

# Federalism and Intergovernmental Relations in Africa: Retrospect and Prospects from Nigeria

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Received: June 28, 2016 Accepted: July 18, 2016 Online Published: October 30, 2016

doi:10.5539/par.v5n2p87

URL: <http://dx.doi.org/10.5539/par.v5n2p87>

## Abstract

This article diagnostically examined the several competing perspectives on the beleaguered nature of intergovernmental relations in Nigeria. Tracing the evolution of intergovernmental relation in Nigeria and espousing its legal, political and governance antecedents, the paper hazarded the undercurrent for the lingering conflicts between the center and the component units. The article also critically analyzed the impacts of the erstwhile British colonial strategy of division into regions as a means for administering the country and exploration of the mineral endowments in the 1950s on the composition and the current nature of predatory power that the center currently wields, much to the detriments and underfunding of the component units in the federation. The paper found evidences to showcase that because the British colonialists unduly queered the political pitch by allocating more seats to the North than to each of the other two regions at the center, intergovernmental relations in Nigeria has been quite contentious. If anything, a mutual suspicion between the North-dominated Federal Government and the Southern component units became a logical end. We concluded, among others, that notwithstanding the ample provisions in the 1999 Constitution for veritable intergovernmental relationship in Nigeria, there are still the intricate issues of regional domination of the center, leading to lack of political will to induce proper constitutional implementations.

**Keywords:** intergovernmental relations, Nigerian federalism, American federalism, Federalist papers, good governance

## 1. Introduction

Intergovernmental relations as a pattern of political concept, characteristic of a complex political system, had always existed before its modern emergence typified by the America's political arrangements and government layering. In theory, it was called 'salutary neglect' (Les Benedict, 1988; Brogdon, 2011) in which England up till 1763 allowed the 13 colonies under her to generally run their own local affairs with little or no interference from England before the series of Revolution (Perkins, 2012). Salutary neglect is a term coined by Edmund Burke in 1775 to describe the unofficial but enduring 17th- and 18th-century British policy of not 'rocking the boat' by avoiding strict enforcement of Parliamentary laws in the some selected colonies. Under this policy, there was a deliberate laxity in the enforcement of British Parliamentary law, with the stated objective of encouraging colonial prosperity but with a calculated plan to keep the American colonies, populated by largely British citizens, obedient to England (Perkins, 2012). The colonies were, for the most part, left to look after their own affairs thus creating a kind of intergovernmental relationship grounded in peaceful co-existence. While the English were concerned with trade and defense in the colonies, the governments of the 13 colonies run every other matter.

However, relationship between levels of government, and the attendant intrigues, is not a basket case for federalism. Pointing out that intergovernmental relation is not a rigid fixation with federalism, Mohammed (1983) argued that even though intergovernmental relations are more prominent under federal arrangements, some levels of intergovernmental relations could be identified in a unitary state. According to him, there are 'National/Local relations, inter-local relations, and external relations'. Nevertheless, he identified more intergovernmental relations in a Federal system. These are "National – state relations, National – state-local relations National-local relations, Inter-state relations, state-local relations and inter-local relations" (Mohammed, 1983:45). Largely, while there seems no doubt that intergovernmental relations is the pivot of federal system of

government the world over, the situation always present a delicacy that makes the state prone to conflict, most especially between the center and the federating units. This informs the principal reason why there is constitution. The definition by Singh, Singh, Rai and Verma (2010:44) that constitution is a “document having a special legal sanctity, which sets out the framework and the principal functions of the organs of government of a state and declares the principles governing the operations of the levels of government”, is instructive and makes the document more of an umpire in times of disputes. For this reason, the constitution stands as the ultimate article from which other laws derive their authorities. In a federal state, the constitution is the basic referral that defines the relationship between/among levels of government for the following essential reasons: (a) Constitution is the fundamental law of the state that provides for the extent and pattern of interactions amongst level of government and how the state matters will be conducted; (b) The rights and obligations of the levels of government are stated and regulated in the constitution; and (c) It also controls the manners in which the state apparatuses relates with the citizens at large.

Despite these clear provisions in most constitutions of federal states, the emergence of conflict always lurks in the corner. The struggle to play and outplay power by levels of government is always real and apparent in a federal state. For instance, Gregory (2013) state that during debates over the ratification of the American Constitution in 1789, the antagonists of federalism sued vehemently that the power hitherto granted to the States to suspend *habeas corpus* should be not be shifted to the Federal to prevent its abuse therein. Under Article 1(9)(1): “The Privilege of the Writ of *Habeas Corpus* shall not be suspended, unless when in Cases of Rebellion or Invasion of the Public Safety may require it.” The anti-federalists had argued that the provisions appear harmless only on the surface (Gregory, 2013). Literally, it appears to constitute necessary shield of citizens’ human rights against excessive use of state powers. Yet, the fact that the Constitution gives the mandate to the incumbent government to decide the point at which citizens can be deemed to have wrongly engaged in seditious acts or rightfully protesting in response to state tyranny is a wide discretion that can be prone to abuses.

While there is always no dispute regarding exclusive matters in a federation the concurrent legislative list is a minefield for potential conflicts as each of the levels of government is given powers over the same subjects. In a normal federation, the overriding proviso is of course that where there is a clash, the federal law vis-à-vis the state law will be superior. In Nigeria, there is such an overriding proviso in the Nigerian Constitution. For instance, the amended 1999 constitution vide Section 4 vests in the National Assembly, consisting upper (Senate) and lower (House of Representatives) chambers the power to enact law, among others, as it specifically concerns the “Exclusive Legislative List”. Similarly, subsection (7) of the same section vests in the Houses of Assembly of the federating units (states) the power to make law for the jurisdictions in regards to legislative matters not captured within the exclusive list. Meanwhile, subsection (5) has supervened the legislative supremacy of the laws emanating from the National Assembly over those of the Houses of Assembly. There are other specific provisions in the Constitution, which though appear to declare superiority of the federating units over the center but nevertheless undermined it to the contrary. For instance, Article 12 of the second Part in Schedule II vests the power to enact local government electoral law within the legislative competences of the federating units. However, such authorities are curtailed with the requirements of consistency with validly passed national assembly laws. In jurisdictions where both the center and federating units are empowered to exercise legislative competence, tagged the Concurrent List, the compliant requirement was not made as a condition precedent or subsequent. A case in point is the legislative assignment for censoring films and cinemas and laws prohibiting of restricting how/what movies/motion pictures are shown in public and private places contained in article 16 of the same Part. In that Article, contrary to provisions in Article 12, both federal and state legislatures are empowered by the constitution to exercise legislative jurisdiction without the supervening of the powers of the former over that of the latter.

