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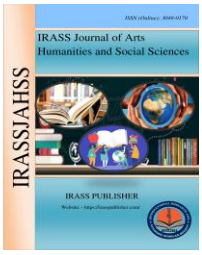

TOWARDS EQUITABLE REVENUE ALLOCATION IN NIGERIA: STRENGTHENING ACCOUNTABILITY AND TRANSPARENCY

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Abstract: Nigeria's revenue allocation formula has long been a subject of controversy and political manoeuvring among the federal, state, and local governments. Despite numerous attempts to establish an agreeable formula, past administrations have failed to achieve a balanced distribution of revenue. However, recent legislative efforts, such as the Bill for an Act to Repeal and Re-enact the Revenue Mobilization Allocation and Fiscal Commission Act, 2023, signal potential reforms in revenue allocation governance. This seminar explores the intricacies of revenue allocation in Nigeria's federating system, examining the percentages allocated to each tier of government and their impact on development. Drawing on qualitative research methods and a critical analysis of existing literature, the seminar aims to shed light on the inequitable distribution of revenue, with the federal government receiving the lion's share. It underscores the importance of accountability and transparency in revenue disbursement, advocating for collaboration between the federal government and the Revenue Mobilization Allocation and Fiscal Commission (RMAFC) to ensure judicious use of allocated funds. Additionally, it calls upon state and local governments to explore alternative revenue generation strategies to complement their allocations and drive sustainable development at the grassroots level.

Keywords: Revenue Mobilization Allocation and Fiscal Commission (RMAFC), Legislative reforms.

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Introduction

Revenue Allocation is an essential part of a country seeking the development and promotion of good governance and this is often achieved in a society that encourages decentralization of powers. According to Agba, M. S, Ocheni, S., and Nnamani D. O, The Federal system of Government seeks to divide power among different levels of Government. Nigeria is a sovereign Nation operating the Federal System of Government consisting of: The Federal Government, The State Governments, and Local Governments. (Pillah, 2023). Revenue is therefore allocated amongst the three tiers with the consolidation of resources as one of the rationales for adopting federalism (The Cable, 2021).

There are however some concerns as to whether the revenue allocation is done equitably, this quest led the Nigerian Government to find a means of balancing it. Over the years several commissions were set up by different regimes that were each tasked with the responsibility of creating an adequate and agreeable formula for revenue allocation in the country. There are a number of ways this could be accomplished; for example, by encouraging national unity, economic progress, development balance, self-sufficiency, and a high level of living for all citizens (Lukpata, 2013).

Reviewing the revenue allocation formula seems like a tough nut to crack, with one controversy or the other trailing the formula review and on several occasions setting one part of the country against another (The Cable, 2021). Various commissions were set up in different governments depending on the challenge the country was facing at the time, to identify the best principles for revenue sharing. Even though the percentage of allocating this revenue is seen to be grossly inadequate and isn't widely accepted, a successful review of the formula hasn't yet taken place. The process of the revenue Allocation Formula began with the Phillipson Commission in 1946 established by the colonial government but kept evolving over the years with several recommendations for an Establishment instead of the Ad-Hoc Committees that have been used. This then gave rise to the commission called the Revenue Mobilization Allocation and Fiscal Commission (RMAFC), (The Cable, 2021).

