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ABSTRACT
This study evaluated fiscal relations among the tiers of Government in Nigeria, periscoping the performance of the local government system with a view to identifying the areas of deficit. Survey research method was adopted. Data collected through questionnaire were analyzed using simple percentage. Hypotheses were tested using chi-square parametric statistics. The results of this study showed that there is a relationship between the problem of revenue allocation in Nigeria and the agitation of balanced fiscal federalism. It recommended that 1999 constitution of Nigeria should be amended to ensure proper fiscal federalism in Nigeria. And effort should be made to ensure that all tiers of government adhere to fiscal transparency, accountability and constitutional provisions on fiscal relations. It concluded that the principles of fiscal federalism are observed more in violation than in implementation in Nigeria federal fiscal practice.

KEYWORDS: Transparency, fiscal federalism, Local Government, Constitution

1. INTRODUCTION

In any federal system, an important aspect of interrelationship between the centre and the sub-units is finance. In most federal systems there are usually three levels of government: federal, state and local governments. Although the constitution in most cases stipulates the functions of each tier of government, and areas which they can exert influence, there is still every tendency that the rights of the lower tiers of government, and most especially the local government, are crushed upon by the central, as well as the state, government (Ejikeme, 2012). For instance, part 1 of the second schedule of the Nigeria constitution; provide an exclusive legislative list with 68 articles upon which only the federal government reserve legislative power to make laws for the peace, order and good governance. While, part 2 provides 30 items upon which both the federal and the state have concurrent legislative powers, but in an event of inconsistency the federal law supersedes. The state law is ignored and all items don’t mention in either the exclusive or the concurrent lists are reserved for state and local government to legislate on (FGN, 1999).

The rationale behind the above separation is to achieve sound public sector management; through fiscal decentralization and efficient resource allocation. This is because equitable distribution of national wealth in a complex and diverse state like Nigeria requires fiscal decentralization as a pre-requisite for boosting grassroots participation and ensuring adequate representation in governance. However, after five decades of political independence, Nigeria is still tinkering here and there in search of an efficient structure, which can guarantee grassroots participation and fair representation in governance (Rohana, Madu, & Abbo, 2014). The fiscal arrangement among the different tiers of government in a federal structure contends is often referred to as fiscal federalism; in other types of political structure it is known as inter-tier or intergovernmental fiscal relations (Chukwuemeka, & Amobi, 2011). According to Ejikeme, (2012) fiscal federalism does involve how the resources of a given state are equitably allocated and how the powers and functions of each tier of government are shared.

The term fiscal federalism itself is rooted in a political arrangement called federalism. Fiscal federalism refers to the financial relationships among existing tiers of government. In other types of political structure, it is known as intergovernmental fiscal relations. Sometimes, both terms are used interchangeably. Specifically, it is the system of
transfers or grants by which the federal government shares its revenues with states and local government. It implies the
disposition of tax powers, retention of revenue and method adopted in sharing centrally collected revenue in accordance
with the constitutional responsibilities of all the levels of government. It also covers the principles and formula of
sharing the centrally collected revenue among the individual states and local governments. This system is what is
generally referred to as revenue allocation which is a mechanism used to address the fiscal imbalances which emerge in
the process of economic development (Ejeh, & Orokpo, 2014). Fiscal control has become a problematic issue in
intergovernmental fiscal relations in Nigeria. The higher tiers of government have excessive control on the finance of the
lower tier of government – that is, the local governments. In Nigeria, most state governments usually tend to control the
funds of local governments with led to poor relationship between the three tiers of government.

Fiscal federalism conflict between the three tiers of government in Nigeria do not started in the year 2000 but this
study cover only the period 2000 - 2017. It is dates back to 1946 when the Richards constitution was introduced. Over
the years, fiscal commissions were appointed to work out fiscal and financial arrangements that were consistent with
assignment of powers and responsibilities to each level of government. The idea was that each level of government
should have adequate funds to effectively and efficiently discharge its responsibilities. Suffice it say that Ogbuisi (2007)
argues that the problem of constant state intervention in the local government funding had a constitutional basis.
According to the 1999 constitution of the federal republic of Nigeria, section 162 (5), it is stated that ‘...Any amount
standing to the credit of the local government councils in the federation account shall be allocated to the states for the
benefit of their local government councils in such terms and in such manners as may be prescribed by the state house of
assembly...’Likewise, section 7(1) of the 1999 constitution holds that’...the finance, composition, functions, and
structure of the local government in the federation is to be determined by the prescriptions of the state house of
assembly...’ This simply implies that the Nigerian local governments have no power on their own to determine how their
affairs are run. It is observed that the funds which the state governments were supposed to share among the local
governments were in reality directed to state projects.

Moreover, different regimes have devised different revenue allocation formulae in Nigeria’s political history. Between
1976 and 1992 the revenue allocation by the federal government to the local government increased from 10% to 20% of the
federation account; and 10% of the internally generated revenue of the state was to accrue to the local
government too (Bello-imam, 2007). Constitutionally, local governments are further empowered to generate revenue
internally through the following means: levying of taxes, such as poll tax, property tax, user fees, benefit charges, and
others. To have a closer understanding of the nature, pattern and features of fiscal relations between the local
government and the other higher tiers (federal and state) of government in the country yet, it is imperative to consider
the various sources of local government revenue in Nigeria using that of Enugu North Local Government as a study
point.

1.1 STATEMENT OF THE PROBLEM

The issue of having an acceptable formula for sharing resources among the three levels of government in Nigeria
has remained problematic. A cursory look at the issue shows that the issue has resulted to tension and fight among
different federating units. Different Commissions and Committees had come out with different formula but that has not
solved the problem. Conflict has become very common among federating units in the course of fighting for fund. For
instance, the conflict is usually whether the principle of derivation, need, natural interest or landmass should be used as a
basis for the purpose. There is the problem of tax jurisdiction, which refers to the problem of which aspect of
government should collect what revenue over a particular area. These have been serious problems between the Federal,
State and Local Governments. Their share of tax revenue seriously affects local governments. They are the lowest level
of government. Likewise, they collect the least amount of tax revenue, which makes them still inactive. Also there has
been an occasional drop in amount and delays in remittances of federal allocations which left some strains in the
financial capacity of the local government to prosecute some policies and vital programmes. The practice of federalism
without recourse to true fiscal federalism amounts to sheer insincerity.

