

University of Montana

ScholarWorks at University of Montana

Graduate Student Theses, Dissertations, &
Professional Papers

Graduate School

1982

The controversy on the appropriate revenue sharing formula among the states in Nigerian Federation.

Sule A. Sarumi
The University of Montana

Follow this and additional works at: <https://scholarworks.umt.edu/etd>

Let us know how access to this document benefits you.

Recommended Citation

Sarumi, Sule A., "The controversy on the appropriate revenue sharing formula among the states in Nigerian Federation." (1982). *Graduate Student Theses, Dissertations, & Professional Papers*. 8767. <https://scholarworks.umt.edu/etd/8767>

This Thesis is brought to you for free and open access by the Graduate School at ScholarWorks at University of Montana. It has been accepted for inclusion in Graduate Student Theses, Dissertations, & Professional Papers by an authorized administrator of ScholarWorks at University of Montana. For more information, please contact scholarworks@mso.umt.edu.

COPYRIGHT ACT OF 1976

THIS IS AN UNPUBLISHED MANUSCRIPT IN WHICH COPYRIGHT SUBSISTS. ANY FURTHER REPRINTING OF ITS CONTENTS MUST BE APPROVED BY THE AUTHOR.

MANSFIELD LIBRARY
UNIVERSITY OF MONTANA
DATE: 1982

THE CONTROVERSY ON THE APPROPRIATE REVENUE SHARING FORMULA
AMONG THE STATES IN NIGERIAN FEDERATION

by
Sule A. Sarumi

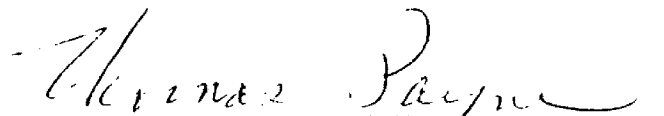
Bachelor of Management, University of Lethbridge, Canada, 1979
Presented in partial fulfillment of the requirements for the degree of

Master of Public Administration

UNIVERSITY OF MONTANA

1982

Approved by:


Chairman, Board of Examiners


Dean, Graduate School

12-6-82
Date

UMI Number: EP39568

All rights reserved

INFORMATION TO ALL USERS

The quality of this reproduction is dependent upon the quality of the copy submitted.

In the unlikely event that the author did not send a complete manuscript and there are missing pages, these will be noted. Also, if material had to be removed, a note will indicate the deletion.



UMI EP39568

Published by ProQuest LLC (2013). Copyright in the Dissertation held by the Author.

Microform Edition © ProQuest LLC.

All rights reserved. This work is protected against unauthorized copying under Title 17, United States Code



ProQuest LLC.
789 East Eisenhower Parkway
P.O. Box 1346
Ann Arbor, MI 48106 - 1346

". . . . Neither economists nor political scientists can answer the crucial economic and political questions about the consequences of revenue sharing."

Henry Aaron

"Honest Citizen's Guide to Revenue Sharing," in Proceedings of the 1971 Meeting of the National Tax Association

TABLE OF CONTENTS

INTRODUCTION	Page 1
CHAPTER	
I. NIGERIA: REVENUE SHARING COMMISSIONS - 1946-1980	4
II. DISTRIBUTABLE POOL ACCOUNT (DPA) AND CRITERIA FOR ALLOCATION	16
III. INCREASED FISCAL CENTRALIZATION AND THE QUEST FOR EVEN DEVELOPMENT	24
IV. REVENUE SHARING FORMULA - AN ALBATROSS	30
V. CONCLUSION	40
SELECTED BIBLIOGRAPHY	42

INTRODUCTION

A federal system of government is an association of two or more states that desire union without actually surrendering their individual identities. The federating states are heterogenous units in that they differ in one or more of the following: climate, physical features, state of economic development, population, language and, sometimes, customs, institutions and religion. However, the degree of heterogeneity varies from one federation to another.

Federal finance involves a threefold division of resources between the central government, the regional or state authorities, and the local governments. Hence, the study of federal finance includes the relationship between those three levels of government. Moreover, the establishment of a federation raises three problems: (1) how to allocate functions rationally; (2) how to allocate taxing powers; and (3) how to share revenue between the governments of that federation.

Revenue sharing among the regions/states in the Federal Republic of Nigeria--the focus of this paper--has been a thorny issue in the political and economic development of the country. Revenue sharing policies have been used to justify the unequal distribution of power existing between the regions, and many observers have suggested that conflict over revenue sharing decisions might have been a major contributing factor in the development of the civil war: 1966-1970. In addition, there is no doubt that those who advocate creation of more states look at revenue sharing as a system that ought to favor their cause by directing more revenue to their individual constituencies.

The purpose of this paper is to examine the process of revenue sharing in the Nigerian federation and to propose recommendations on how to improve the system. In order to fulfill this purpose, the paper will review the experiences of the various commissions involved with the development of revenue sharing schemes, consider many of the criteria used in the allocation process, and present a broad analysis of the controversy on the revenue allocation system in Nigeria.

Methodology and Sources

For sources of data and information, primary reliance will be placed upon Nigerian public documents and important published secondary sources. Additionally, the author was able to visit Nigeria and interviewed a number of public officials, notably the Federal Director of Budget and the Chairman of the 1977 Commission, on revenue allocation.

Most of the facts on the activities of the commissions set up to find workable and lasting solutions to the issue of revenue sharing are extracted from books written on Nigerian Federal (Public) Finance by Drs. A. Adedeji and P. Okigbo. Data on the criteria for allocation and increased financial power of the federal government are drawn from the reports of the 1980 Presidential Commission on revenue allocation, works edited by Panter-Brick titled, "Soldier and Oil: The Political Transformation of Nigeria," and Omorogiuwa's "Nigeria: The Effect of State Creation on Revenue Allocation and Economic Development." Information on total revenue shared and the method of sharing comes from other governmental publications as well as from books and periodicals written on the subject.

Organization of the Study

This study is divided into five chapters. Chapter I is a review of the works of the revenue sharing commissions between 1946 and 1980. Chapter II describes the criteria used in the allocation system, past and present. Chapter III discusses the increased centralization of fiscal power in the federal hands and the effects of such centralization. Both Chapters I and II provide the background information that helped flesh-out reasons why the revenue sharing issue is a problematic one, which is the subject of Chapter IV. Chapter III depicts the shrinkage of independent revenue sources of state governments and the state governments' increasing dependence on federal sources, which also creates the basis for the conclusions arrived at in Chapter IV. The paper's final conclusion is contained in Chapter V.

CHAPTER I

Nigeria: Revenue Sharing Commissions - 1946-1980. The problem with revenue allocation in Nigeria started when the country switched from a Unitary Constitution to a Federal Constitution in 1946.¹ With the adoption of the Federal Constitution, formal apportionment of centrally collected revenues amongst the constituent regions became necessary. Since then one panel after another was commissioned to make recommendations on revenue allocation between the levels of government and among the units (regions/states) that form the federation.

The Phillipson Commission - 1946. This was the first commission in the series. Its recommendations were implemented in the revenue allocation scheme and used for four consecutive years, 1948-1952.

