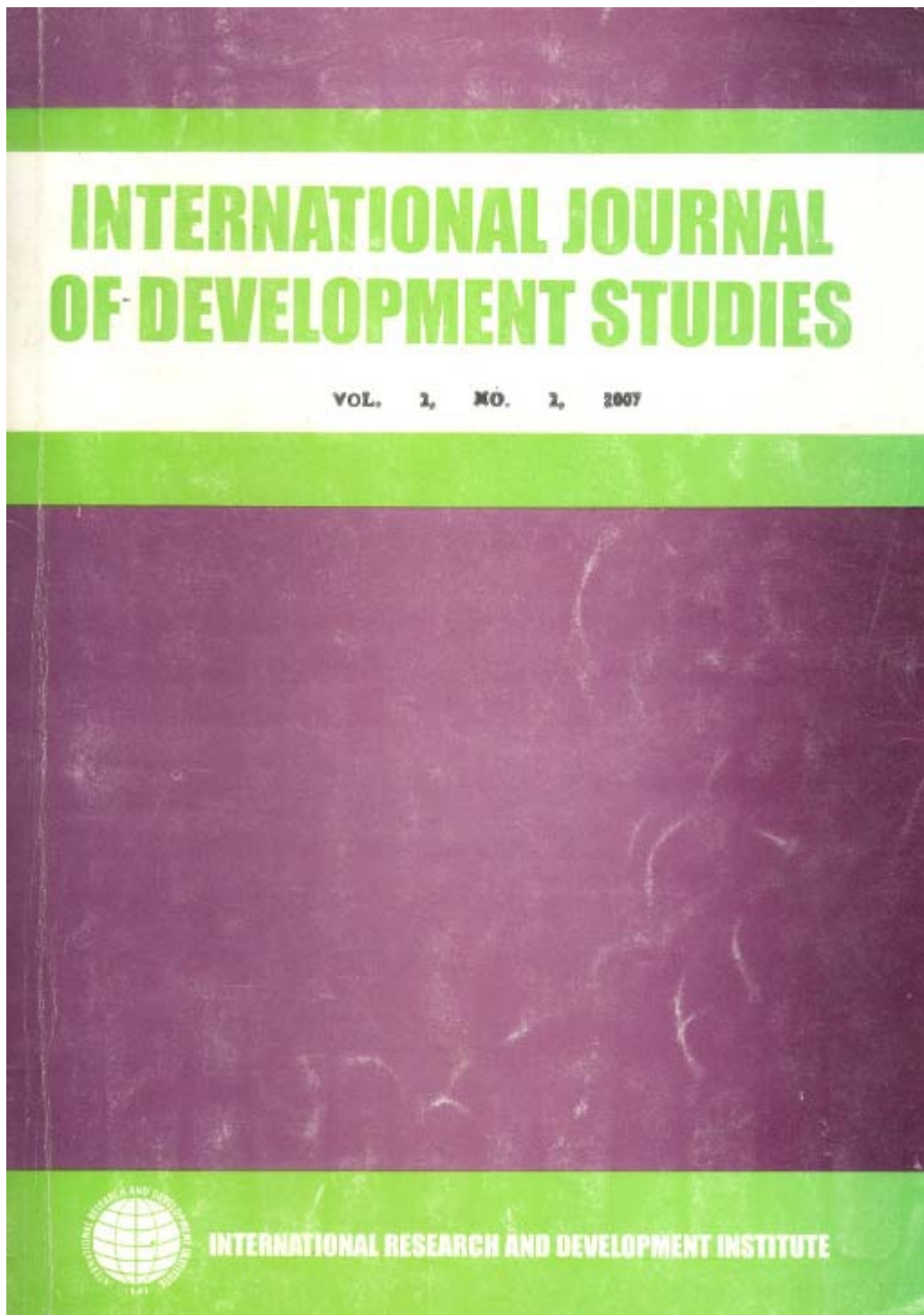


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INVIGORATING THE INTERNALLY GENERATED REVENUE OF THE LOCAL GOVERNMENTS IN NIGERIA FOR SERVICE DELIVERY IN THE 21ST CENTURY

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ABSTRACT

The paper examines the poor internally generated revenues of the local governments in Nigeria and highlights the various reasons adduced by many scholars for this. It took a critical look at the implications of inadequate finance on the provision of local services in the local government areas and concludes by making the following recommendations among others: (i) That the local governments should provide visible services to encourage tax payment (ii) make their tariffs more people friendly (iii) effective monitoring and motivation of the revenue collectors (iv) merge weaker councils with stronger ones (v) embark on sustained public enlightenment on the need to pay taxes

INTRODUCTION

The existence of local government in most parts of the world is predicated on a variety of reasons. A synthesis of these reasons⁴arrow them down to four, namely, to promote local freedom, to provide local services, to promote national unity via efficiency of administration and to enhance grass root democracy. Particularly, the role of local government as an efficient provider of services is no doubt, emerging as the most important reason for its contemporary existence (Bello Imam and Roberts, 2001:190). Granted that local institutions of government generally owe their existence to the need to administer basic local services, most of the local governments in Nigeria have not been living up to this expectation.

As Adedeji (2000:1) puts it,

The institutions of local government in Nigeria have been consistent over the years in their failure to enhance their capacity, to engage and mobilize the people and to respond to their needs, and to administer effectively and responsibly the various local services. The most fundamental weaknesses of local governance in Nigeria today, are nondelivery... Not surprisingly therefore, local governments have failed woefully in providing good governance.

Indeed, while giving reasons for a review of the structure of local governance in the country, Nigeria's former president, Chief Olusegun Obasanjo on June 18, 2003, said *inter alia*:

Based on the local government reforms of 1976, the local governments became the third tier of government under our current dispensation. The expectation was that the third tier of government would act as a catalyst and aid rapid and sustained development at the grass roots level, however, what we have witnessed is the abysmal failure of the local Government system (The Guardian June 2003:19).

These views are no doubt instructive. However, the reality has been that as a result of financial inadequacies, the local governments have found it increasingly difficult to carry out their statutory and other responsibilities imposed on them by virtue of their position as a third tier of government in Nigeria. (Bello Imam and Roberts, 2001:233).

As Kida (Bello 'man, 2001: xii), puts it.

Finance is a crucial prerequisite, which enables any complex organization (Public or Private) to maintain itself and effectively meet its commitment to the individuals and

groups of individuals that consume its output of goods and services. In fact, without money, no individual or complex organization can achieve his/its objective(s).

No individual or organization can survive without money. Indeed, money to any individual or organization is like Air or Blood to man. Just as man cannot survive without air or blood so also would organizations not survive without money. Local government is a public sector organization with assigned functions and responsibilities, administrative structure and financial arrangement for maintaining both itself and rendering its statutorily assigned functions to its citizens. This way, the generic centrality of finance to organizational performances also applies to local governments (Bello Imam, 2001:1). The situation with the local government in Nigeria is such that while its various functions are growing in a geometric progression, its finances are growing in an arithmetic progression or put in another way, while the local governments' responsibilities and functions are periodically increasing, the finance to accomplish them is decreasing. The 1999 constitution just like the previous constitutions (1979 and 1989) of the federal Republic of Nigeria accepted the local government as a third tier of government with some basic functions, which it must perform in order to be relevant in the political system. These functions are contained in the fourth schedule of the 1999 constitution and are arranged along sectoral lines as follows-

Advisory Functions

These include, the consideration and the making of recommendations to a state commission on economic planning or any similar body on:

- (i) The economic development of the state particularly in so far as the areas of authority of the council and of the state are affected.
- (ii) Proposals made by the said commission or body.

Economic Functions Functions under this sector include:

- (i) The development of agriculture and natural resources other than the exploitation of minerals. This will include development of forestry, construction of fish farms, fishponds, establishment of cattle markets, veterinary clinics and perhaps maintenance of farms.
- (ii) The establishment, maintenance and regulation of slaughterhouses and slaughter slabs.
- (iii) The establishment, maintenance and regulation of markets including market stalls, shops, kiosks, e.t.c
- (iv) The establishment, maintenance and regulations of motor parks.
- (v) Construction and maintenance of parks, gardens, open spaces or such public facilities as may be prescribed by the House of Assembly of the state or as deemed fit.
- (vi) Collection of rates, radio and television licences.
- (vii) Licensing of bicycles, trucks (other than mechanically propelled trucks) canoes, wheelbarrows and carts.
- (viii) Registration of all births, deaths and marriages.
- (ix) Assessment of privately owned houses or tenements for the purpose of levying such rates as, may be prescribed by the House of Assembly of State.
- (x) Control and regulation of outdoor advertising and hoarding.
- (xi) Control and regulation of movement and keeping of pets of all descriptions.
- (xii) Control and regulation of restaurants, bakeries and other places for the sale of food to the public.
- (xiii) Control and regulation of laundries.
- (xiv) Licensing, regulation and control of the sale of liquor.

Social and Welfare Functions

These include!

- (i) Education which involves the provision and maintenance of primary, adult and vocational education /schools.
- (ii) Health, which requires provision and maintenance of health services such as dispensaries, maternity homes, health clinics, home for the aged and the infirm.
- (iii) Construction and maintenance of roads, streets and street lightings and highways.
- (iv) Naming of roads and streets and numbering them.
- (v) Provision of community and local recreation grounds, public open spaces or fields, stadium, public conveniences, refuse disposal, sewage drains, cemetery or burial grounds and homes for the destitute.
- (vi) Loans, grants, charity (in solidarity), sponsorship, and donations.

Information and Enlightenment Functions

These entail the construction of information centres and ancillary facilities for example, town halls, youth centres, and civil centres e.t.c. and disseminating information to the people from time to time.

Urban/Rural Development Functions-

These are the functions, which border on the development of the local government area.

They include.

- (i) Water extension scheme
- (ii) Rural electrification

- (iii) Town and community planning.
- (iv) Construction of shopping centres.
- (v) Embarking on commercial ventures.
- (vi) Industrialization of the local government area for job opportunities and economic advantage. Administrative Functions

These include:

- (i) purchases and maintenance of equipment
- (ii) Payment of staff salaries and allowances.
- (iii) Training and manpower Development.
- (iv) Office maintenance.
- (v) Preparing travel expenses and outstation allowances e.t.c.

Political Functions

These functions include to:

- (i) Provide services and promote development through responding to local wishes and initiatives.
- (ii) Facilitate the exercise of democratic self-government at local levels of society, and encourage initiative and leadership potentials.
- (iii) Mobilize human and material resources through the involvement of members of the public in local development.
- (iv) Provide a two-way channel of communication between local communities and federal and or state governments security Functions

These include:

Maintenance of law, Order and peace within the locality.

These functions are by no means exhaustive as the operating 1999 constitution of the Federal Republic of Nigeria made it clear that the local governments are to perform other functions as may be conferred on them by the State Houses of Assembly. While it is clear that money may not be the only problem affecting the local governments from better service delivery, money no doubt is the most topical and critical (Olojede et al, 2003:1) As the Holy Bible puts it, "money answers all things". There are two major categories of sources of local government revenue in Nigeria as it is anywhere in the world. These are: (1) Internal sources (2) External sources The internal sources are those sources that are legally or constitutionally assigned to the local governments from which they can generate revenues internally for their own use and for which they have control. Internally here, means within the local government area or boundary. On the other hand, the external sources are those sources of revenue that the local governments look up to as mandatory, voluntary or by request for which they have little or no control over.