The subject of Revenue allocation in Nigeria has been very controversial and politically dicey Edet (2021). Having lived under colonial rule for so many years, Nigeria gained her independence from Britain in 1960. It adopted Federalism, which is a system of government where powers are divided among the Federal, Regional, and local governments which invariably means that revenue generated by the country will automatically be allocated or shared accordingly. Each level of these governments is however expected to solely carry out its operations by providing public services and be financially independent of the other, but in Nigeria, most states and local governments depend absolutely on the revenue allocated to them through the federation account (Musa, 2016). Revenue allocation cannot be adequately understood without mentioning fiscal federalism. Federalism is the process through which responsibilities and functions are shared among the levels of government. It is a political system in a geographical area where authority is shared between two or more governments. (the net history, 2024). K. C. Wheare gave a classical definition of federalism as "the method of dividing powers so that the general and regional governments are each within a sphere coordinate and independent" (Patrick,1997). It strives under the system of interdependence and cooperation (Majekodunmi, 2015). Fiscal federalism shares responsibilities that are financial and economic among the federating units or the legally constituted centrally administered government (Pillah, 2023). Fiscal Federalism focuses on the taxation and spending of government at all levels, through the sharing of taxes amongst the central national government, regional and local governments is the essence of its existence. The three (3) tiers of Government have a financial relationship among them called 'Fiscal federalism'. The Federal government through a system known as revenue allocation distributes its revenue with the state and local governments (IJPCS, 2014).

The funds the Government for its expenditure is referred to as Revenue, there are periods when such revenues do not meet Government expectations, but the Government might want more or an increase in what is at its disposal. When these arise, the Government will have to borrow either domestically or externally to meet up to expectations (Obiechina, 2010).

Literature Review

a. Clarification of Concepts

Revenue

Revenue was first documented in the 15th century and is a derivative of the old French revenue which was defined as 'to come back or return', Revenue is 'the total amount of money brought in by a company's operations, measured over a set amount of time'(Sage).

Revenue is the income generated by an individual or a corporation through the selling of products or services. Government revenue is the income obtained by taxation by a government within a specific timeframe, typically a year. This refers to the revenue collected by the government through various means such as taxes, excise duties, customs duties, asset income, transfer revenues, and other sources at the federal, state, and municipal government levels.

Revenue, as stipulated in section 162 of the 1999 Constitution of the Federal Republic of Nigeria, is

> "*any income or returns accruing to or derived by the Government of the Federation from any source including: any receipt, however, described, arising from the operation of any law; any return, however, described, arising from or in respect of any property held by the Government of the Federation; and any return by way of interest on loans and dividends in respect of shares or interest held by the Government of the Federation in any company or statutory body."*

According to Chapter 162 Section (1) of the 1999 Constitution, the Federation must establish a special account known as the Federation Account. This account will receive all government revenues, excluding those from specific sources such as Personal Income Tax of certain groups.

Chapter 162 of the 1999 Section (3) states this about Revenue allocation, "Any amount standing to the credit of the Federation Account shall be distributed among the Federal and State Governments and the Local Government Councils in each State on such terms and in such manner as may be prescribed by the National Assembly".

The federating system allocates revenue to its constituent units for economic activities (Ohiomu, 2018). "*The allocation of revenue sources often given to the federating units does not necessarily meet the statutory obligations delegated to them which leads to a gap that exists between the availability of funds and their obligation to expenditure resulting in friction between the different levels of government, their fiscal capacity and expenditure responsibilities"* (Edet, 2021).

Revenue allocation simply refers to the disbursement of government-generated revenue among the three tiers of government and how it is shared among the various units in developing the economy (Dang, 2013). Taxes and levies are mostly the revenue sources of government, others include custom duties, excise duties, royalties or natural resources levies, company or corporate income tax, tariffs, and personal income tax. Several factors determine these contributions to the total revenue generated these are economic and socio-cultural factors, the economic size of the country as it relates to their employment, industrialization, and income levels, the efficacy of tax collection methods, enforcement penalties for violators, and how the formal and informal sector integrate (IJPCS, 2014).