The Commission was asked to apply the principles of derivation, "even progress" and population in allocating declared and undeclared revenues. A declared revenue is one which emanates from particular activities of the people of a state, whereas nondeclared revenue cannot be traced to the action of the people of a state or a group of states. Revenue from the sale of cash crops, e.g., cocoa, is an example of a declared revenue. Since revenue from regional sources accrued to the region that produced such revenue, the Commission concerned itself only with nondeclared revenue. It proceeded to recommend distribution to regions on the basis of derivation, thereby jettisoning "even progress" and population principles. It also favoured allocating revenue strictly

¹Read A. Adedeji, Nigeria Federal Finance, (London, 1969), p. 221.

on the derivation principle "as an essential condition of political training at the regional level and as a means of training regional councils to learn to cut their coats according to their cloth."²

But the Commission's recommendation was partial and grossly inadequate. Its application of the derivation principle was dubious. In computing the share of nondeclared revenue to be given to the north, it utilized the following equation:

$$\text{Total Northern Region revenue} = \frac{A \times Dr}{100} + Rn,$$

(where "A" represents total available nondeclared revenue, "Dr" represents regional derivation from nondeclared revenue stated in a percentage, and "Rn" represents the Northern Region's own declared revenue).

But, in order to find the total revenue due to any region, there has to be a quantitative value for "Dr"; otherwise we have an equation with two unknowns. The Commission, by failing to indicate the formula or equation it used to derive "Dr," therefore did not succeed in its attempt to use the equation to solve revenue sharing problems. What this and other "subsequent fiscal commissions were able to do, was merely to pull a formula out of their bags"³ and erroneously applied the formula in revenue allocation. That is, the formulae used had no relevance in revenue allocation process. They were used in order to make the work of the commissions look more professional than it would have if the fancy formulae were not utilized.

The implications of the Commission's recommendations are displayed in the following table.

²Adedeji, op. cit., p. 57.

³Ibid., p. 55.

Table 1

	Percentage recommended for sharing non- declared revenue 1946-1947	Contribution to total revenue in % (i.e., declared sources) 1946-1947	Percentage of recurrent government expenditure for regional services for 1946-1947
North	46	51	36
West	30	27	26
East	24	22	38
	<u>100</u>	<u>100</u>	<u>100</u>

Source: Nigerian Federal Finance, Adedeji, p. 55.

First, the table shows that although the north made the largest contribution to total revenue (51%), it received only 36% of government expenditure in spite of its large population base. The east, on the other hand, contributed a meagre 22% (the least) to total revenue, but received the largest relative government expenditure on regional bases. This revelation generated some conflicts among the regions and between the regions and the federal authority. It also precipitated the appointment of another commission to correct the irregularity.

The Hicks Commission - 1952-1954. After the Macpherson Constitutional Conference in which Nigerian leaders opted for greater regional autonomy--quasi-federalism--the Hicks Commission was appointed to review the financial allocation of revenue to the regions. The Commission's report recommended that the regions ought to be given power to raise, regulate and appropriate certain items of revenue.⁴ Its report led

⁴Report of the Presidential Commission on Revenue Allocation, Vol. III. Apapa: Federal Government Press, 1980, p. 99.

to the emergence of the principle of "Independent Revenue" in Nigeria Federal finance. Unlike its predecessor, it advocated principles of derivation, need and national interest as bases for allocating revenue to regions.

The effects of the Commission's recommendations can be seen from the figures in Table 2, below. The figures indicate that both the north and the west received the lion's share of the federal allocations during the period. These regions had budget surpluses while the east budgeted deficits. No wonder then that the report was not favourably accepted by the regions--especially the east--and this led to a fresh call for a review of the allocation system.

Table 2
Proportionate Regional Shares of Central Allocation
and Grants, 1951-54

	Percentage 1951-52	Percentage 1952-53	Percentage 1953-54
North	38.0	33.8	32.4
West	27.2	35.7	38.2
East	34.8	29.6	29.3

Source: Report, Vol. III, p. 341.

The Chicks Commission - 1953. Instead of reducing the huge imbalance that existed between regions, the Commission exacerbated it. This was partly due to the terms of reference which the Commission was working with. It required that the panel be fully aware of "the importance of ensuring that the total revenues available to Nigeria are allocated in such a way that the principle of derivation is followed to the

fullest degree compatible with meeting the reasonable needs of the Centre and each of the regions."⁵ The recommendation of the Commission surely led to a high degree of unequal distribution of revenue among the regions. The eastern region was adversely affected by the distribution while the west was favored by it, as indicated in Table 3.

Table 3
Regional Share of Revenue

	<u>North</u> [*]	<u>West</u>	<u>East</u>
1. Original Revenue Allocation 1954-55 (North = 100)	100	123	91
2. Revised allocation based on the new Constitution for the second half of the year, starting in October 1954 (North = 100)	100	158	73

*The north neither gained nor lost by the distribution.

Source: Nigeria Federal Finance, A. Adedeji, p. 107.

The system propounded by this panel put the Export Duty on produce and Import and Excise Duties in the hands of the regional governments. Moreover, it led to regionalization of the National Marketing Boards. People criticized the Commission for this. Their recommendations were also criticized on the following grounds:

(a) Most of the independent revenues were left in the federal government's hand instead of channeling some funds to the appropriate regions directly.

(b) The application of the principle of derivation was deficient solely because determination of regional consumption of the bulk of imported goods, except tobacco and processed oil, was very difficult,

⁵Ibid.

probably impossible to accomplish. It was difficult to trace which goods were directly from which area.

(c) The apparent insensitivity to the relationship between the needs of a region and the region's revenue-raising ability. For example, the needs of the eastern region at this time far exceeded the revenue allotted to this region. These weaknesses prompted the government to set up the Raisman Commission.

Raisman Commission - 1958. This commission was set up to carry out a detailed review of financial relationships between regions. Its recommendations were substantial in that they conferred a higher degree of fiscal autonomy on the regions than the previous commissions had. It also established the State Joint Account, styled the Distributable Pool Account (DPA).*

Whereas mining rents and royalties accrued to the regions of origin in the previous scheme, it recommended that they be divided as follows: 50% to the region of origin, 20% to the federal government, and 30% to be paid into the Distributable Pool Account. In distributing the DPA the Commission recommended the use of principles of "need," "minimum responsibilities" and "balanced development of the federation." It advised that the Distributable Pool Account be shared as follows:

*The Distributable Pool Account (DPA) is the states' share of the Federation Account. It amounts to states' share of the divisible taxes-- export, import, personal income taxes, mining rents and royalties, if any.

	<u>Percent</u>
North	40
East	31
West	24
Southern Cameroon ⁶	5
	<hr style="width: 10%; margin: auto;"/> 100

The following table demonstrates the (partial) effect of the Commission's recommendations on two regional governments' budgets.

Table 4
Regional Governments' Budgets - 1962-66

# million*	1962-63	1963-64	1964-65	1965-66
<u>Western Nigeria</u>				
Recurrent Revenue	48.8	38.8	41.8	44.8
Recurrent Expenditure	49.8	38.2	42.0	48.4
Recurrent Budget				
Surplus (+) Deficit (-)	-1.0	(+)0.6	-0.2	-3.6
<u>Eastern Nigeria</u>				
Recurrent Revenue	43.4	44.9	53.4	60.0
Recurrent Expenditure	35.8	38.6	48.2	49.8
Recurrent Budget				
Surplus (+)	(+)7.6	(+)5.8	(+)5.2	(+)10.2

* # 1 is approximately \$1.50.