Submissions from extant literature have establish the contending issues as to the roots of the festering crisis of contentious intergovernmental relations in Nigeria. The oft-cited policies adopted during the colonization period in which regions served as units for administrative and political constituencies and mobilization of resources, perhaps, occupies the foremost in consideration (Sklar, 2004; Rothermund, 2006; Olaiya, 2014; Olaiya, 2015; Olaiya, 2016). A direct political episode that manifested is that the regional adoption renewed or intensified long-standing animosities among ancient bordering communities, or breed fresh ones in a number of instances (Olaiya, 2014; Olaiya, 2016). Some scholars also rationalized about the logical and inevitable consequences of the coerced or interrogated amalgamation of hitherto disparate ethnic grouping and regions, and preferences for regional allegiances as against nation building (Sklar, 2004; Olaiya, 2015). Other have argued that because the British colonialists unduly zero-summed the political scale in favour of the Northern Region by, for instance, allocating greater number of parliamentary seats to North than each of the two Western Region and Eastern

Region and always acceding to their prayers, the stage was virtually set for the North to always produced the Head of Government (Rothermund, 2006).

Thus a mutual suspicion between the North-dominated Federal Government and the South component units became a logical end. The contention here is that even though the Richard Constitution of 1946 proclaimed that Nigeria was to adopt federalism, the country did not actually shed its unitary status in 1946 because the controversial question of how revenue was to be shared between the Federal Government, Regional Governments and the Native Authorities remained contentious and remained contested ever since. In addition, the important question of allocation and fiscal procedure that will stabilize the federalised structure and necessary interrelationship among the federating units were left to desire.

There are also explanations that the prolonged military rule in Nigeria, beginning from the overthrow of Tafawa Balewa-led civilian administration in early 1966 and the subsequent backlash of mid-1966 and several coups up to till the recent General Abdulkadri Abubakar regime that handed over to the civilian administration in 1999. With series of state creations that follows, the military bequeathed an over centralized structure under the various Constitutions. Many writers have specifically argued that the regions were deliberately balkanised by the then civilian government in 1963 and further perfected by the invading military regimes to weaken the regions and curtail the influences of some leaders to a sizeable territory (McLoughlin and Bouchat, 2013; Achebe, 2012; Odubajo, 2011; Ekanade and Ekanade, 2011; Nwabueze, 1992; Falola, 1991; Anber, 1967). Although, Ekeh (2011) argued that the remote effort at balkanising political influences in African Region dated back to the late 16<sup>th</sup> century when the England equipped the Moroccan army to invade and destroy the Songhai Empire to reduce her influence.

It can be argued that the effects of the highly centralised constitutions that resulted from both colonial administration and military regimes that followed still linger on. From constitutional provisions, the Federal Government controls about 90 percent of the country's tax revenue and is allocated 54% of the distributable pool from the Federation Account. Others contend that the diversification of the economy from a strong agrarian foundation in addition to 'paltry' royalties from mining of solid minerals like tin, coal, limestone, iron ore, columbites, bitumen, lignite, lead, bauxite, gold, etc and tax revenue to oil due to the discovery of crude oil in 1955 at Oloibiri in the present day Bayelsa State marked the beginning of an unprecedented twist in the Nigerian federalism. In whatever direction it is observed, the crisis of governance in Nigeria has been somewhat elaborated and extended to inter-governmental conflicts; a situation most probably due to the perverted federalism being practiced in Nigeria.

This paper thus traced the evolution of intergovernmental relation in Nigeria, espousing the legal, political and governance antecedents with a view to further identifying the underlining factors for the current conflicts in the relationship between the center and the component units. The study assessed and analysed the nature of functional relations, tax jurisdiction, fiscal policies and revenue allocation as they affect the three levels of government during the period under review. The study also surveyed and analysed the evolution of financial and administrative control measures among the various levels of government, Federal, State and Local, with a view to providing useful suggestions for future improvement. The paper traced the evolution of intergovernmental relation in Nigeria, espousing the legal, political and governance antecedents with a view to identifying the underlining factors for the current conflicts in the relationship between the center and the component units. The study also assesses and analyses the nature of functional relations, tax jurisdiction, fiscal policies and revenue allocation as they affect the three levels of government during the period under review. To achieve these objectives, the researcher

- (1) traced the evolution of Intergovernmental Relations in Nigeria;
- (2) reviewed some existing and related literature on the subject matter of intergovernmental financial relations for possible comparison;
- (3) examined, briefly, the existing policy on tax jurisdiction and tax administration between the three levels of government;
- (4) identified and critically analyzed the impact of financial and administrative control mechanism available within the prevailing relationship and formulate measures for improving it; and finally
- (5) considered the future development and prospects of intergovernmental financial relationship between the three levels of government.

## **2. Federalism and Intergovernmental Relations: Conceptual Analysis**

Federalism, as K. C. Wheare (1968) opined, is a political formula in which the 'general' and the 'regional'

governments 'are each, within a sphere, co-ordinate and independent of one another'. It is doubtful whether this definition represents the present-day reality of Federal States. Perhaps, many phenomenal observations have led to a different scenario that defeats any ambitious and holistic definition since Wheare's 1968 periods. Neumann (2006) argued that defining the term 'federalism' as a generic term is the best attempt that can be suited to describe the multiplicity and, indeed, duplicity of the present 'federal states'. In the light of these expositions coined from today's realities, K. C. Wheare's (1968) argument that a strict practice of federalism in which "the General and Regional Governments of a country shall be independent each of the other within its sphere, [and] shall be not subordinate one to another but co-ordinate with each other" appears fraught with problem and impracticable. Such, According to him, would mean "that both General and Regional Government must each have under its own independent control financial resources sufficient to perform its exclusive functions", which may not be amenable to any federal system considering the realities in contemporary States.