The Federation Account is a government agency established by the constitution to distribute monies to the federal, state, and municipal governments based on an agreed revenue allocation formula. Revenue allocation is distributed based on a formula designed to equitably share revenue among different levels of government and to guarantee each level functions according to its expected capacity. The disbursement is managed by the Federation Account Allocation Committee (FAAC), which convenes monthly and includes the "Chairman Minister of State for Finance, the Accountant General of the Federation (AGF), Commissioners from the 36 states of the Federation, and representatives from institutions like the Central Bank (CBN), the Nigerian National Petroleum Corporation (NNPC), Federal Inland Revenue Service (FIRS), Customs, National Pension Commission, and Debt Management Office (DMO)" (Sylvester., & Ade. O 2018). All three levels of government get their share of the tax money through the Federation Account. In order to maintain transparency, the Commission is legally able to monitor all funds entering and leaving the federation account. Remittances and tax collection are handled by the Nigerian Customs Service (NCS), the Federal Inland tax Service (FIRS), the Department of Petroleum Resources (DPR), and the Nigerian National Petroleum Corporation (NNPC). To keep track of all the money coming in and going out of the Federal Republic of Nigeria, the OAGF is in charge of it all. The primary responsibility of this body is to ensure that all agencies, departments, and extra-ministerial bodies have adequate systems of accounting and control (NEITI).

The impact of revenue allocation on development at the federal, state, and local levels

The Federal system of Government consists of a central government and autonomous states. In a federal system of government, the central government possesses greater authority compared to the state and local governments (Ron, Stephen, &

Lesly, 2023). In Nigeria, the federal government serves as the central authority, the states function as regional governing bodies, and the local governments represent the grassroots level of governance. Each of the three has distinct branches based on their level. The Federal Legislative branch, commonly known as the National Assembly, consists of two chambers: the Senate with 109 members led by the Senate President and his Deputy, and the House of Representatives with 360 members led by the Speaker and his Deputy. Members are elected from the 36 states based on their respective zones. At the state level, there are state houses of assembly with posts such as speaker, deputy speaker, and other key roles representing various local administrations. The Executive branch comprises the President, Vice President, and their team of Ministers from the 36 states of the Federation at the Federal level. On one hand, the State comprises the Governor, his deputy, and a team of commissioners. On the other hand, the Judiciary is led by the Chief Justice of the Federation at the federal level, while state chief judges oversee courts in the states.In a federal system of Government, powers and responsibilities of the different tiers of Government as provided in the 1999 Constitution of the Federal Republic of Nigeria, the Second Schedule Part 1 is the Exclusive legislative lists – these are lists where only the Federal Government can act or are responsible for, such as matters of national interest like foreign affairs, defense, monetary policy, regulation, creation of states, aviation, currency among others (The Nigerian Finder, 2018), while the concurrent legislative lists are found in the second chapter where both Federal and State governments can act upon, are: collection of taxes, allocation of revenue, electric power, antiques and monuments, developments such as industrial, agricultural or commercial. The fourth Schedule specifies the lists of the local government councils such as economic development participation, public health, town planning, waste disposal, maintaining and constructing roads, and burial grounds, and maintaining and establishing cemeteries. primary and adult education. (Forum Fed, 2002). These classifications could be political, economic, societal, or historical facts that are not proven (Musa, 2021). State Governments as stipulated in the Constitution are within the guidance of the Federal Government, each has its capital, and legislature which is the State Houses of Assembly, the Executive has the Governor, his deputy, and commissioners and then the Judiciary headed by the Chief Justice of the State. Some of their responsibilities include: securing lives and properties, education and health services, agricultural development, and non-natural mineral resources. Local Government is the government at the grassroots that caters to the needs of the people, headed by a Local Government Chairman, his deputy, and their councilors. Their primary responsibilities are: making laws to address the needs of the locality, street and road naming, house numbering, births, marriages, and death registrations, constructing and maintaining drainages and roads, and construction of cemeteries and burial grounds (Ayodeji, 2022).

Evaluation of the revenue allocation formula in Nigeria

The history of Revenue Allocation can be traceable to 1946 during the Richard's Constitution where internal autonomy was granted to the Regional Governments and responsibilities were shared between the regions and the federal government. To rectify possible discrepancies arising from constitutional responsibilities to available resources between the Federal government and the Regions, a revenue allocation structure was put in place. The objective was for all levels of government to have self-reliant sources of revenue that would empower them to sufficiently carry out their constitutional functions (RMAFC, 2022).