1.2 OBJECTIVES OF THE STUDY

- To evaluate the agitations/complaints by the lower tiers of government vis-à-vis the principles of true
  federalism during the period 2000 to 2018.
- To examine the constitutional provisions of revenue allocation and analyze its effect on the lower tiers of
government.
- To examine the extent revenue allocation and fiscal federalism policy in Nigeria promoted uneven distribution
  of wealth and resources.
1.3 HYPOTHESES

Hypotheses One
Ho: There is a relationship between the problems of revenue allocation in Nigeria and the agitation of balanced fiscal federalism.
H1: There is no relationship between the problems of revenue allocation in Nigeria and the agitation of balanced fiscal federalism.

Hypotheses Two
Ho: Imperfection in the 1999 Constitution of Nigeria has hampered proper fiscal federalism in Nigeria.
H1: Imperfection in the 1999 Constitution of Nigeria has not hampered proper fiscal federalism in Nigeria.

Hypotheses Three
Ho: Revenue allocation and fiscal federalism policy in Nigeria has promoted uneven distribution of wealth and resources.
H1: Revenue allocation and fiscal federalism policy in Nigeria has not promoted even distribution of wealth and resources.

2. LITERATURE REVIEW

2.1 Intergovernmental Fiscal Relations

Nigeria is a federation which implies that there exist more than one level of government. In the Nigeria context, this consist of a federal government, 36 states, federal capital territory and 774 local governments which continuous among the different levels of government. This mean that fiscal arrangement must be worked out properly to ensure fiscal balance in the context of macro-economic stability. For Akindele and Olaopa (2002) intergovernmental fiscal relations has been with Nigeria over the years. According to them, “over the years, the concept of intergovernmental fiscal relations has been examined by various scholars and practitioners of repute within most polities of the world by ways of scholarship and polity initiatives. This implies that the issue of intergovernmental fiscal relation remains governance to the survival of federated state of the world.

Both Akindele and Olopa (2002) and Akpan (2004) noted that the operation of fiscal federalism is done to enhance government effective provision of public goods and services. The other tiers of government perform virtually all economic functions. The other extreme is a case of total centralization where the central government takes total responsibility of all economic activities of the public sector and therefore no other tiers of government participate in the economic life by the nation. In practice, there exist some degree of decentralization in all economies. In a related sphere, scholars agree that countries like Nigeria could derive benefits from fiscal decentralism. This is located in the negative multiplier effects of fiscal centralism and an incompatible demand noted in federalism requires a diffusion of powers to accelerate growth rates within the polity. It has economic growth as its derivative. Akpan (2004) also noted that decentralization refers to the portion of total revenue collected and expenditure to both state and local government. As he noted, the degree of decentralization is the extent of independent decision-making by the various arms of the government in the provision of social and economic services. It depicts the degree of autonomy of the state and local governments in carrying out various economic tasks. A deduction from the above view shows that decentralization (fiscal) enhances optimum social service delivery among the component segments of the polity, the state and local government were more important.

Akpan (2014) noted unequivocally that Nigeria’s fiscal federalism emanated from historical economic, political, geographical, cultural and social factors. We have to recall that first attempt at entrenching fiscal federalism in Nigeria started in 1946 with the British colonial masters. More of this will be discussed in the subsequent phase of the review but we have to recall also that fiscal federalism has remained a controversial issue not only among scholars and academicians but also among critics of government from almost all quarters of the country perceived imbalance and unfairness in the allocation of the natural resources has made the complaints more recurring in the polity.

2.2 Nature and Challenges of Fiscal Federalism in Nigerian

The legal basis of fiscal federalism is derived from the past constitutional arrangements and, hence, in any true federalism the fiscal powers of all tiers of government must be related to the functions and responsibilities assigned to them by the Constitution. Constitutionally, Nigeria is a federation, but in practice, and with the assumption of power by successive military administrations, the constitution has always been suspended and the country ruled more or less like a unitary state. The imposition of a centralized unitary system on a federal structure under the military administration
partly explains our experience of poor fiscal management and low economic performance which, over the years, had adversely inhibited the true practice of fiscal federalism.

The establishment of the federal system in Nigeria was based on rounds of constitutional conferences in England prior to the grant of independence by the British government. Constitutions delineated the functions to be performed by each tier of government. The importance of these constitutional arrangements was to ensure that the statutory fiscal functions and the financial resources to be applied for effective performance of these functions by each tier of government was explicitly stated under the constitution and were to be enforced judiciously. Unfortunately, the statutory shares of state and local governments were reduced through ad hoc fiscal measures such as the stabilization fund, dedication of crude petroleum for expenditure on special federal projects, Petroleum (Special) Trust Fund (PTF), upfront deduction of external debt obligations among others. The overall effect of this on the nation was that the disguised movement towards a unitary state under military administration did not advance the practice of fiscal federalism as the federal system was replaced by an ineffective unitary state.

Under military administrations, issues of statutory functions to be performed by each level of administration and the allocation of revenue in support of effective delivery of public goods and services were bypassed. Observing this trend of substantial deviation from fiscal federalism, the Aboyade Presidential Commission on Revenue Allocation (1977) stated as follows: The defacto federal superiority vis-à-vis the states and the huge autonomous increases in revenue accruing to the Federal Military Government resulted in arbitrary aggregation of functions on the part of the centre which normally are matters of constitutional debates and agreement. In addition to legislative measures, executive actions over a number of matters such as the universal primary education, agriculture, higher education, roads, the setting up of ministries of water resources, housing, urban development, environment, and social development youths and sports illustrate the development of this system. Concluding, the Aboyade Commission observed that these measures had tended to detract from true fiscal federalism in Nigeria. This trend, which was first observed in the 1970s, has continued into the 2000s, thus resulting in bloated federal budgets while the fiscal operations for many years resulted in overall deficits. The level of the budget deficits became unsustainable as the federal government assumed fiscal responsibilities which, under the federal constitution, should be performed by the lower tiers of government. The deficit gaps were met largely through credit from the Central Bank with its implications for high rate inflation and low economic growth (Okunrounmu 1999). Another dimension of the military rule that has hindered the practice of true federalism is the incessant and unsystematic creation of new states. The outcome of this was an excessively bloated fiscally structure and many of the states created were not financially viable as they lacked the fiscal capacity to achieve any meaningful development.

