

Fiscal Federalism and Performance of the Enugu East Local Government Council

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Abstract

The issue of fiscal imbalance among the three tiers of government in Nigeria has provoked public and academic debates. It is on this backdrop that the study examines Fiscal federalism and Performance of Enugu State Local Government System. The study adopted descriptive research methods. Data collected were presented in tables and analyzed using chi-square parametric statistics. The results of this study revealed 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 for better 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. The study concludes that the principles of fiscal federalism are observed more in violation than in implementation in Nigeria federal fiscal practice. Local government autonomy that has been approved in principle should be properly implemented.

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1. Introduction

Federation implies the existence of more than one level of government in one country each with different expenditure responsibilities and taxing powers. Nigeria is a federation consisting of states and federal capital territory, federal government, 36 states and 774 local governments. Among the different levels of government, fiscal arrangement ought to be worked out properly to ensure fiscal balance in the context of macro-economic development and stability. The fiscal arrangement among the different tiers of government in a federal structure contends (Osisoma and Chukwuemeka, 2007) is often referred to as fiscal federalism; in other types of political structure it is known as inter-tier or intergovernmental fiscal relations.

The capacity of the federal, provincial and territorial governments to assume their responsibilities hinges on the balance between decentralization of revenues and decentralization of government spending. This decentralization refers to the portion of total revenue collected and expenditures allocated to both state and local governments. The degree of decentralization argues Okoro (2006) is the extent of independent decision making by the various arms of the government in the provision of social and economic services. It connotes the degree of autonomy of state and local governments in carrying out various economic tasks. Vincent (2002) enumerated the existence of the following fiscal arrangements before the military took over power in 1966.

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 supersede. 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 concept of local government simply implies government at the grass root level. The local government is the most critical and important level of government because it deals directly with the citizens of a particular state. The local government is a formal organization set up by law, and it has a degree of autonomy to perform certain constitutional functions. Local governments are created with the expectation of delivering services within their jurisdictions. (Ejikeme, 2012).

Local government is the bedrock for sustainable rural transformation in Nigeria (Adejo, 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, 1996), however the present institutional framework of local government administration is fraught with contradictions. These contradictions place local governments at a disadvantaged position in stimulating and acting as a strong agent of socio-economic development at the grassroots (Okafor, and Chukwuemeka, 2015). Thus the issues affected fiscal federalism relationship between local government and the other two tiers of government which leads to poor performance of local government.

1.2 Statement of the Problems

Having an acceptable formula for revenue sharing in Nigeria as a neo colonial state has been very problematic. The issue has brought about different court cases and conflict between the tiers of government. In few months back there was a supreme court ruling in favour of local government fiscal autonomy. The implication is that the local government would start receiving allocation directly from the Federal Government of Nigeria. The implementation is yet to start, but we hope for that there would be paradigm shift from the old regime of Joint Account Allocation Committee.

The imbroglio resulted in agitations by the third-tier government to cry for inadequate fund to foster rural development. The myriad of problem inherit in the old regime are multifarious. They range from the state government giving the local government hand out in the name of allocation. The fund in most cases could only defray personnel cost and minor overhead expenses. Most of the observers blame the lopsidedness of the 1999 constitution.

1.3 Objectives of the Study

- (1) To examine if the current revenue sharing ratio in Nigeria justifies true federalism.
- (2) To examine the constitutional provisions of revenue allocation and analyze its implications on the lower tiers of government.
- (3) To evaluate the extent fiscal federalism policy in Nigeria promoted uneven distribution of wealth and resources in Nigeria.

1.4 Hypotheses

- (1) The conflict inherent in revenue allocation among tiers of government in Nigeria has triggered off agitation for balanced fiscal federalism.
- (2) Imperfection in the 1999 Constitution of Nigeria has not hampered proper fiscal federalism in Nigeria.
- (3) Lopsidedness in revenue allocation in Nigeria has hampered fiscal federalism policy in Nigeria.

2. Review of Related Literature

2.1 Conceptual Framework

2.1.1 Concept of Fiscal Federation

The concept of fiscal federalism is relevant for all kinds of government. Fiscal federalism is a byproduct of federalism. Federalism is a political concept in which power to govern is shared between national, and subnational governments creating what is often called a federation (Arowolo 2021).