The structures were mostly AD-hoc fiscal Commissions, created to conform with the happenings at that time. Here are a few reports and summaries from those commissions.

Philipson Commission (1946)

The three Principles recommended by this commission namely:

- Derivation refers to sharing revenue based on the proportion of contribution from each State, with higher contributors receiving a larger allotment.
- Even progress – this means all units should be given equal allocation to enable even progress at all levels. This principle advocates for an equal allocation to states irrespective of their contribution at the national level.
- Population - demography of adults or those paying taxes be considered and the allocation distributed as such.

However, only the population principle was applied, revenue from the Region was divided into two (2), the revenue declared by the regions is collected separately from the non-declared revenue collected by the central government, and they are split based on a horizontal ratio.

- North area - 46%
- Western Region accounts for 30%. Eastern Region accounts for 24%.

Hicks – Philipson Commission Report (1951)

The Hicks Commission in seeking a more advanced and equitable allocation formula, some general principles were introduced.

- Independent Revenue – powers to impose direct taxes and have total control were given to the regions such as jangali (cattle) tax, motor tax, and liquor tax among others.
- The Derivation principle included the following: i. Half of the import and excise duty on tobacco; All of the import levies on motor spirit.
- The Commission allocated capital funding to regions based on the 1931 population numbers to determine necessity.
- Special grants were provided to the Regions for national interest, including covering 100% of the maintenance cost of the Police Force, 50% of the maintenance cost of Native Authority Police, and 100% of grants to voluntary agencies and local authorities for education.

Chicks Commission Report (1953)

This Commission applied the Derivation principle but recommended that some items be given at 50% revenue to the Federal Government, and 50% allocated to the regions.

- The Import and Export Tax is determined based on consumption.
- Import duty on motor spirit is determined based on consumption.
- Import tariffs on miscellaneous items are 30% in the North (except tobacco and motor spirit) and 40% in the West for spirit.

- To the north, all export taxes on hides and skins are applied. In the region where minerals are extracted, a 100% tax is imposed on royalties.
- 100% of the corporate tax goes to the Federal Government.

The Raisman Commission Report (1958)

The fundamental aspect of the Raisman Commission was the Distributable Pool Account (DPA) where 30% of revenue was expected to be paid into by the following:

- 20% of mining rents and royalties are distributed to the Central Government.
- Regions receive 50%.
- The Distributable Pool Account receives 30%. (a) Revenue from imports excluding levies on tobacco, motor spirits (including diesel oil), beer, wine, and potable spirits.
    - Central Government controls 70%. Allocation of 30% to the Distribution Pool Account

The regions allocated monies from the Distributable Pool Account according to criteria such as continuity of government service, limited duties, population, and balanced development.

- The Northern Region accounts for 40%.
- Western Region accounts for 24%.
- Eastern Region: 31%
- The Southern Region has a 5% rate.

Binns Commission Report (1964)

The Binns Commission suggested increasing the taxes on general imports from 30% to 35% to generate cash for the Distributable Pool Account to cover mining rents and royalties. A decrease in the central government's percentage stake was advised. Revenue under the DPA was allocated among areas based on the premise of 'financial comparability' using a specific formula.

- Northern Region: 42%
- Eastern Region accounts for 30%.
- Western Region - 20%
- The Mid-Western Region has an 8% rate.

The Dina Interim Revenue Allocation Review Committee Report (1968)

This committee suggested:

- Propose renaming the Distributable Pool Account to "State Joint Account."
- Suggest creating a Special Grants Account.
- To manage the Special Grants Account, studying and reviewing the Revenue

Allocation Formula should be a Permanent Planning and Fiscal Commission.

The allocation principles should be based horizontally on:

- basic needs,
- minimum national standards, and
- Derivation.