Another issue is the dominance of the federal government in the sharing of national resources from the common purse popularly known as the Federation Account. The federal government has always had more than what the revenue sharing formula stipulated. In relative terms, the share of the federal government from the common purse had declined from 70.0 per cent in 1960 to 65.0 per cent in 1963, 55.0 per cent in 1980, 50.0 per cent in 1990 and 48.5 per cent in 1993, and had remained at that level until 2002 when it went up to about 52 per cent. In absolute terms, however, the average share of the federal government has remained at between 60 to 65 per cent in most cases of the years (Sarah et al, 2018) Fiscal federalism, from the very beginning, raised several fundamental issues. The assignment of responsibilities among federating units in Nigeria has also created problems. First, there was the question of how each level of government would be given adequate fiscal powers to enable it maximize its revenue and discharge its constitutional duties and still preserve its fiscal autonomy. While a reduction of fiscal independence through central administration of a particular tax may conflict with the principle of fiscal independence of states and local government the hard choice might be between more fiscal powers and less revenue, or less fiscal powers and more revenue. The introduction of value added tax (VAT) which replaces states’ sales tax and administered by the federal government is an example of one of such conflicts.

Second, there were problems of allocating the centrally collected revenue equitably among all the levels of governments. In order to resolve this problem, various principles had been tried by different fiscal commissions and, so far, there are yet to be fully acceptable principles for sharing revenue. Very often, lack of adequate data for objective analysis had exacerbated, rather than ameliorated, the revenue sharing problem among states and local governments. Third, fiscal federalism had been encumbered in the past by non-jurisdictional problems such as imbalance in population, size of land area, resource endowments and levels of development. Consequently, there has been a growing gap between the requirements of individual states and local government and the revenues they are able to raise on their own. This sharp difference between the very rich and the very poor levels of government tended to influence the principles applied in favour of poorer states, and sometimes at the expense of the richer ones.
Fourth, while the creation of states and local governments by the military government was to produce a balanced federation, the emergence and proliferation of states and local governments have continued to pose new problems for intergovernmental fiscal relations. Although, a major objective of the military government in creating states was to reduce the political powers of the regions and play down regional/ethnic politics that was already cracking the new federal structure, unfortunately, it also saw it as an opportunity to use its military might to assert the “supremacy” of federal government fiscal powers over the states. The present allocation of functions is based on the 1999 Constitution, which divided government functions into three categories of legislative powers. “The exclusive list, on which only the federal government can act; the concurrent list, which contains responsibilities shared by both federal and state governments; and the residual list, which is reserved for state governments. The federal government has responsibility for functions whose benefits extend nationwide, such as, defence, foreign trade, immigration, currency among others” (Akpan, 2011). It also has responsibility for important business undertakings through parastatals, for example, railways, electricity among others, while functions whose benefits have the possibility of spilling over state boundaries were placed on the concurrent list. Local governments, on the other hand, have responsibility for functions whose benefits accrue to a limited geographical area such as markets, primary education, and cemeteries among others.

The different formulas that have been used for revenue allocation have consistently increased the financial powers of the federal government against the other levels of government. The allocation of the most productive income-elastic taxes to the federal government have made the centre financially stronger than the states and local governments. The principal effect of this is the increasing fiscal dependence of the lower governments on federally collected revenue (both statutory and non-statutory), and their inability to meet the cost of functions assigned to them. Over-dependence on oil revenue has impacted negatively and posed serious challenges to the issues of fiscal federalism in the country. It has created the leech syndrome whereby the states have become economic appendage of the federal government and eroded the fiscal autonomy of the federating units. Thus, it has created a master servant relationship in which the subnational governments are at the mercy of the federal government. As long as states and local governments continue to depend on the federal government for their economic development and survival, the wrangling and controversy surrounding the issue of revenue allocation will remain persistent and a recurrent problem in Nigerian fiscal federalism (Ewetan 2011).

The overview of the nature and challenges of fiscal federalism in Nigeria have been presented to show deviation from the true practice of fiscal federalism in Nigeria. The main issue is that if the three tiers of government in a federal system were to simultaneously intervene in a market economy, without coordination, and perform the role of the public sector, the situation will be chaotic. Therefore, in order to ensure sustainable growth and national development, it is necessary to understand and institutionalize the policy issues of fiscal federalism. More importantly, the horizontal distribution principles have remained contentious and have been described as unfair by some political zones. The emphasis on population is the most important issue, resulting from complaints that population figures were manipulated in favour of some states. Furthermore, the progressive decline of weights on derivation principle for revenue sharing has also been criticized. The basis of emphasis on derivation was to make the units maximize the yield from available tax sources as well as promote fiscal discipline among the sub national governments. The issue of landmass and terrain undermines the interest of the states with small landmass. The trend of progressive opinion is that this criterion of landmass should be excluded from the revenue allocation system. As it is now, Nigerian fiscal federalism is fraught with so many problems.

2.3 Revenue Allocation and Fiscal Federalism in Nigeria

In Nigeria, Tax administration and revenue collection functions are performed by different institutions at the two tiers of government and local government (Olayia, 2009). At the federal level, Federal Ministry of Finance; the Federal Inland Revenue Service and the Nigeria Customs Service are responsible for the administration of tax laws and revenue collection. The Joint Tax Board is responsible for harmonising the relationship between tax authorities at the federal and state levels. The National Revenue Mobilisation, Allocation and Fiscal Commission propose the remuneration of political and judicial office-holders, and also advise on the allocation of revenues among the three tiers of government (Olaiya, 2019). The state’s Board of Internal Revenue and Ministry of Finance are responsible for tax administration at the state level. The revenue committee for local governments and Finance and Supply

Department are responsible for tax matters at the local government level. Efficiency and effectiveness of Nigeria’s tax system over the years has been faced with a number of challenges. These challenges include:

1. Tax Administration and administrative challenges; these include inadequate personnel and institutional capacity to administer taxes effectively. The use of poorly trained staff with inadequate technical and administrative competences is not uncommon especially at the local government level.
2. Compliance challenges i.e. the failure of employers to keep accurate records and remit all Personal Income Tax (PIT) to relevant authority’s remains a challenge in spite penalties and the payment of all tax arrears by
defaulters. Also some business concerns keep different versions of record at times all certified by auditors. The correct version is different from the version for the tax authority. There is yet another robust version for the bank showing a buoyant business. Also, most tax-payers have limited ability of to keep accurate accounts and are ignorant on their tax responsibilities.

3. Lack of reliable statistics on the various taxpayers is a major hindrance for the identification and assessment of taxpayers. This lack of data limits follow up to enforce collection.

4. Lack of equality especially in PIT is major problem of taxation in Nigeria. Self- employed outnumber paid workers and they earn as much as four times that of the formal sector employees, the bulk of PIT is paid by employees whose salaries are deducted at source (Mamud, 2008).

5. There are over 500 different taxes and levies imposed by various tiers of government in Nigeria instead of only those approved by Taxes and Levies (Approved list of Collection) Act.

