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Reform Options within Nigeria: Fiscal Federalism

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Abstract:

In line with the current realities in the oil market, an import dependent economy and heavy consumption pattern, the need arises to reform Nigeria's fiscal federalism. The current issues border on reducing the pressures on the foreign exchange market, diversifying Nigerian economy through a robust Small and Medium Scale Enterprise framework, giving incentive to local products, so that the basic needs of the people can be delivered with a relative ease, and the guarantee of sustained development.

1. Introduction

It is a paradox of sort, that oil which was expected to facilitate development is dwindling in price and is fast becoming the agent of underdevelopment. A foreign media recently reported that Nigeria earned in the past 16 years, 500 billion United States dollar from oil alone.¹ The former Minister for Finance, Dr. Ngozi Okonjo Iweala also reported huge earnings from excess crude oil.² So far, the current administration is of the opinion that 150 United States dollars was lost to corrupt practices within the same regime.³ With the foregoing we are made to believe that the sum of 350 United States dollars was invested in the Nigeria economy in 2014. These figures are hard to believe because, if such a staggering sum had actually been invested in the economy, it would have given the economy a buffer in the face of falling oil price, especially since oil has consistently remained the main stay of our economic life, from the point of its discovery till now.

Taking the claims above and juxtaposing them with the indices of development, it will be quite necessary to define development. The basic need approach/redistribution and the growth theory approach models define or see development as ability of the people to lead a modern or civilized existence through access to such facilities as good roads, health, water, and education equitably distributed within the prevailing growth theory.⁴ In democratic societies unemployment and inequality are as fairly as possible prioritized and effectively treated.

Considering the arguments of the last two paragraphs, we shall then ask;

- a) Has the distribution of the 350 billion United States dollars within the last 16 years under standard development scale alleviated unemployment and inequality? The answer to this is an absolute no.
- b) Is employment constitutionally and legally guaranteed? Yes.
- c) Was it contemplated in our fiscal policy framework? Yes.

It is then worthy of note that fiscal policy regimes do not only contemplate employment but take necessary steps to ensure that public and private sector employments are first sustained, improved, enhanced and expanded.

Unfortunately, rather than receive news of the application of Nigerian oil wealth, news of theft of the money, mostly through corruption, dominate the information from the media.⁵ As at 2012, Nigeria was estimated to have lost over \$400 billion to corruption.⁶

With respect to what is missing, what is left, and what is fiscally spent in the face of these conflicting figures, it is better to contend that 150 billion United States dollars was stolen within the past six years of the immediate past administration. The aftermath of the

¹ TVC News Nigeria Program Journalist Hangout of 27th July 2015

² Nigeria earns ₦12.3 trillion (about 61.7 US Dollars) as excess crude oil money in 4 years, available at www.premiumtimesng.com/...

³ Buhari seeks Obama's help to Recover \$150bn Nigerian Loot available on www.thisdaylive.com/.../150bn-nigerian-loot... and The Guardian, £1bn a month: the spiraling cost of oil theft in Nigeria online <https://www.theguardian.com/.../oil-theft-costs-...>

⁴ Iyoha F., Local Government and Rural Development A Bottom-Up Perspective. Sylva Publication Limited, Benin City, 1999, at p. 61

⁵ https://en.m.wikipedia.org/.../corruption_in_nigeria_...

⁶ Ibid.

policy position of President Jonathan's administration, was that stealing was not corruption.⁷ As a result, although they have declared huge earnings from oil, the expenditure was more on paper than the physical structures upon which they claimed to have spent.

2. Constitutional and Legal Guarantee for Employment and Equality

Looking at employment and unemployment from the perspective of public policy, we contend that it is in tandem with the spirit and letters of public policy for governments to prioritize employment. This is because an unreasonably unemployed population remains the footage of anarchy and political unrest.

Recently due to corruption in Brazilian national oil corporation, the Petrobrass, leading to massive sack and truncation of citizens' future and a downturn in the Brazilian economy, thousands of retrenched and unemployed Brazilians took to the street to protest joblessness and rising cost of living.⁸ Shop owners and businessmen also complained of downward trend in businesses.⁹

The polity in Nigeria is not insulated from the same shock, it is also the case that with the gradual drop in international oil price, Federal, State and Local Councils started to find it difficult to pay civil and public servants their salaries.¹⁰ Contractual obligations to government contractors became difficult to keep, and infrastructure and public utilities suffered greatly. Yet the National Assembly instead of their constitutional duties were more interested in personal aggrandizement and succession. States can no longer pay their workers without resorting to bailouts.¹¹ Attempt by the National Immigration Service to provide jobs in Nigeria did not only result in inflated applications beyond the number of job spaces and embezzlement of application fees paid by such persons but also deaths of 23 applicants.¹² Yet the former Minister of Interior is still politically active and continues to deny liability for financial and human losses at the immigration service.¹³

The National Assembly shall have power to make laws for the peace, order and good government of the Federation or any part thereof with respect to any matter included in the Exclusive Legislative list.¹⁴

The operative words there which are peace, order, and good governance, are by all standards the canons of development, subject to the provisions of this constitution.¹⁵

The executive power of the Federation shall be vested in the President and may, subject to aforesaid and to provisions of any law made by the National Assembly be exercised by him either directly or through the Vice President and Ministers of the Government of the Federation or officers in the public service of the Federation and...

Much of the challenge lie with the habit amongst developing countries to autochtonize and respect the tenets of their political ideology. For example, in Nigeria, the practice of the last administration was to entrust the life and destiny of Nigerians in the hands of people believed to be competent in various areas. Taking the economic management for example, Dr. Mrs. Ngozi Okonjo-Iweala was hired and paid in dollars by the President Obasanjo's Administration for this.¹⁶ In the greater part of the 16 years from Obasanjo's regime in 1999 to end of Jonathan's regime in 2015, her views had dominated the economy. The depth of her gross incompetence speak for itself.¹⁷ While she is hailed by the World Bank and International economic world, the Nigerian economy crumbled under her. The rationale for such development or practice is guaranteed by Section 5(1) of CFRN and the case of *M.F.C.T v. S.P.R. O*¹⁸ and *Babangida v. Oputa*,¹⁹ which conclude that the executive powers of the President extend to empowerments and investitures within the Legislative competence of the National Assembly.

We request that the current and successive governments should redefine the application of Section 5(1) of Constitution of Federal Republic of Nigeria, in subsequent political dispensations. Emphasis should dwell more on merit and competence, rather than sentiments that anyone has worked outside Nigeria for a longtime. The rationale for paying somebody in foreign currency who offered services in Nigeria and was supposed to enhance economic growth constitutes an item for public probe. Her successes in making Nigeria take and pay back International Monetary Fund (IMF) loans make her look more like an agent of imperialism.²⁰

⁷ <https://africacheck.org/.../is-president-jonathan-right-to-say-most-corruption-is-just-common-stealing...>

⁸ www.economist.com/.../protests-brazil-streets-erupt; www.ibtimes.com/Brazil-unemployment-rates-soars-as-workers-brace-for-tighter-...

