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FISCAL ALLOCATION AND INTERGOVERNMENTAL RELATIONS IN THE NIGERIA'S FOURTH REPUBLIC

Omoniyi V. AJULOR[1+]
Busayo Q. IBIKUNLE[2]

[1,2]*Department of Public Administration, Faculty of Management Sciences, Lagos State University, Ojo Lagos, Nigeria.*
[1]*Email: omoniyiajulor@gmail.com Tel: +2348023699421*
[2]*Email: ibikunlebusayo@gmail.com Tel: +2348030734977*

(+ Corresponding author)

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ABSTRACT

This study examined the effect of fiscal allocation on intergovernmental relations in Nigeria's fourth republic. Sharing of accrued revenue among the tiers of government is not new in many countries of the world, especially those practising federalism as a system of government. The issue of fiscal allocation has posed major concern that affects political, economic and social relations among the levels of government. The share of the revenue from the sale of crude oil in Nigeria has caused unending conflicts among the tiers of government. In discussing the issues under consideration, this paper adopts an exploratory method of analysis with materials source from journals, articles, books, internet, etc. empirical data also made use where appropriate. The findings of this paper revealed that the formula for sharing revenue in Nigeria cannot address problems of fiscal federalism and intergovernmental relations among the three tiers of governments. This paper, therefore, suggests among others, that there should be constitutional amendments, which will give the component units sovereign to utilize their resources discretionally without the interference of the centre.

Contribution/Originality: The paper's primary contributions from the finding are that states and local governments should have a certain level of control on their resources and improve the internally generated revenue. Centralized fiscal federalism should be modified through constitutional means. Fiscal decentralization and financial autonomy should be encouraged where tiers of government in Nigeria will have sovereignty over resources in their domain without interferences.

1. INTRODUCTION

The sharing formula among levels of government has attracted unending conflict majorly in some federal practising countries. Some of these countries include Brazil, South-Africa, Nigeria, etc. The reasons for recurring loggerheads among the tiers of government in these countries are; inequality in sharing of national resources among the tiers, delay in allocating resources to the component units by the central government, overwhelming of the resources by the centre at the expense of the components, etc. all the above-mentioned lead to conflicts among the levels of government and invariably affect the development of such country. Fiscal allocation is a process by which money generated internally is shared among the different levels of government of a country. However, the definition contradicts the existence of sharing formats of those selected countries which results in unending conflicts among the tiers of government (Athanasius, 2018).

In Nigeria, conflict among the tiers of government is usually caused by fiscal imbalance. The effort to regulate the fiscal disagreements among levels led to the establishment of National Revemie Mobilization and Fiscal Commission (NRMAFC) as an entity empowered by the constitution to ensure sharing measure among the level of government in Nigeria. It is visible in section 162 (1) of the Nigerian constitution of 1999. According to the constitution, "there shall be federation account into which shall be paid all revenue collected by the government". Also, National Assembly should be indulged in the sharing process as pronounced in Section 162 (2, 5, 6, 7 & 8) of the constitution which also provides for Local government allocations, which are to be handled by their respective states of the constitution (Anyadike, 2013).

It is against the background of the constitution that no reliable formula has been evolved to bring about fair and peaceful fiscal intergovernmental interactions in Nigeria. Such interactions have engendered conflicts especially among the component units who continue to feel cheated with the sharing (Anyadike, 2013). To suggest a lasting solution to the recurring problems, impel some scholars in the field to recommend better ways national allocation can be shared fairly and satisfactorily. The authors who have contributed to the subject matter in the past include: Anyadike (2013); Arowolo (2011); Okeke (2004); Nyong (1999); Danjuma (1994); etc.

However, few of the scholars have emphasized the constitutional arrangement for the sharing formula which had always behind the problem of intergovernmental relations among the tiers of government. Take, for example, the exclusive list which is meant only for federal government attracts agitations; the concurrent list, which federal government shares with the state had always been problematic and the residual list that is meant for local government had been stylishly hijacked by the state government. Nevertheless, the study is to identify the gaps by assessing the various sharing formula for accrued revenue in Nigeia since 1999 it critically looks at the activities of the levels of government in Nigeria and compare them with the fiscal distribution to identify the extent to which the sharing is fair and justified. it further tends to raise suggestions on the beat formula to adopt for sharing revenue that will engender a healthy intergovernmental fiscal relation in Nigeria.

