COURSE GUIDE

MPA 812
INTER-GOVERNMENTAL RELATIONS

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INTRODUCTION

The course entitled "Inter-Governmental Relations is specifically developed for students offering Master of Science (M.Sc) Degree in Public Administration in the National Open University of Nigeria (NOUN), Distance learning. It can equally be utilized by other students at both Undergraduate and Post-graduate levels. The course is designed in a way as to provide students, especially those that are new in the field of Public Administration with the opportunity to acquire the basic knowledge and understanding of the conceptual models of Federalism which helps to explain the nature and workings of Inter-governmental systems. It also examines the forces of change and the factors which preserve federal systems. In addition, students will understand the dynamics of non-governmental relations, types of conflict and cooperation between various levels of government and explore the challenges of federal systems especially the problem of Public finance, ethnicity, civil rights and urban governance. Policy development and proposals for public management and the processes of federal policy implementation are also to be studied

This course will expose you to understanding of many of the Concepts and theories in Intergovernmental Relations as they affect business organizations in Nigeria. It will assist you to be able to apply these concepts and theories to the task and roles that you perform as an entrepreneur, business manager, employer in the Corporate business setting.

The course consists of 15 units, which include course guide, evolution of federalism, meaning and nature of federalism, models of federalism, rationale for federalism, theoretical/ideological perspectives of federalism, models of intergovernmental relations, structures and patterns of intergovernmental relations, Federal- State –Local Government Relation State-Local government relations, Conflict in intergovernmental relations, fiscal intergovernmental relations theory, allocation of jurisdictional powers among levels of government, intergovernmental fiscal relations non-governmental organizations and intergovernmental relations and institutions for managing intergovernmental relations

This course guide tells you briefly what the course is about, what course materials you will be using and how you can work your way through these materials. It suggests some general guidelines for the amount of time you are likely to spend on each unit of the course in order to complete it successfully.

It also gives you some guidance on your tutor-marked assignments, which will be made available in the assignment files.

There are regular tutorial classes that are linked to the course.

You are advised to attend these sessions.

WHAT YOU WILL LEARN IN THIS COURSE

This course entitled "Inter-Governmental Relations introduces you to the brief evolutionary trends with consideration of the factors that contributed to its development as a field of study under the broader field of Public Administration. The course also explains the conceptual clarifications, nature, approaches etc as related to public administration as it is practice elsewhere, that is, in both developed and developing systems. In addition, it introduces you to various techniques guides, principles, practices, etc. relating to intergovernmental relations in Public organization.

MEASURABLE OBJECTIVES

To achieve the aims set out, the course sets overall objectives.

Each unit also has specific objectives. The unit objectives are always included at the beginning of a unit; you should read them before you start working through the unit. You may want to refer to them during your study of the unit to check on your progress.

You should always look at the unit objectives after completing a unit. In doing so, you will be sure that you have followed the Instructions in the unit.

Below are the wider objectives of the course as a whole. By meeting these objectives, you should have achieved the aims of the course as a whole. On successful completion of the course, you should be able to:

1. Explain the evolution of intergovernmental relations
2. Understand the meaning and nature of intergovernmental relations as a discipline
3. Understand the models of federalism
4. Explain the rationale for establishing a federal system
5. Understand the theoretical/Ideological perspectives of federalism.
6. Understand the models of intergovernmental relations
7. Understand the structures and patterns of inter-government Relations.
8. Understand the Federal-State-Local government Relations
9. Explain the State-local government relations
10. Explain the role of conflict in inter-government relations
11. Explain the Fiscal intergovernmental relations theory
12. Understand the allocation of jurisdictional powers among levels of government.
13. Describe how to resolve intergovernmental fiscal relations

14. Understand the role of non-governmental organizations in intergovernmental relations
15. Describe the institutions for managing intergovernmental Relations

WORKING THROUGH THIS COURSE

To complete this course, you are required to read the study units, read set hooks and read other materials provided by the National Open University of Nigeria (NOUN). Each unit contains self- assessment exercises, and at a point in the course, you are required to submit assignments for assessment purposes. At the end of the course, is a final examination. The course should take you about 16 - 17 weeks in total to complete.

Below you will find listed all the components of the course, what you have to do, and how you should allocate your time to each unit in order to complete the course successfully.