Thus, it appears that Wheare's definition that we alluded to above does not represent the true identity of operations in contemporary Federal States. For the most part, a Federal system is such that the center exercises supremacy of power on issues that concern the whole nation while the federating units are semi-autonomous in their own rights. Usually, some powers of national concerns are reserved for the center, while simultaneously sharing some classified legislative powers with the federating units. For instance, in almost countries that are or that operate as federations, only the government at the center is allowed to affirm war against another state. The federating units are often saddled with the responsibility to cater for issues that directly affect the day-to-day of its residents only. In the US, the State of New York, by illustration, cannot enforce her law in the State of Pennsylvania. The same applies to Nigeria: Lagos State laws cannot be enforced in Osun State, and vice versa. The allocation of legislative assignment, *ab initio*, dictates the designations between the center and federating units. In the US, there is the federal preemption clause contained in Article VI, Paragraph 2 of the Constitution of and commonly referred to as the Supremacy Clause. It establishes that the precedence of Federal Constitution and Federal law over state laws, and even state Constitutions. According to the provision, the

"Constitution, and the laws of the United States which shall be made in pursuance thereof; and all treaties made, or which shall be made, under the authority of the United States, shall be the supreme law of the land; and the judges in every state shall be bound thereby, anything in the Constitution or laws of any State to the contrary notwithstanding."

Yet, Irabor (2011) argued that the most persuasive definition of federalism remains the one advanced by Wheare (1968). According to him, other formulations that emerged in subsequent scholarly works after Wheare such as Livingstone, Macmahon, and Riker appear to have masticated and regurgitated the postulations contained in the core values of Wheare's submissions. Indeed, Wheare had defined federalism in his book, *Federal Government*, as "the method of dividing powers so that General and Regional Governments are each, within a sphere, co-ordinate and independent of one another". In this respect, Irabor (2011) inferred correctly from the definition that Wheare's proposition forms a clear position by identifying the fact that states with federal arrangements necessarily have in place a statutory assignment of duties expressly stated in written constitutional provisions. The concreteness appears important, without which clarity of intention and purpose may be difficult to be ascertained. He, however, submitted that Wheare's construction of how a federal arrangement should be appeared to be synthesis of his understanding of the political configurations of the United States of America, as it then existed. He argued further that Wheare must have regarded the United State pattern of federalism as 'the archetype of Federal Government'. In that regards, Irabor (2011) argued that there are certain basic tenets reflected in the formulation of federalism by Wheare, which are considerably apt in determining the level of compliance of a federation. These basic principles that he listed accordingly are:

- a) The presence of two or more tiers of governments with distinct legislative assignments;
- b) Coordinate and jurisdictional independence for each tier;
- c) Fiscal independence for one tier to embark on development drives and reform exercises without recourse to the other;
- d) Presence of supreme court to adjudicate on possible, or perhaps inevitable, disagreement between/among the governments; and
- e) Absence of domineering powers of any tier over the other in amending the constitution.

To another consummate scholar of federalism, Chief Obafemi Awolowo, a foremost nationalist and political leader during the decolonization process and beyond, the most appropriate system of government in a country with high diversity of language and culture is a federation. In his Book, *Thoughts on the Nigerian Constitution*, Awolowo

(1966) argued that a review of political process and realities of most countries in transition across the continents of the world and how their constitutions evolved would reveal two propositions. One, a unitary system of government is antithetical in a highly divergent state. The political situation in such countries of high divergence would be much more conflict-prone when the differences based on language and ethnicity. The second issue is that an introduction of federalism in states where such is not suitable would only be counter-productive. Irabor (2011) would later argue that Awolowo's thought on federalism could be interpreted in two straight deductions.

- 1) When a country is linguistically variegated like Nigeria, a federal constitutional arrangement with a center and components organized along linguistic line should be adopted;
- 2) In the above scenario, a unitary constitution would not be suitable.

Nevertheless, in the contemporary time of several evolutions of varieties of structures, it is rather safer to emphasise that federalism connotes the dual concepts of governmental and ethical division of powers among autonomous and semi-autonomous governments in a state. Hence, a state system may differ peculiarly in function, but all federal states feature a government at the center with exerting detailed exclusive powers that covers the entire country and federating units exercising certain powers, within a defined jurisdiction in the polity, jointly and severally with the Central Government over the same body of citizens.

Yet, the influence of federalism cannot be overemphasized. Of the world's one hundred ninety three countries account only twenty-five are federal by constitutional arrangements. However, about 40 per cent of the world's population fall under one federal constitution or the other. These federations are coincidentally some of the largest and most complex democracies in their respective continents. They include Nigeria, India, Australia, Brazil, the US, Canada, Germany and Mexico. As complex as the countries are, they are also prominent members of the comity of nations.

As Les Benedict (1988) pointed out, federalism has always been characterized by tension. He argued that "in some areas, the interests among the States were so different, so mutually antagonistic, that they could not be reconciled in any national forum". Federal governments are therefore often controversial for a simple reason that its necessity always comes from the need for large and ethnically variegated body of people whose only point of convergence is geographical proximity. Such situation also presents a yearning necessity to preserve local values and differences, while simultaneously suing for a union. To say that conflicts regarding the allocation of powers and Intergovernmental Relations have come of age is thoroughly reflected in the Presidential debate of 1858 to 1860 between the Democratic Party Candidate, Stephen Douglas, and the Republican Party candidate, Abraham Lincoln. Douglas argued vociferously in favour of dual federalism that preserves the sovereignty of the States within the union and the rights to self-determination that cannot be interfere with from outside the State (Les Benedict, 1988). He submitted that deciding any issue affecting a federating unit in a national forum could be potentially divisive and can lead to exterminating the legislative capacities of the and cancel out their sovereignty. Such action, according to Les Benedict (1988), might also merge the "rights and sovereignty of the States in one consolidating empire" by vesting in "Congress with the plenary power to make all the police regulations, domestic and local laws, uniform throughout the limits of the Republic". Lincoln, who was eventually voted into power, argued towards the contrary. Lincoln advocated a more active federal government and more integrated national community, within the purview of States limited to only "those things that pertain exclusively to themselves—that are local in their nature, that have no connection with the general government" (Les Benedict, 1988).

