

REVENUE ALLOCATION AND POLITICAL STABILITY IN NIGERIA

BY

ODOGBO CLIFF EYEBIRA

SSC11708176

**DEPARTMENT OF POLITICAL SCIENCE
FACULTY OF SOCIAL SCIENCES
UNIVERSITY OF BENIN
BENIN CITY, NIGERIA**

AUGUST 2021

REVENUE ALLOCATION AND POLITICAL STABILITY IN NIGERIA

BY

ODOGBO CLIFF EYEBIRA

SSC11708176

**BEING A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF
POLITICAL SCIENCE, FACULTY OF SOCIAL SCIENCES, UNIVERSITY OF BENIN,
BENIN CITY.**

**IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF
DEGREE OF BACHELOR OF SCIENCE (BSC) IN POLITICAL SCIENCE,
UNIVERSITY OF BENIN, BENIN CITY, NIGERIA.**

AUGUST 2021

CERTIFICATION

We the undersigned certify that this project work was carried out by **ODOGBO CLIFF EYEBIRA** with **Mat. No SSC1708176** in the Department of Political Science, University of Benin, Benin City, in partial fulfillment for the award of the Degree of Bachelor of Science (BSC) in Political Science.

.....

.....

Mr. Stephen Okhonmina

Project Supervisor

.....

.....

Dr. Charles Eghweree

Head of Department

DEDICATION

This project is dedicated to God Almighty for his love, grace and mercy during the period of the research work and my parents Mr. and Mrs. Stephen Odogbo for their undying love, financial support, encouragements, prayers and good wishes. May you both reap the fruits of your labour.

ACKNOWLEDGEMENT

I would like to express my profound gratitude to God Almighty for giving me the strength, good health and knowledge to accomplish this project successfully.

Also with a standing ovation and recognition, I wish to express my sincere thanks to my supervisor Mr. Stephen Okhonmina for his patience, insightful comments, suggestions, helpful information, corrections where needed and increasing ideas which have helped me tremendously at all times in my project work. His knowledge, profound experience and professional experience has helped and enabled me complete this research successfully.

Also with sincere thanks to the Head of Department Dr. Charles Eghweree

With joy in my heart, I express my sincere thanks to my parents Mr. and Mrs. Odogbo for their unending support to me all through my four years in this great institution, and to my siblings Favy, Timi and others big love I got for you all Thanks for all the encouragements you all gave to me all through.

Finally, I wish to appreciate my friends Oghenekeseruemugbunu Bright, Emeka Njabunze, Osamudiamen Imade, Paul Friday, Neize Happy, Mc Aloko, Topman, Innocent Edobor, Aghogho Naworu, Maryjane Agen (miss Oap), occupants of Kapa green you guys made me one of you to and my kiddies Favour Aka Oppo and Timi you both rock. I love and value you all and may God Almighty guide and reward you all.

TABLE OF CONTENTS

Title Page	-	-	-	-	-	-	-	-	-i
Certification	-	-	-	-	-	-	-	-	-ii
Dedication	-	-	-	-	-	-	-	-	-iii
Acknowledgement	-	-	-	-	-	-	-	-	-iv
Table of Contents	-	-	-	-	-	-	-	-	-v
Abstract	-	-	-	-	-	-	-	-	-ix

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study	-	-	-	-	-	-	-	-	-1
1.2 Statement of the Problem	-	-	-	-	-	-	-	-	-4
1.3 Research Questions	-	-	-	-	-	-	-	-	-6
1.4 Objectives of the Study	-	-	-	-	-	-	-	-	-6
1.5 Scope of the Study	-	-	-	-	-	-	-	-	-6
1.6 Methodology-	-	-	-	-	-	-	-	-	-7
1.7 Significance of the Study	-	-	-	-	-	-	-	-	-7
1.8 Plan of Study-	-	-	-	-	-	-	-	-	-8

CHAPTER TWO: LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Resource Control and Allocation among Levels of Nigerian Government and Unity -

- - - - - - - - - - -14

2.1.1 To investigate how revenue allocation has defined political stability in Nigeria

-- - - - - - - - - -16

2.1.2 Federalism and revenue allocation formula: a theoretical postulation-- -19

2.1.3 Nigerian Constitution, Resource Control, Allocation and Formula- - -24

2.2 Theoretical Framework- - - - - - - - -33

CHAPTER THREE: The History of revenue allocation in Nigeria

3.1 The History of Revenue Allocation in Nigeria- - - - -37

CHAPTER FOUR: REVENUE ALLOCATION AND POLITICAL STABILITY IN NIGERIA

4.1 revenue allocation on different tiers of government in Nigeria- - -50

4.1.1 Resource Control and Revenue Allocation Politics- - -54

4.1.2 Allocation of Revenue among Central and other Component Governments- -55

4.2 How revenue allocation has defined political stability in Nigeria - -59

4.2.1 Revenue Allocation, Resource Control and Nigerian Unity- - -62

4.2.2 Fiscal/True Federalism, Resource Control and Allocation- - -66

4.3 Extent to which the statutory allocation formula adopted in the past has affected the path of economic growth and development in Nigeria- - -67

4.3.1 Revenue Allocation Principles - - - - -68

4.3.2 Revenue Allocation Commissions/Committees in Nigeria- - -72

| | | | | | | | | |
|--------------------------|---|---|---|---|---|---|---|-----|
| 4.3.3 Per Capita Income- | - | - | - | - | - | - | - | -74 |
|--------------------------|---|---|---|---|---|---|---|-----|

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

| | | | | | | | | |
|-------------------|---|---|---|---|---|---|---|-----|
| 5.1 Introduction- | - | - | - | - | - | - | - | -76 |
|-------------------|---|---|---|---|---|---|---|-----|

| | | | | | | | | |
|--------------|---|---|---|---|---|---|---|-----|
| 5.2 Summary- | - | - | - | - | - | - | - | -76 |
|--------------|---|---|---|---|---|---|---|-----|

| | | | | | | | | |
|-----------------|---|---|---|---|---|---|---|-----|
| 5.3 Conclusion- | - | - | - | - | - | - | - | -77 |
|-----------------|---|---|---|---|---|---|---|-----|

| | | | | | | | | |
|---------------------|---|---|---|---|---|---|---|-----|
| 5.4 Recommendations | - | - | - | - | - | - | - | -78 |
|---------------------|---|---|---|---|---|---|---|-----|

| | | | | | | | | |
|------------|---|---|---|---|---|---|---|-----|
| References | - | - | - | - | - | - | - | -80 |
|------------|---|---|---|---|---|---|---|-----|

ABSTRACT

This research examined revenue allocation and political stability in Nigeria. The research seeks to examine the impact and challenges of allocation on different tiers of government in Nigeria, to investigate how revenue allocation has defined political stability in Nigeria and to examine the extent to which the statutory allocation formula adopted in the past has affected the path of economic growth and development in Nigeria. The research adopted the human capital theory as theoretical framework. The study largely adopted the library research method as secondary data were utilized and content analyzed. The study concludes that revenue allocation in Nigeria both in the pre-independence era and the post-independence era has been fraught with controversies. It was revealed that all the revenue allocation formulae have been geared towards the favor of the federal government, given that they have the highest share of the federation account. The study therefore recommends that that the state and local government be given a higher share of the revenue, given that they are seen to be closer to the citizens. It was also recommended that transparency, accountability, and efficiency on the part of all the levels of government should be enshrined to ensure that revenue allocated to specific projects are utilized appropriately, that way preventing the abandonment of projects when a new government emerges.

CHAPTER ONE

INTRODUCTION

1.1 Background to the study

Revenue allocation can be seen as a method of sharing the centrally generated revenue among the different tiers of government and how the amount allocated to a particular tier is shared among its components (Nwankwo, 2008). Nigeria is a federal state under the Nigerian variant of federal system of government, federation or centrally generated revenue is shared among the three levels of government the federal, state and local governments. One of the major problems of Nigeria federalism is Revenue Allocation. Nwankwo (2008) argued it is usually a difficult problem on how to find an acceptable formula for sharing the federally collectable revenue in a federal state.

In the Nigerian context, this consists of the federal government, 36 states, federal Capital Territory (FCT), 774 Local Governments (Ekpo, 2014) and six development units in the Federal Capital Territory. In federations, there may be “resource sharing” among the three levels of government the federal, states and local government called intergovernmental fiscal relations. Intergovernmental fiscal relations imply fiscal federalism. Fiscal federalism is essentially about the allocation of government spending and resources to the various tiers of government (Ekpo, 2014). The evolution of Nigerian fiscal federalism derives from economic, political/constitutional, social and cultural developments which have influenced the nature and character of intergovernmental relations.

Politics and controversy on revenue allocation and resource control are not new in the political and economic history of Nigeria and such are more or less significant in every federal

system. However, the degree at which these issues steam differs from one federal state to another and are dependent on the type and characters of the federalism in practice. From Nigeria's independence in 1960 up till 1981, the country's resource control and allocation system have neither been efficient nor popular with manifold vulnerabilities, which resulted in the establishment of several commissions, changes, increases and decreases and reviews of control and allocation principles and formulas as observed by Amuwo, Agbaru, Suberu and Herault (2008, chp 14).

The 1979 constitution empowered the national Assembly to determine what proportion of the federation account and revenue from a state to allocate to the local government (Agya, Ibrahim & Emmanuel, 2015). In 1931, the National Assembly fixed these proportions at 10 percent of the federation account and 10 percent of the total revenue of a state. In 1985, the state's proportion was reduced to 10 percent of the internally-generated revenue; local governments' allocation from the federation account was later adjusted to 20 percent. It was further increased to 25 per cent with the arguments that local governments are expected to take on larger developmental responsibilities (Agya, Ibrahim, & Emmanuel, 2015). The revenue allocation has continued to vary in proportion over time. At present, local government receive 20 per cent of the federation account. In addition, proceed from the value added tax (VAT) are also allocated to them. Presently, VAT's allocation is 35 per cent based on equity of states (50 per cent), population (35 percent) and derivation (2 percent).

The importance of political stability to economic development of any country has become a topic of a continuous debate among economists, political scientists and politicians (Ugoh, 2011). Ugoh (2011) argued that political stability and Economic growth are deeply interconnected. On the one hand, the uncertainty associated with an unstable political

environment may reduce investment and the speed of economic development. On the other hand, poor economic performance may lead to government collapse and political unrest. On the role of political stability and economic performance in Bangladesh, Ahmed and Poluk (2013) argued that, political stability is expected to foster economic growth in the short run. Political stability ensure improvement in employment, protect the basic right of citizens, promote their culture and unity, provide basic infrastructure and services, electricity, water supply, healthcare and hence ensured increase in both local and foreign investment. Democracy fosters political stability and enhances economic growth relative to non-democratic rule in a given country and political stability regardless of the extent of democracy, has significant effect on growth in developing countries (Abeyasinghe, 2004).

1.2 Statement of the Problem

Resource control and allocation of revenue among units of a federation are very significant for both political and economic reasons (Loughlin, 2013). In Nigeria, the discovery, exploration, and subsequent realization of huge revenue from the sale of oil, especially in the 1970's has led to high tension, controversy, negative politics, and unhealthy rivalry among the components of Nigerian federalism. The process of revenue generation and allocation has all along been defined by political contentions at numerous levels, such as in the constitutions making and development, fiscal and monetary policies and programmes, political scheming, militant activities and threats of secession (Oyediran, 2009). In Nigeria, decision as to who gets what share of the federally generated revenue has been very problematic, especially since the discovery of oil and its exploitation and exploration.

However, the attempts to tackle this situation have engaged several commissions, committees, decrees, Supreme Court rulings and constitutional amendment. These processes

tried to devise a proper means of sharing the centrally generated revenue. These efforts have come in contact with many principles like the principle of Derivation, Need, Population, Even Development, Equality of State, National Interest, Independent Revenues, continuity of Government Services, Financial comparability, Fiscal Efficiency, Tax Efforts, Minimum National Standards, Equality of Access to development Opportunity (Ekpo 2014; Ofuebe, 2005), out of which the principle of Derivation has been variously advocated for and generally applied in the history of Nigerian fiscal federalism. Unfortunately, this principle has evoked more rivalry and bitterness than the problem it sought to resolve. The principle of Derivation requires that a certain percentage of all revenues accruing to a particular state, irrespective of the fiscal jurisdiction involved or machinery for the collection should be calculated and returned to these states. The 1999 constitution of Nigeria provided for not less than 13 per cent. Unfortunately, the principle of derivation became de-emphasized and negated in the revenue sharing formulae, at a time when the oil producing states which have suffered deprivation in the past, were to have the opportunity to enjoy special advantages accruing from oil from their land and, this led to the unquelling thirst and demand for “resource control” by the oil producing states. Therefore, the application of the derivation principle and the resource control became the contending “issues in Nigerian fiscal federalism”. Till date we still have 36 states and 774 local governments. Given the associated rising cost of running that is provision of secretariats, staff salaries and allowances rental and buildings, provision of utilities and increasing outlays on maintained and new projects, statutory allocations to state and local government together with internal revenues have become grossly inadequate. It is in the light of the fact that the economic growth process in Nigeria has not been utilized and the resultant socio/political/economic crisis that the need to examine empirically the effect of revenue allocation on political stability in Nigeria becomes essential.