2. CONCEPTUAL REVIEW

2.1. Intergovernmental Relations and Intergovernmental Fiscal Relations

The interactions, which escalate among the tears of government is referred to as IGRs (Watts, 2001). Fatile (2009) defines IGRs as the distribution of fiscal allocation and values that exist among the levels of government. Therefore, IGRs give a response to cooperation for national development among the separate levels of government within a federal system (Oni, 2013). According to Anyadike (2013) intergovernmental fiscal relations are the monetary connectivity that exists among the tiers of government to facilitate developmental projects to ensure growth in both the economic and political apparatuses of the nation (Richard & Innocent, 2015). It is also the monetary value and sovereign that exists between the Federal and state and sometimes local government in the federal system.

2.2. Revenue Allocation and Revenue Formula

Revenue allocation means the method adopted in which funds is being distributed among the levels in the federal system (Danjuma, 1994). Revenue formula on the other hand is referred to as yardstick or principle put in place to determine the portion of the funds to be allocated to each level in the federal system. It also means the statistical tools adopted for distribution revenue among the levels of government (Ugwu, Eme, & Emeh I, 2012).

Nigeria has two levels of sharing formulas, these are vertical and horizontal. Vertical revenue formula is the formula for sharing revenue among the levels (Federal; States and Local). Horizontal on the other hand is the formula that shares revenue among the 36 states and 774 local governments. Summary of horizontal sharing formula according to Lukpata (2013) recommended by commissions/committees for states and local governments in Nigeria are Needs; Minimum Material Standards; Even Progress; Derivation; Equality of Access to Development

Opportunities; Independent Revenue/Tax effort; Absorptive Capacity; Fiscal Efficiency; Minimum responsibility of Government; Population; Social Development Factor; Equality of States; Landmass and Terrain and Internal Revenue Generation Effort.

2.3. Revenue Allocation, Intergovernmental Relations and the Nigerian 4th Republic

RMAFC posed a series of special committees on the issue of unresolved fiscal distribution of the 1992 formula among the levels of government (Richard & Innocent, 2015). Before this development by the RMAFC, the sharing formula has been causing disagreement which continually affected the country's economy. There also existed a lack of backing to maintained constitutional right. The bane of contention in the allocation necessitated the appointment of special committees from the house of representative which was led by Abdul Ningi to look into a possible way to distribute allocation that is agitation free. Below tables are a series of formulas that wereproposed since the democratic dispensation in Nigeria (Ojo, 2010).

Table-1. Revenue Allocation from 1992 to 1999

S/N	Categories	Percentages %
1	Central	48.5
2	Regions	24
3	Grassroots	20
4	Special funds	7.5

Table 1 above analyzed the sharing formula among the tiers of government in Nigeria from 1992 t0 1999. The central government shared with 48.5% while the regions shared 24%; the grassroots governments shared 20% and lastly, special funds shared 7.5%. From the analysis above, it was argued that the central government controls special funds which mean the central government took the lion share of about 56% to the detriment of the lower level of government. This led to agitation for allocation and fiscal revisit.

Table-2. Revenue Formula Proposal under President Olusegun Obasanjo

S/N	Categories	Percentages %
1	Federal government	41.3
2	State governments	31
3	Local governments	16
4	Special funds	11.7

Table 2 above analyzed the sharing formula under the formal president Olusegun Obasanjo, FG 41.3%, States 31%, LGCs 16% and Special Funds 11.7% (i.e. FCT 1.2%, Ecology 1%, Natural Resources 1%, Agriculture and Solid Mineral Development 1.5% and Basic Education 7%). Before the National Assembly could debate on the proposal, there was a Supreme Court verdict in April 2002 on the Resources Control Suit which nullified provision of Special Funds in any given Revenue Allocation formula. With that new development, the formula in operation then (from 1992), had to give way as President Olusegun Obasanjo invoked an Executive Order in May 2002 to redistribute the formula to reflect the verdict (Ojo, 2010). That Executive order, which is acceptable by law, gave the formula below:

Table-3. Second Revenue Formula under President Olusegun Obasanjo

S/N	Categories	Percentages %
1	Federal government	56
2	State governments	24
3	Local governments	20

Table 3 above shows the second stage formula under President Olusegun Obasanjo. FG 56%, States 24% and LGCs 20%. There was an agitation by the component units concerning the formula which necessitated the President to review the Executive Order in July 2002 with some adjustments by a fraction as indicated in the table.