Moreover, most Federal state adopted the system of government as a panacea for past or current or impending crisis. For instance, writers have vehemently submitted that the Civil War that raged between 1861 and 1865, and subsequent rulings of the Supreme Court remained the crucial factors in the current application of federalism in America (Donovan, Smith, Osborn and Mooney 2014; Parker, 2014; Donovan, Smith and Mooney, 2012; Kozlowski and Weber, 2010; Mahler, 1987). This suggests that the triumph of the national government over the southern States prepared a solid foundation for the unification of the country under a federal government (Wheare, 1963; Les Benedict, 1988; Mohammed, 1983; Irabor, 2011). The Nigeria federalism equally appeared to have been strengthened by the Civil War of the early 1970's, which united a good number of Nigerians against the seceding Biafrans. However, there are countries that have had more peaceful transitions into a federal system (Irabor, 2011). Irabor (2011) cited the clear case of peaceful and less controversial federal association in Switzerland, which has been little less regarded as only next to the adoption of federalism in the United States of America in terms of history. The author also made mention of Brazilian adoption of federalism in in 1890 through Royal Decree and which subsequent government and political configuration have re-established as the system of government.

Nevertheless, controversy beguiles federalism, or maybe vice versa. There is always complicity of interests, most of them opposing and seemingly irreconcilable. Akinyemi (2004) argued that federalism 'implies the existence of differences, that are perceived to be so fundamental as to have the capability of blossoming into conflicts, but which if properly handled, will not develop into irreconcilable conflicts'. Even in the United States, which is considered as archetype of federalism, the state and the Federal Government have been embroiled in pockets of running controversies over rights and extents of rights of the Federal and States respectively. Yet, the United States is arguably the oldest of modern federalism, not in the least that there was a considerable round of contentious debates amongst the founding fathers.

### 3. The Need for Proper Intergovernmental Relations

The rationale behind setting proper template for intergovernmental relations in a federal system has been observed by the founding fathers of American federalism, notably Alexander Hamilton and James Madison in early 1788. Arguably, it appears from the submissions of the federalists that such arrangement must transcend beyond power sharing between levels of government. According to them, the need for forming government in itself is predicated on the 'evils' in human nature. They argued that:

If men were angels, no government would be necessary. If angels were to govern men, neither external nor internal controls on government would be necessary. In framing a government which is to be administered by men over men, the great difficulty lies in this: you must first enable the government to control the governed; and in the next place oblige it to control itself (Federalist Papers, 1788).

From the above effusion, it would seem to follow that the kernel of intergovernmental relations is one in which the levels of government exerts reciprocal control on each other. Yet, the variances of federalism across the world are the general rule. Today, there are various fashions of federalism, and intergovernmental relations that attend the discourse of federalism.

Yet, the contemporary notion of 'intergovernmental relations' as we have come to know it bears a particular relevance to the Declaration of Independence of America and the invectives that attended it in the late 18<sup>th</sup> century. In the *Federalist Papers*, James Madison wrote that the American federal arrangement is to the extent that 'the power surrendered by the people is first divided between two distinct governments, and then the portion allotted to each subdivided among distinct and separate departments'. Only in so doing that Madison foresaw a 'double security' to properly safeguard the citizens against government excesses. He averred that danger looms large in a lopsided power balancing in which one level control the other without vice versa. In Madison's words, it is expedient that "the different governments will control each other, at the same time that each will be controlled by itself". The need for the control becomes essential to secure fundamental right of citizens for all and sundry bearing in mind that the majorities may tend to oppress the minorities. He further argued that '[I]f a majority be united by a common interest, the rights of the minority will be insecure'. Since the majorities will therefore wield the numerical strength at any given time, Madison proffered that it is therefore essential that power sharing for a republican government be arranged "not only to guard the society against the oppression of its rulers, but to guard one part of the society against the injustice of the other part".

### 4. Allocations of Powers and Power Relations in a Federation

The whole essence of federalism is arguably a well-functioning intergovernmental relation. Various scholars have defined intergovernmental relations from different perspectives. In the opinion of Cameron (1994), intergovernmental relations infer the division of a nation into geographic segments and allocation of governmental powers to the segmented locations in terms of government units. Cameron (1994) further argued that the respective structure, as well as the allocation of specialised task, does not exist as mere level of government but for the purpose of playing certain unique and autonomous roles for a part or the whole in the interconnectedness of the society. In the light of the complexities that becloud the distinctiveness of this concept therefore, the above elucidation by Cameron (1994) appears puerile. The same is arguably with Adamolekun (2002) who submitted that intergovernmental relation refers to the political ethics "commonly used to describe the interactions between the different levels of government within the state".

From the foregoing, it appears that the definition of intergovernmental relations must go beyond the descriptivism. As Wright (1988), argued, intergovernmental relations is 'an interacting network of institutions at national, provincial and local levels, created and refined to enable the various parts of government to cohere in a manner which is appropriate to its institutional arrangements.' Oginna (1996) viewed intergovernmental relations as 'the complex pattern of interactions, cooperation and inter-dependence between two or more levels of government.' Linking all these with the generally accepted definition of federalism by Wheare (1963), it becomes clear that

federalism and intergovernmental relations are intertwined and that practicing federalism entails allowances of live-and-let-live inter-relationship between governments in ways not inimical to the corporate existence of the entire nation. In other words, if the theory is good federalism, the practice is consensual intergovernmental relations that reflect, not in downplaying but in appreciating the complexities of the people, their diversities and their values. As Mohammed (1983) pointed out, the concept of intergovernmental relations occupies a crucial factor in measuring the extent and integrity of the interrelationships between/among government units in a federation. He averred that the effects, which tiers of government exert on one another in governance process, most especially as it concerns effective provision and distribution of public utilities, are the very principal essence of intergovernmental relations. According to him, 'it is therefore the primary objective of the concept to achieve maximum cooperation and effective coordination between the level of government in a federation in order to bring about rapid economic growth and stable social development to the entire federation'. This is the very reason why a constitution may fail to properly address the questions of intergovernmental relations if the Constitution building process is not well interrogated (Lawson, 2011).