These sources are listed in the constitution and other legislation of the federal Republic of Nigeria. For example, the internal sources include various Taxes, Rates, local licenses, fees and fines, levies, commercial ventures, local government property, interest and dividends on investments, among others. (See details of this in Appendix I) Examples of the external sources include statutory allocations or fiscal transfers from the federation account and state governments, grants, loans, donations, foreign aids and assistance, bonds, among others. Be this as it may, a cursory look at these category of sources reveals that there has been an over- reliance on the external sources, in particular allocations from the federation account to the detriment of the internal sources and this limits the total revenue that should accrue to the local governments. As Bello, Imam (2001:58) puts it, The disturbing trend in the revenue pattern of Nigerian local governments is the dwindling contribution of the internally generated revenue element. Whereas this revenue source accounts for more than 50 per cent of the revenue of local

governments in the United Kingdom and United States of America, it only contributes between 5 per cent and 8.8 percent to the revenue of Nigerian local governments. According to him, "Such a trend does not enhance local autonomy or meaningful democracy at the grass root" (Bello Imam, 2001:58). The neglect of the internal sources of the local governments in Nigeria is of long standing. For example, between 1993 and 2004, the total yearly internally generated revenue of the local governments in Nigeria was less than 10 per cent. (See table 1)

Table I SUMMARY OF LOCAL GOVERNMENT REVENUE IN NIGERIA 1993-2004

YE AR	Tot Rev	Fed A/C	State a/c	Stab Fund & Gen Fco	Vat	Gran t	Othe rs	Tot Ext Rev	Tot Int. Rev	% Ext Rev over Tot Rev	% Int Rev over Tot Rev	% Fed over Tot Rev	% of State Allo over Tot Rev	% of Vat over TR	% of Stab Fund over TR	% of Grant s over TR
1993	19,874.54	18,316.4	253.1	-	-	269.4	-	18,838.9	1035.6	94.8%	5.2%	92.2%	1.3%	-	-	1.4%
1994	19,223.13	17,321.4	466.4	-	-	229.5	-	18,017.2	1205.9	93.7%	6.3%	90.1%	2.4%	-	-	1.2%
1995	24,412.75	17,875.5	625.4	-	3558.1	242.9	-	22,301.9	2110.8	91.4%	8.6%	73.2%	2.6%	14.6	-	0.9%
1996	23,789.6	17,586.5	685.1	-	3306.9	-	-	21,578.5	2211.1	90.7%	9.3%	73.9%	2.9%	13.9	-	-
1997	32,795.85	22,300.5	703.5	-	6826.1	231.7	-	30,061.8	2734.0	91.7%	8.3%	67.9%	2.1%	20.8	-	0.8%
1998	44,952.73	30,199.3	1097.8	-	9187.3	19.7	-	40,504.1	4448.6	90.1%	9.9%	67.2%	2.4%	20.4	-	0.8%
1999	60,800.63	43,870.3	419.8	1056.3	9559.8	1210.6	-	56,116.8	4683.8	92.3%	7.7%	72.2%	0.7%	15.7	1.7%	1.9%
2000	151877.3	118,589.4	1923.1	5398.5	13908.7	4904.7	-	144,724.4	7152.9	95.3%	4.7%	78.1%	1.3%	9.2	3.6%	3.2%
2001	171,523.1	128,500.5	1598.6	12980.2	20,102.7	2320.7	-	165,502.7	6020.4	96.5%	3.5%	74.9%	0.9%	11.7	7.6%	1.4%
2002	172,151.1	128,896.7	1,672.3	98970.0	18,727.2	2537.1	-	161,730.3	10,420.9	93.9%	6.1%	74.9%	0.9%	10.9	5.7%	1.5%
2003	370,170.9	291,406.9	2,119.8	4610.3	39,648.4	7,992.4	4217.6	349995.4	20,175.5	94.5%	5.5%	78.7%	0.6%	10.7	1.2%	2.2%
2004	468,295.2	375,656.3	3625.7	6082.7	45985.2	1453.75	-	445,887.4	22,407.8	95.2%	4.8%	80.2%	0.8%	9.8	1.3%	3.1%

Source: Compiled by the writer from various Central Bank of Nigeria (CBN) annual reports and statements of accounts 1993 - 2004

In 1993, the total percentage of the internally generated revenue (IGR) over Total revenue (TR) was 5.2%, in 1994, 6.3%, in 1995, 8.6%, in 1996 9.3%, in 1997, 8.3%, in 1998, 9.9%, in 1999 7.7%, in 2000, 4.7%, in 2001, 3.5%, in 2002, 6.1%, in 2003, 5.5%, and in 2004, 4.8%. In all, no year was up to 10%. Similarly, a state by state analysis of the internally generated revenues of the local governments reveal that only few marginally scaled above 10% but generally below 20%. In 1993 for example, none of the total internally generated revenue of the local government in the whole states of the

federation was up to 10% Ditto for 1994, and in 1995, except for Anambra, Katsina, Lagos, Ogun, Rivers and, the FCT which had 14.4%, 11.7%, 27.6%, 19.7%, 15.8% and 11.2% respectively, all the rest had less than 10%. In 1996, except for Abia 13.4%, Anambra 16.5% Benue 11.1%, Borno 13.1% Ebonyi 21.9%, Imo, 12.3%, Lagos, 23.9%, Ogun 11.4%, the rest had less than 10%. In 1997, apart from Anambra, Benue, Imo, Lagos, Rivers, and FCT, which had 12.6%, 19.3%, 11.4%, and 20% %, 17.1% and 31.%, respectively, the rest had less than 10%. In 1998, apart from Benue, Borno, Imo, Lagos and Ogun, which had 14.5%, 11.5%, 10.%, 21.8% and 13.1%, respectively the rest had less than 10%. In 1999, apart from Benue which had 10.8%, Bornu 10.1%, Edo 11.8%, Lagos 17.1%, Ogun 15.3%, Plateau 11.9%, Rivers 15.42%, and FCT 17.55%, the rest had less than 10%. In year 2000, apart from Anambra, Bayelsa, Cross River, Edo, Kwara. Lagos and Nassarawa, which had 10%, 14.6%, 17.5%, 16.5%, 10.3%, 10.1%, 27% respectively, the rest had less than 10%. In 2001, apart from Cross river which had 17.2%, Lagos 18.2%, Ogun 41.9%, Rivers 21.4%, and FCT 15.1%, the rest had less than 10%. In 2002, apart from Adamawa 17.6%, Delta 19.9%, Ebonyi 17.8%, Edo 15.1%, Ondo 12.5%, Rivers 17.2%, and Yobe 21.8%, the rest had less than 10%. In year 2003, apart from Ekiti and Lagos, which had 18.2%, and 42.7% respectively, the rest had less than 10%. In 2004, apart from Lagos, which had 12.5%, all the other states had less than 10% (The worst, so far). Please see more details on Appendix 11. From this analysis, it is clear that the local governments' efforts at their internally generated revenue has been at low ebb. When compared with some other local governments in the world it is discouraging. For example, the Local Governments in the United States of America (USA) generates as much as 65% of its total revenue from. internal sources (Berman 1999:2), Malaysia 90%, India, over 50%, New Zealand 90%, China over 50%, Japan over 50%, Nepal 85%, Bangladesh 55-75%, Australia 77%, Fiji over 50%, Republic of Korea over 50%, Denmark 90%, Finland 76%, among others (Sproats Kevin, 2003:various pages).

As Ebohon (01a, 1992:306) puts it,

This does not only distribute political power and authority in favour of governmental functionaries at the center but equally makes nonsense of the whole concept of autonomy at the local government level. If autonomy is to be meaningful, the third tier must reasonably be self-sustaining and less dependent on statutory allocations from the centre.

No doubt, the greatest threat to the practice of autonomous third tier local government system in Nigeria is the over dependence on statutory allocation from the Federal Government and the obvious neglect of the internal sources of revenues. Prior to 1976, when the 301 reformed local governments were established in the country, the various units of local administration in the Northern and Western parts of the federation, including Lagos derived on the average more than 70% of their revenue from internal sources (Orewa and Adewumi, 1992:90). By contrast, from 1976, the internal revenue component of the total revenues of the average local government in the country began to dwindle. For example, in 1987, it ranged from 13.6% in then Bendel state to 35.5% (Orewa and Adewumi 1992:90). The very low percentage of the total internal revenue of the local government compared to the total revenue derived is an undesirable feature of the local government system in Nigeria. For institutions, which up to 1976, produced internally as much as 70% of their total revenues to swing over to as low as less than 10% with some even less than 2% is alarming. Not only is it alarming, it has been affecting service delivery at the local levels negatively. We note however, that the local governments are not the only tier of government in Nigeria in this dilemma. The federal and state governments are as worse. For instance, the federal government is over - dependent on oil revenue to the neglect of non-oil revenue, which before the discovery of oil was the main stay of Nigeria's economy by over 70%. In the same vein, the state governments are over - dependent on transfers or allocations from the federal government in similar manner (please see Appendix III and IV). The reason for this over dependence or over - reliance on oil revenue is beyond the scope of this paper but suffice it to say that it may not be unconnected with the juicy nature of oil money devoid of

"stress" and coupled with the mentality of running a distributive and not a productive government in Nigeria. This cuts across the three tiers of Government in the country.

At present, the percentage allocation to the local governments from the federation account is 20% yet there is no meaningful service delivery in the local governments. As the former president, Chief Olusegun Obasanjo noted:

What we have witnessed is the abysmal failure of the local government system. It is on record that at no time in the history of the country, has there been the current level of funding accruing to the local governments from the federation Account. Yet the hope for rapid and sustained development has been a mirage as successive councils have grossly under- performed in almost all the areas of their mandate (the Guardian, June 19, 2003, 19).

The point we are making in this paper is that there is no way the local governments in Nigeria can effectively provide services to the local people by over depending on the allocations from the federal and state governments without the internally generated revenues. As Oguonu (2006) puts it, internally generated revenue is actually indispensable for effective administration, because no system of rule can be effective, whether government or municipal, unless it enjoys some measure of financial independence. As he further puts it, "it is this source (internal) that each local government can significantly explore to better its financial position" (Oguonu 2006).

Various Reasons Adduced for the poor internally generated revenues of Local Governments in Nigeria.

According to Orewa and Adewumi (1992:92-94), the poor internally generated revenues of the Local Governments in Nigeria can be premised on the following reasons:

- 1 Lack of commitment on the part of revenue collectors to the collection of revenues According to them, they labour under the illusion that whatever

revenue they collect directly, the Father Christmas of the Federation Account will provide adequate funds for the payment of personal emoluments'. No doubt, there is a significant correlation between the commitment of the Revenue collectors and the amount of money that can be generated. If the commitment is not there, it will surely affect the total amount collected as this will be at low ebb.

- 2 Lack of co-operation from members of the public in paying their taxes, rates, and fees -According to them, 'The people have not acquired the culture which makes them to realize that they have a civic responsibility to pay taxes, rates, and fees, the revenue from which would enable their Local Government to effectively deliver socio-economic services to them in return. As mentioned in the case of Egonmwan, the notion of "no service, no pay" holds water here. However, there is need for a re-orientation that will make the people appreciate the fact that the Local Governments need money to provide services for them. Be this as it may, officials who have not performed can be denied re-election to serve as a deterrent to others as we mentioned earlier.
- 3 Absence of law enforcement agencies to prosecute erring or corrupt revenue officials - According to them, there is the absence of law enforcement agents to support the Local Government revenue collectors in tax and rates collection. The problem with this possible reason is that the law enforcement agencies we have in Nigeria may even worsen matters. Many of them are as corrupt as the revenue officials themselves.
- 4 The belief that the Local Governments have money and do not deserve the financial support of the people by means of tax payment - The peoples' thinking are no doubt germane especially with monthly allocations from the federation account that are even felt to be abused. However, it is a matter of orientation as was pointed out earlier. The people should be made to

understand that they owe it a duty to pay taxes to the Government, as this will augment whatever they are able to get externally.

- 5 The cost of collection and geographical spread — According to them, most of the taxpayers are scattered all over the Local Governments and the cost of reaching them is high .This is also a relevant reason. It borders on the problem of revenue collections in general. When the cost of going to chase taxes and rates and collect them is high, it is enough to discourage not only the revenue collectors but also the Local Government itself. Some of the areas within the Local Governments are so scattered and far from the councils and having access to them may be too costly for the revenue collectors and the council. Be this as it may, decenatralising collections or creating local or area offices will help to resolve this problem.
- 6 Collusion of the Revenue collectors with the people in the Local Governments to evade or avoid taxes - According to them, some unscrupulous revenue collectors aid and abet the people of the Local Government to evade and avoid the payment of taxes and rates to the coffers of the councils. No doubt, this will have great consequences on the internal revenues of the councils. However, it is pertinent to know why this is so. Some officials may be doing so for political or personal reasons. Target setting, effective monitoring and stiff penalties for culprits may go a long way to put a check on this abnormality.

In the views of Egonmwan (1990:106-109), the following are possible reasons for the poor internally generated revenues of the Local Government in Nigeria.