⁹ British Broadcasting Cooperation's World News Item. Saturday 29th August 2015, 23.30 hours GMT. Also on <http://www.wsws.org/.../brazils-government-vows-huge-cuts-as-economic-crisis-intensifies-...>

¹⁰ www.ibtimes.com/nigeria-buharis-government-cant-afford-to-pay-salaries...

¹¹ www.premiumtimesng.com/.../18...nigerian-governors-borrowing-billions-to-pay-salaries...

¹² Achor Abimaje and Abu Nmodu; Immigration Recruitment Tragedy: 23 Feared Dead. Available at leadership.ng/.../immigration-recruitment-tragedy-23-feared-dead...

¹³ dailypost.ng/.../I-did-not-steal-n21bn-as-interior-minister

¹⁴ Sec. 4(2) Constitution of Federal Republic of Nigeria as amended

¹⁵ Sec. 5(1) Constitution of Federal Republic of Nigeria as amended

¹⁶ www.nairaland.com/.../dollar-salaries-court-orders-Okonjo-Iweala-Adeniji-to-refund-...

¹⁷ www.nairaland.com/.../okonjo-iweala's-hidden-figures-by-governor-oshiomhole-...

¹⁸ (2010) ALL FWLR (Pt. 505) 1706

¹⁹ (2001) FWLR (Pt. 82) 2084

²⁰ Nedu Echianu. "Ngozi Okonjo Iweala is an imperialist agent" – Anti Corruption Network Available at neduechianu.blogspot.com/.../ngozi-okonjo

3. The Impact of Neo-Colonialism in Our Fiscal Policy

With the widening gap in development, great appetite for dividends of governance, mis-governance, uncoordinated fiscal policy and corruption, the developed nations realized the need to redefine colonialism. The reality today is that the West does not have to appoint Warrant Chiefs, Divisional Officers, Regional Governors and Governor Generals to have political control. All they need to do is to package aids, grants and credit lines along agendas, goals and programs. Whoever succeeds in making a country to subscribe to those credit lines becomes their agent for effective control of that country through its indebtedness.

Secondly the Bretton Wood Institutions,²¹ United Nations and other Multinational Organizations have had their own dimensions to the emerging colonial tendencies. We have had Structural Adjustment Programs,²² Regimes of currency devaluations,²³ which all failed to resolve the economy. Recently, the United States driven New Partnerships for African Development (NEPAD),²⁴ United Nations backed Millennium Development Goals,²⁵ and its successor program the Sustainable Development Goals have also failed.²⁶ These programs may be noble, in trying to bring economic cooperation and eradication of poverty, but as long as we do not have an autochthonous fiscal policy to capture them within their respective frameworks, we will be faced with issues bordering on dualized fiscal policy. A fiscal policy is the means by which a government adjusts its spending levels and tax rates to monitor and influence a nation's economy. Its implementation must be monitored to affect different people in an economy.²⁷

Most multinational or international conventions, protocols, agreements or arrangements like Millennium Development Goals and Sustainable Development Goals, are founded on theoretical and neo-colonial initiatives or development goals that are universal.

No democracy can survive without those goals. So it does not have to have international flavor to become effective. What is imperative is to incorporate it in the domestic fiscal policy and run a transparent government. The issue around the world is the over publication or hyping of the agenda in preference to the need to operate a domestic fiscal policy largely damaged by governance in the past 16 years. Millennium Development Goals was a dominant creed or objective of fiscal policy from President Obasanjo to President Jonathan's regimes from 1999-2015, yet, none of the goals and agenda can in the true sense be, held to have been accomplished. We would possibly have been better with good governance under a domestic fiscal policy.

Taking the millennium development goals, for example, we contend that it is as bad and diversionary as its predecessors, the Structural Adjustment Program, currency devaluation etc. In an appraisal of the goals which are 8 in number and 18 agenda, Abdul Tejan Cole said;²⁸

Nigeria has made very impressive progress with the Millennium Development Goals, but the story of the Millennium Development Goals is an unfinished one because we still have issues like HIV, Illiteracy, hunger, sanitation, and more. We are going to transit these development issues to the next agenda.²⁹

Today instead of developing our fiscal federalism, we are in another wild goose chase titled Sustainable Development Goals, the post 2015 neo-colonial agenda for the continued underdevelopment of the underdeveloped south of Nigeria. According to Utomwen, Sustainable Development Goals is an improvement on the Millennium Development Goals and seek to foster inclusive development whilst addressing the economic environment, environmental and social aspects of sustainable development. Whereas the MDGs paraded a total of 8 goals and 18 targets, the SDGs boast of 17 goals and 169 targets.³⁰

Through these deceits, the packages have been irresistible, notably because it is always tied with aids and waivers. However, these Western agendas have not through their regimes precipitated sustainable development, which is the cardinal drive and the contemplation of our fiscal policy framework. Our parent and subsidiary legislation in principles encapsulate standard but untested provisions that offer better policy frameworks for sustainable development. Section 16 of the Constitution is more apt on the issue when it said in section 16(1) that;

... it shall, within the context of the ideals and objectives for which provisions are made in this constitution-

Harness the resources of the nation and promote national prosperity and an efficient, dynamic and self-reliant economy;

Control the national economy in such manner as to secure the maximum welfare, freedom and happiness of every citizen on the basis of social justice and equality of status and opportunity;

Without prejudice to its right to operate or participate in areas other than the major sectors of the economy.

Without prejudice to the right of any person to participate in areas of the economy within the major sectors of the economy, protect the right of every citizen to engage in economic activities outside the major sectors of the economy

²¹ www.brettonwoodsproject.org/.../art-...; The Bretton Wood Institutions are the World Bank, and the International Monetary Fund. They were set up at a meeting of 43 countries in Bretton Woods, New Hampshire, USA in July 1944. Their aims were to help rebuild the shattered postwar economy and to promote international economic cooperation.

²² documents.worldbank.org/.../Nigeria-structural-adjustment-program-...

²³ www.doublegist.com/why-devaluation-has-not-succeeded-in-nigeria

²⁴ https://en.m.wikipedia.org/.../New_partnership_for_Africas_development_...

²⁵ www.un.org/millenniumgoals/...; There are 8 goals which range from halving extreme poverty rates to halting the spread of HIV/AIDS and providing universal primary education all by the target date of 2015.

²⁶ www.un.org/sustainabledevelopment/...; These contain 17 initiatives that could transform the world by 2030.

²⁷ www.investopedia.com/.../fiscal-policy-definition...

²⁸ The Executive Director Open Society Initiative for Africa

²⁹ <https://www.opensocietyfoundations.org/Abdultejancole-osf-...>; www.opinionnigeria.com/millennium-development-goals-a-performance-review-for-nigeria-...

