ₦848.2m in 1976/77. The contribution
of the Federal Government to personal income
measured as a ratio of GNP, averaged 3.3 percent
over the entire period for which data is
available. The ratio was 4.9 percent in 1971/72
and 3.3 percent in 1976/77.

The ratio of government expenditure which
goes to personal income measured by $\frac{P}{G}$ percent
was very high during the earlier years of this
review period. This ratio has fallen considerably
to 11.5 percent in 1976/77, an indication

TABLE 5.6

CONTRIBUTION OF FEDERAL GOVERNMENT TO
EMPLOYMENT AND PERSONAL INCOME 1959/60- 1976/77

YEAR	E Mn.	P Mn	$\frac{E}{G}$ %	$\frac{E}{GNP}$ %	$\frac{P}{G}$ %	$\frac{P}{GNP}$ %
1959/60	65.5	68.9	45.3	2.7	47.7	2.9
1960/61	72.8	76.5	40.7	2.8	42.7	3.0
1961/62	76.4	82.4	47.2	2.8	50.9	3.0
1962/63	50.7	59.6	17.8	1.7	20.9	2.1
1963/64	49.1	59.7	15.5	1.6	18.8	1.9
1964/65	61.9	74.9	16.9	1.9	20.5	2.3
1965/66	66.0	84.1	16.6	1.9	21.1	2.4
1966/67	76.4	97.8	18.5	2.6	23.7	3.4
1967/68	68.1	92.2	15.5	2.5	21.0	3.3
1968/69	105.7	146.9	21.3	2.9	19.7	4.0
1969/70	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1970/71	266.3	325.8	29.1	4.0	35.7	4.3
1971/72	289.9	346.8	28.0	4.1	33.5	4.9
1972/73	365.9	428.3	20.7	4.4	24.2	5.2
1973/74	364.5	441.2	23.9	2.6	29.0	3.1
1974/75	349.0	435.2	12.0	2.1	15.0	2.7
1975/76	719.5	789.9	11.2	3.4	12.3	3.7
1976/77	719.3	848.2	9.8	2.8	11.5	3.3

Sources: Data for Employment and Personal Income were obtained from Analyses of Government Accounts F.O.S. 1979, pp. 20 and 105.

Notes: E = Employment. It consists of wages and salary earnings from government expenditures.

P = Personal Income and is defined to include transfer payments, wages and salary earnings from government expenditures and interest receipts.

G = Government Expenditure.

GNP = Gross National Product.

$\frac{E}{G}$ %, $\frac{E}{GNP}$ %, $\frac{P}{G}$ %, $\frac{P}{GNP}$ % were computed using Appendix A.1 and A.2.

n.a. = not available.

that much of government expenditures was spent on factor purchases and transfers in the earlier part of the review period unlike what it turned cut to be at the later period. Of these contributions, certain percentages are returned to the public budget in the form of personal income taxes. These percentages are not determined because they are out of the scope of this study.

5.4 Per-capita Government Expenditure:

Per-capita government expenditure is also calculated. This ratio is a rough measure which shows the amount of government expenditures which is expected to benefit each individual in the country for a given year. This ratio suffers from the same flaws as per-capita income. It does not give us the actual amount of benefits enjoyed by individuals but it is just a rough guide as to the level of government expenditure that is expected to benefit individuals.

In Table 5.7, per-capita government expenditures are presented. Expenditure per-capita rose from ₦2.8 in the 1959/60 fiscal year to ₦119.7 in the 1979/80 fiscal year an increase of forty-fold. This is a much lower increase when compared with income per-capita) (presented in Appendix A.2), which rose from ₦46.5 to ₦355.5, an increase of about eighty-fold within the same period. When the ratio of expenditure per-capita

table 5.7

PER-CAPITA FEDERAL GOVERNMENT EXPENDITURE
(1959/60 - 1979/80)

YEAR	PER-CAPITA IN NAIRA
1959/60	2.8
1960/61	3.4
1961/62	3.0
1962/63	5.1
1963/64	6.3
1964/65	6.6
1965/66	6.6
1966/67	6.7
1967/68	7.0
1968/69	7.7
1969/70	12.6
1970/71	13.5
1971/72	14.9
1972/73	24.8
1973/74	20.8
1974/75	38.8
1975/76	83.5
1976/77	93.8
1977/78	106.0
1978/79	83.8
1979/80	119.7

Source: Computed from Appendix A.2.

to income per-capita is calculated, for the 1959/60

fiscal year, government expenditure per-capita amounted

to only about 1/16 of per-capita income, while in the

1979/80 fiscal year it rose to about $\frac{1}{3}$ of per-capita

income. This is another indication of the growing

size of government expenditure in GNP. For the

1971/72 fiscal year, government expenditure per-capita

and per-capita income are ₦14.9 and ₦102.5 respectively,

while they are ₦93.8 and ₦327.0 respectively for the

1976/77 fiscal year. The ratio of government

expenditure per-capita to income per-capita is about

1/7 in the 1971/72 fiscal year, and about $\frac{1}{4}$ in the

1976/77 fiscal year. If government expenditure per-capita

are regarded as per-capita benefits, the rising ratio

of government expenditure per-capita to income per-capita

is an indication that benefits from government

expenditures over the period constitute a rising

proportion of personal income.

5.5 Summary of Results and Conclusion

The results from this review are as follows:

1. The share of government expenditure in GNP is on

   the increase over the years. This result corresponds

   to the rising share hypothesis.

2. Current expenditures have largely dominated

   government expenditures for most of the years

   under review. However, the situation changed in

   the last seven years of the review period. Capital

   expenditures is now the dominant component.

3. Social and community services expenditures did
   not show any particular tendency to rise as
   a proportion of total government expenditures
   or GNP.

4. Education and Health expenditures, the major
   components of social and community services
   expenditures showed no similar tendency to rise
   as a proportion of total expenditures

5. In terms of functional components of government
   expenditures, economic services expenditure is
   the most dominant.

6. Government contributions to personal income
   and employment as proportions of total expenditures
   and GNP have declined over the years.

7. Government expenditure per-capita is on the
   increase over the review period and the benefits
   of government expenditure is constituting a
   rising proportion of personal income.

8. The income elasticities of various components
   of government expenditures estimated was greater
   than unity with economic services expenditure
   revealing the highest income elasticity of 1.76.

In conclusion, the growing size of the government sector indicates that government has increased its scope in effecting changes in income distribution through its expenditure policy. However, the structure of government expenditures indicates that social and community services expenditures are generally less significant in the budget. This means that much of government expenditures was devoted to expenditures which do not contribute directly to the immediate income of poor people. Since the benefits from this category of government expenditures is expected to constitute a greater proportion of the income of the lower income group than that of the higher income group, it is therefore reasonable to assume that Federal Government expenditures are regressive, that is pro-rich. Thus, Federal Government declared objective to reduce income inequality is unlikely to be achieved through its e expenditure policy. In spite of this, the rising share of economic services expenditures and the relatively dominant share of capital expenditures in the latter years of the review period, indicate that Federal Government is concentrating on investments which are expected to generate future direct and indirect benefits to the various income-groups. The expected pattern of distribution among income-groups cannot be obtained from this analysis. This is why this conclusion is tentative and more reliable conclusion is expected to be obtained from an estimate of the distributional
Chapter Eight.
impact of government expenditure; which is taken up in /

FOOTNOTES

1. Richard Thorn, "The Evolution of Public Finance, During Economic Development", The Manchester School of Economic and Social Studies, 1967.

2. Cyril Enweze, "Structure of Public Expenditures in Selected Developing Countries: A Time-Series, Study", The Manchester School of Economic and Studies, 1973.

3. Richard Thorn, op. cit., Cyril Enweze, op. cit.

4. The sizes of the government sector for the United States, United Kingdom, France, Germany, Canada and Sweden used for comparison were obtained from Richard Musgrave and Peggy Musgrave, op. cit., p. 131.

5. The size of the government sector for developing countries used in this comparison were obtained from Cyril Enweze, op. cit., p. 435.

6. Richard Thorn, op. cit.,

7. Richard Musgrave and Peggy Musgrave, Public Finance, In Theory and Practice, McGraw Hill, New York, 1976.

8. Cyril Enweze, op. cit.

9. S. Lall, "A Note on Government Expenditure in Developing Countries", Economic Journal, June, 1969.

10. J.R. Lotz, "Patterns of Government Spending
    In Developing Countries", The Manchester School
    of Economic and Social Studies, Vol. 38, 1970.

11.   Cyril Enweze, op. cit.

CHAPTER SIX

THE REGIONAL DISTRIBUTION OF FEDERAL GOVERNMENT
EXPENDITURES IN NIGERIA

The impact of government expenditures on income distribution can be analysed from the perspective of regions.[1] A regional dimension is particularly important in Nigeria because the country operates a federal system of government and as such many government policies are aimed at even development of the regions. Regional imbalance in government per-capita expenditures give rise to regional disparities in economic and social opportunities which eventually worsen income inequality. The worsening of income inequality can be explained by the process referred to by Myrdal,[2] as "circular and cumulative causation". The proposition is that when divergence occurs between regions, social and economic forces tend to set in motion a chain of cumulative expansion in the favourable region at the expense of the other regions, which then become comparatively worse-off, thereby retarding their future development. Thus, in a situation where there is regional imbalance in income due to government expenditures, the tendency is for the favoured region to obtain "spread effects" through labour migration, capital investments and trade at the expense of the less favoured region. This process

leads to further disparities in income between the regions and worsen income inquality. This is why, an analysis of regional distribution of government expenditures is an important step towards understanding the income distrubutional implications of government expenditures.

This Chapter focusses on the regional distribution of government expenditures as distinct from the impact on regional income distribution of government expenditures. Put differently, the Chapter is focuses on the allocation of government expenditures by regions and not on the allocation of benefits from government expenditures by regions. While the regional distributional impact of benefits from government expenditures is worthwhile, this Chapter focuses on the regional distribution of government expenditures because it is the equitable distribution of government investment projects that has a longer effect on income distribution due to its capacity to create income.

In the first section of this Chapter, the regional distribution of Federal Government investment projects is examined. Section two is devoted to the regional distribution of current expenditures. Section Three discusses the regional distribution of Federal Government expenditures. In Section Four, the

implications of the regional distribution of government expenditures for income distribution are analysed.

6.1 The Regional Distribution of Federal Government Capital Expenditures:

The regional distribution of Federal Government capital expenditures was obtained by allocating all expenditure items and projects in each government sector on the basis of the twelve states structure.[3] By this, the capital expenditure for agriculture was allocated among the States separately from capital expenditure for industries and so on. The overall regional distribution of Federal Government capital expenditure was obtained by summing up the various allocation by states.

In analysing the regional distribution of Federal Government capital expenditure, the "money-flow" approach was adopted. This means that the cost of capital projects was allocated to the state in which the project was physically situated. In certain cases where projects were located in more than one state, and the costs of such projects were lumped together, the "Progress Reports of the Second and Third National Development Plans" provided information used to determine the share of the total cost of such projects which was allocated to each state. These progress Reports contained a measure of the financial and physical performances of some projects for various fiscal years which facilitated

allocation among the states. In addition to the
Progesss Reports, the "Report of the Accountant
General of the Federation" and the "Recurrent and
Capital Estimates of the Federal Republic of Nigeria"
for the relevant fiscal years, contained information
about sizes of projects and the amounts disbursed
in their various locations which facilitated allocation
among the States. For projects where no information
was available to facilitate allocation, even after
an interview with the relevant ministry, the total
cost of the project was simply shared equally among
the various locations of the projects. As for road and
highway expenditures, the ratio of the kilometers
of road to the total that passed through each state
was used to determine the proportion of the total cost
of the road allocated to each state.

Certain expenditure items were not allocated because
they were not ammenable to regional allocation. Among
such expenditure items were feasibility studies, research
expenditures, purchases of aircrafts, naval ships and
boats, locomotive engines and coaches. For a similar
reason, expenditures on fuel and power and communications
were not allocated. Also not allocated were
expenditures on defence and security partly because
a large proportion of such expenditures was for purchases
of arms and ammunitions and partly because no sufficient
information was available to facilitate regional allocation.

The detailed allocation of Federal Government capital
expenditure item by item and project by project
for 1971/72 and 1976/77 fiscal years are presented
respectively in Appendices B.1 and B.2.

6.1.2   Summary Results of Regional Distribution of Federal
Government Capital Expenditure:

The summary results of all expenditures allocated
for 1971/72 and 1976/77 fiscal years are presented
in Tables 6.1 and 6.2 respectively. A total amount
of ₦103,082,756 and ₦1,883,502,498 were allocated
for the 1971/72 and 1976/77 fiscal years respectively.
Of these amounts ₦59,836,653 and ₦1,267,834,758 were
allocated for economic services while ₦40,298,384 and
₦580,740 were allocated for social services.

Lagos State[4] had the highest allocation of
₦23,285,098 while North Western State had the least
with ₦3,193,228 for the 1971/72 fiscal year. Lagos
State also had the highest allocation of ₦339,952,230
for 1976/77 fiscal year while Kano State had the
lowest with ₦67,109,921. With regard to functional
categories of government expenditures, Lagos State had
the highest allocation for both economic and social
services in 1971/72 with the sum of ₦10,817,119 and
₦12,001,658 respectively. North Western State had the
least allocation for economic services with ₦2,452,892
and Rivers State the least allocation for social services
with only ₦510,471. For the 1976/77 fiscal year,
Mid-Western State, topped the list for economic services

TABLE 6.1

THE REGIONAL DISTRIBUTION OF FEDERAL GOVERNMENT CAPITAL EXPENDITURE 1971/72

SECTORS	B/P	E.C	KANO	KWARA	LAGOS	M/W	N.C.	N.E.	N.W.	RIVERS	S.E.	W.N.	TOTAL
Agriculture	223,785	6,686	43,775		108,127	1,084,183	316,253	713,220	9,132	29,043	80,000	1,163,962	3,778,962
Mining	–	200,000	–	–	–	–		–	–	–	–	–	200,000
Industry	100,000	329,380	–	1,868,708	320,012	129,380	100,000	100,000	100,000	–	–	329,380	3,376,860
Commerce & Finance	–	–	–	–	9,292	–	–	–	–	–	–	–	9,292
Fuel and Power	N.A	N.A	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Transport	5,816,702	618,232	5,401,187	1,369,198	10,379,688	2,520,860	2,372,029	7,006,886	2,343,760	2,315,619	3,545,346	2,090,032	46,129,539
Communication	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Resettlement and Rehabilitation	–	1,585,500	–	–	–	1,585,500	–	–	–	1,585,500	1,585,500	–	6,342,000
Sub-Total	6,140,487	2,739,798	5,444,962	3,537,906	10,817,119	5,319,923	2,788,282	7,820,100	2,452,892	3,930,162	5,260,846	3,583,374	59,836,653

TABLE 6.1(Cont'd)

SECTOR	B/P	E.C.	KANO	KWARA	LAGOS	M/W	N.C.	N.E.	N.W.	RIVERS	S.E.	W.N.	TOTAL
Education	1,035,734	6,732,935	561,530	841,261	7,006,133	139,098	4,799,500	798,611	725,443	510,471	583,844	6,053,310	29,787,865
Health	–	–	–	–	2,747,365	–	2,666,666	–	–	–	–	2,666,666	8,080,697
Information.	–	–	–	–	–	–	–	–	–	–	–	–	–
Labour & social Welfare	–	14,718	6,000	–	1,905,844	6,000	6,000	6,000	–	–	–	–	1,958,280
Town and Country Planning	–	–	–	–	343,316	128,226	–	–	–	–	–	–	471,542
Water and Sewerage	–	–	–	–	–	–	–	–	–	–	–	–	–
Sub-Total	1,033,734	6,747,653	567,530	841,261	12,001,658	273,319	7,472,166	804,611	725,443	510,471	583,844	8,719,976	40,298,384
General Administration	317	20,624	34,750	317	466,317	317	2,362,733	7,447	14,893	20,000	20,000	–	2,947,719
Defence & Security	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N..A	N.A.	N.A.
Sub-Total	317	20,624	34,750	317	466,321	317	2,362,733	7,447	14,893	20,000	20,000	–	2,947,719
TOTAL	7,176,538	9,508,075	5,536,242	4,379,484	23,285,098	5,593,559	12,623,181	8,632,164	3,193,228	4,460,633	5,864,690	12,303,350	103,082,756

Note: N.A. = Not Allocated.

TABLE 6.2

THE REGIONAL DISTRIBUTION OF FEDERAL GOVERNMENT CAPITAL EXPENDITURE 1976/77

SECTORS	B/P	E.C.	KANO	KWARA	LAGOS	M/W	N.C.
Agriculture	2,041,265	6,283,408	3,804,993	7,499,077	1,270,481	4,430,456	14,386,955
Mining	1,342,834	11,864,250	581,750	1,246,500	354,250	--	931,083
Industry	1,256,307	17,622,830	1,625,323	23,671,400	380,500	199,960,828	107,725,500
Commerce and Finance	--	--	13,000	1,522,500	45,833,000	--	--
Co-operatives and Supply	--	--	--	--	--	--	500,000
Fuel and Power	N.A.	N.A.	N.A.	N.A.	N.A	N.A.	N.A.
Transport	47,608,580	36,786,700	15,797,866	28,784,893	130,488,387	46,789,199	41,441,702
Communications	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Sub-Total	53,048,986	72,557,188	21,822,933	62,724,370	178,326,618	251,180,483	164,985,240

TABLE 6.2 (Cont'd)

85.

SECTORS	N.E.	N.W.	RIVERS	C.E.	W.N.	TOTAL
Agriculture	60,563,330	32,621,103	1,070,306	1,348,367	8,194,422	144,323,163
Mining	390,083	–	17,456,000	–	354,250	34,521,000
Industry	8,150,807	1,836,857	41,377,000	32,101,828	13,558,535	449,036,015
Communication and Finance	1,022,500	1,022,500	–.	1,022,500	13,000	50,449,000
Cooperatives and Supply	–	–	–	–	–	500,000
Fuel and Power	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Transport	8,842,848	65,743,362	4,322,800	23,522,071	65,877,172	589,005,580
Communications	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Sub-Total	151,969,568	101,223,822	64,226,106	57,994,766	87,996,379	1,267,834,758

TABLE 6.2 (Cont'd)

SECTORS	B/P	E.C.	KANO	KWARA	LAGOS	M/W	N.C.
Education	27,327,727	44,613,102	43,286,989	21,2··,4£9	37,009,091	32,009,091	41,003,649
Health	–	3,414,000	–	–	5,473,000	3,000,000	5,600,000
Information	50,000	–	–	–	18,881,000	–	–
Labour	16,000	–	–	48,000	59,000	16,000	48,000
Social Development Youth and Sports	–	330,000	–	–	2,691,000	–	488,000
Water Supply	–	–	–	–	–	–	–
Sewerage Drainage and Refuse Disposal	–	–	–	–	–	–	–
Housing	–	1,484,624	2,000,000	–	89,298,146	–	1,596,505
Town and Country Planning	–	–	–	–	6,996,719	–	–
Community Development	–	–	–	–	–	–	–
Sub-Total	27,393,727	49,841,726	45,286,989	21,249,460	160,870,112	35,026,091	48,736,154
Defence and Security	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
General Administration	–	–	–	130,000	34,778,500	50,000	–
Sub-Total	–	–	–	130,000	34,778,500	50,000	–
Grand Total	80,442,713	22,393,914	67,109,921	83,103,830	339,952,230	296,259,574	213,721,393

TABLE 6.2 (Cont'd)

SECTORS	N.E	N.W.	RIVERS	C.E.	W.N.	TOTAL
Education	42,280,133	34,277,919	13,652,756	27,633,189	39,827,755	404,590,927
Health	–	–	15,445,000	–	10,353,000	43,285,000
Information	–	–	–	15,000	–	18,946,000
Labour	32,000	–	–	32,000	–	251,000
Social Development Youth and Sports	–	–	–	–	–	3,509,000
Water Supply	–	–	–	–	–	–
Sewerage Drainage and Refuse Disposal	–	–	–	–	–	–
Housing	3,450,000	2,042,154	500,000	–	2,210,151	102,966,094
Town and Country Planning	–	–	–	–	–	6,996,719
Development Community	–	–	–	–	–	–
Sub-Total	45,762,133	36,314,073	29,597,756	27,680,189	52,390,906	580,544,740
Defence and Security	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
General Administration	–	138,000	–	–	–	35,123,000
Sub-Total	–	138,000	–	–	–	35,123,000
Grand Total	197,731,701	137,675,895	93,823,862	85,674,955	140,387,283	1,833,502,498

N.A. = Not Allocated.

with a total amount of ₦251,130,483 while Kano State had the

lowest with ₦21,322,032. In the case of social services,

Lagos again has the highest allocation with ₦160,870,112

with Kwara State having the least allocation of

₦21, 249,460.

6.1.3 Nature of the Federal Government Capital Projects in the Regions:

The regional distribution of Federal Government

capital expenditures as summarized in sub-section

6.1.2 above merely shows the regions to which budgetary

allocations   were made.   This does not tell us much

unless the nature of the Federal Government capital projects

in the region is examined.   Some projects are capital

intensive, others are not.   Also while some projects

have diffuse effects on the entire economy, others have

little economic impact.   Consider an aerial survey

project (A) say in region X and a sugar project (S)

say in region Y.   Project A requires sophisticated

equipment and highly skilled technicians neither of

which can be obtained in region X.   Projects S requires

inputs readily available in region Y.   Both projects

are not likely to have the same economic impact in

their respective regions.   It is therefore pertinent

to examine the nature of the Federal Government capital

projects in the region in order to be able to comment

on the regional distribution of economic activities and

the potential effect on income distribution.

Tables 6.1 and 6.2 reveal that both in the 1971/72 and 1976/77 fiscal years, capital expenditures in agriculture, industry, transportation and education constituted the bulk of Federal Government capital expenditures allocated. A closer examination of the projects' distribution throughout the regions as presented in Appendices B.1 and B.2 provide us with the economic implications of the regional distribution of Federal Government capital expenditures. In the 1971/72 fiscal year, the Southern States had a larger distribution of Federal Government capital expenditures than the Northern States mainly because of the large expenditures for Oil Palm Quarters in the Mid-West State and Cocoa Research Development in Western State. In the 1976/77 fiscal year, the Northern States had larger distribution of Federal Government capital expenditures in agriculture than the Southern States because of large expenditures for irrigation and livestock development projects. While the projects in the Southern States consisted of purchases which have little effect on income, those in the Northern States involved infrastructural development in agriculture which enables agricultural production and productivity to be enhanced. It is therefore reasonable to except that this pattern of capital expenditure would generate a greater income to the farmers of the Northern States than those of the Southern States.

Federal Government capital expenditures
in industry was gererally evenly distributed between
the Northern and Southern States both in
the 1971/72 and 1976/77 fiscal years. Expenditures in
iron and steel industry in Kwara State in the 1971/72
fiscal year and expenditure for the oil refinery in
Kaduna of the North Central State in the 1976/77 fiscal
year were generally responsible for evening out the
distribution of capital expenditures in industry
between the Northern and Southern States. Much of
the capital expenditures in industries was for the
establishment of industries. The immediate impact
on economic activities and personal income in the
regions of location cannot be much because the
expenditures were incurred mainly for the importation
of machinery, construction equipment and payment of
salaries and accommodation to highly skilled staff
who handled the projects. These expenditures would
largely improve the income positions of foreign countries
and their nationals with little generation of income
within the immediate locality where such projects are
situated. Nevertheless, the locality is expected to
obtain induced benefits and stemming benefits as a
result of the location of such projects in the area.

