ASSESSMENT OF THE STRATEGIES OF REVENUE GENERATION AND SHARING FORMULA IN A FISCAL FEDERALISM IN NIGERIA

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ABSTRACT

The revenue allocation and control is an integral part of every federal system of government particularly Nigeria, where the nation has federating units with their respective constitutional responsibilities. The federal, state and the local governments which constitute the three tiers of government in the country are each given tax raising powers, and the disbursement of revenue accrued to the three tiers of government which face challenges from the citizenry particularly oil producing states. Thus, this paper assesses the strategies of revenue generation and sharing formula among the three tiers of government in Nigeria such as highlighting the commissions and committees set for allocation formula, made conceptual classifications, sources of government revenue among others. Historical-descriptive approach was utilized as a method of data collection with secondary data used for analysis and drawing necessary summary, conclusions and its recommendations.

Keywords: *Allocation formula, Fiscal federalism, Tiers of government, Revenue and Tax.*

INTRODUCTION

Revenue generation, allocation and sharing formula in Nigeria serves as a central theme in governmental administration, many committees and commissions have been set up at different times under different administration which was saddled with the responsibility of examining various fiscal issues and recommend the best principles and formal in sharing national revenues to meet up the changes of the time.

There has not been no time in Nigeria when a general consensus on a revenue allocation formula has been reached and with the discovery and exploration of oil as observed by Amuwo, Agbale, Suberu and Herault (1998), the clamor for an opposition against the derivation principles increased with rapidity. There have also been intergovernmental frictions among all the levels of the federation. According to Azinge and Udombana (2012), the restless fleeing pulls of political agitation and worrisome wave of violence in all tiers of Nigerian federation, have weakened the centripetal centre-seeking agenda and necessitated the clamor for fiscal federalism, sovereign national conference, and new

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revenue allocation in Nigeria has been characterized by the establishment of several fiscal commissions on an adhoc permanent, presidential and constitutional basis with diverse and circumstantial recommendations and policies as mentioned inter-alia in order to arrive at acceptable formula and principles for allocation. Some of the commission included the Philipson Commission (1946), the Hicks-Philipson Commission (1951), the Chicks Commission (1968), the Raisman Commission (1958), the Binns Commission (1964), the Dina Interim Committee (1968), Aboyade Commission (1979) and the National Revenue Mobilization, Allocation and Fiscal Commission (1989). (Ekeh, Dele-Cola and Olusanya, 1989). Also various military decrees (revisions) particularly 1970, 1971, 1992 among others. It is worthy of note that all the Commissions/Committees listed overleaf were adhoc in nature except for the Revenue Mobilization Allocation and Fiscal Commission which was established as a legal and permanent framework to deal with revenue allocation matters on a more regular basis as the need arises.

CONCEPTUAL PERSPECTIVES

Revenue: Flesher and Flesher (2007) define revenue as an increase in owners` equity resulting from performance of a service or sale of something, this definition is anchored on the concept of equity which may increase due to sales of goods or provision of services in other words there are two sides revenue; something received and given. Fayemi (2001) sees it as "all tolls, taxes, impress, rates, fees, duties, fine, penalties, fortunes and all other receipt of government from whatever source arising over a period either one year or six months as stipulated.

Revenue generation: in Nigeria as observed by (Olaoye, 2008) is where the state government is principally derived from tax. Tax is a compulsory levy imposed by government on individuals and companies for the various legitimate function of the State. Rabiu (2004) sees revenue generation as the revenue accrues to State governments which were derived from two broad sources, viz the external sources and the internal sources.

Revenue allocation: can be defined as the practice by which one level of government turning over a portion of the revenue it receives from taxation and other sources to another level of government usually lower one. It can also be seen as financial system that operates a structure where funds flow to the three system of government from what termed the federation account.

Fiscal federalism: Ozo-Eson, (2005) opined that fiscal federalism concerns the division of public sector functions and finances among different tiers of government. Arowolo (2011) said, it is a set of guiding principles or concepts that helps in designing financial relations between the nation and subnational levels of governments, while fiscal decentralization is the process of applying such principles (Sharma, 2005).

