

Fiscal Federalism in Nigeria: A Contemporary Review

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ABSTRACT Fiscal problem is the most severe problem facing public institutions in Nigeria particularly the local government. This problem had been provoked by a number of factors including “over dependence” on statutory allocations from both the state and federal governments; deliberate tax evasion by local citizenry, creation of non-viable local government areas, differences in the status of local governments in terms of ruralness and urbanism; “inadequate revenue and restricted fiscal jurisdiction”. These factors and their attendants’ problems, implications and effects are examined within the purview of fiscal federalism in this paper in line with the provision of the 1999 Federal Republic of Nigeria’s constitution. We went further to argue that for a financially healthy local government to exist, there is need for the allocation of responsibilities and functions in accordance with their taxing power and ability to internally generate fund. The constitutional provision that recognizes local governments’ power in this regard must give them full freedom to operate and this must be well guaranteed and adequately protected. These, coupled with the need to review revenue sharing formula, granting of fiscal autonomy, fiscal discipline as well as making local government responsive, responsible and accountable to the people will, in our view, set our local government free from the manacle of fiscal stress promoted and strengthened by the 1999 constitution of the Federal Republic of Nigeria.