Table-4. Okonjo Iweala Modified Formula of 2004

S/N	Categories	Percentages %
1	Federal government	54.68
2	State governments	24.72
3	Local governments	20.60

Table 4 above analyzed the sharing formula among the tiers of government. FG had 54.68%, States 24.72% and LGCs 20.60%. In March 2004, the then Minister of Finance, Dr Okonjo Iweala issued a letter modifying the second Executive Order that increases state allocation to 26.72% and reduces FG to 52.68%.

Table-5. Revenue Mobilization Allocation and Fiscal Commission

S/N	Categories	Percentages %
1	Federal government	52.68
2	State governments	26.72
3	Local governments	20.60

Table 5 above shows the submission of sharing formula by the revenue mobilization allocation and fiscal commission. The ministerial circular on the modification has since been the indices for the monthly distributions from the Federation Account. Between those periods the RMAFC resubmitted another proposal on Revenue Formula where it proposed the following:

Table-6. Modified sharing formula by RMAFC in 2004

S/N	Categories	Percentages %
1	Federal government	46.63
2	State governments	33
3	Local governments	20.37

Table 6 above explained the modification of the RMAFC in 2004. FG 46.63%, States 33% and LGCs 20.37%. But due to unknown reason, there was an allegation in the circulation of fake bills in the National Assembly. This singular allegation influenced the withdrawal of the formula until September 2004 that another proposal from RMAFC was submitted to the President (Richard & Innocent, 2015). Tha proposal as as presented National Assembly (and later approved) recommended the following formula: FG 53.69%, States 31.10% and LGCs 15.21%. however, 6.5% was built into the allocation of FG to cater for Special Funds thereby leaving the FG with 47.19% as its rightful due. The spirit behind lumping the funds into FG's is to guard against the repeat of constitutional errors which the Supreme Court voided in its ruling of April 2002. The 6.5% would be applied as follows: Ecological Fund1.50%, Solid Mineral Fund 1.75%, National Reserve Fund 1.50% and Agricultural Development Fund 1.75% (Richard & Innocent, 2015). From the above historical perspective, one can observe the needless delay, politicking and controversies that trailed this constitutional requirement for statutory allocation from Federation Account to tiers of government. The area that has been greatly misconstrued lately is the alleged adjustment of vertical allocation which does not affect the horizontal formula as it is being insinuated. The horizontal allocation indices are for sharing amongst states and LGCs which include such proxies as Equality, Population, Internal Revenue, Landmass, Rural Road, Inland Water Way, Education, Health and potable water. The vertical allocation to federal, states and local government councils has not changed. Though, new problems may arise from the ongoing debate and consultations amongst the stakeholders seeking for upward review, the formula should be passed now than delay for another lengthy time. Unfortunately, the deal might hit a brick wall, as governors in various states of the federation are threatening to back out of the new minimum wage agreement, unless the federal government reviews the existing federal revenue allocation formula. Under the sharing formula, the federal government allocates to itself 52.68 per cent of the federal revenue, while a state gets 26.68 per cent while the 774 local governments are left with 20.50 per cent, while the oil-producing states get 13 per cent as derivation fund.