³⁰ Utomwen D., Great Expectation a Stakeholders expect SDGs to address the unfinished business of the MDGs The News Magazine July 20, 2015, at p. 40

(2) The State shall direct its policy towards ensuring-

The promotion of a planned and balanced economic development;

That the material resources of the nation are harnessed and distributed as best as possible to serve the common good;

That the economic system is not operated in such a manner as to permit the concentration of wealth or the means of production and exchange in the hands of a few individuals or a group, and that suitable and adequate shelter, suitable and adequate food, reasonable national minimum living wage, old age care and pensions, and unemployment, sick benefits and welfare of the disabled are provided for all citizens.

(3) A body shall be set up by an Act of the National Assembly which shall have power-

(a) to review, from time to time, the ownership and control of business enterprises operating in Nigeria and make recommendation to the President on same; and

(b) to administer any law for the regulation of the ownership and control of such enterprises.

It is worthy to note that the enforceability of the economic objectives has been an issue of scholarly discuss.³¹ Be that as it may, it remains a provision of the grand norm which is unarguably a reference point for governance. So there are no better goals to sustain its development than to anchor our economic development objectives on the economic objectives pontificated in Section 16(1) to (3) of the Constitution of Federal Republic of Nigeria.

4. Fiscal and Monetary Policy Posture on Unemployment and Equality

Prior to the passage of the fiscal projection (budget) for a given year, the Medium Term Expenditure Framework should have been passed into law, as the bases for implementation and expectation on the fiscal proposals. The Medium Term Expenditure Framework consists of

1. Macro-economic Framework,
2. Fiscal Strategy Paper, and
3. Expenditure and revenue framework.³²

This proposal is to contemplate three fiscal years, and is to be ready four months to the commencement of the next three fiscal years. The frameworks and its contents are:³³

4.1. Macro-Economic Framework

Shall contain;

Macroeconomic framework setting out the macro economic projections for the next three fiscal years. The underlying assumptions for those projections, evaluation and analysis of the macroeconomic projections for the preceding three years.

4.2. Fiscal Strategy Paper

Shall contain;

The Federal Government's medium-term financial objectives'

The policies of the Federal Government for the medium-term relating to taxation, recurrent (non-debt) expenditure, debt expenditure, capital expenditure, borrowings and other liabilities, lending and investment. The strategic, economic, social and development priorities of the Federal Government for the next three years. An explanation of how the financial objectives, strategic economic, social and development priorities and fiscal measures set out pursuant to a-c relates to economic objectives as set out in section 16 of the Constitution (as cited above).

4.3. Expenditure and Revenue Framework

Estimates of aggregate revenue for the Federation for each financial year, based on the predetermined Commodity Reference Price adopted and tax revenue projections.

- Aggregate expenditure projection for the federation for each financial year in the next three financial years.
- Aggregate tax expenditure projection for the federation for each financial year in the next three financial years.
- Minimum capital expenditure floor for the federation for each financial year in the next three financial years.

The above shall be based on reliable and consistent data certified in accordance with Sec. 13(2b) of Fiscal Responsibility Act, targeted at achieving the macro-economic projection set out in this Act. This is consistent with and derived from the underlying assumptions contained in the Macro-economic framework, the objectives, policies, strategic priorities and expectations in the Fiscal Strategy Paper. Forming also part of the Medium-Term Expenditure Framework are;

1. Consolidated Debt Statement setting out and describing the fiscal significance of the debt liability of the Federal Government and measures to reduce any such liability.

³¹ Femi Aborisade; The Imperatives of justiciability of socio-economic Rights in Nigeria, online, femiaborisade.blogspot.com/.../the-imperatives-...; Aduba, J.N. Dynamics of Social and Economic Rights in Nigeria available at <https://unilorin.edu.ng/.../law0%20Edited>; Ibe Stanley; Beyond Justiciability: Realizing the Promise of Socio-economic Rights in Nigeria. African Human Rights Law Journal (AHRLJ) Vol. 7 No. 1, 2007 pp. 225-248

³² Sec. 11(1-3) Fiscal Responsibility Act, 2007, Act No. 31. See also Laws of the Federation, 2010

³³ Ibid.

2. A statement describing the nature and fiscal significance of contingent liabilities and quasi-fiscal activities and measures to offset the crystallization of such liabilities.³⁴

A perusal through this provision of the law suggests a well thought out process that takes into consideration the expected revenue, expenditure projection, expenditure ceiling for a projected fiscal year and waivers not exceeding the ceiling, the position of the existing debt profile and a forecast on its implication for not less than the coming three fiscal years, existing debt profile and anticipated borrowing and its implications on the anticipated fiscal, and monetary policy regimes. Considering the Medium-Term Expenditure Framework (MTEF) from 2012 to 2015,³⁵ it was estimated that the total revenue of the Federal Government from 2012-2015 include ₦3.348 trillion in 2011, ₦3.693 trillion in 2012, projected ₦3.970 trillion for 2013, ₦4.171 trillion in 2014 and ₦4.403 trillion in 2015.³⁶

Concerns suggest that realization of this revenue may be a tall dream, it is however premised on the fact that Nigeria lost a total of 7 billion United States dollars in potential Oil Revenue in 2011 due to Oil theft and sabotage.³⁷ Similarly it was observed that attacks on pipeline and production facilities in the Niger Delta were constituting a major drain on the nation's economy according to the former Central Bank Governor Mallam Sanusi Lamido.³⁸ Recently Ledum Mitee³⁹ drew attention to another leakage when he revealed that oil producing companies operating in Nigeria owe the Federal Government a whopping ₦1.3 trillion. This he said was a far cry from the revelation last year that between 1999-2008, the country lost ₦38 trillion to non-payment and underpayment of taxes by the oil companies and yet nothing has been done to plug the leakages.⁴⁰

Taking into consideration the fact that for three years, Dr. Mrs. Ngozi Okonjo-Iweala having lived and evolved as a world class economist from the developed West was unable to rescue Nigeria from economic crash raises a question mark on the soundness of her orientation from the world bank.⁴¹ We are left with no option than to consider the conspiracy theory. This is founded on the fact that from our little experience no nation in the west or more comparatively federal state in the developed west runs its economy on this model of sustained wastages.⁴²

This brings us to the key facilitator of unemployment and inequality, which is corruption. The depth of corruption through regimes of our fiscal federalism has been monumental, the reality is that a fiscal federalism that is pro-corruption cannot but through the regimes consolidate inequality, so at best instead of a decline in unemployment and inequality in the past 16 years of our consistent practice of fiscal federalism, what we rather have is an unprecedented scope of unemployment and inequality levels across the federation.