1. Appropriation of some tax functions by the State Government, the performance of which yields high revenue returns.
2. Undue use of powers by the State Governors to exclude any person or classes of persons from capitation rates levied by a Local Government

3. Councilors' unwillingness to support upward review for fear of incurring the anger of people in their community even when the desirability of such revision is obvious
4. Corrupt practices by revenue collectors, (who embark on embezzlement and fraudulent practices)
5. Gross inefficiency and ineffectiveness in collection of revenue as a result of low level of training and general lazy attitude to work.
6. Inadequacy and inaccuracy of data that should help for revenue collection. For example, in the collection of tenement rates — a source, that has high yielding rate.
7. High-level discontentment and disillusionment towards payment of taxes by communities who are not happy with the ways and manners in which public funds are spent in Nigeria, especially in the face of reported cases of embezzlements.
8. Failure by a good number of the local people to see the link between taxes and Local Government services, hinging on the slogan of "no service, no pay"
9. Wrong assumptions by some people at the Local Government level especially by illiterates that it is only persons holding salaried jobs and earning wages that should pay taxes.
10. The drift to urban centre by taxable adults to seek jobs left the revenue raising power of the local councils weak particularly in the rural and semi-urban Local Government areas.
11. Lack of or absence of supportive attitudinal and cultural context to create a strong Local Government coupled with the civilian regimes strategy to seek cheap popularity with the sector of the population considered crucial to its re-election.

There is no doubt that Egonmwan made salient points. The various reasons adduced are indeed capable of hindering the effectiveness of the Internal Revenue generation of the Local Governments. For example, there are some taxes that are high yielding in returns and there are some that are low yielding. Many scholars agree that taxes or rates like tenement rates and poll taxes are more likely to generate more revenue than birth rates, street naming or dog license. Proper tax assignment is therefore required to circumvent such usurpations of functions. Indeed apart from power usurpations, there is also the case of multiple taxations — a situation where the various Governments collect taxes on the same services or elements with the Local Governments. This is also dangerous as it is capable of setting confusion in the minds of the people and possibly make them to avoid payment.

On the issue of using official powers to exclude some people from paying tax, this is no longer tenable. Though the operating 1999 constitution of Nigeria (section 9) vests on the State Government the power to ensure the existence of the Local governments under a law which provides for the establishment, structure, composition, finance and functions of such councils, nowhere is it written that the Governor can exclude some people from paying taxes. Such acts therefore will tantamount to illegality. On the Councilors unwillingness to support upward review of taxes so as not to attract the wrath of their community members, this is a possibility. Councilors need better orientations to enable them choose between total service and partial service. A councilor who knows his onions will readily appreciate the need to get his community members to pay their taxes. On corrupt officials who embark on fraudulent practices, some measures could be put in place to check them. For example, attaching senior officials of the council to them or ensuring that official receipts are issued and payers take same to their offices for authentication. In the same vein, there should be routine visits to such places to verify and cross check payments. On gross inefficiency and ineffectiveness on the part of revenue collectors, because of lack of training or lazy attitude to work, the principle of "he who hires can fire" should be applied to shift the wheat from the chaff

and bring sanity to revenue generation. On inaccurate data that can help in tax rating, efforts can be made to address it. A suggestion on this is having a Department or to recruit personnel whose duty it will be to procure accurate data for the purpose of revenue collection. On disillusionment and discontentment of the local people, one can say that this is very relevant as the slogan of "no service, no pay" holds sway here. Any institution of Government must be willing to provide services for the people if it must expect their support. Service and payment, are twin brothers, they go hand in hand. Similarly, the people have right to withhold payment of tax if their payments are embezzled or misappropriated. On the assumptions that only salaried people pay taxes, enlightenment will be required to make the people have a change of heart and understand the need to pay tax. As Orewa and Adewunmi (1992:92) observed:

The people have not acquired the culture which makes them to realize that they have a civic responsibility to pay taxes, rates, and fees, the revenue from which would enable their Local Government effectively deliver socio-economic services to them in return.

What is required in this case is a good education or enlightenment. On the drift by adults to the urban areas, we agree that it could pose an obstacle for meaningful revenue generation. However, as Egonmwan puts it himself, this affects mainly the rural and semi-urban areas. But the fact remains that paucity of internal revenues of the Local Governments is not limited to the rural and semi-urban areas, though it could be more in them. On the romance of the politicians with the populace to parry re-election favours from them, by aiding them to avoid or evade taxes or rates, one can only re-emphasize that this is an illegality. Any politician that knows his or her onions would not in any way aid or abet such illegality knowing fully well that without money there cannot be any meaningful development or service delivery. In the same vein, Ola and Tonwe (2005:251-252), adduced the reason for the paucity of the internal revenue of the Local Governments to the failure of the Local Governments to meet the expectations of the people at the Local Government areas. According to them, because the performance of

the Local Government still fall short of the expectations of the people, their attitudes to the Local Governments have been that of apathy and sometimes hostility. There have been incidents of violent attacks by angry villagers on tax collectors from the Local Government because in their opinion, Local Government officials are only seen when they want to collect revenues and do not return to render any service. Ola and Tonwe's reasoning is likened to one of Egonmwans. As mentioned earlier, there is a correlation between service and payment. The more satisfied a people are with the service rendered to them, the more likely that they will pay for it. The snag here is that there cannot be any service without money. Thus there is need for enlightenment for the people to realize the need to continuously pay their taxes as and when due. It is important to mention that there are constitutional provisions to deal with a Local Government that is lacking in service delivery. For example, if the people are dissatisfied with the performance of their Local Government, one or more things could be done, for instance, the chairman who is the head of the Local Government can be impeached. Similarly, the councillors can be called back or restrictions placed on their re-elections. These could serve as a deterrent to others who may find themselves in the same situation. Sections 143 and 188 of the 1999 constitution of the Federal Republic of Nigeria clearly spells out procedures for removing a President and Governor (Chairman of the local government inclusive). Sections 69 and 110 spells out the recall of Law makers at the National Assembly and State Assemblies (Local Government legislative councils inclusive). In the opinion of Bello-Imam (1996: 50-52), the reasons for the poor internally generated revenue of the Local Governments in Nigeria can be attributed to what he described as "the constitutional guarantee of statutory allocations to the Local Governments". According to him, not only has the trend made the Local Governments financially buoyant, and have their tempo of self-help, or the urge to exploit their Internally Generated Revenue reduced since 1976/77; it has also provided both the Federal and some State Governments, the opportunity to abolish some of the traditional sources of Local Government revenue, like poll or community tax seen to have high yielding returns. As he further puts it, this has made some State Governments to go even

further to usurp some of the viable sources of revenue of the Local Governments like fees and charges from markets, thereby increasing the Local Government dependence on statutory allocations. In addition to all these, he said the geographical location of the Local Governments also matters. For example, he said, in Nigeria fees and charges are more promising sources of internal revenue in the urban centers than in the rural areas. According to him, one plausible explanation for the deviation in the internally generated revenue efforts of the Local Governments in rural and urban area is that the ones that are urbanized are more blessed with quite a number of viable internally generated revenue sources, than the rural ones (Bello - Imam 2001:47). Bello-Imam has given some relevant reasons. The over reliance on Federal allocations by the Local Government is no doubt amusing. Two hands it is said are better than one. If one hand supplies revenue and the other augment it no matter how big or small, surely, there will be an increase. On the issue of usurpation, there is no doubt that usurpation of the internal revenue sources of the Local Governments will affect their purse. Clean and clear tax assignments will go a long way in addressing this situation. Similarly, the point raised on the potentials of revenue generation in the urban and rural areas is no doubt germane. The fact is that there are usually more people in the urban centre and as such the patronage for goods and services is usually higher there than in the rural areas with scarce population and limited patronage. Part of the solution to this problem is to categorize properly the Local Governments in Nigeria to what they really are. For example, they could be categorized into urban, semi urban, rural and semi-rural for a better appreciation of their problems and possible merger of the very incapable ones. Adducing further reasons for the poor internally generated revenue of the Local Governments in the country, Bello-Imam and Eronini (2001:68-69) attribute it to "inadequate tapping of the user fees and charges as a source of income to the Local Governments". According to them, the list of user fees and charges which the local councils in Nigeria can tap from include the followings -

1. Bicycle License 2. Dog License 3. Commercial Vehicle/motorcycle and Taxi permit 4. Hackney permit 5. Palm wine tapping permit 6. Buka /Cigarette License 7. Wharf Landing Permit 8. Mobile Seller Promotion License 9. Open Air Preaching Permit 10. Registration of Night Soil Contractors fees 11. Birth and Death Registration fees 12. Dispensary and Maternity fees 13. General contractors Registration fees 14. Sand, Granite, Iron-Rod License 15. Forestry and Exploration Fees 16. Corn Grinding Mill License 17. Registration of Meat Van 18. Dried Fish/Meat License 19. Cold Rooms License 20. Canoe License fees 21. Cart Trade license 22. Liquor License 23. Native Liquor License 24. Squatters/Hawkers Permit 25. Slaughter fees 26. Radio/ Television License 27. Night Disposal Fees 28. Sand Dredging Fees 29. Minor Trade License 30. Abattoir Fees 31. Sawing Mill License 32. Eating House License 33. Kiosk License 34. Cattle dealers License 35. Butchers License 36. Auctioneer License 37 Goldsmith and Gold Seller License 38 Marriage Registration Fees 39. Entertainment, Drumming and Temporary Booth Permit 40 Control of Noise Permit fees 41. Cinematography and Vitriolic license 42. Naming of Street Registration fees 43. Tent or Sea Beach Permit 44. Dislodging of Septic Tank Fees 45. Impounding of Animal Charge 46. Pest Control and Disinfection license 47. Minor Industry License 48. Produce Buying License Fees 49. Brown Sugar Machine License 50. Printing, Spraying and Sign writing workshop License 51. Welding Machine License 52. Motor Mechanic and Car Wash Depot License 53. Surface tank Kerosene License 54. Hair Dressing, Barbing Salon license 55. Advertisement Rate License 56. Customary Certificate of Occupancy 57. Proceeds from Sales of Machines 58. Earning from Industrial Undertakings 59. Rent on Local Government Quarters 60. Electric (Radio/Television) Workshop license 61. Clock/Watch Repairs License 62. Registration of Laundries and Dry Cleaners Fees 63. Building Material License 64. Photostat/Typing Institute License 65. Local Hair Plaiting/Barbing License 66. Dane Gun License 67. Hunting License 68. Vault Fees 69. Tender Fees 70. Burial Fees 71. Beggars, Ministerial Fees 72. Laboratory Test Fees 73. Petty Traders License 74. Panel Beater License 75. Cloth Dyers 76. Pit-Sawing License 77. Felling of Trees Fees 78. Battery Chargers Fees 79. Workshop Receipt 80. Hiring Charges 81. Survey Fees 82. Markets Fees 83. Cattle Markets Fees 84. Photo Studio License 85. Rent on Landed Property 86. Printing Press License 87. Vulcanizes License 88. Sewing Institute License 89. Building Fees etc

(Source: Ministry of Local Government and Chieftaincy Affairs, Sokoto State, 1987).

To them, the situation is worse in the following aspects —

- i Amount involved usually meager (small)
- ii The cost of collection is usually high
- iii Over concentration on tenement or property rates, which they consider yields substantial revenue far in excess of user fees and charges (Bello-Imam, 2001: 83-85).

Making further explanations, they said, "in the urbanized Local Government councils,, tenement or property rate yields substantial revenue far in excess of user fees and charges, but in rural Local Government councils where only few rate - able tenements exist, where they exist at all, user fees and charges usually form substantial proportion of the internal revenue base but hindered by cost of collection. Thus, in the urban areas, the tendency is to relegate user fees and charges to the background and in the rural areas, where there are few or no tenements; the cost of collecting the user fees and charges makes it discouraging.

As a panacea to this problem, Bello-Imam and Eronini (2000 :88-89) made the following suggestions -

- i. The user fees and charges must be updated and reassessed at reasonable intervals both to make economic sense and to avoid a situation where as much as 100% of the total proceeds are expended on collection.
- ii. Those charged with the collection should be more honest and dedicated so that greater accountability can be guaranteed.
- iii. Amount expended on the generation of the revenue should not be more than 30% of the proceeds.
- iv. Higher yielding government services should be established for example, markets, motor parks etc to beef up revenue yielding opportunities.

We are tempted to agree with Bello -Imam and Eronini. User's fees and charges cannot be undermined for the internally generated revenue of the Local Governments. However, rather than expending much on collections of these revenues which may be unending, ultimatums could be given to the users to pay up or to face some sanctions. For example, close up, court actions, etc. This way, the yield from user's fees and charges would rise to the enviable level they represent in the developed world.

