



The Impact of Taxes and Crisis on Social Protection Programs in Nigeria: Evidence from Cross River, Jigawa, and Taraba States

Joseph Gimba, Ph.D.

Social Studies Department, College of Education Zing, Taraba State

Received: 15.11.2025 | Accepted: 21.12.2025 | Published: 01.01.2026

*Corresponding Author: Joseph Gimba, Ph.D.

DOI: [10.5281/zenodo.18110521](https://doi.org/10.5281/zenodo.18110521)

Abstract

Conference Article

Social protection programs are essential for alleviating poverty and shielding vulnerable households from economic disruptions. In Nigeria, regressive taxation and persistent crises hinder these interventions, potentially worsening poverty and income inequality. This study investigates whether taxes and crises impose a disproportionate burden on the impoverished, who allocate a greater portion of their income to necessities. Data were collected from 150 beneficiaries using a correlational survey design that included structured questionnaires and interviews, selected through proportionate stratified sampling from a population of 900 across three Nigerian states. The Pearson correlation coefficient was employed for analysis. Research demonstrates that regressive taxation and crisis situations substantially reduce the efficacy of social protection initiatives for targeted populations. Policy recommendations encompass progressive tax reforms and enhanced social protection systems.

Keywords: Social Protection, Taxation, Crisis, Value Added Tax, Poverty.

Copyright © 2025 The Author(s). This is an open-access article distributed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (CC BY-NC 4.0)

Introductions

Social protection, as articulated by the Food and Agriculture Organization (FAO, 2015), includes measures designed to mitigate social and economic risks, vulnerabilities, and to alleviate severe poverty. In Nigeria, these programs offer financial or material assistance—spanning subsidized healthcare, skill development, and complimentary school meals—to aid underprivileged communities. These interventions are crucial for realizing the human right to social security, mitigating inequality, and fostering inclusive growth (International Labour Organization [ILO], 2014a).

Notwithstanding their significance, the efficacy of social protection programs in Nigeria is undermined by regressive tax structures and recurrent crises, including banditry, displacement, and communal

strife, especially in states such as Jigawa and Taraba. The existing tax system, encompassing Value Added Tax (VAT), disproportionately impacts the impoverished, who devote a greater proportion of their constrained income to essential goods and services (Gillman et al., 2004). Exacerbated by economic disruptions such as the COVID-19 pandemic, these factors jeopardize the well-being of vulnerable populations, potentially driving them deeper into poverty and marginalization. This study examines the impact of taxes and crises on social protection outcomes in Cross River, Jigawa, and Taraba States, and evaluates policy alternatives for more inclusive and sustainable programming.

Methodology

A correlational survey research design was employed to examine the relationship among taxes,



crises, and the effectiveness of social protection programs. The study population consisted of 900 beneficiaries of social protection programs in Cross River, Jigawa, and Taraba States. A proportional stratified random sampling method was employed to select 150 respondents, guaranteeing representation from each state.

Data were gathered utilizing a structured instrument, the Social Protection Beneficiaries Questionnaire (SPBQ), and augmented by interview protocols. The instrument's reliability was validated by three measurement and evaluation experts, achieving a 94% agreement rate. Quantitative data were examined through frequencies, percentages, and the Pearson correlation coefficient to ascertain relationships among variables.

Secondary data sources comprised governmental statistical reports, publications from the United Nations and the International Labour Organization, along with other pertinent literature.

Theories

Theory of Social Risk Management (SRM)

The World Bank introduced Social Risk Management Theory in the early 2000s, notably through the influential work of Robert Holzmann and Steen Jørgensen in their 2000 publication, "Social Risk Management: A New Conceptual Framework for Social Protection and Beyond."