1.3 Research Questions

The study seeks to address the following questions;

- i. What has been the impact and challenges of revenue allocation on different tiers of government in Nigeria?
- ii. How has revenue allocation defined political stability in Nigeria?
- iii. To what extent has statutory allocation formula adopted in the past affected the path of economic growth and political stability in Nigeria?

1.4 Objectives of the Study

The broad objective of this study is to investigate the relationship between revenue allocation and political stability in Nigeria. The specific objectives are;

- i. To examine the impact and challenges of allocation on different tiers of government in Nigeria.
- ii. To investigate how revenue allocation has defined political stability in Nigeria;
- iii. Examine the extent to which the statutory allocation formula adopted in the past has affected the path of economic growth and development in Nigeria.

1.5 Scope and limitation of the Study

The study examines the effect of revenue allocation on political stability in Nigeria for the period of five years (2016-2020). The research is intended to be carried out using primary and secondary data and is going to be limited to three (3) local government in Edo state which are Egor, Oredo and Ovia North East.

1.6 Methodology

To answer the research questions raised, we shall adopt analytic induction. According to the International Encyclopedia of the Social and Behavioural Sciences, 2001, analytic induction (AI) is a research logic used to collect data, to develop analysis, and to organize the presentation of research findings. Its formal objective is causal explanation, a specification of the individually necessary and jointly sufficient conditions for the emergence of some part of social life. Analytic induction calls for the progressive redefinition of the phenomenon to be explained (the explanandum) and of explanatory factors (the explanans), such that a perfect (sometimes called ‘universal’) relationship is maintained. Initial cases are inspected to locate common factors and provisional explanations. There is no methodological value in piling up confirming cases; the strategy is exclusively qualitative, seeking encounters with new varieties of data in order to force revisions that will make the analysis valid when applied to an increasingly diverse range of cases.

1.7 Significance of the Study

There is need for the nation to improve on their performance in terms of revenue allocation. However, the research is significant considering the three tiers of government ranging from Federal, state and local government to the grassroots’ people and the need to utilize substantial revenue allocated to them for developmental purpose.

The study will benefit various levels of government because proper revenue allocation will automatically improve standard of living in form of provision of social amenities such as road, hospital, park, drinkable water, rural electrification etc.

Lastly, the study will be educative as it will be a reference point for prospective researchers.

1.8 Plan of Study

This study will be organized in five chapters.

Chapter One: Introduction – This chapter introduces the work with a background to the study, statement of the research problem, research questions, objectives of the study, scope and limitations of the study, methodology, significant of the study, and plan of study.

Chapter Two: Literature Review and Theoretical Framework – This chapter will review related and relevant literature from different sources on the subject matter, from dependent variables to independent variables, review of empirical studies and underpinning theories on the study under review. The chapter will also identify and discuss a relevant theoretical framework.

Chapter Three: The History of Revenue Allocation in Nigeria – this chapter discusses the history of policy and empirical formula for revenue allocation in Nigeria.

Chapter Four: Revenue Allocation and Political Stability in Nigeria – Chapter four focuses on the relationship and impact of revenue allocation policy and formula on political stability in Nigeria.

Chapter Five: Conclusion – Summary, Conclusion and Recommendations.

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Impact and challenges of allocation on different tiers of government in Nigeria.

There has not in Nigeria been any time when a general consensus on a revenue allocation formula has been reached and with the discovery and exploration of oil as observed by Amuwo et al. (1998), the clamour for and opposition against the derivation principle increased with rapidity. There have also been intergovernmental frictions among all the levels of the federation. According to Azinge and Udombana (2012), the restless fleeing pull of political agitation and worrisome wave of violence in all tiers of Nigerian federation, have weakened the centripetal center-seeking agenda and necessitated the clamour for fiscal federalism, sovereign national conference, and new revenue allocation formula thereby occupying Nigeria's public discourse.

The process of revenue allocation in Nigeria has been characterized by the establishment of several fiscal commissions on an ad-hoc, permanent, presidential and constitutional basis with varied and circumstantial recommendations and policies in order to arrive at acceptable formula and principles for allocation. Some of the Commissions included the Philipson (1946), Hicks-Philipson (1951), Chick 1953, Raisman (1958), Binn 1964, Dina (1968), Aboyade (1977), Okigbo (1979) and National Revenue Mobilisation, Allocation and Fiscal Commission (1989) (Ekeh, et al., 1989:60). It was, according to Onuoha and Nwanegbo (2007) the introduction of the Richards constitution (1949) that first necessitated the establishment of a revenue allocation commission as it introduced regionalism in Nigeria with the aim of promoting unity, greater

participation in public affairs and adequate provision of services to the public. The 1951 Hicks Phillipson Commission worked based on three principles of Derivation, Population and Special Grant which was relatively balanced for the three regions, although all the regions worked towards the favour on the principles of which each had an acceptable ground in a region: West – Derivation principle; North – Population principle; and East – Special Grant principle. Vertical revenue sharing, which is allocation of the federation’s account money among the federal, states and local governments and horizontal sharing of the revenue among states and the local governments have respective contentious issues and attendant politics, especially over the allocation formula and the main principles that are considered as the allocations vary from and among the states and local governments respectively. In all federations as stated by Onuoha and Nwanegbo (2007), there is resource sharing among the levels of government and variations in the capacity of the various levels of government, which relate to the nature of functions and revenue resources of the respective levels of the federation.

When an imbalance occurs between revenues and responsibilities, it becomes the duty of the higher level of government at the centre to make up such an imbalance through transfer of financial resources known as deficit transfer/balancing; this is followed by stimulation, incentive or promotional transfers made by the centre to the lower levels for certain and specific purposes. Under programmatic redistribution, the government in power takes into consideration the political realities, economic principles and factors in the process of distributing national resources among the components of the federation.

The government does not, therefore, directly decide what resources to allocate but uses a parameter in the allocation process (Sòle-Òlle, 2008). In the Tactical redistribution/allocation of federal resources, government distribution of the resources is influenced by its desire to maintain

power and so resources are distributed with the objective of getting hold of and consolidation of political and voting powers (popularity). Here resources are often allocated to less endowed areas where at the same time, the government has less support all in order to win support and secure political future. The Regional governments of the First Republic were almost fiscally self-dependent from 1954- 66. They were thus fiscally powerful viz a viz the federal government and in reality, as the central/federal government played limited roles compared to the regional governments (Amuwo, et al). The allocation formula of revenue among governments in Nigeria included 60%: 30%: 10% (1977); 53%: 35%: 10% (1985); 48.5%: 24%: 7.5% (1997) which reflected federal hegemony over the other levels of the federation (Amuwo, et al., 1998). Similarly, in 1989, the federal government agreed to a formula for the central government - 50%, states - 30%, local governments - 15% and special funds - 5%. This was together with allocation principles among the states as: equality - 40%, population - 30%, land mass - 10%, social development - 10% and internal revenue effort - 10% (Onuoha and Nwanegbo, 2007). It is noteworthy that at those respective times, the federal government had taken 55% (1981), 50% (1990) and 48.5% (1992). A new sharing formula through Modification Order Act In July, 2002 provided for revenue sharing as Federal Government – 54.68% (FG 48.5%, FCT 1%, Derivation and Ecology 1.46%, Stabilisation Fund 0.72% and Minerals Development 3%); States 24.72; and Local Governments 20.60%.

The Act was further modified under the Obasanjo regime in 2004 which brought the current sharing formula of Federal Government 52.68% (FG 48.5%, FCT 1%, Derivation and Ecology 1%, Stabilisation 0.50% and Natural Resources Development 1.68%); States Governments 26.72 (Equality 40%, Population 30%, land Mass and Terrain 10%, Social Development 10% and Internal Revenue Generation 10%) and Local Governments 20.60% (see

also Suberu in Loughlin, et al., 2013). This makes the central (federal) government to have more control of the resources allocated as many have lamented that the Nigerian state represented by the federal (central) government has over the years managed the national wealth and resources with a firm hold of both the revenue and resources (Watts in Loughlin et al. 2013:31; Lubeck and Michael, 2007). The oil producing states (Abia, Akwa Ibom, Bayelsa, Cross-Rivers, Delta, Imo, Ondo and Rivers) also enjoy 13% as derivation in addition to their respective shares from the 26.72%.

2.2.1 Resource Control and Allocation among Levels of Nigerian Government and Unity

Local Governments in Nigeria have also been at the receiving end in the politics and controversies of resource control and allocation. This is despite the fact that the Constitution of the Federal Republic of Nigeria, 1999 has established and guaranteed the 786 Local Governments Councils as the third tier of the Nigerian federation as provided and emphasized in (Section 7 [1] of 1999 Constitution; Malemi, 2010). The constitutionally definite allocations as well as the financial autonomy both suffer the devastating waft in the hands of the respective states governors' and influential politicians who not only divert but also squander the resources in the name of the respective local governments. Going by the provisions of Section (162 [6, 7, & 8] of 1999 Constitution), the Nigerian Local Governments have constitutionally guaranteed financial autonomy in terms of judiciously spending their respective allocations of 20.60% and so the 36 states have no legal/constitutional jurisdiction whatever to tamper with the revenue allocated and paid to the local governments from the federation account through the States Local Governments Joint Account.

Although the states can prescribe the manner of distributing the revenue to the local governments through respective states' Houses of Assembly legislations, they have no power whatever, to diver or squander such local allocations. The local government areas are practically tied down by their respective states governments in the name of 'Joint Funding' which also made states as the financial custodians. Unlike in the 1989 Constitution of Nigeria (Section 160 [4]) which provided for direct funding of the local governments, the current situation all over Nigeria, has manifested excessive interference, politics and illegal diversions and spending of the local governments funds by their respective states without due recourse to the constitutional provisions of (Section 162 Sub-section [6, 7 & 8] of the 1999 Constitution) intended to ensure financial autonomy, separation, protection and sustainability of the local governments in their establishment and operations. This has resulted in deliberate displacement of democratic establishment against constitutional provisions of Section (7 [1, 3 & 5]) of the 1999 Constitution of Nigeria. In most of the states of the federation, local governments are continuously administered by one caretaker committee or the other. This is a deliberate trick by the states governors to whiz the local governments of their resource allocations from the centre.

2.2 How revenue allocation has defined political stability in Nigeria

2.2.1 To investigate how revenue allocation has defined political stability in Nigeria

According to Encyclopedia Britannica, Political stability is the durability and integrity of a current government regime. This is determined based on the amount of violence and terrorism expressed in the nation and by citizens associated with the state. A stable society is one that is satisfied with the ruling party and system of operations and is not interested in revolutionary or despotic ideas. A stable political scene is one where the ruling government is favored by the

population and does not experience strong indicators of social unrest. While there are problems within any nation, and times of war or hardship are common, a stable political system is one that can withstand these occurrences without major societal upheaval and ongoing endurance of these circumstances.

According to Sottilotta, (2013), the concept of political stability is a very controversial concept. Sottilotta argued that; a first broad definition refers to the absence of domestic civil conflict and widespread violence. In this sense, a country can be considered rid of instability when no systematic attacks on persons or property take place within its boundaries. Secondly, classic interpretation equates stability with government longevity.

Thirdly, political stability draws on the lack of structural change, that is, the absence of internally or externally induced change in the basic configuration of a polity. In the same way, Paldam (2016) defined political stability to cover four dimensions; stable government, stable political system, internal law and external stability. Paldam argued that, these four dimensions are sufficient for the explanation of political stability. The International Consulting Firm Eurasia Group cited in Sottilotta, (2013), defined political stability as the capacity of a country's political system to withstand internal or external shocks. In this sense, a broad operational definition of political stability should take concepts and indicators into account such as human development (as measured by the UN Human Development Index); inequality (Gini index); political legitimacy (i.e. the more or less widespread support for the government, be it democratic or non-democratic); constraints on regime responsiveness (i.e. the economic constraints that governments encounter in meeting the requests of their citizens as expressed, for instance, by the total stock of a country's public debt); and regional/international integration (meaning, for

instance, membership in international and regional organizations or the ratio of total foreign trade over GDP).