6. Fraud and Corruption on the part of tax-collecting institutions is an issue that needs to be addressed. Revenue Collectors still engage in fraudulent practices, in spite of the various control measures and the presence of Independent Corrupt Practice Commission (ICPC), the Economic and Financial Crime Commission (EFCC), and in 1986, the introduction of the Structural Adjustment Programme (SAP). In order to address the above challenges the federal government has adopted several measures which lead to a new National Tax Policy (NTP) was approved by the Federal Government of Nigeria in January 2010, to provide a set of rules and guidelines that will regulate all stakeholders such as taxpayers, regulators, tax practitioners and legislator.

The policy is also expected to uphold the application of fiscal federalism in the generation and expenditure of revenue by governments at all levels as stipulated by the Nigerian constitution. Tella (1999) identifies two types of federalism namely, the dual federalism and the cooperative federalism. For the dual federalism, the constitution created two separate and independent tiers of government with their own clearly defined areas of responsibilities. In such a system, it is inevitable that a certain level of tension and competition would exist. Cooperative federalism, on the other hand, simply refers to making federalism work through cooperation between the various levels of government. It emphasizes the partnership between the different levels of government providing effective public services for the nation. This type of federalism is practiced in the United States of America and Germany. Nigeria too has been practicing cooperative federalism since the military incursion of in the strong central government approach, the federal government retains the lion share of revenue and the state and local governments have smaller share out of the federation account.

In the decentralized approach, the federal government retains a lower share, with states and local governments having a larger share out of the federation account (Likita, 1999). On the other hand, confederation is a loose form of federalism that allows citizen from each region to maintain their primary allegiance to the region to which they belong. Confederation allows each region to retain and utilize revenue generated from within its jurisdiction (Okoh, 2004 and Olaiya, 2009). Earlier, Mbanefoh (1993) argues that, it may be practically impossible to satisfactorily balance the financial resources of a segment of a federation with the functions which it is expected to perform. This imbalance (Okeke, 2004) concluded should not be regarded as result of federalism, but as a result of the disturbances of the equilibrium which ordinarily would allow the segments of the federation to carry out developmental programs that could be undertaken with the available internal resources. Nigeria was incorporated in 1914 with the amalgamation of the two British protectorates of Northern and Southern Nigeria and the Crown Colony of Lagos into a single entity. The concept of fiscal federalism was first introduced in Nigeria in 1946 with the formation of a federation of three regions by splitting of the Southern Province to create the Eastern and Western Regions, and the Northern Region which was a continuation of the

Northern Province, following the adopting of the Richards Constitution (Olaiya, 2009).

Each of the three regions (East, West and North) has its own revenue base with a relatively weak Federal Government Taxation. Revenue Allocation, and Fiscal Federalism in Nigeria (Olaiya, 2009).

The Nigerian federal system metamorphosed thereafter from a two- tiered federal arrangement initially comprising three unequal political and administrative regions to the current three tiered federal system of 36 states, one Federal Capital Territory and 774 Local Governments. Before the military took over government in 1966, the regions were powerful and autonomous, especially as they generated most of their revenue from independent sources. Nowadays, the sub-national governments are totally dependent on federally collected revenues (Mfor, 2009; Olaiya, 2009). According to Nwabuese (1983), true federalism presupposes that the national and regional governments should stand to each other in a relation of meaningful independence resting upon a balanced division of powers and resources. Conversely, most analysts including the opinion that Nigeria stopped operating a truly federal system of government in January 1966 in favour a unitary system of government, in July 2010, the Nigeria’s 1999 constitution was amended (Vincent, 2002). Unfortunately, expected changes especially the issues “true federalism” were not made. One thing that can make or mar
the corporate existence of Nigeria is the status of oil producing states, the way and form of allocating funds to oil producing areas from the federation account is very controversial. Government established Federation Account in order to disburse the funds to the beneficiaries (Federal, State and Local Governments) in line with the constitution and approved revenue allocation formula. The disbursement of this fund is done by the Federation Account Allocation Committee (FAAC).

FAAC made up of Minister of States for Finance, Accountant general of the Federation, Commissioners of Finance of the 36 states of the federation and representatives of other institutions meets monthly. In 1963 constitution, the local government was treated implicitly as part of the regional governments. The 1979, 1989 and 1999 federal constitutions identified functions of each level of the federation. These functions are contained in various lists tagged Exclusive, Residual, and Concurrent. The Exclusive list contains function to be performed solely by the federal government. These functions include: external affairs, issue of legal tender currency, police, defense accounts of government of the federation etc. The Concurrent legislative lists are those to be performed by both federal and state governments. These include census, higher education, industrial development prisons, National Parks and Antiquities etc. While the Residual list contains functions to be performed to the exclusive reserve of the state government. It is also important to state that the functions of Local Government are clearly stated. For instance, the functions and roles of the local government are listed in the fourth schedule of the 1979, 1989 and 1999 federal constitutions. The main functions of local governments are provision of public goods, cemetery, refuse disposal public convenience, naming of roads, streets and house numbering, licensing, regulation and control of the sale of liquor, collection of rate, radio and television license etc.

2.4 Revenue Allocation, Fiscal Decentralisation and the Performance of Local Government in Nigeria

An analysis on local government without demystifying its conceptual meaning would lead to mental paralysis instead of enlightenment stimulation. It is imperative to define local government. Local government is the bedrock for sustainable rural transformation in Nigeria (Barry, 2000, Adejojo, 2003). The idea of local government is to bring governance closer to people in the grassroots for participation in governance, service delivery to enhance socio-economic development and good governance (Ogunna, 2016). Local governments is a “platform to attain the needs of the grass root and provide services within the capability of the rural dwellers; a machinery for executing policy at the local, regional or federal level and a training ground for political participation (Okoli, 2000). Abubakar (1993) pointed out that local government was consensually regarded as government or administrative units closest to the people or the grass roots. Local government is a political sub-division of a nation which is constituted by law and has substantial control of local affairs including the power to impose taxes and require labor for prescribed purposes.

From the above definitions, it is clear that local governments are local entities, with defined territories, discretionary power, functions, responsibilities and, most importantly, autonomy. In principle, local governments are created with the expectation that its administrative and political officers will exert influence and control the decision-making process at the grass root level without interruptions from higher tiers of government. In practice, however, as evidenced in the Nigerian case, the local governments have been subjected to mere agents of the federal and state governments. Aborisade (2006) contended that local government represented veritable foci of socio-economic development and democratic consolidation because it provided the medium through which government extended its policies and implemented such policies and programmes across the federation. But they cannot problem effective and efficient without revenue. Revenue allocation plays a significant role in ensuring good governance. As a sound revenue system, it is an essential pre-condition for the success of fiscal decentralization and effective service delivery (Anyanwu, 1993). In Nigeria, local government derives its revenue from three important sources, i.e. allocation from the federation account (the 15.21% of the federation account), transfer from the state (10% of state IGR) and the local internally generated revenue (Inyang, 2014).