Overview of the Theory:

SRM asserts that individuals, households, and communities are perpetually subjected to diverse risks—economic, social, health-related, and environmental—that may jeopardize their well-being. Social protection interventions are regarded as mechanisms by which societies can manage, mitigate, or cope with these risks. The framework prioritizes assisting individuals post-shock (coping), preventing risks prior to their emergence (prevention), and alleviating the effects of risks when they arise (mitigation).

Risk Exposure: This theory is pertinent to your research, elucidating the susceptibility of impoverished households in Nigeria to risks

including regressive tax policies and crises such as conflict and pandemics.

Social Protection as Risk Management: Social protection initiatives, such as those examined in Cross River, Jigawa, and Taraba, serve as fundamental tools for social risk management to avert adverse outcomes (e.g., poverty, hunger), alleviate the effects of crises, and furnish coping strategies.

Policy Evaluation: SRM facilitates the assessment of the efficacy of existing social protection and tax policies in mitigating risks or, conversely, exacerbating vulnerability and inequality.

Recommendation Framework: It offers a systematic approach to suggest enhancements, including transitioning from reactive (coping) to proactive (prevention and mitigation) social protection systems, and ensuring tax policies do not exacerbate the risks encountered by the impoverished.

Structural Functionalism

Structural Functionalism is a foundational sociological theory initially formulated by Emile Durkheim in the late 19th and early 20th centuries, subsequently elaborated by Talcott Parsons during the 1930s to 1950s.

Overview of the Theory:

This theory perceives society as a complex system composed of interdependent components (institutions, norms, roles), each fulfilling a function to preserve the stability and equilibrium of the entirety. Social institutions, such as family, education, government, and welfare systems, are perceived as performing vital functions that enhance societal order and continuity. A malfunction or disturbance in one institution can precipitate instability or transformation in other parts of the system.

The theory conformed to the title of the article in such a way that the explanations are apt.

Social Protection as a Social Institution: Social protection programs are recognized as a fundamental institutional mechanism for safeguarding the welfare

of society's most vulnerable individuals, thus fostering social stability and order.

The theory elucidates how regressive tax policies or crises can engender dysfunctions by exacerbating inequality, exclusion, and instability, thereby jeopardizing societal equilibrium. Policy Guidance: This framework enables your research to demonstrate that effective social protection and equitable tax systems are essential for preserving social cohesion, integrating marginalized populations, and facilitating adaptation during crises.

Emphasizing Dysfunction: When social protection is compromised by inadequate tax policies or crises, the ensuing dysfunction (such as heightened poverty or civil unrest) can jeopardize the foundational structure of social order, necessitating systemic reforms.

Hypothesis

Hypothesis One

H0: There is no significant relationship between regressive taxation and the effectiveness of social protection programs.

H1: There is a significant negative relationship between regressive taxation and the effectiveness of social protection programs.

Decision Rule: Reject H0 if $p < 0.05$.

Hypothesis Two

H0: There is no significant relationship between crisis exposure and the effectiveness of social protection programs.

H1: There is a significant negative relationship between crisis exposure and the effectiveness of social protection programs.

Hypothesis Three

H0: There is no significant relationship between social protection effectiveness and household coping strategies.

H1: There is a significant negative relationship between social protection effectiveness and negative coping strategies.

Literature Review

Social protection has increasingly been recognized as a critical policy instrument for mitigating poverty, vulnerability, and inequality, particularly in low- and middle-income countries. According to the International Labour Organization (2014a), social protection systems provide income security and access to essential services across the life cycle, thereby promoting social cohesion and inclusive development. In Nigeria, social protection interventions—including cash transfers, food assistance, and subsidized health services—are essential given the country's high poverty rates, regional disparities, and exposure to recurrent economic and security shocks (World Bank, 2020).

However, the effectiveness of social protection programs is strongly influenced by the broader fiscal and economic environment in which they operate. One major challenge identified in the literature is the regressive nature of indirect taxation, particularly Value Added Tax (VAT), which disproportionately affects low-income households (Gomes & Hailu, 2009). Since poorer households spend a higher share of their income on consumption, especially essential goods, indirect taxes tend to exacerbate inequality and undermine poverty reduction efforts. Gillman et al. (2004) argue that regressive tax systems can offset the gains of social spending, particularly when benefits are modest and inflationary pressures are high.