Table-7. The proposed sharing formula by the governours' forum

S/N	Categories	Percentages %
1	Federal government	52.68
2	State governments	26.68
3	Local governments	20.50

Table 7 shows the proposed formula by the governours' forum led by former governor of Lagos State (Babatunde Raji Fashola). The governors, under the aegis of the Nigerian Governors' Forum (NGF) demanded that the revenue allocation must be reviewed to the old otherwise, they would not be able to pay workers the expected N18, 000 minimum wage. To press home their demand, the forum set up a six-man committee headed by GovernorBabatunde Fashola with the mandate to review the 1999 constitution, whereby the federal allocation will be reviewed. Ironically, the committee chairperson has agreed to pay the minimum wage to workers in LagosState. The payment took effect from January. The payment, seen as over 100 per cent increase. A director in the state service on level 17, will be earning about N4.5 million annually, (N375,000 monthly) while a worker on level 12 will be earning between N1.2 million annually (N100,000 monthly). Edo State governor Adams Oshomhole also promised to increased the wages of his workers to a sum not less than N18000 when the federal government passes the law for the minimum wage (Elekwa & Eme, 2011). However, the majority of the governors stated emphatically that they might not be able to pay the new minimum wage. Their refusal to embrace a new minimum wage policy ignited the fury of the trade union. At the delegate's conference of the NLC held in Abuja, the union said it would do all in its power to force the state governments to assent to payment of the new minimum wage since they too were part of the tripartite pact that lasted for years. The paper takes overviews of the demand of the workers for N18000 minimum wage compared with what political office holders earned and its attendant effects on the economy.

3. THEORETICAL REVIEW

This study adopts the Kenneth Arrows' fiscal federalism theory. The theory was later re-named decentralization after a couple of deliberation and analytic (Ozo-Eson, 2005). It explains three government functions which include the following:

a. It is the responsibility of the government to correct every failing market.
b. The government must ensure that all income must be done equally.
c. They must maintain stable economy (macro) and also ensure employment and prices of the commodity.

Government of every cadre must ensure the welfare the society and the nation as a whole. The macro-level of the economy must be controlled to avoid market failure; it is, therefore, pertinent to appropriately distribute resources among the tiers to be able to carry out the constitutional duties (Ozo-Eson, 2005). The employment of the citizens to reduce poverty level is a combined effort of the tiers of government of every nation.

This theory also explained that each level of government has his right to ensure the social welfare of his jurisdiction. The decentralization of responsibility must also go in line with kind of allocation ascribe to each level of government to avoid crises. However, the theory has been criticized for being ideal in nature that it may be difficult to apply it to the system in a developing society. Nevertheless, this theory may result in inter-jurisdictional spill-over and the local authority may then under provide for such goods (Arowolo, 2011).

4. CONSTITUTIONAL AND INSTITUTIONAL FRAMEWORK FOR MANAGING INTERGOVERNMENTAL FISCAL RELATIONS

The concept of intergovernmental relations is associated with federal state. In a federal state like Nigeria, the interrelations of the component units are brought to bear on the degree of the interaction and duties within the confinement of the enabling constitution. Hence, Aiyede (2004) notes that intergovernmental relations are a federal project. The preamble of the' 1999 Constitution of the federal republic of Nigeria recognizes the existence of the people, particular materials and the institutions within the Nigerian state. It is affirmed provision of a constitution that will promote good government.

The last-words- "good government" means that there must be a cordial relationship, which includes interaction, exchange, cooperation, tolerance, interrelations, duty; and project implementation either inter or within the stipulated territory called Nigeria amongst the component units. In this respect, the units include the Central Government, the State Government and the Local Government among others. This, in the literary context named all the states and local governments in Nigeria as part of this intergovernmental `relations with the centre spearheading the role. Thus, the same constitution did not mince words when it went further in CAP 1, General Provisions Part 1 Section 3 (1), to name all the inclusive states as part of intergovernmental relations (Oni, 2013).

The above observation is the first step towards unearthing the legal basis of intergovernmental relations because it is only in democratic federalism that the act can be coherently practised, obeyed and adhered to when compared to all other forms of government. This does not mean that the subject does not exist in other systems. It does exist, but federalism garners higher pass mark in the area of intergovernmental 'relations vis-a-vis the component units relationships and devolution of functions. In part 2 of the 1999 Constitution of the federal republic of Nigeria, under Section 7, (a) to (c) and as mentioned, in Part 1, Second Schedule and Part 2, Second Schedule of the same constitution, the three levels of government duties and powers are found in the concurrent legislative list of the state government and the residual legislative list of the local government as the exclusive legislative lists of the central government. These three concepts of exclusive, concurrent and residential lists are the basis of their interrelationship. This is premised on the fact that the above explanations occur only in a federal state (Ojo, 2010). Table 8 shows:

Table-8. Institutions and constitutional roles in revenue allocation.