Nigeria's Three Tiers of Government

The Nigerian government structure is made up of three tiers, which are:

a) The Federal government
b) The State government and
c) The Local government,

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The three of them are involved in delivering dividends of democracy to the people, they each have their roles to play as entities, but they also collaborate in certain respects, especially when it has to do with management and financing this ensures improvement in performance and accountability. According to Nigeria constitution 1999; Part I Sec 34, provides that, the federal government is involved exclusively to defense, shipping federal trunk roads, aviation, ammunition, police and mineral resources guidelines among others.

Both Federal and State under concurrent powers of the constitution collaborate to see to antiquities and monuments, university, technological and post primary educations; health and social welfare, statistics and surveys, scientific and technological research, industrial, commercial and agricultural development and electricity among others (Sharma, 2005). Also, State and Local governments under residual power of the constitution collaborate on issues related to development of agriculture and non-mineral natural resources, health services and primary, adult and vocational education among others. The local governments' deals with issues related to roads, streets naming, street lighting drains and other public facilities, sewage and refuse disposal, homes for destitute and local vigilante and burial grounds and economic planning and development among others.

Funding for the three tiers of government being provided by the federal government through certain percentage for the monthly allocation goes to the centre which is the federal government, the state governments and the local government areas of the country through certain lead down principles that would be considered in the course of this study (Sharma, 2005).

Sources of Government Revenue in Nigeria

Every government depends on revenue from different sources to thrive and the Nigeria government is not different. Basically, revenue in terms of governance can be seen as the total annual income of the federal, state and the local government councils, or it can be said to be the money that goes into the treasury from any of these sources, under this sub heading of the study, the study discover that government earns revenue from different source, overall, government revenue can said to be divided into oil revenue and non-oil revenue and these have been highlighted below:

i. **Oil revenue**

a) Joint venture cash called royalty (JVC)
b) Petroleum profit tax (PPT)
c) Rent
d) NNPC`s earnings from direct sales (crude oil sales) and sales of gas.
e) Proceeds from domestic market
f) Penalty from gas flared
g) Pipeline licenses and other fees
h) Excise duties and VAT on domestic crude oil

The country earned ₦224.9 billion from petroleum profit tax (PPT) and royalties from the oil and gas sector in January 2017 (Nigeriafinder.com 2018). Based on the Central Bank of Nigeria (CBN) data for

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February 2017, the country`s total earnings from the oil and gas sector in the mouth of February 2017 alone stood at N292.8 billion, rising by 37.92% from ₦212.3 billion recorded in the previous month of January, 2017. This study further revealed that earnings in February from PPT and royalties from the oil and gas sector which stood at ₦120.1billion appreciated by 14.6% from ₦104.8 billion recorded in January, 2017 (NigeriaFinder.com, 2018).

ii. Non-Oil Revenue

These have also been classified as follows:

a. **Indirect taxes:** there are taxes indirectly imposed on consumer goods. Example of indirect taxes include: custom and exercise tax, sales tax, expenditure tax among others.
b. **Excise duties:** these are taxes imposed on commodities produced locally, excise duties are imposed on selected commodities, such as alcohol, petroleum products and tobacco. The duties are discriminatory in character and are usually imposed on an advoleram basis. Excise duties are sometimes imposed to protect infant industries from foreign competition.
c. **Custom duties:** there are two types of custom duties, these are export and import duties.
d. **Company Income Tax:** Resident companies are liable to Corporate Income Tax (CIT) on their worldwide income while non-residents are subject to CIT on their Nigeria-source income. The CIT rate is 30%, assessed on a preceding year basis i.e. tax is charged on profits for the accounting year ending in the year preceding assessment) www.taxsummaries.pwc.com.
e. **Pay As You Earn (PAYE):** PAYE is a system of paying income tax in which your employer pays your tax directly to the government, and then takes this amount from your salary or wages. PAYE is an abbreviation for 'pay as you earn' (www.collinsdictionary.com).
f. **Sales Tax:** this is another effective way of earning internally generated revenue by the government of Nigeria. This tax has a wide coverage and it is usually imposed on the basic necessities of life. For goods with inelastic demand, sales tax is a reliable source of revenue. Also this type of tax is an effective tool for controlling inflation in the country (NigeriaFinder.com, 2018).