Empirical evidence from Nigeria supports this argument. Aregbeshola and Khan (2018) demonstrate that financial burdens arising from out-of-pocket expenditures and indirect costs significantly increase household vulnerability and poverty. Similarly, the Central Bank of Nigeria (2022) reports that rising inflation and tax-related price increases have eroded household purchasing power, especially among low-income groups. These dynamics suggest that without tax reforms, social protection programs may struggle to achieve their intended redistributive effects.

Crisis conditions further complicate the implementation and impact of social protection programs. Conflict, displacement, pandemics, and economic shocks disrupt livelihoods, increase

vulnerability, and strain government capacity (World Bank, 2018). The COVID-19 pandemic, for instance, exposed significant weaknesses in Nigeria’s social protection system, including limited coverage, inadequate benefit levels, and delays in delivery (ILO, 2021). In crisis-affected regions such as Jigawa and Taraba States, insecurity and displacement have been shown to interrupt program delivery and exclude vulnerable populations from assistance.

Global evidence highlights the importance of crisis-responsive and adaptive social protection systems. Bastagli et al. (2016) find that well-designed cash transfer programs can reduce poverty, improve food security, and prevent negative coping strategies during shocks, provided they are adequately funded and scalable. The ILO (2021) further emphasizes that social protection systems must be flexible and integrated into national crisis-response frameworks to effectively protect vulnerable populations.

Financing remains a critical constraint to expanding and sustaining social protection in Nigeria. Cichon (2004) notes that sustainable social protection requires diversified and equitable financing mechanisms, including progressive taxation and social insurance contributions. The ILO Social Protection Floors Recommendation (No. 202) provides a normative framework for establishing minimum guarantees while encouraging countries to progressively expand coverage and adequacy (ILO, 2012). Yet, awareness and implementation of these standards remain limited at subnational levels in Nigeria.

In summary, the literature indicates that regressive taxation and crisis conditions significantly

undermine the effectiveness of social protection programs. Addressing these challenges requires coordinated tax reforms, crisis-responsive program design, and alignment with international best practices. This study contributes to the literature by providing state-level evidence from Cross River, Jigawa, and Taraba States on how taxation and crises interact to shape social protection outcomes in Nigeria.

Results

The analysis indicated that beneficiaries of social protection programs were less inclined to employ negative coping strategies during crises, suggesting that these interventions bolster household resilience.

The research identified a substantial adverse correlation between regressive tax policies, especially value-added tax (VAT), and the welfare of households receiving social protection. Increased tax burdens correlated with limited access to essential goods and decreased program benefits.

The ramifications of crises, such as conflict, displacement, and pandemics, have been demonstrated to hinder the provision of social protection services, thereby diminishing their efficacy. Individuals from crisis-affected regions indicated elevated levels of poverty and marginalization.

Funding and Scalability: Interview data indicated a lack of awareness and application of alternative financing and international standards (e.g., ILO Recommendation 202) at the state level, obstructing the scalability of effective social protection systems.

Descriptive Results (Mean Scores)

Table 1: Mean Scores of Key Study Variables (N = 150)