S/N	Institution	Role
1	The RMAFC	Ensure proper disbursement from the federation account and determines the sharing arrangement.
2	The CBN	A store of the Nigerian fund
3	The FAAC	Ensure monthly distribution of funds from the federation account
4	State Joint Local Government Account	Ensure monthly distribution of funds from state and local government account

Table-9. Allocation of Expenditure Responsibilities among the Tiers in Nigeria

Tiers of government	Expenditure Categories
Central	The military; import and export trading; currency, banking, borrowing, and exchange control; water resources for states; ship, rails and aviation; security services including a police officer; custom and immigration services; the right in terms of citizenship and naturalization; total control of prices of a commodity; minerals and mine resources; food and social security; guides for basic education; business and company license etc.
Central & Regional	Welfare: medical, social and education; stamp duties; state-based commerce; culture; antiquities; monuments, archives; statistics; stamp duties, research; electricity; industry.
Regional Only	Any part of the resources that are not referred to as the central and grassroots governments.

Grassroots	Involve in development and economic planning; primary medical services; license on land uses; advertisement license; small business license; agricultural resource; registration and certificate of births and deaths; primary, adult and vocational education, etc.

5. REVENUE MOBILIZATION ALLOCATION AND FISCAL COMMISSION

There had been a mismatch between the RMAFC and the fiscal relations among the tiers of government. The practise of federalism in Nigeria is in doubt, unlike the United State where federalism originated from; the purpose in which the system is adopted has been neglected. However, the institutional framework on revenue allocation started with the appointment of various ad hoc committees and commissions saddled with the responsibility towards an acceptable and reliable mathematical share of allocation among the levels. However, the Third Schedule of the 1999 constitution provides for the establishment of a body known as the RMAFC. The Constitution further explains the power of the body as follows:

- To ensure the disbursement of revenue from the federation account.
- Periodically and regularly review the revenue allocation formulate and principles in operations to ensure conformity with changing realities.
- Give notices of fiscal efficiency and principle of operation to the levels of government (Basically, Federal and State).
- To appropriately determine the remuneration of political office holders, including the President, Vice-president, Governors, Deputy-governors, Ministers, Commissioners, Special advisers, legislators and the holders of the offices mentioned in sections 84 and 124 of the constitution.
- Discharge such other functions as are conferred on the commission by this constitution or any Act of the national assembly.

The revenue mobilization allocation and the fiscal commission was the establishment in 1999 to ensure effective distribution of values without conflict among the levels of government. It is therefore assumed by the body that the distribution of funds is done with almost honesty according to activities and responsibility as contained in the inclusive, concurrent and residual lists (Suberu, 2004). It has then been argued that RMAFC maintains peace and has ensured the balanced distribution of funds among the levels from 2001 to 2008 in Nigeria. Also, that RMAFC had proposed different sharing proposals; one was in 2001 where the highest court declared resource control in April 2002. Others were: May 2002, July 2003 & 2008 when the body proposed new revenue sharing formulae ranging from 56%, 54%, 46% and 53.69% all to federal government, 20%, 24.7, 33% and 26% all to states government the remaining one ranging from 20%,20%, to local government (Arowolo, 2011; Sagay, 2008). However, the current revenue formula as at 2017 is shown below:

Table-10. Vertical Revenue Formula 2017 till date

S/N	Categories of Government	Percentages %
1	Central	52.68
2	Regions	26.72
3	Grassroots	20.60

Table 10 above shows the current sharing formula adopted by the RMAFC since 2017. The analysis shows that the central government has 52.68%, 35 regional governments share 26.72% while 774 local governments share 20.60 as shown in the above table.

Table-11. Horizontal Revenue Allocation Formula (2004 till date

S/N	Categories	Percentage %
1	Equality	40
2	Population	30

3	Landmass/Terrain	10
4	Internally generated revenue	10
5	Social development factor	10

Table 11above shows the information about the sharing formula of revenue among the tiers of government has also been faced with serious problems. The figure above showed that unfairness in the allocation of revenue still occurs which had led to recurring agitation of review in sharing formula among the tiers of government.