2.4.1 The Federation Account

Public revenue in Nigeria are classified into the federation accounts revenue head and the consolidated revenue fund also called the federal government account, this represents two important accounts that shape the practice of fiscal decentralization in the country. For instance, while the federation account contains all the revenue, drive by the Federation; which is, being shared monthly among the three tiers on a percentage basis; the consolidated revenue fund represents a fund standing to the credit of the federal government. Over the last four decades, public revenue in Nigeria comes from the sales of crude oil, taxes, fines, tolls, penalties and charges, with crude oil serving as the primary source contributing about 80% to 85% of the total revenue (Salami, 2011). The Nigerian constitution conferred on the federal government exclusive jurisdiction over sources such as custom, excise duties, VAT, mining tax, education and company tax. The amount generated from these, with the exception of education are paid into the federation account; which is shared among the three tiers on the following basis; federal government 47.19% state 31.10% local government 15.21%
(Inyang, 2014). In this regard, both state and local government are constitutionally restricted to the collection of local taxes.

The revenue allocation formula currently being practiced in Nigeria tends to allocate more funds to the federal government to the detriment of the state and the local government. As we can see from the above table the largest portion of the revenue is collected and retain by the federal government. According to (Salami, 2011) “between 1980-2008 about 93% of the total revenue generated were collected by the federal government implicitly state and local government put together share only 7%”.

2.4.1.1 State Transfer to Local Government

The Nigeria law requires states government to remit 10% of their internally generated revenues to local governments under their jurisdiction. However, available evidence shows little or no compliance with this statutory requirement, and this is because the exercise of state creation in Nigeria in itself is politically taleguided. Hence, most states are not self-reliant in terms of revenue generation capacity, and a significant number of them find it practically difficult to remit 10% of their internally generated revenue to the local government as require by the law (Jimoh, 2003). Worse still, even the local government share of the federation account has been often hijacked and divert by most Nigerian state due to weak revenue generation capacity (Ahmad, 2013). Even states like, Lagos and Kano; who are considered viable in terms of revenue generation use the local government allocation to suit their political motives (Salami, 2011). These and other factors combined to make the local government a mere smokescreen in terms of service delivery.

2.4.1.2 Local Fiscal Federation and Local Government Performance

Long years of military rule and the centralized nature of the military hierarchical structure created the financial hegemony enjoyed by the federal government over the thirty-six states (36) states and seven hundred and seventy four (774) local governments. This has created disaffection in the Nigerian federation. Thus, the worry over the development of a national and functional fiscal federalism for Nigeria is well founded (Olabanji, 2012). Local government plays a very crucial role in stimulating and enhancing grassroots development. This is in the sense that, it is the lowest governmental tier, which serves as a medium of policy communication between the remote areas and the highest governmental levels. The term local government is a political structure where the instrument of power is assigned to a local representative to exercise substantial control and to make authoritative decisions on local issues. It involves devolution of power to the local community within a giving geographical location to confer into them right of managing their affairs (Sambo, 2000). The local government is, therefore, that tier of government, which is closest to the people; hence vested with certain power to exercise some degree of control over remote and local affairs.

The performance of local government in discharging its functions as stated above remains a subject of much debate among Nigerians. These generate constant accusation and counter accusations, especially between local government and their respective states, there is indeed a general consensus among scholars that local government in Nigeria has failed woefully (Salami, 2011). For instance, Ukiwo (2006) asserts that instead of rural transformation local government in Nigeria have only succeeded in producing local financial predators.

Similarly, Okoli (2009) states that “local government system in Nigeria has entirely collapsed; hence the need for community base administrative system.” The performance of local government in service delivery made Nigerian citizens to lose trust in local government as an institution established to respond to the masses needs (Agba et al., 2013). In fact, the general perception about local government in Nigeria is that of a dead and decomposed institution (Ahmad, 2013). For instance, a survey conducted in 2008 by Afro-barometer discovered that 55% of Nigerians do not trust local government officials (Salami, 2011). It is against the above background that this paper attempts to find out whether fiscal decentralization in Nigeria has a direct impact on the poor performance of local government. Fiscal federalism is essentially about the allocation of government resources and spending to the various tiers of government. In Nigeria the dismal performance of the public sector since the first half of the 1980s has brought to the front burner the issue of fiscal federalism which has remained dominant and most contentious in Nigeria’s polity (Arowolo 2011). In the last three decades Nigerians have contended with not only vanishing real incomes but also unbearable levels of unemployment and inflation, decay in social amenities and failure to maintain, not to talk of improving, the nation’s infrastructures. This dismal performance of the public sector has prevented the creation of opportunities for a resilient and sustainable growth and development of the Nigerian economy, which should be the object of rational and functional fiscal federalism.

2.5 Empirical Review

In a study conducted by Rohana, et al (2014) titled “Effect of Fiscal Decentralization and Revenue Allocation on Local Government Performance: The Nigerian Experience.” The objective of the study is to examine whether there is a nexus between local government failure and the nature of fiscal decentralization and revenue allocation in Nigeria. The
methodology adopted was empirical review/descriptive survey. They present key issues, trend and challenges in the operation of fiscal decentralization in Nigeria. The finding study that all decisions on revenue generation are controlled by the center and the vertical revenue allocation is structurally inclined toward the federal government, which negates the tenets of federalism and hence; grossly affects the capability of both the state and the local government to exercise financial autonomy. In another research carried out by Shiyanbade (2016) titled "Interrogating the Revenue Allocation in Intergovernmental Relations, Fiscal Federalism and Local Government Finance in Nigeria." The objective is to examine the relationship between fiscal federalism, governance and local government finances in Nigeria, focusing on the administration of local governments and other subsidiary issues on revenue generation in the country. It adopted survey methodology in analysing the empirical data. It analysed the legal, institutional and procedural mechanisms for administration, as well as assessed the effect of intergovernmental relations on local government under federal system of governance in the country. It discovered that beyond the function of revenue generation or allocation, fiscal relations influenced governance positively by creating the expediency of transparency and responsiveness in government as well as a corresponding three levels of government has responsibilities and roles to play in the lives of citizenry in order to bring governance to the grassroots.