According to Kindleberger in Jhingan (2007), Economic growth as more output, while economic development implies both more output and changes in the technical and institutional arrangement by which it is produced and distributed. Friedman in his fashion defines growth as an expansion of the system in one or more dimension without a change in its structure, and development as an innovative process leading to the structural transformation of a social system.

According to Iyoha (1999), economic growth is defined as a persistent rise in the national income over a range of time of not less than five years. In economic growth theory, growth is usually calculated in real terms, that is, inflation-adjusted terms, in order to obviate the distorting effect of inflation hence, the use of real gross domestic product in most growth literature. According to Essien (2001), Economic growth is simply the percentage or proportionate increase in real income during a given period, usually a year. It is the rate at which gross domestic product (GDP) is during positive growth or decreasing-negative. Economic growth occurs when there is a positive increase in economic variables, real or nominal, normally persisting over successive period. Akin (1998) assert that, economic growth has two tentacles, namely, extensive and intensive economic growth. Extensive economic growth is present when output of a nation, as measured by real GNP is expanding regardless of whether output per capita increases; while intensive economic growth is a situation in which there exist an increase in output per person or expansion in the availability of goods and services per capita. Thus, a nation may experience extensive economic growth even though the output per-capital is not rising.

According to Wikipedia the free encyclopedia (2011) Economic growth is the increase in the market value of the goods and services produced by an economy over time. It is conventionally measured as the percent rate of increase in real gross domestic product, or real GDP. Of more importance is the growth of the ratio of GDP to population (GDP per capita), which is also called per capita income. An increase in per capita income is referred to as intensive growth. GDP growth caused only by increases in population or territory is called extensive growth. Growth is usually calculated in real terms – i.e., inflation-adjusted terms – to eliminate the distorting effect of inflation on the price of goods produced. In economics, "economic growth" or "economic growth theory" typically refers to growth of potential output, i.e., production at "full employment".

2.2.2 Federalism and revenue allocation formula: a theoretical postulation

In federal systems of government, revenue allocation involves two schemes. The first is the vertical sharing between the federal or inclusive government and the other tiers of governments. The subject of these sharing schemes is the federally collected revenues. This is because the revenues generated within the jurisdictional areas of the units – states and local governments – are not subject to the national sharing formula.

In the annals of federal countries' revenue sharing arrangements, the sources of the federally collected revenue that form the subject of the sharing formula have remained largely unchanged. These sources which are not amenable to other units include import duties, mining rents, excise units, export duties and royalties (Ovwasa, 1995). The implication of this is that, since these sources of revenue are not amenable to the jurisdiction of the other units of government, the problem of revenue allocation has focused on not who should raise the taxes, but on how to share

the proceeds that is, the actual revenue collected by the federal government. The imbalance between functions and resources base, calls for higher level government to Ojo, Revenue Allocation and Resource Control in Nigeria transfer revenue to the lower level. Graham in a perceptive work, described such transfer as “deficiency transfer or balancing” (Graham, 1964).

It is so described because the transfer seeks to make up for the differences in the levels of functions devolved to the lower government and the resources available to it. Another principle of revenue transfer which is horizontal revenue sharing arises out of the variations in revenue generation capacities of the component units. Where the revenue raising capacities are low, heavier tax burden is imposed relative to higher revenue raising capacities area. This transfer is called “equalization transfer”. This transfer is necessary because higher taxation will scare away businesses and the economy of the unit will become more depressed. To avoid this, the higher the federal level of government has to transfer to the lower unit, the better, to enable it make up for the differences between its internally generated revenue and those required for maintaining the minimum standard of services.

The two types of resource transfer discussed above are known as intergovernmental grants-in-aid. The third principle has been given different names by different scholars. Beak (cited in Graham 1964) called it “simulation”, “incentive” or “conditional” grants. This grant is also known as categorical grants because such grants are designed basically to undertake certain projects. This is also known as categorical grants because they are desired for particular purposes.

Nevertheless, in view of the fact that no federation has all its component parts equally developed, the transfer of funds within a federation is a potent weapon in the hands of managers of the state more so in a plural society with diverse cleavages to satisfy hegemonic interests. On the other

hand it can help in ensuring that all parts of the federation have resources to carry out their functions. The government can thus ensure that the revenue from resources located in a part of the country is used for the benefit of all parts (Nyemutu-Roberts 2005).

To this extent, revenue allocations can foster national integration. However, when misused, it engenders political altercations and contestations which destabilise the political economy and tend to undermine the efficacy of federalism in fostering political accommodation and economic development. This is why the most common source of friction in a federation is the distribution of fiscal resources (Aluko 1976).

It is important to add that fiscal relationship in a gamut of intergovernmental relations is no longer only federal-state but also state-federal, federal-local and state-local. This is one of the most significant recent trends in inter-governmental fiscal relationships in federal systems across all regions and climes of the world (Aluko 1976).

2.2.3 Principles of Revenue Allocation in Nigeria

Revenue allocation refers to the redistribution of fiscal capacity between the various levels of government, or the disposition of fiscal responsibilities between tiers of government. Revenue sharing arrangement is at two levels: One is the vertical allocation which is among federal, state and local councils, secondly is the horizontal allocation, among the states and the local governments. Revenue allocation is meant to attain two broad objectives, namely, efficiency and equity. However, the allocation formula is guided by certain allocation principles like population, equality of states, internal revenue generation, and landmass and principle of derivation. These principles according to Salami (2011) are exhaustively explained below:

Derivation principle: The principal believes that revenue in the federation account should be allocated on the basis of each state's contribution to total revenue. That is, all revenue which can be identified as having come from, or can be attributed to, a particular region or state should be allocated to it (Phillips, 1971). This principle was criticized because it makes rich states (or naturally endowed states) richer since the more endowed or developed states will contribute more to the federation account, starving the less endowed or less developed states of developmental funds. It can, therefore, leads to greater disparity among the States and subsequently lead to instability within the country.

The principle of need: The principle advocated that states are not equally endowed with resources, some states are more populated and developed than others, and therefore, more resources should be given to the less developed states to bridge the gap in development.

The principle of National Interest: The principle is based on the importance attached to developing all states to increase progress and sense of belonging. It will promote national unity by sharing the revenue in the federation account equally among States. This formula was to strike a balance between equity, and needs of national economic/ political growth leading to stability.

The principle of Independent Revenues: This principle advocates that states can introduce or charge revenue yielding taxes within the state as long as it is a stable source of revenue but must conform to the principles of taxation within the economy and take into consideration national interest.

2.3 Extent to which the statutory allocation formula adopted in the past has affected the path of economic growth and development in Nigeria.

2.3.1 Resource Control and Revenue Allocation Politics

Resource/revenue control and allocation are (especially oil) very critical to Nigeria's federal set up. They have become tools of political and economic power game and everyone/level of government instigate it from a convenient angle as maintained by Akpata (2000), who added that most of such controversies, agitations and clamour are mainly selfish as some user control of oil resources and others use the platform of indigene/settler. One of such contentious issues in current Nigeria is the cry against marginalisation by the oil producing minority groups which they seek to redress through resource control. Furthermore, what complicates the politics and controversy more is that the oil which sustains the Nigerian economy is so far only explored from the minority tribe area and in only one region of the country, the Niger Delta region (Onuoha and Nwanegbo, 2007).

One obvious fact in Nigeria's politics of resource control and allocation, particularly the derivation principle is that it encompasses radical shift in revenue allocation from the majority region/groups that were hitherto powerful and influential to the minority, powerless groups and states thereby enabling a shift of revenue allocation in favour of the minorities' but oil rich states. Nigeria's dependence on oil is manifested on low rate employed persons; operation of few industries in the economy; and rent-seeking elites and politicians.

2.3.2 Nigerian Constitution, Resource Control, Allocation and Formula

The Revenue Mobilisation, Allocation and Fiscal Commission is established by the 1999 Constitution of Nigeria (Section 153 sub-section [1n]) which also empowers it to determine the remuneration of political office holders across the federation, monitor revenue generation and distribution from the federation account; review the principles allocation principles and formula to meet changing circumstances; give advice to federal and states governments on revenue

generation and allocation, monetary and fiscal policies; and undertake any other assignment as may be directed by the Nigerian National Assembly. The constitutional role of the National Assembly regarding revenue allocation is hinged on provisions of Section 80, 81 and Third Schedule, Part I (32 [b] of the 1999 Constitution of Nigeria. But these functions may be too complex for the National Assembly to carry out as observed by Ekeh et al (1989). This is in view of the intricacies associated with and involved in revenue allocation matters. Similarly, the earlier 1963 Constitution of the Federal Republic of Nigeria (Section 136) established the 'Distributable Pool Account' while the 1979, 1989 and 1999 Constitutions all established Consolidated Revenue Fund and Federation Account under Sections (74, 78, 120, 160) respectively. The 1963 Republican Constitution made elaborate provisions for payment of a certain percentage of revenue to each region in respect of different items as excise, import and export duties, rents and royalties (Section 136 of the 1963 Constitution of the Federal Republic of Nigeria. While the 1979, 1989 and 1999 Constitution (Second Schedule, Part I [34, 39]) provided that all mines and minerals, including oil fields, oil mining, geological surveys and natural gas fall under Exclusive Powers. The 1979 and 1989 Constitutions also provided in Sections 78, 80 (1 & 2) and 120 of the 1999 Constitutions which established the Consolidated Revenue Fund for the federation and states and that all revenues or any other money whether received or raised must be paid into this fund.

The 1989 Constitution instead of the 'Joint/States Local governments Joint Account' created 'Local Governments Account' for the funds allocated for joint purposes (Section 160 [5] of the 1989 Constitution of Nigeria). According to Section 162 (1) of the 1999 Constitution of Nigeria, the federation (Nigeria) shall maintain an account (the federation account) and all revenues to be collected by the federal government of Nigeria are to be paid into the same

account except personal income taxes of the Armed Forces, Ministry of Foreign Affairs, and residents of Abuja, the Federal Capital Territory. There is also the provision for the establishment of a Joint Account (sub-section 6 of Section 162) for each of the 36 states and their local governments referred to as the 'States Local Governments Joint Account'. The nature and conditions of financial relations in any federal system are crucial to the stability and prosperity of such a system. There have been various principles over the period of time in Nigeria's political and economic history on horizontal allocation of revenue among the three and later four regions; 12, 19, 21, 30 and 36 states as well as the local governments now 768 across the federation. Virtually all the principles of this horizontal allocation are in themselves deficient and controversial among the benefactors (states and local governments) as observed by the Aboyade Commission (1979:23-8) cited in (Amuwo, et al., 1998). The principle of derivation has been reduced several times ever since the discovery and exploitation of oil, neglect of agriculture and solid minerals. The principle of derivation in Nigeria had kept dropping from 100% to 50% in the early 1960's, 45% in the 1970, 25% in 1977, 5% in 1981 and 3.5% in 1984. It, however, began to rise under the General Babangida military regime in 1992 up to the current 13%. The derivation principle/formula under the 1963 constitution of Nigeria with fiscal federalism in which the then federating regions owned, controlled and developed the natural resources endowed in their respective regions and thereby remitting an agreed percentage of their respective revenues to the federal/central government as tax for the maintenance of common and essential services for defense, foreign affairs, customs, foreign relations among others.

The allocation principles currently used include: Population, Land Terrain, Internal Revenue Generation, Land Mass, Population Density and Derivation of not less than 13% of the total revenue accruing from any natural resource (Section 162 [2] of the 1999 Constitution of

Nigeria). Nigerian revenue allocation processes have been very disputing with sometimes courts cases as for example, in 2002, the Supreme Court ruled that ‘Special Funds’ reserved from the Federation Account for special purposes was unconstitutional and similarly ordered the addition of that special funds 7.5% to the federal government’s share thereby increasing it to 56% from 48.5%, after ruling in a case of Attorney General of the Federation vs. Attorney General of Abia State and others (Nwabueze, 2007).

2.3.3 Revenue Allocation, Resource Control and Nigerian Unity

The success of a federal system is largely determined by ability to establish and maintain viable and popular resource control and allocation system among component units. At the same time, efficiency in the use of scarce resources is encouraged while inequality in the treatment of individuals among different levels of government is reduced. There are practically several problems facing the processes of resource control, generation and allocation, monetary and fiscal policies in Nigeria which also hamper on Nigerian unity. It is observed that three critical subjects surround resource control in oil dependent Nigeria as: unacceptable formula for distribution, equity and fairness in the resource allocation and on/off shore dichotomy (Oladeji in Ojo, 2006). Revenue allocation has a very great potential for conflicts, especially between rich and poor regions or states in Nigeria and is a matter that generates controversy in the federal and states’ method of revenue allocation (Amuwo et al, 1998 & Oluyede, 1992).