6. IMPLICATIONS OF REVENUE SHARING FORMULA ON INTER-GOVERNMENTAL RELATIONS

Despite all efforts to ensure true federalism, the sharing formula still poses dislocations majorly to the lower levels of government and this is affecting their relationship in Nigeria. Among these critical issues are defective constitution, defective federalism structure, over-concentration on a single resource, the discrepancy in the revenue sharing formula, inequality of citizens, etc (Richard & Innocent, 2015).

In term of federalism, what is practised in Nigeria is defective and deceitful federalism. A lesson needs to be learned from many federal practising systems in some developed countries of the world. According to Oni (2013), the essence in which federalism was adopted in Nigeria has been neglected giving room for self-centred of interest, the purpose of developing the local communities which is part of the reasons for adopting the system has also been forgetting (Oni, 2013). There exists power play among the levels of government. The implication of this is that the country continually suffering setback economically.

This lopsided federal structure favourably disposes to the federal implies a financial distribution where the centre is taking 52% of revenue and take over of all juicy and lucrative responsibilities of both exclusive and concurrent legislative lists with huge financial attraction. In a concurrent legislative list where both federal and state exercise joint responsibilities, the centre is enjoying overwhelming control in case of any conflict between federal and states. As identified by Oketa (2001); Adamolekun (2005) the theory of intergovernmental relations has given more financial attraction to the central government thereby reduces the financial capacity of sub-national units (Ojo, 2010).

In term of constitutional defective, Odubajo (2011) argues that the Nigeria constitution right from the colonial up to the post-colonial concentrates too much power at the centre. The defective nature of the constitution precisely, the 1999 constitution which ushered in the present democratic government has relegated both political and financial power of subordinate units to the background. This no doubt has negated the Wheare (1963) position in defining federalism as "the method of dividing power so that the general and regional governments are within its sphere of influence coordinate and independent. To support this argument, the preamble of 1999 constitution under the concurrent list stated that the National Assembly may by an Act make provisions for all matters in that list including those on revenue allocation, statistics, agriculture, health and education. This provision has made the states subservient to the almighty federal government even on their constitutional responsibilities and powers.

Furthermore, before independence, the existing regions enjoyed absolute control of their regional resources (Agriculture and other Natural resources) and served as major revenues to the regions. But with development of oil in Nigeria at Oloibiri, Bayelsa state, by the then shell-BP in May 1956, and commencement of operations two years later by the oil multinational companies marked the watershed of the political economy of the Nigerian federation. Therefore, the development of oil exploration made oil to be the mainstay of the Nigerian economy and placed her as the world seventh-largest oil exporter. This development made oil the central issue in fiscal federalism (Sagay, 2008). However, the exploration of oil in Nigeria and its highly yielding revenue has impacted negatively on the Nigerian economy. Thus, it qualifies the situation to be referred to as the resources curse. It led to the undermining of the development of the hitherto buoyant agricultural sector and other viable sectors such as industry, mining and human capital development).

Besides, the development of oil revenue in Nigeria has impacted negatively and posed serious challenges to the issues of fiscal federalism in the country. It has led to the evolving of a leech syndrome among the component units of the federation. To buttress this argument the ongoing bailout incident where most states cannot pick their wage bill as a result of the price of crude oil crashes at the International market. The Central Bank of Nigeria packaged special intervention fund that will offer financial assistance to states ranging from 250billion Naira to 300billion Naira. This will be a soft loan available to states to pay the backlog of salaries.

Over 10 states owing over 110billion Naira, they are Osun State, Rivers State, Oyo State, Kwara State, Ekiti State, Ondo State Plateau State, Bauchi State, Kogi State, Benue State. The sum of 413.7billion Naira (2.6billion dollars) dividend paid to the Federation Account by the Nigeria Liquefied Natural Gas Company (NLNG) would be shared among the 36 states of the federation using the present revenue allocation formula while a debt relief programme designed by the Debt Management Office (DMO) which will help states restructure their commercial loans currently put at 660billion Naira and extend the life span of such loans, which reduced their debt servicing expenditure. The bailout arrangements inevitably made the states dependent on the handouts from the federation account. The leech nature of most states made them an economic appendage of the central government and has eroded the autonomy of the federating units. This in a way established a master-servant relationship between' the federal government and the components (Arowolo, 2011).