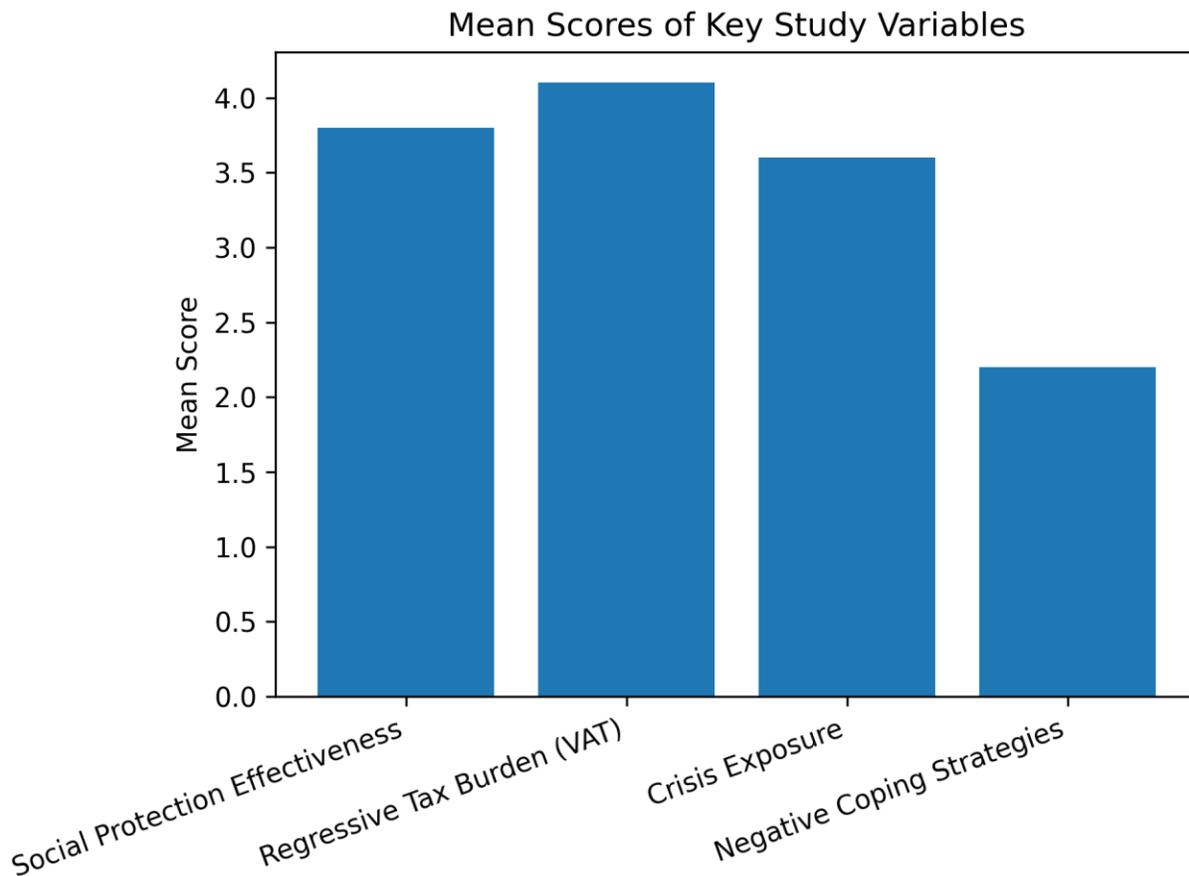
Variable	Mean Score	Interpretation
Social Protection Effectiveness	3.80	High

Variable	Mean Score	Interpretation
Regressive Tax Burden (VAT)	4.10	Very High
Crisis Exposure	3.60	High
Negative Coping Strategies	2.20	Low

Interpretation:

Respondents perceived **high effectiveness of social protection**, but also reported a **very high tax**

burden and **significant crisis exposure**. The relatively low mean for negative coping strategies suggests that social protection reduces harmful survival behaviors.



Discussion

The results correspond with the current literature regarding the regressive effects of indirect taxes in low-income environments (Gomes & Hailu, 2009;

ILO, 2016). In Nigeria, the tax system disproportionately affects the impoverished, and without prioritizing tax reforms, social protection programs may be compromised. The interruption of social protection services during crises exacerbates

vulnerability, as demonstrated by the circumstances in Jigawa and Taraba States (World Bank, 2018).