Source: Report, Vol. III, p. 344.

For the first time in years, the eastern region did have a surplus. The region was able to balance its budget. On the other hand, the west

⁶This region's share lapsed when it deserted the Federation in 1961 and Midwest Region claimed one-quarter of the share of the west when it was created in 1963.

slightly went overboard and the region was in the red in 1962-63 and again between 1964 and 1966. This turn-around, although partly due to the discovery of oil in the east in 1959, also came as a result of the Commission's recommendation.

The Binns Commission - 1964. The Binns Fiscal Commission was appointed to review the revenue system as part of a periodic assignment on revenue allocation. It operated under section 164 of the Independent Constitution and its focus was on equitable allocation of DPA.

The Commission's work and recommendation were not significantly different from that of the Raisman's Commission. However, it recommended an increase from 30% to 35% the share of revenue in the DPA. Not only that, it stressed the importance of reducing inter-regional jealousy by the use of the principle of "even progress." It recommended that revenue should be distributed thus:

<u>Region</u>	<u>Percentage</u>
North	42
East	30
West	20
Mid-west	8
	<hr/>
Total	100

The Dina Interim Revenue Allocation Committee - 1968-69. The Dina Committee was set up in 1968 to work out an interim allocation for the country. It was the sixth of its kind but the first committee to have solely Nigerians as members. The Commission recommended the establishment of a uniform income tax for the whole country and apportioned mining rents on in-shore operation with 15% going to the federal

government, 5% to special grants, and 10% to the state of origin (Derivation) and 70% to the DPA. Finally, the Commission instructed that the financial and pricing policies of the Marketing Boards should be harmonized.

Since its recommendations generated protests from various parts of the country and since it was also unacceptable to the states, the federal government found it difficult to implement the Commission's recommendations.⁷

Decree 13 of 1970. In the heat of the protest against the Dina Committee, this decree was promulgated. With the decree, the military government ruled that the DPA be distributed on the basis of population and equality, that is, 50% of the pool be distributed on equality basis (that is, 50% of the DPA be distributed evenly between the states) and 50% on population basis.

The Aboyade Technical Committee, 1977. The Aboyade Commission gave local government (for the first time) a statutory share of the federal revenue. It regarded the federally collected revenue as belonging to the entire country and, therefore, gave the federal government a fixed percentage share. It recommended the removal of the principle of derivation from the revenue sharing system in that (according to the Committee) this principle "had little or no place in a cohesive fiscal system for national, political and social development."⁸ Hence, the

⁷For more information on the controversy surrounding the committee's work, see: S.E. Oyovbaire, "The Politics of Revenue Allocation," in Keith Panter-Brick (ed.), Soldiers and Oil: The Political Transformation of Nigeria (London, 1978), pp. 238-243.

⁸Report of the Presidential Commission on Revenue Allocation, Vol. III, op. cit., p. 375.

Committee proposed five criteria for sharing revenue. These were

- (i) Equality of access to development opportunity;
- (ii) National minimum standards for national integration;
- (iii) Absorptive capacity;
- (iv) Tax effort, and
- (v) Fiscal efficiency.

The major features of the Committee's report were accepted by the military government, with some modifications, but it was declared unacceptable by the civilian government when it came to power in 1979.⁹

The Okigbo Commission - 1980. This commission represented the latest attempt to find an acceptable formula to the revenue sharing feud among states. It was appointed immediately after the country returned to civilian rule and was chaired by the prominent Nigerian economist, Dr. Pius Okigbo.¹⁰ In addition to other terms of reference, the Commission was asked to consider revenue sharing criteria, i.e., derivation, population, national interest, even development equitable distribution and equality of states. This assignment took the Commission almost a year to finish and its findings and recommendations were published in the government's White Paper in August 1980. In the report, the Commission recommended that 40% of the DPA should be shared on the basis of population, 40% on the basis of minimum

⁹For detailed account of the Commission's work, see Report, Vol. I, p. 21; also, L.A. Rupley, "Revenue Sharing in the Nigerian Federation," in Journal of Modern African Studies, Vol. 19, No. 2, June 1981, pp. 266-71.

¹⁰The other members were Prof. A.O. Phillips, Mr. A.A. Feese, Alhajis B. Ismaila, U. Bello, and A. Talib; G.B. Leton and W.O. Ozoaga.

responsibility--equality, 15% on primary school enrollment, and 5% on internal revenue effort of the state.¹¹ Moreover, the commission advised the federal government to transfer the responsibility for housing, agriculture and Universal Primary Education to the state governments.

The Okigbo Commission's recommendations were only different from those of its predecessor in that the only efficiency criterion used by the panel was the internal revenue effort. All other criteria were premised on equity consideration. The Commission followed the footsteps of the past ones in that it failed to allot any percentage to derivation¹² in sharing the Distributable Pool Account. With some modification, the Commission's views were accepted by the government. Hence, the 1981 Revenue Allocation Act was premised on the Panel's recommendations. No sooner had the Act been passed than some state governments, notably Bendel, brought suit against the federal government asking that the Act be declared unconstitutional, null and void. After a prolonged court battle the Act was declared void and this led to a substantial modification of the Okigbo recommendation.

Presently, out of the 35% available to the states from the overall allocation scheme (constituting the DPA), 3.5% thereof is supposed to be shared on the basis of derivation, 1% to be used for the amelioration of

¹¹Report of the Presidential Commission on Revenue Allocation, Vol. I, Apapa: Federal Government Press, 1980, p. 101. See also: pp. 103-111 for the estimate of the revenue share for each state with the application of the formula devised.

¹²See Ibid., pp. 86-87, for the creation of special funds to help the oil producing states.

ecological problems in any part of the country, and the rest to be distributed according to the principles advised by the Commission.

Summary

From the overview of events that have shaped revenue sharing in Nigeria, it is apparent that the revenue allocation system has undergone a series of reviews and changes over the years. So far none of these reviews and changes has assured a mutually acceptable system of allocation that is satisfactory to the states concerned.

Moreover, the commissions were not consistent in their recommendations. For instance, the Phillipson Commission stressed the importance of the principle of derivation while the Raisman and subsequent commissions were in favor of other principles such as continuity, minimum responsibilities, need, revenue effort and balanced development.

CHAPTER II

DISTRIBUTABLE POOL ACCOUNT (DPA) AND CRITERIA FOR ALLOCATION

The Distributable Pool Account (DPA) is a great innovation in revenue allocation brought to Nigeria by Sir Jeremy Raisman, who also recommended the same device in East Africa. In Nigeria, it was initially designed to mitigate some of the deleterious effects of the derivation principle. Over the years, however, the "Pool" has become the most important source of income redistribution among the states of the federation.

Between 1959 and 1966 the DPA helped increase the proportion of revenue that went to the regions. During this period it "contributed an annual average of 21% of the recurrent revenue of the North, 23.7% of the Mid-west, and 14.1% of the East."¹³ Its contribution in the west was small--only 11.1% per annum.