The results also revealed that a very important factor affecting the local government administration in Nigeria still remains the overbearing contribution of about 93% oil revenue to the national income; a situation that, both state and local governments in Nigeria cannot generate up to twenty five percent (25%) of their expenditure and poor tax culture amongst the citizenry. The study concluded among others that effective human resources, improved strategy, and enhanced capacity building, are critical to improved revenue generation and allocation, which in turn could go a long way to alleviating good governance in Nigeria. Ejikeme (2012) conducted a study on "Fiscal Federalism and Local Government Finance in Nigeria." The aim of the paper is to examine the problems of the local government in Nigeria, especially concerning its financial limitations, necessitated by the unequal share of resources, imbalance revenue-sharing formulae and lack of fiscal autonomy in the operations of the local government in Nigeria. According to Ejikeme, fiscal federalism deals with the sharing of resources in a federated nation. Over the years problems about local government finance have become an important aspect of intergovernmental relations. Constitutionally, local government is the third tier of government which exists as an independent entity, possessing some degree of autonomy and sovereignty. However, its capability to perform its constitutionally mandated functions is beleaguered by the problem of inadequate revenue. The finding show that, in Nigeria, a number of factors have contributed to the financial setback experienced by most local governments and these include: overdependence on allocations from state and federal governments which in most cases are withheld by the same federal and state governments; lack of fiscal autonomy; creation of non-viable local governments, among others.

The relation between the three tiers of government in Nigeria has been problematic over the years. Several commissions and committees have been set and recommendations proffered, but up till today there is still fiscal conflict among the tiers of government. The local government being the third tier of government is the worst hit and this has resulted to inability of the local government to carry out its statutory functions effectively. It is in view of this that Chukwuemeka and Aniche (2016) carry out a study on "Inter-Governmental Relations and the Performance of Local Government in Nigeria: Diagnosing The Elephantine Problems." The objective was examining inter-governmental relation and the performance of local government in Nigeria. They adopted survey design: specifically, descriptive research was adopted. Data was collected using questionnaire, focus group discussion. Secondary data was generated from government records and Central Bank of Nigeria. The findings revealed among others things that intergovernmental relation has to an extent helped to reduce tension among the three tiers of government in Nigeria. Also, the imperfection of 1999 constitution has hampered fiscal relation in the three tiers of government in Nigeria. They recommended among other things that effort should be made to ensure that all tiers of government should adhere to fiscal transparency, accountability and constitutional provisions on fiscal relations.

Agba, Ocheni, and Nnamani, (2014) in their paper titled "Local Government Finance in Nigeria: Challenges and Prognosis for Action in a Democratic Era (19992013)." The paper is an attempt at revisiting the sources of local government finance in Nigeria and the factors affecting the financial viability of local government councils within the purview of fiscal federalism as enshrined in the 1999 Constitution of the Federal Republic of Nigeria. They adopted survey design, specifically descriptive research was adopted. The finding shows that Financial viability backed up by effective management; public accountability, fiscal autonomy, staff motivation and servant leadership attitude among politicians are imperatives in building capacity at the grassroots for legitimacy of creation and sustainable development.

Anikeze (2008) in his paper "An Analysis of Public Service Reforms And National Development In Nigeria (1999-2007)". He discussed public service reforms and national development in Nigeria. It covered the period between May, 1999 and May 2007, which coincided with the eight year regime of Olusegun Obasanjo as Nigeria's President. As a result, visits were paid to specialized libraries, the Bureau for Public Service Reforms and other related Federal
Government Agencies. Oral interviews were conducted with some top public servants of not less than directorate level. It was discovered that the reforms under study had some positive impact on national development. It revealed that there is no significant changes in the public service after the implementation of the reform agenda. Subsequently, it is recommended among others that the regime of President Goodluck Jonathan should initiate a process of embarking on a comprehensive reform in the public service that will take care of the identified defects in the 1999-2007 reforms if the Millennium Development Goals and the dream of having Nigeria as one of the 20 developed economies by 2020 are to be achieved. In a study conducted by Ejeh and Oroko (2014) titled "Fiscal Federalism in Nigeria: An Analysis of Issues and Challenges". They posit that fiscal federalism is a particular pattern of constitutional division of revenue powers and responsibilities among levels of government. The federal government however has occupied a very strong position vis-à-vis the State and Local government since the 1970’s in Nigeria. This is because most of the power (financial and legislative) relating to economic development has been explicitly centralized at the federal level. The finding shows that a high level of fiscal decentralization is required in Nigeria because of the unfair revenue sharing formula and the need to resolve the controversial issues surrounding the contentious fiscal federalism in Nigeria. Therefore, they recommended a substantial review of the fiscal system.

Furthermore, Chukwuemeka, and Amobi (2011) research titled "The Politics of Fiscal Federalism in Nigeria: Diagnosing the Elephantine Problem" with the objective to evaluated fiscal federalism in Nigeria with a view to identifying the areas of problems. They adopted survey research methodology. Data collected was through questionnaire with was analyzed using Z-test. The findings revealed that the recommendations proffered by the commissions set up by government in respect to fiscal federalism did not make much impact on the economy due to some factors like: imperfection in the 1999 constitution, furthermore there are many problems inherent in fiscal federalism which has led to duplication of government functions and waste of public fund. However, in order to ensure an efficient and sound fiscal federalism in Nigeria, they recommended among others that the Nigerian fiscal responsibility bill, due process should be adhered to by public officers. More so efforts should be made to ensure that all tiers of government adhere to fiscal transparency, accountability and constitutional provisions on fiscal relations.

3. METHODOLOGY

3.1 Sources of Data

The data for the study was from two sources; namely, Primary and Secondary sources.

3.1.1 Primary Sources of Data:

Primary data is first-hand information that is collected from observation, questionnaire and interview methods. Primary data for the research was collected through the use of questionnaire. Primary data was used because it is unbiased information, original data, direct from the population and target issues are discussed. The questionnaire tried to find out whether the respondents have knowledge of fiscal relationship among the tiers of government and the effect of fiscal policies on performance of the Local Government system.

3.1.2 Secondary Sources of Data:

Secondary data include all facts, observations and occurrences in which the researcher are not the original collector because they are in existing before. The following sources were used to collect secondary data: textbooks, journals, Government Publications, Manuals and Internet. The secondary data is needed to support a given idea written in the framework since scientific ideas are not valid inference until it is supported by the works of other people that have authority in the topic under discussion.