International best practices advocate for progressive taxation and the implementation of social protection floors (ILO, 2012); however, Nigeria's existing strategy is inadequate. Enhancing program coverage, refining funding mechanisms, and implementing comprehensive crisis response strategies are crucial for resilient and inclusive social protection.

This study's findings offer essential insights into the complex relationship among taxation, crises, and social protection programs in Nigeria. The interaction of these factors exposes the vulnerabilities and resilience strategies of impoverished households, highlighting the critical necessity for policy reform and strategic investment in social protection systems.

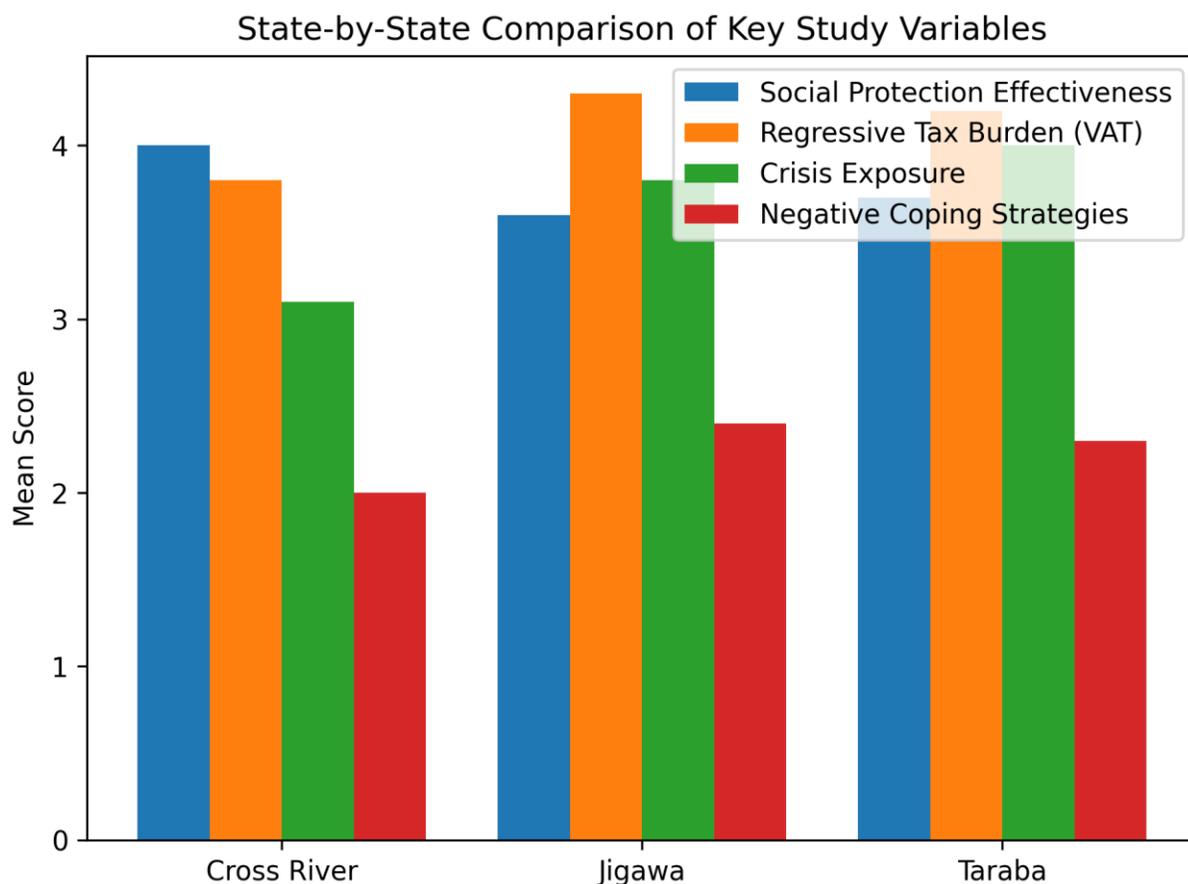


Figure 2: State-by-State Comparison of Key Study Variables

Cross River State shows the **highest social protection effectiveness** and **lowest crisis exposure**, indicating relatively better program stability.