The regional distribution of Federal Government
capital expenditure on transportation is not likely
to general much income within the regions beyond the
employment of unskilled labour needed during the
construction period. Much of the expenditure goes
to the foreign construction companies who are mainly
the competent contractors handling such intricate
construction projects. Nevertheless, the construc-
tion of roads is expected to facilitate the
evacuation of agricultural products, reduce, transpor-
tation costs and time, as well as promote greater
agricultural and commercial activities in the
respective regions.

The regional distribution of capital expenditures
in education is expected to generate much regional
economic activities through the employment
opportunities and commercial activities arising from
the physical location of Federal education
establishment in a region. In the 1971/72 fiscal
year, the Southern States had the larger allocation
of Federal Government capital expenditures in education
than the Northern States. This was due to the
disproportionate location of Federal Government
educational institutions in the Southern States. In
1976/77 fiscal year, the imbalance in Federal capital
expenditures had been considerably redressed as a result
of the establishment of Federal Government
institutions like Universities, Polytechnics, Colleges,

of education and Secondary Schools in States that
previously had none. Some of these institutions
particularly Universities, Polytechnics and Colleges
of Education require high level manpower in administration
and academics which cannot be wholly obtained from the
region of location. This has necessitated movements of
highly qualified personnel across regions to take up
appointments. In particular, foreigners have to a
large extent benefited from the employment opportunities
created by the establishment of these institutions.
The evening out in the distribution of these Federal
educational institutions has helped to reduce the
regional imbalance in the distribution of educational
opportunities. It will also help in reducing regional
inequalities in income distribution since education is
an instrument of redressing inter-group economic and
social inequality.

6.2   The Regional Distribution of Federal Government
       Recurrent Expenditures:

Government recurrent expenditures allocated are
N403,338,000 and N1,562,863,000 for the 1971/72 and
1976/77 fiscal years respectively.[5] The detailed
breakdown of these expenditures in terms of cost
composition is presented in Table 6.3.

TABLE 6.3

FEDERAL GOVERNMENT CONSUMPTION EXPENDITURE
ACCORDING TO COST COMPOSITION IN THOUSAND NAIRA

COST-COMPOSITION	1971/72	1978/77
Compensation of Employees	289,858	719,281
Goods	82,652	429,274
Service	30,918	414,308
Total	408,338	1,562,863

SOURCE: Federal Office of Statistics, Analysis of
Government Account, Lagos, Nigeria, 1979.

Expenditures on compensation of employees

consist mainly of wages and salaries as well as

allowances paid to all categories of staff employed

by government. Expenditures under the category of

goods and services are those incurred in the purchases

of such items as office materials, materials used in

government establishments such as hospitals, fuel for

motor vehicles and uniforms. Others are expenditures on

transport and travelling in the course of duty of officers,

electricity and telephones and expenditure on the main-

tenance of vehicles, machinery and equipment. These

categories of expenditures are allocated to states on the

basis of the distribution of Federal Civil Service esta-

blished staff in the States presented in Table 6.4. The

assumption for this basis of allocation is that government

recurrent expenditures by states is highly related with

the size of the Federal employees by States. The regional

distribution of these expenditures is presented in Table 6.5.

TABLE 6.4

THE DISTRIBUTION OF FEDERAL CIVIL SERVICE
ESTABLISHED STAFF BY STATES 1972 & 1977

STATES	NUMBER	PERCENTAGE	NUMBER	PERCENTAGE
Benue-Plateau	4,083	5.0	7,771	6.2
East-Central	5,819	7.1	7,979	6.4
Kano	2,460	3.0	5,440	4.4
Kwara	2,259	2.8	4,503	3.6
Lagos	38,18°	46.8	50,021	40.2
Mid-West	4,543	5.6	5,677	4.6
North-Central	4,090	5.0	7,069	5.7
North-Eastern	4,848	5.9	10,227	8.2
North-Western	2,904	3.6	5,997	4.8
Rivers	1,958	2.4	2,607	3.7
South-Eastern	2,949	3.6	5,244	4.2
Western	7,555	9.6	9,975	8.0
	81,651	100.0	124,503	100.0

SOURCE: Federal Civil Service, Manpower Statistics,

1972 and 1977 Editions.

TABLE 6.5

REGIONAL DISTRIBUTION OF
FEDERAL GOVERNMENT RECURRENT EXPENDITURES

	1971/72 Million Naira	PERCENT-AGE	1976/77 MILLION NAIRA	PERCENT-AGE
Benue-Plateau	20.2	5.0	97.5	6.2
East Central	28.7	7.1	110.1	6.4
Kano	12.2	3.0	68.3	4.4
Kwara	11.2	2.8	56.5	3.6
Lagos	188.6	46.8	627.9	40.2
Mid-Western	22.4	5.6	71.3	4.6
North Central	20.2	5.0	88.7	5.7
North Eastern	23.9	5.9	128.4	8.2
North Western	14.3	3.6	75.3	4.8
Rivers	9.7	2.4	57.8	3.7
South Eastern	14.6	3.6	65.8	4.2
Western	37.3	9.6	125.4	8.0
Total	403.3	100	1,562.9	100

Note: Computed from Tables 6.3 and 6.4.

Lagos State had the highest allocation of ₦188.6m and ₦627.9m for both the 1971/72 and 1976/77 fiscal years respectively. This is mainly due to the fact that majority of the ministries staff live in Lagos because Lagos is the Federal Capital of Nigeria. Some of the ministries have state offices but they are generally manned by a considerably small

number of staff compared with that of Lagos.
Also, because Lagos is the capital city and a port,
most of the goods used by various ministries are
centrally purchased and distributed to their branches.

The large size of civil servants in Lagos State
and the consequent large size of Federal Government
current expenditures in Lagos State have some
economic impact. Since the civil servants reside
in Lagos, they   pay personal income tax to the
Lagos State Government. They also spend a large part
of their salary and wages in Lagos State in the purchase
of foodstuff and manufactured products, thereby encouraging
large commercial activities. Lagos State not being
predominantly an agricultural state, foodstuffs have to
be supplied from the hinterland in which case,
agricultural production is encouraged in these areas.
The manufactured goods purchased are . generally imported.
Also, the large number of houses needed by the civil
servants has led to high rentage and the consequent
dwindling of their incomes. Many of these civil servants
normally send part of their earning to their relations
in the other States. These amounts which cannot be
estimated may not be substantial. On the whole, the
economic effect of the regional distribution of
Federal Government expenditure in the remaining states
are less significant.

6.3 Regional Distribution of Federal Government Expenditure

Having estimated the regional distribution of capital and recurrent expenditures separately, the sum give the regional distribution of Federal Government Capital and current expenditures, presented in Table 6.6. From the table, a simple indicator of inequality in the regional distribution of Federal Government expenditure, is given by the percentage share of each region's expenditure in Federal Government total expenditure.

TABLE 6.6

REGIONAL DISTRIBUTION OF FEDERAL GOVERNMENT CAPITAL AND CURRENT EXPENDITURES

	1971/72		1976/77	
	MILLION NAIRA	PERCENTAGE OF TOTAL	MILLION NAIRA	PERCENTAGE OF TOTAL
Benue Plateau	27.4	5.4	177.9	5.2
East Central	38.2	7.5	222.5	6.5
Kano	17.7	3.5	135.4	4.0
Kwara	16.6	3.3	139.6	4.1
Lagos	211.9	41.8	967.9	28.4
Mid-Western	28.0	5.5	357.6	10.5
North Central	32.8	6.5	1.4	8.9
North Eastern	32.5	6.4	326.1	9.6
North Western	17.5	3.5	213.0	6.2
Rivers	14.2	2.8	151.5	4.4
Western	49.6	9.8	265.6	7.8
Total	506.9	100	3,411.1	100

Note: Computed from Tables 6.1, 6.2 and 6.5.

For the 1971/72 fiscal year, Lagos State had the largest allocation of ₦211.9m or 41.8 per cent of the total expenditure, followed by Western State with ₦49.6m or 9.8 per cent of the total expenditure. Rivers State with merely ₦14.2m or 2.8 per cent of the total expenditure had the least allocation. For the 1976/77 fiscal year, Lagos State also had the largest allocation of ₦967.9m or 28.4 per cent of the total expenditure, followed by Mid-Western State with ₦357.6m or 10.5 per cent of the total expenditures. Kano State had the least allocation of ₦135.4m or 4 per cent of the total expenditure.

A more satisfactory indicator of inequality in the regional distribution of Federal Government Expenditure which make inter-regional comparison more appropriate is the use of the national average of Federal Government expenditure per-capita as a weight to deflate each region's expenditure per-capita share of Federal Government expenditure. Thus inequality in the regional distribution of Federal Government expenditure is measured by the ratio $\frac{Ri}{Na}$ where

Ri = given regions expenditure per-capita share of Federal Government expenditure.

Na = is simply a given region's share (Si) of Federal Government expenditure, divided by the region's population (Pi).

Na = national average of Federal Government

expenditure per-capita,

Na is simply the category of Federal Government
expenditure Ej, divided by total population $P = \sum_{i=1}^{n} Pi$
for n regions.

$$\text{Thus } \frac{Ri}{Na} = \frac{Si}{PI} \Big/ \frac{Ej}{P} = \frac{Si}{PI} \cdot \frac{P}{Ej}$$

$\dfrac{Ri}{Na} \gtrless 1$ denotes inequality in the region's

share of Federal Government

expenditure.

$\dfrac{Ri}{Na} = 1$ denotes equitable share of the region

in Federal Government expenditure.

In particular, if $\dfrac{Ri}{Na} > 1$, it means that the region is

having more than proportionate

share of Federal Government

expenditure.

If $\dfrac{Ri}{Na} < 1$, it means that the region is having less than

proportionate share of Federal Government

expenditure.

The measure of inequality of the regional
distribution of Federal Government expenditure for
1971/72 and 1976/77 fiscal years is presented in Table 6.7.

In the Table, it can be seen that there is gross
inequalities in the regional distribution of current,
capital and total Federal Government expenditures.
In 1977/72 fiscal year, Lagos and Mid-Western States
recorded more than proportionate share of Federal
Government expenditure for current expenditures:
Lagos, South-Eastern, North-Central, Rivers and
Mid-Western States for capital expenditures; Lagos,
Mid-Western and Rivers States for total expenditure.
In 1976/77 fiscal year, Lagos and Rivers States
recorded more than proportionate share of
Federal Government current expenditure; Lagos,
Mid-Western, Rivers, North-Central and Kwara States
for capital expenditures; and Lagos, Mid-Western,
Rivers and North-Central States for total
expenditures. On the whole, Lagos State in particular
and to some extent Mid-Western, North-Central and Rivers
States were in favourable positions as far as current
and capital allocations are concerned. These States
have obtained spill-over benefits by attracting
labour, capital investment and commercial activities
at the expense of the less favourable States. If
these inequalities in the regional distribution of
federal government expenditure is not checked, it will
lead to inequality in regional income distribution.
Although the overall government expenditures in a state
consists of both the federal government and state,

TABLE 6.7

MEASURE OF INEQUALITIES IN REGIONAL DISTRIBUTION OF FEDERAL GOVERNMENT EXPENDITURE

STATES	1971/72			1976/77		
	CURRENT EXPENDITURE	CAPITAL EXPENDITURE	TOTAL EXPENDITURE	CURRENT EXPENDITURE	CAPITAL EXPENDITURE	TOTAL EXPENDITURE
Benue-Plateau	0.70	1.00	0.77	0.87	0.60	0.73
East-Central	0.55	0.73	0.59	0.50	0.51	0.50
Kano	0.29	0.53	0.34	0.42	0.35	0.38
Kwara	0.67	1.00	0.74	0.83	1.02	0.71
Lagos	17.12	8.20	15.29	14.34	6.46	10.04
Mid-Western	1.24	1.20	1.23	0.99	3.32	2.27
North Central	0.69	1.67	0.89	0.77	1.54	1.19
North Eastern	0.43	0.60	0.47	0.59	0.76	0.68
North Western	0.34	0.33	0.34	0.47	0.71	0.60
Rivers	0.88	1.60	1.03	1.32	1.78	1.57
South Eastern	0.55	1.87	0.62	0.65	0.70	0.68
Western	0.55	0.67	0.58	0.46	0.43	0.45
National Average	1.00	1.00	1.00	1.00	1.00	1.00

NOTE: Computed from Tables 6.8 and 6.9

government's expenditures, the overall pattern of the distribution may not likely be different from the pattern of the federal government expenditure since it always has the largest share of the federally collected revenues.

6.1   <u>The Implications of the Regional Distribution
        of Federal Government Expenditures for Income
        Distribution in Nigeria</u>

Government expenditure policy is an important

fiscal tool for the distribution of income.

Government expenditure per-capita reflects the amount

of government services enjoyed by each person in a

particular region. The changes in the regional distri-

bution of government expenditures per-capita are

indicators of the potential of redistributing income

between regions.[7] This being so, a comparison of

the regional distribution of expenditure per-capita

and the changes that occurred during the period of

analysis should provide reasonable basis for deter-

mining the effectiveness of government expenditures

in redistributing income between the regions in Nigeria.

The current, capital and total government

expenditures per-capita by states for 1971/72 and

1976/77 are presented respectively in Tables 6.8 and

6.9. These figures are calculated by using

population figures presented in Appendix B.3.

TABLE 6.8

CURRENT CAPITAL AND TOTAL GOVERNMENT EXPENDITURES PER-

CAPITA BY REGIONS 1971/72

STATES	CURRENT EXPENDI- TURE P/C	CAPITAL EXPENDI- TURE P/C	TOTAL EXPENDI- TURE P/C
Benue Plateau	4.1	1.5	5.6
East Central	3.2	1.2	4.3
Kano	1.7	0.8	2.5
Kwara	3.9	1.5	5.4
Lagos	99.3	12.3	11.6
Mid-Western	7.2	1.8	9.0
North Central	4.0	2.5	6.5
North Eastern	2.5	0.9	3.4
North Western	2.0	0.5	2.5
Rivers	5.1	2.4	7.5
South Eastern	3.2	1.3	4.5
National Average	5.8	1.5	7.3

Note: Computed from Table 6.6 and Appendix B.3.

TABLE 6.9

CURRENT, CAPITAL AND TOTAL EXPENDITURES PER-CAPITA BY
REGIONS 1976/77

STATES	CURRENT P/C	CAPITAL P/C	TOTAL P/C
Benue Plateau	17.4	14.4	31.8
East Central	9.9	12.1	22.0
Kano	8.4	8.3	16.7
Kwara	16.6	24.4	31.0
Lagos	285.4	154.5	439.9
Mid-Western	19.8	79.5	99.3
North Central	15.3	36.8	52.1

TABLE 6.9 Cont'd

STATES	CURRENT P/C	CAPITAL P/C	TOTAL P/C
North Eastern	11.8	18.1	29.9
North Western	9.3	17.0	26.3
Rivers	26.3	42.6	68.9
South Eastern	12.9	16.8	29.7
Western	9.2	10.3	19.5
National Average	19.9	23.9	43.8

Note: Computed from Table 6.6 and Appendix B. 3.

In 1971/72 fiscal year, Lagos State recorded the highest recurrent, capital and total expenditures per-capita of ₦99.3; ₦12.3 and ₦111.6 respectively. For recurrent expenditures per-capita, Lagos State was followed by Mid-Western State with ₦7.2. All other States, recorded per-capita recurrent expenditure less than the national average of ₦5.8. For capital expenditures per-capita, Lagos State was followed by North-Central State, (₦2.5); Rivers State, (₦2.4) and Mid-Western State (₦1.8) in that order. These were the only States that recorded capital expenditure per-capita greater than the national average of ₦1.5 In terms of total expenditures per-capita only Lagos State (₦111.6), Mid-Western State (₦9.0) and Rivers State (₦7.5) recorded total per-capita expenditure greater than the national average of ₦7.3.

For 1976/77 fiscal year, Lagos also recorded the highest current, capital and total expenditures per-capita. For current expenditures per-capita, Rivers State, (₦26.3) and Mid-West State, (₦19.8) followed Lagos State in that order to record scores greater than the national average. With regard to capital expenditures per-capita, Mid-West State (₦79.5), Rivers State, (₦42.6), North Central (₦36.8) and Kwara State, (₦24.4) followed Lagos State in that order to record scores greater than the national average of ₦23.9. When total capital expenditures per-capital are considered, Lagos State, (₦439.9), Mid-West State, (₦99.3), Rivers State, ₦68.9) and North Central State, (₦52.1) in that order recorded scores greater than the national average of ₦43.9. The general pattern noticed in Tables 6.7 and 6.8 is that the Southern States had greater expenditures per-capita than the Northern States.

The regional distribution of government expenditures per-capita was also considered from the functional category of government expenditures. The results are presented in Table 6.10. The pattern of the distribution of the functional categories of government expenditures per-capita is similar to the pattern of the distribution of current and capital expenditures per-capita.

TABLE 6.10

FUNCTIONAL CATEGORIES OF GOVERNMENT INVESTMENT EXPENDITURES
PER-CAPITA BY STATES 1971/72 AND 1976/77

| STATES | 1971/72 | | 1976/77 | |
	ECONOMIC SERVICES P/C	SOCIAL ECONOMIC P/C	ECONOMIC SERVICES P/C	SOCIAL SERVICES P/C
Benue Plateau	1.2	0.2	9.5	4.9
East Central	0.3	0.8	7.2	4.9
Kano	0.8	*	2.7	5.6
Kwara	1.2	0.3	18.4	6.2
Lagos	5.6	6.3	81.0	73.1
Mid-Western	1.7	0.1	69.8	9.7
North Central	0.5	1.5	28.4	8.3
North Eastern	0.8	0.1	13.9	4.2
North Western	0.3	0.1	12.5	4.5
Rivers	2.1	0.3	29.2	13.6
South Eastern	1.2	0.1	11.4	5.4
Western	0.3	0.7	6.5	14.6
National Average	0.9	0.6	16.1	7.4

Note: Computed from Table 6.1 and Appendix B. 3.
*Negligible.

In order to judge whether Federal Government expenditure have reduced regional dispartities in income, the ratios of the expenditures per-capita of the leading state and the poorest state for 1971/72 and 1976/77 fiscal years were computed. In all the categories of expenditures per-capita with the exception of economic services expenditures per-capita, the ratio fell between 1971/72 and 1976/77. For current expenditures

per-capita, the ratio decreased from 58:1 to 31.1,
capital expenditures per-capita decreased from
25:1 to 19:1, total expenditures per-capita slumped
from 47:1 to 26:1, economic services expenditures per-
capita increased from 19:1 to 30:1 and social services
expenditures per-capita fell from 63:1 to 17:1.
These reductions in the ratios indicate that Federal
Government expenditures have reduced regional
disparities in income between 1971/72 and 1976/77.

The same conclusion was reached when the inter-
regional coefficient of variations[8] of current
expenditures, capital expenditure, economic services
and social services expenditures per-capita were
computed.

The inter-regional coefficient of variation denoted
by V, is defnied as

$$V = \frac{s}{\bar{x}} \quad \text{where}$$

$\bar{x}$ = the mean of the expenditure per-capita.

s = the standard deviation of the expenditure
per-capita.

The higher is the value of V, the greater is
inequality; the lower is V, the less is inequality.
The inter-regional coefficient of variations for the
various categories of expenditures per-capita are presented

in Table 6.11 and the calculation of the coeffic er.u
of variation is presented in Appendix B.5.

TABLE 6.11

INTER-REGIONAL COEFFICIENT OF VARIATION, V OF
EXPENDITURES PER-CAPITA 1971/72 and 1976/77

CATEGORY OF EXPENDITURE PER CAPITAL	COEFFICIENT OF VARIATION	
	1971/72	1976/77
Total Expenditure per-capita	2.1	1.6
Current Expenditure per-capita	2.3	0.9
Capital Expenditure per-capita	1.3	1.1
Economic Services Expenditure per-capita	1.1	1.0
Social Services Expenditure per-capita	1.9	1.4

In all the various cases, the inter-regional
coefficient of variations of expenditures per-capita
for 1976/77 were lower than those for 1971/72. This
means that inequalities between the States decreased
between 1971/72 and 1976/77.

FOOTNOTES

1. A region in this context refers to a state which constitutes a political unit in the Federal Republic of Nigeria.

2. See G. Myrdal, _Economic Theory and Under-developed Regions_. London: Duckworth, 1950.

3. The analysis is based on the twelve state structure of Nigeria to ensure uniformity between the two fiscal years. During the 1971/72 fiscal year, Nigeria operated a twelve state structure whereas a nineteen state structure became operative as from the 1975/76 fiscal year.

4. The position of Lagos State is peculiar because Lagos State is the seat of both the Federal and State Governments. This dual capacity means that the disproportionate allocation made to Lagos State should be viewed with caution.

5. These amounts exclude statutory allocation to states, contributions to foreign organisations and debt servicing.

6. See Appendix 3.3 for population data used in calculating each region's expenditure per-capita.

7. This concept is used by assuming that the secondary benefits of the projects are negligible or virtually the same in each region.

8. The same concept was used by J.G. Williamson, "Regional Inequality and the Process of National Development: A Description of Patterns", _Economic Development and Cultural Change_, (July, 1965) to measure regional inequality.

CHAPTER SEVEN

THE DISTRIBUTION OF BENEFICIARIES OF FEDERAL GOVERNMENT EXPENDITURES BY INCOME-GROUPS

This chapter presents the result of a survey conducted to find out the distribution of beneficiaries of government expenditures by income-groups. This survey was undertaken in order to obtain allocators used in the estimation of the distributional impact of government expenditures by income-groups. The first section of the chapter focuses on the survey design. The results of the survey on education, health, housing and electricity are presented respectively in the second, third, fourth and fifth sections of this chapter.

7:1 The Survey Design

7.1.1 Objective and Scope of the Survey:

The objective of this survey was to obtain data for the estimation of benefits of government expenditures by income-groups. The survey was specifically meant to find out:

a) The distribution of beneficiaries of government expenditures by income-groups and

b) The estimated value of the benefits by income groups.

The survey which covered the areas of educ ·'·1,
health, housing and electricity was also aimed at
obtaining information concerning the beneficiaries
of government expenditures in terms of demographic
characteristic, educational level and employment
status.

7.1.2 Method of Data Colle.tion:

The questionnaire approach was used to obtain
information on education while the interview and
questionnaire methods were used in obtaining information
on health, housing and electricity.

7.1.3 Sample Design

(a) Frame: Three types of frame were used. First
was the list of states which constituted the first
stage sampling. Seven states namely Kaduna, Borno,
Cross Rivers, Anambra, Bendel, Oyo and Lagos were
selected to ensure wide geographical spread. The
second stage sampling was the list of institutions
or towns in the states selected, comprising two urban
and two rural. Both selections were done by the
researcher in the office. The third stage sampling
was the selection of individuals or households within
the institutions or towns. This was done in the field
by using random or systematic sampling techniques.

b)   Stratification

For the educational institutions, the questionnaires were administered on five faculties. In each faculty, the questionnires were further administered among Parts I, II, III and Post Graduate students.

For the towns, interviews were conducted in the commercial, residential areas and official quarters.

For health institutions, the questionnaires were administered in at least seven wards of the hospitals.

7.1.4 Reference Period:

The survey was carried out for one month, November 1983.

7.1.5 Terms and Concepts Used:

a) Household: A person or group of persons who live together under the same roof and have a common feeding arrangement.

b)   Income: Income includes cash receipts as well as non-cash receipts such as income in kind, consumption from own production, imputed rent on owner-occupied dwelling and services received free.