Gboyega (2001:91) in his view attributes the poor internally generated revenues of the Local Government to their inability to exploit fully property rates, which according to him "has been seen by many as probably the key to the solution of the perennial insolvency of Local Governments in Nigeria". Nevertheless, it remains a largely neglected source of local revenue in spite of long standing appreciation of its potentials. One of the reasons he gave for this was that of definition or put in another way, definitional problem. According to him, the problem is how to place property rates - what exactly is it? A tax on property or a tax on occupiers of property for the services they enjoy because of that occupation. Using the experience in the western state of Nigeria in 1974 as an example, Gboyega (ibid) said:

The Western State (comprising Ogun, Ondo and Oyo) Government appreciated this problem well enough when it decided to introduce property rating in 1974. The Government "launched" the programme in each of the Local Government area. This involved the Commissioner for Local Government, councilors, traditional rulers and community leaders to educate the people about the justification for property rating and eliciting the promises of cooperation of these local leaders in levying the rate. In spite of excessive consultations of this nature and the assurances of undertaking and cooperation received by Government, the programme was a failure as property rating took off from a poor start and met with stiff resistance in many Local Government areas. It had to be abandoned in some Local Governments especially among the rural ones.

As Gboyega (ibid) further noted, "Inability to properly define who pays property tax made it difficult to gain wide acceptance outside Lagos". This is no doubt a food for

thought. Who indeed should pay the property tax? The problem here is two fold and they are, should property tax be levied on the Landlords or should it be levied on the tenants?

Gboyega (2001:104) provides a clue to the answer thus:

Many attempts have been made to propagate property rating as a tax on potential or actual rents that a building would attract annually. Whereas this justification might find acceptance in urban areas where most properties are likely to be let to tenants and, therefore, actually attract rents, in rural areas most buildings are occupied by their owners whose relatively low level or lack of education, makes it difficult for them to appreciate the justification for it.

The solution to this would probably be to borrow from the Biblical admonition that we "give to Caesar what is for Caesar and to God what is for God". Since the Landlords collect rents from their tenants, they should be the ones to pay whether they even have tenants or not. This is one way it could be safe to sanction defaulters. Tenants come and go but Landlords and Landladies remain. Another issue raised by Gboyega (ibid) is the issue of valuation and valuers. According to him, "in many states, the excuses for the Government not sanctioning the levying of property rates were the complexity of valuation and the shortage of trained valuers". As he noted, "what is undeniable, however, is that the enormity of the job of up-dating valuation lists continuously coupled with the few hands usually available for it have combined to prevent revaluation periodically as should be the case". The solution to this problem is for the Government to continuously recruit and train more valuers that are serious and train them periodically if property rates are considered significant. One other issue raised by Gboyega (2001:105), is that of Government itself. According to him, "there are too many exemptions from liability in property rate". The properties exempted from property rates include places of public worship, fire stations, prisons, police stations and remand homes, all charitable institutions, recognized educational institutions, hospitals, Armed

forces and police barracks, all sports grounds, cemeteries and burial grounds, houses not normally inhabited but used only as overnight resting places, all government buildings and other properties specifically exempted by the Government. The constitution (1979, 1989 as well as 1999) in fact expressly empowers Local Governments to levy rates only on privately owned houses or tenements (See the fourth schedule of the 1999 constitution, section 1). The issue here is very clear. Government exempts some institutions. However, it also pays in lieu of the rates for these institutions. As Gboyega (2001:92) puts it : "Higher levels of Government give grants to Local Government in lieu of payment of rate on their property". For example, he said, "property occupied by diplomatic personnel is exempted from rating but the Federal Government gives grants to compensate for the loss of the revenue". The point to note here is that the Federal or State Governments should ensure that the payment in lieu of property rate is not compromised. Beyond all these, it is pertinent to add that the Local Governments or its valuers should be mindful of the fact that the average Nigerian would want to avoid or evade rates as much as possible if given the opportunity to do so. One way to reduce this is to minimize the rates as much as possible. One thing that can make Landlords not to pay property rates is when the rates are intolerable or when they are too high or unaffordable. To attract payment therefore, the minimum standard should be the watchword. As the saying goes "half a loaf of bread is better than none". Proffering another reason why the internally generated revenues of the Local Governments are poor, Gboyega (2003:32-34) posits that it has to do with "the nature of the taxes assigned to the Local governments". According to him, these sources of revenue cannot yield enough to make any significant impact on local finance'. He listed the respective revenue sources of the three tiers of Government as follows:

1 TAXES ASSIGNED TO THE FEDERAL GOVERNMENT

(I) Company tax (II) Withholding tax on companies (III) Petroleum profits tax (IV) Value added tax (V) Education tax (VI) Capital gain tax — Abuja Residents and corporate

bodies. (VII) Stamp Duties involving a corporate entity (VIII) Personal income tax in respect of (a) Armed Forces (b) Police (c) Resident of Abuja (FCT) (d) External Affairs and (e) Non-residents.

2 TAXES/LEVIES ASSIGNED TO STATE GOVERNMENTS

(I) Personal Income tax (II) Pay-As-You-Earn (III) Direct (Self and Government) Assessment (IV) Withholding Tax (Individuals) (V) Capital gains tax (VI) Stamp duties (Instruments executed by Individuals) (VII) Pools betting, lotteries, gaming and casino taxes (VIII) Road use taxes (IX) Business Premises Registration and Renewal levy (X) Development levy (Individuals only) not more than N100.00 per annum on each taxable Individual (XI) Naming of street registration fee in State capitals (XII) Rights of occupancy fees in State capitals (XIII) Markets where State finance is involved

3 TAXES/LEVIES ASSIGNED TO LOCAL GOVERNMENTS

(I) Shops & Kiosks rates (II) Tenement rates (III) on and off Liquor License (IV). Slaughter slab fees (V) Marriage, birth, and death registration (VI). Naming of streets registration fees (including state capital) (VII) Right of occupancy fees (excluding state capitals) (VIII). Market/Motor park fees (excluding markets where state finance is involved) (IX) Domestic Animal License (X). Bicycle, trucks, canoe, wheel barrow, and carts fees other than mechanically propelled trucks (XI). Cattle tax (XII) Merriment and road closure tax (XIII) Radio/Television (other than radio/TV transmitter) licenses (XIV) Wrong parking charges (XV). Public convenience, sewage and refuse disposal fees (XVI). Customary, burial ground and religious place permit (XVII) Signboard/Advertisement permit. To Gboyega, it is glaring that the Local Governments are shortchanged. In his words, "as can be seen from the list of taxes assigned to each level of Government, those with the highest yield potentials are given to the Federal Government, followed by the State Government, while Local Governments have the tax resources with the least yield potentials". As he further puts it, "besides, Local

Government revenue resources are quite expensive to collect and easy to evade". No doubt, we share Gboyega's view on tax assignment. The real problem is that some of these taxes have high yield returns while some do not, as he rightly pointed out. To worsen matters, the taxes with low yields gulp enormous resources to collect. For example, of what use will it be to use N2500.00 to collect revenues which when put together will not be more than N2000.00? To resolve this scenario, the Federal and State Governments should try to make some adjustments so that taxes with more high yields could be assigned to the Local Governments or guarantee a particular percentage that should be given to the Local Governments from this high yielding revenue sources. Sad enough, the State Governments have not proved a good "elder brother" in this regard as it has failed in all respects to honor the 10% allocation of its resources to the Local Government as enacted into law by the revenue Act of 1981.

In Dlakwa (2001:109) views, Local governments in Nigeria are the architect of their own problems. According to him,

The Revenue Act of 1981 mandates the Federal Government to allocate to Local Governments 10% of all its distributable revenue. State Governments were similarly mandated to pay to local councils within their own jurisdiction ten percent of their internally generated revenue. By depending on these sources of revenue, Local Governments have had their revenue base comfortably bolstered. However, this dependence has surreptitiously caused them to neglect their responsibility of augmenting external sources of revenue with internally generated revenue. Consequently, much of what in the past had constituted the principal sources of revenue to local authorities now makes only a miniscule contribution.

"One of such sources of revenue which has been neglected or has grossly been under exploited is poll tax", he said. As he puts it,

poll tax is in consonance with the principle of equality between human beings. This is because it is uniformly imposed on able-bodied people who are not in any government

or public employment and added to this is the fact that every citizen in a community enjoys some form of services rendered by the government; and therefore should reciprocate by paying one form of tax or the other as a civic duty.

To Dlakwa, "poll tax is the most promising form of tax for the Local Government today yet it is neglected". Poll tax or community tax or Flat rate as a source of internal revenue for the Local Governments was prominent before 1976. From a survey conducted by Orewa and Adewunmi (1983:124-125), between 1969/70 and 1972/73, the internal revenue generated by local authorities in the North Eastern States constituted 89.84 percent and 97.28 percent of the total revenue generated during the respective periods. Out of this, poll tax accounted for 63.55 percent and 65.53 percent respectively. Similarly, in all the States, out of the enormous contributions made by the internally generated revenues, poll/community tax contributed more than 50 percent. When the Northern States were put together, it constituted over 60 percent of their internally generated revenue. There is no doubt that Poll tax is a veritable source of revenue and the Question to ask is: why the neglect? One of the reasons that have been adduced for the neglect of the poll tax in Nigeria is "erratic decisions by the central governments" (Bello -Iman 2001:117) or as Gboyega (Bello Imam 2001:106), puts it, "political reasons". According to Gboyega, "the community /poll tax was officially abandoned in Nigeria in 1979 when the elected Governors of the People Redemption party (PRP) assumed office. The decision was widely advertised as an act of liberation intended to free the peasants from an oppressive burden". Because of the huge political support which the PRP Governments of Kano and Kaduna States attracted as it were then, other States seeking to avoid anti-tax agitation tacitly abolished them too wherever they were applicable (Gboyega 1983:239-240). As the popularity of the abolition began to gain more political support, the then president of Nigeria and National Party of Nigeria (NPN) flag bearer, Alhaji Shehu Shagari in a nation wide broadcast, abolished poll tax in the country - a decision which was earnestly carried out by States that were controlled by or had deep sympathy for the ruling party (Dlakwa, 2001:16). Thus, poll tax, which many people

saw as a veritable source of revenue for the Local Government, was scuttled, and it began to decline. As Dlakwa (2001:117), further puts it, Even when all states had reintroduced community /poll Tax in 1984 following the overthrow of the civilian administration, its significance to local revenue continued to decline. Going by the principle of fiscal federalism, the Federal Government or State Governments should have no business interfering with local sources of revenue. As we can see, the abolition of poll tax in the early 80s was basically political and this has had grave consequences for local internally generated revenue in Nigeria. Other reasons adduced for the decline of poll tax for the Local Government internally generated revenue are (i) general advancement in the level of economic development (ii) labour mobility making it difficult to collect the levy (iii) Administrative inefficiency (iv) cost of collection as well as impropriety on the side of tax collectors. Generally put, the trend in economic growth as from mid –1970s with oil revenue serving as the main catalyst, no doubt affected the interest in poll tax as a source of internally generated revenue. Local Governments suddenly saw wealth from allocation from the federation account and began to put aside poll tax, which hitherto had been a useful source of revenue to them. Similarly, with oil wealth brought the movement to State capitals of eligible taxpayers thus making it exceedingly difficult to keep an up - to – date list of eligible taxpayers in the community and Local Governments. This again became a discouraging factor, coupled with the cost of collection on the available eligible payers as most of them are geographically dislocated. In addition to this, is the unfortunate habit of tax collectors to convert some of the meager amount collected for their personal use and declare only a lesser sum to the Local Government treasury (Dlakwa, 2001:119). On administrative inefficiency, this has to do with how competent or skilled the revenue collectors are. However, with better training, guidance, and control this constraint could be checked. Summarily,, given that poll tax has in the past being a source of revenue to the Local Governments in Nigeria, and declining now, its complete neglect is not in the best interest of the Local Governments as the fact remains that the little that will be contributed by it can still be much better if properly harnessed, and strict accountability enforced in the machinery

responsible for its collection and management. Having said this, there is need for the Federal and State Government to revisit the issue of poll tax. The Local Governments should be encouraged to use their discretion on it. All they require is the enabling environment, which the States and Federal Governments should provide. On the other hand, poll tax could be renamed for example, Development levy or tax, which many of them are currently into any way and pursued more vigorously. Mbanefo and Bello — Imam (2001:154) in their views adduced the following as responsible for the poor internally generated revenue of the Local Governments.