With the 1970 Decree, the government altered the make-up of the Account. Note that prior to the promulgation of this Decree No. 13, all revenues from export duties were returned to the states of origin of the exports. But after the Decree was passed, 2/15 of all these export duties were distributed through the Pool. This seemingly trivial alteration was significant in that the government was emphasizing the importance of DPA as a centralized channel of revenue allocation system.

¹³Adedeji, *op. cit.*, p. 155.

It is sufficient to say that the revenue sharing system is now "largely based on the DPA and is oriented mainly towards reducing the inter-state economic disparities."¹⁴ In any allocation exercise efforts are made to see that the distribution achieves the twin objectives of equity and efficiency.¹⁵ But it is not always possible to assign equal weights to these two objectives. In Nigeria, as in many other developing countries, often the tendency is to lean a little more on one than the other, that is, to give up a little bit of efficiency in order to placate the objective of equity.

The rest of this section will discuss some of the redistributive principles¹⁶ that have been applied to revenue sharing over time in Nigeria.

(1) Derivation

This principle stipulates that the revenue accruing from a state should be allocated in full to that state. In plain language, this means that the state that generates revenue benefits directly from such revenue. The principle of derivation was used extensively in revenue sharing in the 50's but since the discovery of oil in 1959, it has gradually been de-emphasized.

In the 50's and even 60's this principle was applied to the proceeds of export taxes on agricultural produce, thereby promoting the

¹⁴D.G. Offensend, "Centralization and Fiscal Arrangements in Nigeria," in Journal of Modern African Studies, Vol. 14, No. 3, (Sept. 1976), p. 510.

¹⁵O.G. Stolz, op. cit., pp. 139-143; C.J. Goetz, What is Revenue Sharing, (Washington, D.C., 1972), pp. 7-14, 28. Also see: R.J. May, Federalism and Fiscal Adjustment, (London, 1969), Ch. 6.

¹⁶For a consideration of all the criteria, see Report, Vol. I, op. cit., pp. 22-31.

cultivation of export crops. It also encouraged the government to set up farms of their own as well as extend financial and technical assistance to the farmers. All these led to an increase in agricultural productivity which in turn brought more revenue for the government.

A number of oil producing states in Nigeria have argued, on equity grounds, for revenue sharing through derivation since the bulk of revenue to be shared is directly or indirectly from their states. These oil producing states are Bendel, Imo, Cross River, Rivers and Ondo.

(2) Population

The main justification for population in the revenue sharing is that government is about people and therefore the end of government is in essence the welfare of its entire population.

The advocates of this principle based their arguments on equity. They postulated that true development must meet the development of man; and that to do this the distribution of population has to be taken into consideration.

Moreover, the use of population was advocated very recently by some states, notably Oyo state and Kano state, on the basis of need. It was regarded as a reasonably good index of the need for public services in states.

The arguments for using the population principle would have been plausible if the country had a good base for estimating population distribution and if a weighted population data instead of raw "census" were used.

The use of "unweighted" population was most favored by Oyo, Borno, Kano and Sokoto states. These states, by the way, are highly populated.

(3) Even Development

The principle of "even development" was first used in the revenue allocation in 1945 by the Phillipson commission although it labeled it "even progress" then. Subsequent commissions have called it different names, such as "balanced development," "equal access to development opportunities," and so on.

"Even development" is not synonymous with equal development. It requires only that growth and development be dispersed in order that "serious inequalities or imbalances are reduced in the federation."¹⁷

This principle has many serious limitations, one of which is how to define the levels of development. Another is the problem of determining the indices of development. Finally, the most important shortcoming of the application of this principle is where to find the statistical base--even if the indices are determined--to measure the disparities in the levels of development in a country like Nigeria.

(4) Need

This principle satisfies both equity and efficiency objectives of revenue sharing. For a state or region to develop its natural resources, for instance, requires that funds be allocated to it to carry out the assignment. Since the potential resources available for development differ from one state to another, the system has to be designed to permit the transfer of financial resources to the state with greater potential resources for development. This is done in order to achieve efficiency in resource (funds) allocation.

¹⁷Ibid., p. 26

Governments of backward states have, on the other hand, used the "need" argument in revenue sharing to justify allocating more funds to them to raise the level of development in their states. They claimed that this adjustment is necessary on equity grounds.

The principle of need was used in revenue sharing systems first by the Hicks Commission of 1952 and later in the Dina Commission of 1968, although the report of the latter committee was never made public.

(5) Minimum National Standards

Some states in the federation have argued that Minimum National Standards should be included in the formula used for revenue sharing in Nigeria. These states asserted that minimum standards should be set for education, agriculture, health, and so on, with the hope of encouraging each state to attain such minimum.

Minimum National Standards as a criterion was first introduced by the Dina Committee in 1968. It has not been used in revenue sharing in Nigeria since 1968 and it may never be singled out for use in the foreseeable future. It is a criterion that is appealing purely on equity grounds.¹⁸

(6) Absorptive Capacity

This principle was formulated by the Aboyade Committee in 1977 to "represent the capacity of a state to make use of funds"¹⁹ allocated

¹⁸See Report, Vol. III, loc cit, p. 301, for Lagos state's views on the use of this principle.

¹⁹Report, Vol. I, p. 29.

to it. Undoubtedly appealing on efficiency grounds, the stipulation here is that funds should be channeled to those states better able to use them.

The fear of a number of concerned individuals and officials on the use of this principle in revenue sharing is that it may lead to a widening of the gap in the levels of development of different states. This is because those that are considered incapable of using additional funds will be starved of such funds.

Some experts have said that the usefulness of this principle is not in the distribution of the recurrent funds (DPA) but in the administration of loans, since nearly all the states will find ways of using any funds allotted to them. In view of these arguments, many states do not support the use of this principle. A few of them that do also favor the "need" principle. These two are variants of the same principle.

(7) Tax Effort

In older federations the tax effort principle has been applied in order to encourage states to raise their own funds internally. This principle was first instituted into the revenue allocation system in Nigeria by the Dina Committee and it was later re-introduced by the Aboyade Technical Committee. It is a hybrid of the principle of independent revenues and it is geared towards efficiency while being equity-neutral.

A number of states such as Lagos state supported the use of this principle because of their ability to successfully raise funds. But many states have charged that the principle does not fit into the arena of revenue sharing between states, that it gives an unfair

advantage to a state with broad tax base. In spite of this allegation, the principle is still being utilized in the revenue sharing system today.

(8) Fiscal Efficiency

Fiscal efficiency asserts that a state makes maximum revenue with a minimum cost. It relates to the overall efficiency of a state government in its administration, its tax collection, and so on.

This principle was brought into the revenue sharing system in 1977 and it still features in the present allocation system. It is a principle that helps keep the states on their toes with regard to revenue collection and expenditures.

A number of the states supported the idea that this principle should be introduced in the allocation system so that waste and mismanagement of funds can be prevented.

Summary

The foregoing is an attempt to describe some of the principles that have been employed in revenue sharing in Nigeria. Overall, these principles can be divided into three different groups: (a) efficiency-oriented principles; (2) equity-oriented principles: (3) "hybrid principles.

Efficiency-oriented principles, including tax efforts, absorptive capacity and fiscal efficiency are designed to encourage states to be prudent in the expenditure of the funds allocated to them. Moreover, it is a device to make them generate their own funds internally.