The royalties formula should be distributed vertically with

- the State of Origin receiving 10%.
- The Federal Government accounts for 10%.
- State Joint Account: 70%
- Special Grants account: 5%

According to Derivation, the States are entitled to receive rent from on-shore businesses. The Dina Committee report was rejected for exceeding the prevailing military sentiment at the time. Subsequently, the Government proceeded to utilise the Binns Report of 1964.

The Aboyade Technical Committee Report (1977)

The Committee recommended five principles:

- "Access to equitable development opportunities"
- "National minimum requirements for national integration"
- "Capacity to assimilate"
- "Independent revenue and minimum tax effort"; and
- "Fiscal efficiency".
- The formula suggested for vertical allocation Federal Government: 57%
- State Governments: 30%
- Local Government: 10%

Special Grants - 3%

The formula suggested for horizontal allocation is based on assigning weights to the principles. The relative relevance of principles is as follows:

"Access to equal development possibilities	0.25
"National minimum standards for national integration"	.22
"Absorptive capacity"	0.20
"Independent revenue and minimum tax effort"	0.18
"Fiscal efficiency"	0.14
Total	1.0

This report was also rejected based on a technicality.

The Okigbo Commission (1980)

This Committee recommended as follows:

Vertical allocation

Federal	53%
State	30%
Local	10%
Special fund	7%

Horizontal Allocation

Minimum Government responsibilities	40%
By population	40%
By social development	15%
Internal revenue effort	5%

Sharing of the Special Fund of 7%

Initial Development of FCT	2.5%
Special Issues in Mineral-Producing Regions	2.0%
Ecological Issues (Social, Erosion)	1.0%
Revenue equalisation	1.5%
Total	7.0%

Sharing of the Social Development Factor of 15%

Direct Primary School Enrolment	-	11.25%
Inverse Primary School Enrolment	-	3.75%
Total	**-**	**15%**

- The Local Government Councils should enjoy 5% of the Total revenue each State will share.
- The Final recommendation was the Establishment of a "Permanent Fiscal Commission" with well-stipulated functions (Report Agency, 2023).

It is worthy of note that the National Assembly is responsible for fixing the revenue-sharing formula according to the 1979 and 1999 Constitutions, while RMAFC advises the President to initiate the bill. The Commission recommended: the principle of integration - where revenue is allocated to the different federating units irrespective of their capacity to contribute measurably to the federation account to give them a sense of belonging. The principle of fiscal efficiency states that allocating funds based on revenue generation will incentivize units to increase their income. The criterion for school enrollment suggests that revenue allocation should be based on the total number of students enrolled in primary and post-primary schools. The source is from Edet (2021).

The Danjuma Commission (1988)

This Commission was headed by T.Y Danjuma and christened the National Revenue Allocation Mobilization and Fiscal Commission and recommended as follows:

Federal	50%
State	30%
Local	15%
Special fund	5%

The Revenue Mobilization Allocation and Fiscal Commission (RMAFC)

The Federal Republic of Nigeria Constitution of 1999, Section 153 (1), names fourteen (14) Executive Bodies, one of which being RMAFC. Decree No. 98 of 1993 (now known as RMAFC Act, Cap. R7 LFN 2004) amended Decree No. 49 of 1989, which established the National Revenue Mobilisation Allocation and Fiscal Commission (NRMAFC). Thereafter, the commission was renamed Revenue Mobilisation Allocation and Fiscal Commission (RMAFC). In 2023, Temidayo released a report. Supervising the collection and allocation of monies from the Federation Account is one of the Commission's functions, as outlined in paragraph 32 (a-e) of Part 1 of the Third Schedule of the 1999 Constitution of the Federal Republic of Nigeria (As Amended). Check in with the revenue allocation principles and formulas from time to time to make sure they still apply. At least five years after the Act's commencement date, any revenue formula approved by the National Assembly will continue to be in effect. Make recommendations to the federal and state governments on how to increase revenue and improve the efficiency of their budgets.

Set salaries for all elected officials, including the Presidency, Cabinet, state legislatures, and state and local executive branch positions. Officials referred to in sections 84 and 124, as well as ministers, commissioners, special advisers, lawmakers, and other offices.