COURSE MATERIALS

The major components of the course material are:

(a) Course Guide
(b) Course study Units
(c) References/ Further Readings
(d) Assignments
(e) Presentation Schedule

STUDY UNITS

The course material which is divided into three(3) modules is constituted by study units that make up a module. The modules and units are as follows:

Module 1 Concept, Models And Theories of Federalism

Unit 1 Evolution of Federalism
Unit 2 Meaning and Nature of Federalism
Unit 3 Models of Federalism
Unit 4 Rationale for Federalism
Unit 5 Theoretical/Ideological perspective of Federalism

Module 2 Dynamics of Inter-Governmental Relations

Unit 1 The Models of Intergovernmental Relations
Unit 2 Structures and Patterns of Inter-government Relations
Unit3 Federal-State-Local government Relations
Unit 4 State-Local government Relations
Unit 5 Conflict in Intergovernmental Relations

Module 3 Inter -Governmental Fiscal Relations

Unit 1 Fiscal Intergovernmental Relations Theory
Unit 2 Allocation of Jurisdictional powers among levels of government
Unit 3 Intergovernmental Fiscal Relations: Nigerian Experience
Unit 4 Non-governmental organizations and Inter-governmental Relations
Unit 5 Institutions for Managing Intergovernmental Relations

From the foregoing modules, it should be noted that the first module dwells into the discussion on the Concepts, Models and Theories of Federalism as a sub-field of public administration. Subsequences discussions feature the Evolution, Meaning and Nature of Federalism as well as Models, Rationale and Theoretical /Ideological perspectives of federalism.

The second Module focuses on the use of Models , Structures and Patterns of Intergovernmental Relations Studies with emphasis in explaining the Federal-State-Local Government as well as State-Local government Relations. It equally discuses conflicts and their resolutions in Inter governmental Relations.

The last Module attempts analysis on the nature of Inter-governmental Fiscal Relations beginning with the underlining theory, allocation of jurisdictional powers among the levels of government and the Fiscal Relationship among the three levels of government. In additional, we have the role of Non-governmental Organizations and Institutions for managing Inter-governmental Relations

ASSIGNMENT FILES

There are fifteen assignments in this course. The fifteen-course assignment which cover all the topics in the course material are there to guide you to have proper understanding and grasp of the course.

PRESENTATION SCHEDULE

The presentation schedule included in your course materials gives you the important dates for this year for the completion of tutor- marked assignments and attending tutorials. Remember, you are required to submit all your assignments by the due date. You should guard against falling behind in your work.

SELF-ASSESSMENT-EXERCISE (SAEs)

Two Self-assessment Exercises each are incorporated in the study material for each unit. Self-assessment Exercise helps students to be a realistic judge of their own performance and to improve their work. Promotes the skills of reflective practice and self-monitoring; Promotes academic integrity through student self-reporting of learning progress; Develops self-directed learning; Increases student motivation and Helps students develop a range of personal, transferrable skills.

SUMMARY

Each Unit contained a summary of the entire unit. A summary is a brief statement or restatement of main points, especially as a conclusion to a work: a summary of a chapter. A brief is a detailed outline, by heads and subheads, of a discourse (usually legal) to be completed: a brief for an argument.

Possible Answers to Self-Assessment Exercise(s) within the content

The materials contained Possible Answers to Self-Assessment Exercise(s) within the content. The possible Self-assessments answers enable you to understand how well you're performing in the contents. It is a way of analysing your work performance and any areas for growth. Reflecting on your strengths, weaknesses, values and accomplishments can help you determine what goals to work toward next.

COURSE MATERIAL

The course material package is comprises of following Modules and unit structure:

FINAL EXAMINATION AND GRADING

The final examination PAD 812 will be of three hours duration and have a value of 70% of the total course grade. The examination will consist of question, which reflect the types of self-testing, practice exercise and tutor-marked problems you have previously encountered. All areas of the course will be assessed.

Spend the time between finishing the last unit and sitting for the Examination to revise the entire course work. You might find it useful to review the self-tests, tutor-marked assignments and comments on them before the examination. The final examination covers information from all parts of the course. .

TOTAL COURSE MARKING

Assessment	**Mark**
Assignment 1 – 5	Fifteen assignment, best six marks of the five count @ each = 30% of course marks.
Final Examination	70% of overall course marks
Total	**100% of Course Marks**

COURSE OVERVIEW

This table brings together the units, the number of weeks you should take to complete them and the assignments that follow them.

MODULE ONE

Unit	**Title of Work**	**Week Activities**	**Assessment End of unit**
	Course Guide		
1	Evolution of Federalism	1	Assignment
2	Meaning and Nature of Federalism	1	Assignment
3	Models of Federalism	1	Assignment
4	Rationale for Federalism	1	Assignment
5	Theoretical/Ideological Perspectives of federalism	1	Assignment

MODULE TWO

Unit	**Title of Work**	**Week Activities**	**Assessment End of unit**
	Course Guide		
1	Models of Intergovernmental relations	1	Assignment
2	Structures and patterns of intergovernmental relations	1	Assignment
3	Federal-State-Local Government Relations	1	Assignment
4	State-Local Government Relations	1	Assignment
5	Conflict In Inter-GovernmentalRelations	1	Assignment

MODULE THREE

Unit	**Title of Work**	**Week Activities**	**Assessment End of unit**
	Course Guide		
1	Intergovernmental Relations Fiscal theory	1	Assignment
2	Allocation of jurisdictional powers among levels of government	1	Assignment
3	Inter-governmental Fiscal Relations: Nigerian Experience	1	Assignment
4	Role of Non-governmental organisations in inter-government relations	1	Assignment
5	Institutions for managing intergovernmental Relations	1	Assignment
Total	15	15	15

HOW TO GET THE MOST FROM THIS COURSE

In distance learning, the study units replace the university lecturer. This is one of the great advantages of distance learning. You can read and work through specially designed study materials at your own pace, and at a time and place that suits you best. Think ofit as reading the lecture that a lecturer might set you some reading to do, the study unit will tell you when to read your other materials. Just as a lecturer might give you an in-class exercise, your study units provide exercises for you to do at appropriate points.