Equity-oriented principles, on the other hand, are applied in order to create an atmosphere for even development. It is expected that

purely equity principles when applied would help bridge interstate disparities in development. This by itself would help enhance national integration and unity; but also it would help annihilate tribalism, nepotism and many other ills of society. Population as a criterion in revenue sharing is one example of an equity-based principle.

What is termed "hybrid" is the principle used in revenue allocation scheme that does not fall purely on the side of equity or efficiency. The principle of "need" is an example of such.

Whatever principle or combination of principles is utilized in devising an allocation formula has to conform with the objectives of the governments, the federal government especially. The next section is therefore devoted to examining the objectives and goals of the federal government in revenue sharing among states.

CHAPTER III

INCREASED FISCAL CENTRALIZATION AND THE QUEST FOR EVEN DEVELOPMENT

Nigeria used to be a "loose" federation with very strong regional governments and extremely weak central authority before the Army coup of 1966, which resulted in the suspension of the 1960 constitution and the division of the regions into twelve states in May 1967. Until this time, only three of the more than 250 ethnic groups in the country featured in the federal politics. They were the Hausas in the north, the Ibos in the east, and the Yorubas in the west. In short, regionalism was the characteristic of the years before and immediately after independence.²⁰ Since the creation of states, however, the federal government's political and economic powers have gradually increased and so has the quest for even development of the constituent parts of the nation. Smaller ethnic groups who now have their own states started pressuring the federal government to increase development opportunities in their states and to pursue policies of even (development) opportunities across the country. Apart from the above, consensus on the appropriate set of criteria that would satisfy the majority of states became increasingly difficult to achieve after states were created.

Background

Before the military coup of 1966 there was a great imbalance in the development of the four regions, "with a consequential built-in tendency

²⁰See B. Callaway, "The Political Economy of Nigeria" in Richard Harris, (ed.), The Political Economy of Africa (Cambridge, Mass., 1976), p. 112. Also see Gavin Williams and Terisa Turned, "Nigeria," in John Dunn (ed.), West Africa States: Failure and Promise, (Cambridge, 1978), pp. 139-146.

for political instability."²¹ This imbalance was better reflected in the differences in economic and social development of the regions. For instance, whereas the north was the largest of all the regions, it was the least developed despite the (NPC based) federal government's attempt to bring the region to the standard enjoyed by other regions in the country.²² To support this assertion one should consider the educational situation in the north with regard to primary and secondary education. Whereas the percentage of children (age 6-13 years) attending primary school in the south (east and west) as of 1960 was extremely high, it was only 19.5% in the north. Figures on secondary education also show a significant disparity between the north and the south as the following table indicates.

Table 5
Secondary Education (1960-63) - Enrollment (in thousands)

	North	East	West	Lagos	Total
	(1)	(2)	(3)	(4)	(2,3,4)
1960	6	22	101	5	128
1961	6	25	128	7	160
1962	7	32	144	10	186
1963	9	39	150	11	200

Source: Federal Ministry of Education, Statistics of Education in Nigeria, 1963, Series No. 1, Vol. 3 (Lagos, 1965).

²¹L.A. Rupley, "Revenue Sharing in the Nigerian Federation," in Journal of Modern African Studies, Vol. 19, No. 2, June 1981, p. 257.

²²For more information on this issue, see B.J. Dudley, "Federalism and the Balance of Political Power in Nigeria," in Journal of Commonwealth Political Studies, Vol. IV, #1, March 1966, especially pp. 22-24.

²³Ibid.

It is the disparities such as the one pointed out above that partly led to the creation of states and the rise of federal fiscal power.

Growth of Federal Financial Power

To reiterate, up until states' creation, the regions were autonomous. They had individual sources of revenue, apart from the steady income from the federal allocations. The regional based Marketing Boards provided regional governments with most of their revenues. They did this through buying and selling major agricultural commodities of each region. For example, between 1947 and 1961, the boards were supposed to have "collected over £ 106 million (\$265 million) in trading surpluses and have earned (net) a further £ 20 million (\$50 million) on the assets thus accumulated--they were ultimately used for public developmental expenditures" ²⁴ in the regions. In addition to this, regional governments received fairly steady proportions of federal revenue. It amounted to roughly about 40%, excluding loans and grants. As at 1970, the regional revenues equalled roughly those retained by the central government.

But with the division of the country into twelve states in 1967, and the apparent growth of national wealth attributable to increase in oil production, the federal financial power grew vis-a-vis that of the states. In the 1970's, the federal government retained completely the tax on petroleum profits. This indeed was the largest single source of revenue in the country. (See Table 6 for the increase in federal government share of oil revenue.)

²⁴Gerald K. Helleiner, "The Fiscal Role of the Marketing Boards in Nigerian Economic Development, 1947-61," The Economic Journal, Vol. LXXIV, (Sept. 1964). pp. 603-04.

Table 6
Share of Oil in Total Federal Revenue - 1970-1978 (N millions)

Year	Total Federal Revenue	Revenue from Petroleum*	% of Total
1969-70	663.2	166.4	26.3
1970-71	169.0	510.2	43.6
1971-72	1,404.8	764.3	54.4
1972-73	1,695.3	1,016.0	59.9
1973-74	4,537.0	3,736.7	82.1
1974-75	5,514.7	4,271.5	77.5

Note: *Components are petroleum profits tax, mining royalties, rents, fees, etc.

Source: Central Bank of Nigeria, Economic and Financial Review, Vol. 13, (December, 1975), p. 81.

Also, it abolished the export duty on all major agricultural commodities as of 1973; and although the states were compensated fully for the loss of revenue, the compensation was henceforth given out in unguaranteed rather than guaranteed federal funds.

In 1974 the central government moved one step further in trimming the state governments' revenue. It abolished the produce sales tax, thus enlarging the incomes of the farmers as was the case with the abolition of the export duty.

To compensate for their actions the central authority financed many states' programmes, especially in the areas of health, education, and highway construction. It took direct control of the entire regional/state marketing board system in 1973, in order to ensure maximum central authority over the all-important agricultural sector. Finally, it planned the institution of a uniform personal income tax.

Effect of Fiscal Centralization

The growth of the federal financial power which started with the reform of 1967 was designed not only to reduce the strength of states so that they henceforth cease to pose threats to the physical existence of the nation as a unit, but also to bring a more equitable distribution in revenue allocation among them.

Starting from 1967 the percentage increases in total recurrent revenue allocated to the states have been increasing, as Table 7, below, indicates. Not only that, revenue sources of the states have changed with more funds coming from the center than the states can mobilize internally. Again, this is demonstrated in the second table following.

Table 7

Percentage Increases in Federal Recurrent Appropriations to State Governments 1969-77

Year	Amount ₦ million	Percent
1968-69	86.5	100
1969-70	164.1	190
1970-71	302.0	349
1971-72	334.2	386
1972-73	312.4	361
1973-74*	331.5	383
1974-75*	589.9	682
1975-76	1,053.6	1,218
1976-77	1,361.7	1.584

Note: *Estimates

Source: Computed from Digest of Statistics, Lagos, Vol. 24, (Jan., 1975), Federal Government Approved Estimates, Federal Ministry of Information, (1973-74 to 1976-77).