The income of the household is the sum of the income of all the members of the household.

c)   Rural: A rural area is any built-up area which has less than 20,000 inhabitants, with agriculture being the predominant occupation.

7.1.6 <u>Non-Response</u>

The survey suffered to some extent from non-response. This was due to the uncooperative attitude of some heads of household who found it uncomfortable to respond to the questions of the interviewers.

In the case of questionnaires, some of the completed forms were rejected because of incomplete information.

7.2 <u>Education</u>

The survey on education was conducted to obtain information on Secondary, Polytechnic, Technical Schools and Colleges of Education and University levels. Since the research is on Federal Government expenditures, the survey covered only federal government educational institutions. The list of educational institutions covered is presented in Appendix C.1.

7.2.1 <u>Secondary Education</u>

Table 7.1 presents the distribution of students by sex and by parent's or guardian's income.

TABLE 7.1

THE DISTRIBUTION OF STUDENTS BY SEX AND PARENT'S OR GUARDIAN'S INCOME

Income Group	Male No.	Male Percentage	Female No.	Female Percentage	Total No	Total Percentage
0 - 1,000	20	13.1	3	4.1	23	10.1
1,001-2,000	13	8.5	3	4.1	16	7.0
2,001-3,000	18	11.8	5	6.8	23	10.1
3,001-4,000	15	9.8	9	12.2	24	10.5
4,001-5,000	9	55.9	4	5.4	13	5.7
5.001-6,000	17	11.1	11	14.9	28	12.3
6,001-& above	61	39.9	39	52.7	100	44.1
	153	100.0	74	100.0	227	100.0

Raw Chi-Square 9.35 with 6 Degrees of Freedom
Level of Significance 0.1548.

From the table, it can be seen that the number of beneficiaries of education for both sexes is positively related to income. There are also more male students 67.4 percent to female students 32.5 percent. Such a result is expected as it has shown clearly that it is the children of rich men who can afford the cost of superior private primary schools and pay the high fees in federal secondary schools that can pass the entrance examination and benefit from such education.

The survey also looked at the distribution of students by parent's or guardian's educational level. The result is presented in Table 7.2.

TABLE 7.2

THE DISTRIBUTION OF STUDENTS BY PARENT'S OR
GUARDIAN'S EDUCATIONAL LEVEL

Parent's or Guardian's Educational Level	No	Percentage
No.formal education	33	14.5
Below School Cert. or equivalent	33	14.5
Below first degree or equivalent but not lower than School Cert	46	20.3
University first degree or equivalent and above	115	50.7
	227	100.0

Source: Survey by the researcher.

Table 7.2 reveals that the number of students is positively related to the level of education. This is an indication that the higher is the educational level of a parent or guardian the better the chances of his children obtaining admission into federal government secondary schools.

When the distribution of students by parent's or guardian's employment status is considered, as presented in Table 7.3, it was found that students with salary earning parents or guardians are more than those whose parent's or guardian's are self-employed.

TABLE 7.3

DISTRIBUTION OF STUDENTS BY PARENTS OR
GUARDIAN'S EMPLOYMENT STATUS

Parent's or Guardian's Employment Status	No.	Percentage
Unemployed	15	5.6
Self-employed	74	32.6
Earner	138	60.8
	227	100.0

Source: Survey by the Researcher.

7.2.2 **Polytechnics, Technical Colleges and Colleges
Of Education;**

Table 7.4 presents the distribution of students by sex
and parent's or guardian's income.

TABLE 7.4

THE DISTRIBUTION OF STUDENTS BY SEX AND PARENT'S
OR GUARDIAN'S INCOME

Income-Group	Male		Female		Total	
	No.	Percentage	No.	Percentage	No	Percentage
0 - 1,000	33	25.4	23	23.7	56	30.0
1,000-2,000	30	23.8	15	15.5	45	20.1
2,001-3,000	16	12.7	11	11.3	27	12.1
3,001-4,000	16	12.7	12	12.4	28	12.3
4,001-5,000	10	7.9	13	13.4	23	10.3
5,001-6,000	9	7.1	9	9.3	19	8.5
6,001 & above	12	9.5	14	14.4	26	11.6
	126	100	97	100	224	100.0

Source: Survey by the Researcher

Raw Chi-Squared 15.69 with 14 Degrees of Freedr... .
Level of Significance 0.2731.

The table reveals that unlike in secondary education, the number of students in this level of education is negatively related to income. The likely reason for this result is that majority of these students attended second-rate secondary schools since their parents or guardians could not pay for their education in better secondary schools. They therefore could not qualify for university admission.

When the distribution of students by parent's or guardian's educational level is considered, it can be seen in Table 7.5 that the higher the educational level of the parent or guardian, the less is the number that benefitted from education in the Polytechnic, Technical School or College of Education.

TABLE 7.5

THE DISTRIBUTION OF STUDENTS BY PARENTS OR GUARDIAN'S EDUCATIONAL LEVEL:

Parent's or Guardian's Educational level	No.	Percentage
No formal education	58	25.4
Below School Cert. or equivalent	69	31.8
Below first degree or equivalent but not lower than School Cert. or equivalent	53	23.7
University first degree or equivalent and above	45	20.1
	224	100.0

Source: Survey by the Researcher.

The distribution of this category of students w̄ 3 also considered by parent's or guardian's employment status and the result is presented in Table 7.6.

TABLE 7.6

THE DISTRIBUTION OF STUDENT'S BY PARENT'S OR
GUARDIAN'S EMPLOYMENT STATUS

Parents or Guardian's Employment Status	No.	Percen- tage
Unemployed	22	9.8
Self-employed	108	48.2
Earner	94	42.0
	224	100.0

Source: Survey by the Researcher.

The table reveals that self-employed parents or guardians have the largest number of students 48.2 percent in the Polytechnics, Technical Colleges and Colleges of Education.

7.2.3 University Education

The distribution of students by sex and parent's or guardian's income, educational level and employment status are presented in Tables 7.7, 7.8 and 7.9 respectively.

TABLE 7.7

THE DISTRIBUTION OF STUDENTS BY SEX AND BY PARENT'S OR GUARDIAN'S INCOME

Income-Group	Male		Female		Total	
	No.	Percentage	No.	Percentage	No.	Percentage
0 - 1,000	12	12.9	5	7.7	17	10.8
1,001-2,000	9	9.7	2	3.1	11	7.0
2,000-3,000	10	10.8	3	4.5	13	8.2
3,001-4,000	10	10.8	6	9.2	16	10.1
4,001-5,000	12	12.9	8	12.3	20	12.7
5,001-6,000	7	7.5	6	9.2	13	8.2
6,001 & above	33	35.5	35	53.8	58	43.0
	93	100.0	65	100.0	158	100.0

Raw Chi-Square = 9.643 with 7 Degrees of Freedom. Level of Significance 0.2097.

Source: Survey by the Researcher.

The distribution of university students by parents' or guardian's income, educational level, and employment status reveal the same pattern as that of secondary school education.

The overall results for education in general reveal that parents or guardian's income or educational level are important factors which determine the beneficiaries of education.

TABLE 7.8

THE DISTRIBUTION OF STUDENTS BY PARENT'S OR
GUARDIAN'S EDUCATIONAL LEVEL

Parents or Guardian's Educational Level	No.	Percentage
No formal education	32	20.3
Below School Cert. or equivalent	24	15.2
Below first degree or equivalent and not lower than school cert. or equivalent	36	22.8
University first degree or equivalent and above	66	41.8
	158	100.0

Source: Survey by the researcher.

TABLE 7.9

THE DISTRIBUTION OF STUDENTS BY PARENT'S OR
GUARDIAN'S EMPLOYMENT STATUS

Parent's or Guardian's Employment status	No.	Percentage
Unemployed	4	2.5
Self-employed	78	49.4
Earner	76	48.1
	158	100.0

7.3 Health

The survey on health covered only Teaching
Hospitals. These are the main health institutions
which are financed by the federal government. A list
of the institutions covered in the survey is presented

in Appendix C.2.

Table 7.10 presents the distribution of patients by sex. From the table, it can be seen that there are more female patients than male patients. The percentage of male patients was 45.6 while that of female patients was 54.4.

TABLE 7.10

THE DISTRIBUTION OF PATIENTS BY SEX

SEX	NO.	PERCENTAGE
Male	129	45.6
Female	154	54.4
Total	283	100.0

Source: Survey by the researcher

When the distribution of patients by educational level is considered as presented in Table 7.11, it was found that about 49.1% of the patients have no formal

TABLE 7.11

THE DISTRIBUTION OF PATIENTS BY EDUCATIONAL LEVEL

Level of Patients" Education	No.	Percentage
No.formal education	139	49.1
Below School Cert. or equivalent	60	21.2
Below first degree or equivalent but not lower than school cert.	55	19.4
University first degree or equivalent and above	29	10.2
	283	100.0

Source: Survey by the Researcher

education and the proportion of patients in various levels of education was negatively related to the level of education. This is an indication that the higher is the educational level, the less likely is one exposed to health hazards due to the knowledge and adoption of simple hygiene.

The survey also obtained the distribution of patients by employment status. The result presented in Table 7.12 show that earners with a percentage of 39.2 percent benefit from health facilities than self-employed

TABLE 7.12

THE DISTRIBUTION OF PATIENT'S BY EMPLOYMENT STATUS

Employment Status	No.	Percentage
Unemployed	76	26.9
Self-employed	96	33.9
Earner	111	39.2
	283	100.0

Source: Survey by the researcher.

33.9 percent and unemployed 26.9 percent.

The result of the distribution of patients by patient's income and duration in hospital is presented in Table 7.13.

TABLE 7.13

THE DISTRIBUTION OF PATIENTS BY INCOME AND DURATION IN HOSPITAL

	DURATION							
Income Group	Less than 3 days	3 days to 1wk	1-2 wks	2-3 wks.	3-4 wks	4wks over	Total	Percentage
0 - 1,000	58	5	6	6	5	9	89	31.5
1,001-2,000	21	2	6	1	6	6	42	14.8
2,001-3,000	31	7	12	0	4	2	56	19.8
3,001-4,000	28	3	14	3	2	2	52	18.4
4,001-5,000	12	1	3	2	0	1	19	6.7
5,001-6,000	9	1	1	1	1	1	14	4.9
6,001& above	66	1	2	0	0	2	11	3.9
	165	20	44	13	18	23	283	100.0

Raw-Chi-Square = 42.34 with 42 Degrees of Freedom. Level of significance 0.4552.

Source: Survey by the researcher

The result show that patients are concentrated in the lower income-groups and that more people spend less number of days in the hospital. Specifically about 58.3 percent of the patients spend less than 3 days in the hospitals. From the result, it can be deduced that the poorer section of the population are the major beneficiaries of health facilities. This is probably because they cannot afford the high fees charged in private hospitals. Another possibility is that the richer section of the population are able to feed better and live in better environment hence they are less prone to illness requiring hospitalization.

7.4 Housing:

The survey on housing covered only federal government houses in the various states. A list of the states and towns covered is presented in Appendix C.3.

Table 7.14 presents the distribution of households by the ducational level of landlords.[1]

TABLE 7.14

THE DISTRIBUTION OF HOUSEHOLDS BY
EDUCATIONAL LEVEL

EDUCATIONAL LEVEL OF LANDLORD	NO.	PERCENTAGE
No formal education	8	5.4
Below School Cert. or equavalent	30	20.4
Below first degree or equivalent but not lower than School Cert.	80	54.4
Unibersity first degree or equivalent and above	29	19.8
	147	100

Source: Survey by the researcher.

The result shows that those who obtained middle level educational qualification benefit more from housing. While the beneficiaries without formal education was only 5.4 percent, those with school certificate was 2.04 percent and those with qualifications less than first degree but not lower than school certificate constituted about 54.4 percent of the beneficiaries.

When the distribution of households by landlords'
employment status is considered, it can be seen in Table
7.15 that majority of the beneficiaries, about 76.2
percent are earners, and about 19.0 percent are self-
employed and only 4.8 percent are unemployed.

TABLE 7.15

THE DISTRIBUTION OF HOUSEHOLDS BY
EMPLOYMENT STATUS OF LANDLORD

EMPLOYMENT STATUS	NO.	PERCENTAGE
Unemployed	7	4.8
Self-employed	28	19.0
Earner	112	76.2
	147	100.0

Source: Survey by the researcher

Table 7.16 presents the distribution of households
by income group and rentage. From the table, it can
be seen that beneficiaries are spread throughout the
income-groups with those in the middle income range
of between ₦2,000 - ₦5,000 comprising the major
beneficiaries. These categories of income-earners
comprise about 63.3 percent of the total beneficiaries.
It can also be seen that majority of the beneficiaries
re-pay between zero naira to sixty naira monthly.

TABLE 7.16

THE DISTRIBUTION OF HOUSEHOLDS BY INCOME AND REPAYMENT

Income-Group	0-40	41-60	61-80	81-120	Total	Percentage
0 - 1,000	8	3	0	0	11	7.5
1,001-2,000	14	0	0	0	14	9.5
2,001-3,000	24	1	1	1	27	18.4
3,001-4,000	33	6	1	0	40	27.2
4,001-5,000	23	1	2	0	26	17.7
5,001-6,000	8	9	1	0	18	12.2
6,001 & above	F	3	2	1	11	7.5
	98	41	7	1	147	100

Raw Chi-Square 48.58 with 24 degrees of Freedom.

Level of significance 0.0021.

Source: Survey by the researcher

7.5 Electricity:

The survey on electricity covered three states.
In each state, four towns were selected, two from the
urban area and two from the rural areas. The list
of the states and towns covered is presented in
Appendix C.4.

Table 7.17 presents the distribution of households
with electricity by the educational level of the landlord.
From the table, it can be seen that those with
educational level below school certificate or equivalent
comprising about 79.1 percent of the total, benefit from

TABLE 7.17

THE DISTRIBUTION OF HOUSEHOLDS WITH
ELECTRICITY BY THE EDUCATIONAL LEVEL OF THE LANDLORD

EDUCATIONAL LEVEL	NO.	PERCENTAGE
No formal education	86	28.1
Below School Certificate or equivalent	89	29.1
Below first degree or equivalent but not lower than School Certificate	71	23.2
University first degree or equivalent equivalent and above	60	19.6
	306	100.0

Source: Survey by the researcher

electricity consumption. Next are those with no formal education comprising 28.1 percent of the total beneficiaries while those having at least a first degree or equivalent comprise 19.6 percent of the total beneficiaries.

When the distribution of households with electricity by employment staus of the landlor is considered, presented in Table 7.18, it can be seen that earning landlords are the major beneficiaries with 53 percent of the total, the self-employed landlords come next with about 40.5 percent of the total beneficiaries, and the unemployed landlards comprise only 6.5 percent of the total beneficiaries of electricity.

TABLE 7.18

THE DISTRIBUTION OF HOUSEHOLDS WITH ELECTRICITY
BY THE EMPLOYMENT STATUS OF LANDLORD

Employment Status	No.	Percentage
Unemployment	20	6.5
Self-Employed	124	40.5
Earner	152	53.0
	306	100.0

The distribution of households with electricity
by income-group and electricity cost is presented in
Table 7.19.

TABLE 7.19
THE DISTRIBUTION OF HOUSEHOLDS WITH ELECTRICITY BY
INCOME GROUP AND AMOUNT CONSUMED:

Income-Group	N 0-5	N 6-10	N 11-15	N 16-20	N 21-25	N 26-30	N31 and above	Total	Percentage
0 - 1,000	13	11	5	0	0	0	0	29	9.5
1,001-2,000	29	17	10	1	0	0	0	57	18.6
2,001-3,000	8	22	20	7	0	0	0	57	18.6
3,001-4,000	5	14	18	15	1	1	0	54	17.6
4,001-5,000	2	8	13	7	2	1	1	34	11.1
5,001-6,000	2	1	7	6	3	6	2	27	8.8
6001 & above	2	7	1	11	6	9	12	48	15.7
	61	80	74	47	12	17	15	306	100.0

Raw-Chi square 119.023 with 42 degrees of freedom. Level of
significance 0.000.

Source: Survey by the researcher.

From the table, it can be seen that households in
the income groups of ₦1,001 - ₦2,000 and ₦2,001 - ₦3,000
each constitute about 18.6 percent of beneficiaries
of electricity. The percentage of households that
benefited from electricity was decreasing with higher
levels of income-groups except in the income group of
₦6,001 and above where the beneficiaries were 15.7
percent of the total. When the distribution of
households by amounts of electricity is considered, it
can be seen that the lower income-groups consume less
electricity per household than the higher income
groups. This result is expected because the richer
people have more electrical appliances which naturally
make them consume more electricity.

FOOTNOTES

1. In this chapter, the term landlord refers to the head of the household whether he owns the accommodation or not.

CHAPTER EIGHT

THE DISTRIBUTIONAL IMPACT OF
FEDERAL GOVERNMENT EXPENDITURE
AMONG INCOME-GROUPS

This Chapter is concerned with the estimation
of the distributional impact of Federal Government
expenditures among income-groups by analyzing
expenditures for the 1976/77 fiscal year. As already
explained in Chapter 4, this involves the estimation of
the value of benefits of projects, allocation of the
valued benefits to direct beneficiaries and
distribution of the valued benefits of direct
beneficiaries among income-groups. Not all Federal
Government expenditures for the 1976/77 fiscal year
were analyzed. In the social services category,
expenditures for education, health and housing were
analyzed. In the economic services category, only
expenditures for power were analyzed. Also analyzed
were expenditures for general administration.

This chapter is divided into six sections. In
the first section, benefits from educational expenditures
are analyzed. In the second section, benefits from
health expenditures are analyzed while benefits from
housing and power expenditures are analyzed in sections
three and four respectively. Section five is devoted
to the analysis of general services expenditures whose

benefits are collective in nature. In section six of the Chapter, the distributional impact of Federal Government Expenditures among income-groups are analyzed and discussed.

8.1 The Distributional Impact of Educational -Expenditures Among Income-Groups

The educational system in Nigeria can conveniently be divided into three levels for the purpose of analysis. These are the primary, secondary and post-secondary levels. The post-secondary level, consists of Polytechnics, Technical Schools, Colleges of Education and Universities. The Federal and State Governments have cuncurrent constitutional and administrative responsibility for educational development. The Federal Government which previously had little responsibility for Primary and Secondary education was involved in both because of the Universal Primary Education Scheme[1] (UPE) and the financing of a massive expansion programme in Secondary and Technical Education. In the field of post-secondary education, the Federal Government has direct responsibility for Federal Colleges of Technology, Polytechnics, Colleges of Education and Universities. Apart from publicly financed educational institutions, there are a few private primary and secondary schools owned by religious bodies and foreign communities. The number of these

private institutions has diminished considerably in recent years owing to their take-over by various state governments.

As shown in Table 8.1, Federal Government expenditures for education amounted to ₦1,168.86 million in 1976/77. The large expenditures in education was due to many factors.

TABLE 8.1

FEDERAL GOVERNMENT EXPENDITUES IN EDUCATION FOR 1976/77 IN MILLION NAIRA

PROGRAMMES	CURRENT	CAPITAL	TOTAL
Primary Education	196.23	185.40	381.63
Secondary Education	44.43	41.98	86.41
Technical Education	14.00	13.24	26.24
Higher Education	248.90	235.18	484.08
Education General	96.61	91.28	187.89
Antiquities	0.83	0.78	1.61
T O T A L	601.00	567.86	1,168.86

SOURCE: Estimated from the Recurrent and Capital Estimates of the Federal Republic of Nigeria.

In the area of primary education, the Federal
Government introduced the UPE programme in order to
equalize opportunities for education throughout the
country.[2] The scheme which started in September,
1976, made primary education free and universal
throughout the country.

The Federal Government educational programme
also consisted of removing the imbalance in the
educational system, a system whereby about 90 percent of
students who enrolled in the formal school system were
in the primary schools and about 10% were in the other
levels. Such structural imbalance meant that there
were no adequate opportunities for the products of the
primary schools to proceed to secondary and post-
secondary education levels. To this end, secondary
school education was rapidly expanded to permit
possible enrolement of primary school leavers. In
the area of post-secondary education, the Federal
Government increased its expenditures on post-secondary
technical education in order to encourage the transfer
of technology which is very vital for development.
The abolition of the payment of tuition fees in
institutions of higher learning, the increase in the
expenditure on students' financing through increased
disbursements for scholarships, bursaries and loans,
also contributed to the large expenditures on education.

To obtain the benefits from educational expenditure, the total cost of capital projects was discounted at the rate of 7 percent per annum over a life span of fifteen years by assuming equal yearly amounts of benefits. The total benefits for 1976/77 are simply one year's discounted capital cost plus the current expenditures for 1976/77. The estimated benefits for the various educational programmes are presented in Table 8.2 Expenditures for antiquities were excluded because they do not benefit students alone.

TABLE 8.2

ESTIMATED BENEFITS FROM EDUCATION
BY LEVELS OF EDUCATION FOR 1976/77

L E V E L	₦'m
Primary Education	248.13
Secondary Education	58.56
Polytechnics, Technical School and Colleges of Education	18.42
University Education	327.43
T O T A L	652.54

SOURCE: Calculated from Table 8.1

Having estimated the valued benefits of educational expenditures, the next task in the analysis is to allocate the benefits among income-groups. This is undertaken by analysing each level of education seperately.

In the case of primary education, the introduction of the UPE enabled more children of the poorer section of the population to benefit. This resulted in the large increase in primary school enrolment. A look at Table 3.3 reveals that primary school enrolment jumped from about 5.9 million in 1975/76 to about 8.2 million in 1976/77. Another factor which affects the benefits from primary education is the presence of private —fee-paying primary schools mostly found in the urban areas. These private primary schools often have better facilities than the public primary schools and as a result, the higher income-groups normally send their children to the private schools rather than send them to public primary schools. In the rural areas where private primary schools are few, both the rich and the poor have no alternative but to send their children to public primary schools. The effects of the UPE scheme and private primary schools point to the fact that, the lower and middle income-groups are likely to benefit more from primary school education than the higher income-groups. The benefits from primary

TABLE 8.3

TOTAL EDUCATIONAL ENROLMENT IN NIGERIA
1970/71 — 1977/78

PROGRAMMES	1970/71	1971/72	1972/73	1973/74	1974/75	1
Primary Education	3,515,820	3,515,320 3,894,539	3 1 539 4,391,197	4,661,121	.21 5,193,550	5,
Secondary Grammar and Commercial schools	310,054	43,313	400,803	497,159	490,334	
Teacher Training Institutions	33,332	3 119	41,870	44,520	72,597	
Technical and Vocational Schools	13,654	15,884	15,953	18,776	24,412	
Colleges of Education	N.A.	N.A.	N.A.	N.A.	N.A.	
Universities	N.A.	N.A.	N.A.	N.A.	25,465	

SOURCES: (i) Annual Abstract of Statistics (1981 Edition).

(ii) Social Statistics in Nigeria, Federal Office of Statistic

137

education is therefore distributed among the income-groups according to the number of people in each income-group as obtained from the survey presented in Appendix D.1. The distribution of benefits of primary education by income-groups is presented in Table 8.4.