In a research thesis presented by Mohammed (1983) as a partial fulfillment of the award of master of public administration, the author traced the history of intergovernmental relations as having its current roots in the US. According to him, the united state Congress created a Temporary Commission on Intergovernmental Relations in 1953 commonly known as Kestubaum Commission, with the sole purpose of widening the scope and the usage of the concept of Intergovernmental Relations. He wrote that in 1959, the congress created, yet, another permanent Advisory Commission on Intergovernmental Relations. This Commission, according to him, produced dozens of research studies and hundreds of policy recommendations on Intergovernmental Relations. He wrote that the Dominion of Canada followed suit by taking similar step when it established a permanent Royal Commission on Dominion Provincial Relations in 1940 to monitor all aspects of its intergovernmental relation. Meanwhile, the Commonwealth of Australia had established a Commission in 1931 known as the Commonwealth Grants Commissions to look into claims of the state for Commonwealth Grants (Mohammed, 1983). In fact the various Indian Finance Commissions are no exception to the realization and appreciation of the importance of the Intergovernmental Relations in any Federal set up (Mohammed, 1983). The appointment and establishments of these permanent Commissions by these Federations have shown the importance attached to the decisive roles played by Intergovernmental Relations in promoting unity, understanding and balanced development in any country.

Given the very crucial role of allocation of governmental powers and the creation of specialty that follows this in a federation; Federal, state and local, financial relationships revolve around two related problems. The first has to do with which level of government should impose what tax, whilst the second deals with which governments takes what shares of the revenues raised by various governments. In trying to solve these two problems of tax jurisdiction and revenue allocation, the objectives should be to achieve equity and efficiency. While there is need to ensure some fiscal independence for the States and Local Governments there is also need to ensure that Federal financial system is not such as to hamper the economic growth and equilibrium of the whole federation. But hardly is this usually the case especially in developing countries. In a Federal system of government, the Federal Government should, however, be the ultimate guarantor of the financial stability of all governments in the federation. It should always be in a position to assist any state and Local Government in financial difficulties.

The crisis runs deep when we also find out that allocation of powers by the Constitution of Federal States varies from state to state. While the Nigerian Constitution lists most of the powers under the jurisdictions of the center, the Australian constitution enumerated a much more restricted limited scope for the center and allocated the remaining span of powers to the constituent units. The assignments of legislative powers also run diametrically opposed between Canada on the one hand, and Nigeria and United States on the other hand. Whereas the exclusive powers of the Federal Governments of US and Nigeria are clearly listed and residual powers are resolved in favour of the regions in the US and Nigeria, the Canadian Constitution, contrariwise, listed a comprehensive set of legislative jurisdictions for the constituent units and allotted the outstanding residual powers to the government at the center. The controversy is accentuated thus: the US Constitution lists exclusive and comprehensive items for both the center and the States; the Nigerian Constitution only lists extensive items exclusive to the Federal Government leaving the States to sort themselves out with the concurrent and residual powers; and the constitutions of Austria, Germany, and Switzerland itemised a limited number of legislative assignments exclusively for the constituents, and listed a great deal of legislative authorities to be run concurrently by both the center and the component units. In the US, the outline of Powers defined in the Constitution could be seen thus:

- i. Powers allocated exclusively to the Center

- Printing and minting of coin
  - Regulation of commercial activities between States and foreign businesses
  - Regulation of money value
  - Declaration of war
  - Establishment of army and naval bases
  - Signing of treaties: bilateral, multilateral, supranational, etc.
  - Establishing postal offices and issuance of postage stamps
  - Promulgation of statutory instruments for the enforcement of constitutional provisions
- ii. Powers allocated exclusively to the States
- Establishments of local governments
  - Issuing of licenses (driving, hunting, wedding, etc.)
  - Regulation of commercial activities within states
  - To organise elections
  - Provision of public health and security
  - Ratification of amendments to the Constitution
  - Exercising powers neither constitutionally allocated to the center nor made constitutionally forbidden to the States vide Amendment X (e.g. determining the statutory ages for smokers and drinkers).
- iii. Powers allocated to be run concurrently by the center and the States
- Establishment of law court
  - Creation and collection of taxes
  - Construction of roads
  - Access to credit
  - Promulgation and enforcement of all legal provisions
  - Chartering banks and corporations
  - Incurring expenditure for the benefit of the citizens in entirety.
  - Payment of necessary and fair rewards for confiscated personal property.

### **5. Emergence of Federalism and Intergovernmental Relations in the Nigerian Political Space**

As discussed thus far, it appears that federalism is a concept that has continued to suffer for lack of definite common values. As Neumann (1957) has argued, the terms 'federalism' and all its generic extensions like 'federation' or 'federal state' lack necessary inherent values that can be attributed to known federal states. This lack of definitive definition appears to extend to what transpires amongst levels of government and how the powers should be operated. The case of Nigeria is not particularly distant from the conceptual oblivion. Even though scholarly and public opinion appear to have signposted on the Richards Constitution of 1946 the notoriety of introducing regionalism in Nigeria, available evidences revealed that regionalism has been part and parcel of Nigeria's political development even from the beginning of formal British Indirect Rule in 1901 when Nigeria was divided into two regions: Northern and Southern, both of which were further divided into provinces. In addition, it was Bernard Bourdillon the Governor-General at that time that actually initiated and laid the foundation of regionalism in Nigeria in 1939 by creating three provinces. Unfortunately, he had to hand over the Constitution to his successor Arthur Richards before execution and it became known as the Richards Constitution of 1946. From 1901 to 1958, the number of regions was increased to three through both acquisition of territories and partitioning of existing provinces. With disregard to the administrative structures in Nigeria before amalgamation, which were as diverse as two different countries, Lugard returned to Nigeria as Governor General in 1912 and introduced the amalgamation in 1914.

Based on the foregoing, Irabor (2011) argued that the flaws attributable to the Nigeria federalism could be grounded on certain fundamental expositions. He argued that federalism is a deliberate imposition by the colonial fathers with a view to maintaining a continued manipulation of the system. The whole essence is to keep the center



strong and the federating unit as disjointed as possible knowing fully well that a highly diversified cannot be administered successfully from the center. Similarly, the fact same exposition that federalism in Nigeria seems not to have produced good results was summed up by Rothermund (2006). As he pointed out, the British colonial power was short of sincerity when putting down the structure of federalism, *ab initio*. He argued that instead of taking steps towards creating a Parliament for the whole of Nigeria during the process of decolonization, the British attempted to continue their reliance on the unpopular native authorities in the three regions and they diverted political activities to the three regional arenas. Rather than create a level-playing ground for the so-called three regions, they finally created a Federal Parliament and queered the pitch by giving undue prejudice to the North by allocating more seats to the North more than to each of the other two regions. He submitted that with the favour granted to the North to present more seats it 'practically predetermined that the Federal Prime Minister had to be from Northern Nigeria' and 'having set the arena in such a way that national interest aggregation could not be achieved and that the North would predominate, the British contributed to a violent power struggle which soon engulfed Nigeria'.