Table 8

Composition of State Government's Revenue: 1968-75 (N million)

Year	Total Amount	Federal		Internal	
		Amount	Source %	Amount	Source %
1968-69	144.5	86.5	60	58.0	40
1969-70	232.2	164.1	70	68.1	30
1970-71	393.0	302.0	77	90.0	23
1971-72	454.1	334.2	73	119.8	27
1972-73	545.8	312.4	67	142.3	33
1973-74*	525.8	331.4	63	194.4	37
1974-75*	839.6	589.9	72	249.7	28

Note: *Estimates

Source: Digest of Statistics, Lagos, Vol. 24 (January 1975), p. 81, and Approved Estimates of the State Governments, 1973-74 and 1974-75.
Federal Ministry of Finance, Lagos.

Another effect of centralization was the withdrawal from heavy use of the principle of derivation in the allocation. The obvious losers in this case are the oil producing states and the "greatest beneficiaries of the new system of allocation were the more populous states."²⁵ The implication of the federal action was that it increased the competition for federal funds among the states and this in turn promoted the controversy on the appropriate revenue sharing formula for distributing the revenue.

²⁵S.E. Oyovbaire, op. cit., p. 238.

CHAPTER IV
REVENUE SHARING FORMULA - AN ALBATROSS

The first two chapters of this paper have reviewed the works of different commissions and also the criteria used in past allocation. This chapter will analyze why the debate cannot be resolved and make some recommendations regarding improvements in Nigeria's revenue sharing policies.

Up to this point the issue of revenue sharing among states has been handled as if the only income available to a state is the allocation from the federal government. This is far from being true. States derive their revenue from the private and the public sectors. Hence, an improvement in a state's economy can be attributable to the efforts of the public as well as the private sector of that state. The private sector especially can (and often does) participate in the development of a state.

The controversy being talked about in this paper relates to the fiscal needs of a state government. It is the fiscal needs that would "enable the state government to perform its role in the development of the state's economy." ²⁶

Moreover, for the performance of its tasks, a state government has more than one avenue of acquiring funds. Apart from the fact that it can borrow money from external sources, it obtains recurrent revenues from these sources: (a) internal revenue, (b) non-statutory grants, (c) statutory revenue. Total revenue acquired by the states through these three sources are displayed on the following pages.

Internal Revenue

As the figures below show, the internal revenue of the states grew by 53.7% between 1976-77 and 1979-80 from ₦ 0.41 billion (\$.82 billion) to ₦ 0.63 (\$1.26 billion). These figures are

²⁶Report, Vol. IV, p. 15.

Table 9
Revenues of State Governments 1976-80²⁷

(₦ billion)*

	1976-77	1977-78	1978-79	1979-80
Statutory Revenue	1.45	1.79	1.64	3.14
Non-statutory	1.22	1.39	1.23	1.45
Internal Revenue	0.41	0.46	0.52	0.63
	<u>3.08</u>	<u>3.74</u>	<u>3.39</u>	<u>5.22</u>

*Note: ₦ 1 is approximately \$2.

impressive. What is not known, however, is the shrinkage of the states' internal base (figures are not available now) due to federal encroachment. This will be expanded upon in the next paragraphs.

Recall that the federal government took over the marketing boards in 1973, thereby diverting the incomes of these regional corporations (exploited previously by the governments of the regions, later states, for revenue purposes) to their purse. Also, it centralized, by instituting the Uniform Tax Decree No. 7 of 1975, the income tax--thereby curtailing the efforts of individual states that want to charge differential rates to increase their own internal sources.

As if these were not enough, the federal authority confiscated some revenue-yielding properties of the states. A modest estimate of such properties in Oyo state was valued at over \$250 million.²⁸

²⁷See Report, Vol. I, p. 73.

²⁸Report, Vol. III, p. 353.

Finally, one source of income for the states in the northern part of the country--the Jangali--was completely abolished.²⁹

Although many states were hurt by these actions they were not directly compensated³⁰ except probably through non-statutory grants.

Non-Statutory Revenue

This includes the discretionary unconditional grants to the state governments. Included here also are "their shares of export duties on animals, birds and reptiles, as well as their subsidies for the federal abolition or control of revenue sources, such as export duties on produce, produce-sales tax, and the uniform personal income tax."³¹

Since 1968 there has been an increase in the volume of grants allocated to the states by the federal government. For instance, in 1974-75 fiscal year the states received about \$500 million as opposed to \$24 million allotted to all the regions between 1962 and 1968.

But although additional funds are made available to the states via these grants, non-statutory revenue allocations are irregular in the disbursements, full of vagaries in their timing and frequency, and highly susceptible to changes in federal government's priorities. Hence, they are unreliable.

²⁹Jangali is a cattle tax and it is one of the major sources of revenue of governments in the northern and "middle-belt" states.

³⁰Report, Vol. III, p. 353.

³¹L.A. Rupley, op. cit., p. 273.

Statutory Revenue³²

These are allocations that the federal government is required by law to make to the states. They are unconditional since the donor, i.e., central authority, does not decide how the funds ought to be spent and the recipient is not required to match them.

In Nigeria, the system of statutory allocations to the state government is embodied in the Constitution and is basically distributed through the states' Joint Account corresponding to the Distributable Pool Account.

As Table 9 (page 31) illustrates, the revenue represents over 60% of the total revenue of all the states in 1979-80. If the trend of increasing federal intrusion on states' internal sources of revenue continues in the future the way it has in the past, and if the grants allocation system is scrapped as a number of states--notably Ondo state--³³ has suggested, this source may become the only real source of revenue for the states. This, coupled with the fact that states' total (capital and recurrent) expenditures³⁴ have increased over the years, makes the plan (formula) for allocating revenue in the D.P.A. or S.J.A., an extremely sensitive issue.

³²For elaboration on the use of statutory allocation as a general revenue transfer, see May, op. cit., p. 164.

³³Report, Vol. III, p. 336.

³⁴States' total expenditure grew from about ₦ 4.3 billion in 1976-77 to about ₦ 5.9 billion in 1979-80.

No wonder then that states have never agreed on the formula for distributing this account. So far, the formulae applied while making some states/regions better off have always made others worse off. There is little doubt that revenue allocation system between 1948 and 1959 benefited the north and the western regions because these two regions capitalized on the derivation principle through the sale of the regions' cash crops--principally cocoa and groundnuts. The east prospered from the application of the same principle in the revenue allocation system between 1959 and 1966 when oil replaced the cash crops as the main commodity that brought wealth to the country.

Moreover, a number of states benefited from the military government's Decree 13 of 1970 which ruled that the DPA be shared 50/50 on equality and population bases only. The more populated and fairly developed states gained at the expense of the sparsely populated and backward states.