The Various Principles Recommended By the Commissions/ Committees of Revenue Allocation in Nigeria

A close look at the recommendations of the various Revenue Allocation Commissions/Committees in Nigeria shows the following fourteen principles of revenue sharing of the national cake:

a) Basic needs
b) Minimum Material Standards
c) Balanced Development
d) Derivation
e) Equality of Access to Development Opportunities,
f) Independent Revenue/Tax effort
g) Absorptive Capacity
h) Fiscal Efficiency
i) Minimum responsibility of Government

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j) Population
k) Social Development Factor
l) Equality of States
n) Landmass and Terrain
o) Internal Revenue Generation Effort.

The above principles have continued to serve as the yardstick for revenue allocation up to this day.

Nigerian Constitution, Resource Control, Allocation and Formula

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

The constitutional role of the National Assembly regarding revenue allocation is hinged on provisions of Section 80, 81 and Third Schedule, Part I (32 [b] of the 1999 Constitution of Nigeria. But these functions may be too complex for the National Assembly to carry out as observed by Ekeh et al (1989:65). This is in view of the intricacies associated with and involved in revenue allocation matters. Similarly, the earlier 1963 Constitution of the Federal Republic of Nigeria (Section 136) established the 'Distributable Pool Account' while the 1979, 1989 and 1999 Constitutions all established Consolidated Revenue Fund and Federation Account under Sections (74, 78, 120, 160) respectively. The 1963 Republican Constitution made elaborate provisions for payment of a certain percentage of revenue to each region in respect of different items as excise, import and export duties, rents and royalties (Section 136 of the 1963 Constitution of the Federal Republic of Nigeria. While the 1979, 1989 and 1999 Constitution (Second Schedule, Part I [34, 39]) provided that all mines and minerals, including oil fields, oil mining, geological surveys and natural gas fall under Exclusive Powers.

The 1979 and 1989 Constitutions also provided in Sections 78, 80 (1 & 2) and 120 of the 1999 Constitutions which established the Consolidated Revenue Fund for the federation and states and that all revenues or any other money whether received or raised must be paid into this fund. The 1989 Constitution instead of the 'Joint/States Local governments Joint Account' created 'Local Governments Account' for the funds allocated for joint purposes (Section 160 [5] of the 1989 Constitution of Nigeria). According to Section 162 (1) of the 1999 Constitution of Nigeria, the federation (Nigeria) shall maintain an account (the federation account) and all revenues to be collected by the federal government of Nigeria are to be paid into the same account except personal income taxes of the Armed Forces, Ministry of Foreign Affairs, and residents of Abuja, the Federal Capital Territory. There is also the provision for the establishment of a Joint Account (sub-section 6 of Section 162) for each of the 36 states and their local governments referred to as the 'States Local Governments Joint Account'.

The nature and conditions of financial relations in any federal system are crucial to the stability and prosperity of such a system. There have been various principles over the period of time in Nigeria's political and economic history on horizontal allocation of revenue among the three and later four regions;

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12, 19, 21, 30 and 36 states as well as the local governments now 774 across the federation. Virtually all the principles of this horizontal allocation are in themselves deficient and controversial among the benefactors (states and local governments) as observed by the Aboyade Commission (1979:23-8) cited in (Amuwo, Agbale, Suberu & Herault, 1998:234).

The principle of derivation has been reduced several times ever since the discovery and exploitation of oil, neglect of agriculture and solid minerals. The principle of derivation in Nigeria had kept dropping from 100% to 50% in the early 1960's, 45% in the 1970, 25% in 1977, 5% in 1981 and 3.5% in 1984. It, however, began to rise under the General Babangida military regime in 1992 up to the current 13%. The derivation principle/formula under the 1963 constitution of Nigeria with fiscal federalism in which the then federating regions owned, controlled and developed the natural resources endowed in their respective regions and thereby remitting an agreed percentage of their respective revenues to the federal/central government as tax for the maintenance of common and essential services for defense, foreign affairs, customs, foreign relations among others. The allocation principles currently used include: Population, Land Terrain, Internal Revenue Generation, Land Mass, Population Density and Derivation of not less than 13% of the total revenue accruing from any natural resource (Section 162 [2] of the 1999 Constitution of Nigeria). Nigerian revenue allocation processes have been very disputing with sometimes courts cases as for example, in 2002, the Supreme Court ruled that 'Special Funds' reserved from the Federation Account for special purposes was unconstitutional and similarly ordered the addition of that special funds 7.5% to the federal government's share thereby increasing it to 56% from 48.5%, after ruling in a case of Attorney General of the Federation vs Attorney General of Abia State and others (Nwabueze, 2007).