5. Inequality of Power and Resources within the Federating Units

The Federal Constitution as it is operated now has all the attributes of a unitary constitution though rigid. The constitution equally provides within itself measures to cushion this seeming inequality. Sec. 164(1) of the Constitution states that;

The Federation may make grants to a State to supplement the revenue of that state in such sum and subject to such terms and conditions as may be prescribed by the National Assembly.⁴³

Instances of bail out abound in the last 16 years, as States have been unable to sustain themselves through what they generate.⁴⁴ Before states in the federating units can borrow externally it must be cleared by the Presidency through the Debt Management Office and the Senate.⁴⁵

The Senate yesterday approved the request of 15 states and the Power Holding Company of Nigeria to borrow 1.137 Billion USD from the Islamic Development Bank, the International Development Association, French Development Agency and Indian Line of Credit. The benefiting states include Abia, Oyo, Imo, Taraba, Plateau, Osun, Adamawa and Edo. Others include Kebbi Niger and Ondo. Cross River and Enugu got partial approvals for their request because of some discrepancies between their requested amount and the approval by the Federal Ministry of Finance. The approvals followed the acceptance of the recommendation of the Senate Joint Committee on Finance and National Planning, Economic Affairs and Poverty Alleviation that appraised the loan request in the final batch of the 2010 external borrowing plan.⁴⁶

This is in discharge of the legislative regulatory oversight in external borrowing. We earlier noted that the Federal government being the centre can also in line with *section 164 of the Constitution* lend monies to states pursuant to terms and condition as prescribed by the National Assembly. From the foregoing we are of the opinion that the practice of one party state in the last 16 years has created

³⁴ Ibid.

³⁵ The Medium Term Expenditure Framework Fiscal Strategy, p. 14. Available at budgetoffice.gov.ng/.../2012-2015+FSP...

³⁶ Ibid.

³⁷ Nwokoji C. MTEF 2012-2015; Why revenue pressures may persist. Daily Sun (Business Week) Monday, October 8, 2012, at pg. 25-26. Also on sunnewsonline.com/.../mtef-2012-2015-...

³⁸ Nwokoji, C op cit.

³⁹ The Chairman Nigeria Extractive Industries Transparency Initiative (NEITI)

⁴⁰ Nwokoji, C. op.cit.

⁴¹ www.nairaland.com/.../okonjo-iweala-is-world-banks-second-highest-paid-official...

⁴² thenewsnigeria.com.ng/.../okonjo-iweala-the-failed-minister-...

⁴³ Constitution of Federal Republic of Nigeria 1999 (as amended)

⁴⁴ Akogun K. Senate Approves 1.137 Billion USD Loan for 14 States. Denies Kaduna, Ogun, Kano. This Day Newspaper, Thursday, February 24, 2011, Vol. 16, No. 5784, at, Front pp. 1 and 8

⁴⁵ Ibid.

⁴⁶ Ibid.

political stratification that has deepened corruption and aided the mortgaging of the country's future by a cartel. This position has left the regime of President Buhari to bail out virtually all states and local councils in the federation.⁴⁷

The mood in the country changed swiftly from despondency when the President approved ₦713.7 billion financial lifelines for state governments. The intervention has earned him a measure of goodwill, particularly amongst civil servants across the states of the federation. The package, a comprehensive bailout, includes sharing about 2.1 US Dollars (about ₦413.7 billion) from the recent Liquefied Natural Gas, Proceeds remitted into the Federation Account... The other leg of the bailout is a directive to the Central Bank of Nigeria, to give soft loans to the states ranging from between ₦250 billion to ₦300 billion, solely for paying the backlog of salaries. The CBN is to negotiate terms with individual states. The third tranche of the bailout is a debt relief program by the Debt Management Office to enable states restructure their commercial loans currently at over ₦660 billion and extend the lifespan of the loans while reducing their servicing expenditures.⁴⁸

A perusal through this arrangement show a reaction to an emergency that is good and decent, however the enabling situation is a function of deficiencies in our Federal Constitution. For states to fail in their obligation to pay salary despite the allocation in the last four years, is in diagnosis, a reflection of chronic mismanagement of resources, which is buttressed by constitutional deficiencies. The most chronic issue is the structural model upon which our fiscal federalism and more generally federalism is constituted within the constitution and the extant laws.

The fact that fiscally, the federating units are structured to habitually look up to a father Christmas central government, has not only made them lazy, but has destroyed fiscal federalism. Secondly the designation of all natural resources to the exclusive legislative lists, strips states of the incidence of fiscal federalism. The notion in Nigeria that government cannot do business compounds more issues for the states.⁴⁹ Taking the Venezuelan and Brazilian National Oil Companies Petrolog⁵⁰ and Petrobrass⁵¹ amongst the likes, we are of the conclusion that the notion that government cannot do business is more a question of customary practice and not in any way a lexical context in political economy.

The concept "bailout fund", which is fast becoming a sine qua non in our fiscal federalism, however noble it may be, for us should operate with some noble concepts in political governance. We will subscribe to such concepts irrespective of its nobility, only on the condition that it meets some basic regulatory standards.⁵² For example;

(a) The Central Bank setting out prudential guideline on the deployment, with respect to minimum best practice standards. A state must have attained in the management of its existing pool of resources, to qualify for external loan, local loan, and bailout/stimulus, prior to the Central Bank and the National Assembly approval.

(b) The internally generated revenue efforts of the state, and utilization.

(c) Zero tolerance to the menace of political thugs brandishing public documents by way of blackmail in request for official revenue, which in most cases imply double taxation of an un-taxable subject matter. This is because some state governments fritter their internally generated revenue heads in patronage settlement and diversion of its citizen's attention from its fraudulent and corrupt activities.

(d) Instructions to commercial banks and other Financial Institutions to make it a condition precedent for States to get clearance from Central Bank of Nigeria before they can access any facility from them.

It is the prudent use of the bailout funds, that would validate its relevance.⁵³

The foregoing arose from the premise that our political office holders notably heads of executive and the legislatures have the track records of mortgaging their states and constituencies on the altar of self aggrandizement.⁵⁴

6. Fiscal Federalism, Expansion and Discipline

To make meaningful progress in this subject matter, we must reconsider the practice of true fiscal federalism, from where we can then consider fiscal discipline and possibly, fiscal expansion.

6.1. Fiscal Federalism

In Nigeria an ideal fiscal federalism cannot come without a constitutional reform. However, we can in the interim, redistribute incomes from the Federation Account to make more monies available to States primarily and redistribute responsibilities, such that, there will be an increase in infrastructural responsibilities of states and local councils in the federation.

⁴⁷ Atojoko S. Bailout Postpones the Evil Day. Tell Magazine, July 20, 2015, p. 17. See also www.tell.ng.com/.../bailout-postpones-evil-day-...

⁴⁸ Ibid.

⁴⁹ Nwosu Charles. Cleaning and Re-indoctrinating Nigeria to the Root. Available at <https://books.google.com/books?ibsn=1477237968>

⁵⁰ businessdayonline.com/category/west...18...