Formula for Allocation

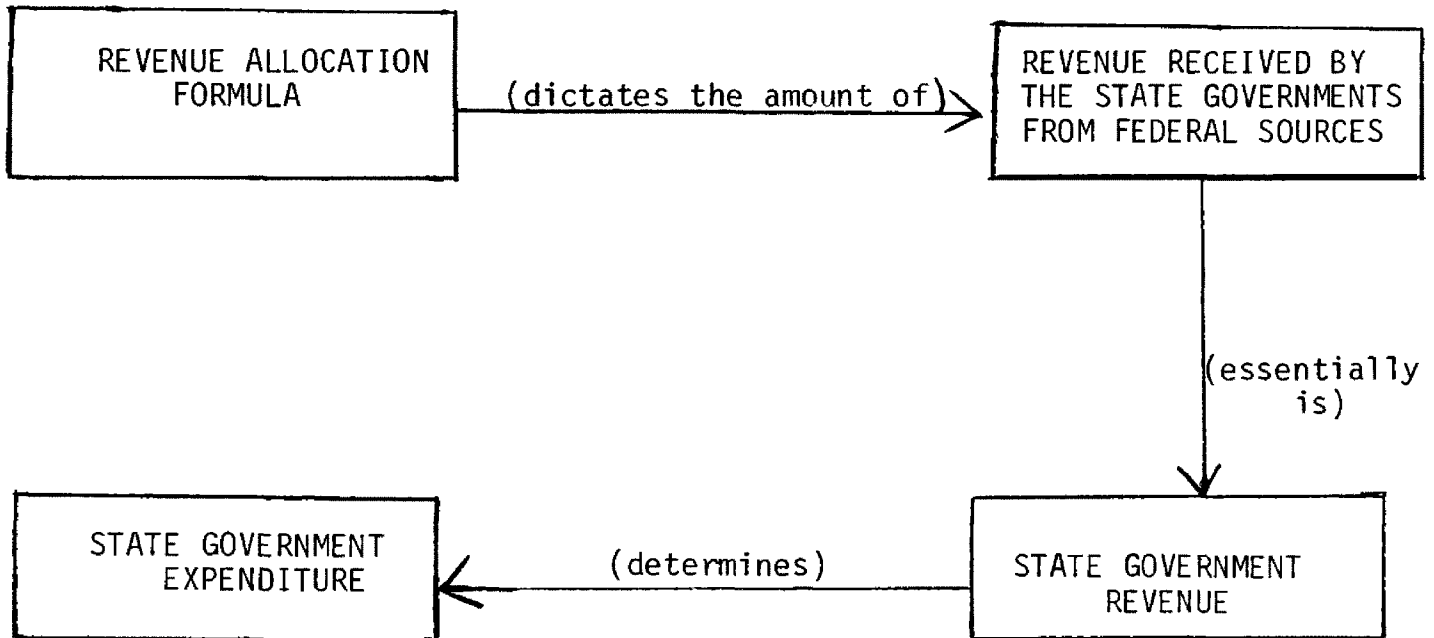
One can hardly be surprised that revenue sharing among the Nigerian states generates a lot of heat and controversy when one realizes that "the resultant revenue going to each unit considerably affects, if not determines, the rate of economic development that can be achieved in the units."³⁵ Moreover, the level of economic development relates (assuming efficiency) to the level of expenditures in the state. Since internal sources of revenue generation are limited for states in the

³⁵Report, Vol. III, p. 451

country, it follows then that a state has to look to federal sources for its revenue.

But a state's share of the source(s) depends on what formula is used to distribute the statutory allocation. It follows, therefore, that a state has to be sensitive to the formula used for this allocation.

The foregoing relationships are depicted in the following flow charts.



There are two points of contention as regards the appropriate formula for allocating revenue among the states. First is the principles to be used. The principles are the rules to be applied, the basis or general law to guide or to be applied in the allocation process. Second is the weights attached to these principles. Assigned weights are as important as the principles used in the revenue sharing system in that they dictate how the DPA is supposed to be shared between the states. The principles applied, coupled with the weights, together is what is referred to as the formula for revenue allocation.

If we can accept R.J. May's judgment³⁶ that the grantor of statutory revenue has no business regarding how funds are spent by the units, then we can conclude that the federal government does not have to be terribly concerned with the efficiency side of the distribution but, more importantly, with the equity side. Its job in revenue allocation should therefore be to make sure that the revenue is equitably distributed so as to make it politically acceptable.

An examination of the formulae applied in the past supports this suggestion. With the exception of the Aboyade Commission³⁷ of 1977, the other commissions' recommendations might have given very minimum portions of the allocation to distribution on an efficiency principle just to sweeten the pot. For example, the last commission, (Okigbo, 1980), did exactly this when it assigned only 5% to internal revenue effort.

In general, equity and efficiency should guide revenue sharing, but in the Nigerian situation where efforts are constantly being directed at bridging inter-regional gaps and at achieving national integration and unity among the parts, there is a great need for statutory revenue to be allocated using equity-oriented principles. An examination of the principles applied in the formulae so far does not suggest otherwise.

From the Phillipson Commission of 1948 up to the Hicks (1952), the emphases were on derivation, even progress and national interest. When "fiscal autonomy" was introduced by the Chick Commission in 1955, it was

³⁶See R.J. May, *op. cit.*, p. 164.

³⁷Note that its recommendations were declared invalid and unacceptable to the states.

not because of efficiency but rather in the interest of equity. This was the only significant additional principle to the revenue sharing system between 1955 and 1967. From 1967 up until 1975 the only significant change was the introduction of the "tax effort" principle.

The foregoing discussion apart, between 1975 and 1980, three principles were used to allocate statutory revenue among state governments. These were: population, equality and derivation. It appeared that different states relied on and benefited from one or the other of these principles.³⁹ The following table shows the principle(s) that each state benefited from.

Table 10

<u>Derivation</u>	<u>Equality</u>	<u>Population</u>
Bendel	Banchi	Anambara
Rivers	Benue	Borno
	Gongola	Cross River*
	Kwara	Imo*
	Lagos	Kuduna
	Nigeria	Kano
	Ogun	Oyo
	Ondo*	Sokoto
	Plateau	

* These states will now benefit more from derivation due to oil discoveries within their boundaries.

Source: Condensed from Report, Vol. IV, p. 22 (Table 1)

A comparative impact of the use of these three principles for year X is shown in the following simulated exercise.

³⁸ See Report, Vol. IV, op. cit., pp. 20-22, and also Report, Vol. I, op. cit., p. 91.

Table 11

A SIMULATED EXERCISE

State Shares (By Sharing Principles) of Statutory

Allocation for Year X

State	Local Govt. Areas (Number)	1963 Population Census 1963	Population Proportion By State (1963) Census	Allocation for Year X			TOTAL
				Population	Equality	Derivation	
				40%	40%	20%	100%
1. Anambra	23	3,596,618	0.0646	51,680	42,105.25		93,785.25
2. Bauchi	16	2,431,296	0.0437	34,960	42,005.25		77,065.25
3. Bendel	19	2,460,962	0.0442	35,360	42,105.25	80,000	139,465.25
4. Benue	13	2,427,017	0.0436	34,880	42,105.25		76,985.25
5. Borno	18	2,997,498	0.0538	43,040	42,105.25		85,145.25
6. Cross River	17	3,478,131	0.0625	50,000	42,105.25	80,000	172,105.25
7. Gongola	17	2,605,263	0.0468	37,440	42,105.25		79,545.25
8. Imo	21	3,672,654	0.0660	52,800	42,105.25	80,000	174,905.25
9. Kaduna	14	4,098,306	0.0736	58,880	42,105.25		100,985.25
10. Kano	20	5,774,840	0.1037	82,960	42,105.25		125,065.25
11. Kwara	12	1,714,485	0.0308	24,640	42,105.25		66,745.25
12. Kagos	8	1,443,568	0.0259	20,720	42,105.25		62,825.25
13. Niger	9	1,194,508	0.0215	17,200	42,105.25		59,305.25
14. Ogun	10	1,550,966	0.0279	22,320	42,105.24		64,425.25
15. Ondo	17	2,729,690	0.0490	39,200	42,105.25	80,000	161,305.25
16. Oyo	24	5,208,884	0.0936	74,880	42,105.25		116,985.25
17. Plateau	14	2,026,657	0.0364	29,120	42,105.25		71,225.25
18. Rivers	9	1,719,925	0.0309	24,720	42,105.25	80,000	146,825.25
19. Sokoto	19	4,538,787	0.0815	65,200	42,105.25		107,305.25
TOTAL	300	55,670,055	1.0000	800,000	800,000	400,000	2,000,000
All Nigeria							