#### **6. 1999 Constitution and Intergovernmental Relations in Nigeria**

Ostensibly, the provisions of the 1999 Nigeria Constitution accords with the settled principles of federalism in which States or other sub-national units share sovereignty with the Central Government, and the States comprising the federation have constitutional existence and power functions that cannot be unilaterally changed by the Central Government. Section 2(2) of the Constitution provides that 'Nigeria shall be a Federation consisting of States and Federal Capital Territory'. In other words, there are two constitutionally recognized levels of government in Nigeria comprising the Federal Government and the States as the federating units. The Local Governments remain administrative units of the States, even though Section 7(1) of the Constitution guaranteed 'a system of Local Government by democratically elected Local Government Councils'. The section further provides that 'accordingly, the Government of every State shall...ensure their existence under a Law which provides for the establishment, structure, composition, finance and functions of such Councils.'

Furthermore, Section 4 of the 1999 Constitution States the extent of the powers of the Federal Government compared with those of the States, and clearly prescribes that any matter not listed as being under the jurisdiction of the Federal Government shall be under the jurisdiction of the States. By virtue of Section 4(2) of the Constitution, the Federal Government is given exclusive jurisdiction to make laws in respect of matters set out in Part I of the Second Schedule to the Constitution and in respect of matters set out in Part II of the Schedule (tagged 'Concurrent Legislative List'). As a result, the National Assembly is empowered to impose taxation on Incomes, profits and Capital gains, in accordance with Item 59 of the Exclusive Legislative List as well as Custom and Excise duties; Export duties, and Stamp duties pursuant to Items 16, 25, and 58 of the same List.

Similarly, by virtue of Section 4(7)(a-c), States are empowered to make laws in respect of any matter whatsoever, provided such is neither on the Exclusive Legislative List nor specifically allocated to the Federal Government on the Concurrent Legislative List (i.e. Part II of the Second Schedule to the Constitution), and it is not that on which the Federal Government is empowered to make laws in accordance with any provision of the Constitution. The end-product of this is that the power to impose any tax not specifically allocated to the Federal Government is properly within the power of the Houses of Assembly, part of which has been confirmed by Item D paragraph 9 of the Concurrent Legislative List, which provides that a House of Assembly may make provision for the collection of any tax, fee or rate for the administration of the law providing for such collection by a Local Government council.

From indications, the foregoing provisions accord with the principles of federalism in that it is the powers of the Central Government that should be more restricted so as to make the component units viable and self-sufficient, and to preserve their autonomy. However, the realities on the ground differ significantly, if not totally. This has been attributed to a number of reasons. One is the legacy of centralization imported into the Nigerian Political life by the advent of military rule, its longevity, and most importantly, its involvement in the drafting of the Nigerian Constitutions successively since 1979. Two, the civilian who ruled during the short period of 1979-1983 and 1999 to date are products of military school of thought, who just copied the centralized monolithic command culture of the military and found this culture suitable to their self-serving governance style. Hence, the Constitutions are run as though it were a centralized unitarism, whilst proclaiming that Nigeria is a federation.

Consequently, the Exclusive Legislative List grew longer over time; from 45 items in the 1963 Republican Constitution to 67 items in the 1979 Constitution and 68 in the 1999 Constitution. Whereas, the Concurrent List fluctuated from 29 items in the 1963 Constitution to 25 items in the 1979 Constitution and 30 items in the 1999

Constitution. A major area in which the degree of centralization, with regards to this study, is in the area of fiscal structure between the Federal Government, the States and Local Governments. As far as tax matters are concerned, all major taxes in Nigeria are Federal Taxes: Petroleum Profit Tax (PPT), Companies income tax, Custom Duties, Excise Duties, Stamp Duties, Mineral Duties, Export Duties, etc. Table 4.1 below shows tax jurisdiction in Nigeria in a manner very much inconsistent with federalism.

Table 1. Nigeria's tax jurisdictions for federal, states, and local government in 2015

<b>Tax</b>	<b>Legal Jurisdiction</b>	<b>Collection</b>	<b>Retention</b>
Import duties	Federal	Federal	Federation Account
Excise duties	Federal	Federal	Federation Account
Export duties	Federal	Federal	Federation Account
Mining rents & royalty	Federal	Federal	Federation Account
Petroleum profits tax (PPT)	Federal	Federal	Federation Account
Capital gains tax	Federal	Federal/State	Federal/State
Personal income tax (PIT)	Federal	Federal/State	Federal/State
Education tax	Federal	Federal	Federal
Withholding Tax	Federal	Federal/State	Federal/State
Value added tax (Sales tax before 1993)	Federal	Federal	Federal /State
Companies income tax (CIT)	Federal	Federal	Federation Account
Stamp duties	Federal	Federal/State	Federal/State
Gift tax	Federal	State	State
Property tax and ratings	State	State/local	State/local
Licenses and fees	Local	Local	Local
Motor park dues	Local	Local	Local
Motor vehicle	State	Local	Local
Capital transfer tax (CTT)	Federal	State	State
Pools betting and other betting taxes	State	State	State
Entertainment tax	State	State	State
Land registration and survey fees	State	State	State
Market and trading license and fees	State	Local	Local

Sources: 1999 Constitution of the Federal Republic of Nigeria

Taxes and Levies (Approved List for Collection) Decree No. 21 of 1998

Table 1 above shows that the Federal Government collects all major taxes. The history of tax collection in Nigeria is such that some taxes previously available for collection and retention by the State governments have been taken over by the Federal Government. Examples cited by respondents in this respects include, for example, Mining rents and royalties. Some respondents, especially those from Rivers State argues that before 1959, Regional Governments had rights to 100% of mining rents and royalties but with production and exportation of oil in 1958, and following Raisman Commission recommendations, in 1959, this was to be distributed as follows: mineral region (50%), Federal (20%) and Distributable Pool Account, DPA, (30%). At present, both Federal and State Governments collect a number of taxes. However, the Federal Government collects the better parts of these taxes, except for Personal Income Tax, where the States may be considered to be above the Federal Government. In all others, as shown in Table 2 below, the Federal Government collects quality part of direct tax revenue, even though the rights of collection is available to both tiers of government.