⁵¹ topics.nytimes.com/.../business/.../petroleo-brasileiro-sa-pretrobrass...

⁵² Osby Isibor. Between bailout for States and Fiscal Discipline. Available at www.peoplesdailyng.com/.../6627-between-bailout-for-states-and-fiscal-discipline

⁵³ Ibid.

⁵⁴ For example, Senator Ifeanyi Okowa was told the debt profile of the state, by his predecessor to ensure that an independent minded successor did not emerge. In Enugu State Sullivan Chime against all odds made Hon Ifeanyi Ugwuanyi his successor to think that he can just borrow as much as he can weeks to his departure from office.

Secondly the tax regimes should be reformed and redesigned such that the states capture all formal and informal sectors so as to augment its central funds, in such a way, as to create a situation where oil can skyrocket or nosedive without implications on the economy.

An effective Tax system remains crucial for a realistic fiscal federalism and until tax reassignment issues and settlement of double taxation related issues are resolved, states cannot therefore effectively generate taxable revenues that will enable them manage their resources effectively.

For fiscal federalism to acquire a realistic flavor in the country's political landscape, it must have inbuilt mechanisms that will enable federal, states and local councils to see their population as assets rather than liabilities. According to Chukwu,⁵⁵ by this development they would then be under obligation to arm their citizens to produce so as to tax their output incomes and build up reserve to run and administer the federal, states and local councils. Above all, it is an undisputable fact that a taxed population is usually a highly sensitive and responsive population, and by implication, they will react radically to mal-administration and mis-governance.⁵⁶

This overdependence on oil and its corrupt management systems are the greatest undoing of the Nigerian federalism.⁵⁷ And by extension, unlike the position in other jurisdictions where the civil and public services are structured as their names imply to give service to the people, the reverse is the case, in Nigeria where it is the fastest route to wealth, or creating wealth without trace. The Deputy Commissioner Inland Revenue Commission of New Zealand, Harsa Pancha,⁵⁸ said;

Nigeria's tax system had remained comatose due to over reliance on Oil. He called for a more broad-based tax regime which would create more tax opportunities and stabilize the country's economy. Every tax policy must be aligned to economic realities and business climate he declared.⁵⁹

The foregoing implies the declaration of a national emergency on taxation, and the convocation of stake holder's roundtable for a comprehensive review of existing rules and guidelines, and the design, implementation and enforcement of new and definite realistic directions in taxation across the multi-leveled government.

In the spirit of new found anti-sabotage orientation in the public service, founded in the "the body language of the President Buhari",⁶⁰ it is our firm belief that the magic of the body language working in the polity, should be more pronounced in the revenue institutions of the federation. This has been credited with all the good and promising signs of the government such as improvement of the power sector, return of stolen funds, more seriousness from civil servants all in response to a policy trust that silently but unmistakably signals that there is a new sheriff in town and that stiff sanctions will be applied for unacceptable behavior.⁶¹

6.2. Fiscal Discipline

Events within the past 16 years of sustained fiscal federalism suggest that the country's public finance system lacks realistic framework that makes fiscal discipline an integral part of our fiscal federalism. The fact will continue to remain that, until we evolve a proper and result oriented framework to enforce fiscal discipline, corruption will continue to fist a firm grip on the country's economy.⁶²

However, despite the perceived inconsistencies and challenges of constitutional and legal reform, it is our position that our legal framework though weak, can drive fiscal discipline. Our problem is first the political will to abide by the best practice and standards in the private and public sectors (corporate governance and political governance). The foregoing implies a more informed posture to do what is right, in the overall interest of the economy. This position is of urgent national importance and cannot be considered or treated with kid's gloves. According to Christine Lagarde,⁶³

Nigeria needs to embrace fiscal discipline and build up resistance in the face of Europe's escalating debt crisis, the Managing Director International Monetary Fund (IMF), Christine Lagarde has said... Nigeria needs to strike an appropriate balance between fiscal and monetary policy to promote growth and stability. It means forging ahead with structural policies that focus squarely on boosting competitiveness, growth and jobs. That could mean strengthening the financial sector regulation to ensure a safer and more stable financial sector that is better able to support growth.⁶⁴

It is mind boggling that despite this observation of the International Monetary Fund helmsman in December 2011, we have four years later, arrived at where we are today. Looking at the dominance of failure in the country's public sector and public finance from colonial experience till date, we observe that in past 16 years, the country authorities had over politicized the economy despite unprecedented enlightenment by experts through reports, workshops, seminars, and conferences to mention a few.

⁵⁵ Chukwu I. Tax Revolution, Fiscal Federalism key to restructuring states' economy, Business Day Tuesday 25th October 2011, p. 20

⁵⁶ Ibid.

⁵⁷ Agbonika, J.A.M. & Agbonika, J.A.A. Fiscal Federalism and the Challenges of Administration of Personal Income Tax in Nigeria, in Topical Issues on Nigerian Tax Laws and related Areas (ed) Agbonika J.A. Ababa Press Ltd 2015 pp. 409-434

⁵⁸ In a paper he titled, "Challenges of Monolithic Economy" cited by Chukwu I. op. cit.

⁵⁹ Ibid.

⁶⁰ www.thebreakingtimes.com/investors-weary-of-buharis-body-language

⁶¹ Jidefor Adibe. The 'tyranny' of Buhari's body language, Daily Trust Nov. 11, 2015. Also available online at

www.dailytrust.com.ng/buhari...body-language

⁶² Omoh Gabriel. Economy: Need for Fiscal Federalism, others. Vanguard October 1, 2015. Also online at www.vanguardngr.com/.../economy-need-

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⁶³ The Managing Director of the International Monetary Fund

⁶⁴ Nweze C. and Ajibade A. IMF to Nigeria; embrace fiscal discipline. The Nation, Wednesday, December 21, 2011, p. 11

Unprecedented fiscal indiscipline, increased when successive political leadership deceived the nation about better days ahead despite being abreast of an impending doomsday. By this development public service transmuted into private service, leading the agenda of massive looting and stashing of public funds in bank vaults and real estate sector abroad at standard tax practices.

In the end, top public servants amassed public wealth to themselves, families and crannies waiting to relocate abroad at the eve of the doomsday.⁶⁵ The foregoing left the poor and larger percentage of the un-opportuned population of around 90-95% of the projected 160 million population abandoned to fate.⁶⁶

6.3. Corruption, Poor Public Accounting System/Public Policy, Fiscal Structure and Super-structure/Fiscal Incentives

Since the inception of President Buhari's administration, his pursuit of fiscal discipline has been characterized by three core policy reforms which are;

(a) providing time limit of 24 hours within which audit queries from Auditor General's office must be answered.⁶⁷

(b) demanding briefs from permanent secretaries, which to a large extent have revealed the depth of rots and corruption in the system.⁶⁸ This axis of his policy characterized the immediate past administration as the most corrupt in the history of Nigeria, with the Nigerian National Petroleum Cooperation (NNPC) being worst hit by decay and wanton corruption.