These problems have also cumulatively tied down the progress and prosperity of the Nigerian federal system which also prompted calls and agitations for other alternatives such as fiscal federalism as operated from the mid 1950’s to mid 1960’s. They have also trickled down to and manifested in a more compounding manner. The problem of revenue allocation in Nigeria

empirically involves unequal distribution of resources between the levels of government, determining what percentages go to the various principles for the allocation and which takes what share among the levels (federal, states and local governments). There is also disagreement over the principles of horizontal and vertical sharing; lack of definite and standard monetary/fiscal policies in the country has for long hindered the effective exploitation and harnessing of the nation's human and material potentialities. There are, therefore, excessive politics over sharing/distribution on the vertical and horizontal allocation of the revenue between and among federal, states and local governments. On the other hand, there are corruption and diversions of the substantial revenue accruing to all the three levels of government, which has marred the potentiality of generation and proper utilisation of the resources. Corruption in, for example, the oil industry with conglomerate oil bunkering, calculated vandalism of pipelines, non-remittance of oil sales and other generated revenues are on the high. There is also excessive politics in the operations of the oil industry and other hefty tax generating agencies. For long, other sectors of the Nigerian economy have been neglected and over dependence on oil export which also led to the inadequacy of the generated and allocated revenue. With over 75% of the revenue accruing from exportation and sale of crude oil, there occurs frequent disagreement among the components of the federation over revenue sharing. At the same time, almost all the units of the Nigerian federation rely on the federation account for about 90% of their total income with very low internal revenue generating capacities (Onuoha and Nwanegbo, 2007).

This is sometimes also linked to non-availability/shortage of statistical figures and accurate data on the most comprehensive sources of and revenue accruing to the levels of government. These problems compound the politics of revenue generation; allocation and resource control while and at the same time negatively affect the prosperity of the federal system

and indirectly Nigeria's unity, peace, progress and development. One of the major issues associated with the politics of revenue allocation and hit by corruption in Nigeria is that of Ecological Fund management. While many Nigerians are not aware of the constitutional provision and availability of such a funding from the federation account, it has become a conduit pipe for politicians and specifically states governors to yearn for the funds from the federation and then squander at their pleasure. Ironically, the squander is much more intense and damaging in states worst hit by such ecological problems. The Ecological Fund was established in 1981 as one of the major recommendations made by the Okigbo Commission on revenue allocation in Nigeria. The essence of its establishment was specially an intervention to address the multitude and varying ecological problems and challenges faced by the states across the federation. The Act, which established the Ecological Fund was, however, modified in three times through: the Decrees No. 36 (1984), No. 106 (1992), and the Revenue/Federation Account Modification Order (2002). On a precise note, Nigeria and particularly, the solid minerals and agriculturally endowed states are blinded by the discovery and availability of oil, thus becoming a resource curse to Nigerian state and the economy, as noted by Ross (2012) and Guyer (1992). Oil is making Nigerians to relegate every other sector, including agriculture and solid minerals which are more promising and stable than oil (Akinwumi, 2004).

This dependence on oil largely fuels the north-south acrimony, revenue generation and allocation politics and controversy as well as a threat to Nigeria's corporate existence. For resources control controversy to be fully addressed, there must be diversification from only one to others more promising sectors such as agriculture and solid minerals. Not only are resource control and revenue allocation tied to oil, politics and controversy, but even the search and exploration of oil apart from that of the Niger-Delta region and especially in the north involves

politics and economy and is highly manipulated for political and other ends. The three levels of the Nigerian federation (federal/central, states and local), elites and politicians are more concerned with competition over lion's and or chunky shares from the national oil money. Overall, unlike Nigeria, other states consider oil as an unsecured and misleading economic resource without a definite future, thus its reference to as 'resource curse, devil's excrement' and or 'resource of the Dutch Disease' (see also Watts, 2013).

2.3.4 Fiscal/True Federalism, Resource Control and Allocation

Fiscal federalism put simply, is the distribution of governmental functions/powers as well as finances among the different levels of government. It involves transferring and allocation of funds most often from central government to the component levels of the federation. Onuoha and Nwanegbo (2007) have identified three main components of a fiscal federalism as: assigning functions or expenditure; resource allocation/revenue assignment; and resource transfer among the levels in order to close any gaps. The major rationales for fiscal federalism are overcoming difficulty in meeting the various and competing needs of the people, the need to shift down the burden to levels closer to the public, better delivery of efficient services and the need to build local capacities, correct vertical fiscal imbalance and ensure judicious resource allocation.

Ewetan (2015), also described fiscal federalism as distribution of schedules of duties and financial powers among units of the federation. He also admitted that achieving fiscal federalism in Nigeria is a no small exercise because of the countries heterogeneous composition, economic imbalances, oil and resource control, allocation politics and contentions. Return to fiscal federalism as currently being advocated by some Nigerians is seen as a viable and lasting

solution to the incessant problems of revenue allocation and resource control. For example, the Presidential Committee on the Review of 1999 Constitution (2001), has noted that neglecting the principles of true federalism was the major factor responsible for the ferocious political struggle that drew military in Nigerian politics. For Nigeria to achieve fiscal federalism and or enjoy solidity in resource control and allocation there has to be decentralisation in federation's finances, political and administrative apparatus (Yusoff, et al., 2016). However, fiscal federalism has remained litigious in Nigeria because it is enveloped by fear, apprehension, controversy, political maneuver among the regions, yearn for greater independence within Nigerian state, issues of tax collection and retention and greater financial autonomy as asserted by (Chijioke, et al., 2012).

2.4 Theoretical Framework

2.4.1 Human Capital Theory

The theoretical framework considered applicable to this study is the Human Capital Theory. The first use of human capital as a term in modern economic literature was by Theodore Schultz (1961), who classified expenditures on human capital as investment rather than consumption. However, the first application of the theory in Economics accrues to Gary Becker (1964) who developed a model of individual investment in human capital which he likened to “physical means of production,” and refers to “all activities that influence future real income through the embedding of resources in people” (Fleischhauer, 2007). Further contributions and refinements to the theory are traceable to these scholars: Mincer (1962); Denison (1962); Bowman (1969). The Human Capital theory developed as a rebuttal to the naïve conception of some earlier economists that labour is constant or given, and its performance cannot be increased. The illuminating analysis of celebrated scholars like Adam Smith; Milton Friedman and Alfred Marshall on investments in education and training as positive correlates of productivity were not

integrated into discussions on this theme (Krasniqi & Topxhiu, 2016). This situation pervaded until early 1960s when the growth of US economy became unexplainable by the traditional (four) factors of production. The lacuna created by this development is known as the residual factor' which was identified as "human capita" (Nafukho et al, 2000).

Furthermore, human capital refers to knowledge, skills, attitudes, aptitudes and other traits that contribute to production (Fleischhauer, 2007). This latter author, building on other scholars identified two main complimentary components of human capital as early ability (acquired or innate); and skills acquired through formal education or training on the job. Olaniyan and Okemakinde (2008) affirm that human capital represents the investment that people make in themselves which enhance their economic productivity. Krasniqi and Topxhiu (2016) invigorated by the writings of Kenneth Arrow posit that these investments in training and education must inform the perfection of work through better use of available technology which ultimately increases productivity. Olaniyan and Okemakinde (2008) summarized the above tenets or assumptions of HCT based on the submissions of the human capital theorists as follows: human capital theory rests on the assumption that formal education is highly instrumental and even necessary to improve the production capacity of a population. Human capital theory emphasizes how education increases the productivity and efficiency of workers by increasing the level of cognitive stock of economically productive human capability which is a product of innate abilities and investment in human beings.

Theory of Application

It is evident from this and other studies conducted on revenue allocation and political stability in Nigeria that there is a preponderance of low productivity. This issue has given rise to the

inauguration of several reform committees from 1934 to 2012 Okorie and Odo (2014); and Otiye (2015)). Apart from wage reviews and incentive packages to boost workers' morale and productivity, it is observable that the Adebo Commission of 1970; Udoji Committee of 1974; and Ayida Review Panel of 1995 emphasized insufficiency in training incentives and programmes in the public service. This was corroborated on a macro level by Adamolekun and Olowu (2015) that "the result of two decades of these kinds of reforms is to produce reform fatigue, an anaemic state and poorly performing CSIs. Ghana and Nigeria would readily fit into this group of countries" The above point underscores the establishment of various universities and tertiary training centres for civil/public servants in Nigeria (Mohammed, 2014). Building on earlier studies, Olaniyan and Okemakinde (2008) posit that education has not had the expected positive impact due to the limitations of the schooling system which provides few (or no) skills. To redress this condition, these scholars submit that education and training must be "anti-traditional to the extent that it liberates, stimulates and informs the individual and teaches him how and why to make demands upon himself." This has the tendency of bringing about development-producing capacities geared towards national growth.

CHAPTER THREE

THE HISTORY OF REVENUE ALLOCATION IN NIGERIA

The history of revenue allocation formula and commission all in an attempt to arrive at an acceptable sharing formula for Nigeria occurred long before independence. The first set of commissions was *ad hoc* in nature. The first commission ever set up by the colonial masters was in 1946. The name of the Commissioner was Phillipson. Recommendation of the commission was to take effect from 1948/49. The commission placed emphasis on three principles for revenue sharing, derivation, population and even progress. This period was characterized by strong federal government's presence in fiscal matters (Olaloku 1979). The newly created regional councils at the time were allocated the residue or excess of the budgetary needs of the Central government because they had no legislative powers whatsoever. So they could not collect or appropriate revenue.

By 1951, the recommendations of that Commission became unacceptable to Nigerians in general and nationalist leaders in particular and another one was set up that year known as Hicks Phillipson commission. This commission recommended three principles: *Derivation, Needs* and

National Interest. The recommendation of this commission was to take effect in 1952/53 (Phillips 1971). It needs be added further that the regional councils during this period had the fiscal powers with independent revenues and tax jurisdictions with the aim of prompting a truly federal system. The Central Government now shared equally with the Regions (East, West and North), the centrally-collected revenue. The Regional portion of this revenue was in turn shared among the Regions largely on the basis of derivation. Mention must be made of the introduction of special grants to the Regions to take care of education and police protection (Phillips 1971, Omitola 2005:149). The major difference or departure of this commission with the previous one's recommendation is that it de-emphasised population criterion.

In 1953, Chick's Commission was raised to review the formula again. In its report, the commission adopted and emphasised the derivation principle as the basis of allocation of revenue to the Regions. For effective application of the derivation principle, the following weights were allocated for each region. Eastern and Northern Regions each had 30 percent while the Western Region had 40 percent (Omitola, 2005). Still in search of acceptable revenue allocation formula in 1958, Raisman Commission was raised to review same. In its own recommendation it reduced considerably, the importance of principle of derivation, and retained the principle of fiscal autonomy for the Region; it emphasised that of needs with population used as an approximate index of fiscal needs and the basic responsibilities of the regional governments and the need for even-development of the country which it called "unified national policy". This commission recommended further that the North which had over half of the country's population was to receive 40 percent; Western Region was to receive 37 percent, Eastern Region 18 percent and Southern Cameroon 5 percent; while the Northern Region in addition received 1.5 million naira as compensation because the principle of derivation worked

against it in the past. Six years later in 1964, Binns Commission did another review. This commission was established as a result of a realignment of boundaries. First, with the referendum that transferred Southern Cameroons to the Main Cameroon in 1961 and the creation of the Mid-Western Region from Western Region in 1963. The Commission's recommendations contained the emphasis on the use of the principle of needs. While the federation and the Regions continued to share the federally-collected revenue, the commission recommended a change on the formula for sharing the Distributable Pool Account (DPA). Northern Region had 42 percent; Eastern Region 30 percent, Western Region 20 percent and the Mid-western Region 8 percent. The creation of the twelve state structures in 1967 brought about a revision in the revenue sharing formula, with the retention of the basic principle of allocation as recommended by the Binns Commission.

In 1968, Dina Committee – an interim system pending the working out of a new revenue system following the creation of 12 states – was raised. The committee stressed the most urgent problem facing the nation as the gross imbalance in economic development among various states of the federation. Thus, it introduced minimum responsibility of government as a revenue sharing criterion. While retaining the principles of need, even-development and derivation that had been introduced by previous commissions, it recommended the establishment of a permanent revenue planning and fiscal commission. However, the recommendation of the Dina committee was never implemented. Its Report has been regarded not only as one of the best documentations on the country's fiscal system, but also one which was too far ahead of its times (see Adesina, 1998 and Omitola, 1995). Below see table 1 for the system of Revenue Allocation to the regions/states of Nigeria since 1948. The table is self-explanatory.