TABLE 8.4

THE DISTRIBUTION OF BENEFITS OF
PRIMARY EDUCATION BY INCOME-GROUPS

INCOME-GROUPS	NUMBER OF BENEFICIARIES	BENEFITS RECEIVED IN N'm
0 - 1,000	252	29.0
1,001 - 2,000	479	55.3
2,001 - 3,000	467	54.1
3,001 - 4,000	383	44.2
4,001 - 5,000	197	22.8
5,001 - 6,000	143	16.6
6,001 and above	225	26.1
	2,146	248.1

In the cases of Secondary, Polytechnic, Technical and Colleges of Education and University education, the distribution of benefits among income-groups is based on the results of the survey on the distribution

of students by parents' income. Anusionwu and
Liejomaoh[3] in their study of the distributive incidence
of public education subsidy in Nigeria, arrived at the
conclusion, that the income-group of a student's parent
is an important factor which determines access to
education in Nigeria. This fact has also been confirmed
from the result of the survey presented in the previous
chapter. The benefits from these categories of
education are therefore allocated among income-groups on
the basis of the income-groups of parents as presented
in Appendix D. 1. The distribution of benefits from
these levels of education among income-groups are
estimated and presented in Tables 8.5, 8.6 and 8.7.

TABLE 8.5

THE DISTRIBUTION OF BENEFITS OF

SECONDARY EDUCATION BY INCOME-GROUPS

INCOME-GROUPS	NUMBER OF BENEFICIARIES	BENEFITS RECEIVED IN ₦'m
0 - 1,000	23	5.9
1,001 - 2,000	16	5.9
2,001 - 3,000	23	5.9
3,001 - 4,000	24	6.1
4,001 - 5,000	13	3.3
5,001 - 6,000	28	7.2
6,001 and above	100	25.8
	227	58.56

TABLE 8.6

THE DISTRIBUTION OF BENEFITS OF POLYTECHNIC, TECHNICAL
SCHOOLS AND COLLEGES OF EDUCATION LEVEL OF EDUCATION
BY INCOME GROUPS

INCOME-GROUPS	NUMBER OF BENEFICIARIES	BENEFITS RECEIVED IN N'm
0 - 1,000	56	5.5
1,001 - 2,000	45	3.7
2,001 - 3,000	27	2.2
3,000 - 4,000	28	2.3
4,001 - 5,00'	23	1.9
5,001 - 6,000	19	1.6
6,001 and above	25	2.1
	224	18.42

TABLE 8.7

THE DISTRIBUTION OF BENEFITS OF
UNIVERSITY EDUCATION BY INCOME-GROUPS

INCOME	NUMBER OF BENEFICIARIES	BENEFITS RECEIVED IN N'm
0 - 1,000	17	35.4
1,001 - 2,000	11	22.9
2,001 - 3,000	13	26.8
3,001 - 4,000	15	33.1
4,001 - 5,000	20	41.6
5,001 - 6,000	13	26.8
6,001 and above	58	140.8
	158	327.43

The overall distribution of benefits of education
by income-groups is obtained by summing up all the
benefits from all the levels of education. The result
is presented in Table 8.8 and the Lorenz curve in
figure 8.a. From the Lo'enz curve, it is estimated
that the Gini coefficient of the distribution of

TABLE 8.8

THE DISTRIBUTION OF BENEFITS OF
EDUCATION BY INCOME-GROUPS

INCOME-GROUPS	NO OF BE EFI- CIARIES	BENEFITS RECEIVED IN N'm	PERCEN- TAGE OF BENEFICIA- RIES.	PERCEN- TAGE OF BENEFITS
0.- 1,000	348	75.8	12.7	11.6
1,001 - 2,000	550	86.0	20.1	13.2
2,001 - 3,000	530	89.0	19.3	13.6
3,001 - 4,000	450	85.7	16.4	13.1
4,001 - 5,000	253	69.6	9.2	10.7
5,001 - 6,000	203	52.2	7.4	8.0
6,001 -and above	408	194.3	14.9	29.8
	2,742	652.5	100.0	100.0
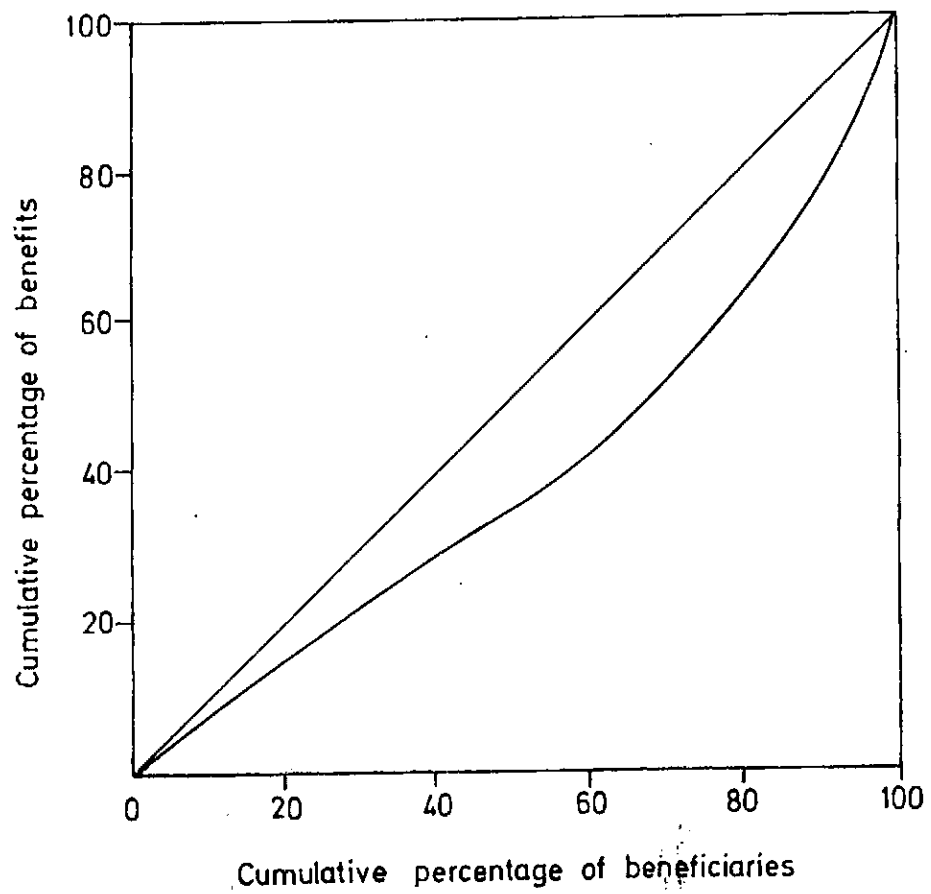
Fig. 8.a   LORENZ CURVE SHOWING THE DISTRIBUTION OF BENEFITS OF EDUCATION

education benefits is 0.19. It is also obtained that
the bottom 20 percent income earners received 16 percent
of benefits, the middle 40 percent income earners received
about 30 percent of benefits while the top 10 percent
income earners received 21 percent benefits. This pattern
of benefits distribution which is inequitable has been
caused mainly by secondary education which largely benefits
the higher income-groups. Admission into Federal Govern-
ment Secondary Schools require success at a highly
competitive entrance examination. It is mostly the
children of rich people who send their children to
private primary schools where standards are higher that
often pass the entrance examination. The children of
poorer parents cannot benefit much because they find it
difficult to pass the entrance examination due to the
poor standards in the public primary schools which they
attend. The problem of inequality in the distribution of
benefits of education is further aggravated at the Univer-
sity level where it is the children of rich people who
attended Federal Government Schools that often gain
admission into the universities because they perform
better than the children of poor parents who attend
other types of secondary schools. Some of the
children of rich men who perform relatively badly
still gain admission into universities through their
connections or at worst are admitted into the
Polytechnics or Colleges of Education. In essence,

the analysis confirms that access to good educational
institutions at the lower levels is the major factor
that determines who benefits from education in
Nigeria.

3.2   The Distributional Impact of Health Expenditures
              Among Income Groups

In Nigeria, government owned hospitals exist side
by side with private hospitals owned by individuals,
communities and religious bodies.   Since this research
is on Federal Government Expenditures, the focus is
therefore on health institutions owned by the Federal
Government and other types of health services and
amenities provided by it.

The main features of Federal Government health
programmes were projects in the area of epidemic
control, training and research.   The specific projects
were the expansion of Teaching Hospitals and take-over
of existing ones, the expansion of Training Schools
for various paramedical personnel and the establishment
of an Institute of Public Health.   Other projects were
the establishment of necessary infrastructure for the
control of malaria throughout the country, provision
of supporting health services chiefly concerned with
pharmaceutical and drug manufacturing laboratories,
and medical research.[4]

Government expenditures on health is presented
in Table 8.9. From the table, it can be seen that

TABLE 8.9

Government Expenditures on Health by Programme

₦ MILLION

Programme	Current	Capital	Total
Teaching Hospital	40.0	41.89	81.89
Comm. Health Service	6.4	6.7	13.1
Total	46.4	48.59	94.99

Source; Estimated from Current and
Capital Estimates of the Federal
Republic of Nigeria.

government current and capital expenditures on health
amounted to ₦94.99 million. The major capital project
was the establishment of Teaching Hospitals at the
cost of ₦41.89 million approximately 86% of the total
capital expenditures of the Federal Government health
programmes.

Health expenditures benefit individuals and the
community at large. For the purpose of determining what
cost is to be allocated to each category of beneficiary,
health expenditures for teaching hospitals are regarded

as benefiting individuals who received medical attention
while health expenditures on epidemic control,
supporting health programmes and research are regarded
as benefiting the community at large. In the 1976/77
fiscal year, an estimated amount of N81.80 million was
spent on individuals while about N13.1 million was
spent on the community at large.

The next aspect in the analysis is the valuation
of benefits. To obtain this, the total cost of the
capital projects was discounted and the estimate of
one year's benefit was added to the current expenditures.
The estimate benefits from health expenditures by
major beneficiary groups is presented in Table 8.10.

TABLE 8.10

The Distribution of Benefits from Health by Major Beneficiary Groups. N MILLION

Beneficiary Group	Benefits
Individuals (Health care delivery)	44.3
Community	7.14
TOTAL	51.74

Source: Calculated from table 8.9

The final phase in the analysis is the distribution of benefits of health among income-groups. In order to obtain allocators for the distribution of benefits among the income-groups, estimates of the average cost of drugs for out-patients and the average cost of maintaining an in-patient in the hospital per day were calculated using Ahmadu Bello University Teaching Hospital, Zaria, as case study.

For out-patients, the average cost of drugs for each patient is estimated at ₦2.50 per day. In the case of in-patients, the estimate of the cost per day per patient is as follows.

(a) Accommodation   - Free

(b) Feeding   - ₦4.50

(c) Drugs   -. ₦2.50

(d) Cards   - Free

     T O T A L   = ₦7.00

This total estimate for maintaining an in-patient per day does not take into consideration the cost of maintaining in-patients who receive special medical attention such as cases of surgery, cancer, tuberculosis and psychiatric patients. The estimated cost of meal per day per patient does not also take into consideration, the cost of feeding patients on special diets. The overall estimate was made by considering only what can be regarded as the "normal cost" typical of most patients.

It is recognized that the cost of maintaining patients vary from hospital to hospital. Ahmadu Bello University Teaching Hospital can be regarded as a typical case in between the most expensive and the least expensive. On the basis of the estimate of the average cost of drugs for out-patients and the average cost of maintain'ng an in-patient in the hospital per-day, allocators for estimating the benefits of health among income-groups was calculated from Table 7.13. The result is presented in Appendix D. 1.

So far, the analysis has been concerned with benefits of health-care delivery. In the case of health expenditures that benefit the community at large, benefits are a.located among income-groups in proportion to the number of beneficiaries in each income-group. This method of distribution of benefits is used because such benefits are enjoyed collectively. The distribution of benefits from health by income-groups is presented in Table 8.11. It is obtained that, the bottom 20 percent income-earners received 38.8 percent of benefits, the middle 40 percent income-earners, received 34.4 percent of benefits, while the top 10 percent income-earners, received 4.1 percent of benefits. The pattern of distribution of health benefits is in favour of the poor. Two factors areprobably responsible for this pattern of distribution. The first is that,

149

TABLE 8.11

The Distribution of Benefits from Health Among Income Groups

Income-Group	Benefi-ciaries	% of Bene-ficiaries	Health Care	Comm. Health	Total N m	% of Bene-fits
₦-1,000	341	14.1	14.7	2.2	16.9	32.6
1,001-2,000	521	21.4	10.1	1.1	11.2	21.6
2,001-3,000	523	21.5	7.4	1.4	8.8	17.0
3,001-4,000	435	17.9	7.2	1.3	8.5	16.4
4,001-5,000	216	8.9	2.5	0.5	3.0	5.8
5,001-6,000	157	6.5	2.3	0.3	2.6	5.0
6,001 and above	236	9.7	0.6	0.3	0.9	1.7
	2,429	100.0	44.8	7.1	51.9	100.0

the higher income-earners probably receive medical attention from private hospitals and clinics than the lower income-earners. These private hospitals provide special services for which they are in the position to pay for. The second factor is that, those in the lower income-groups are more likely to be hospitalized because of poor feeding and unhygienic environment which they live in.

8.3   The Distributional Impact of Housing Expenditures
                        Among Income-Groups

Expenditure on housing, started to
receive more attention as from the
last defunct civilian regime. The previous
governments have traditionally left this field almost
wholly to private efforts, restricting itself to the
provision of residential quarters for its officers.
These quarters were built under the Ministry of Works
for their staff in their various locations, including
the Government Reservation Areas (GRAs) in the capital
cities and other government formations across the
country where federal establishments exist. These staff
quarters were very few but during the civilian
administration, they became more widespread because of
the government's housing policy.[5] Those officially
entitled to be compulsorily quartered are members of the
police and armed forces, fire service and the medical.
Other public officers can be quartered if quarters are
available. Generally, allocation into the quarters is
based on the status of the officer and availability of
suitable quarter commensurate with status. Those who
occupy government quarters pay a fixed percentage mostly
through their employers.

Government participation in housing also took the
form of the development of a few lower and middle classes
housing estates consisting of the one, two, three and

four bedroom types. These houses built by the Federal
Housing Authority (FHA), are located in state capitals.
The houses are sold to public servants or the general
public on an owner-occupier basis. Allocation is based
on the applicant's interest in a particular type of
house. Repayment which is on monthly basis depends
upon the type of house occupied and the administration is
through the housing authority itself. During the
Shagari administration, a number of owner-occupier
houses were built in the states. These houses were
sold at subsidized rates, disbursed by the Federal
Mortgage Bank and Staff Housing Loan Scheme. Any civil
servant is entitled to obtain a loan to build or purchase
land for building, provided his or her appointment is
confirmed on a pensionable basis. Loan is based on the
basic salary of the officer subject to a maximum of
seven years annual salary.

Federal Government current and capital expenditure
on housing amounted to N284.61 million in 1976/77 fiscal
year. The details of the expenditures are presented in
Table 8.12. Capital expenditures for housing consisted
of loans to Federal Mortgage Bank amounting to N22:5
million, and Federal Government Staff Housing Scheme
amounting to N5 million, and National Housing Programmes
phases I and II involving N231.98 million.

TABLE 8.12

Federal Government Current and Capital Expenditures on Housing

	Current	Capital	Total N'm
Loans	2.66	27.5	30.16
Federal Housing Scheme	22.47	231.98	254.45
	25.13	259.48	284.61

Source: Estimated from Current and Capital Estimates of the Federal Republic of Nigeria.

The beneficiaries of housing are essentially those who obtained loans to build houses and those occupying government housing units. Total benefits in terms of the loan and the cost of the building are allocated wholly to the beneficiaries of the year of analysis since no other person can share in the benefits. This is why the benefits of housing have not been capitalised as in other cases.

Next in the analysis is the distribution of benefits among income-groups. This is undertaken by analyzing the benefits from each expenditure item seperately. In order to be able to analyze loans which were administered by the Federal Mortgage Bank, efforts were made to obtain data about the number of beneficiaries, the value of their loans and their respective income-groups. These efforts

did not yeild any dividends because the Bank refused to disclose such information on the ground that it is against the banking ethics. It was therefore considered that a thorough examination of the conditions for obtaining the loan would be the next best avenue through which the income-groups of the beneficiaries can be determined. A thorough examination of the conditions of granting the loan and conditions for repayment show that they disfavour the lower and middle income-groups. Every applicant is expected to have a minimum of N500 in a savings account with the bank at the time of application for a mortgage loan. The three types of loans granted are social loans to cover private residential units costing more than N65,000, and commercial loans for private estate or mixed development. Table 8.13 presents the monthly repayment sums for a loan of N10,000.

TABLE 8.13

Monthly Repayment Table of a Loan of N10,00
(Capital and Interest)

Annual Rate per Annum	5 yrs	10 yrs	15 yrs	20 yrs
6%	198.00	113.00	86.00	73.00
7½%	206.00	122.00	95.00	82.00
9%	214.00	130.00	103.00	–
9½%	217.00	133.00	106.00	–
10%	220.00	136.00	110.00	–
11%	225.50	141.00	116.00	–

Source: Federal Mortgage Bank of Nigeria: Information and Requirements for Loans and Savings, P. 19.

A loan of ₦10,000 is repayable in a maximum of twenty years at ₦73.00 per month. Such an amount is too burdensome for the lower and middle income groups. Apart from these conditions of repayment, the legal and survey requirements are so stringent that they cannot be met by the lower and middle income earners. The major beneficiaries of these loans are therefoxe most likely to be in ₦6,000 per annum and above income-group.

Next is the distribution of the benefits from the Federal Housing Scheme among income-groups. According to the housing policy, repayments are based on the cost of the houses. The distribution of benefits among income-groups is based on the result of the survey presented in Appendix D.1. The distribution of benefits from Federal Housing is presented in Table 8.14 and the Lorenz Curve is presented in figure 8b. From the Lorenz curve, it is found that the Gini coefficient of the distribution of housing benefits is 0.17. It is also obtained that the bottom 20% of income earners have benefits of about 12%, the middle 40% income-earners have benefits of 34% while the top 10% have benefits of about 19%. This is an evidence of low-inequality in the distribution of benefits of housing. When the benefits from loans administered by the Federal Mortgage Bank is added to the overall benefits of housing, the inequality in the distribution of benefits is further aggravated.

TABLE 8.14

The Distribution of Benefits of Housing by
Income Groups

Income Group	Households		Persons		Benefits	
	Number	%tage	Number	%tage	Value in N'm	%tare
0-1,000	11	7.5	85	8.6	19.6	7.7
1,001-2,000	14	9.5	104	10.6	17.6	6.9
2,001-3,000	27	18.4	189	19.2	37.7	14.8
3,001-4,000	40	27.2	272	27.7	64.9	25.5
4,001-5,000	26	17.7	169	17.2	40.7	16.0
5,001-6,00	18	12.2	106	10.8	43.0	16.2
6,001 & above	11	7.5	58	5.9	31.0	12.2
	147	100	983	100	254.5	100

Source: Estimated by the researcher on the basis of the result of the survey on housing.

The inequalities in the distribution of benefits of housing is a result of many factors. First, the administration of the housing scheme rests in the hands of top administrators in the civil service. These people are more likely to approve the applications of their counterparts who belong to the same income and educational level (see Table 7.14) than lower income-earners, who are also less educated.
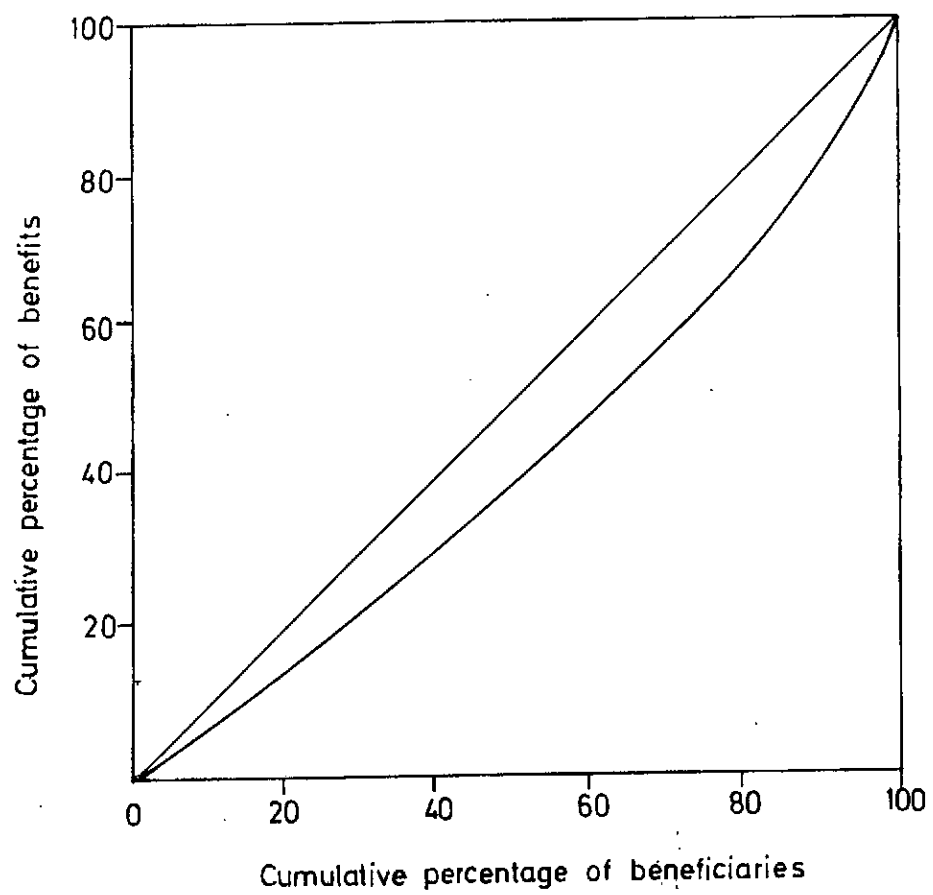
Fig. 8.b   LORENZ   CURVE SHOWING THE DISTRIBUTION
OF BENEFITS OF HOUSING

The second factor is that although the one and two bedroom types are meant for the lower income earners, the top civil servants use their positions to secure these houses which they sometimes sub-let to other people. A third contributing factor is the relatively small number of the one-bedroom type. The smallness of the number means that most of the lower income earners cannot benefit from the housing scheme. A fourth factor is the conditions for granting and repayment of the mortgage loan which makes it impossible for the lower and middle income earners to benefit. These are the factors to look into if government expenditure on housing is to serve as a means of redressing income inequalities.

8.4 The Distributional Impact of Power Expenditure Among Income Groups

The National Electric Power Authority (NEPA) is the only producer of electricity in Nigeria. This body was formed in 1972 from the amalgamation of Electricity Corporation of Nigeria (ECN) and the Niger Dams Authority (NDA).

The major programmes of this sector are power generation, transmission extension and improvements for area supply and rural electrification. Government total expenditure for power was N161.95 million in

1976/77 of which N1.95 million was for current expenditures and N160 million was for capital expenditures. The division of total expenditure into programmes in order to identify beneficiaries is not necessary in this case since each programme is an input to the other with the ultimate aim being the supply of electricity.

In order to obtain the benefits of power the total cost of capital projects is discounted appropriately and the benefits for a year is added to the current expenditures. The estimated benefits of power for 1976/77 amount to N19.52 million. Expenditures for power benefit industrialists and commercialists as well as households all of which constitute the major consumers of electricity. The benefits from power expend**ture is therefore allocated to these consumers of electricity in proportion to their consumption of total electricity generated. The data used for the allocation is presented in Appendix D.2 The allocation of benefits of power among major beneficiaries is presented in Table 8.15.