(c) He has also issued directive on treasury single account (TSA).⁶⁹ A development which successive administrations failed to gather the political will to confront, owing to their inclination to corruption and ignorance of the implication of key monetary policy issues. Buhari ordered ministries departments and agencies (MDAs), under the Federal Government to pay into a Treasury Single Account which will be domiciled at the Central Bank of Nigeria (CBN).⁷⁰ By this directive all institutions like Teaching Hospitals, Federal Tertiary Institutions, CBN, Security and Exchange Commission (SEC), Corporate Affairs Commission (CAC), Nigerian Ports Authority, Nigerian Communication Commission (NCC), Federal Airport Authority of Nigeria (FAAN), NNPC, Federal Inland Revenue Service (FIRS), etc must maintain TSA with the CBN where all receipts and payments are harmonized for accountability. This power is in compliance with section 80(1) of the Constitution of the Federal Republic of Nigeria 1999 as amended which states that,

1. All revenues raised or received by the Federation not being revenues or other moneys payable under this Constitution or any Act of the National Assembly into any other public fund of the federation established for a specific purpose, shall be paid into and form one consolidated fund of the federation.
2. No moneys shall be withdrawn from the Consolidated Revenue Fund of the Federation except to meet expenditure that is charged upon the Fund by this Constitution or where the issue of those moneys have been authorized by an appropriation Act, Supplementary Appropriation Act or an Act passed in pursuance of section 81 of this Constitution.
3. No moneys shall be withdrawn from any public fund of the federation other than the Consolidated Revenue Fund of the Federation, unless the issue of those moneys have been authorized by an Act of the National Assembly.
4. No moneys shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the federation, except in the manner prescribed by the National Assembly.

Fiscal federalism within the existing framework is a key requirement because, no nation can succeed with even the finest policy document on fiscal federalism, be it monetary policy, fiscal policy, official statistics and coordination without these basic considerations, namely; sound audit practices, leak proof economic and financial or public finance system and standard accounting system notably in the area of fund domestication and thirdly official predemption of the actual strength of the treasury, for which the policy of treasury single account remains the most laudable step in that direction.

President Buhari's administration has further ordered the audit of NNPC's activities,⁷¹ a key agency of government which successive administrations since its inception have seen as the conduit pipes for personal aggrandizement. From the information in public corridor the cooperation has not been audited since former President Obasanjo's administration.⁷²

President Buhari was also of the further position that, the activities of the key fiscal agencies such as; Federal Inland Revenue Service, Nigeria Customs Service, Nigeria Ports Authority should be audited.⁷³ This development remains the highpoint or peak in the development of fiscal federalism.

Baring the implication of *section 162* of the *Constitution* of Nigeria to fiscal federalism, it might be pertinent for Buhari's Administration to make policy statements on the use of political thugs,⁷⁴ and contractors to obstruct vehicular movements in our

⁶⁵ Femi Fani Kayode. A Hard and Bitter Truth (1) Thisday Live 06 Dec. 2014. At thisdaylive.com/.../a-hard-and-bitter...195904/

⁶⁶ Ibid.

⁶⁷ Tobi Soniyi. Audit Queries must be answered in 24 hours. Thisday Live 2nd August 2015 available at www.thisdaylive.com/.../audit-queries-must-be-answered-within-24-hours

⁶⁸ businessonline.com/.../perm-secs-brief-buhari-clarify-handover-notes-...

⁶⁹ Michael Jegede. Buhari and the Treasury Single Account. Available at sunnewsonline.com/.../buhari-and-the-treasury-single-account...

⁷⁰ Livinus Nwabughigogu. Corruption: Buhari orders MDAs to operate Treasury Single Account available online at <https://www.vanguardngr.com/.../corruption-...>

⁷¹ Wale Odunsi. Anxiety as Buhari orders audit of NNPC, DPR, NPA, CUSTOMS, others, Daily Post August 7, 2015 available on [dailypost.ng/.../anxiety-as-buhari-orders-audit-of-nnpc...](http://dailypost.ng/.../anxiety-as-buhari-orders-audit-of-nnpc-...)

⁷² Sanusi Lamido Sanusi. Time to strip NNPC of Toga of 'missing money.' Thisdaylive 05 May, 2015. Also available at www.thisdaylive.com/.../nnpc...-208531/

⁷³ [www.thisdaylive.com/.../audit-queries...](http://www.thisdaylive.com/.../audit-queries-...)

⁷⁴ www.globalsecurity.org/.../nigeria-2.htm

interstate highways in the name of revenue generation or forcefully demand money from State governors or politicians.⁷⁵ This is because, these activities neither impact on the fortunes of government nor the citizens. The use of our roads to settle political thugs, who in turn embarrass Nigerians, remain most inhuman treatment in any political society. This does not come within the contemplation of sound political governance, and should be banned through official gazette. Police officers in checkpoints and patrols should also be warned to desist from connivance and back up related activities to these illicit acts of public sabotage.

Our federal system will only come within the contemplation of true fiscal federalism if these reforms are holistically carried out and enforced by the current and successive governments. It is then that we can begin to attempt gauging our fiscal systems with further reforms that will ensure that it is in tandem with international best practices in fiscal governance. It is only then that Nigeria can claim to be practicing true federalism and be considered fit to develop goals that are in line with millennium aspirations for sustainable development goals.⁷⁶

Nigeria needs the basic fiscal structures, super-structures, or incentives to anchor development through sustainable development goals. These are basically the reasons why the good intentions of the immediate past administrations of President Obasanjo's regime down to President Jonathan failed woefully, despite adequate funding, oil and internally generated revenue. Although there was generation of money, there were no checks on the outgoings to sustain developmental agenda.

6.4. Fiscal Expansion

In the model world, nations precede their developmental aspirations with attendant human capital and infrastructural development. It is saddening that a personality and public character in the person of the then Coordinating Minister for the economy Dr. Ngozi Okonjo-Iweala in the wake of dwindling oil prices told Nigerians that she had within a couple of days rebased the Nigerian economy, and further that the outcome of that rebasing was that the country's economy had suddenly become the fastest growing economy in the world.⁷⁷ In a structural reform that was not multi-sectoral, and a country that cannot boast of a reasonable percentage of its population being vested with the technical and vocational skills or knowhow to support economic growth, this sudden growth rate is hard to understand. Today major semi-skilled artisans who work in the construction and technical sectors are satisfactorily discharged artisans and technicians imported from the West African sub-region.⁷⁸

Ordinarily, when one looks at the growth figures branded about by the National Bureau of Statistics, it gives the wrong impression that there is real economic growth whereas socio-economic indicators seem to be getting weaker.