Table 2. Showing Weight of Direct Taxes collectible by both Federal and State Governments of Nigeria as at 2009

Taxes/Tiers of Government	Federal	States	Enabling Instruments
Petroleum Profit Tax (PPT)	Exclusive	Nil	Nil
Company Income Tax (CIT)	Exclusive	Nil	Nil
Personal Income Tax (PIT)	Members of Armed Forces; Members of Nigeria Police; Residents of the FCT; Staff of Ministry of External Affairs; and Non-resident individuals.	Pay-As-You-Earn (PAYE); and Direct Taxation (Self Assessment.	1999 Constitution; Taxes and Levies (Approved List for Collection) Decree No.21 of 1998; Personal Income Tax Act No104 of 1993; and FIRS (Establishment) Act, 2007
Capital Gain Tax	Residents of FCT; Bodies corporate; and Non-residents	Individuals only	1999 Constitution; Capital Gains Tax Act Cap 42 LFN 1990; and FIRS (Establishment) Act, 2007
Withholding Tax	Companies; FCT Residents; and Non-resident individuals	Individuals only	Taxes and Levies (Approved List for Collection) Decree No.21 of 1998
Stamp Duties	Bodies Corporate; and FCT Residents	Individuals only	1999 Constitution; (Approved List for Collection) Decree No.21 of 1998; and FIRS (Establishment) Act, 2007

Sources: 1999 Constitution of the Federal Republic of Nigeria;

Taxes and Levies (Approved List for Collection) Decree No.21 of 1998; and

FIRS (Establishment) Act, 2007

Specific areas identified in which the Federal Government has taken over the powers of the States are the cases of Personal Income Tax and Value Added Tax (VAT). As far as personal income taxes are concerned, some respondents interviewed noted that until 1975 when the then military government took over the powers of personal income tax by passing the Personal Income Tax Management (Uniform Taxation Provisions) Decree No. 7 of 1975. The Decree, though passed by Federal Military Government, allowed the States to collect the Tax. The 1999 Constitution has gone further to entrench it in Item 59 of the Exclusive Legislative List. This obviously runs counter to federalism as the Federal Government is gradually and steadily eroding the fiscal powers of the States.

The issue of VAT is a straightforward usurpation of tax powers of the States by the Federal Government. Our respondents noted that the collection and sharing of VAT revenue by the Federal Government is *ultra vires* and a straight violation of Section 4(7)a of the Nigeria 1999 Constitution. Records consulted showed that VAT was introduced in 1993 to replace Sales Tax, which was then a State Tax. Besides, VAT is neither listed in the Exclusive Legislative List nor Concurrent Legislative List, and by virtue of Section 4(7)a, any matter not listed in the Exclusive Legislative List automatically falls in the legislative jurisdiction of the States. It follows therefore that making law by the Federal Government in respect of VAT, i.e. Value Added Tax Act No. 102 of 1993, is *ultra vires* and ditto the collection of such taxes by the Federal Inland Revenue Service (FIRS), which is

a Federal Government institution.

Extant researches have also revealed that Education Tax is another example of areas in which the Federal Government has usurped the constitutional taxing power of the States (Olaiya, 2011; Omoleke and Olaiya, 2013). The tax remains a federal tax yet it is not listed in the Exclusive Legislative List. Moreover, the Education Tax Fund contravenes Section 162 of the Nigeria 1999 Constitution, which provides that all Federally collected revenues should first be paid into the Federation Account. Even though the importance of the education cannot be overemphasised, the illegality of the tax is also criticized as capable of exacerbating the problem of double taxation on companies' profits in Nigeria as the situation is already spreading to other sectors (e.g. police tax, sport tax, road tax, etc.).

## 7. Conclusion

This paper essentially tinkers with the seemingly universal tension between tiers of government in multi-level governance system. The anxieties have ranged from the challenges of common independent control of financial resources policy and the attendant tensions between the tiers and the usurpation of legislative powers constitutionally enshrined by the center. Generally, it can be underlined that the clashes between the tiers of government are a universal problem that regionalism studies have to inquire upon. The paper demonstrated that the success of a federal state is hinged on tolerant activities among the stakeholders, who are supposedly autonomous and semi-autonomous. For the most part, the state of a federal union requires some level of cooperative attitude from all organs and levels of government. The arrangements must not be straitjacketed towards strict adherence to legality but on reciprocal respect, and accommodating practices among the various stakeholders. This attitude, which can either be affirmative or aversive, is coined in the literature as intergovernmental relations. An intergovernmental relation describes the compendium of activities or relations that takes place between or among the different levels of government within a country. It covers the combinations and permutations of relationship among them. Events over the years in Nigeria's federation have shown the improper over-dominance of the Federal Government in relation to IGR and lack of efforts by the federating units to seek sustainable resources have combined severally and jointly to weaken the existing mechanisms and institutions for intergovernmental policy coordination.

The undue concentration of power and resources at the center is detrimental to federalism in Nigeria: first it shift focus unnecessarily towards the center making the political landscape murky water of zero-sum game; second, it incapacitate the ability and inclinations of the components in their internally generated revenue. The totality of the effect is that the Federal Government became the overloads while the units are curtailed to feast on the crumbs that fall from the master's table. This is discovered to be a by-product of the prolonged military rule that, unfortunately, became the promulgators of civilian Constitutions. This paper analyses the concept of federalism and its interconnectedness to IGR, tracing its historical meaning and dovetailing it to the case of Nigeria. Essentially, the paper discusses the IGR with respect to provisions of Nigeria's 1999 Constitution vis-à-vis provisions of other federations like the US, Canada, Australia, Swiss, Brazil, to mention a few. The paper also discovered evidences of selective adherence to tenets of federalism, which is anchored on cooperative interactions of the stakeholders culminating to mutual suspicion that has continued to heat the polity.