The allocation of benefits of power among income groups is undertaken by considering each major consumer of electricity. In other to be able to distribute the benefits of power consumed by industrialists and commercialists among income-groups, one must have certain

TABLE 8.15

Allocation of Benefits of Power among Major Consumers
(Million Naira)

Major Consumers	1976/77
Residential	8.11
Commercial and Industrial	11.37
Street lighting	0.04
Total	19.52

Source: Estimated by the researcher

specific data about the major shareholders in these
establishments which would facilitate such an analysis.
The specific data that will facilitate distribution
among income groups should include data on the
distribution of shareholders and the value of their
shares on income-group basis. These data could not
be obtained because the major industrial and commercial
establishments refused to provide a detailed list of
their shareholders from whom these information can be
obtained. In the light of this, the benefits of power
consumed by industrialists and commercialists were not
analysed. It is however reasonable to assume that
majority of the shareholders are likely to belong to
the high income-groups who have the knowledge and money

to buy shares. Many poor Nigerians do not know the importance of owning shares and the few that know have no money for the purchase of shares.[6]

The only benefits of power distributed among income groups are those consumed by households. Estimates of the distribution is obtained on the basis of the survey of which result is presented in Appendix D.1. The estimated benefits by income-groups is presented in Table 8.16 and the Lorenz curve is pfe-sented in figure 8c. From the Lorenz curve, it is estimated that the Gini coefficient of the distribution of power benefits is 0.37.

It is also estimated that the bottom 20 per cent income earners have benefits of only 9 per cent, the middle 40 per cent income earners received benefits of about 31 per cent. While such distribution of benefits of electricity consumption is inequitable, a number of factors might be responsible for this. Electricity consumption depends partly on income and partly on availability of supply in the

TABLE 8.16

The Distribution of Benefits of Electricity Consumption by Income Groups

Income-Group	Households		Persons		Benefit	
	Number	%tage	Number	%tage	Value in N'm	%tage
0-1,000	29	9.5	252	11.7	0.4	4.9
1,001-2,000	57	18.6	479	22.3	0.8	9.3
2,001-3,000	57	18.6	467	21.8	1.2	15.3
3,001-4,000	54	17.6	383	17.8	1.4	17.6
4,001-5,000	34	11.1	197	9.2	0.9	11.1
5,001-6,000	27	8.8	143	6.7	1.1	13.6
6,001-7,000	48	15.7	225	10.5	2.3	28.1
TOTAL	306	100	2,146	100	8.1	100

Source: Estimated by the researcher on the basis of the result of the survey on electricity consumption.
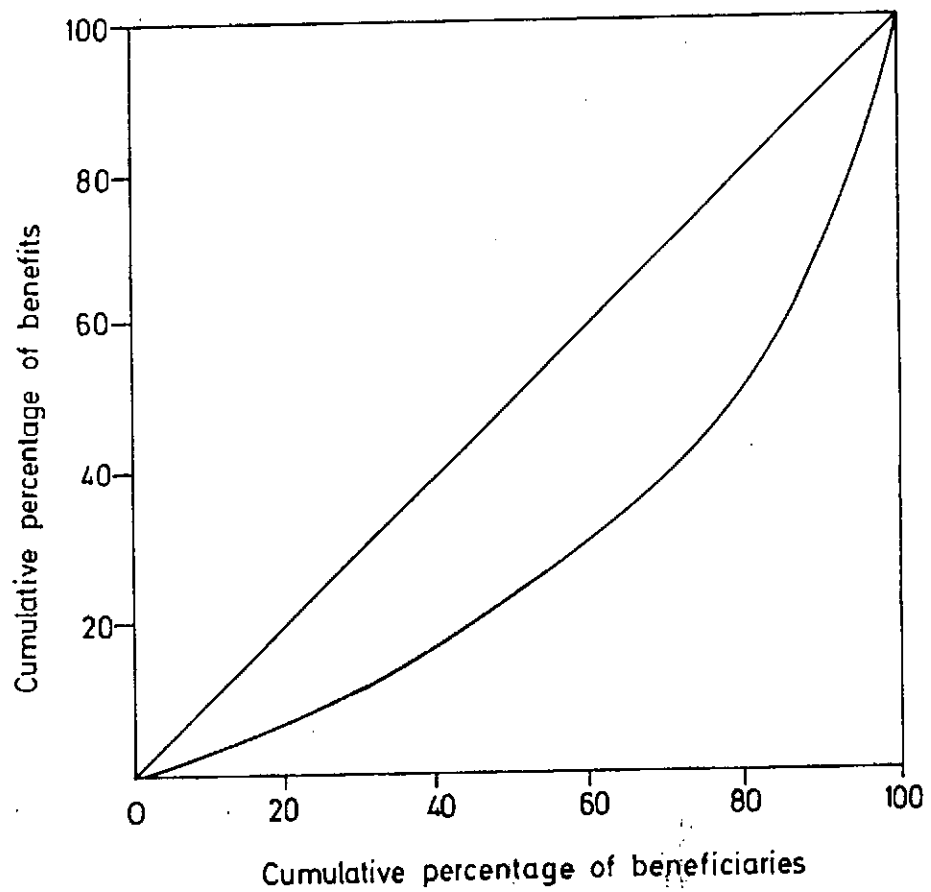
Fig. 8.c   LORENZ   CURVE SHOWING THE DISTRIBUTION
OF BENEFITS OF POWER

162

town and area of residence. Since electricity is more available in the urban areas than in the rural, it is possible for some-one in the higher income-group who resides in the rural area not to enjoy electricity. It is equally possible for low income-earners in the urban areas to enjoy electricity by living in rented houses which have electricity supply. In view of the fact that there are more people in the rural areas (where electricity supply is less), than in the urban areas (where electricity is more), it should therefore be expected that the distribution electricity supply in Nigeria is the major factor which determines who bebefits from electri:ity. Since the distribution of electricity is urban-bias, where the richer population reside, the pattern of distribution of electricity consumption by income-group as revealed in Table 8.16 should be expected.

8.5 The Distributional Impact of General Services Expenditures Among Income-Groups

General services consist of defence and security and general administration. The major expenditure areas in this sector are defence, police and prisons, external affairs, custom and excise, federal board of inland revenue, establishment, judiciary, federal fire services and immigration.

Government current and capital expenditures for general services for 1976/77 fiscal year were ₦995 million and ₦1,059 million respectively, totalling ₦2,054 million. The expenditures of this sector produce "collective goods" which benefit every citizen of the country. It is therefore unnecessary to **devide** the expenditure of this sectors into programmes for the purpose of analysis.

In order to obtain benefits of general services, the cost of capital projects are discounted and appropriate proportion is added to the current expenditure. On this basis, the total benefits of general services is estimated as ₦1,111.3 million.

The allocation of benefits from general services was on the assumptions that the rich benefit more because they have more property to protect. Benefits are therefore allocated among income-groups according to income. This is the only criterion that truely reflects the Nigerian situation. The distribution of benefits from general services by income-group is presented in Table 8. . and the Lorenz curve in Figure **8d**. From the Lorenz curve, it is obtained that the Gini coefficient is 0.35. It is also estimated that the lowest 20 percent income-earners obtained only 6 percent benefits, the middle 40 percent income-earners obtained 31 percent benefits, while the top 10 percent income-earners obtained 24 percent of

TABLE 8.17

The Distribution of Benefits from General Services
By Income-Groups

Income-Group	Beneficiaries		Benefits in N'm
	Number	Stage	
0-1,000	252	11.7	21.1
1,001-2,000	479	22.3	123.4
2,001-3,000	467	21.8	200.0
3,001-4,000	383	17.8	230.0
4,001-5,000	197	9.2	152.2
5,001-6,000	143	8.7	134.5
6,001-& above	225	10.5	250.5
	2,146	100.0	1,111.3

Source: Estimated by the Researcher.

benefits.

8.6 The Distribution of Benefits from Federal
Government Expenditures by Income-Groups

First, the distribution of total benefits from
Federal Government expenditures is obtained by
summing up all the expenditure categories analyzed
excluding expenditure for general services.
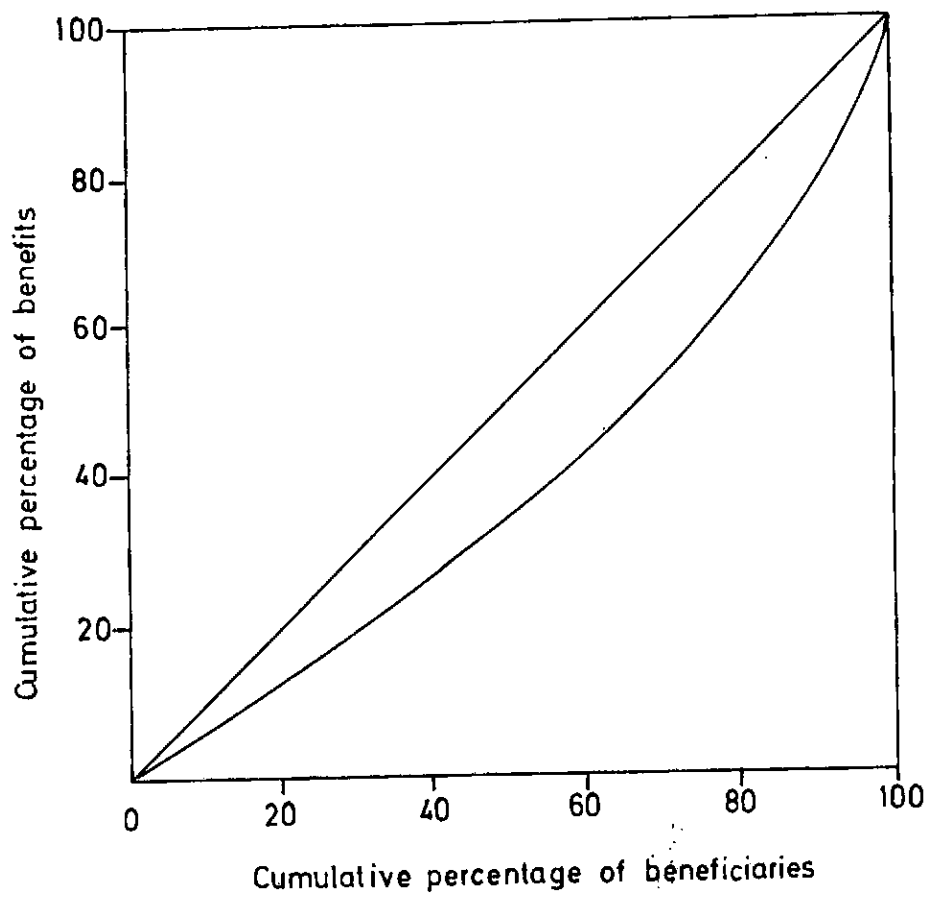
Fig. 8.d   LORENZ   CURVE FOR TOTAL BENEFITS EXCLUDING
            GENERAL SERVICES

The result is presented in Table 8.18 and the Lorenz curve is presented in figure 8e. The estimated Gini coefficient is 0.20. It is estimated that the bottom 20 per cent income earners received 15 per cent of benefits, the middle 40 per cent income earners, received 30.6 per cent benefits while the top 10 per cent income earners, received 22.7 per cent of benefits. This is a regressive (i.e. pro rich) benefit distribution pattern.

Next the distribution of total benefits from Federal Government expenditure including general services is obtained. This result is presented in Table 8.19 and the Lorenz curve is presented in Figure 8f. From the Lorenz curve it is estimated that the Gini coefficient of benefit distribution is 0.25. It is also estimated that the bottom 20 per cent income-earners received benefits of 11.3 per cent, the middle 40 per cent income-earners, received 33.4 per cent benefits and the top 10 per cent income-earners, received 22.3 per cent benefits. This is a regressive (i.e. pro-rich) benefit distribution pattern.

TABLE 8.18

The Distribution of total Benefits from Federal
Government Expenditures by Income-Groups Excluding
General Services (Nm)

Income-Group	Education	Health	Housing	Power	Total	%tage	No.	%tage
0-1,000	75.8	16.9	19.6	0.4	112.7	11.7	774	12.8
1,001-2,000	86.0	11.2	17.8	0.8	115.6	12.0	1175	19.1
2,001-3,000	89.0	8.8	37.7	1.2	136.7	14.1	1242	20.1
3,001-4,000	85.7	8.5	64.9	1.4	159.8	16.5	1157	18.8
4,001-5,000	69.6	3.0	40.7	0.9	114.2	11.8	638	10.3
5,001-6,000	52.2	2.6	43.0	1.1	98.9	10.2	466	7.6
6,001 & above	194.8	0.9	31.0	2.3	229.0	23.7	702	11.3
	652.5	51.9	254.5	8.1	966.9	100.0	6154	100.0

Source: Estimated by the Researcher.
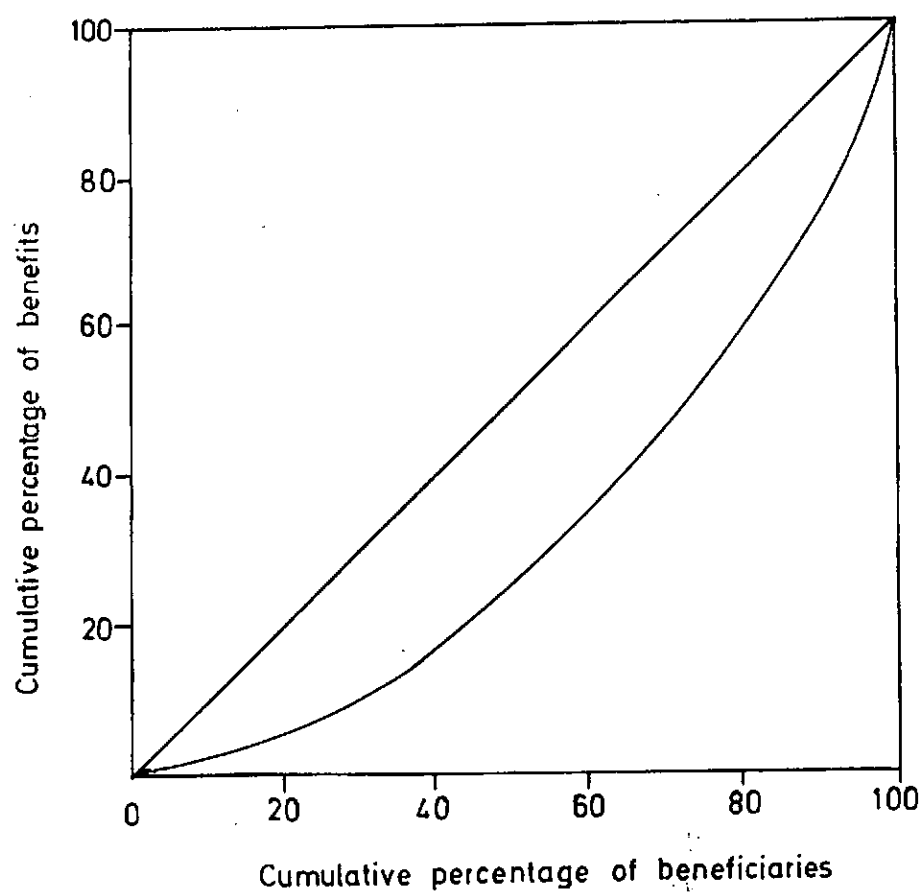
Fig. 8. e   LORENZ CURVE FOR TOTAL GENERAL SERVICES

TABLE 8.19

The Distribution of total Benefits from Federal
Government Expenditures by Income-Groups;

Income-Group	Education	Health	Housing	Power	General Service	Total	%tage	Number	%tage
0-1,000	75.8	16.9	19.6	0.4	21.1	133.8	6.4	1026	12.4
1,001-2,000	86.0	11.2	17.6	0.8	123.4	239.0	11.5	1654	19.9
2,001-3,000	89.0	8.8	37.7	1.2	200.00	336.7	16.3	1709	20.6
3,001-4,000	85.7	8.5	64.9	1.4	250.0	390.5	18.7	1540	18.6
4,001-5,000	69.6	3.0	40.7	0.9	152.2	266.4	12.8	8835	10.1
5,001-6,000	52.2	2.6	43.0	1.1	134.5	233.4	11.2	609	7.3
6,001 & above	194.8	0.9	31.0	2.3	250.0	479.0	23.1	927	11.2
	659.5	51.9	254.5	8.1	1111.3	2078.3	100.0	8300	100.0

Source: Estimated by the Researcher.

Fig. 8.f   LORENZ CURVE FOR TOTAL BENEFITS

171
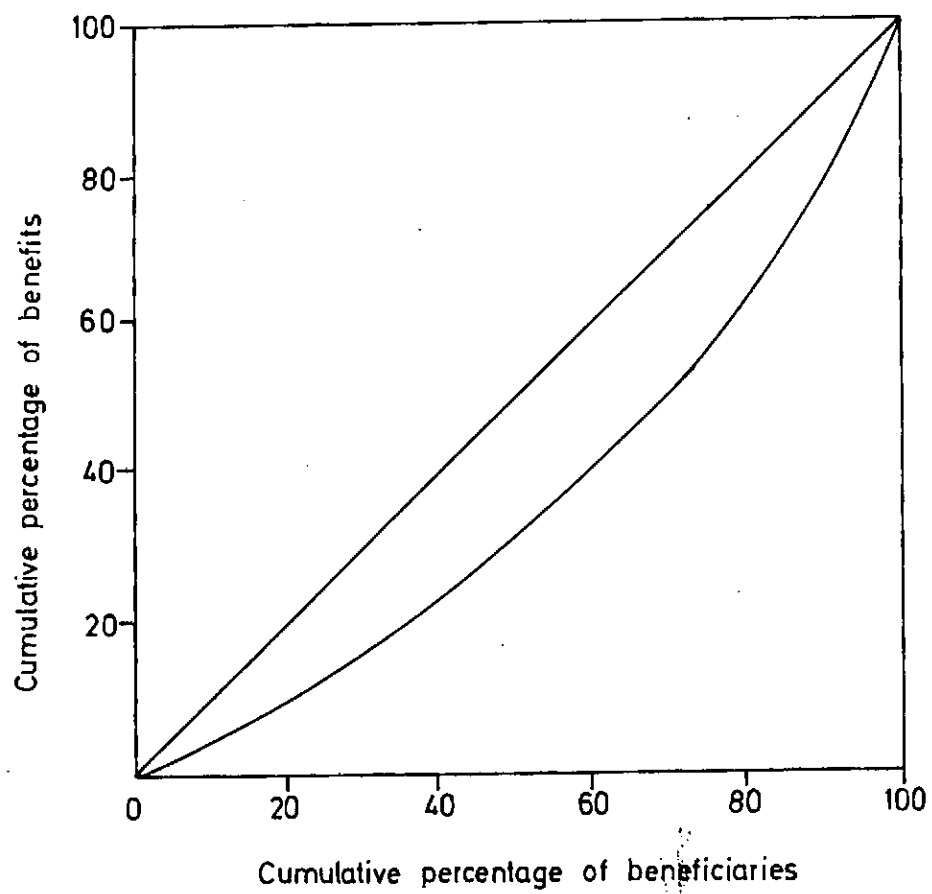
FOOTNOTES

1. Federal Ministry of Economic Development, <u>Third National Development Plan</u>, 1976 - 80, Vol. 1, p. 246.

2. <u>Ibid.</u>

3. Emmanuel C. Anusionwu and V.P. Diejomaoh, "Distributive Incidence of Public Education Subsidy In Nigeria", <u>West African Economic Journal</u> Vol.1, No. 1, 1980.

4. Federal Ministry of Economic Development, <u>op.cit</u>, pp. 261 - 271.

5. <u>Ibid</u>, p. 306.

6. As a matter of fact, most Nigerians hardly subscribe to shares. Shareholding in Nigeria has generally been dominated by foreigners until 1972 when the then military government under the leadership of General Yakubu Gowon, promulgated the Nigerian Enterprises Promotion Decree. This Decree which was later amended in 1977 increased Nigerias participation in the economic and industrial activities of the country and consequently increased Nigerians holdings of shares in commercial and industrial enterprises.

CHAPTER NINE

CONCLUSION & POLICY RECOMMENDATIONS

This research has focussed on the distributional impact of government expenditures by analyzing 1976/77 Federal Government expenditures. The first aspect of the research, deals with the growth and structure of government expenditues. The second aspect analyses the impact of government expenditures from the perspective of regions. The last aspect estimates the distribution of benefits from government expenditures among income-groups. It is necessary to caution that the results of studies on the impact of government expenditures generally depend upon the various assumptions made in a particular study. This one is no exception. The important factor is whether these assumption can be justified from the knowledge of the economy. Another important consideration about the results of such studies is that, the distribution of benefits among the various income-groups compares the benefits of an average individual in one income-group with the benefits of another average individual in another income-group. There is no doubt that there are variations within each income-group. These factors among others which indicate the difficulties involved in the esitmation of the distributional impact of government expenditures, point to the fact that the quantitative manner in which the results have been presented does not necessarily mean that the results were obtained with

utmost accuracy. Hence, the results should be viewed
with some degree of caution.

One of the findings of the research concerns the
structural pattern of government expenditures. It was
found that while the size of the government sector rose
during the period under review, the proportion of total
expenditures devoted social services did not show any
tendency to rise with the expenditures. If government
expenditure is to be made more progressive, it is
recommended that an increasing proportion of government
expenditures should be devoted to social services in
view of the fact that social services generally
contribute more to the income of lower income-groups to
that of the higher income-groups.

A second finding of this research is related to the
structural pattern of government expenditure. It was
found that the proportion of government expenditures
which contributes directly to personal income in the
form of employment and interest receipts decline over
the years, an indication that government expenditures is
 increasingly been devoted to the provision of goods
and services. Put differently, the government is now
using less men to produce more goods and services.
This phenomenon can be adduced to the fact that in the
earlier years of independence, the government used direct
labour to execute a number of its projects. In recent
years, the complex and technical nature of the projects
necessitated their being contracted out to specialist for
execution. The implication of this is that the method
of production, whether capital or labour intensive is not

determined by the government but by the contractors who handled its projects. In order to reduce unemployment and income inequality, government should resort to direct execution of its projects. Such a change in policy will enabel them use a more labour intensive method of production.

A third important result of the research is that government expenditures have been inequitably distributed among the regions of Nigeria. Considering the large disparities that still exist between the regions in terms of economic activities, it is desirable for the government to make deliberate efforts to locate projects in a manner to ensure a proper balance between the regions. Such a policy of regional balance will represent a step towards securing a reduction in poverty and inequality.

When the distribution of government expenditures between urban and rural areas is considered, it was found that government expenditures have largely been urban-biased. The implication of this policy is that rural-urban migration is encouraged, leading to stagnation of economic activities in the rural areas. Since majority of the people live in the rural areas and derive their livelihood from agriculture, any policy to reduce inequality should be rural-biased. It is therefore recommended that government expenditures policy should deliberately be geared towards the rural areas and agriculture in particular.

Considering the overall pattern of the distributional impact of government expenditures, it was found that it is regressive, that is pro-rich. Thus,

government expenditures in Nigeria are responsible for perpectuating income inequality, contrary to government declared objectives in successive development plans since independence. The result of the overall pattern of benefits does not lead us to any meaningful policy recommendation unless the result of each expenditure sector is considered separately.