At this juncture, it is imperative to make a number of remarks on both the commissions and the formula. First, thus far, virtually all the revenue allocation formulas are warped because they have not been “open covenants openly arrived at” (Omitola, 2005). Rather, they reflect the views of commissions, individuals or groups within the commissions, which have shown proclivity for embracing theories, beliefs, ideas and approaches which have not only proved unrealistic but have thereby contributed to the dislocations within the Nigerian State by the Military

On December 31, 1983 the Revenue Amendment Decree, Decree no.36 of 1984 not only retained the use of the horizontal principles introduced by the Okadigbo Commission; it also amended the Revenue Allocation Act of 1981 and introduced a new revenue allocation formula as follows:

Federal Government - 55 %

State Government - 32.5 %

Local Government - 10 %

Special Grants - 2.5 % (Adebayo 1990)

The Babangida Administration through Decree no. 49 of 1989 created the Revenue Mobilization, Allocation and Fiscal Commission to oversee revenue sharing and mobilization (Obi, 1998). The creation of this commission represented a radical departure from the use of Ad Hoc Commissions. It was to examine and make funds in the Federation Account allocated as follows:

Federal Government - 47%

State Government - 30%

Local Government - 15%

Special Funds - 8% (Offiong 1997)

In December 1989, the Federal Government accepted the recommendations of the Commission on the modifications of the sharing formula:

Federal Government - 50%

State Government - 30%

Local Government - 15%

Special Funds - 5%

The formula for sharing among the federating states stood thus:

Equality of states - 40%

Population - 30%

Landmass - 10%

Social Development - 10%

Internal Revenue Effort - 10% (Danjuma 1996)

Another of comments is imperative in the recommendations of this commission.

First, the revisiting of the principle of derivation as the Commission allocated 2 percent of the revenue from mineral exploitation in direct proportion to the rate of mineral extracted from each state, and, secondly, 1.5 percent was to be administered by the Federal Government for the development of the mineral producing areas of the country (West Africa December 24, 1980). As a consequence of the transfer of primary education to local government Decree no. 3 of 1991 made a slight amendment to the sharing formula thus:

Federal Government - 50%

State Government - 25%

Local Government - 20%

Special Funds - 5% (Olaloku, 1979)

By June 1992, there was another revision of the revenue allocation formula along this line:

Federal Government - 48.5%

State Government - 24%

Local Government - 20%

Special Funds - 7.5% (Omitola, 1995)

One striking feature of the recommendations of various Revenue Allocation Commissions with respect to the revenue allocation formula adopted from the 1970s is a phenomenon tagged the “concentration process” in Nigeria’s fiscal federalism (Mbanefoh and Egwakihide 1998:22). This refers to situation whereby there is a gradual reduction of State Government Accounts and this is further exacerbated with the establishment of Special Account by the Federal Government (Mbanefoh, Egwakihide 1998). This is because it was used to favour a few selected states/Local Councils more often than not, it provoked inter-state hostility and rivalry, thereby undermining the stability and corporate existence of the country. For the graphic description of vertical allocation of the federation account, between 1981 and 1995, see table 1 below. Table 2 also shows Horizontal Revenue Allocation Formulae from 1970-1995.

Gen. Sani Abacha’s national Constitutional Conference Committee on revenue allocation. The National Constitutional Conference convened by Gen. Sani Abacha’s administration (November 1993-June 1998) established a Committee, after receiving various memoranda from different groups and parts of the country. The Committee recommended a new sharing formula thus:

Federal Government - 33%

State Government - 22.5%

Local Government - 20%

Federal Capital Territory - 1%

Stabilization Account - 5%

Economic Development - 2%

Derivation - 11%

OMPADEC - 6%

On the horizontal sharing of revenue, the following principles were recommended:

Equality of States - 30%

Population - 40%

Social Development - 10%

Internal Revenue Effort - 10%

Landmass and Terrain - 10% (News October 3, 1994:15)

The commission recommended 13 percent for derivation, the 13 percent was lumped with any amount set aside for funding any authority or agency or the development of the state or states of derivation. While the recommendations of the constitutional conference were far-reaching inasmuch as they ended to reduce considerably the proportion of revenue accruing to the Federal Government, and thus enhance fiscal decentralization, they were never implemented. Rather, the 1999 constitution promulgated by the Gen. Abdulsalam Abubakar's Administration (June 1998-May 1999) adopted the 1992 Revenue Allocation formula via:

Federal Government - 48.5%

State Government - 24%

Local Government - 20%

Special Funds - 7.5% (Omitola 1995)

Pursuant to the provisions of the 1999 constitution, the Revenue Mobilization Allocation and Fiscal Commission established to "review from time to time, the revenue allocation formulae and

principles in operation to ensure conformity with changing realities” embarked on a review of the existing revenue allocation and recommended a new sharing formula:

Federal Government - 41.3%

State Government - 31.0%

Local Government - 10.0%

Special funds - 13.0%

On the horizontal formula for disbursement of funds amongst states and local governments, the Commission recommended thus:

i. Equality - 4.5%

ii. Population - 2.5%

iii. Population density - 2.0%

iv. Internal revenue effort - 8.0%

v. Landmass - 5.0%

vi. Terrain - 5.0%

vii. Rural road, water ways - 1.5%

viii. Portable water - 1.5%

ix. Education - 4.0%

x. Health - 3.0%

The Commission recommended that 60 percent of the Derivation Fund be allocated to the federating states and 40 percent to the Local Government Councils in the oil-producing areas. However, most states especially the Southern states are dissatisfied with the revenue allocation formula. This dissatisfaction has to do with what they observed as over-concentration of federal revenues in the Federal Government.

These states also felt that if they have substantial control over resources found in their areas of jurisdiction, as it was the practice in the First Republic, more revenues would and should be available to them for developmental purposes. Hence, they assert a recourse claim to the court of law for judicial interpretation of the provisions of relevant sections of the constitution. However, the ruling of the Supreme Court made inevitable further adjustments to the above recommendations necessitating a radical change in the revenue allocation formula thus:

Federal Government - 46.43%

State Government - 33.20%

Local Government - 20.73%

Nonetheless, the Federal Government set aside the recommendations of the Revenue Mobilisation and Fiscal Commission (RMAFC) while President Olusegun Obasanjo issued an Executive order pursuant to section 315 of the 1999 constitution pending the approval of a new revenue allocation formula by the National Assembly. The Executive order, as was expected, gives the lion share (i.e. 54.68 percent) to the Federal Government. While the recommendations of the commission on the revenue allocation formula are still awaiting the consideration of the National Assembly, the Executive Branch withdrew the Bill, which embodied them, on the excuse that there were in circulation many versions of the Revenue Allocation Bill.

From the foregoing, a number of comments and observations become imperative. As rightly observed by Suberu (1995:4), the subsequent periodic modifications of these allocative criteria have achieved three things. First, they have effectively legitimized the criteria of demography and equality as the prominent principles of horizontal revenue sharing in Nigeria. Second, the periodic changes in the horizontal revenue sharing system have largely compounded the schemes intensely political and divisive nature.

For instance, in 1990, the Babangida Administration re-introduced, and then assigned a weight of ten percent to the discredited principles of land mass. Ethno-regional opposition to this apparent bias to the North (which with only about half of the nation's population), encompasses some three quarters of the national territory led some southern members of the National Constitutional Conference to propose the inclusion of the countervailing 'political' principle of 'population density' in the horizontal revenue sharing scheme. The primary effect of such regional political maneuvers is to deprive the nation of the development of a coherent revenue sharing scheme that balances 'efficiency' and 'equity' principles of allocation in a politically healthy and economically productive manner. Third, and finally, Nigeria's horizontal revenue sharing policies and reforms give insufficient recognition to such largely non-political principles of allocation as the social development factor and internal revenue generation effort while blatantly ignoring such other technical principles as budgetary obligation, absorptive capacity, fiscal efficiency and fiscal equalizations.

The inter-governmental and ethno-regional tensions and suspicions associated with vertical and horizontal revenue sharing in Nigeria are poignantly underscored by on-going controversies over the sharing of the proceeds of the centrally administered Value Added Tax (VAT). Introduced in January 1994 to replace the unsuccessful state based sales tax, VAT yielded impressive total revenues of 8.6 and 21 billion naira in 1994 and 1995 respectively (Business Times December 12, 1994:16). The VAT proceeds were originally and statutorily designed to be shared, in the order of 80 percent to the states and 20 percent to offset the administrative costs of VAT to the Federal Government (see Daily Times January 17, 1995:51). In January 1995, however, the Federal Government increased its share of VAT proceeds to 50 percent, reduced that of the states to 25 percent and assigned the balance to the localities (Daily

Times, 17th January, 1995:51. Trenchant criticisms of this brazen assault on fiscal federalism led General Abacha to announce the following sharing formula for VAT in February 1996. Forty percent for the states and the Federal Capital Territory (FCT), Abuja, 35 percent to the Federal Government and 25 percent to the localities (The Guardian February 18, 1995:18). Yet, an even more perverse feature of the VAT regime is the Federal Government's distortion, politicization and centralization of the inter-state sharing arrangements with the consequence that the returns to the bigger contributors to VAT (mainly Lagos and other southern states) are almost inversely proportional to their contributions (Daily Times, January 4, 1995 and Nigerian Tribune 9th October, 1995).

The following tables below clearly encapsulated revenue allocation formulae in both pre and post-independence Nigeria. They are self-explanatory.

CHAPTER FOUR

REVENUE ALLOCATION AND POLITICAL STABILITY IN NIGERIA

4.1 Impact and challenges of allocation on different tiers of government in Nigeria.

States vary in their practice of federalism relative to peculiar socio-economic, political, historical geographical factors. Similarly, there are no globally unified federal fiscal relations and policies among federal states, but economic circumstances, political arrangements, structures and compromises of each federal establishment, determine the fiscal and monetary relations among its units of (Suberu, 2004:30-31). It is observed by Oladeji in Ojo (2006:281) that in almost all federal systems, there are challenges of achieving efficient and acceptable pace of growth, resources, control and allocation, especially where there are varied levels of economic development and resource endowment among the components. Added to this is the reluctance to share wealth of those more endowed with those others less endowed. There are also different versions of understanding of how resource is to be generated and allocated in a federation as noted by Ikelegbe (2001) with some favouring central ownership and allocation while others favour vesting it in domicile government. Federalism, a system which Nigeria operates constitutionally for over sixty-three (63) years refers to the arrangement of government with

more than one level of government, each with different taxing powers, expenditures and responsibilities which in Nigeria, consists of three levels (Federal/Central, 36 States and 768 Local Government) of the federation. The history and politics of revenue generation and allocation in Nigerian federalism is categorized into four phases as: the period of 1946-51 with strong federal control of fiscal matters; the period of 1952-66 with fiscal decentralization as the centrally collected revenues was shared between the federal/central and regional governments; the period of military rule 1965-1979 with a remarkable shift of federal revenue collected by federal government to its use i.e. fiscal concentration at the centre and retention of the federal collected revenue by the federal government; and period beginning from the 1980's to date with vertical revenue sharing which is characterised by relentless tension among the levels of the federation on the sharing formula, resource control.

Watts (2013:ixvi & Ivii), has admitted that Nigeria's main problems are oil and politics as the oil resource has made politics and politicians loose in terms of economic discipline, institutional responsibilities and reducing the politics to patron-client relations in the oil rich federation and economy. He further maintained that there arises the critical question on whether oil is a blessing or a curse to Nigeria in view of the economic, political and regional tension generated by the exploration, sale and distribution of the oil, which more about 85% of its total revenue accrues to only about 1% of Nigeria's over 167m people. 'Petro-politics' as lamented by (Marc and Montclos, 2014), has since the 1970s and up to date remained the strength of character and focus of the Nigerian state, economy and elites thus generating more and more controversy and heat on the state, economy and society. It thus manifests in corruption, crisis of development, military interventions among others.

From 1979 to date, the Nigerian federal/central government is constitutionally assigned to not only exercise most and strategic constitutional power, but to also generate and control the juiciest sources of the federation's revenues (solid and liquid minerals, customs and excise). Centralisation of levying and collection of tax coupled with 52.68% statutory allocation of the Federal Government has led to near total dependence on the central government by both the states and local governments all over the federation. On the other hand, the independent revenue sources of States and Local Governments are mostly poor and insignificant in relation to their enormous and increasing functions. However, the allocation of higher revenue to the federal government is adduced to the strategic items under exclusive powers such as defense, communications, military, foreign relations among others which are indeed greater constitutionally allocated responsibilities. It has however been argued that granting too much fiscal power to a particular government in a federation may not help the system for the fact that too much fiscal power may render the other levels of the federation incapable and financially handicapped.