While the more populated states such as Oyo and Kano might appreciate the use of population in revenue sharing, oil producing states such as Rivers and Bendel would advocate increased use of the derivation principle, and the sparsely populated cum non-oil producing states would seek refuge under minimum responsibility (equality) principle. The present civilian government seemed to have recognized the indispensability of these principles when it modified the revenue allocation formula (based on Okigbo's recommendation) by including the derivation principle with the principles of population and equality which were already in vogue.³⁹

With reference to the assignment of weights to principles, there is, unfortunately, no easy prescription. Such assignment would require heavy statistical computations involving the use of data on (accurate) census, population distribution (according to age, sex, etc.), income distribution and other socio-economic indicators. But, there is a paucity of such data in Nigeria at this time.

³⁹See Federal Republic of Nigeria: Allocation of Revenue Bill, 1981, (Dec. 1981), p. 3.

CONCLUSION

Nigeria still has quite some way to go in its revenue sharing system in order to be able to finally arrive at a formula for allocation that will satisfy the states. It is distressing to note that the previous Review Committees have not been successful in solving the knotty issues of revenue sharing. This is largely because they often failed to realize that revenue sharing among states is only marginally economic and principally a matter political compromise. The Federal Republic of Nigeria is comprised of many ethnic groups who put ethnic/tribal considerations over considerations of equity with respect to revenue sharing. This creates conflicts as regards how revenue is to be equitably distributed. These types of conflicts, on the other hand, make compromise difficult and the principles of equity and efficiency difficult to translate into policies. Another reason for the failure of the commissions is that they frequently work with data which nobody has faith in because they are outdated and therefore unreliable. The population data which relies on 1963 census figures is a perfect example of such data.

The establishment of a permanent independent finance commission is long overdue for the country.⁴⁰ Such an independent commission should have a secretariat where it would be involved in research and make recommendations on a biennial basis, on allocations of shared revenues

⁴⁰The establishment of a permanent review commission was recommended by the Dina, Abovade and Okigbo Commissions.

between the federal government and the governments of states and also among state governments.

Finally, deliberate efforts are needed on the part of state governments to realize that revenue needs of other states are just as pressing as their own. "To see beyond narrow, sectional interests to the necessity for a nation that is more than merely a grouping of 19 states is a formidable challenge indeed,"⁴¹ but it isn't an impossible one.

⁴¹L.A. Rupley, *op. cit.*, pp. 276-77.

SELECTED BIBLIOGRAPHY

Books

- Adedeji, A. Nigeria Federal Finance. London: Hutchinson Educational Ltd., 1969.
- Akpan, Moses E. Nigerian Politics: A Search for National Unity and Stability. Washington, D.C.: University Press of America, 1977.
- Dunn, John (ed.). West African States: Failure and Promise. Cambridge: Cambridge University Press, 1976.
- Goetz, C.J. What is Revenue Sharing? Washington, D.C.: The Urban Institute, 1972
- Harris, R. (ed.). The Political Economy of Africa. Cambridge: Schenkman Publishing Company, Inc., 1976.
- May, R.J. Federalism and Fiscal Adjustment. London: Oxford University Press, 1969.
- Maxwell, James A. Financing State and Local Governments. Washington, D.C.: The Brookings Institute, 1965.
- Okigbo, P.C.N. Nigeria Public Finance. Chicago: Northwestern University Press, 1965.
- Omorogiuwa, P.A. Nigeria: The Effect of State Creation on Revenue Allocation and Economic Development. Benin City: Gabadun Printers, 1981.
- Panter-Brick, K. (ed.). Soldier and Oil: The Political Transformation of Nigeria. New Jersey: Frank Cass and Company, Ltd., 1978.
- Stolz, Otto G. Revenue Sharing: Legal and Policy Analysis. New York: Praeger Publishers, Inc., 1974
- Teriba, O. and M.O. Kayode. (eds.). Industrial Development in Nigeria: Patterns, Problems and Prospects. Ibadan: Ibadan University Press, 1977.
- Wolfson, D.J. Public Finance and Development Strategy. Baltimore: Johns Hopkins University Press, 1979.

Government Publications

Nigeria, Federal Republic of:

- Report of the Presidential Commission on Revenue Allocation, Vols. I to IV, Lagos, Federal Govt. Press, Apapa, 1980.
- Views of the Government of the Federation on the Report of the Revenue Allocation. Lagos, Federal Govt. Press, Apapa, 1980.
- The Constitution of the Federal Republic of Nigeria, 1979. Daily Times Publication, Apapa.

Periodicals

- Aluko, S.A. "How Many Nigerians? An Analysis of Nigeria's Census Problems, 1901-65," Journal of Modern African Studies, Vol. 3, #3, 1965, pp. 371-391.
- Bhargava, R.N. "The Theory of Federal Finance." The Economic Journal, Vol. XXIII (March 1970), pp. 23-35.
- Buchanan, J.M. "Federalism and Fiscal Equity," American Economic Review, Vol. XL (Sept. 1950), pp. 583-599.
- Helleiner, Gerald K. "The Fiscal Role of the Marketing Boards in Nigerian Economic Development, 1957-61." The Economic Journal, Vol. LXXIV, (Sept. 1964), pp. 582-605.
- Lubeck, Paul. "Nigeria: A Political Economy." African News, Vol. IX, #20 (1977), pp. 5-10.
- Nwosu, H.N. "Nigeria's Third National Development Plan, 1975-1980: Major Problems to Implementation." Africa News, Vol. IX, #20 (Nov. 14, 1977), pp. 23-28.
- Rupley, L.A. "Revenue Sharing in the Nigerian Federation." Journal of Modern African Studies, Vol. 19, #2 (June 1981), pp. 257-277.
- Sanda, A.O. "Nigeria's Problem of Development: An Introduction." Journal of Black Studies, Vol. 9, #2 (Dec. 1978), pp. 133-141.
- Sklar, R.L. "Democracy for the Second Republic." Issue, Vol. XI, Spring/Summer, 1981.

"The Most African Country." A survey of Nigeria in The Economist.
January 23, 1982, pp. 3-46.

Thurow, L.C. "Aid to State and Local Governments." National Tax
Journal, Vol. XXIII (March 1970), pp. 23-35.

West Africa, 12 October 1981.