Components of Revenue Allocation Formula in Nigeria

The Vertical and Horizontal Formulae:-

Fundamentally, there are two components of the revenue allocation formula used for the disbursement of the Federation Account as indicated hereunder.

The Vertical Allocation Formula: This formula shows the percentage allocated to the three tiers of government i.e. federal, states and local governments. This formula is applied vertically to the total volume of disbursable revenue in the Federation Account at a particular point in time. The VAF allows every tier of government to know what is due to it; the Federal Government on one hand and the 36 States and 774 Local Governments on the other (Bashir, 2008).

The Horizontal Allocation Formula: The formula is applicable to States and Local Governments only. It provides the basis for sharing of the volume of revenue already allocated enbloc to the 36 States and 774 Local Governments. Through the application of the principles of horizontal allocation formula, the allocation due to each State or Local Government is determined. Thus, it can conveniently be concluded that the vertical allocation formula is for inter-tier sharing between the three tiers of government while the horizontal allocation formula is for intra tier sharing amongst the 36 States and the 774 Local Governments in Nigeria (Bashir, 2008).

Institutional Framework for Revenue Allocation in Nigeria

For analytical purpose, the table below provides at a glance the process which takes place monthly in the allocation of revenue from the Federation Account.

S/N	*Institution*	*Roles*
1	Revenue Mobilization, Allocation and Fiscal Commission	Monitor revenue accruals into and disbursements from the federation account. It therefore determines the allocation indices
2	Central Bank of Nigeria	A custodian of the federation account
3	Federation Accounts Allocations Committee	It determined monthly disbursement from the federation account. It comprises of representative of the federal, 36 states government, RMAFC, OAGF and other revenue agencies etc.
4	State Joint Local Government Account	It determines monthly disbursement from the State Joint Local Government Account. It comprises of representatives of the State and local governments.

Source: *Bashir (2008), Workshop paper*

An Overview of Revenue Sharing Formula among the Three Tiers of Government in Nigeria

i. Prof. Aboyade Commission (1978)

This was a six-member Committee charged with the responsibility of ensuring that each level of government of the Federation has adequate revenue to enable it discharged its responsibilities with due regard to the principles of:

a) Equality of States
b) Derivation
c) Population
d) Even Development
e) Geographical Considerations
f) National Interest

The Committee however, set aside all the criteria mentioned above and instead formulated five principles for the determination of statutory allocation to the states. These prevailing principles are as indicated below:

a)	Equality of access to development opportunities	-	0.25
b)	National minimum standard for National integration	-	0.22
c)	Absorptive Capacity.	-	0.20
d)	Independent Revenue.	-	0.18
e)	Fiscal Efficiency.	-	0.15
	Total Weight.	-	**1.00**

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Furthermore, the Aboyade Committee recommended the sharing of the consolidated fund as follows:

Federal Government	–	5%
State Government	–	30%
Local Government	–	10%
Special Grants According	–	3%

Source: *Bashir (2008), Workshop paper*

In spite of the fact that a greater proposition of the revenue allocation went to the Federal Government, the Federal Military government still exerts its influence and ensured the further inflation of its grant by 3% to the detriment of the federating units. Having done this, the report of the Aboyade Technical Committee was presented to the Constituent Assembly for approval.

Unfortunately, the Constituent Assembly members failed to give the report the serious attention it deserved because of their pre-occupation with controversial issue such as the creation of more state, the Sharia Law Controversy and the formula for election of the President (Adewale, 1960) the next Commission on revenue allocation is the Okigbo Presidential Commission of 1980.

ii. Okigbo Presidential Commission (1980)

The Okigbo Presidential Commission on revenue allocation which was constituted in 1980 gave the following recommendations for the sharing of revenue:

Federal Government	–	55%
State Government	–	35%
Local Government	–	10%

Just like other post-independence formula on revenue allocation, the Okigbo Commission recommendation was accompanied with controversy, disagreement and conflict (Ademolekun1986)

iii. Revenue Allocation Under IBB Regime 1985 – 1989 The thorniest issue under Babangida regime was the fiscal scheme. The issue of revenue allocation was so thorny that Babangida regime had to review the revenue allocation four times during its duration. From the inception of the Babangida regime in 1985 all through 1989, the formula of revenue allocation stood at:

Federal	–	55%
State	–	32.5%
Local	–	10%

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Allocation to the oil mineral producing states, and general ecological problems stood at 1.5% and 1% respectively.

iv. Summary of Revenue Allocation From 1988 – 1993 (in billions)

Allocations	1988	1989	1990	1991	1992	1993
Federal Government	13.92 (55%)	14.91 (55%)	22.71 (50%)	31.86 (50%)	47.1 (50%)	58.2 (48.5%)
State Government	8.23 (32.5%)	8.807 (32.5%)	13.63 (30%)	19.18 (30%)	23.58 (25%)	28.8 (24%)
Local Governments	2.53 (10%)	2.71 (10%)	6.81 (15%)	9.59 (15%)	18.87 (20%)	24.0 (20%)

Source: *First Bank: Monthly Business and Economic Reports for 1988, 1989, 1990, 1991, 1992 and 1993*
****Notes: Numbers in Brackets are the percentages of allocation.*

v. Revenue Allocation Under Abacha Regime 1994 – 1998

Abacha regime adopted and maintained the formula bequeathed to it by the Babangida regime. This formula is presented below:

Federal Government – 48.5%
State Government – 24%
Local Government – 20%
Special Fund – 7.5%

According to Danjuma, the Federation Account here is made up of revenue from the following sources:

a) Company income tax
b) Import Duties
c) Export Duties
d) Exercise Duties
e) Petroleum profit tax
f) Mining rents and Royalties
g) NNPC Earnings from Direct States
h) Pipeline Licenses and fees
i) Surpluses arising from the sale of Gas

The introduction of Value Added Tax (VAT) in (1996) has also diversified source of fund for the tiers of government. The formula adopted for the sharing of the VAT fund (vertically) since the 1997 fiscal years is:

Federal Government – 35%
State Government – 40%
Local Government – 25%

The higher percentage enjoyed by the VAT revenue sharing has been justified by Chief Anthony Ani – Former Finance Minister when he said: *In order to compensate state government whose incomes from the PAYE (Tax) are likely to be adversely affected by the enhanced allowances granted tax payer, the VAT distribution formula is further reviewed in favor of state….*

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vi. Revenue Allocation Under President Olusegun Obasanjo (1999-2007)

The proposed formula by Revenue Mobilization, Allocation and Fiscal commission gives:

Federal Government	–	41.3%
State Government	–	31%
Local Government	–	16%

Apparently, not satisfied with what it considered an upside formula, the Southern Governors insist that only equal revenue sharing between the federal government and the states in Nigeria will be considered fair and realistic by the Southern States. They therefore requested for the adoption of the following formula for revenue allocation in Nigeria:

Federal Government	–	36%
State Government	–	36%
Local Government	–	25%
Federal Capital	–	1%
Ecology	–	2%

Source: Bashir (2008), Workshop paper.

Current Revenue Allocation Formula in Nigeria Revenue Allocation

The current vertical allocation formula which is based on Presidential Executive order is as follows:

Federal Government	–	52.68%
State Government	–	26.72%
Local Government	–	20.60%

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

While the horizontal allocation formula which captures factors/principles and percentage is as follows:

Equality	–	40%
Population	–	30%
Landmass/Terrain	–	10%
Internally Generated Revenue	–	10%
Social Development Factor	–	10%

For purpose of emphasis, the Social Development Factor comprised of Education (4.0), Health (3.0) and water (3.0) (Bashir 2008:7).