Fiscal federalism is a general normative framework for the assignment of functions to the different levels of government and appropriate fiscal instruments for carrying out these functions (Arowolo, 2011). It is a set of guiding principles or concept that helps in designing financial relations between the national and subnational levels of government, while fiscal decentralisation is the process of applying such principles (Sharma, 2005). Fiscal federalism concerns the division of public sector functions and finances among different tiers of government (Ozo-Eson, 2005).

Fiscal federalism is characterized by fiscal relations between central and lower levels of government. The fiscal relationships between and among the constituents of the federation is explained in terms of three main theories, namely, the theory of fiscal relation which concerns the functions expected to be performed by each level of government in the fiscal allocation; the theory of interjurisdictional cooperation which refers to areas of shared responsibility by the national, state and local governments, and the theory of multijurisdictional community (Tella, 1999).

2.1.2 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 Oloopa (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 economics. 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 (2004) 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 academics 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.

2.1.9 Fiscal Federation and Enugu State Local Government System

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 (Chukwuma, 2022).

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, 2021).

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.

3. Methodology

3.1 Research Design

Descriptive survey research design was adopted for the study.

3.2 Population of the Study

This is an aggregate of objects or relevant to a specific area of investigation. Hence the population of research work centre on the census figure of Enugu East Local Government Council population as at 2023.

Table 1: Population of Enugu East Local Government Council

2006 census			2015 projected		
Male	Female	Total	Male	Female	Total
123,161	121,691	244,852	126,098	125,610	251,708

Source: Personnel Management Unit, 2023

3.3 Sample Size Determination

This is determined by:

$$n = \frac{N}{1 + N(e)^2}$$

Where

n = sample size

e = level of significance of error allowable
ie. 0.05%

N = the population size under study

I = constant

The researcher chose 0.05 as the level of significance error allowable.

The transaction of formulae is stated below:

$$n = \frac{251,708}{1 + 251,708 (0.05)^2}$$

$$n = \frac{251,708}{1 + 251,708 \times 0.0025}$$

$$n = \frac{251,708}{1 + 629.27}$$

$$n = \frac{251,708}{630.27}$$

$$n = 399.365$$

$$n = 399 \text{ approximately}$$

399 (sample size)

3.4 Method of Data Collection

Data were collected using questionnaire, in-depth interview, focus group discussion guide.

3.5 Method of Data Analysis

Data were analyzed using chi-square (X^2) non- parametric statistics.

4.Data Analysis

Table 4.1: Response on cordial relationship among the three tiers of government.

Options	Frequency	Percentage
Strongly agree	75	20%
Agree	145	36%
Disagree	90	24%
Strongly disagree	75	20%
Total	375	100%

Source: Field survey, 2023

The above table shows that 75 respondents or 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.

Table 4.2: Response on imbalance in Intergovernmental fiscal relations among the three tiers of government

Options	Frequency	Percentage
Strongly agree	150	40%
Agree	75	20%
Disagree	45	12%
Strongly disagree	90	28%
Total	375	100%

Source: Field survey, 2023

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.

Table 4.3: Response on if local governments in the country have been at the receiving end in the intergovernmental fiscal relations

Options	Frequency	Percentage
Strongly agree	187	45.17%
Agree	75	20%
Disagree	60	16%
Strongly disagree	52	18.83%
Total	357	100

Source: Field survey, 2023

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.

Table 4.4: Response on if the level of intergovernmental fiscal relations in Nigeria has been crisis-ridden and filled with complaints.

Options	Frequency	Percentage
Strongly agree	75	20%

Agree	150	40%
Disagree	60	16%
Strongly disagree	90	24%
Total	375	100

Source: Field survey, 2023

The above table shows that 75 respondents or 20% strongly agree, 150 respondents or 40% agreed, 60 respondents or 16% disagreed while 90 respondents or 24% strongly disagreed. This table has indicated the approval of the sense of inequalities in the sharing of the national resources over the years. **Table 4.5:** 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.

Options	Frequency	Percentage
Strongly agree	113	30.05%
Agree	112	29.79%
Disagree	45	12%
Strongly disagree	105	28%
Total	375	100

Source: Field survey, 2023

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.