One of the main disabilities associated with Nigerian federalism is how to arrive at popular and equitable revenue sharing and resource control among its parts as there has not been any popular agreement in Nigeria's history of revenue allocation formula and so it has been a recurring theme in the country's federalism and politics and the battle has reached an intensive severity (Oluyede, 1992:43; Amuwo, et al., 1998:213). Two major factors that influence the allocation of functions to the different levels of government in federalism according to Buchanan (1970) are geographic variations of the spill-over effects and economies of scale. He maintained that efficient and or economically rational distribution of constitutional powers among the governmental levels

should be determined by geographic variety of the spillover effects or external benefits from the actions of such government.

Therefore, the central/federal government principally provides public services to the whole country in areas of foreign relations, defense, currency, customs and citizenship while the other levels (states and local governments) concentrate on and provide services that are more appropriate for states and local governments to handle with lowest possible costs respectively.

There are two major factors that determine powers relating to tax in federalism which are: administrative efficiency, i.e. the tax powers be given to a level of the federation best to administer it and at the lowest possible costs; and fiscal independence, i.e. each and every level of the federation should as much as possible exploit and raise adequate resources from the revenue/tax sources assigned to it and also meet up with responsibilities and needs of its subjects.

For every federal set up, two methods of revenue allocation are inescapable as: vertical allocation which is between the centre and other subunits with subjects of mining and mineral rents, import/export duties and other royalties; and horizontal allocation which stems from the variation of revenue generation ability of the units making up the federation while the central government intervenes by injecting funds where the need arises to ensure stability (Ojo, 2010).

4.1.1 RESOURCE CONTROL AND REVENUE ALLOCATION POLITICS

Resource/revenue control and allocation are (especially oil) very critical to Nigeria's federal set up. They have become tools of political and economic power game and everyone/level of government instigate it from a convenient angle as maintained by Akpata (2000:26), who added that most of such controversies, agitations and clamour are mainly selfish as some user control of oil resources and others use the platform of indigene/settler. One of such contentious issues in current Nigeria is the cry against marginalisation by the oil producing

minority groups which they seek to redress through resource control. Furthermore, what complicates the politics and controversy more is that the oil which sustains the Nigerian economy is so far only explored from the minority tribe area and in only one region of the country, the Niger Delta region (Onuoha and Nwanegbo, 2007:140). One obvious fact in Nigeria's politics of resource control and allocation, particularly the derivation principle is that it encompasses radical shift in revenue allocation from the majority region/groups that were hitherto powerful and influential to the minority, powerless groups and states thereby enabling a shift of revenue allocation in favour of the minorities' but oil rich states. Nigeria's dependence on oil is manifested on low rate employed persons; operation of few industries in the economy; and rent-seeking elites and politicians.

4.1.2 Allocation of Revenue among Central and other Component Governments

There has not in Nigeria been any time when a general consensus on a revenue allocation formula has been reached and with the discovery and exploration of oil as observed by Amuwo et al. (1998: 213 & 223), the clamour for and opposition against the derivation principle increased with rapidity. There have also been intergovernmental frictions among all the levels of the federation. According to Azinge and Udombana (2012:163), the restless fleeing pull of political agitation and worrisome wave of violence in all tiers of Nigerian federation, have weakened the centripetal center-seeking agenda and necessitated the clamour for fiscal federalism, sovereign national conference, and new revenue allocation formula thereby occupying Nigeria's public discourse. The process of revenue allocation in Nigeria has been characterized by the establishment of several fiscal commissions on an ad-hoc, permanent, presidential and constitutional basis with varied and circumstantial recommendations and policies in order to arrive at acceptable formula and principles for allocation. Some of the

Commissions included the Philipson (1946), Hicks-Philipson (1951), Chick 1953, Raisman (1958), Binn 1964, Dina (1968), Aboyade (1977), Okigbo (1979) and National Revenue Mobilisation, Allocation and Fiscal Commission (1989) (Ekeh, et al.,1989:60).

It was, according to Onuoha and Nwanegbo (2007: 141) the introduction of the Richards constitution (1949) that first necessitated the establishment of a revenue allocation commission as it introduced regionalism in Nigeria with the aim of promoting unity, greater participation in public affairs and adequate provision of services to the public. The 1951 Hicks Phillipson Commission worked based on three principles of Derivation, Population and Special Grant which was relatively balanced for the three regions, although all the regions worked towards the favour on the principles of which each had an acceptable ground in a region: West – Derivation principle; North – Population principle; and East – Special Grant principle. Vertical revenue sharing, which is allocation of the federation’s account money among the federal, states and local governments and horizontal sharing of the revenue among states and the local governments have respective contentious issues and attendant politics, especially over the allocation formula and the main principles that are considered as the allocations vary from and among the states and local governments respectively.

In all federations as stated by Onuoha and Nwanegbo (2007: 136), there is resource sharing among the levels of government and variations in the capacity of the various levels of government, which relate to the nature of functions and revenue resources of the respective levels of the federation. When an imbalance occurs between revenues and responsibilities, it becomes the duty of the higher level of government at the centre to make up such an imbalance through transfer of financial resources known as deficit transfer/balancing; this is followed by stimulation, incentive or promotional transfers made by the centre to the lower levels for certain

and specific purposes. Under programmatic redistribution, the government in power takes into consideration the political realities, economic principles and factors in the process of distributing national resources among the components of the federation. The government does not, therefore, directly decide what resources to allocate but uses a parameter in the allocation process (Sòle-Òlle, 2008).

In the Tactical redistribution/allocation of federal resources, government distribution of the resources is influenced by its desire to maintain power and so resources are distributed with the objective of getting hold of and consolidation of political and voting powers (popularity). Here resources are often allocated to less endowed areas where at the same time, the government has less support all in order to win support and secure political future. The Regional governments of the First Republic were almost fiscally self-dependent from 1954-66. They were thus fiscally powerful viz a viz the federal government and in reality, as the central/federal government played limited roles compared to the regional governments (Amuwo, et al., 1998:251). The allocation formula of revenue among governments in Nigeria included 60%: 30%: 10% (1977); 53%: 35%: 10% (1985); 48.5%: 24%: 7.5% (1997) which reflected federal hegemony over the other levels of the federation (Amuwo, et al., 1998:268).

Similarly, in 1989, the federal government agreed to a formula for the central government -50%, states - 30%, local governments - 15% and special funds - 5%. This was together with allocation principles among the states as: equality - 40%, population - 30%, land mass - 10%, social development - 10% and internal revenue effort - 10% (Onuoha and Nwanegbo, 2007:146). It is noteworthy that at those respective times, the federal government had taken 55% (1981), 50% (1990) and 48.5% (1992).

A new sharing formula through Modification Order Act In July, 2002 provided for revenue sharing as Federal Government – 54.68% (FG 48.5%, FCT 1%, Derivation and Ecology 1.46%, Stabilisation Fund 0.72% and Minerals Development 3%); States 24.72; and Local Governments 20.60%. The Act was further modified under the Obasanjo regime in 2004 which brought the current sharing formula of Federal Government 52.68% (FG 48.5%, FCT 1%, Derivation and Ecology 1%, Stabilisation 0.50% and Natural Resources Development 1.68%); States Governments 26.72 (Equality 40%, Population 30%, land Mass and Terrain 10%, Social Development 10% and Internal Revenue Generation 10%) and Local Governments 20.60% (see also Suberu in Loughlin, et al., 2013:420).

This makes the central (federal) government to have more control of the resources allocated as many have lamented that the Nigerian state represented by the federal (central) government has over the years managed the national wealth and resources with a firm hold of both the revenue and resources (Watts in Loughlin et al. 2013:31; Lubeck and Michael, 2007). The oil producing states (Abia, Akwa Ibom, Bayelsa, Cross-Rivers, Delta, Imo, Ondo and Rivers) also enjoy 13% as derivation in addition to their respective shares from the 26.72%.

4.2 How revenue allocation has defined political stability in Nigeria

The Revenue Mobilisation, Allocation and Fiscal Commission is established by the 1999 Constitution of Nigeria (Section 153 sub-section [1n]) which also empowers it to determine the remuneration of political office holders across the federation, monitor revenue generation and distribution from the federation account; review the principles allocation principles and formula to meet changing circumstances; give advice to federal and states governments on revenue generation and allocation, monetary and fiscal policies; and undertake any other assignment as may be directed by the Nigerian National Assembly.

The constitutional role of the National Assembly regarding revenue allocation is hinged on provisions of Section 80, 81 and Third Schedule, Part I (32 [b]) of the 1999 Constitution of Nigeria. But these functions may be too complex for the National Assembly to carry out as observed by Ekeh et al (1989:65). This is in view of the intricacies associated with and involved in revenue allocation matters. Similarly, the earlier 1963 Constitution of the Federal Republic of Nigeria (Section 136) established the 'Distributable Pool Account' while the 1979, 1989 and 1999 Constitutions all established Consolidated Revenue Fund and Federation Account under Sections (74, 78, 120, 160) respectively. The 1963 Republican Constitution made elaborate provisions for payment of a certain percentage of revenue to each region in respect of different items as excise, import and export duties, rents and royalties (Section 136 of the 1963 Constitution of the Federal Republic of Nigeria. While the 1979, 1989 and 1999 Constitution (Second Schedule, Part I [34, 39]) provided that all mines and minerals, including oil fields, oil mining, geological surveys and natural gas fall under Exclusive Powers. The 1979 and 1989 Constitutions also provided in Sections 78, 80 (1 & 2) and 120 of the 1999 Constitutions which established the Consolidated Revenue Fund for the federation and states and that all revenues or any other money whether received or raised must be paid into this fund. The 1989 Constitution instead of the 'Joint/States Local governments Joint Account' created 'Local Governments Account' for the funds allocated for joint purposes (Section 160 [5] of the 1989 Constitution of Nigeria). According to Section 162 (1) of the 1999 Constitution of Nigeria, the federation (Nigeria) shall maintain an account (the federation account) and all revenues to be collected by the federal government of Nigeria are to be paid into the same account except personal income taxes of the Armed Forces, Ministry of Foreign Affairs, and residents of Abuja, the Federal Capital Territory. There is also the provision for the establishment of a Joint Account (sub-

section 6 of Section 162) for each of the 36 states and their local governments referred to as the ‘States Local Governments Joint Account’.

The nature and conditions of financial relations in any federal system are crucial to the stability and prosperity of such a system. There have been various principles over the period of time in Nigeria’s political and economic history on horizontal allocation of revenue among the three and later four regions; 12, 19, 21, 30 and 36 states as well as the local governments now 768 across the federation. Virtually all the principles of this horizontal allocation are in themselves deficient and controversial among the benefactors (states and local governments) as observed by the Abovade Commission (1979:23-8) cited in (Amuwo, et al., 1998:234).

The principle of derivation has been reduced several times ever since the discovery and exploitation of oil, neglect of agriculture and solid minerals. The principle of derivation in Nigeria had kept dropping from 100% to 50% in the early 1960’s, 45% in the 1970, 25% in 1977, 5% in 1981 and 3.5% in 1984. It, however, began to rise under the General Babangida military regime in 1992 up to the current 13%. The derivation principle/formula under the 1963 constitution of Nigeria with fiscal federalism in which the then federating regions owned, controlled and developed the natural resources endowed in their respective regions and thereby remitting an agreed percentage of their respective revenues to the federal/central government as tax for the maintenance of common and essential services for defense, foreign affairs, customs, foreign relations among others. The allocation principles currently used include: Population, Land Terrain, Internal Revenue Generation, Land Mass, Population Density and Derivation of not less than 13% of the total revenue accruing from any natural resource (Section 162 [2] of the 1999 Constitution of Nigeria). Nigerian revenue allocation processes have been very disputing with sometimes courts cases as for example, in 2002, the Supreme Court ruled that ‘Special

Funds' reserved from the Federation Account for special purposes was unconstitutional and similarly ordered the addition of that special funds 7.5% to the federal government's share thereby increasing it to 56% from 48.5%, after ruling in a case of Attorney General of the Federation vs. Attorney General of Abia State and others (Nwabueze, 2007:219).

4.2.1 Revenue Allocation, Resource Control and Nigerian Unity

The success of a federal system is largely determined by ability to establish and maintain viable and popular resource control and allocation system among component units. At the same time, efficiency in the use of scarce resources is encouraged while inequality in the treatment of individuals among different levels of government is reduced. There are practically several problems facing the processes of resource control, generation and allocation, monetary and fiscal policies in Nigeria which also hamper on Nigerian unity. It is observed that three critical subjects surround resource control in oil dependent Nigeria as: unacceptable formula for distribution, equity and fairness in the resource allocation and on/off shore dichotomy (Oladeji in Ojo, 2006:291).