The benefits of education is inequitably distributed in favour of the rich. Instead of education contributing to a reduction in inequality, the result has shown that the reverse is the case in Nigeria. This result corroborates the results of related studies for Nigeria by Umo,[1] and Anusionwu and Diejomaoh.[2] Unequal access to good quality primary and secondary school is possibly responsible for this finding. In order to make education a means of reducing income inequality, standards in all private and public primary and secondary schools should be uniform as they are in the Polytechnics, Colleges of Education and the Universities. This can be achieved by ensuring that all primary and secondary schools are placed under the same management. When a body is set up to manage all the institutions throughout the state, variations in the standards will be minimized. In other words, private and special government institutions which cater for the interest of privileged few should be abolished, giving way to institutions governed by one body throughout the state. Under such a situation, there will be no tendency for some institutions to be better equiped and staffed than the others. All the children of both the rich and poor in the state are bound to attend the same type of schools, efforts will therefore be made by those in authority to ensure that standards are high and uniform throughout the state.

The present policy by the military of introducing school fees in whatever manner of disguise will tend to perpetuate inequalities through education policy. This is because, poor parents will find it difficult to send their children to schools. It is therefore recommended that education should be free at least in the primary and secondary levels. These are the levels of education which graduates have been shown to be most crucial to the development of a country in studies on education and development.

Considering the fact revealed in the study that the children of educated parents benefits more from education than the children of uneducated parents in all the levels of education, it is hereby recommended that the UPE introduced in 1976 should be vigorously pursued and extended to the secondary level in the form of Universal Secondary Education (USE). This is the only way by which the children of uneducated parents can increase their benefits from education.

The benefits of health expenditures has been shown to be progressive, that is pro-poor. One major factor responsible for this pattern is that government programmes in health are not designed exclusively for particular income-groups, hence the income-group that is large in number gets larger amounts of benefits than the others. A look at the establishments of health institutions in Nigeria show that they are disproportionately located in urban areas, with poor facilities and high doctor per-patient ratio. To enable expenditures for health be a better means of reducing inequality, more health institutions should be

located in the rural areas where most of the population reside. Efforts should also be made to ensure that they are better equiped and services are rendered free to the patients. Alternatively, patients could be charged minimum fees for services rendered in order to prevent undue waste.

In the case of housing, the research has shown that they benefit mostly the higher income-groups due to the manner of its administration. The number of houses built show that the government cannot cope with the demand. The cost of production, the condition of granting and repayment of loans and the personnel involved in the allocation of houses built, point to the fact that only higher income-earners can benefit from government housing expenditures. There is an urgent need to change policy. Government continued involvement in the direct construction of houses means that the total number of houses built will remain small in relation to demand and that only the rich and highly placed can benefit through their connections with government officials. Hence there is need for the government to encourage individuals to build their own houses to their own specifications, in areas of their choice, by providing the necessary personnel and technical assistance. Loans should be tailored to particular target income-groups, mainly the lower income-groups. No lump-sum amount should be given to beneficiaries but rather, the amount given should be related to the progress made during construction of the houses. The interest rates which are generally too high should be reduced to that level meant to pay back service charges alone.

The benefits from power has also been shown to be inequitably distributed in favour of the rich. The major factor responsible for this unfavourable distribution is the disproportionate provision of electricity in the urban centres to the neglect of the rural areas. Income is not a major factor that determines the benefit from electricity but availability of supply in the area of residence. A major policy change of delibrate extension of electricity supply to the rural areas is hereby recommended. While this will enable the majority poor in the rural areas to benefit, it will also help to stop rural-urban migration since the availability of electricity is likely to increase the establishment of industries in these areas.

Finally, this thesis on the distributional impact of government expenditures concentrated on analyzing only those expenditures whose beneficiaries can easily be identified excl ding a large portion of government expenditures. The thesis also focussed on the distributional impact of these expenditures from the perspectives of regions and income-groups. Further research is therefore necessary to study the distributional impact of other types of government expenditures not as they affect income-groups and regions alone but in terms of other variables such as sex, occupation, factor-shares and so on. Such a research when undertaken will throw more light on the implications of government expenditure policy and help to compliment this modest efforts in the quest for ensuring a better income distribution in Nigeria.

FOOTNOTES

1. Joe U. Umo, "Rates of Return to Investment in Nigerian Higher Education", West African Economic Journal Vol. 1 No. 2, 1982.

2. Emmanuel. C. Anusionwu and V.P. Diejomaoh, "Distributive Incidence of Public Education Subsidy in Nigeria," West African Economic Journal, Vol. 1 No 1, 1981

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APPENDIX A.1

FUNCTIONAL ANALYSIS OF FEDERAL GOVERNMENT EXPENDITURE

1959/60 - 1979/80 ₦'million

YEAR FUNCTION	1959/60			1960/61			1961/62		
	CURRENT	CAPITAL	TOTAL	CURRENT	CAPITAL	TOTAL	CURRENT	CAPITAL	TOTAL
General Services	30.3	18.6	38.9	38.1	9.2	47.3	41.5	10.5	52.0
Social and Community Services	19.5	16.1	35.6	18.5	12.3	10.9	23.5	11.1	34.6
Education	9.2	1.8	11.0	9.4	1.7	11.2	10.7	3.6	14.3
Health	3.1	2.5	5.6	3.1	1.4	4.6	6.9	1.2	8.1
Other Social and Community Services	7.2	11.8	1.9	6.0	9.2	15.2	5.9	6.3	12.2
Economic Services	11.0	32.3	43.1	11.8	43.8	55.6	15.0	38.2	53.2
Unallocated	11.5	15.3	46.8	11.2	33.9	45.1	6.8	15.2	22.0
Total	72.4	72.1	144.5	79.7	99.3	179.0	86.8	75	161.8

YEAR / FUNCTION	1962/63			1963/64			1964/65		
	CURRENT	CAPITAL	TOTAL	CURRENT	CAPITAL	TOTAL	CURRENT	CAPITAL	TOTAL
General Services	40.3	18.2	58.5	58.5	24.8	70.3	60.2	26.7	86.9
Social and Community Services	21.3	9.7	30.9	16.7	8.0	24.8	21.4	16.9	38.2
Education	10.2	5.4	15.6	6.8	3.7	10.5	8.1	10.5	18.6
Health	8.9	1.5	10.4	9.4	1.9	11.4	11.2	1.8	13.0
Other Social and Community Services	2.2	2.8	5.0	0.5	2.4	2.9	2.1	4.6	2.4
Economic Servvices	12.5	32.8	45.2	12.1	27.3	39.4	15.1	25.8	40.9
Unallocated	121.0	29.4	150.4	123.2	58.9	182.1	152.6	47.0	199.6
Total	195.1	90	285	197	119.2	316.6	249.3	116.4	365.7

196

YEAR FUNCTION	1965/66			1966/67			1967/78		
	CURRENT	CAPITAL	TOTAL	CURRENT	CAPITAL	TOTAL	CURRENT	CAPITAL	TOTAL
General Services	67.7	20.9	88.6	62.1	14.1	76.2	76.2	83.9	73.8
Social and Community Services	23.7	13.5	37.1	31.1	14.5	45.7	21.4	10.5	31.9
Education	7.8	5.0	12.8	16.9	10.3	27.3	6.2	7.6	13.8
Health	13.5	0.5	14.0	12.0	0.5	12.6	13.3	0.5	14.3
Other Social and Community Services	2.4	8.0	10.4	2.2	3.7	5.9	1.4	2.4	3.8
Economic Services	30.4	52.6	82.9	17.3	47.5	64.3	17.4	56.8	74.2
Unallocated	158.6	30.9	189.5	170.7	55.8	226.5	155.7	20.1	175.8
Total	280.2	118.0	398.2	281.3	131.9	413.2	278.4	161.3	439.7

197

APPENDIX A.1 (Cont'd)

YEAR FUNCTION	1968/69			1969/70			1970/71		
	CURRENT	CAPITAL	TOTAL	CURRENT	CAPITAL	TOTAL	CURRENT	CAPITAL	TOTAL
General Services	137.5	79.1	216.6	320.0	118.0	438.0	343.4	62.4	405.8
Social and Community Services	23.3	10.0	33.3	15.8	3.4	19.2	18.0	6.2	24.2
Education	15.2	5.4	20.6	3.2	3.0	6.2	1.9	1.6	3.5
Health	7.2	0.3	6.8	11.8	0.2	12.0	2.0	4.0	6.0
Other Social and Community Services	0.9	4.3	5.2	0.8	0.2	1.0	14.1	0.6	14.7
Economic Services	19.3	45.3	64.5	20.8	35.2	56.0q	25.8	40.8	63.6
Unallocated	143.8	37.8	181.6	305.6	18.4	324.0	386.4	30.4	416.8
Total	323.8	171.5	495.3	662.2	175.0	837.2	773.6	136.0	913.4

YEAR FUNCTION	1971/72			1972/73			1973/74		
	CURRENT	CAPITAL	TOTAL	CURRENT	CAPITAL	TOTAL	CURRENT	CAPITAL	TOTAL
General Services	247.5	94.4	341.9	454.3	133.8	588.1	570	199	763
Social and Community Services	70.6	38.5	109.1	31.1	40.4	71.5	36	50	86
Education	27.6	25.9	53.9	10.4	16.3	26.7	13	30	43
Health	11.7	5.3	17.0	18.3	16.6	34.9	20	10	30
Other Social and Community Services	31.3	7.3	38.6	2.4	7.5	9.9	3	10	13
Economic Services	44.2	177.9	222.1	52.4	249.5	301.9	60	276	335
Unallocated	303.4	57.9	361.3	675 3	130.5	805.8	90	242	332
Total	665.7	368.7	1,034.4	1,213.1	554.2	1,767.3	755	767	1,522

199

199

YEAR / FUNCTION	1971/72			1972/73			1973/74		
	CURRENT	CAPITAL	TOTAL	CURRENT	CAPITAL	TOTAL	CURRENT	CAPITAL	TOTAL
General Services	247.5	94.4	341.9	454.3	133.8	588.1	570	199	763
Social and Community Services	70.6	38.5	109.1	31.1	40.4	71.5	36	50	86
Education	27.6	25.9	53.9	10.4	16.3	26.7	13	30	43
Health	11.7	5.3	17.0	18.3	16.6	34.9	20	10	30
Other Social and Community Services	31.3	7.3	38.6	2.4	7.5	9.9	3	10	13
Economic Services	44.2	177.9	222.1	52.4	249.5	301.9	60	276	335
Unallocated	303.4	57.9	361.8	675.3	130.5	805.8	90	242	332
Total	665.7	368.7	1,034.4	1,213.1	554.2	1,767.3	755	767	1,522

APPENDIX A.1 (Cont'd)

Y E A R / F U N C T I O N	1974/75			1975/76			1976/77		
	CURRENT	CAPITAL	TOTAL	CURRENT	CAPITAL	TOTAL	CURRENT	CAPITAL	TOTAL
General Services	700	308	1,017	1,136	1,153	1,289	995	1,059	2,054
Social and Community Services	163	437	600	377	1,012	1,389	742	1,126	1,868
Education	129	179	308	295	750	1,045	601	568	1,169
Health	29	13	42	70	41	111	93	53	146
Other Social and Community Services	5	245	250	12	221	243	48	505	553
Economic Services	100	672	772	152	1,555	1,707	138	2,672	2,810
Unallocated	86	433	519	555	479	1,034	165	475	640
Total	1,058	1,850	2,908	2,220	4,1999	6,419	2,040	5,332	7,372

200

YEAR	1977/78			1978/79			1979/80		
FUNCTION	CURRENT	CAPITAL	TOTAL	CURRENT	CAPITAL	TOTAL	CURRENT	CAPITAL	TOTAL
General Services	1,212	1,126	2,338	1,212	779	1,991	1,266	1,038	2,304
Social and Community Services	397	916	1,313	419	683	1,102	530	942	1,472
Education	261	294	555	268	211	479	369	391	760
Health	100	55	155	81	35	116	97	80	177
Other Social and Community Services	36	567	603	70	437	507	64	471	535
Economic Services	222	3,469	3,691	191	2,407	2,598	244	4,456	4,700
Unallocated	767	428	1,195	770	457	1,227	850	815	1,665
Total	2,598	5,939	8,537	2,592	4,326	6,918	2,890	7,251	1,014

SOURCES:

1959/60 – 1968/69   Analyses of Government Accounts G.O.S., 1979.

1969/70 – 1972/73   African Statistical Year Book, 1976

1973/74 – 1979/80   Federal Ministry of Finance.

APPENDIX A.2

POPULATION, GNP AND PER-CAPITA GNP OF NIGERIA
(MILLIONS)

YEAR	POPULATION	GNP	PERCAPITA GNP
1959/60	51.6	2399.0	46.5
1960/61	52.9	2529.1	47.8
1961/62	54.3	2766.2	51.8
1962/63	55.7	2901.9	52.1
1963/64	57.0	3067.8	53.8
1964/65	58.5	3203.4	54.8
1965/66	60.0	3435.6	57.3
1966/67	61.4	2886.2	47.0
1967/68	63.0	2764.4	43.9
1968/69	64.6	3699.8	57.5
1969/70	66.2	5359.0	81.0
1970/71	67.8	6720.0	99.1
1971/72	69.5	7123.0	102.5
1972/73	71.2	8225.8	115.5
1973/74	73.2	14060.9	192.1
1974/75	75.0	16384.9	218.5
1975/76	76.9	21105.3	274.5
1976/77	78.6	25702.8	327.0
1977/78	80.6	27716.8	343.9
1978/79	82.6	28171.3	341.1
1979/80	84.7	30109.9	355.5

Sources:

i) Population - World Tables (1980) and Federal
   Office of Statistics.

ii) GNP - World Tables (1980), Central Planning Office.

iii) GNP per-capita - Calculated from columns 2 and 3.

DISTRIBUTION OF FEDERAL GOVERNMENT CAPITAL EXPENDITURE BY STATE 1971/72
IN MILLION NAIRA

SECTORS	B/P	E.C.	Kano	Kwara	Lagos	M/W	N.C	N.E.	N.W	Rivers	S.E	Western	Allocation Criteria
I. AGRICULTURE													
1. Moor Plantation Building Lab. and Utility Services	–											0.02	
2. Fruit and Vegetable Research Station, Ibadan												0.28	
3. Rice Research Stations in Warri and Birnin-Kebbi						0.01			0.01				Equally by State
4. Oil Palm Staff Quarters, Benin						1.0							
5. Research on industrial crop												0.01	
6. Soil Fertility Res. unit, Ngala								0.07					
7. Plant Quarantine Station, Ibadan												0.02	
8. Cocoa Res. Dev. of Gambari-main plantation												0.7	
9. Cocoa Res: Dev. of Ikom and Mambilla substations								0.08			0.08		– ditto –
10. Expansion of Lab: Equipment (N.A.)													
11. Trypanosomiasis research: Building	0.2							0.02					– ditto –

203

DISTRIBUTION OF FEDERAL GOVERNMENT CAPITAL EXPENDITURE BY STATE 1971/72

IN MILLION NAIRA

SECTORS	B/P	E.C	Kano	Kwara	Lagos	M/W	N.C	N.E	N.W	Rivers	S.E	Western	Allocation Criteria
12. Rubber Research Inst. Beni.						0.04							
13. Satelite Photographic equip. Ikeja (N.A)													
14. Equipment for Agromet, Oshodi and Kano (N.A.)													
15. Upper air services, Oshodi and Kano			0.03		0.03								Equally by State
16. Equipment for printing, reproducing, storage and electronic workshop, Oshodi					0.01								
17. Telecom. Equipment Oshodi, Ikeja and Kano (N.A)													
18. World Weather watch equipment, Port-Harcourt and Minna (N.A.)													
19. South-Chad irrigation investigation								0.06					
20. South-Chad pilot project								0.4					
21. Mambilla Pilot afforestration scheme								0.12					
22. Grant to research Council, Ibadan												0.1	
33. International Joint Campaign against CBPP: Vehicles ordered (N.A)													

SECTORS	B/P	E.C	Kano	Kwara	Lagos	M/W	N.C	N.E	N.W	Rivers	S.E	Western	Allocation Criteria
24. International campaign against CBP (N.A.)													
25. Hides, Skins and Leather projects													
26. Expanded Programme for the production of biological products Vom	0.04												
27. Expanded programme into animal husbandry, Vom	15.5												
28. Vet. Station Vom: Water Supply													
29. State Vet. Lab. and Building, Vom													
30. Fed. Fisheries Sch., Lagos					0.09								
31. Fed. Fisheries HQ					0.03								
32. Lake Chad Research Station								0.08					
33. Brackishwater fish culture project									0.02				
34. Lake Chad Fisheries Loan Scheme								0.05					
35. Umuahia building		0.06											
36. Ibadan Sch. of Forestry Rebuilding												0.03	
37. Jos School: Building	0.07												

205

SECTORS	B/P	E.C	Kano	Kwara	Lagos	M/W	N.C.	N.E	N.W	Rivers	S.E	Western	Allocation Criteria
38. Equipment & Services, Samaru							0.2						
39. Equipment & Services, Ibadan												0.03	
40. Ibadan: Tree Improvement of selected Nigerian species												0.02	
41. Sapoba: High Forest Res.													
42. Ibadan: Forest Products and Laboratories												0.1	
TOTAL	0.22	0.06	0.04		0.11	1.1	0.32	0.71		0.02	0.08	1.2	3.8
II. MINIG													
11. Survey of mineral resources (N.A.)													
2. Airborne Geological Survey (N.A.)													
3. Rehabilitation of Enugu Coalmine	0.2												
	0.2											0.2	

SECTORS	B/P	E.C	Kano	Kwara	Lagos	M/W	N.C	N.E	N.W	Rivers	S.E.	Western	Allocation Criteria
III. INDUSTRIES													
1. Pulp and Paper				0.4									
2. Single superphosphate: feasibility (N.A.)													
3. Ironn and Steel				1.1									
4. Investment in Industries		0.2		0.2								0.2	Equally by company
5. Industrial Development Centres, Owerri, Zaria, Oshogbo		0.03					0.03					0.03	Equally by State
6. Fed. Inst. of Industrial Research, Oshodi					0.22								
7. Industrial Dev.: Cons. Service NISER (N.A)													
8. Industrial Training Fund (N.A)													
9. Standard Organization(N.A)													
10. Promotion of Small Scale Industry	0.1	0.1		0.1	0.1	0.1	0.1	0.1	0.1			0.1	Equally by States
Total	0.1	0.32		1.8	0.32	0.13		0.1	0.1	..:		0.33	3.4

207

SECTORS	B/P	E.C	Kano	Kwara	Lagos	M/W	N.C.	N.E	N.W	Rivers	S.E	Western	Allocation Criteria
IV. COMMERCE AND FINANCE													
1. Nigerian National Supply Company (N.A.)													
2. Nigerian 2nd International Trade Fiair					0.0(								
3. Weights and Measures: Purchases through Crown Agents (N.A)													
					0.09							::	0.09
V. FUEL AND POWER													
N.A.	N.A	N.A											
VI. TRANSPORT													
1. Funtua-Chafe Gusau							0.08						
2. Otta – Idiroko													
3. Eko Bridge Extension					1.9								
4. Apapa Road and Ijera Causeway					4.6								
5. Bauchi-Gombe-Numan-Yola									4.8				
6. Maiduguri-Beri-Sheik													
7. Calabar-Imom											1.3		
8. Maintenance of State Roads (N.A.(;													
9. Onitsha-Ihiala-Owerri		0.3									0.3		Equally by State
10. Deaton Causeway					0.2								

	SECTORS	B/P	E.C	Kano	Kwara	Lagos	M/W	N.C	N.E	N.W	Rivers	S.E	Western	Allocation Criteria
11.	Lagos-Ibadan-Kano			0.2	0.6	0.2		1.0		1.0			1.0	Based on length in the State
12.	Lagos-Ewekoro, Ibadan-Abeokuta					0.04							0.2	- ditto -
13.	Jos-Pambegua-Kaduna	0.03						0.08						- ditto -
14.	Ilorin, Kabba, Lokoja Oturkpo	0.3			0.9									- ditto -
15.	Shagamu-Benin-Asaba						1.3						0.7	- ditto -
16.	Shagamu-Benin bridges						0.13						0.2	- ditto -
17.	Calabar-Ekang-Yahe											0.6		
18.	Kano-Kari			3.2					0.3					- ditto -
19.	Kano-Katsina			1.3				1.3						- ditto -
20.	Sokoto-Ilela									1.3				
21.	Jos-Aliade-Oturkpo	5.4												
22.	Maiduguri-Gamboru									0.1				
23.	Replacement of bridge and minor roads		0.2								0.2	0.2		- ditto -
24.	Ife-Ilesha-Akure-Benin						0.03						0.03	- ditto -
25.	Kaduna-Kafanchan-Gimi							0.01						
26.	Jaredi-Yelwa-Kontagora								0.17					
27.	Zaria-Funtua-Gusau							0.01						
28.	Ibadan-Ife												0.07	
29.	Maiduguri-Mefa-Gamboru							0.07						
30.	Road, Bridges at Makurdi and Jebba	0.04												

209

SECTORS	B/P	E.C.	Kano	Kwara	Lagos	M/W	N.C	N.E	N.W	Rivers	S.E	Western	Allocation Criteria
31. Lagos-Ibadan-Expressway					0.06							0.12	Equally by State
32. Cater Bridge repairs					0.4								
33. Western Avenue/Agege Motor Road					0.66								
34. Bauchi-Gombe-Numan-Yola							1.3						
35. Niger Bridge permanent repair				0.9									
36. Calabar-Itu-Ikot Ekpene											0.006		
37. Yaba-Maryland-Ikeja					0.17								
38. Ibadan-Kano-Daura			0.004	0.004			0.004		0.004			0.004	– ditto –
Civil Aviation													
39. Lagos Airport New Terminal													
40. Lagos Airport runway apron. Extension					0.9								
41. Other Airport extension													Equally by State
42. Reconstruction of airports at Ilorin, Enugu & Kaduna	0.03	0.02					0.02						Based on progress report
43. Communication equipment			0.8		0.8								Equally by State
44. Mechanical handling, fire equipment and rescue			0.02		0.02								– ditto –
45. Aviation ground training, Ikeja													
46. Aircrafr purchases (N.A)													

219

SECTORS	B/P	E.C.	Kano	Kwara	Lagos	M/W	N.C	N.E	N.W	Rivers	S.E	Western	Allocation Criteria
47. Lake Chad,, Hydrological Studies (.N.A.)													
48. Provision of repairs Dockyard													
49. Rehabilitation of Port-Harcourt dockyard													
50. Rehabilitation of Calabar dockyard													
51. " " " Warri						0.006							
52. " " " Lokoja				0.006									
53. Establishme of hydrological networks				0.001	0.001	0.001				0.001	0.001		equally by State
54. Dredging & River training works				0.04									
55. Minor Works				0.01									
56. Inland Waterway Dept.	0.004			0.004									equally by State
57. Maritime Services,=Opobo											0.003		
Ports													
58. Rebahilitation of Ports						1.0				2.1	1.0		Based on progress report
59. Development of Lagos Port				0.3									

SECTORS	B/P	E.C	Kano	Kwara	Lagos	M/W	N.C	N.E	N.W	Rivers	S.E	Western	Allocation Criteria
60. Trailer Section dredger					0.8								
61. Nigerian Railway: Purchases (N.A.)													
Total	5.8	6.8	5.4	1.7	10.3	2.5	2.3	7.0	2.3	2.3	3.6	2.1	46.13
VII. COMMUNICATIONS N.A.													
VIII. RESETTLEMENT AND REHABILITATION		1.6				1.6				1.6	1.6		Equally by States
Total		1.6				1.6				1.6	1.6		6.3
IX. EDUCATION													
1. Expansion of Primary Sch. Educ. in the Northern States	0.6		0.4	0.5			0.5	0.6	0.5				According to number of schs.
2. Assistance to war affected areas		0.48								0.48	0.48		Equally by State
3. Library development in Primary School													
4. Science & Maths. Teaching for Primary school													
5. Asst. to prim. Sch. Teachers Training Grants	0.005	0.2	0.003	0.003	0.003	0.13	0.004	0.004	0.004	0.003	0.1	0.3	According to number of schools
6. Fed. Govt. Col., Warri and Sokoto						0.001			0.001				Equally by State

SECTORS	B/P	E.C	Kano	Kwara	Lagos	M/W	N.C	N.E	N.W	Rivers	S.E	Western	Allocation Criteria
7. Financial Assistance for Sec. Sch. expansion in the Northern States	0.3		0.08	0.34			0.13	0.17	0.17				According to number of schs.
8. Fed. Science sch.					0.34								
9. Expansion of Facilities Yaba Col. of Technology					0.4								
10. National Tech. Train. Col.					0.003								
11. National Technical Inst.					0.007								
12. Emergency T.T. Programme: bills to students (N.A.													
13. NUC		6.0			6.1		4.0					5.8	NUC annual report

213

SECTOR	B/P	E.C	Kano	Kwara	Lagos	M/W	N.C.	N.E	N.W	Rivers	S.E	Western	Allocation Criteria
14. Scholarship Scheme (N.A)													
15. Educational Statistics (N.A)													
16. Citizenship and Leadership Training Centre	0.008												
17. Sch. Broadcasting Equipment (N.A)													
18. National Archives: Design (N.A.													
TOTAL	1.0	6.7	0.6	0.8	7.0	0.2	4.8	0.8	0.7	0.5	0.6	6.1	29.8

214

X. HEALTH

	B/P	E.C	Kano	Kwara	Lagos	M/W	N.C.	N.E	N.W	Rivers	S.E	Western	Allocation Criteria
1. New Equipment for Yellow Fever and Smallpox Vaccine lab.(N.A)													
2. Expansion of drug manufacturing laboratory					0.7								
3. New Chemistry Lab.													
4. Fed. Sch. of Radiography					0.001		0						
5. Expansion of Teaching Hospitals					2.7		2.7					2.7	Equally by hospital
Total					2.7		2.7					2.7	8.1

XI. INFORMATION

Machinery & Equipment (N.A.)