- (i) Lack of efficiency in the administration of existing revenue sources - According to them, the problem is perennial because "the level of government is yet to establish efficient and effective revenue collection machinery which will adequately exploit all the possible revenue sources". To them, "success can only be achieved in this regard, at reasonable cost with well trained personnel and public enlightenment. Such trained personnel should not only be diligent and dedicated but should also be transparent and accountable".
- (ii) Failure to engage in commercial ventures — According to Mbanefo and Bello — Imam (2001:156), there is poor internally generated revenue in the Local Governments because they have failed to explore and exploit commercial ventures as a veritable source of revenue, and this they attribute to not being able to raise money for the purpose from the banks as a result of high collaterals. Recommending the capital market as a substitute, they said: "Local Governments can source finds from the capital market to float them. Such commercial ventures they noted must be those that would yield positive net return to the invested capital. They gave the following as example of commercial ventures for which Local Government could source for finds from the capital market as printing press establishment, pottery works, intra and inter city bus service, cottage hospital, modern markets etc.

They cited the Lagos city council and Ibadan municipal Government, which in the 1950s and 1960s established viable inter and intra-city bus service, which they founded from the capital market. The problem with this suggestion is that there is a high level of political instability in the Local Governments. One aspect of this is the tenure of the political office holders. Some of them as we witnessed during the Obasanjo's administration can be impeached or removed abruptly. The successor may not be in tune to continue with the project on the ground or may not be inclined towards fulfilling repayment terms. This may become worse in a situation where the successor and predecessor have political differences. Similarly, money from the capital markets is normally long termed. The tenure of the entire Local Government chairpersons in Nigeria is 3yrs. There are some capital projects that may not be completed even within the three years talk less of the benefits to be derived (profit) and relied upon for repayment. No doubt, all these factors pose hindrances to commercial ventures as a source of Local Government revenue in Nigeria.

- (iii) Unwillingness or inability to establish cottage industries - According to them, "one bold way in which Local Governments could earn substantial revenue in their respective areas is through cottage industries". This they said has been a far cry in the Local Governments. As they put it, "in many developed countries of the World like the United kingdom, United States and Germany to mention a few, the establishment of cottage industries by Local Governments is one of the ways in which substantial revenues are being earned by the respective Local Governments". Cottage industries that could easily be established by the Local Government in Nigeria cover traditional industrial establishments like pottery, cloth weaving, basket making, knotting, blacksmithing, and some other modern industries like tailoring, auto-repair, carpentry and pictography (Mbanefo and Bello-Imam

200d1: 158). Cottage industries no doubt could be a source of generating revenue for the Local Governments if the political will is there and if it is well organized and managed. Though they may not be with high yielding returns but as have been mentioned earlier no matter how little, such efforts will augment what is derived from other sources. As the saying goes, "little drops of water forms the mighty ocean".

- (iv) Inability to see housing construction as an economic venture - As they put it "in Nigeria, most of the Local Governments have not appreciated the need to either construct houses for sale or construct houses for rent. According to them, in many developed countries like the United Kingdom for example, housing construction and subsequent sales is an important economic venture by Local Governments. This is done by either constructing houses for outright sales or for sales on occupier basis." To them, "Such a policy will not only increase the revenue base of the Local Governments but enhance employment opportunities within the Local Government." The idea of house construction for sale, rent or hire is no doubt an avenue to generate internally generated revenues. However, the snag is that most of the Local Governments are geographically or locationally disadvantaged that even if the Local Governments were to embark on such investments, how many people will be interested, especially in the rural areas, where the people are daily migrating to the urban centers. Indeed, it may also not be easy doing so in the urban Local Governments as most of them lack land to do so. It may therefore be an exercise in futility.
- (v) Inability to invest on or see small-scale farming as a source of revenue - According to them, Local Governments can embark on any type of farming to generate funds, especially in the rural areas where there are vast land. As they put it, "involvement in any type of farming with funds sourced from the capital market cannot only increase the revenue base of the Local

Governments and bring about service delivery but greatly solve the unemployment problem in the country (Bello-Imam 1993:6). No doubt, there is sense in this. Such ventures will go a long way in also helping the economy to grow.

- (vi) Nonprivatization of service delivery-. According to them, Local Governments in Nigeria are yet to "seize the bull by the horn by privatizing or commercializing some of its services that are susceptible to both". They argued that this is the case in virtually all parts of the world today, where Governments are privatizing and commercializing services, which hitherto were provided as welfare services. They agree that "most. urban and Semi-urban Local Governments have already contracted out such services as refuse collection and disposal which is one of the critical functions of Local Governments in the country but more need to be done on other areas to generate revenue. We share the views of Mbanefo and Bello – Imam but privatization and commercialization has its disadvantages. For example, Local Governments may be tempted to privatize and commercialize most of its services thereby ignoring its primary responsibility of providing basic free social amenities for the people. The danger here is that the much-needed tax from the people will be jeopardized, as there is every tendency for the people to refuse the payment of tax since invariably they would have paid for services rendered by the Government. Thus, by implication, the principle of 'no service no pay' would come to play. The local governments in Nigeria should therefore apply some caution and make selective privatization and commercialization or partial privatization or commercialization as it is also called. In another development, Bello-Imam and Roberts (2004: 190) see poor service delivery as chiefly responsible for the poor internally generated revenue of the Local Governments in Nigeria. According to them, "the Local Governments must always try to ensure that

residents see the result of their activities' stressing that, "if residents get a "fair deal" from the taxes, user fees and charges they pay, they would be willing to pay (even more) the next time around". No doubt, service delivery is a function of availability of revenue and revenue generation itself is a function of service delivery. The notion of "no service, no pay" holds supreme here. The Local Government should live up to its primary responsibility to provide services for the local people at least to an acceptable minimum standard. This will go a long way to attracting the people at the Local Government to pay whatever tax is brought before them. Service delivery comes in different ways. For example, construction of good roads and markets, provision of pipe-borne water, provision of recreational centers, establishment of educational institutions, establishment of industries, and security among others. Providing one other reason why the internally generated revenue of the Local Governments is poor, Bello Imam (2001: 251), attributes it to the taking over (usurpation) of most of the productive sources of revenue of the Local Government councils and encroachment. According to him, State Governments have taken over most of the productive sources of revenue of the Local Government councils such as forestry fees, motor park fees, and market fees. Poll tax, previously the exclusive preserve of Local Government councils, was also affected in the same manner. The net result of this situation is that most Nigerian Local Governments are left with little or no viable sources of internal revenue. As he further puts it, "the contemporary tendency for Central Governments is to encroach on the legitimate revenue sources of Local Governments...." This, he argues, "does not promote the purpose of the localness of Local Governments in the Nigerian situation". Our view here is that the Central Governments in Nigeria should understand that Local Governments need money to provide services. Therefore, there must not be any form of usurpations or infringement of their legitimate rights. Once a particular tax

has been assigned to the Local Government, on no account or condition should the Central Governments interfere with it or usurp it. Indeed, what one will expect instead is the Central Governments to come up with some control or regulatory measures to assist the Local Governments being the lesser and lower of the tiers of Government to be able to achieve its ends. Thus rather than usurpation or outright take over, assistance should be the in thing. Buttressing the need for internally generated revenue or what he described as "own revenue", 13kunori David (2001:1) "makes a case for property tax as a veritable means for raising funds or revenue to meet the needs of the citizens of any country.

According to him:

Local Government will be weakened to the point of irrelevancy unless the cities, counties, and towns reestablish a viable source of revenue that they can control and the only revenue source that will ensure strong and viable Local Government is the property tax.

Referring to the United States of America (USA), he said:

The linchpin in the System is having the ability to raise (or lower) taxes in order to provide the necessary level of services. The system has worked because the three levels of government have enjoyed access to their own source of revenue. The Federal Government primarily uses income taxes. The States use a combination of income and consumptions taxes. And Local Governments have traditionally relied on property taxes to pay for the services their citizens demand.

As he puts it, "for Local Governments to retain their status as important components in Government they must have access to their own sources of revenue" adding that "because localities (local governments) have been controlling their revenues, they have been the most responsive, accountable, and innovative segments of the American federal system". The connection between successful Local Government and the ability

to raise revenue is undeniable, Brunori (2001:4) said. While comparing property tax with other forms of tax, Brunori insists that property tax stand out and is easy to collect. Referring to user's fees and charges for example, he said though "they are still widely used by Local Governments; there are inherent limitations on using fees and charges. As he puts it:

At some level, citizens will refrain from using the public service for which fees are charged. Local governments cannot charge fees for services that are widely available... And they cannot fairly change fees for fundamental services deemed to be necessities.

The point to note here is that there is need for Local Governments to be revenue self-generating. The tax, rate, levy etc decided upon by any Local Government should be measured with the peculiarity of the Local Government. While some may benefit immensely from property tax, others may not and must of necessity find solace in other sources, for instance, the user fees and charges among others. It is certainly Local Government area dependent. The point however, is that Local Governments should try to have their own viable sources of revenue. Contrary to Bunori's view on property and users fees and charges, Bahl (2003:24) argues that even though property taxes are beneficial, Local Governments in transition countries (Developing countries) should rely more heavily on user fees and charges.

According to him, administration of the property tax is difficult, especially in the transition countries where the identification of property ownership is difficult...Moreover, there is a major problem with valuation of property.... the result is that the yield of property tax is rarely more than one percent of total national revenues. On the other hand, charges for locally provided services are efficient, and they are easily relatively administered.

As he further noted, the problem with user fees and charges in transition and developing countries is that essential services—where user charge potential is greatest—are often

provided at subsidized rates. According to him, "in China and Russia, Public transit utilities and housing are not self sustaining and in fact is part of national wage policy. The same is true in most developing countries where the low-income population is substantial and where affordability and politics are major problems. As a result, he said, "the potential for improved user charge finance as a means of financing Local Government thus remains more potential than reality". As we mentioned earlier, the focus or attention paid to any Tax, fees, charges, Levy, fines etc, as a source of revenue is dependent on many factors chief among which is the Local Government area itself. Property tax may be more beneficial in an urban Local Government than a rural Local Government while at the same time, user fees and charges may suit a rural Local Government usually with less sources upon which property tax is charged. A Local Government is expected therefore to assess its main revenue potentials and work on it. Commenting on commercial ventures or what he described as "Local Government Business", as a source of revenue for the Local Governments Bahl (2001:25), regrets that many transition (developing) countries still use commercial ventures as a source of revenue – for raising of sub-national (local) governments. According to him, "this meets none of the tests of a good local tax," adding that, "the tax burden is divorced from where the expenditure benefits are received. Government competes (unfairly) with the private sector thereby crowding out entrepreneurship, and administration becomes difficult when Government is both owner and regulator". The point being made by Bahl is that the whole essence of private entrepreneurship will be defeated if Government begins to dabble into what ordinarily the private business should do. To him, it is unfair. Though he said this is peculiar do transition countries, he failed to understand that there is strength in competition. Further to this, is the fact that the type of business or commercial ventures the Local Governments are expected to embark upon are those that will bring solace to the people which even though revenue is expected to be generated from it, a much better service will be provided to meet the yearning of the people. Be this as it may, embarking on commercial ventures will also afford the Local Governments the opportunity to provide services in areas, which the private sector may

not want to go into or are in short supply. Though such services will be commercial in nature but the people will be the overall benefactors. As have been mentioned earlier, the problem of inadequate finance is not peculiar to the Local Governments in Nigeria. Many Local Governments of countries all over the world suffer one form of financial inadequacy or the other. However, many have been able to overcome it while others are making efforts to do so. Local Governments in the United States of America (USA), Denmark, Sweden to mention a few are Countries that are consistently high in operating with their own internally generated revenues (Berman,1999:1-6, <http://www.local.dtlr.gov.uk>). Others like China, India, Pakistan, Fiji etc, are also thriving in this regard. The essence is to have more formidable Local Governments geared towards a better service delivery.