Table 4.6: Response on if the local government contribute in revenue generation in the central fiscal treasures which they partake in sharing?

Options	Frequency	Percentage
Strongly agree	60	16%
Agree	75	20%
Disagree	150	40%
Strongly disagree	90	24%
Total	375	100%

Source: Field survey, 2023

The above table shows that 60 respondents or 16% strongly agree, 75 respondents or 20% agreed, 150 respondents or 40% disagreed while 90 respondents or 24% strongly disagreed. The above response indicates that local government contributes little in the central fiscal treasures which they partake in sharing. Some respondents also explain that in their own thinking, some local government do not contribute in the fiscal treasures.

Table 4.7: Response on if local governments in the country have been at the receiving end in the intergovernmental fiscal relations.

Options	Frequency	Percentage
Strongly agree	150	40%
Agree	121	32.18%
Disagree	59	15.69%
Strongly disagree	45	12%
Total	375	100

Source: Field survey, 2023

The above table shows that 150 respondents or 40% strongly agree, 32.18 respondents or 32.18% agreed, 59 respondents or 15.69% disagreed while 45 respondents or 12% strongly disagreed. This table has indicated the approval that local governments in the country are in the receiving end in the intergovernmental fiscal treasure.

Table 4.8: Response on what extent has the principle of true federalism being observed by the three tiers of government during the period 2000 to 2017 in Nigeria?

Options	Frequency	Percentage
Strongly agree	187	45.17%
Agree	75	20%
Disagree	60	16%
Strongly disagree	52	18.83%
Total	357	100

Source: Field survey, 2023

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 principles of true federalism is being observed during the period 2000 to 2017 in Nigeria, but the same group of respondents comment that it is only on paper that the state government do not give local government their share of money.

Table 4.7 Response on what the Local Government receives from monthly in federal allocation?

Options	Frequency	Percentage
30-50 million naira	52	18.83%
51-100 million naira	-	-
101-200 million naira	5	1.33%
No idea	300	79.8%
Total	357	100

Source: Field survey, 2023

From the table above, it can be see that great number of the respondent's response that they do not know the amount the local government receives monthly from federal allocation. They direct us (researcher) to find the information from federal ministry of finance monthly allocation record/bullets or from Central Bank of Nigeria (CBN) library but fifty-seven respondents response to the question. 52 of them representing 18.83% said monthly federal allocation are from 30-50 million naira while 5 (1.33%) said from 101-200 million naira. The researcher try to find the local government monthly allocate from federal treasure but do not achieve a good result.

Table 4.8: Response on if another problem of Inter-governmental fiscal relations is the issue of joint state/local government account.

Options	Frequency	Percentage
Strongly agree	225	60%
Agree	75	20%
Disagree	45	12%
Strongly disagree	30	8%
Total	375	100%

Source: Field survey, 2023

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 the joint state/local government account has impacted negatively on the local councils in the country.

Table 4.9: Delay in the releasing of funds accruable to lower tiers of government has been identified as contributing to intergovernmental fiscal relations crisis in Nigeria.

Options	Frequency	Percentage
Strongly agree	75	20%
Agree	75	20%
Disagree	150	40%
Strongly disagree	75	20%
Total	375	100%

Source: Field survey, 2023

The above table shows that 75 respondents or 20% strongly agree, 75 respondents or 20% agreed, 150 respondents or 40% disagreed while 75 respondents or 20% strongly disagreed. From the table above, we can deduct that delay in the releasing of funds accruable to local councils might not be the real problem of intergovernmental fiscal relations rather other reasons yet unknown.

Table 4.10: In order to solve the problem of intergovernmental fiscal relations crisis, the revenue mobilization and fiscal board should jointly confer with the three tiers of government before allocating funds to each tier of government in the country.

Options	Frequency	Percentage
Strongly agree	150	40%
Agree	113	30%
Disagree	60	16%
Strongly disagree	52	14%
Total	350	100%

Source: Field survey, 2023

The above table shows that 150 respondents or 40% strongly agree, 113 respondents or 30% agreed, 60 respondents or 16% disagreed while 52 respondents or 14% strongly disagreed. The above table has shown that through joint effort of the board and representatives of three tiers of government, the issue can be resolved.