SECTOR	B/P	E.C.	Kano	Kwara	Lagos	M/W	N.C.	NE	N.W	Rivers	S.E	Western	Allocation Criteria
XII LABOUR & SOCIAL WELFARE													
1. Reconstruction of damaged labour offices		0.001									0.001		Equally by State
2. Mobil Eye Clinics			0.006				0.006	0.0006	0006				
3. Completion of National Stadium Phases II & III					1.9								
Total		0.001	0.006		1.9		0.006	0.006	0.006		0.001		1.96
XIII. TOWN AND COUNTRY PLANNING													
1. Surveys N.A													
2. Staff Quarters Lagos					0.08								
3. Metropolitan Low-cost housing scheme					0.27								
4. Niger Delta development Board						0.12							
					0.3	0.12							0.47

XIV. WATER AND SEWERAGE

216

SECTOR	B/P	E.C	Kano	Kwara	Lagos	M/W	N.C	N.E	N.W	Rivers	S.E.	Western	Allocation Criteria
XV. GENERAL ADMINISTRATION													
1. Population Census (N.A.)													
2. Housing Survey and Enquiry (N.A)													
3. Distributing Surveys (N.A.)													
4. Industrial Production Survey (N.A)													
5. Special Economic Investigation(N.A)													
6. Accommodation for Nigerian Mission Abroad (N.A.)													
7. Fire Service: Building in Lagos					0.002								
8. Fire Equipment					0.12								
9. Reconstruction of war damaged prisons		0.02								0.002	0.002		Equally by State
10. F.T.C. Kaduna							0.09						
11. F.T.C. Lagos					0.02								
12. ASCON					6.1								
13. Office accommodation & Secretariat in Lagos					0.2								
14. Office accommodation, Kaduna							2.3						
15. Board Project spaning the entire Nothern periphery of the country			0.007					0.01	0.007	0.01			By Location
16. Preventive Services barracks, Kano			0.02										
17. Custom & Excise Offices													
18. Extension of Preventive Quarter, Ikeja					0.004								
19. Custom House, Kano			0.009										

APPENDIX B.2

DISTRIBUTION OF FEDERAL GOVERNMENT CAPITAL EXPENDITURE BY STATE 1976/77

IN MILLION NAIRA

SECTOR	B/P	E.C	Kano	Kwara	Lagos	M/W	N.C	N.E	N.W	Rivers	S.E	Western	Allocation Criteria
I. AGRICULTURE													
1. Research for rice improvements:Land									0.2			0.20	Equally by State
2. " " maize: building		0.45										0.45	– ditto –
3. " " beans: building												0.90	
4. Root crops survey in Nigeria(N.A)													
5. Development of Research Training facilities at Umudike		0.79											
6. Development of Jos Research Sub-Station	0.036												
7. Procurement of chemicals and equipment for lab, field engineering works	0.019	0.019											Equally by State
8. Development of Moor Plantation and other existing stations		0.094				0.047			0.047	0.047		0.094	According to No. of Stations
9. National Horticultural Research Inst.			1.051									1.051	Equally By State
10. Development of Iyanamo Station HQ and Akwele sub-station Rivers and Cross River sub-stations		0.034								0.034	0.034		Equally by State
111 Kola research programme												0.84	
12. Development of sub stations				0.96	0.19	0.096					0.096	0.096	According to No. of States
13. Sugar cane research building				0.50									

218

APPENDIX B.2 (Cont'd)

SECTORS	B/P	E.C	Kano	Kwara	Lagos	M/W	N.C	N.E	N.W	Rivers	S.E	Western	Allocation Criteria
14. N.A.C.B. (N.A.)													
15. National Science & Technology Development Agency Staff Housing												0.025	
16. National Agricultural Lab. & Documentation Centre												0.05	
17. Conference Centre												0.025	
18. Gombe Agricultural Dev. Proj.								3.73					
19. Gusau " " "									0.36				
20. Funtua " " "							9.19						
21. Lagos " " "	0.02												
22. Integrated rural development: feasibility study (N.A.)													
23. National Soil survey zone office												0.029	
24. Mambilla Plateau Agricultural Project									0.16				
25. Agricultural pet control project (N.A)													
26. " feasibility studies (N.A)													
27. Farm Service Centre							0.02						
28. National Accelerated Food Production Project	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	Equally by State

SECTORS	B/P	E.C.	Kano	Kwara	Lagos	M/W	N.C	N.E	N.W	Rivers	S.E	Western	Allocation Criteria
29. Anambra and Imo State Rice Project		0.75											
30. Cross River rice project											0.3		
31. Large scale mixed farming; feasibility (N.A.)													
32. Assistance to Sch. offering agric. (N.A.													
33. Large scale food crop farm; feasibility (N.A.)													
34. Oyo, Ogun & Bendel States Cocoa Project						0.41						0.82	Based on Project Report
35. Cross River State oil Palm Project											0.75		
36. Oyo, Ondo, Ogun States Oil Palm Project												1.11	
37. Bendel State " " "						1.001							
38. Anambra/Imo States " "		1.0											
39. Bendel State rubber replanting						2.031				0.55		0.55	
40. Cash crop rehabilitation scheme		0.55				0.55				0.55		0.55	Equally by State

SECTORS	B/P	E.C	Kano	Kwara	Lagos	M/W	N.C	N.E	N.W	Rivers	S.E	Western	Allocation Criteria
41. Field Port entry: Plant Quarantime Station and training centre					0.012								
42. Field stationfor Plant Quarantime												0.096	
43. Strategic grain reserve							0.72						
44. Fertilizer procurement and distribution	2.04	2.26	2.39		0.07	0.17	1.5	0.98	0.78	0.15		1.55	According to supply
45. Grants	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	
46. Federal Agricultural Training Centre: feasibility (N.A)													
47. South-Chad Irrigation project								44.9					
48. Baga-Kiarenowa polder "								9.0					
49. Yobe-Yedseram and Ngada Rivers: feasibility (N.A.)													
50. Bakolori Dam Project									28.7				
51. Zauro, Benin-Kebbi Polder Proj.									0.17				
52. Karaduwa River Project									1.11				
53. Kainji Dam Irrigation Project				0.28									
54. Kaduna River Basin Project							0.06						
55. Katsina Water resource project							0.36						
56. Extension of existing lab.							0.005						
57. Res. and Investigation Lab.,Vom	0.02												
58. Foot and Mouth disease Lab.	0.004												
59. Investigation & diagnonistic central laboratory	0.002												

SECTOR	B/P	E.C	Kano	Kwara	Lagos	M/W	N.C.	N.E.	N.W	Rivers	S.E	Western	Allocation Criteria
60. New Farm	0.005												
61. Nutritional Biochemical Res.(N.A)													
62. Lab. Technology	0.02												
63. Tsetse Examination (N.A)													
64. " Southern States Office Lab.		0.07										0.03	According to location
65. " Training Centre, Bara								0.04					
66 " " School, Kaduna							0.12						
67. National Animal Health Vaccination (N.A)													
68. Quarantime Station Kano &Ikeja			0.02		0.02								Equally by State
69. Livestock Control Posts, Jebba				0.11									
70. Federal Livestock Dept., Mokwa and Kaduna Building				0.02			0.02						Equally by State
71. Federal Govt./IBRD Ranches							0.23	0.23	0.23				By Location
72. Staff Housing				0.07			0.07					0.07	" "
73. N'dama Cattle Project							0.17	0.17	0.17				Equally by State
74. Regional pasture Improvement Unit								0.24					
75. Dev. of Grazing Reserves			0.13	0.13			0.13	0.13	0.13				"
76. Relocation of the Animal Herds in Niger-Benue Valley	0.31												
77. Field facilities for extension of animal production							0.1						

222

SECTOR	B/P	E.C	Kano	Kwara	Lagos	M/W	N.C	N.E	N.W	Rivers	S.E	Western	Allocation Criteria
78. Staff Housing							0.14						
79. Planning Division, Building							0.1					0.1	Equally by State
80. Public and animal HQ, Kaduna							0.14						
81. State Office at Mokwa				0.05									
82. Fed. Livestock Dept. HQ Building							0.33						
83. Additional Tannery Sokoto & Zaria							0.01		0.01				"
84. Reconstruction of Oji River Tannery		0.12											
85. Survey & Feasibility Study Livestock (N.A.)													
86. Animal Feed programme							0.19	0.19	0.19				"
87. Special livestock programme							0.33	0.33	0.33				"
88. Importation of Chilled and Frozen meat (N.A.)													
89. Experimental ranch				0.05									
90. Leather Institute: land acquisition and quarters							0.14						
91. Hides & Skin improvement unit							0.008						
92. Laboratory building							0.002						
93. Workshop building							0.002						
94. Library Building							0.002						
95. Staff Quarters							0.002						

SECTORS	B/P	E.C	Kano	Kwara	Lagos	M/W	N.C	N.E	N.W	Rivers	S.E	Western	Allocation Criteria
96. Improvement in the Northern part			0.001				0.001	0.001	0.001				Equally by State
97. Protection Forestry	0.05	0.05										0.05	"
98. Forest Plantation Development		0.04	0.04	0.04		0.04			0.04		0.04	0.04	"
99. Rebuilding of Jos School of Forestry	0.05												
100. National Accelerated Fish Prod.	0.02	0.02	0.02	0.02	0.02	0.02	0.02		0.02	0.02	0.02	0.02	"
101. Inshore fishing project					0.001	0.001				0.001	0.001		"
102. Building Projects					0.004								
103. Fed. Fisheries School, Lagos					0.25								
104. Fresh water fisheries in New Bussa				0.12									
105. Fish Product. Dev. Centre					0.008								
106. Kainji Lake Res. Project building				0.60									
107. Lake Chad fisheries Development								0.25					
108. Brackish water fish culture: building									0.22				
109. Nigerian Inst. of Oceanography					0.50								
Total	2.8	6.3	3.8	7.5	1.3	4.4	14.4	60.6	32.6	1.07	1.3	5.1	144.3

SECTORS	B/P	E.C	Kano	Kwara	Lagos	M/W	N.C	N.E	N.W	Rivers	S.E	Western	Allocation Criteria
II. MINING AND QUARRYING													
1. Geological survey (N.A.)													
2. Construction of HQ offices & Lab.							0.11						
3. Geological survey: staff quarters							0.43						
4. Ririwari mines Ltd.			0.40										
5. N.M.C. participation in mining companies	0.21						0.21	0.21					equally by State
6. Lead and Zinc	0.18	0.18											
7. Tin and allied minerals	0.12		0.18				0.18	0.18					"
8. Appraisal of mineral deposit(N.A)													
9. Manpower training (N.A)													
10. New Offices & Staff Quarters	0.35	0.35			0.35							0.35	"
11. Petroleum Training Inst.										17.3			
12. Expansion of Enugu coal mine		11.3											
13. Bulk ore termina Bonny										0.08			
14. Dev. of other coal mines	0.42			1.2									"
Total	1.3	11.9	0.58	1.2	0.35		0.93	0.39		17.5		0.35	34.5

SECTORS	B P	E.C	Kano	Kwara	Lagos	M/W	N.C	N.E	N.W	Rivers	S.E	Western	Allocation Criteria
III. MANUFACTURING AND CRAFT													
1. Integrated diary products Kano			0.002										according to
2. Industrial Development Centres		0.04					0.04	0.04	0.04			0.15	location
3. Expansion of existing cement Fac.		8.1					7.2		1.8		7.2		Progress Report
4. New Cement Fac. at Ashaka, Yandev and Shagamu	1.3							1.3				5.6	"
5. Pulp and Paper											21.3		
6. New Projects		1.6				1.6							
7. Pulp Plantation Projects		2.3		2.3		2.3					2.3	2.3	By location
8. Fish Trawling						1.5							
9. Integrated sugar projects, Lafiagi and Sunti				6.4				6.9					"
10. Commercial Vehicle Assembly		1.2	1.2									1.7	"
11. Loan to Guinea Iron Ore (N.A)													
12. Joint Suagr project: Republic of Benin (N.A)													
13. Synthetic fibre plant		0.3			0.3								Equally by State

APPENDIX B.2 (Cont'd)

SECTORS	B/P	E.C	Kano	Kwara	Lagos	M/W	N.C	N.E	N.W	Rivers	S.E	Western	Allocation Criteria
14. Calabar wood working complex											: 1.2		
15. Direct reduction Iron & Steel						0.28							
16. Loan to new salt company						2.5						2.5	
17. Truck assemblies		0.46	0.46									0.46	By Location
18. NIDB (N.A.)													
19. Nigeria Standard Organization: building		0.08			0.08								Equally by State
20. Nigerian Steel depot authority				15.0									
21. Federal Institute of Industrial Research: Building & Lab.												0.61	
22. Warri refinery						143.4							
23. Kaduna refinery							102.7						
24. LNG										0.21			
25. Aba Textile Mills		3.6											
26. Single Phosphate Factory							5.0						
27. Wood Furniture, Ondo												0.1	
28. Skid mounted petroleum references Port Harcourt and Ughelli						41.2				41.2			Equally by location
Total	1.3	17.6	1.6	23.7	0.38	199.96	107.73	8.2	1.8	4.1	32.1	13.6	449.3

SECTORS	B/P	E.C.	Kano	Kwara	Lagos	M/W	N.C	N.E.	N.W	Rivers	S.E.	Western	Allocation Criteria
IV. COMMERCE AND FINANCE													
1. Trade Fiar					35.5								
2. Nigerian Stored Product Research Inst. HQ building, Lagos					0.04								
3. Food Storage demonstration and Training Centre, Ibdan & Kano			0.01									0.01	equally by State
4. Fed. Produce Inspection Service Office accommodation & Stores					0.45								
5. Fed. Palace Hotel, Expansion					1.9								Equally by State
6. Hotel development Kano, Lagos			0.5		0.5								
7. NICON House complex, Lagos					1.13								
8. C.B.N. Sub-centres				1.0				1.0	1.0		1.0		equally by State
9. Nigeria Security Printing; Factory Development				0.63									
TOTAL			0.5	1.02	45.8			1.02	1.02		1.02		50.5
V. COOPERATIVES & SUPPLY													
Construction of Head Office							0.5						
							0.5						0.5

SECTORS	B/P	E.C.	Kano	Kwara	Lagos	M/W	N.C	N.E	N.W	Rivers	S.E	Western	Allocation Criteria
VI. FUEL AND POWER													
(N.A.)													
VII. TRANSPORT													
1. Ode Remo-Ibadan												4.0	
2. Ibadan-Oyo-Ilorin way				0.03								0.17	Based on length in State
3. Ibadan-Oyo-Ilorin				1.0								5.0	"
4. Ilorin-Bakori-Kaduna				1.5			1.2		6.1				
5. Ilorin-Bode Sadu				0.1									
6. Kotagora-Koko-Haredi Road									11.1				
7. Road bridge at Jebba				3.2									
8. Lagos-Ibadan expressway					16.4							22.8	-ditto-
9. Maryland-Ojota					0.14								
10. Lagos-Ewekoro-Abeokuta					1.5							4.5	- ditto -
11. Abeokuta-Ibadan												.75	
12. Badagry-Wawa-Karawa Biu Yauri				1.4				1.4				4.5	- ditto -
13. Warri-Benin-Okene				0.6		0.2							- ditto -
14. Okene-Lokoja-Kaduna				5.2			10.4		311.1				- ditto -
15. Kaduna-Zaria-Kano			8				12.1						- ditto -
16. Kano-Daura-Kogolan-Zender							1.7						- ditto -
17. Imo River Bridge		0.07											

APPENDIX B.2 (Cont'd)

SECTORS	B/P	E.C	Kano	Kwara	Lagos	M/W	N.C	N.E	N.W	Rivers	S.E	Western	Allocation Criteria
18. Nine mile Corner-Enugu-Oturkpo	5.0	5.0											Based on length in State
19. Jos-Gimi	2.2						2.2						
20. Maiduguri-Benishek Road								0.1					
21. Maiduguri-Gamboru Road								0.6					
22. Port-Harcourt-Aba-Enugu		10.5								2.6			- ditto -
23. Jos-Bauchi-Benisheik	1.4												
24. Makurdi Bridge	6.2												
25. Awgu-Oji River		0.08											
26. Calabar-Ibom widening											1.9		
27. Ibom-Ogoja-Katsina Ala	1.5										1.9		- ditto -
28. Katsina Ala-B'u Road	3.2							15.9					- ditto -
29. Katsina Ala-Bridge	6.7												
30. Road bridge at Numan								2.0					
31. Jimeta-Little Gombi-Gwaza-Bama								3.5					
32. Gembi-Hamtari-Mayo-Belwa-Yola-Jimeta Road								0.33					
33. Road Bridgeaat Jimeta								0.87					
34. Takum Beli-Jalingo-Belwa								0.70					
35. Jalingo-Mayo-Belwa								0.83					
36. Jiberu-Sorau								0.30					
37. Otta-Idiroko												1.4	
38. Shagamu-Benin												16.1	
39. Benin-Asaba						8.9							

SECTORS	B/P	E.C	Kano	Kwara	Lagos	M/W	N.C	N.E	N.W	Rivers	S.E	Western	Allocation Criteria
40. Onitsha-Enugu		0.63											
41. Enugu-Abakaliki		8.80											
42. Abakaliki-Nrigm-Fdor		0.15											
43. Niger Bridge reconstruction		0.26											
44. Onitsha-Owerri		6.1											
45. Owerri-Unufu (Aba)		0.82											
46. Aba-Ikot Ekpene		0.08										0.08		– ditto –
47. Ikot Ekpene-Oron											0.2		
48. Ikot Ekpene-Itu Calabar Bridge											16.1		
49. War damaged bridges in Eastern States		2.4											
50. Onitsha-Enugu		0.6											
51. Ibadan-Ife-Owenna-Akure-Owo-Oluku Junction						0.31						1.2	– ditto –
52. Ife-Iyere-Oluku Junction						0.62						1.2	– ditto –
53. Ilorin-Kishi				0.16									
54. Ilorin-Omu Aran-Lokoja				4.8									
55. Lokoja-Oturkpo	0.22												
56. Aliade-Yandev-Takum-Bissaulu	0.36												

	SECTORS	P/P	E.C.	Kano	Kwara	Lagos	M/W	N.C	N.E	N.W	Rivers	S.E	Western	Allocation Criteria
57.	Okene-Ajaokuta, Ayangba				9.4									—
58.	Mokwa-Bida-Keffi-Akwanga	0.07			0.03				0.03					– ditto –
59.	Akwanga-Shendam-Katungo-Jalingo	0.15							0.05					– ditto –
60.	Kabutu-Jos Reconstruction	0.5												
61.	Bakori-Tegina									0.04				
62.	Gusau-Sokoto									6.8				
63.	Gusau-Zaria							2.7		2.7				– ditto –
64.	Zaria-Pambegua							6.03						
65.	Jibiya-Katsina							8.9						
66.	Jibiya-Katsina							0.12						
67.	Kano-Kari			0.5										
68.	Kaduna-Gimi							3.7						
69.	Falomo Bridge					3.9								
70.	Lagos Inner Ring Road					0.12								
	Oworonshola-Ikeja					16.0								
72.	Third Axial Road and Bridge					21.1								
73.	Oyingbo Yaba Roundabout					0.005								
74.	Ikorodu-Airport Road					11.3								
75.	Western Ave.-Agege Motor Road					3.1								
76.	Malu-Kirikiri					0.01								
77.	Eko Bridge Extension					0.12								
78.	Herbert Macaulay					2.2								
79.	Access Road to New Secretariat					0.006								

SECTORS	B/P	E.C	Kano	Kwara	Lagos	M/W	N.C	N.E	N.W	Rivers	S.E	Western	Allocation Criteria
80. Lagos Traffic Improvement					8.8								
81. Trunk Terminal Apapa & Ikeja					7.0								
82. Yaba Flyover					?.03								
83. Moshalashi-Ikorodu Flyover					3.8								
84. Mayland underpass					3.3								
. Building and Workshop					0.4								
86. Cater Bridge Rehabilitation					1.1								
87. Maintenance of Roads new alignment					0.65								
88. Lagos-Badagry				±	7.5								
89. Badagry-Semi Poti Road					6.1								
90. Ikorodu-Agbaowa-Epe-Oso												1.2	
91. Meko-Keton-Abeokuta												0.09	
92. Abeokuta-Shagamu												1.4	
93. Onobo-Eket											2.0		
94. Ona-Ibo River Bridge											0.01	?.?	
95. Eket-Uya Oron											0.14		
96. Arochukwu-Opobo		0.26											
97. Amukpe-Umutu-Agbo						6.8							
98. Ologbo-Koko						4.6							
89. Ihiala-Umudaro													

SECTORS	B/P	E.C	Kano	Kwara	Lagos	M/W	N.C	N.E	N.W	Rivers	S.E	Western	Allocation Criteria
100. Igbogor-Ogbesse-Okomo											1.2		
101. Ilushi.Uromi-Uzzeba						2.5							
102. Ilushi-Nsukka		0.24											
103. Ilesha-Ado Ekiti												0.26	
104. Ado-Ekiti-Ikare-Ibillo						0.02						0.1	
105. Kabba-Omuo				1.4									
106. Yandev-Taki-Biam-Wakuri	6.0												
107. Makurdi-Yandev	0.2												
108. Beli-Jantari	0.4												
109. Share-Lafiaji-Pategi				4.0									
110. Agana, Nasarawa-Lafia	0.07												
111. Lafia-Shendam	9.4												
112. Daki-Takwa-Zuru-Biu Yauri								5.2					
113. Wudil-Kefin-Hausa-Potiskum								0.4					
114. Maichi-Daki-Takwas								3.1					
115. Kuduru – Argugun-Haredi									0.37				
116. Dutsima-Kankiya							1.2						

SECTORS	B/P	E.C	Kano	Kwara	Lagos	M/W	N.C	N.E	N.W	Rivers	S.E	Western	Allocation Criteria
117. Gusau-Kaura Namoda-Jibiya									0.26				
118. Sokoto-Sabon-Birnin									0.18				
119. Ago-Are-Shaki-Kosubusu												0.20	
120. Kalgo-Kamba												1.8	
121. Ijebu-Ode-Hoiken												2.7	
122. Ijebu-Ode-Ayunre												0.2	
123. Gbogan-Sekona-Oshogbo												0.37	
124. Oshogbo-Okuku												0.14	
125. Itarla-Ile Oluyi-Ipetu												0.06	
126. Akure-Ondo												0.5	
127. Akure-Ado Ekiti-OmuAran												0.18	
128. Kajyi.-Gummi Daki-Takwas									3.7				
129. Gunmi Bridge approaches									0.9				
130. Owo Omua- Egbe-Pategi				0.09								0.09	- ditto -
131. Pategi-Bida-Zungeru-Tegina									0.16				
132. Sabon-Birnin Gusari-Funtua-Yashi							0.70						
133. Shinkafi Bridge									2.4				
134. Ipele-Isua-Kabba				0.01								0.01	- ditto -
135. Ughelli-Ozoro-Ole Junction						0.18							
136. Ozoro-Kwale						0.33							

Sectors	B/P	E.C.	Kano	Kwara	Lagos	MW	NC	NE	NW	Riv.	S.E.	WN	Allocation Criteria
137. Onitsha-Adani		0.18											
138. Ahoada-Omoku-Okwuzi										0.43			
139. Ahoada-Degema-Buguma										1.1			
140. Uyo-Itu-Arochukwu -Abakaliki		0.13											
141. Ikom-Wula-Obudu Junction/Ranch		0.28											
1 . Bridge at Ibi	0.06												
143 Kunya-Babura			3.3										
144. Frestan-Mata-Nigi Saminaya			0.57										
145. Bauchi-Tafawa Balawa-Dawaki								0.25					
146. Gombe-Ashaka								11.4					
147. Nafada-Potiskum								6.6					
148. Ganye-Yola								0.16					
149. Damaturu-Gashua-Geidam								0.35					
150. Dikwa-Monguno								0.09					
151. Bama-Gulumba-Kala-Ngala								0.11					
152. Pulka-Kurawa								0.11					
153. Nigerian Railway: Purchases (N.A)													
154. Civil Aviation Training Centre							1.5						
155. Dockyard development at Warri & P. Harcourt						0.16				0.16			- ditto -
TOTAL	47.6	36.8	15.8	28.8	130.5	46.8	41.4	81.8	67.7	4.3	23.5	65.8	589.0

VIII. COMMUNICATION

N.A.