Jigawa State records the **highest regressive tax burden (VAT)**, aligning with stronger negative effects on beneficiaries.

Taraba State shows the **highest crisis exposure**, reflecting insecurity and conflict-related disruptions.

Negative coping strategies are lowest in Cross River and slightly higher in Jigawa and Taraba, confirming that crisis intensity weakens coping capacity.

Regressive Taxation and Its Consequences

This study's primary conclusion is the regressive characteristic of Nigeria's tax system, especially concerning indirect taxes like the Value Added Tax (VAT). Regressive taxes, by definition, extract a greater percentage of income from the impoverished than from the affluent, thereby intensifying income inequality (Gillman et al., 2004). In Nigeria, where a substantial segment of the population resides beneath the poverty line, the impact of indirect taxes is especially pronounced. The study's findings indicate a substantial negative correlation between tax burdens and household welfare among beneficiaries of social protection. This finding aligns with prior literature asserting that regressive tax systems diminish the efficacy of poverty alleviation strategies (Gomes & Hailu, 2009).

Furthermore, the adverse effects of taxation are exacerbated during crises, when the impoverished are least equipped to withstand economic shocks. During the COVID-19 pandemic, numerous households encountered heightened expenses for health and essential goods, while concurrently suffering diminished incomes due to employment losses and business shutdowns. The persistence of regressive taxation during these times exacerbated household finances, driving numerous families into greater poverty. This highlights the necessity for progressive tax reforms that can protect the impoverished during crises and enhance the efficacy of social protection programs.

Crisis, Conflict, and Program Implementation

The study underscores the considerable challenges that crises—such as conflict, displacement, and pandemics—impose on the implementation and effectiveness of social protection programs. In regions such as Jigawa and Taraba, persistent insecurity, banditry, and inter-communal violence have disrupted livelihoods and impeded the provision of government and donor-funded social assistance. Participants from these areas indicated elevated instances of program interruption, delays in benefit allocation, and, in certain cases, total exclusion from social protection initiatives.

Crises frequently result in heightened food insecurity, displacement, and the disintegration of community support systems. Social protection programs aim to function as a safety net in such situations; however, the findings indicate that in the absence of effective crisis-response mechanisms, these programs may not achieve their intended goals. This aligns with global evidence suggesting that social protection systems must be flexible and scalable during emergencies (World Bank, 2018; ILO, 2014a).

Conditional cash transfer programs and food assistance schemes that can be swiftly expanded during crises have demonstrated efficacy in alleviating the adverse effects of shocks on at-risk populations.

Social Protection as a Safeguard against Detrimental Coping Mechanisms

This research reveals that recipients of social protection programs are less inclined to resort to detrimental coping strategies—such as decreasing food intake, withdrawing children from education, or participating in perilous employment—during crises. This corresponds with the theoretical and empirical literature regarding the protective function of social safety nets (FAO, 2015). When effectively designed and executed, social protection interventions can bolster household resilience, foster human capital development, and contribute to overarching social stability.

The efficacy of these interventions is significantly dependent on the sufficiency of benefits, dependable delivery systems, and the lack of external disruptions such as inflation or violence. The research indicated that numerous beneficiaries deemed the assistance provided to be inadequate, especially in the context of escalating prices or market disruptions caused by conflict. This indicates that the design of social protection programs ought to be periodically evaluated to ensure that benefit levels correspond with local requirements and inflationary patterns.