... the opportunity to build on the robust non-oil growth with further investments in infrastructure and manufacturing and processing activities should be utilized in order to mitigate any negative impact from the likely external shocks during the year.⁷⁹

Senator Bola Ahmed Tinubu's regime of 1999-2003 initiated reforms that placed Lagos state ahead of the remaining 35 states and the Federal Government with respect to compliance with the dictates of fiscal federalism.⁸⁰ So in the wake of dwindling oil revenue to Federation Account at around the first quarter of 2015, the Babatunde Raji Fashola's administration consolidated the existing foundation, when he went to the State House of Assembly with a bill for a law to make all ministries, departments and agencies in Lagos state revenue oriented.⁸¹ Despite the sensitivity of the foregoing, only Lagos state and to some extent the Federal Capital Abuja, succeeded in this regard. This has helped Lagos State to stand firm despite the cash crunch triggered by dwindling allocations from the Federation Account to continue to stay afloat with payment of salaries of its staff.⁸²

We are of the view that no administration in Federal, state and local councils in the country can base its hope of improved revenue on ministries, departments, agencies, ministerial parastatals, ex-ministerial parastatals, agency parastatals and ex-agency/departmental parastatals, under the current fiscal/public finance structure, as this will only deepen corruption and worsen the fiscal challenge. Lagos must be commended for weathering the storm.

6.5. Fiscal Federalism and Contingency Economic Plan

The core values of fiscal federalism are, stable employment, equality, sustainable development, improved and modernized infrastructures, standard social and economic amenities and buffer arrangement or contingency plan against paradigm shifts that may threaten the state of affairs. In the pursuit of core fiscal fundamentals, the government carries along all the fundamental subheads earlier discussed above, notably; fiscal discipline, fiscal federalism and fiscal expansion. By implication, in the design and functions of fiscal federalism, contingency plan is core without which the indices cannot be responsive to the changing economic realities, and the impact of globalization and postmodernism. Any pursuit that is in clear deviation from or did not contemplate in built proactive

⁷⁵ Editorial. Keeping Council Officials Off Highways, The sun October 22, 2013; sunnewsonline.com/.../keeping-council...

⁷⁶ Dipo Kolawole. Nigeria in Search of True Federalism; www.eksu.edu.ng/.../235-nigeria-in-search

⁷⁷ thenationonline.net/okonjo-iweala-on-why-nigeria-rebased-gdp-...; sunnewsonline.com/.../soludo-okonjo-iweala-and-nigeria's-economic-mgt-...

⁷⁸ Editorial. Buhari decries influx of foreign construction workers. Daily Post, November 6, 2015. Available at dailypost.ng/.../buhari-decries-influx-of-foreign-construction-...

⁷⁹ Anaro B. CBN wants growth devoid of inflation, Fiscal Expansion. Leadership, Wednesday, February 8, 2012. Pg. 18

⁸⁰ Jide Olagunju. Nigeria: The Pivotal Task for the Incoming Government Restoration of Fiscal Federalism. Available at www.academia.edu/.../Nigeria_the_pivot_...

⁸¹ Ben Akabueze, Commissioner for Economic Planning in Commemoration of Mr. Fashola's eighth year in office, 2015 Lagos State Press Briefing. Available at www.lagosstate.gov.ng/pagemenus.php?...

⁸² Odiogwu, M, Alabelewe A et al. Standing firm amid financial storm. Available at thenationonline.net/standing-firm-amid-financial-storm...

tendencies must always drift outside rational economic contemplations. No executor talks about a contingency plan being introduced without a tacit admission that the existing plan had gone burst. In the views of Shobowale;⁸³

Okonjo-Iweala is only taking us down the familiar path to severe economic hardship- from which she will escape to America. Why? Because the longest global economic expansion which brought crude price to over 110 US Dollar, at one point, has also come to an end. Furthermore, while the number of Oil producing countries was less than 20, the number today is over 40. Some of our customers have started producing oil. Moreover, with the weakening demand, every producer is forced to cut prices to gain customer. Finally, America, formerly the world's largest importer of crude, is now an exporter. America intends to become the largest exporter of petroleum products, thus encroaching on more of our existing markets. Nothing suggests that the contingency plan had taken this into account. Clearly, only a miracle can restore oil at 100 United States dollar.⁸⁴

With the return to democratic governance in 1999 oil, our main stay rose from 23 United States dollars per barrel during Ibrahim Babangida's Military rule to 110 US Dollars per barrel.⁸⁵ Rather than learn from the mistakes of the past and encourage pure fiscal federalism, successive regimes considered the huge influx of the petro dollar as fiscal expansion, instead of concerted effort to steer the economy towards proper fiscal framework.

The economy continued for 16 uninterrupted years of huge influx of petro dollar without contingency plan not minding that out of the three governments that reigned from 1999-2015, two were headed by graduates.⁸⁶ It is worthy of note that the impact of their reign was not felt by even their constituency, the academic community nationwide. And from the humiliation of the Nigerian army by the Boko-haram sect⁸⁷ in their early campaign it is also our view that the constituency of President Obasanjo (a retired army General) did not also feel the impact of his reign, since he did not leave a trained, equipped and professionalized military.

This reality came to the fore despite the warning from necessary quarters, two months to the terminal end of Jonathan's administration, when as a result of dwindling revenue to the Federation Account, the three tiers of government were finding it difficult to implement their recurrent estimates. In some states and local councils, salaries were owed for upward of 6 months,⁸⁸ some States were also unable to pay the minimum wage of ₦18,000 per month.⁸⁹

The most current issue arising from this sad development is that prior to 1999-2015 oil boom, with its peak at President Jonathan's era, we had less than 20 nations exporting crude, currently we have more than forty (40). One of our former customers, notably America, is aiming to be the leading exporter of not just crude but petroleum products. By this projection we should brace up for stronger possibilities and challenges. Besides, the world is now moving towards the use of biofuels⁹⁰ and energy⁹¹ instead of oil to power cars. This knowledge of alternative energy it is hoped will bring a transition from a society dependent on fossil fuels to a world of sustainable economic and alternative green energies.⁹² The transition is not only necessary for the planet's ecological survival but is also critical to health and wellbeing of every human. Carbon dioxide emissions have caused global warming while air pollutions generated by power plants and flaring have caused acid rain, forest desertification, water and air poisoning which have compromised lives in general.⁹³

The economic implication of this is that a time will come when there will be no world need for oil. It is therefore important for oil dependent countries like Nigeria to begin to look for other ways of sustaining its economy.