IX. EDUCATION

SECTORS	B/P	E.C	Kano	Kwara	Lagos	MW	N.C	N.E	N.W	Rivers	S.E	Western	Allocation Criteria
1. Universal Free Primary Education	9.5	1?.6	12.1	9.5	13.9	10.0	11.1	10.6	10.4	5.8	10.3	2.8	Min. of Education
2. Expansion of Fed. Govt. Colleges Warri and Sokoto						0.32			0.32				Equally by School
3. Expansion of Queens College, Lagos					0.74								
4. Dev. of Fed. Govt. College, Enugu		1.0											
.. Fed. Govt. Girls Colleges in the States	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	Equally by State
5. Fed. Govt. Colleges in the States	1.3		1.3	1.3			1.3	1.3		1.3	1.3	1.3	" Ministry of Education According to No. of Sch.
7. Grants to States for T.T.C. Educ.	8.5	8.6	10.8	3.9	0.83	4.2	8.9	21.0	15.2	1.1	7.2	10.3	
8. Grants to States for Sec. Schools	1.2	3.1	0.18	0.5	0.5	1.12	0.28	0.6	0.3	0.6	1.1	4.2	
9. Fed. Sch. of Arts & Science, Lagos					0.81								
10. Fed. Sch. of Arts & Science								0.27	2.13		2.13		Equally by State
11. Expansion of Yaba College of Tech.					1.0								
12. E..pansion of Yaba Trade Centre													

Sectors	B/P	E.C	Kano	Kwara	Lagos	MW	NC	NE	NW	R.V	S.E	WN	Allocation Criteria
13. Six Fed. Advanced T. Colleges	2.9			2.9			2.9	2.9	2.9			2.9	Equally by State
14. Expansion of N.T.T.C. Yaba					0.5								
15. Establishment of N.T.T.C Gombe								0.6					
16. Nat. Teachers Instutute Kaduna							6.7						
17. Training for Special education (N.A)													
18. Teachers Bursary (N.A)													
19. Undergraduate Bursary (N.A)													
20. Post-graduate Bursary (N.A)													
21. Students Loans Scheme (N.A)													
22. Schl. Broadcasting (N.A)													
23. IBRD Education Project	3.6	1.2								1.2	1.2		Equally by State
24. N.U.C	3.6	8.2	4.4	2.8	16.4	15.9	15.2	2.8	2.8	2.8	3.6	18.1	NUC Report
TOTAL	27.3	44.6	43.3	21.2	37.5	32.0	41.0	42.3	34.3	13.7	27.6	39.8	404.6

X. HEALTH

	Sectors	B/P	E.C	Kano	Kwara	Lagos	MW	NC	KE	NW	RV	SE	WN	Allocation Criteria
1.	Teaching Hospital Ibadan												7.8	
2.	" " Lagos					4.2								
3.	A.B.U. Teaching Hospital							5.5						
4.	Ife " "												2.5	
5	Benin " "						3.0							
6.	Erugu " "		3.3											
7.	P.Harcourt " "										15.5			
8.	National Materia Control (N.A)													
9.	Control of Communicable disease N.A													
10.	National Institute of Public Health					0.15								
11.	Fed. School of Radiography					0.06								
12.	" " " Dental Tech. & Hygiene	0.12												
13	" " " Dispensing Assistants					0.15								
14.	College of Nursing							0.06						
15.	Fed. Phamacentical Mfg Lab					0.03								
16.	Drug Quality Control Lab.					0.3								
17.	Port Health Office for Seafarers					0.01								
18.	A. Health Secretariat					0.05								

Sectors	B/P	E.C	Kano	Kwara	Lagos	MW	NC	NE	NW	RV	SE	WN	Allocation Criteria
19. Chemistry Lab. in Lagos					0.13								
20. Expansion of Fed Med. Store Oshodi					0.07								
21. Nig. Medical Research Council Office					0.3								
TOTAL		3.4			5.5	3.0	5.6			15.5		10.3	43.3

XI. INFORMATION

	Lagos
1. Extension of External Broadcasting	1.3
2. Second channelSStudio Lagos	0.4
3. R & D Unit Workshop & Lab.	0.3
4. Countrywide colour TV. Building	14.1
5. Training Schl. Sorgunle	0.5
6. Nigeria Nat. News Agency Building	0.3

	Sectors	B/P	E.C	Kano	Kwara	Lagos	MW	NC	NE	NW	RV	SE	WN	Allocation Criteria
7.	Lagos HQ building					0.17								
8.	Film Unit building					0.24								
9.	Printing Division Melu Rd.					0.34								
10.	Library: Construction of HQ					0.8								
11.	National Archives					0.25								
12.	National Museum					0.02								
13.	Library Auditorium					0.32								
14.	Museum Jos	50,000												
15.	" Oron Reconstruction											0.01		
	TOTAL	50,000				18.8						0.01		18.9

XII SOCIAL DEVPT. YOUTH & SPORTS

1.	Rehabilitation Centre		0.33											
2.	Central Stores					0.05								
3.	Camping Centre Badegry					0.1								
4.	Development of Ogunblane Drive					0.03								
5.	National Stadium Phase IV					1.1								

Sectors	B/P	E.C	Kano	Kwara	Lagos	MW	NC	NE	NW	RV	SE	WN	Allocation Criteria
6. World Tennis Championship													
Lagos Tennis Club					1.4								
7. Ahmadu Bello Stadium							0.48						
TOTAL		0.33			2.7		0.49				3.51		
XIII LABOUR													
1. New Labour Offices				0.03			0.03	0.03			0.03		Equally by State
2. " " "	0.02			0.02		0.02	0.02						"
3. Nigerian Hotel & Catering													
Schl					0.06								
TOTAL	0.02			0.05	0.06	0.02	0.05	0.03			0.03		0.25

XIV WATER SUPPLY

XV SEWERAG & DRAINAGE

XVI HOUSING

Sector	B/P	E.C	Kano	Kwara	Lagos	MW	NC	NE	NW	RV	SE	WN	Allocation Criteria
1. Fed Mortgage Bank (N.A)													
2. Fed. Housing Programme Anambra		1.5											
3. Fed. Housing Programme Bornu								3.5					
4. " " " Kaduna							1.6						
5. " " " Kano			2.0										
6. " " " Lagos					3.5								
7. " " " Oyo												2.2	
8. " " " Rivers										0.5			
9. " " " Sokoto									2.0				
10. " " " Lagos Area					85.8								
TOTAL		1.5	2.0		89.3		1.6	3.5	2.0	0.5		2.2	103.9

XVII TOWN & COUNTRY PLANNING

Sector	B/P	E.C	Kano	Kwara	Lagos	MW	NC	NE	NW	RV	SE	WN	Allocation Criteria
1. Development of Tafawa Balawa Square					6.4								
2. Instalation & maintenance of of Street lights in Lagos					0.5								
TOTAL					6.9								6.9

Sector	B/P	E.C	Kano	Kwara	Lagos	MW	NC	NE	NW	RV	S.E	VN	Allocation Criteria
XVII COMMUNITY DEVELOPMENT													
N.A													
XIX GENERAL ADMINISTRATION													
1. External Affair HQ Office					0.1								
2. Accommodation for Nig. Mission Abroad N.A													
3. Radio link with Nig. Mission N.A													
4. Technical Assistance with African countries (N.A)													
5. Office expansion Inst. of In Internal Affairs					0.25								
6. Staff Housing Inst. of Internal Affairs					2.5								
7. HQ Fire Station Lagos					0.08								
8. Barracks for rank & file					0.2								
9. Sub-fire Station Surulere					0.2								
10. Fire equipment (N.A)													
11. Expansion of joint frontierpost					0.03								
12. Preventive Service Operations Ikeja					0.03								

244

		B/P	E.C	Kano	Kwara	Lagos	MW	NC	NE	NW	RV	S.E	WN	Allocation[n] Criteria
13.	Additional Accomm. Idiroko					0.13								
14.	Custom & Excise Training College Ikeja					0.12								
15.	Extension of Wireless Network (N.A)													
16	Seagoing vessels & Launches (N.A)													
17	Extension of govt. warehouse Apapa					0.25								
18.	Custom & Excise Office Sokoto									0.14				
19.	" " " Marina					0.13								
20.	Inland Revenue Benin Office						0.05							
21.	Met. HQ building					0.23								
22.	UNDP Flats					4.4								
23.	FOS. Surveys (N.A)													
24.	Special Economic Investigation (N.A)													
25.	Manpower Development Studies (N.A)													

	Sectors	B/P	E.C	Kano	Kwara	Lagos	MW	NC	NE	NW	RV	S.E	WN	Allocation Criteria
26.	ACON					1.2								
27.	Fed. Training Centre Ilorin				0.13									
28.	Fed. Civil Service Club					0.02								
29.	Residential building for Fed. Dept. of Agric.					0.38								
30.	Nigerian Council for Science & Technical Secretariat					0.02								
31.	'Think Tank'					0.01								
32.	Fed. Capital Development: Survey (N.A)													
33.	Federal Secretariat					11.6								
34.	Jetter & Ferry Service					0.05								
35.	Fed. Min. of Works HQ					1.7								
36.	Mechanical & Electrical Artisan Schls. Ijora & Abeokuta					0.03							0.03	Equally by State
37.	New Mechanical Workshop Ijora					0.31								

Sectors	B/P	EC	Kano	Kwara	Lagos	MW	NC	NE	NW	RV	S.E	WN	Allocation Criteria
38. Nigerian Law Schl. Expansion					0.07								
39. Supreme Court Office Block					0.2								
40. Fed. Min. of Housing, Urban Development Residential Quarters					9.1								
4. Fed. Min. of Works Housing					0.17								
". Constituent Assembly Quarters					3.11								
4'. Fed. Govt. Staff Housing Loan (N.A)													
TOTAL				0.13	3.5				0.14		0.03		35.12

APPENDIC B.3

PUPULATION OF NIGERIA BY STATES POPULATION IN MILLION

STATES	1972	1977
Benue Plateau	4 9	5.6
East Central	8.9	10.1
Kano	7 ?	8.1
Kwara	2.9	3.4
Lagos	1.9	2.¯
Mid-West	3.1	3.6
North Central	5.1	5.8
North Eastern	9.7	10.9
North Western	7.1	8.1
Rivers	1.9	2.2
South Eastern	4.5	5.1
Western	11.8	13.6
NIGERIA	69.0	78.7

Source: National Population Bureau, Demographic
Division, Lagos.

APPENDIX B.4

CALCULATION OF COEFFICIENT OF VARIATION FOR VARIOUS CATEGORIES OF
EXPENDITURE PER-CAPITA

Category of Expenditure Per-Capita	1971/72				1976/77			
	$\sum x$	$\bar{x}$	$\sum d^2$	S	$\sum x$	$\bar{x}$	$\sum d^2$	S
Total Expenditure Per-Capita	167	13.9	1045094	29.5	867.1	72.3	153762.1	113.2
Current Expenditure Per-Capita	139.4	11.6	8410.8	26.4	442.3	36.9	12115.2	31.8
Capital Expenditure Per-Capita	27.6	2.3	113.2	3.1	434.8	36.2	19628.2	40.4
Economic Services Exp. per-capita	16	1.3	22.5	1.4	290.5	24.2	7069.3	24.3
Soc. Services Expenditure Per-Capita	10.5	0.9	34.2	1.7	155	12.9	4087.5	18.5

Notes:

$\sum X$ = Sum of the expenditure per-capita

$\bar{X}$ = Mean of the expenditure per capita

$\sum d^2$ = The sum of the squared deviations from the mean

S = Standard deviation of the expenditure per-capita

APPENDIX C.1

LIST OF EDUCATION INSTITUTIONS

A. Secondary

1. Federal Government College Kaduna, Kaduna State

2. Federal Government College, Bakori, Kaduna State

3. Federal Government College, Idoani, Ondo State

4. Federal Government College, Sokoto, Sokoto State

5. Federal Government College, Enugu, Anambra State

6. Federal Government College, Yola, Borro State

7. Federal Government College, Benin, Bendel State

8. Federal Government College, Ikot Ekpene, Cross River State.

B. COLLEGES OF EDUCATION AND POLYTECHNICS

1. National Technical Teachers College, Akoka, Lagos State

2. Yaba College of Technology, Yaba, Lagos State

3. College of Education, Okene, Kwara State

4. Federal College of Technology, Bauchi, Bauchi State

5. College of Education, Pankshin, Plateau State

6. College of Education, Abeokuta, Ogun State

7. Federal College of Technology, Akure, Ondo State

8. College of Education, Kotagora, Higer State.

C. UNIVERSITIES

1. Ahmadu Bello University, Zaria, Kaduna State

2. University of Lagos, Lagos, Lagos State

3. University of Benin, Benin, Bendel State

4. University of Maiduguri, Borno State

5. Bayero University, Kano, Kano State

6. University of Nigeria, Nsukka, Anambra State

APPENDIX C.2

LIST OF HEALTH INSTITUTIONS

1. Ahmadu Bello University Teaching Hospital, Zaria. Kaduna State

2. University of Ibadan Teaching Hospital, Ibadan

3. University of Nigeria Teaching Hospital, Enugu

APPENDIX C.3

LIST OF STATE HOUSING

1. Plateau State   -   Jos

2. Kano State   -   Kano

3. Festival Town   -   Lagos

4. Anambra State   -   Enugu

5. Cross River State - Calabar

6. Bendel State   -   Benin

APPENDIX C.4

LIST OF TOWNS WITH ELECTRICITY

1. Azare, Bauchi State

2. Zaria, Kaduna State

3. Maiduguri, Borno State

4. Ilorin, Kwara State

5. Owo, Ondo State

6. Auchi, Bendel State

7. Enugu, Anambra State

8. Ikot-Ekpene, Cross River State

APPENDIX C.5

Department of Public Administration
Institute of Administration,
Ahmadu Bello University,
Zaria.

Dear Mr.,Mrs., Miss,

QUESTIONNAIRE

As part of a study of the impact of government

expenditure on income distribution, this questionnaire

is designed to find out the number of people who

benefit from certain categories of federal government

provided goods and services and an estimated value

of such benefits on the basis of income-groups. The

information required is purely for academic research

purpose and will be treated as absolutely confidential.

Please, complete the questionnaire at your

earliest conveneince.

Thank you.

Yours faithfully,

(Sgd.)
J.B. LONGE

APPENDIX C.6

(Put the Number of the appropriate answer in
space provided)

A. **EDUCATION**

    I. Sex   1. Male 2. Female   ▱

    ii. Level of student's education   ▱

        1. Secondar

        2. Polytechnic, Technical School of NCE

        3. University

    iii. Father's or Guardian's estimated annual before tax in Naira:

        1.   0 - 1,000   ▱

        2. 1,001-2,000

        3. 2,001-3,000

        4. 3,001-4,000

        5. 4,001-5,000

        6. 5,001-6,000

        7. 6,001 and above

    iv. Father's or Guardian's educational level:

        1. No formal education

        2. Below school certificate or equivalent   ▱

        3. Below first degree or equivalent but not lower than school certificate or equivalent

        4. University first degree or equivalent and above.

v. Father's or Guardian's employment status:

    1. Unemployed

    2. Self-employed

    3. Earner

APPENDIX C.7

(Put the number of the appropriate answer in the space provided).

B. HEALTH: ⌐⎤

    i. Sex   1. Male   2. Female

    ii. Nature of Hospitaliz tion:

        1. Out-patient

        2. In-Patient   ⌐⎤

    iii. If In-patient how many days spent in hospital:

        1. Less than 3 days

        2. Between 3 days and 1 week

        3. Between 1 week and 2 weeks

        4. Between 1 week and 2 weeks

        5. Between 2 weeks and 3 weeks   ⌐⎤

        6. Between 3 weeks and 4 weeks

        7. Above 4 weeks

    iv. Patient's estimated annual income before tax in

      Naira:

        1.   0 - 1,000

        2.   1,001-2,000

        3.   2,001-3,000

        4.   3,001-4,000   ⌐⎤

        5.   4,001-5,000

        6.   5,001-6,000

        7.   6,001 and above

v. Patient's educational level:

    1. No formal education

    2. Below school certificate or equivalent.

    3. Below first degree or equivalent but not lower than school certificate or equivalent

    4. University degree or equivalent and above.

vi. Patient's employment status:

    1. Unemployed

    2. Self-employed

    3. Earner

APPENDIX C.8

(Put the number of the appropriate answer in the space provided)

C. HOUSING: ⬜

    i. Location of Housing:

                                    1. Rural

                                      2. Urban   ⬜

    ii. Type of House: 1. One bedroom

                                      2. Two bedroom ⬜

                                      3. Three bedroom

                                      4. Four bedroom

    iii. Estimated monthly rent in naira:

                                      1. 0-40

                                      2. 41-60

                                      3. 61-80   ⬜

                                      4. 81-120

    iv. Estimated annual income of Landlord before tax in Naira:

                                      1. 0 - 1,000

                                      2. 1,001-2,000

   3. 2,001-3,000 ⬜

                                      4. 3,001-4,000

                                      5. 4,001-5,000

                                      6. 5,001-6,000

                                      7. 6,001 and above

v. Educational level of Landlord:

      1. No -formal education

      2. Below school certificate or equivalent.   ▱

      3. Below first degree or equivalent but not lower than school certificate or equivalent.

      4. University degree or equivalent and above.

      5.

vi. Employment Status:

      1. Unemployed

      2. Self-employed   ▱

      3. Earner

vii. Size of household.

APPENDIX C.9

(Put the number of the appropriate answer in the space provided)

E. ELECTRICITY: ▱

    i. Rent Status of Landlord:

        1. Rental

        2. Owner occupier and rental ▱

        3. Owner occupier

    ii. Estimated amount spent on electricity per month in Naira:

        1. 0 -18

        2. 11 - 20

        3. 21 - 31   ▱

        4. 31 - 40

        5. 41 - 50

        6. 51 - 60

        7. 61 and above

    iii. Educational level of landlord:

        1. No formal education

        2. Below school certificate or equivalent   ▱

        3. Below first degree or equivalent but not lower than school certificate or equivalent

        4. University degree or equivalent and above.

    iv. Employment Status of Landlord:

        1. Unemployed

        2. Self-employed   ▱

        3. Earner

    v. Estimated annual income before tax of landlord in Naira:

        1. 0 - 1,000

        2. 1,001-2000

        3. 2,001-3000

        4. 3,001-4,000

        5. 4,001-5,000

        6. 5,001-1,000

        7. 6,001 and above

    vi. Size of household.

APPENDIX D.1

ALLOCATORS USED IN ESTIMATING BENEFITS OF GOVERNMENT EXPENDITURES

Expenditure Category	INCOME GROUP						
	0-1000	1001-2000	2001-3000	3001-4000	4001-5000	5001-6000	6001 and above
Primary Education	31,5	14.8	19.8	18.4	6.7	4.9	3.9
Secondary Education	10.1	7.0	10.1	10.5	5.7	12.3	44.1
Polytechnic, Technical and Colleges of Education	30.0	20.1	12.1	12.5	10.3	8.5	11.6
University	10.8	7.0	8.2	10.1	12.7	8.2	43.0
Health	32.9	22.6	16.5	16.1	5.5	5.1	1.3
Housing	8.6	10.6	19.2	27.7	17.2	10.8	5.9
Power	4.9	9.3	15.3	17.8	11.1	13.6	28.1
General Services	1.9	11.1	18.0	20.7	13.7	12.1	22.5

Source: Survey by the Researcher.

APPENDIX D.2

ELECTRICITY CONSUMPTION IN THOUSAND Kwh

YEAR	RESIDENTIAL	COMMERCIAL AND INDUSTRIA-LIST	STREET LIGHTING	TOTAL
1970/71	445,197	699,032	3,786	1,148,015
1971/72	573,507	888,739	5,492	1,467,738
1972/73	633,593	1,113,592	4,615	1,751,800
1973/74	752,068	1,280,765	6,613	2,039,446
1974/75	894,779	1,442,708	5,690	2,343,177
1975/76	1,021,897	1,693,284 \	n.a.	2,715,181
1976/77	1,357,246	1,902,555	6,505	3,266,306
1977/78	1,496,201	2,117,389	13,884	3,627,474
1978/79	2,082,094	2,079,225	16,548	4,177,867

Source: Annual Abstract of Statistics, 1981 Edition p.92.