Revenue allocation has a very great potential for conflicts, especially between rich and poor regions or states in Nigeria and is a matter that generates controversy in the federal and states' method of revenue allocation (Amuwo et al, 1998:247 & Oluyede, 1992:43). These problems have also cumulatively tied down the progress and prosperity of the Nigerian federal system which also prompted calls and agitations for other alternatives such as fiscal federalism as operated from the mid 1950's to mid-1960's. They have also trickled down to and manifested in a more compounding manner.

The problem of revenue allocation in Nigeria empirically involves unequal distribution of resources between the levels of government, determining what percentages go to the various

principles for the allocation and which takes what share among the levels (federal, states and local governments). There is also disagreement over the principles of horizontal and vertical sharing; lack of definite and standard monetary/fiscal policies in the country has for long hindered the effective exploitation and harnessing of the nation's human and material potentialities. There are, therefore, excessive politics over sharing/distribution on the vertical and horizontal allocation of the revenue between and among federal, states and local governments. On the other hand, there are corruption and diversions of the substantial revenue accruing to all the three levels of government, which has marred the potentiality of generation and proper utilisation of the resources. Corruption in, for example, the oil industry with conglomerate oil bunkering, calculated vandalism of pipelines, non-remittance of oil sales and other generated revenues are on the high. There is also excessive politics in the operations of the oil industry and other hefty tax generating agencies. For long, other sectors of the Nigerian economy have been neglected and over dependence on oil export which also led to the inadequacy of the generated and allocated revenue. With over 75% of the revenue accruing from exportation and sale of crude oil, there occurs frequent disagreement among the components of the federation over revenue sharing. At the same time, almost all the units of the Nigerian federation rely on the federation account for about 90% of their total income with very low internal revenue generating capacities (Onuoha and Nwanegbo, 2007: 140).

This is sometimes also linked to non-availability/shortage of statistical figures and accurate data on the most comprehensive sources of and revenue accruing to the levels of government. These problems compound the politics of revenue generation; allocation and resource control while and at the same time negatively affect the prosperity of the federal system and indirectly Nigeria's unity, peace, progress and development. One of the major issues

associated with the politics of revenue allocation and hit by corruption in Nigeria is that of Ecological Fund management. While many Nigerians are not aware of the constitutional provision and availability of such a funding from the federation account, it has become a conduit pipe for politicians and specifically states governors to yearn for the funds from the federation and then squander at their pleasure. Ironically, the squander is much more intense and damaging in states worst hit by such ecological problems.

The Ecological Fund was established in 1981 as one of the major recommendations made by the Okigbo Commission on revenue allocation in Nigeria. The essence of its establishment was specially an intervention to address the multitude and varying ecological problems and challenges faced by the states across the federation. The Act, which established the Ecological Fund was, however, modified in three times through: the Decrees No. 36 (1984), No. 106 (1992, and the Revenue/Federation Account Modification Order (2002). On a precise note, Nigeria and particularly, the solid minerals and agriculturally endowed states are blinded by the discovery and availability of oil, thus becoming a resource curse to Nigerian state and the economy, as noted by Ross (2012) and Guyer (1992). Oil is making Nigerians to relegate every other sector, including agriculture and solid minerals which are more promising and stable than oil (Akinwumi, 2004:116-135). This dependence on oil largely fuels the north-south acrimony, revenue generation and allocation politics and controversy as well as a threat to Nigeria's corporate existence. For resources control controversy to be fully addressed, there must be diversification from only one to others more promising sectors such as agriculture and solid minerals. Not only are resource control and revenue allocation tied to oil, politics and controversy, but even the search and exploration of oil apart from that of the Niger-Delta region and especially in the north involves politics and economy and is highly manipulated for political

and other ends. The three levels of the Nigerian federation (federal/central, states and local), elites and politicians are more concerned with competition over lion's and or chunky shares from the national oil money.

Overall, unlike Nigeria, other states consider oil as an unsecured and misleading economic resource without a definite future, thus its reference to as 'resource curse, devil's excrement' and or 'resource of the Dutch Disease' (see also Watts, 2013:Ixiv).

4.2.3 Fiscal/True Federalism, Resource Control and Allocation

Fiscal federalism put simply, is the distribution of governmental functions/powers as well as finances among the different levels of government. It involves transferring and allocation of funds most often from central government to the component levels of the federation. Onuoha and Nwanegbo (2007:175-6) have identified three main components of a fiscal federalism as: assigning functions or expenditure; resource allocation/revenue assignment; and resource transfer among the levels in order to close any gaps. The major rationales for fiscal federalism are overcoming difficulty in meeting the various and competing needs of the people, the need to shift down the burden to levels closer to the public, better delivery of efficient services and the need to build local capacities, correct vertical fiscal imbalance and ensure judicious resource allocation. Ewetan (2015:3), also described fiscal federalism as distribution of schedules of duties and financial powers among units of the federation. He also admitted that achieving fiscal federalism in Nigeria is a no small exercise because of the countries heterogeneous composition, economic imbalances, oil and resource control, allocation politics and contentions. Return to fiscal federalism as currently being advocated by some Nigerians is seen as a viable and lasting solution to the incessant problems of revenue allocation and resource control. For example, the Presidential Committee on the Review of 1999 Constitution (2001:8), has noted that neglecting

the principles of true federalism was the major factor responsible for the ferocious political struggle that drew military in Nigerian politics. For Nigeria to achieve fiscal federalism and enjoy solidity in resource control and allocation there has to be decentralisation in federation's finances, political and administrative apparatus (Yusoff, et al., 2016:58-61). However, fiscal federalism has remained litigious in Nigeria because it is enveloped by fear, apprehension, controversy, political maneuver among the regions, yearn for greater independence within Nigerian state, issues of tax collection and retention and greater financial autonomy as asserted by (Chijioke, et al., 2012).

4.3 Extent to which the statutory allocation formula adopted in the past has affected the path of economic growth and development in Nigeria.

Revenue Allocation in Nigeria Revenues that flow into the federation account can be classified into oil and nonoil revenue. Under the oil revenue, we have: oil pipeline license fees; royalty on extraction of oil; rent of oil well and grounds; sale of petroleum and gas; penalty for gas flaring. The non-oil revenue includes: personal income tax; companies income tax; capital gains tax; withholding tax and all four forms of indirect taxes [ATSWA, 2009]. The statutory revenue allocation formula is the recognized and acceptable yardstick by which all revenue accruing to the federation account is to be distributed among the federal, state and local government councils and any other beneficiary as may be specified by law. This varies from time to time based on the terms and procedures as may be prescribed by law [ATSWA, 2009]. There are two major types of revenue allocation formulas in Nigeria. The two are basic, the vertical allocation and horizontal allocation [Micaiah, 2015]. Vertical allocation formula (VAF). Vertical allocation refers to the sharing of the federation's revenue among the three tiers of government that make up the federation. Through vertical allocation method, the allocation that goes to the

federal, state and local government is determined. VAF shows the percentage allocation to the three tiers of government. This formula is applied vertically to the total volume of disburseable revenue in the Federation account at a particular point in time. Horizontal allocation formula (HAF). Horizontal allocation provides a platform for sharing revenue among states and how the states distribute the revenue among the various local governments, communities and towns within the states. The formula is applicable to states and local governments only [Micaiah, 2015]. According to Bashir (2008), it is possible to conclude that horizontal allocation formula is for intra-tier sharing amongst the 36 states and the 774 local governments in Nigeria.

4.3.1 Revenue Allocation Principles

At this juncture, it is expedient to review the underlying principles of revenue allocation in Nigeria. Although, Nnamocha (2002) has asked: at what stage in the revenue allocation system is a principle used or asked for and why? These are questions and issues begging for an answer. However, the following principles have been identified by [Nnamocha, 2002; Ihe & Umeaka, 2006]:

1. Tax effort. By giving more allocations to states that make more effort to collect taxes due to them, this principle is thus used to motivate states to exploit their tax potential and capacities.
2. Population. This principle allows allocation of more resources to states/LGAs that are heavily populated than others. The argument here is that states with high population will also be enriched with human and natural resources and so deserves less allocation [Odigwe & Aibieyi, 2015].
3. Even development. To ensure even development and uniform progress, poorer states are given more revenue. This helps to spread economic growth and development. The principle also helps to reduce inequalities and imbalances.

4. Derivation. This principle states that regions/states that produce higher revenue to the federal government should receive a commensurate allocation. That is, the allocation of resources to them should be higher too. It was first recommended by the various revenue allocation commissions set up in the past. Orluwene (2008) has also suggested that revenue sharing should be principally based on derivation. This basis will prompt all states to go back to their roots. That is, agricultural and cash crops growing for export. Then the dependence on oil revenue will be curtailed.

5. National interest. Allocation should be based on things that are of high social importance such as education and security which unite the country.

6. Equality of states. The principle advocates sharing of revenue equally among states despite the economic endowments in each state of the federation. This is because each state is expected and required to carry out certain level of responsibilities.

7. Principle of need. The level of need of every state should determine the revenue allocation to the state. This is supported by the recommendation of Hicks-Phillipson Commission (1951) and Raisman Commission (1957). For instance, some newly created states require more funds than the existing ones. This has been argued by Odigwe and Aibieyi (2015). Their reason is that no particular state has the most crucial need and so the principle of need is not beneficial if it is not based on population census.

8. Equality of access to development opportunities. This principle believes that allocation of revenue should be more in favour of those that are below certain level of development. This will enable them have to equal access to development and growth.

9. Independent revenue effort. This principle stresses on more allocation to states that are able to collect revenues due to them.

10. Continuity of government action. Subsequent revenue allocation is not expected to fall below the previous allocation. This is why revenue should be shared in such a manner that the central government will not have the problem of given less than the previous allocation.

11. Absorptive capacity. Revenue allocation is based on the ability of the states to make proper use of the revenue allocated to them. States that are economically advanced will not find it difficult to properly absorb any increase in revenue without wastages or fraud.

12. Land Area. The proportion of land occupied by the states also determines the revenue allocation. This principle does not make any economic impact especially in those areas that have Sahara deserts, where nobody lives. Most states like Lagos and Rivers State are heavily populated and should not be assessed by this principle, but rather the population due to migration of people from the rural area to the urban cities in search of jobs.

13. Principle of school enrolment. The principle suggests that the number of pupils in school in the state/LGA should be considered in resource allocation. This principle also has some issues, although education is a vital part of economic development. However, there are places where people refuse to be enrolled in schools, but prefer commercial trading, animal rearing and other forms of craft. In that case, school enrolment basis will not be fair to them.

14. Pupil of school age not in school. This principle stipulates that higher allocation should be given to the states with more pupils of school age that are not in school so as to enable such state/LGA to send them to school.

15. National minimum standard. Revenue allocation should be done with the primary aim of maintaining national minimum standard in all the states in the federation of Nigeria. This principle is in line with the recommendation of Dina Commission (1969). States that do not have

certain levels of education and perhaps health services are to be allocated more revenue to meet up with the national minimum standard.

4.3.2 Revenue Allocation Commissions/Committees in Nigeria

There are recommendations and efforts from various revenue allocation commissions/committees established in Nigeria in the past and present to harmonize allocation issues, yet the fight for resource control is still not resolved.

1. Phillipson Commission (1946). This commission recommended the use of derivation and even development as criteria for the distribution of revenue. By derivation, the commission means each unit of government would receive from the central budget the same portion it has.
2. Hicks-Phillipson Commission (1951). This commission recommended need, derivation, independent revenue or fiscal autonomy and national interests as the criteria for revenue sharing.
3. Chicks commission (1953). The commission recommended derivation.
4. Raisman Commission (1957). It recommended need, balanced development and minimum responsibility. Percentage division of 40% to the north, 31% to the east, 24% to the west and 5% to Southern Cameroon.
5. The Binns Commission (1964). This commission rejected the principles of need and derivation. In their place, it proposed regional financial comparability and percentage division of 42% to the north, 30% to the east, 20% to the west and 80% to the mid-west.
6. Dina Commission (1969). It recommended national minimum standards, balanced development in the allocation of the state's joint account and basic need.
7. Aboyade Technical Committee (1977). The committee recommended revenue sharing among the three tiers of government in the following order: Federal (53%), States (30%), Local Governments (10%) and Special Fund (7%). The committee also recommended the sharing

among states to be based on the following principles: national minimum standard for national integration (22%), equality of access to development opportunities (25%), absorption capacity (20%), fiscal efficiency (15%) and independent revenue effort (18%).