Deficiencies in Execution and Awareness

The research revealed a significant deficiency in the awareness and application of international best

practices and guidelines, including the ILO Social Protection Floors Recommendation (No. 202). Policymakers and program implementers at the state level demonstrated insufficient familiarity with these frameworks, impeding the adoption of comprehensive and sustainable social protection systems. The absence of coordination among federal, state, and local governments exacerbates the expansion of effective interventions, resulting in fragmentation and redundancy of efforts.

The constrained fiscal capacity of numerous Nigerian states, attributable to restricted tax bases and substantial debt obligations, hampers the expansion and enhancement of social protection coverage. Global evidence indicates that meticulously crafted financing strategies—such as progressive taxation, designated social security contributions, and development aid—can furnish the requisite resources for efficient social protection (Cichon, 2004; ILO, 2016).

Policy Implications and Future Directions

This study's findings possess several significant policy implications. There is a distinct necessity for tax reforms that emphasize equity and alleviate the burden on low-income households. Progressive taxation, characterized by an escalating tax rate corresponding to income levels, can mitigate the disparities engendered by existing regressive systems. Policymakers ought to contemplate diminishing dependence on indirect taxes for essential commodities while instituting or augmenting direct taxes on elevated incomes and luxury expenditures.

Secondly, social protection programs should be formulated with an emphasis on crisis resilience. This entails the establishment of contingency funds, enhancement of data systems for swift beneficiary identification, and the integration of social protection within comprehensive disaster response and recovery frameworks. Digital payment systems, mobile technology, and community-based targeting have demonstrated efficacy in various contexts and could be expanded in Nigeria to enhance program delivery during crises.

Third, enhanced investment in capacity building and public awareness is essential to ensure that program implementers at all levels are well-versed in international guidelines and best practices. Collaboration with global organizations and development partners can enhance knowledge transfer and provide technical assistance.

The study underscores the significance of political will and social dialogue in promoting social protection reforms. Involving civil society, community leaders, and beneficiaries in program design and evaluation can improve accountability and ensure that interventions address the needs of the most vulnerable populations.

Wider Socioeconomic Framework

It is essential to contextualize these findings within Nigeria's overarching socioeconomic framework. The nation confronts substantial developmental obstacles, characterized by elevated poverty rates, unemployment, and regional inequalities. Social protection, although not a cure-all, constitutes an essential element of a holistic poverty alleviation strategy. Nonetheless, its success is contingent upon the presence of conducive macroeconomic policies, political stability, and efficient public institutions.

The COVID-19 pandemic and persistent security challenges have revealed and exacerbated pre-existing vulnerabilities. Confronting these challenges necessitates a comprehensive strategy that integrates social protection with extensive investments in health, education, infrastructure, and livelihoods.

The study concludes that regressive taxation and crisis conditions substantially diminish the efficacy of social protection programs in Nigeria. There is an immediate necessity for tax reforms, crisis-responsive program development, and enhanced alignment with international best practices. A coordinated, inclusive, and adequately resourced approach is essential for social protection to effectively reduce poverty, promote equity, and foster resilient communities in Nigeria.

Challenges

The limited sample size (N=150) constrains the generalizability of the findings. A comprehensive, national study could yield more substantial findings.

Self-Reported Data: Dependence on self-reported questionnaire data may engender bias. The study's cross-sectional design inadequately reflects the dynamic nature of crises and the long-term effects of programs.

Recommendation

Reform Indirect Tax Policies Affecting Essential Goods

Government should urgently review and reform indirect taxes, particularly Value Added Tax (VAT) on essential goods and services, to reduce their regressive impact on poor households. Exemptions or reduced VAT rates for basic food items, healthcare, and education-related goods would prevent taxation from eroding the benefits of social protection programs.

Integrate Crisis-Response Mechanisms into Social Protection Design

Social protection programs should be explicitly designed to respond to crises such as conflict, displacement, and public health emergencies. This includes establishing emergency top-up transfers, flexible eligibility criteria, and rapid enrollment systems in crisis-affected states like Jigawa and Taraba to ensure continuity of support during shocks.