3.2 Method of Data Analysis

Data is analyzed in this study using tables and statistical sample percentage instrument. The frequency tables shall consist of variables, number of respondents and percentages of responses on each group of chi-square (X2) parametric statistics was used to test the hypotheses which the formulae is given as:

\[ X^2 = \frac{(Fo - Fe)^2}{Fe} \]

Where

- X2 = chi-square
- Fo = observed frequency
- Fe = expected frequency

4. DATA ANALYSIS
4.1 Respondents view of fiscal relationship

Table 1: Response on if relationship among the three tiers of government has been healthy after all this years

<table>
<thead>
<tr>
<th>Options</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>75</td>
<td>20%</td>
</tr>
<tr>
<td>Agree</td>
<td>145</td>
<td>36%</td>
</tr>
<tr>
<td>Disagree</td>
<td>90</td>
<td>24%</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>75</td>
<td>20%</td>
</tr>
<tr>
<td>Total</td>
<td>375</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field survey, 2018

The above table shows that 75 respondents of 20% strongly agreed to the question posed, 145 respondents or 36% agreed, 90 respondents or 24% disagreed while 75 respondents or 20% strongly disagree. A deduction here shows that more than half of the respondent acquiesced to the questioned earlier posed.

4.2 Respondents view on Intergovernmental Relations

Table 2: Response on Intergovernmental fiscal relations among the three tiers of government has been that of master/servant one.

<table>
<thead>
<tr>
<th>Options</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>150</td>
<td>40%</td>
</tr>
<tr>
<td>Agree</td>
<td>75</td>
<td>20%</td>
</tr>
<tr>
<td>Disagree</td>
<td>45</td>
<td>12%</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>90</td>
<td>28%</td>
</tr>
<tr>
<td>Total</td>
<td>375</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field survey, 2018

The above table shows that 150 respondents or 40% strongly agreed, 75 respondents or 20% Agreed, 45 respondents or 12% disagreed while 90 respondents or 28% strongly disagreed. A deduction here shows that greater number of respondents agreed that master/servant relationship still dominate Intergovernmental fiscal relations in Nigeria.

4.3 Respondents view of local government and intergovernmental relations

Table 3: Response on if local governments in the country have been at the receiving end in the intergovernmental fiscal relations

<table>
<thead>
<tr>
<th>Options</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>187</td>
<td>45.17%</td>
</tr>
<tr>
<td>Agree</td>
<td>75</td>
<td>20%</td>
</tr>
<tr>
<td>Disagree</td>
<td>60</td>
<td>16%</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>52</td>
<td>18.83%</td>
</tr>
<tr>
<td>Total</td>
<td>357</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field survey, 2018

The above table shows that 187 respondents or 50% strongly agree, 75 respondents or 20% agreed, 60 respondents or 16% disagreed while 52 respondents or 14% strongly disagreed. From the above table we can see that more than half of the respondents agreed that local governments have not fared better in their relations with other tiers of government, at least fiscally.
4.4 Respondents View on Conflict in Intergovernmental Relations

Table 4: Response on if one of the problems of inter-governmental fiscal relations in Nigeria is that the upper tiers of government are highhanded on the local government councils

<table>
<thead>
<tr>
<th>Options</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>113</td>
<td>30.05%</td>
</tr>
<tr>
<td>Agree</td>
<td>112</td>
<td>29.79%</td>
</tr>
<tr>
<td>Disagree</td>
<td>45</td>
<td>12%</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>105</td>
<td>28%</td>
</tr>
<tr>
<td>Total</td>
<td>375</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field survey, 2018

The above table shows that 113 respondents or 30.05% strongly agree, 112 respondents or 29.79% agreed, 45 respondents or 12% disagreed while 105 respondents or 28% strongly disagreed. This table indicates that the states and federal tiers of government are lording it over on the local councils thus, denying them their own sources of income.

4.5 Respondents view on the utilization of local government revenue

Table 5: Response on the extent Enugu North Local Government Council makes use of their share of revenue from central fiscal account in developing the area.

<table>
<thead>
<tr>
<th>Options</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>To a very highly extent</td>
<td>225</td>
<td>60%</td>
</tr>
<tr>
<td>To a highly extent</td>
<td>75</td>
<td>20%</td>
</tr>
<tr>
<td>To a low extent</td>
<td>45</td>
<td>12%</td>
</tr>
<tr>
<td>To very low extent</td>
<td>30</td>
<td>8%</td>
</tr>
<tr>
<td>Total</td>
<td>375</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field survey, 2018

The above table shows that 225 respondents or 60% strongly agree, 75 respondents or 20% agreed, 45 respondents or 12% disagreed while 30 respondents or 8% strongly disagreed. The above table has shown that Enugu North Local Government Council makes use of their share of revenue from central fiscal account in developing the area.

4.6 Test of Hypotheses

Hypothesis One

Ho: There is a relationship between the problem of revenue allocation in Nigeria and the agitation of balanced fiscal federalism.

H1: There is no relationship between the problem of revenue allocation in Nigeria and the agitation of balanced fiscal federalism.

Table 6: Intergovernmental fiscal relations among the three tiers of government has been that of master/servant one.

<table>
<thead>
<tr>
<th>Options</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>150</td>
<td>40%</td>
</tr>
<tr>
<td>Agree</td>
<td>75</td>
<td>20%</td>
</tr>
<tr>
<td>Disagree</td>
<td>45</td>
<td>12%</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>90</td>
<td>28%</td>
</tr>
<tr>
<td>Total</td>
<td>375</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field survey, 2018

Testing of hypothesis using chi-square \(X^2\)

\[ X^2 = \frac{(o-e)^2}{e} \]

Level of significance used is 0.05 The degree of freedom is \((k - 1)\)

Where \(k = \) number of rows
Decision: Since the calculated value of $X^2$ is greater than the critical value $X^2$, $63 > 3.81$ the null hypothesis will be rejected and the alternative hypothesis will be accepted we therefore conclude that there is a relationship between problem of revenue allocation in Nigeria and the agitation of balanced fiscal federalism.

Hypothesis Two

$H_0$: Imperfection in the 1999 Constitution of Nigeria has hampered proper fiscal federalism in Nigeria.

$H_1$: Imperfection in the 1999 Constitution of Nigeria has not hampered proper fiscal federalism in Nigeria.

Table 8: There should be constitutional amendment which will remove the joint state/local governments account and allow local government across the country the liberty to receive her allocation direct from federation account and to raise her income without interference from upper tiers of government.