CONCLUSION AND RECOMMENDATIONS

Having highlighted the various views expressed by many scholars as responsible for the poor internally generated revenues of the local governments in Nigeria, and our personal views over them, we conclude with the following recommendations:

1. Provision of viable services — The local governments should embrace the provision of visible services. This will go a long way to encourage the people at the local government areas to pay their taxes and douse the notion of "no service no pay." As Imam (2001:260) puts it, "the time is ripe for a fresh look at the service delivery responsibility of the Local Governments in line with changing realities". We hold strongly that for the internally generated revenue efforts of the Local Governments to improve, it must be matched with visible services that will convince the people that they have a Local Government that is alive to its responsibility.
2. Need for mass and sustained enlightenment on the Local people on the need to pay taxes. The fact remains that most Nigerians do not have the penchant

to pay taxes. Indeed, in a recent study (2007) conducted by this writer, it was revealed that most of the taxpayers are usually very hostile and in other cases behave timidly by locking up their shops on sighting revenue collectors. There is therefore need for sustained mass enlightenment of the people. This enlightenment could be in form of using the mass media to educate them on why they should pay their taxes and see revenue collectors as friends and not foes or the use of a public forum or a local assembly for such enlightenment. One of the things that have made the Local Governments in the United States of America to be high with its own resources is persistent public enlightenment. This, we lack in Nigeria. As a result, many Nigerians do not know the essence of tax payment and are usually wanting to avoid and evade taxes compounded by no or poor services. The Nigerian mass media will do the nation a lot of good if it could reserve part of its airtime or pages for public enlightenment on the need for tax payment and the benefits thereof. Local civil associations, neighborhood associations, NGOs and civil rights organizations will also be useful in this regard.

3. Need to make tariffs affordable or more people friendly - One area the we discovered has been an albatross to improved revenue generation is high tariffs. Given that most Nigerians want to avoid or evade tax payments, there are still some of them who want to pay but are scared by the unfriendly tariffs or demand notices they get. There is need to make some adjustments so as not to drive the willing horse to death. No doubt the cost of collecting these taxes is getting higher and higher but there must be a level playing ground because as the saying goes, "half a loaf of bread is better than none". Similarly, little drops of water they say form the mighty ocean.

4. Need to merge some Local Governments for financial viability. No doubt some Local Governments are better off than others. For example, the urban Local Governments are better placed to raise more internally generated revenues than the rural or semi-rural Local Governments. The typical rural Local Governments suffer a great deal in this regard. It is obvious there is inequality in their sources of revenue. We suggest a merger of Local Governments within the same geographic axis. The problem is with the incessant zeal to create Local Governments in Nigeria without an assurance of their financial viability. Though it has been reasoned that Local Governments bring Government and Development closer to the people, the fact remains that unviable ones are merely drain pipes and will never bring Government and Development closer to the people as it is currently the case in Nigeria. Indeed, frequent creation of unviable Local Governments is a mockery of what Development is all about. Rather than create unviable Local Governments, it is better to merge the existing ones so as to strengthen them and make them viable for the benefit of the people within their boundaries.
5. Effective monitoring of revenue collectors — We are of the view that for there to be an improved internally generated revenue, there must be a way to constantly put the revenue collectors on check. In the research conducted by this writer mentioned earlier, it was revealed that a greater percentage of the revenue collectors are corrupt. The way out to our mind is for there to be an effective monitoring unit that will always put the revenue collectors and areas allotted to them on check. Such checks will come from special bodies or organ set up for monitoring purpose only. Their duty will be among other things to counter check receipts issued to the taxpayers and amount paid. In addition, we recommend punitive measures for revenue collectors who abuse their offices. Indeed, since issuance of fake or personal

receipts as they are usually referred to, is an economic crime it should be dealt with in accordance with relevant laws in the country. We also advise that the Economic and Financial crime Commission (EFCC) and the Independent corrupt Practices and other related Offences Commission (ICPC) should be alive to their responsibilities by apprehending those revenue collectors committing such economic crimes.

6. Need to create more Area offices within the Local Governments for the purpose of enhanced revenue collection. Most of the Local Governments lack this. Indeed, it is only in Lagos that they are prevalent and this probably explains why Lagos State is outstanding in the aspect of revenue collection. The Area offices should be headed by Area treasurers or revenue officers with targets. There could be as many area offices as possible so long as anyone does not overlap with another or infringe on the jurisdiction of the others but have a definite area allotted to it. One of the benefits of having such area offices is to bring collection centers closer to the people. Another benefit is that it will help a great deal to reduce cost or expenses incurred on revenue drives or collections. The Power Holding Company of Nigeria (PHCN) is currently doing a similar thing and this has been helping to closely visit and monitor their customers and put their debtors on close check. The Local Governments can borrow a leaf from this.
7. Need to motivate the revenue collectors - motivation comes in different forms, but in particular we mean providing utility buses or revenue collection buses for the revenue collection centers or areas and adequately remunerate the revenue officials. It is important to mention here that revenue buses are lacking in -most of the Local Governments and remuneration is poor. Indeed, where there is any of the buses at all, it is used for other purposes rather than for revenue collection. Some are even used for commercial transport by the drivers at official times.

8. Need for more committed leadership to internally generated revenue drives
 - One thing we have observed is that there is a non-challant attitude on the part of the political leaders in the Local Governments towards internally generated revenues. The reason for this may not be unconnected with the much easier and free allocations from the federation account and State Governments. The point being made is that the Local Government authorities show little or no concern on the internal revenues of their Local Governments. Rather, they are more interested in allocations. This indeed is where the problem lies. As such, they care little or not about internal collections and the sanctity of what is collected. There is need therefore for a reorientation in this regard. We also observed that there are some political undertone in the non-challant attitudes of some leaders of the Local Governments to revenue generation. As an ex-chairman of Odigbo Local Government once put it, "no chairman will want to bite the fingers that feeds him". The point he tried to make was that a politically ambitious chairman of a Local Government will not want to hurt his people so as not to stall his chances for other elective opportunities. Thus, the chairman prefers to struggle for improved allocation rather than internal revenues. Perhaps the solution to our mind is to make it mandatory through legislation that for any Local Government to benefit from allocations from both the Federal and State Governments, there must be an evidence of at least 30% contribution of the internally generated revenue to the preceding total revenues of the Local Government. This will go a long way to improving the internally generated revenues of the Local Governments and help curb recklessness and nonchallance, if not used for political victimisations.
9. Need to curb multiple taxations and unauthorized collections by the officials of the upper tiers of government - There is need to respect the tax or revenue rights of the Local Governments. For example, up till 2005, the

tenement rates in Lagos State were collected by the State Government. This was a constitutional breach. Similarly, some Local Government complained about intrusions by officials of the State and Federal Governments on their revenue rights. For example, rather than concentrating on business premises and registrations some of these officials make collections on business permits, advertisements etc. The point we are making is that tax or revenue rights should be respected so as to leave enough revenue for the local Governments.

10. Commercial ventures and User fees - we hold very strongly that for the internally generated revenue of the Local Government to be improved, embarking on commercial ventures will not be out of place. For example, they could embark on farming, fisheries, transportation, recreational centres, housing, hotelling, filling stations, printing press, poultry, ceremony halls to mention a few. Once there is honesty of purpose, results will be achieved. Similarly, user fees and charges can yield more revenue to Nigerian Local Governments if a number of instrumental steps are taken. For instance, more rural communities should be opened up which will increase the vehicular traffic to them with attendant increase in economic activities. More motor parks and functional markets should also be established. This way, the yield from user fees and charges will rise to the enviable level they are in the Developed countries.
11. Exposing peculiar Investment potentials to foreign direct investors and the local ones - We strongly believe that every Local Government has investment potentials. Indeed, the rural Local Governments are well suited for this. Some also have tourist attractions that can yield revenues. Badagry local government for example, is in the center of archives and this can be exploited for revenue generation if well harnessed.

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Detailed Sources of Local Government Internally Generated Revenue In Nigeria

List of IGR Sources

- 1 Details of Revenue Head 1001 – Taxes
 - i Community poll Tax (flat rate)
 - ii Arrears of community...poll tax
 - iii Development levy
 - iv Other special services and taxes e.g electricity, water and night guard rate. Details of Revenue Head 1002
 - 2 - Rates
 - i Tenement
 - ii Arrears of tenement or Tenement rate arrears
 - iii Penalty
 - iv Ground rent
 - v Arrears of Ground rent (federal)
 - vi Federal Government in lieu of tenement
 - vii State government grant in lieu of tenement rate
- Details of Revenue Head 1003 -
- 3 Local License Fees, and Fines
 - A. Fines:
 - i Towing of vehicles & Fees
 - ii Fines and overdue and lost library book
 - B. General License
 - i Bicycle License Fees
 - ii Canoe License Fees
 - iii Dog License Fees
 - iv Cart/Truck License Fees
 - v Kicking permit fees
 - vi Bus/Commercial vehicle (Tax) motor cycle fees
 - vii Liquor license fees
 - viii Palm wine taper/sellers fees
 - ix Native liquor fees
 - x Buka cigarettes license fees
 - xi Squatters/Hawkers permit fccs
 - xii Wart landing fees
 - xiii Alternative medicine fees
 - xiv Toll gates fees
 - C. Food Control
 - xv Slaughter Fees
 - xvi Abattoir Fees
 - xvii Eating house license fees
 - xviii Kiosk License Fees
 - xix Bake llouse License Fees
 - xx Registration of meat van fees
 -
 - xxi Cattle dealer License fccs
 - xxii Dried Fish/Dried meat license fees

- xxiii Cold room license fees
- xxiv Butchers license fees
 -
 - 1). Security
- xv Auctioneers license fees
- xvi Goldsmith & Gold seller license fees
- xvii Lusting license fees
- xviii Dane Gun License fees
- Social
 - xix Marriage registration fees
 - xx Entertainment, drumming & Temporary booth fees/ hall
- restage fees
 - xxi Control of music /noise permit 1-C7c-s
 - xxii Cinematography license fees
 - xxiii Naming of streets/house registration fees
 - xxiv Tent at sea beach permit fees
 - xxv Mobile sales permission license fees
 - xxvi Radio/television license fees
 - xxvii Beggars Ministerial fees
 - xxviii Open Air preaching permit fees
 - xxxix registration of social organization
 - merriment permits fees.

1 F Health

— I-x-i- Dislodging of septic tank charges

-
- xli Night soil disposal, depot fees
- l xlii Registration of septic tank dislodging license fees
- l xliii Registration of Night soil contractors fees
- xliv Impounding of stray animal fines
- xlv Pest control & disinfectant fees
 -
- xlvi Birth and Death registration fees
- l xlvii Burial fees
- l xlviii Vault fees
- l xlix Discretionary and maternity fees
- li Environmental sanitation services
- l c. Econt., a.s

lii General contractor registration fees —1 -
 liii Tcndcr Fees
 liv Sand dredgiu license fees ,
 Iv Minor Industry license fees
 Ivi Trade license fees
 lvii Petty traders license fees
 (viii Sand, granite, Iron rod Sellers license fees ,
 lix Pit Sewing licnsc fees Ix Forestry & fuel exploitation fees
 lxi Sawmill license fees 1
 lxii Felling of tree fccs
 lxiii Produce buying fees ____
 lxiv Rice/mill cassava grinding licnsc fees
 lxv Ingredient grinding Mill licnsc fees I
 -
 lxvi Corn grinding Mill licnsc fees ' , -
 ..
 lxvit Brown Sugar machine license fees
 lxviii Painting, Spraying and Sign writing workshop fees. .
 - lxix Workshop licnsc fees
 - lxx Photo licnsc fccs
 lxxi Welding machinc licnsc fees t
 lxxii Electric Radio &TV workshop license fees
 lxxiii Wood making/carpentry workshop license fees
 lxxiv Blacksmith workshop License fees ____
 lxxv Battery charges License fee _
 lxxvi Printing Press License fees
 lxxvii Panel heater License fees
 I ____
 lxxviii Vulcanizes License fccs ____T.
 lxxix Vehicle spare parts License fees
 lxxx Cloth dye License fees I _
 lxxxi Clock/watch repairers License fees
 lxxxii Registration of Laundries& dry
 cleaner fees
 lxxxiii Motor machine and car wash depot License fees
 lxxxiv Building materials License fees
 -
 lxxxv Surface tank Kerosene License Ices -
 lxxxvi Photostat/typing institute fccs
 lxxxvii Block making License fees
 lxxxviii Sewing Institute License fees
 lxxxix Hairdressing/Barbing Saloon License fees
 xc Advertisement License fees
 IIIII_ H .
 xci Miscellancous e.g2tiblic toilet