8. Okigbo Committee (1980). This committee suggested that the revenue sharing percentages for the three tiers of government should be as follows: Federal (53%), States (30%), Local Governments (10%) and Special Fund (7%). Percentages to the state are based on the following principles: population (4%), equality (4%), social development (15%) and internal revenue effort (5%).

9. Danjuma Commission (1988). The commission recommended percentages be as follows: Federal (50%), States (30%), Local Government (15%) and (5%) for Special Fund.

10. RMAFC (1989). The establishment of Revenue Mobilization Allocation and Fiscal Commission was the way the federal government tried to resolve all revenue allocation issues. RMAFC is empowered by the Constitution to disburse revenue from the federation account, review the allocation formula as need arises, act on advisory capacity to the federal, state and local governments on how to generate and efficiently utilize revenue, determine suitable remuneration for political office holders and also perform other functions that may be required by law from the commission [Arowolo, 2011].

4.3.3 Per Capita Income

Olaoye and Adedeji (2017) described per capita income as the amount of money earned per person in a country. It measures the standard of living and quality of life of an individual person in a country. Per capita income is the total national income (GDP) divided by the number of people in the nation [Farlex, 2018]. It measures the income earned per person in a given area (city, region, county, etc.) in a specified year. It is calculated for a country by dividing the

country's total national income (GDP) by its total population. It includes children and non-working population which serves as an indicator of a country's living standards (Business Dictionary, 2017). According to World Bank (2017) Per Capita, GDP is gross domestic product divided by midyear population (that is population as of 1 July for the same year). It means GDP per person. It is an important indicator of economic performance and shows the average living standard and economic wellbeing of a country [Focus Economics, 2017]. A rise in per capita GDP signals growth in the economy and tends to reflect an increase in productivity. A higher per capita GDP is equal to a higher standard of living [Investopedia, 2017]. Gross National Income (GNI) per capita is a GNI divided by midyear population. GNI is the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad [World Bank, 2017]. Therefore, it is believed that economic growth of a nation should be truly reflected in the increase in per capita income of individual persons in the country [Olaoye and Adedeji, 2017].

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter present the summary, conclusion and recommendations of the study based on the results of the findings.

5.1 Summary

This study titled “effect of revenue allocation on political stability in Nigeria for the period of five years (2016-2020)” was structured into five chapters to effectively carry out this research. The study raised three objectives that guided the study. Based on these objectives, research questions were formulated. The significance of the study was highlighted, and scope and the methodology were also discussed. Chapter two reviewed literature related to the research topic. The review critically examined and analyzed the views of some psychologists, and other concerned scholars on the concepts. The theoretical framework was the Human Capital Theory. In chapter three the history of revenue allocation in Nigeria was discussed, this chapter revealed the history of policy and empirical formula for revenue allocation in Nigeria. Chapter four

focuses on the relationship and impact of revenue allocation policy and formula on political stability in Nigeria.

5.2 Conclusion

Revenue allocation in Nigeria both in the pre-independence era and the post-independence era has been fraught with controversies. The federal, state and local governments want a sizeable share of the federation account. All the revenue allocation formulae have been geared towards the favor of the federal government, given that they have the highest share of the federation account. However, states and local government have been agitating for higher revenue shares of the federation account.

In this study, an empirical study was also carried out to determine the relationship between revenue allocation and political stability in Nigeria as it has been obtained that revenue allocation partially affects economic growth in the country. Other variables affecting economic growth such as inflation and lending interest rate as used in the model are said to contribute positively to economic growth hence encouraging investment in capital projects.

It is therefore evident that if revenue allocation to the federating units in the country is optimal and used efficiently for development and investment purposes, the country's economic growth will improve over time and sustained development will be achieved in Nigeria.

5.3 Recommendations

Based on the finding, the following recommendations were made:

1. The current revenue allocation formula should be reviewed and each tier of government should be allocated revenue according to functions they perform. This is to ensure that the levels of government are able to carry out expenditure functions within their jurisdiction and ultimately improve the economic growth in the country. It is however

recommended that the state and local government be given a higher share of the revenue given that they are seen to be closer than the citizens in terms of the basic needs needed by the citizens and most of Nigerians live in the rural areas where amenities are lacking.

2. Transparency, accountability, and efficiency on the part of all the levels of government should be enshrined to ensure that revenue allocated to specific projects are utilized appropriately, that way preventing the abandonment of projects when a new government emerges. This is with much emphasis to the federal government so as to correct the anomaly between revenue allocation to the federal government and real GDP.
3. The dependence of the local government on the states and federal government allocation has led to its inability to positively affect the economic growth in the country. This was confirmed by the empirical evidence from the results obtained. Hence the local government alongside the state government should be given autonomy and efforts should be made to boost the internal revenue accruing to the local and state governments.
4. The study also recommends that the machinery for revenue generation should be improved upon for efficiency and effectiveness to invigorate national development that trickles down to the masses.

References

Book – one author

Amuwo K, Agbale A., Suberu R, Herault G. (2008). Federalism and political restructuring in Nigeria. Ibadan: Spectrum Books.

Book – one author

Ofuebe, C. (2005). Scramble for Nigeria; Essay on Administrative and Political Engineering, Enugu: New Generation Books.

Book – one author

Ugoh, S. C. (2011). *Understanding Inter-governmental Relations in Nigeria*. Lagos: Iroanusi Publications.

Serial / journal article – One Author

Abeyasinghe, R. (2014). Democracy, Political Stability and developing country Growth: Theory and Evidence. Illinois Wesleyan University. Honours Projects. Paper 17.

Serial / journal article – One Author

Ekpo, H. A. (2004). Intergovernmental Relations and Fiscal Federalism in Nigeria, UNO conference Paper, New York: June 8-12

Serial / journal article – One Author

Nwankwo E. (2008). The Politics of revenue allocation and resource control in Nigeria: Implications of federal stability Federal Government; 7(1), 4-5.

Serial / journal article – One Author

Oyediran, C. O. (2009). Review of Revenue Generation in Nigeria Local Government. A case Study of Ekiti State. *International Business Management*, 3(3), 54 on internet.

Serial / journal article – more than one author (print)

Agya, A. A., Ibrahim, Y. M. & Emmanuel, E. (2015). Internal Revenue Generation in the Taraba State, Nigeria: Problems and Prospects. *International Journal of Economics, Commerce and Management*. 3(2), 1-13.

Serial / journal article – more than one author (print)

Ahmed, M. Uddin, G., & Pulok, M. H. (2013). The Role of Political Stability on Economic Performance: The Case of Bangladesh. *Journal of Economic Cooperation and Development*. Vol. 34 No. 3: pp 61-100.

Chapter in an edited Book

Federal Republic of Nigeria (1979). *Constitution of Nigeria*: Lagos: Ministry of Information.

Chapter in an edited Book

Loughlin J. (2013). Reconfiguring the nation-state. In Loughlin J, Kincaid J, Swenden J (eds). *Routledge Handbook of Regionalism and Federalism*. Oxon: Routledge; 318-415

Book – one author

Adedeji A. *Nigerian federal finance*. London: Hutchinson, 1969.

Book – one author

Akinwumi O. *Crises and conflicts in Nigeria: a political history since 1960*. London: Transaction, 2004.

Book – one author

Akpata T. *In pursuit of nationhood: Selected writings on politics in Nigeria*. Lagos: Malt ho-use Press Limited, 2000.

Book – more than one author (print)

Amuwo K, Agbale A, Suberu R, Herault G. *Federalism and political restructuring in Nigeria*. Ibadan: Spectrum Books, 1998.

Book – one author

Azaiki S. *Inequalities in Nigerian politics*. Ibadan – Nigeria: Y Books, 2007.

Book – one author

Buchanan JM. *The public finance*. Illinois: Irwin Incorporated, 1970.

Book – one author

Constitution of the federal republic of Nigeria. Lagos: Government Printer, 1963.

Book – one author

Constitution of the federal republic of Nigeria. Lagos: Government Printer, 1979. [12]
Constitution of the federal republic of Nigeria. Lagos: Government Printer, 1989.

Book – one author

Malemi E. The Nigerian constitutional law. Lagos: Princeton Publishing Company, 2010.

Chapter in an edited Book

Ojo E. O. (ed). Challenges of sustainable democracy in Nigeria. Ibadan, Nigeria: John Archers (Publishers) Limited, 2006.

Book – one author

Oluyede PAO. Constitutional law in Nigeria. Ibadan: Evans Brothers Publishers, 1998.

Book – one author

Onuoha J, Nwanegbo CJ. Theory and practice of intergovernmental Relations in Nigeria. Enugu, Nigeria: Quintagon Publishers, 2007.

Serial / journal article – One Author

Babalola D. The efficacy of federalism in a multi-ethnic state: the Nigerian experience. J. Pan Afr. Stud. 2015; 8(2): 74-92.

Serial / journal article – One Author

Filippov M. Riker and federalism. Const. Pol. Econ. 2005; 16.

Serial / journal article – One Author

Guyer J. Representation without taxation: an essay on democracy in rural Nigeria, 1952-1990'. Afr. Stud. Rev. 1992; 35(1): 41-79.

Serial / journal article – One Author

Ikelegbe A. Civil Society, Oil and Conflict in Niger Delta Region of Nigeria: Ramification of Civil Society for Regional Resource Struggle. J. Modern Afr. Stud. 2001; 39 (3): 437-469.

Serial / journal article – One Author

Loughlin J. Reconfiguring the nation-state. In Loughlin J, Kincaid J, Swenden J (eds). Routledge Handbook of Regionalism and Federalism. Oxon: Routledge, 2013; 318-415.

Serial / journal article – One Author

Marc-Antoine Pérouse de Montclos. The politics and crisis of the Petroleum Industry Bill in Nigeria. The J. Modern Afr. Stud. 2014; 52: 403-424.

Book – one author

Nwabueze B. The Judiciary as the third estate of the realm. Ibadan: Gold Press Limited, 2007.

Serial / journal article – One Author

Ojo E. The Politics of revenue allocation and resource control in Nigeria: Implications of federal stability. Fed. Gov. 2010; 7(1): 4-5.

Book – one author

Oyedeji B. Managing Nigeria without oil. Int. J. Innov. Legal & Pol. Stud. 2016; 4(3): 1-16.

Serial / journal article – One Author

Watts RL. Typologies of federalism. In Loughlin J, Kincaid J, Swenden W (eds). Routledge handbook of regionalism and federalism, 2013; 19-33.

Serial / journal article – more than one author (print)

Azinge E, Udombana N. Drafting legislation in Nigeria: Constitutional imperatives. Lagos: Nigeria Institute of Advanced Legal Studies, 2012.

Serial / journal article – more than one author (print)

Chijioke SU, Innocent EO, Emeh IEJ. Issues in Nigerian fiscal federalism; the relationship between the principle of derivation and resource control. Kuwait Chapter of Arab. J. Bus. and Manage. Rev. 2012; 1(5): 78-91.

Serial / journal article – more than one author (print)

Ekeh P, Dele-Cole P, Olusanya GO. Nigeria since independence: The first 25 years – politics and constitutions. Ibadan: Heinemann Educational Books, 1989.

Serial / journal article – more than one author (print)

Ewetan OO, Ese U. Insecurity and socio-economic development in Nigeria. J. Sustain. Devt. Stud. 2015; 5(1): 40-63.

Serial / journal article – more than one author (print)

Lubeck P, Michael J. Convergent interest: United States energy security and the securing of Nigerian democracy. International Policy Report, Center for International Policy, Washington, 2007.

Serial / journal article – One Author

Report of the presidential committee on the review of the 1999 constitution of the federal republic of Nigeria (Amendment Bill, 2001). Abuja: Federal Ministry of Information and National Orientation, Vol. I & II. February, 2001.

Serial / journal article – One Author

Ross M. Does oil hinder democracy? World pol., 2001; 53.

Serial / journal article – One Author

Ross M. Nigeria's oil sector and the poor. Report for the UK Department for International Development (DFID), 2003.

Serial / journal article – One Author

Saylor R. Ethnic Entrepreneurs and Movements for New Administrative Units: Lessons from Nigeria. *Publius: The Journal of Federalism*, 2016; 16.

Serial / journal article – One Author

Shafer M. *Winners and losers: How sectors shape the developmental prospects of states*. Ithaca & London: Cornell University Press, 1994.

Serial / journal article – One Author

Suberu RT. A centralising federation. In Loughlin J, Kincaid J, Swenden W. *Routledge handbook of regionalism and federalism*. (eds). Oxon: Routledge, 2013; 415-427.