Another common problem associated with Nigerian fiscal federalism is a discrepancy in revenue sharing among the component units of the federation. Revenue sharing among the component units has been criticized with agitations, controversies and outright rejections due to the nature of politics that is involved in it. The process of revenues sharing is characterized by conflicting criteria that were oftentimes, rejected by the majority of the states in Nigeria. This argument can be justified with different opinions put forward by different scholars.

For instance, Omotosho (2010) argued that the principle of derivation as part of criteria in revenue sharing has resulted in a principle of inequality and uneven development. In an attempt to address the above problems, the Governors Forum in Nigeria in last political dispensation with other intellectual groups called for the new revenue sharing formula to encourage effective use of the scarce resource, reducing inequality, uneven development and promote peaceful relationship and co-existence among the tiers of government. A Six-man committee was consequently set up headed by former governor of Lagos State Raji Fashola to review the existing revenue formula and submit its recommendation. Other members of the committee include Muritala Nyako (Adamawa), Sullivan Chime (Enugu), Babangida Aliyu (Niger), Rotimi, Amaechi (Rivers) and Aliyu Wamako (Sokoto). The committee members proposed the revenue sharing formula of 35 per cent for the federal government, 42 per cent for 36 state governments and 23 per cent for 774 local governments (Anyadike, 2013).

From the various arguments discussed above it has been established that present revenue sharing formula has resulted into various controversies, tension and agitations which has widened the level of intergovernmental relations among three tiers of government in Nigeria. Thus present revenue sharing formula has therefore resulted into duplication of functions, waste of public funds, uneven development, defective federalism structure, dependent on single mineral resources, defective revenue sharing formula, corruption and too much power at the centre

7. CONCLUSION

In summary, it is important to note at this juncture that the recurring adjustment of the formula for sharing the resources among the tiers of government in Nigeria has always been resulting into problems. The new formula approved by national assembly also has not been able to solve the issues of intergovernmental conflict in Nigeria, It is clear that the nature and level of intergovernmental relations among tiers of government in Nigeria are highly lopsided. This was as a result of unacceptable and unreliable revenue sharing formula which favours the federal government as against the states and local governments. The lopsided nature of revenue sharing if not addressed will continue to affect negatively the developmental aspect of both states and local governments in the country.

8. SUGGESTIONS

Towards the achievement of reliable new revenue sharing formula and development of good relationship among tiers of government in Nigeria, the paper suggests the following recommendations.

i. There should be a review of the Nigerian constitution where the new sharing formula will be jointly agreed by the parties and inserted into the new constitution which would be people-oriented especially as it relates to federalism and revenue sharing procedure.

ii. Application of the principles of" true federalism" in line with K.C Where where subordinate units maintain a certain level of autonomy and co-exist especially in the area of fiscal federalism.

iii. Transparency and accountability should be adhered to by the parties in the area of revenue sharing so that all the leakages can be blocked. That is effective information about policy objective, decision making and sharing procedure need to be clarified among the levels.

iv. The states and local governments should have a certain level of control on their resources and improve the internally generated revenue. That is, centralized fiscal federalism should be modified while fiscal decentralization and financial autonomy should be encouraged where levels of government will have sovereignty over their resources without interferences.

v. Lastly, there is the need for the establishment of the fiscal body like Revenue Mobilization, Allocation and Fiscal Commission (RMAFC), that will be independent and economic in nature rather than political in the discourage of its functions within the state. Also, there must be an efficient formula that wil give preference to the lower levels of government for the allocation of revenue. This will ensures equity, justice and fairness among the various levels in Nigeria.

Based on the foregoing one can conclude that the clamour for fiscal decentralization or true federalism is based on the thinking that it will engender a harmonious intergovernmental fiscal relationship in Nigeria. It is instructive to note that some sensitive criteria in the old method of revenue sharing in Nigeria such as derivation, population, even development, equality and landmass should be given serious consideration since they are essentially duplicative.

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