- F.. Works and Engineering Services
- xciv Workshop receipt
- , -
- xcv Sale of in serviceable goods
- xcvi !lire charges (vehicle & plants)
- xcvii sales of store (market store)
- ..
- xcviii Survey & plot fees
 - 1_1116
 - xcix Mortgage subleases approval
- c Customary right of Occupancy fccs -
- ci Commission on transfer of plots
 - cii Approval of buildinulans/registration building permit fees
- 4 Details of Revenue Head 1004- Earning front Commercial undertakings
-
- i Market fees
 - I -
 - ii Motor parks fees
- iii Shops and shopping, centers -
- T_____ .
- ,
- .
- iv Cattle market fccs
-
- v Abattoirs slaughter house -
- _____
- vi Proceeds from sales of consumer Agric -- ___ _
-
-
- r__ vii Transport services earnings
- _____ 1 _--.
- r-----7 viii Earning from other commercial undertakings
-
- ix Earning from Industrial undertaking
- x Market deposits _____•-1.
-
- xi Application forms for market shops stall
- xii PrivateImk up shops ---' -. 1
- xiii Loading and offtloadinglees -17-1-.
- 1 5 Details of Revenue (lead 1005- Rent on Local zovernment property
- i Rent on Local overnment chairs & Cann ics MIME -1,
- ii Rent on other Local Govt Buildings .1111 i

- iii Rent on other Local Govt quarters --1
- iv Rent on other Local Govt landed property
- 6 Details of Revenue Dead 1006 - Interest Payment and Dividend on Investments
 - i Interest on vehicle and bicycle advances MIME ---I
 - ii Interest on loans to other local government I_____..
 - iii Interest on loans to arastatals & Limited Liahilit Companies
 - iv Dividends and Interest
 - v Interest on staff Housing and other loans
 - 1
 - vi Interest on fixed deposits
 - vii Interest on current Account
 - viii Interest on vehicle and bicycle advances 1
- 7 Details of Revenue head (I008- Miscellaneous) •
 - i Gains on Block sales
- III I
 - ii Recovery of losses & over a 'merit
 - iii Payment in lieu of resignation notice MN
 - iv Learning_& Diming test fees MI
 - v Pre-payment inspection fees ME ,
 - ,
 - vi Environment fines & other fees
 - vii Mortuary & Cemetery earnings I
 - viii Other sub charges
 - _ ix Vaccine for international travelers
 - .
 - x Sales of seized goods
 -
 - xi Sale of trousers MI
 -
 - xii Sales of boarded vehicles MI -
 - xiii Stocking of building materials MI ,
 - xiv Private sector participation in Environmental sanitation
- cliarlcs
- c xv Health users charges
- xvi Expenditure recovery (unclaimed salarics/deposit)
- II ,
 - xvii Fees on recovery & court fines .
 - xviii Unrecovered deposits
 - xix Recall of fixed deposits
- II ..
 - xx Registration of clubs Association -
 - xxi Registration of CDA'S fees
- MI
 - xxii Jurisdiction

- xxiii Construction permit
- xxiv Okada tolls
- xxv Sale of Okada sticker
- xxvi Refuse/Penalty on seized goods
- xxvii Grocery
- xxviii Sales of house numbering plates
- xxix Sales of highway codes
- xxx Plantation Nursery & Garden
- xxxi General contractors Registration fees
- xxxii Canoe license
- xxxiii Sand dredging fees

Source - Alimosho Local Government Lagos and Ondo - East Local Government, Ondo approved estimate for year 2003 and 2001 respectively.

SI ATE-BY-STATE PERCENTAGE OF INTERNAL REVENUES OVER TOTAL REVENUE OF LOCAL GOVERNMENTS IN NIGERIA 1997-2000

STATES	1997	TOTAL INT	1999	2000	% OF TOTAL INT	1999	2000	% OF TOTAL INT	1999	2000	% OF TOTAL INT	1999	2000
AMA	59.8	59.8	886.3	62.5	7.1%	1048.8	40.8	3.9%	3009.5	203.3	6.8%	1119.4	56.0
AIJAWA	924.2	924.2	1559.3	110.1	7.1%	143.4	119.5	8.9%	3526.5	153.5	4.4%	1119.4	56.0
AKWA	1100	1100	1472.5	60.9	4.1%	1386.1	53.4	3.9%	3901.9	88.5	2.3%	1119.4	56.0
ANAN	744.9	744.9	986.0	63.6	6.5%	1495.5	141.4	9.5%	5511.9	552.9	10.0%	1119.4	56.0
ARA	1119.4	1119.4	1402.8	52.7	4.0%	2092.6	84.3	4.0%	2805.1	55.9	1.9%	1119.4	56.0
AYEI	444.4	444.4	599.9	17.6	2.9%	803.3	45.5	5.7%	685.2	99.8	14.6%	1119.4	56.0
BENUE	1103.4	1103.4	1167.9	213.2	18.3%	1052.9	113.5	10.8%	4550.6	278.6	6.1%	1103.4	213.2
BORN	1362.0	1362.0	161.9	1.5%	1221.1	122.8	10.1%	122.9	40.4	3.3%	1362.0	80.9	
CI	123.6	123.6	1138.1	61.5	5.4%	1593.4	7.8%	6092.9	-1064.1	-17.1%	123.6	123.6	

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3.5													
(36,c4-111:	629.5	51.2	X. I%	956.3	31.0	3.2%	I 1087.7	• 29.3	2.7%	3244.4	91.4		
2.8													
IMO 722711	82.2	11.4%	I 1011.7	101.6	10.0%	1606.7	110.2	6.9%	3380.3	217.5	6.4		
%													
JIGA WA	526.2	19.6	3.7%	I520.6	39.8	2.9%	2066.5	64.5	3.1%	5418.7	108.3		
1.9-													
%													
KADUNA	1055.5	' 64.7	6.1%	1629.3	67.2	4.1%	2588.5	120.3	4.6%	5106.8	340.0		
6.7													
KAN() 1750.3	85.0	4.9%	2X14.3	154.9	5.5%	3996.3	r78.9	' 4.5%	6024.5	309.0	1 5.1		
..													
KM SINA	1666.3	67.7	4.1%	2062.9	74.2	3.6%	2810.2	125.9	4.4%	4523.9	101.0		
2.2													
%													
1----,---													
KE11131	478.6	43.6	9.1%	953.5	42.1	4.4%	176.8	88.6	5.0%.	3815.1	119.1		
2.3													
KOGI 5213.5	36.1	6.8%	339.3	16.1	4.7%	1214.1	90.6	7.5%	3896.8	64.4	1.7		
KWAKA	569.4	39.9	7." 744.1	27.6	3.7%	1068.9	32.1	3.0%	30117.2	317.1	10.		
3%													
...--													
LAGOS2385.6	477.7	20.0%	3461.2	752.9	21.8%	3882.8	662.6	17.1%	3191.4	• 321.3	10.		
I%													
NASSARAWA	531.3	21.5	4.0%	728.7	.. 35.5	4.9%	804.7	54.6	6.8%	2013.0	54.4		
27													
NIGER I227.8	57.9	4.7%	1433.0	' 77.4	5.4%	1698.5	80.8	4.6%	5090.6	3(16.(7-1	6.0		
%													
1													
OC it /T.,:	479.2	47.5	9.9%	1198.2	157.4	' 13.1%	1265.9	194.2	15.3%	2405.0	85.9		
3.6													
°NI)) 618.6	26.7	4.3%	432.5	21.3	4.9%	g30.4	35.6	4.3%	2987.1	89.7	3.1		

(SUN 889.0)	28.0	3.1%	1268.5	35.0	2.8%	855.4	58.8	6.9%	3367.4	39.4	1.2	
0Y0 1129.7	62.9	5.6%	1115.8	55.0	4.9%	1665.6	69.64.18	1898.8	88.6	4.7		
11 ATEAU	1 698.8	45.5	6.5%	1336.7	95.0	17.1%	1178.6	(140.1	1 1 .9%	2863.4	104.4	
RIVERS	357.2	61.2	17.1%	1464.8	124.0	8.5%	2(153.3	316.6	490.4	311.4	6.4	
15.24%												
"A												
SOKO I	1058.9	38.9	3.7%	1400.8	45.9	3.3%	1136.3	47.3	4.16	4861.7	69.1	
TARAI	455.6	30.7	6.7%	1135.7	64.0	5.6%	1472.9	89.54	234.1	92.0	2.2	
6.07%												
YORE	583.1	43.9	7.5%	1 170.1	1(17.3	9.2%	1799.6	108.2	6.01%	4361.3	208.2	4.8
ZAMFARA	683.0	23.4	3.4%	885.6	26.7	3.0%	1431.9	29.52.06	3593.1	74.0	2.1	
rcr	-510.0	158.1	31.0%	553.0	158.1	28.6%	740.3	120.3	938.9	57.5	6.1	

APPENDIX II

STATE-BY-STATE PERCENTAGE OF INTERNAL REVENUE OVER TOTAL REVENUE OF THE LOCAL GOVERNMENTS IN NIGERIA 1993-1996

STATES	1993	1994	1995	1996	INT. % OF TOTAL REV	INT. % OF TOTAL REV	INT. % OF TOTAL REV	INT. % OF TOTAL REV	INT. % OF TOTAL REV	INT. % OF TOTAL REV	INT. % OF TOTAL REV	
ARIA	608.6	24.7	7.0%	588.1	461	7.8%	679.0	58.6	6.6%	457.9	61.3	13.4%
ADAMAWA	372.3	14.1	3.8%	390.4	18.2	4.7%	651.4	33.1	5.1%	43.7	1R.7	4.3%
A KWA	1130M	919.4	29.8	3.2%	812.6	33.4	4.1%	996.6	36.4	3.7%	886.6	48.8
ANAMBRA	563.2	32.7	5.8%	536.2	45.5	8.5%	454.3	65.5	14.4%	582.3	96.0	16.5%
13AUCI II	752.3	30.5	4.1%	680.0	22.0	3.2%	825.0	49.4	5.9%	969.2	44.4	4.6%
BAYEL-SA	NA	NA	NA	NA	NA	NA	NA	NA	NA	293.8	7.7	2.6%
VENUE	837.2	3112	4.6%	648.3	460.5	9.3%	710.0	80.5	11.3%	934.1	103.7	11.156

BORN() • 13.1%	738.6	28.9	3.9%	709.3	43.8	6.2%	1093.0	81.5	7.5%	1046.7	136.7
CROSS-R1V. 5.8%	462.7	18.5	3.9%	441.2	15.9	3-6%	648.3	28.3	4.4%	616.7	36.0
1)1.11-1 A 6.8%	655.1	22.6	3.4%	610.8	34.9	5.7%	750.3	44.0	5.9%	860.5	, 58.9
EBONY(21.9%	NA	NA	NA	NA	NA	NA	NA	NA	NA	164.7	36.1
FIX)	514.4	14.8	2.9%	352.3	14.9	4.2%	786.7	36.9	4.7%	522.5	48.1 9.2%
EK111 NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	312.0	15.1 4.8%
EN11G11 7.9%	687.4	20.5	2.9%	623.5	27.3	4.1%	690.2	61.3	8.9%	626.4	49.7
GOMM', 4.1^44	NA	NA	NA	NA	NA	NA	NA	NA	NA	352.3	14.5
11\40 _'7-728.3	30.9	4.2%	706	30.9	4.4%	738.7	38.9	5.3%	622.4	76.8 -12.3%	
SIGAWA 4.8%	664.)1	10.1	1.5%	681.2	22.0	3.2%	418.3	40.9	9.8%	601.2	28.9-
KAI5TINA 51.6	7.-(797.5	6.6%	26.2	3.8%	646.4	35.8	5.5%	769,0	65.4	8.5%	785.6
KANO986.2	77.7	7.9%	1201.4	80.6	6.7%	1659.4	79.5	4.8%	1590.6	82.2	5.2%
_KATSINA I 1(13.1	_	-615.9	29.7	4.8%	384.6	21.8	5.7%	I 170.2	,....	136.9	I 1.7%
KE13131 3.9%	_a01.1	5.5	1.4%	503.4	7.8	1.5%	277.9	10.9	3.9%	333.0	13.2 '
....._ 17:7Yd1 4.0%	606.9	11.8	I 9^/4,	568. I	_13.3	2.3%	43679	14.7	3.4%	291.7	11.7
KWARA 3.8%	479.4	12.2	2.5%	44471	.755	3.6%	347.2	19.6	5.6%	399.3	15.0
LAGOS1242.1	310.9	25.0% [I148.7	32)1.4	27.9;2.	1975.2J	514.3	27.6%	2205.6	-527.7	23.9%	
NASSA RAWA SA NA NA NA :101.7	NA	NA	NA	NA	NA	NA	-				
NIGER 400.7 06111%.1 1X0.0	9.1	2.3%	420.3	26.0	6.2%	642.2	3(16	4.9%	77(1.2	41.8	5.4%
'...,N11.)0 .- 16.1	___- 154.X	11.9	ifTr.;	19_7.4	1R,7 li.5- 9.9".o	460-7- 460.7)0.6	19.7%			
0511N 754,0 ()75	16. I	TT^ ;,	809.6- TF..7	2. i 'I,	81.5.0	20.0	2.4%	501.3	79.9	3.6%	
II .A1 EAU - 39.9 6.4%	979.0	_39,5 4.11!e	_825.7	31.3 4.0%	799.1	'54.9 6.4%	595,5	57.7 9.7%			

RIVERSX21.6 34.1 42"•, X04.0 79.8 4.7"4, -7) TTC 1 Si - (6 g% 9X6.7 25.7 2. T"Z-

--

!;i2K(110 880.3 2 I.1112TC 774.6 19.7 2.5% -16(0.1 7741738.- -1.(./ 99'1.5

35.6 3.9",e

TAT(A 11A -_.17; iT t .4 - - - -17.2- 5.6% 350.3 -1 3.2.11-9.4% --31T6 I .12. 7 4- •;)"./O ' 27 -

1 . 2--- 21.1 8.6_% -'

Th11: 4(T)2.2 12.6 3.1% 7-7553.2 25.2- Ti.6% 703.8 46.X.--0.6"2,---- 405.4 2 I .6

5.3% ..