With the foregoing we can mirror the naivety of our petroleum resource managers, who kept us in the euphoria of being just the 6th leading exporter of crude and most likely the leading importer of petroleum products. Most worrisome is the fact that we lack the enabling indigenous capacity to even deal with the logistic aspects of both import and export around the industry despite over 40 years of active participation in the industry. The ugly dimension to this is that we spend over 300% of the cost of import of the refined products on logistics alone, not to think of interest on credit and other costs.⁹⁴ Our managers have at their best adopted criminalized managers of the process. All we got from the entire fraud are, missing billions in United States dollar denomination,⁹⁵ billions in fraudulent waivers⁹⁶ and billions in uncollected and unaccounted tax income from the foreign operators in the industries.⁹⁷ Beyond losing our customers to new oil producers, the world is yet to face the shock of discovery of alternatives to oil. Electricity can be a source of energy and this can be solar generated. A time will come when oil will no longer be crucial to world economy.⁹⁸ Nigeria needs to begin to worry about how to sustain its economy at such a time.

⁸³ Sobowale, D. Nigeria Belated Contingency Economic Plan. Sunday Vanguard, October 26, 2014, p. 34

⁸⁴ Ibid.

⁸⁵ <https://en.m.wikipedia.org/wiki/Nigeria>

⁸⁶ President Yar-Adua and President Jonathan were both from the academic community.

⁸⁷ A terrorist group in Nigeria who have killed in numbers both civilians and the military.

⁸⁸ Saharareporters.com/.../there-was-primitive-looting-under-jonathan-...

⁸⁹ www.vanguardng.com/.../we-can-no-longer-pay-₦18,000-minimum-wage-govs-...

⁹⁰ https://en.m.wikipedia.org/.../Green_vehicle_wikipedia_...

⁹¹ ourfiniteworld.com/.../world-energy-consumption-since1820-in-charts-...

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⁹³ Ibid.

⁹⁴ nigeria.opendataforafrica.org/.../Nigeria-crude-oil-and-petroleum-products-import-...

⁹⁵ [www.premiumtimesng.com/.../18...missing-\\$20billion-oil-money-...](http://www.premiumtimesng.com/.../18...missing-$20billion-oil-money-...)

⁹⁶ Okonjo Iweala. Huge Revenue lost to Fraudulent waivers. At www.thisdaylive.com/.../waivers/208949/

⁹⁷ www.trust.org/.../nigeria-should-overhaul-oil-sales-stop-corruption...

⁹⁸ www.financialnigeria.com/the-future-of-nigerias-oil-economy-...

This Day Live of 4th November, 2015,⁹⁹ identifies five things President Buhari needs to do to get his country back on track. They are;

1. Clean up his party:

He should carefully clean his own party, the All Progressive Congress party by investigating and punishing corrupt members. For example, a sitting Governor has been indicted by U.S.A. for assisting Sani Abacha to steal \$458 from state coffers. Politicians that are indicted should be investigated.¹⁰⁰

2. Merger of parastatals:

This could be done by eliminating or merging the over 500 federal parastatals and boards,¹⁰¹ such as EFCC and ICPC, Civil Defense, Federal Road Safety Corps, Code of Conduct and the Police, Ministries of Agriculture, Fisheries and Foods etc.

3. Taming key actors:

Taming of two key actors referred to as white elephants in the economic sectors, namely, the domestic oil refineries and steel mills. To tame them, he needs to address the graft inconsistent policies and opaque privatization deals that turned these industries into white elephants.

4. Rein in sub-national debt:

As Buhari tries through the Treasury Single Account to put Nigeria's public finances back in order, the finances and balance sheets of the 36 states of the federation are sinking deeper in red as twenty-seven cash strapped states have received bail out to the tune of \$2.1 billion. Only a few states generate revenues outside the monthly allocations they receive from the federal government.

5. Legislate to outlive Buhari's tenure:

Buhari should protect his legacy by partnering with the National Assembly to enact legislation enshrining key reforms of his administration. One principal area that such legislation should prohibit is the use of security votes which provides an unlimited secret budget to spend without accounting. This could lead to corruption and embezzlement without limits.

The current reforms should be deepened, and packaged with improved wage and conditions of service for civil servants. To check the implication of demand and cost pushed by inflation, the wage of political office holders should be gauged with the topmost scale of civil servants' wage. This implies that while senator's salary should not be more than that of the permanent secretary, ministers should earn not more than an additional 10% of the salary of a permanent secretary, on federal civil service scale. Members of House of Representatives, should earn the improved salary and remuneration of a director of administration still in federal civil service.

In states, commissioners should earn the salary of a permanent secretary in that state while members of State House of Assembly and commissioners should earn not more than the total package of a permanent secretary in the state civil service. Where there are specific needs or developments to be catered for, the relevant authority should specifically raise it to be considered by the national or state assembly as the case may be.

By this development the inflationary trends aggravated by the irrational wage bill and economic pressures from labour on wage redenomination shall be curtailed.

There is no doubt that these issues if well considered will check and curb corruption which is the greatest enemy to the growth of any economy.

7. Conclusion

Corruption remains the greatest undoing of governance world over, just like inequality of development, compared to development in the last sixteen years, which is a function of un-proactive approach to corruption. According to British Broadcasting Cooperation News,¹⁰²

In Brazil for instance corruption in the oil industry immediately resulted in massive retrenchment in Petrobrass the national oil industry, inflation galloped at over 10% and the citizens took to the streets to protest high cost of living and doing business which led to closure of shops and businesses.

These developments mirror a country that ranks amongst six medium sized economies in the world, the BRICS.¹⁰³ A destination that has over the last 30 years through development oriented unitary fiscal policy evolved into an industrial destination, by carrying out research and massive infrastructural development. The revolution was such that within these periods, it caught up with the likes of Russia and China which had been of global relevance for centuries back.

We can take leverage on this and reform our fiscal federalism, by canons and values that are in tandem with international best practices in public governance. With this we can be rest assured of good governance, dividends of democracy and successful democratization. Whatever be the case, Buhari's policy to tell investors the truth about the nation's economy¹⁰⁴ is a welcome idea. His assessment since he assumed power is that, "we are so much battered." A person who invests with knowledge of this fact, is one that is truly interested in investing by taking the bull by the horn.

⁹⁹ [http://www.thisdaylive.com/articles/5-things-that-the-president-of-nigeria-can-do-to-get-his-country-back-on-track/224600/...](http://www.thisdaylive.com/articles/5-things-that-the-president-of-nigeria-can-do-to-get-his-country-back-on-track/224600/)

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¹⁰¹ www.businessdailyafrica.com/new-task-force-heralds-merger-of-parastatals-politics-and-policy...

¹⁰² Brazil Economy Enters Recession. BBC World News, 9.30 pm Nigerian time 28th September, 2015. Also on money.cnn.com/.../brazil-protests-march-17-2015-...; www.economist.com/.../protests-brazil-the-streets-erupt-...

¹⁰³ Consisting of Brazil, Russia, India, China and South Africa.

¹⁰⁴ [http://www.thisdaylive.com/articles/buhari-we-ll-tell-investors-the-truth-about-our-economy/224602/...](http://www.thisdaylive.com/articles/buhari-we-ll-tell-investors-the-truth-about-our-economy/224602/)

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