The paper suggested that in order to make for a truly federal state, in which there are coordinates of authorities, an improved IGR by all governments is long overdue in Nigeria. Taxing power should be commensurably vested in the levels of government using the principle of comparative advantage, i.e. the level most likely to administer the taxes efficiently and without prejudice to the overall national economic interest. This, as Brogdon (2011:29) argued, is about setting 'meaningful limits to federal power' to situate the States out of the present economic doldrums occasioned by lack of (or depleted) revenue profiles. Revenue should also be shared equitably so as to guarantee the adequacy and stability of resources available to the governments of particularly the State and Local Governments of Nigeria.

## Author's Biography

Dr. Taiwo A. Olaiya holds a unique mix of academic and professional skills and a global perspective in comparative politics and governance of Africa. He is a faculty member and researcher at the Nigeria's leading academic institution, the Obafemi Awolowo University (OAU), Ile-Ife, Nigeria.

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#### **APPENDIX I. List and Composition of Some Federal States in the World**

- Argentina (23 provinces and one autonomous city)
- Australia (six States and three territories)
- Austria (nine States)
- Belgium (three regions and three linguistic communities)
- Bosnia and Herzegovina (Federation of Bosnia and Herzegovina, Republika Srpska and Brčko District)
- Brazil (26 States and the Brazilian Federal District)
- Canada (ten provinces and three territories)
- Comoros (Anjouan, Grande Comore, Mohéli)
- Ethiopia (nine regions and three chartered cities)
- Germany (16 States)
- India (28 States and seven union territories)

- Iraq (18 governorates and one region (Iraqi Kurdistan))
- Malaysia (13 States and three Federal territories)
- Mexico (31 States and 1 Federal district (Mexico City))
- Federated States of Micronesia (Chuuk, Kosrae, Pohnpei and Yap)
- Nepal (14 zones, 75 Districts)
- Nigeria (36 States and one Federal territory (the Federal Capital Territory))
- Pakistan (4 provinces, 2 autonomous areas and 2 territories)
- Russia Federation (46 oblasts, 21 republics, 9 kraia, 4 autonomous okrugs, two Federal cities, one autonomous oblast)
- Saint Kitts and Nevis (two islands and 14 parishes)
- Sudan (25 States)
- Switzerland (26 cantons)
- United Arab Emirates (seven emirates)
- United States (50 States, one incorporated territory, and one Federal district (District of Columbia)); 2 Commonwealths; 11 unincorporated territories)
- Venezuela (23 States, one capital district and one Federal dependency)

Source: Author's Fieldwork

#### APPENDIX II. Vertical Allocation Table of the Federation Account in Nigeria by Percentage, 1990–2009

Recipients	1990	Jan.1992	June 1992	2002	2002—2009
<b>1. Statutory Allocation formula (%)</b>					
Federal Government	50%	50%	48.5%	48.5%	52.68
State government	30%	25%	24%	24%	26.72
Local Government	15%	20%	20%	20%	20.60
Special funds	5%	5%	7.5%	7.5%	-
Federal capital territory	1%	1%	1%	1%	-
Stabilization	0.5%	0.5%	0.5%	0.5%	-
Savings	0%	0%	0%	0%	-
Derivation	1%	1%	1%	1%	-
Dev of oil mineral producing areas	1.5%	1.5%	3%	3%	-
General Ecology	1%	1%	2%	2%	-
<b>total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>2. Value Added Tax (%)</b>					
<b>Federal</b>	-	-	-	<b>80</b>	<b>40</b>
<b>State</b>	-	-	-	<b>20</b>	<b>35</b>
<b>Local Government</b>	-	-	-	<b>0</b>	<b>25</b>

Source: Ministry of Finance, Abuja – Nigeria (2010)

### **APPENDIX III. List of Approved Taxes and Levies for the Three Tiers of Government in Nigeria**

A list of taxes and levies for collection by the three tiers of government has been approved by government and published by the Joint Tax Board (J.T.B.) as follows:

#### **(A) Taxes collectible by the Federal Government**

- (1) Companies income tax;
- (2) Withholding tax on companies;
- (3) Petroleum Profit Tax;
- (4) Value-added tax (VAT);
- (5) Education tax;
- (6) Capital gains tax - Abuja residents and corporate bodies;
- (7) Stamp duties involving a corporate entity;
- (8) Personal income tax in respect of:
  - Armed forces personnel;
  - Police personnel;
  - Residents of Abuja FCT;
  - External Affairs officers; and
  - Non-residents.

#### **(B) Taxes/Levies Collectible by State Governments**

- Personal income tax:
- Pay-As-You-Earn (PAYE);
  - Direct (self and government) assessment;
  - Withholding tax (individuals only);
- (1) Capital gains tax;
  - (2) Stamp duties (instruments executed by individuals);
  - (3) Pools betting, lotteries, gaming and casino taxes;
  - (4) Road taxes;
  - (5) Business premises registration and renewal levy;
    - urban areas (as defined by each state):
      - maximum of N 10,000 for registration and N5 ,000 for the renewal per annum
    - rural areas:
      - registration N2,000 per annum and renewal N 1,000 per annum
  - (7) Development levy (individuals only) not more than N100 per annum on all taxable individuals;
  - (8) Naming of street registration fee in state capitals
  - (9) Right of occupancy fees in state capitals;
  - (10) Rates in markets where state finances are involved.

#### **(C) Taxes/Levies Collectible by Local Governments**

- (1) Shops and kiosks rates;
- (2) Tenement rates;
- (3) On and off liquor licence fee;
- (4) Slaughter slab fees;
- (5) Marriage, birth and death registration fees;
- (6) Naming of street registration fee (excluding any street in state capitals):



- (7) Right of occupancy fees on lands in rural area (excluding those collectible by Federal and state governments);
- (8) Markets taxes and levies excluding any market where State finance is involved;
- (9) Motor park fees;
- (10) Domestic animal licence;
- (11) Bicycle, truck, canoe, wheelbarrow and cart fees;
- (12) Cattle tax;
- (13) Merriment and road closure fees;
- (14) Radio/television (other than radio/tv transmitter) licences;
- (15) Vehicle radio licence (to be imposed by the Local Government in which the car is registered);
- (16) Wrong parking charges;
- (17) Public convenience, sewage and refuse disposal fees;
- (18) Customary, burial ground;
- (19) Religious places establishment permits; and
- (20) Signboard/advertisement permit.

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