<table>
<thead>
<tr>
<th>Options</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>225</td>
<td>60%</td>
</tr>
<tr>
<td>Agree</td>
<td>60</td>
<td>16%</td>
</tr>
<tr>
<td>Disagree</td>
<td>45</td>
<td>12%</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>45</td>
<td>12%</td>
</tr>
<tr>
<td>Total</td>
<td>375</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field survey, 2018

Testing of hypothesis using chi-square $X^2$

Level of significance used is 0.05

The degree of freedom is $(k - 1)$

Where

$k = \text{number of rows}$

Therefore

$= 4 - 1$

$= 3$

The critical value $= 3.81$
Table 9: Analysis of Hypothesis 2

<table>
<thead>
<tr>
<th>Options</th>
<th>o</th>
<th>e</th>
<th>o-e</th>
<th>(o-e)</th>
<th>(o-e)²/e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>225</td>
<td>93.75</td>
<td>131.25</td>
<td>17226.56</td>
<td>183.75</td>
</tr>
<tr>
<td>Agree</td>
<td>60</td>
<td>93.75</td>
<td>-33.75</td>
<td>1139.063</td>
<td>12.15</td>
</tr>
<tr>
<td>Disagree</td>
<td>45</td>
<td>93.75</td>
<td>-48.75</td>
<td>2376.563</td>
<td>25.35</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>45</td>
<td>93.75</td>
<td>-48.75</td>
<td>2376.563</td>
<td>25.35</td>
</tr>
<tr>
<td>Total</td>
<td>375</td>
<td></td>
<td>-</td>
<td>246.6</td>
<td></td>
</tr>
</tbody>
</table>

Source: Field survey, 2018

Decision: Since the calculated value of X² is greater than the critical value X², 246.6 > 3.81 the null hypothesis will be rejected and the alternative hypothesis will be accepted we therefore conclude that imperfection in the 1999 constitution of Nigeria has hampered proper fiscal federalism in Nigeria.

Hypothesis Three

Ho: Revenue allocation and fiscal federalism policy in Nigeria has promoted uneven distribution of wealth and resources in Nigeria.

H1: Revenue allocation and fiscal federalism policy in Nigeria has not promoted even distribution of wealth and resources in Nigeria.

Table 10: Response on the extent Enugu North Local Government Council makes use of their share of revenue from central fiscal account in developing the area)

<table>
<thead>
<tr>
<th>Options</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>To a very highly extent</td>
<td>225</td>
<td>60%</td>
</tr>
<tr>
<td>To a highly extent</td>
<td>75</td>
<td>20%</td>
</tr>
<tr>
<td>To a low extent</td>
<td>45</td>
<td>12%</td>
</tr>
<tr>
<td>To very low extent</td>
<td>30</td>
<td>8%</td>
</tr>
<tr>
<td>Total</td>
<td>375</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field survey, 2018

$$2 = \frac{(o-e)^2}{e}$$

Level of significance used is 0.05
The degree of freedom is (k – 1)
Where k = number of rows

$$= \frac{4 - 1}{3} = 3$$

The critical value = 3.81

Table 11: Analysis of Hypothesis 2

<table>
<thead>
<tr>
<th>Options</th>
<th>o</th>
<th>e</th>
<th>o-e</th>
<th>(o-e)</th>
<th>(o-e)²/e</th>
</tr>
</thead>
<tbody>
<tr>
<td>To a very highly extent</td>
<td>225</td>
<td>93.75</td>
<td>131.25</td>
<td>17226.56</td>
<td>183.75</td>
</tr>
<tr>
<td>To a highly extent</td>
<td>75</td>
<td>93.75</td>
<td>-18.75</td>
<td>351.5625</td>
<td>3.75</td>
</tr>
<tr>
<td>To a low extent</td>
<td>45</td>
<td>93.75</td>
<td>-48.75</td>
<td>2376.563</td>
<td>25.35</td>
</tr>
<tr>
<td>To very low extent</td>
<td>30</td>
<td>93.75</td>
<td>-63.75</td>
<td>4064.063</td>
<td>43.35</td>
</tr>
<tr>
<td>Total</td>
<td>375</td>
<td></td>
<td></td>
<td>256.2</td>
<td></td>
</tr>
</tbody>
</table>

Source: Field survey, 2018
Decision: Since the calculated value of $X^2$ is greater than the critical value $X^2$, $256.2 > 3.81$ the null hypothesis will be rejected and the alternative hypothesis will be accepted. Therefore, we conclude that revenue allocation and fiscal federalism policy in Nigeria has promoted even distribution of wealth and resources in Nigeria.

5. FINDINGS AND RECOMMENDATIONS

5.1 Summary of Findings

- The study revealed that there is a relationship between the problem of revenue allocation in Nigeria and the agitation of balanced fiscal federalism.
- It was also established that revealed that imperfection in the 1999 constitution of Nigeria has hampered proper fiscal federalism in Nigeria.
- The study also revealed that revenue allocation and fiscal federalism policy in Nigeria has promoted uneven distribution of wealth and resources in Nigeria.

5.2 Conclusion

To conclude this study, let’s look at one of the issues that cropped up in the study: issue of tax-raising. Both 1979 and 1999 constitution of the federal republic of Nigeria provided areas (rights) in which the tiers of government will raise their revenue. Evidence on ground (that is based) on the study, we have discovered that both state and federal tiers of government do influence into the rights of local councils, thus denying them the opportunity and financial strength to operate. Such encroachment must stop if we must operate fiscal federalism in Nigeria. Again, the local government allocation in Nigeria can be seen as an unfinished project considering the frequencies with which military administrations remote decrease to distribute relevance among the tiers of government or make necessary changes in the statutory allocation of the local government council. Federalism is a type of government in which power is divided between the national government and other governmental units. The principles of fiscal federalism are observed more in violation than in implementation in Nigeria federal fiscal practice. The concept of fiscal federalism is relevant for all kinds of government. It is not to be associated with fiscal decentralization in officially declared federations’ only but also to federal states in the sense that they encompass different levels of government which have defector decision making author.

5.3 Recommendations

- A good relationship should be made by government between revenue allocation and the agitation of balanced fiscal federalism so that no one will fill cheated.
- The 1999 constitution of Nigeria should be amended for better proper fiscal federalism in Nigeria. And effort should be made to ensure that all tiers of government adhere to fiscal transparency, accountability and constitution provisions on fiscal relations.
- Government should address the policy of fiscal federalism and revenue allocation in Nigeria so as to promote even distribution of wealth and resources in Nigeria.
- The state governments should concentrate on their own tax raising areas and avoid encroaching on that of the local government.
- From the National level, the revenue mobilization and fiscal board should confer with the three tiers of government before allocating funds or other benefits to the tiers of government. This will make for harmonious relation.

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Piaro Press and Book Ltd.