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Problems of Revenue Allocation in Nigeria

Revenue in Nigeria encounter a series of problems, among those problems are:

i. **Political and Economic Instability**

This phenomenon is one of the problems accredited to unfair derivative principles in Nigeria, as states were at a loggerhead with the federal government and the financial weakness experienced by most states. Till now, there is agitation for yet an acceptable derivation principles that will meet the yearning of the Nigeria citizens. However, some of the states that confronted the federal government in respect to the unfair treatment in allotting to them the allocation due to them were sort of punished as the federal government withheld their allocation for some time.

ii. **Fiscal imbalance between federal and state:** Revenue allocation formula indicated a major challenge as there is fiscal imbalance in what all the tiers of government get at the end of the day.

iii. **Lack of control over local resources**

According to the principle of true federalism, as enshrined in the constitution that states be allowed to control their resources, but in the case of Nigerian state, there is a reversed to this principles as most state in the nation are clamoring for unfair treatment (Athanasius, 2018).

iv. **Development gap**

Much of the argument in respect of revenue allocation can also be traceable to the inequitable development gap in the nation, occasioned by unequal availability of natural endowment. Those states are agitating that there should be a formula that guarantees equity in revenue allocation.

Prospect of Revenue Allocation in Nigeria

i. **Encouragement of diversification of economy**

At the turn of oil boom in the 70s the constitution had stipulated what percentage should go for each state of the federation. In the 70`s then, there was derivation principles that stipulated fifty percent (50%) derivation. This principles indeed encouraged some federating units to look inwards as to what they can produce by the virtue of their natural endowment with a view to contribute into the national pause and as we stand a chance of earning based on what they produced as a result, some states went into agriculture production.

ii. **Resource control fiscal independence**

The preoccupation of successive governments in Nigeria after independence has been to work and arrive at the most equitable derivation principles, while several committees were set up to determine a fair derivative principles.

However, the issue of resource control was widely acclaimed and practical in the 70`s. the government expenditure matched revenue generated in other words the government programs were commensurate with revenue source.

iii. **Socio-economic development**

Since the oil boom in the 70`s, crude oil exploration was foremost economic bustle in Nigeria, the states producing areas were dangerously affected, and the areas received attention in terms of massive development of the areas as a reward from what these states have yielded to the federal

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government. This development led to the birth of the Niger Delta Development Commission, whose task is to see to the development of Nigeria Delta, where Nigeria got its oil from, however, this development is considered as unfair particularly, to those states that believed that it is their resources that sustained the nation`s economy. The dwindling development in the Niger Delta has been widely viewed as a sheer greed and in sincerity on the part of federal government.

Underdevelopment was a resultant effect of this unfair treatment to states by the federal government. Uneven development in Nigeria was also traceable to the problem of revenue allocation and sharing formula (Athanasius, 2018).

SUMMARY AND CONCLUSION

The method of revenue of allocation in Nigeria among the three tiers of government is characterized with controversy. Each level of government, federal, state and local government wants to have a sizeable share of national cake for its developmental activities. Every level seeks to maximize its benefits in the politics and battle. The central government is allocated much power and the lion`s share of the allocation throughout the political and economic history of Nigeria except for the 1954-1966 fiscal federalism allocation eras. The neglect of other vibrant and promising sectors of the economy and the dwindling revenue condition throughout the Nigeria economy is attributed to monoculturisation and over dependence on crude oil, which also hampering development and its failure to diversify the Nigeria`s economy therefore ordered the frequent promulgation of military decrees before now and the frequent getting up of commissions both for the purpose of revenue allocation was to satisfy the interest of the stake holders in having a fair share allocation from the common pool account. It is in a bid to satisfy these competing interests that Nigeria is in a continuous search for a generally acceptable formula for revenue allocation. Therefore, all efforts aimed at achieving generally acceptable formula for revenue sharing in Nigeria should be guided by national interest which supersede individual or primordial interest.

RECOMMENDATIONS

The study therefore, went further in drawing some recommendation as follows:

a) 13% derivation allocation to oil producing states be reviewed upward to 20% or 25% to cushion the negative effects of oil exploration and exploitation which came with considerable measures to tackle economic and environmental degradation which relates to developmental challenges on oil producing states communities.

b) There should be an increase in statutory allocation to both states and the local governments to facilitate development at the grass root level, since states and local government is more grass root oriented levels of government than the federal.

c) The revenue mobilization allocation and fiscal commission should endeavor to come up with a credible review of revenue allocation pattern and adjustments of powers to generate revenue in favour of disadvantaged tiers of government.

d) To ensure transparency and accountability, consistent monitoring and evaluation of all federal allocation should be made on all projects and programs of all 36 state governments and 774 local governments across the federation.

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e) The activities of financial, regulatory and anti-graft agencies like EFCC, and ICPC should be strengthened so that they can discharge their functions without fear, or favour.

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