Ensure Adequate and Inflation-Responsive Benefit Levels

The government should periodically adjust social protection benefits to reflect inflation, rising living costs, and regional disparities. Without such adjustments, tax pressures and crisis-induced price increases will continue to undermine the effectiveness of social protection interventions.

Strengthen State-Level Institutional Capacity and Coordination

State governments should strengthen institutional capacity for social protection planning and implementation through training, improved data systems, and coordination with federal agencies. Enhanced alignment with international standards, particularly the ILO Social Protection Floors Recommendation (No. 202), would improve program sustainability and scalability.

Adopt Data-Driven and Inclusive Policy Monitoring Frameworks

There is a need for robust monitoring and evaluation systems that track how taxation and crisis conditions affect social protection outcomes across states. Incorporating beneficiary feedback, disaggregated state-level data, and civil society participation will enhance transparency, accountability, and evidence-based policymaking.

Conclusion

This study underscores the adverse impacts of regressive taxation and crisis situations on social protection results in Nigeria. To enhance and fortify the poverty alleviation effects of social protection, policymakers must prioritize progressive tax reforms, align initiatives with international best practices, and establish crisis-resilient delivery systems. It is essential to accomplish the Sustainable Development Goals and guarantee that no individual is excluded.

References

- Aregbeshola, B. S., & Khan, S. M. (2018). Out-of-pocket payments, catastrophic health expenditure, and poverty among households in Nigeria. *International Journal of Health Policy and Management*, 7(9), 798–806. <https://doi.org/10.15171/ijhpm.2018.19>
- Bastagli, F., Hagen-Zanker, J., Harman, L., Barca, V., Sturge, G., & Schmidt, T. (2016). *Cash transfers: What does the evidence say? A*

- rigorous review of programme impact and design features.* Overseas Development Institute.
- Central Bank of Nigeria. (2022). *Economic report for the first half of 2022.* Abuja: CBN.
- Cichon, M. (2004). Financing social protection. *International Social Security Review*, 57(4), 45–68.
- Food and Agriculture Organization. (2015). *The state of food insecurity in the world.* Rome: FAO.
- Gillman, M., Kejak, M., & Valentinyi, Á. (2004). Inflation, tax evasion, and capital accumulation. *Journal of Monetary Economics*, 51(3), 507–534.
- Gomes, E., & Hailu, D. (2009). *The impact of taxation on inequality and poverty.* UNDP Working Paper.
- International Labour Organization. (2012). *Social protection floors recommendation (No. 202).* Geneva: ILO.
- International Labour Organization. (2021). *World social protection report 2020–22: Social protection at the crossroads.* Geneva: ILO.
- Food and Agriculture Organization. (2015). *The state of food and agriculture: Social protection and agriculture—Breaking the cycle of rural poverty.* Rome: FAO.
- Gillman, M., Harris, M., & Matyas, L. (2004). Inflation and growth: Explaining a negative effect. *Empirical Economics*, 29(1), 149–167. <https://doi.org/10.1007/s00181-004-0185-7>
- Gomes, R., & Hailu, D. (2009). One instrument, many targets: Timor-Leste’s macroeconomic policy challenge (One Pager No. 93). Brasilia: International Policy Centre for Inclusive Growth.
- International Labour Organization. (2014a). *World social protection report 2014/2015: Building economic recovery, inclusive development and social justice.* Geneva: ILO.
- International Labour Organization. (2016). *Indonesia: Financing social protection through contributions and the removal of fuel subsidy.* Social Protection in Action Brief Series. Geneva: ILO.
- United Nations. (2015). *Transforming our world: The 2030 agenda for sustainable development.* New York: United Nations.
- World Bank. (2018). *The state of social safety nets 2018.* Washington, DC: World Bank.
- World Bank. (2020). *Nigeria poverty assessment: Poverty and equity in Nigeria.* Washington, DC: World Bank.