4.3 Test of Hypotheses .

(3) Revenue allocation and fiscal federalism policy in Nigeria has not promoted even distribution of wealth and resources in Nigeria.

Table 4.11

(1) The conflict inherent in revenue allocation among tiers of government in Nigeria has triggered off agitation for balanced fiscal federalism.

Options	Frequency	Percentage
Strongly agree	150	40%
Agree	75	20%
Disagree	45	12%
Strongly disagree	90	28%
Total	375	100%

Source: Field survey, 2023

Testing of hypothesis using chi-square $\chi^2 = \frac{(o-e)^2}{e}$
 Level of significance used is 0.05 The degree of freedom is (k – 1)

Where $k =$ number of rows
 $= 4 - 1$
 $= 3$
The critical value $= 3.81$

Table 4.12: Analysis of Hypothesis 1

Options	o	e	o-e	(o-e)	$\frac{(o-e)^2}{e}$
Strongly agree	150	93.75	56.25	3164.063	33.75
Agree	75	93.75	-18.75	351.5625	3.75
Disagree	45	93.75	-48.75	2376.563	25.35
Strongly disagree	90	93.75	-3.75	14.0625	0.15
Total	375				63

Source: Field survey, 2023

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 was accepted.

(2) Imperfection in the 1999 Constitution of Nigeria has hampered proper fiscal federalism in Nigeria

Table 4.13 was used to test the hypothesis.

Options	Frequency	Percentage
Strongly agree	225	60%
Agree	60	16%
Disagree	45	12%
Strongly disagree	45	12%
Total	375	100%

Source: Field survey, 2023

Testing of hypothesis using chi-square $X^2 = \frac{(o-e)^2}{e}$

Level of significance used is 0.05

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

Where

k = number of rows

Therefore

$$= 4 - 1$$

$$= 3$$

The critical value = 3.81

Table 4.14: Analysis of Hypothesis 2

Options	o	e	o-e	(o-e)	(o-e) ² e
Strongly agree	225	93.75	131.25	17226.56	183.75
Agree	60	93.75	-33.75	1139.063	12.15
Disagree	45	93.75	-48.75	2376.563	25.35
Strongly disagree	45	93.75	-48.75	2376.563	25.35
Total	375				246.6

Source: Field survey, 2023

Decision: Since the calculated value of X^2 is greater than the critical value X^2 , $246.6 > 3.81$ 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.

(3) Lopsidedness in revenue allocation in Nigeria has hampered fiscal federalism policy in Nigeria.

Table 4.15 was used to test the hypothesis

Options	Frequency	Percentage
To a very highly extent	225	60%
To a highly extent	75	20%
To a low extent	45	12%
To very low extent	30	8%
Total	375	100%

Source: Field survey, 2023

Testing of hypothesis using chi-square $X^2 = \frac{(o-e)^2}{e}$
 Level of significance used is 0.05

The degree of freedom is (k – 1)

Where k = number of rows

$$= 4 - 1$$

$$= 3$$

The critical value = 3.81

Table 4.16: Analysis of Hypothesis 2

Options	o	e	o-e	(o-e) ²	$\frac{(o-e)^2}{e}$
To a very highly extent	225	93.75	131.25	17226.56	183.75
To a highly extent	75	93.75	-18.75	351.5625	3.75
To a low extent	45	93.75	-48.75	2376.563	25.35
To very low extent	30	93.75	-63.75	4064.063	43.35
Total	375				256.2

Source: Field survey, 2023

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 we therefore conclude that lopsidedness in revenue allocation has hampered fiscal federalism policy in Nigeria.

5.1 Summary of Findings

1. Poor relationship between the three tiers of government has increased agitation for balanced fiscal federalism in Nigeria.
2. The analysis revealed that imperfection in the 1999 constitution of Nigeria has hampered proper fiscal federalism in Nigeria.
3. Lopsidedness in revenue allocation has hampered fiscal federalism policy 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 operates. 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 encompasses different levels of government which have defector decision making author.

5.3 Recommendations

1. Good relationship between the three tiers can be fostered by ensuring equity in revenue sharing.
2. 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.
3. Government should ensure that the local government autonomy that has been decided in the Federal High Court of Nigeria in principle should be implemented without further delay, it is likely to address lopsidedness in revenue sharing.

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