/.ASiAl2 A _ I; A____, NA --i,j /.- ----" ' WCNi,c-p,TA VA NA . ---- _

NA 586. I II 6.3 2.8%

V

(^I , FL_ ...,!) . 0 11F0 i :q..(7.1" ...L.ii: 1 _... j jo.:v!i, _- 25.k.q I 2 ii T57 11.2ni, 249.X 4X.6

19.5"A_j

STATF,-I3Y-STATE PERCENTAGE OF INTERNAL REVENUE OVER TOTAL REVENUE °EMI,
 LOCAL GOVERNMENTS IN NIGERIA2001-2004

I- 2.1 [-26i2 ---- _____ ..__

20n3 ?.,;(11-----

- - Tr.77.-----7,-

SLATES TOTAL IN1 ' .4 OF 101 Al. INT. '), OF 11).T Al .

IRNI' .:Iv-

/11..t6/1R('LOYAL. REV 1,1

REV REY IRII R 1.11:`,1 KEV 1R/1 R REV

L 1 REV

- 111;

I11

ABIA I 2869.7 214 5 7 5%

11161 3 100 4 5 4% R059.5 70.6 I 1

0 ire ' 521150. 2723 2 5 2

4419 7 171.8 3.9% 1062.8 ' 17 6% 9081 3 184.9 2.1% 2.8

A DAMAWA 6024 6 43/194 0 1220 1 6._

--

2.1% 2512 ---__

I

AK WA 6726 6 13v6 2.1% 366R X 76.6 10705.4 2 3% -

1110M

3625.9 316 R X 7% 2818 6 174.0 6.1% 7971.0 63.1 0,8% 544.1 1 6

ANAMBRA 33464.5

%

6470.4 1)0E3 3 X% I 8714.5 165.1 1.9% 14902.8 433.8 2.9% 162774. 10164 0 6.2

BM IC1110 %

1

BAYFESA 1276 4 68 7 5 4% 979 1 72.9 7 4% 5279.8 52.3 0.9% 718.9 7 6

' 1•1

1S064006850.3 396.4 5 6% 7498 7 316.9 4.2% 11618.4 398 6 3 4% 10657.9-- 6411.2 4 6 1
 11011.640 _2308 6 71.7 3 1% 1418 1 27.9 1 9% 10161.3 119.0 1.2% -
 CROSS-5243.3 --90.8 17.2% --:-4334 6 91.11 2.1% 5216.4 61.1 1.2% 259760. 11793
 9 4.5
 RIVER 9
 DI:LTA 2649.6 130.5 4.9% 5353.5 1067.7 19.9% 9655.8 126.2 1.3% 19701.5 632.5 3.2
 %
 EBONY! 1344.3 106,5 7.9% 2657,2 472.7 17.8% 6912,1 168.5 2.4% - -
 F.I)0 2649.9 113.7 3.1% 3511 0 ' 528.4 15.1% 51110.3 93.0 I R% -
 121rri 1395 8 22.3 1.6% 3527.5 4.3.4 1.2% 7047 I 1283.5 18.2% 3337.4 261.3 7.83-
 1:N1101)--2210 3 90.9 4.1% 3185.1 134.9 4.2% 8671.1 137.6 1.6%
 7371131 190585. 2 6
 7.2 7 %
 GOMM:. 38I9.9 159.4 4.2% 3604.6 106.8 2.9% 5059.9 84.8 1.7% 716200 59296.9
 0.8
 2.4 %
 IMO 3650.6 177 0 4.8% 46I62 224.7 4,9% 11,145.595.6 0,9% 325498 66983.0 2.1
 X.2 %
 11CIAWA 5296.9 194 1 3,7% 4965.5 176.5 3 6% 10,491.R 195.4 1.9
 165()02 179,55XI, 1
 32.5 .7
 K ADI INA - 4050.0 270.4 5.6% 5134.11 268.4 5.2% 12.255.6429.5 3,5%
 124013 365.568 2 9
 7.9 .3 %
 KAN() 111010.2 1110.8 9 4%- ,
 12163.3 337.9 2.8% 24.913.7 (294.7 5.2% 223319 040020 4.2
 77.5 %
 KA ISINA 85119.9 164.6 1.9% 9:547 0 194.0 2.11':. 15.609.5181(1 I 29'. 14281.7 21)3 3
 ' 14
 K1:1{141 3489.7 1.17 8 3 0% 521)0 7 140 0 2 7% •)).
 10,744 5-17i 3 1.64 ---11205 4 I sit i) 1 4
 K(1(11
 41100.t 09.5 1.7%95.4 1.9% 311.3 0.3% 304A 4A
 4010 7 ((CI 317X357.7
 K \VARA 311/1 7 50.4 1.6% 1792 I 24.1 1.3% 4637.1 329.7 ---i.1% 39548.2 723.4
 1 R
 %
 1..A1)05 41100.2 874.9 IR 2% 14950.1 1443.3 9.7% 26,813.311450.5 42.7% 206378
 259084 12.5
 32.3 4.4 %
 -NASSAR -- 29011.5 -7 I .0- 2 4% 367- 165.9 4.5% 6757.5 253.0 3.7%
 36301.4 2889.4- -i')---
 AVVA
 641i75 42 i11.9 03.5 1.5% 5190.6 7(1.7 1.4% .I-IT/4i 6 31K4 2T9";;----- 50i4-F)3
 23458i: 41:-

4.7	5	%											
0611N	3686,9	-154-7:9419%	4417.9_	130.6	3.1%	9476.2	.146.3	1.5%	-				
	SO NIX)	---ii06.0	104.1	4.7%	2176.7----	'272.4	12.5%	8721.9	(29.)	1.5%	_		
-	-S												
°SUN	1763I	122.6	6.9%	4390.0	95,9	2.2%							
12122.2	62.9	0.5%	•										
OYO	irTrit .3	207.R	4.3%	5205 2	.159.5	3.1%	12309.6	166.2	1.4%	6365.3	144.2	2.3	
	PEA 1 FM/	- 2692.6		170.1	4,0%	0.0	0 0	0 0%	6885.3	92.2	1.3%	-	
-													
RIVERS	2474---	'529.3	21.4%	6576.7	1129.7	17.2%	13.192.2	2387.6	2.9%	975,147	394824.	4.1	
7.4	4	%											
	SOK01 0 -	4550.1	1219.5	4.0%	5840.0	170.3	---						
2.9%	9935.7	56.4	O6%	934.2118	62116.1	0.7							
.5%													
TARABA	-71393.4	124.7	2 8%	4262.8	222.6	5.2%	--.						
9431.5	278.8	2.9%	119,890 -	114870.	9.6								
8.6	0%												
Y(11113-	3461.5	200.0	5 X%	2662.8	579.3	21.11%	8012.9	233.7	2.7%	110539	241277.	2.2	
4411%													
ZAKVARA	4325.5	87.3	2 1%	40I3.0	.4 42.8	1.1%	'5861.6	63.1	1.1%	833281			
	34506.1-	0 4-											
1C.1	'1629.8	245.3	15.1%	1307.2	24.8	1.9%	3375.5	6 1					
273.3	8.1%	367446	312,387	9.0									
2.5	.6	%											

SOURCE: COMPILED BY THE RESEARCHER FROM VARIOUS CRT, / ANNUAL REPORTS AND STATEMENT OF ACCOUNTS BETWEEN 1993 - 2004

APPENDIX III

SUMMARY OF STATE GOVERNMENT REVENUE IN NIGERIA 1993 - 2004

YE _____

1 STAB. % OF % INT I % OF

AR TOTAL	FED	VAT	INT.	GRANT	FUND FED	I REV.	OTHE1-
REV. ALL	REV.	& OTHER	REC. r	ALL	OVER	OVER	
OVER T.R.	'F.R						
T.R							

1993	35,532.2	26,811.2	20.0	5971.2	11094.3	1655.5	75.5%	16.8%	7.7%	
1994	49,506.1	29,006.8	5026.0	10,929.8	3478.3	1065.2	58.6%	22.1%	19.3%	
1995	• 68,001.0	38,677.4	6340.3	17,287.3	5259.7	436.3	56.9%	25.4%	17.7%	
1996	89,528.3	41,492.5		11,285.6	19,467.1	16,652.3	630.8	46.3%	121.7%	31.9%
1997	96,962.6	50,902.5	13,905.3	27,368.2	4337.3	449.3	52.5%	28.2%	19.3%	
1998	143,202.5	66,067.1	16,206.8	29,213.9	31,477.8	236.9	46.1%	20.4%	33.5%	
1999	168,990.1	103,657.3	23,750.5	34,109.0	6551.7	921.6	61.3%	20.2%	18.5%	
2000	359,072.4	251,570.3	30,643.8	37,788.5	33,289.3	5780.5	70.1%	10.5%	19.4%	
2001	573,548.2	404,094.0		44,912.9	59,416.0	58,064.4	7060.9	70.5%	10.4%	19.2%

2002	669,817.7	388,294.7	52,632.089	606.9129,714.4	9569.7	57.9%	13.4%	28.7%	
2003	854,997.1535,179.9		65,887.61	8,753.5	134,179.3	996.8	62.6%	13.9%	23.5%
2004	1,113,943.7	777,208.0	96,195.6	134,195.3	104,344.8		2000.0	69.8%	12.0%
									18.2%

Source: compiled by the researcher from various CBN annual reports and statement of accounts 1993-2004

APPENDIX IV

SUMMARY OF FEDERAL GOVERNMENT REVENUE IN NIGERIA 1993 -2004

YEAR (NET)	(NET)	(NET)	% OF OIL REVENUE	% OF NON OIL REV	T. R. OVER T.R
TOTAL OIL REVENUE	NON-OIL REVENUE	• REVENUE	OVER T. R.	OVER T.R	
1993	138,873.8m	106,155.4m	32,718.4M	76.4%	23.6%
1994	201.9b	160.2b	41.7b	79.3%	20.7
1995	309,987.3m	174,547.6m	135,439.7m	56.3%	43.7%
1996	316,255.0m	204,848.0m	111,407.0m	64.8%	35.2%
1997	-	-	-	-	-
	384,727.3m	218,727.3m	166,000.0m	56.9%	43.1%
1998	305,630.7m	166,333.1m	139,297.6m	54.4%	45.6%
1999	560,897.0m	350,507.8m	210,389.2m	62.5%	37.5%
2000	1,217.2.1b	857.61)	314.5b	73.2%	26.8%
2001	1,427.5b	903.41)	524.1b	63.3%	36.7%
2002	1,606.1b	1105.1b	501.0b	68.8%	31.2%
2003	1,011.6b	1510.8h	500.8b	75.1%	24.9%
2004	1,263.2h	2091.6b	546.6h	79.3%	20.7%

SOURCE: COMPILED BY THE RESEARCHER FROM VARIOUS CBN ANNUAL, REPORTS AND STATEMENT OF ACCOUNTS 1993-2004