Any additional duties assigned to the Commission by the Constitution or by laws passed by the National Assembly will be carried out by the Commission.

In order to keep tabs on and properly distribute funds among the three branches of government, the RMAFC built a website. The necessity to modify the methodology for allocating revenues was discussed with relevant stakeholders and government authorities. The President appoints the Chairman and 37 additional members to the RMAFC; one representative from each state and the FCT round up the membership.

Analyzing the effect of revenue distribution on infrastructure development, service delivery, poverty reduction, and socio-economic outcomes

In a federalist state, the three branches of government work together to divide up the money that the federal government collects. This system is called fiscal federalism, and it's all about the intergovernmental fiscal ties. "Fiscal Federalism" refers to the practice of dividing up governmental funds among the three branches. Intergovernmental ties in Nigeria have changed over time as a result of cultural, social, economic, political, and constitutional developments (Musa, 2015). The essence of the sharing of Government revenue is for the development of the country with special emphasis on the States and most importantly the grassroots level referred to as the Local Governments. The impact of the taxes paid should be felt on our roads, hospitals, schools, and the environment at large. Does the Federal Government through the Federation Account pay these allocations to the right channel? And does the receiving body use these allocations for the purpose for which it was disbursed? These are sincere questions that need answers if we are seeking the development of the country.

When allocating revenue in the country, the following should be taken into cognizance:

- National integration – the citizens of a country being aware of a common identity, despite belonging to different religions, ethnic groups, languages, and cultures everyone recognizes that they are one and will co-exist.
- National unity – people of diverse political, social, and economic systems share a common goal, love, trust, and understanding will be their watchword. They will cooperate and defend their country against external forces an example is the just concluded African Nations Cup 2024 where each Nigerian forgot tribe, religion, or culture all we wanted was victory for the country.
- National interest – these are the aims and State goals of Government such as military, political, or economic.
- Equality -means we are equal in rights, status, and opportunities but this is not so in reality. George Orwell summarized this in a phrase from his book Animal Farm, "All animals are equal, but some are more equal than others".

There have been altercations and debates on how allocation of revenue will be disbursed in Nigeria among the three (3) tiers of Government; The Federal Government which is the Government at the center, the State or regional Governments, and the Local or grassroots Governments. According to Onuoha, Henry & Imoh, the Federal systems of Government of which Nigeria is one, uses a formula that is approved by the Constitution or the Revenue Commission to transfer revenue from the Federal Government down to the States and Local Governments (Pillah, 2023).

Implications of the current formula for fiscal federalism, governance, and development outcomes in Nigeria

There are two primary methods through which the revenue allocation formula is distributed in Nigeria. The Vertical Allocation Formula (VAF) and the Horizontal Allocation Formula (HAF) are discussed by Pillah in 2023. Vertical Allocation pertains to the distribution of funds collected at the federal level among the federal, state, and local governments. 52.68% is presently allocated to the Federal government based on its proprietary formula. 48.5% is under federal government management for the federation, 1% for Ecological issues, 1% for the Federal Capital Territory (FCT), 1.68% for the development of natural resources, and the remaining 0.5% for statutory stabilisation for unforeseen circumstances. The Vertical Allocation Formula (VAF) ensures that each tier of government receives its rightful share: the Federal Government, the 36 States, and the 774 Local Governments (Bashir, 2008).

The Horizontal Allocation only pertains to the 36 States and 774 Local Government Councils in Nigeria. The distribution of funds to States and Local Government is based on the horizontal allocation method, where 26.72% is allocated to the 36 States and 20.60% is allocated to Local Government Councils. (Source: The Cable, 2021). Since 1946, this method has raised numerous concerns, and five principles have been established.

- Equality of States, 40% – this principle has opined that all states are equal therefore each should have an equal 40% sharing formula from the 26.72%.
- Population, 30% - this means the sharing formula should be population-based. If this principle is applied, it means the most populous states will take a larger part of the revenue leaving the states with the least population with a lower amount of the revenue. From the National Population Census conducted over the years in Nigeria before and after independence, the northern states always had a population higher than the Southern states combined, this has not gone down well with the Southerners and they have always rejected it. What this means is that all northern states get a large amount of the revenue if the population census is followed (The Cable, 2021).
- Landmass/terrain, 10% - this 10% allocation is divided into two, 50% for landmass which is the proportion of the state to the size of the country, while 50% is for the terrain that covers the wetlands/waterbodies, plains and highlands. This is another controversy because the landmass still favors the North which occupies about 70% of Nigeria, they proponents of this principle tried to balance it by providing for wetlands as well because the Niger Delta has the largest wetland in Africa and the third-largest mangrove forest in the world (The Cable, 2021).
- Internal revenue effort 10% - every state is advised to look inwards to the natural resource deposits it has or any constitutionally stipulated means of generating revenue to augment the ones given to them by the federal level.
- Social development 10% - this is further broken down so that education can generate 4%, health 3% while water takes 3%.

The Vertical Allocation Formula divides funds among the three tiers of government, known as inter-tier sharing, while the Horizontal Allocation Formula allocates funds between the 36 states of the federation and 774 local government councils. The Distributable Pool Account (DPA) was utilised for distributing funds among States horizontally, whereas the Federation Account was utilised for distributing funds among the three tiers of Government vertically (Dang. 2013). Efficient, transparent, and accountable distribution of resources to the three tiers of Government can lead to development in many communities.

Statutory Revenue allocations to the Federal, State, and local Government councils in billions over the past three (3) months.

Month	Year	November	December	January
FG	2023	323.35	402.87	407.267
SG	2023	307.72	351.70	379.407
LG	2024	225.21	258,81	278.041

Source: Details of the table by the National Bureau of Statistics (2024)

Conclusion

The paper explored the historical development of Revenue Allocation, delineated the Revenue Allocation Formula, and elucidated the significant role of federalism in shaping the allocation formula. It examined the distribution of allocations among the three tiers of government, the establishment of various Ad-hoc Commissions tasked with reviewing the formula, and the pivotal role of revenue allocation in driving development within a federation. The paper also identified the challenges encountered in revenue allocation and concluded with recommendations aimed at promoting economic diversification beyond reliance on single revenue sources. It underscored the importance of developing all levels of government, advocating for the judicious utilization of generated revenue, particularly from taxes, and advocating for the exploration of alternative revenue streams.

Recommendations

Revenue Mobilization Allocation and Fiscal Commission (RMAFC) should put measures of checks and balances on the use of the Federally allocated revenue and assign a special task force on revenue maximization quarterly. The federal government should collaborate closely with RMAFC to enhance its monitoring and disbursement functions.

The government should be encouraged to explore and diversify into other aspects of the economy like agriculture, natural resources, and other means for revenue generation as against absolute dependence on statutory revenue allocation. Government should encourage state and local governments to explore alternative sources of revenue beyond federal allocations, such as taxation, fees, and levies. Also, government should support initiatives aimed at promoting economic diversification and sustainable development at the grassroots level.

RMAFC should ensure accountability and transparency are the watchwords of the three tiers of Government. Hence, it should establish platforms for public scrutiny and accountability to ensure that allocated funds are used judiciously and effectively.

Undue interference from the Federal or State Governments should be tackled. Each level of Government should be given a free hand to maximize the federally allocated revenue in carrying out its Constitutional responsibility for the development of its community.

The government should conduct a thorough examination of the current revenue allocation system to guarantee a just and impartial distribution of resources among the federal, state, and local governments. The new allocation mechanism should take into account elements including population density, developmental needs, and revenue generation capacity.

The government should encourage cooperation and communication between important parties, such as government agencies, civil society organisations, and the corporate sector, to enhance openness and accountability in income allocation procedures.

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