Each of the study units follows a common format. The first item is an introduction to the subject matter of the unit, and how a particular unit is integrated with the other units and the course as a whole.

Next is a set of learning objectives. These objectives let you know what you should be able to do by the time you have completed the unit. You should use these objectives to guide your study. When you have finished the unit, you must go back and cheek whether you have achieved the objectives. If you make a habit of doing this, you will significantly improve your chances of passing the course.

The main body of the unit guides you through the required reading from other sources. This will usually be cither from a Reading Section of some other sources.

Self-tests are interspersed throughout the end of units. Working through these tests will help you to achieve the objectives of the unit and prepare you for the assignments and the examination.

You should do each self-test as you come to it in the study unit. There will also be numerous examples given in the study units, work through these when you come to them too.

The following is a practical strategy for working through the course. If you run into any trouble, telephone your tutor.

Remember that your tutor's job is to help you. When you need help, do not hesitate to call and ask your tutor to provide it.

(1) Read this course guide thoroughly.

(2) Organize a study schedule. Refer to the course overview for more details.

Note the time you are expected to spend on each unit and how the assignments relate to the units. Important information e.g. details of your tutorials, and the date of the first day of the semester will be made

available. You need to gather all this information in one place, such as your diary or a wall calendar.

Whatever method you choose to use, you should decide on and write in your own dates for working on each unit.

(3) Once you have created you own study schedule, do everything you can to stick to it. The major reason that students fail is that they get behind with their coursework. If you get into difficulties with your schedule, please let your tutor know before it is too late for help

(4) *Turn to unit I and read the introduction and the objectives for the unit.*

(5) Assemble the study materials. Information about what you need for a unit is given in the 'Overview' at the beginning of each unit. You will always need both the study unit you are working on and one of your references, on your desk at the same time.

(6) Work through the unit. The content of the unit itself has been arranged to provide a sequence for you to follow. As you work through the units, you will be instructed to read sections from your other sources. Use the unit to guide your reading.

(7) Well before the relevant due date, check your Assignment File and make sure you attend to the next required assignment. Keep in mind that you will learn a lot by doing the assignments carefully. They have been designed to help you meet the objectives of the course and, therefore, will help you pass the exam. Submit all assignments not later than the due date.

(8) Review of the objectives for each study unit confirms that you have achieved them. If you feel unsure about any of the objectives, review the study material or consult your tutor.

(9) When you are confident that you have achieved a unit's objectives, you can then start on the next unit. Proceed unit by unit through the course and try to face your study so that you keep yourself on schedule.

(10) When you have submitted an assignment to your tutor for next unit. Keep to your schedule. When the assignment is returned, pay particular attention to your tutor's comments, both on the tutor-marked assignment form and also written on the assignment. Consult your tutor as soon as possible if you have any questions or problems.

(11) After completing the last unit, review the course and prepare yourself for the final examination. Check that you have achieved the unit objectives (listed at the beginning of each unit) and the course objectives (listed in the Course Guide).

FACILITATORS/TUTORS AND TUTORIALS

There are 17 hours of tutorials provided in support of this course. You will be notified of the dates, times and location of these tutorials, together with the names and phone numbers of your tutor, as soon as you are allocated a tutorial group.

Your tutor will mark and comment on your assignments, keep a close your progress and on any difficulties you might watch on encounter and provide assistance to you during the course- You must mail your tutor-marked assignments to your tutor well before the due date(at least two working days are required). They will be marked by your tutor and returned to you as soon as possible. Do not hesitate to contact your tutor by telephone, email, or discussion board if you need help. The following might becircumstances in whichyou would find help necessary.

CONTACT YOUR TUTOR IF:

a. You do not understand any part of the study units or the assigned readings.
b. With your tutor's comment on an assignment or with the grading of an assignment

You should try your best to attend the tutorials. This is the only chance to have face-to-face contact with your tutor and to ask questions which are answered instantly. You can raise any problem encountered in the course of your study. To gain the maximum benefit from course tutorials, prepare a question list before attending them. You will learn a lot from participating in discussions actively.

As earlier stated above, this course PAD 812 Intergovernmental Relations relates to relations among levels of government in It makes in-depth analysis of the inter-government relations in public sectors for understanding of the practices and principles governing relationships among levels of government.

We hope you enjoy your acquaintances with the National Open University of Nigeria (NOUN). We wish you every success in the future.

MAIN COURSE

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MODULE 1

UNIT 1 CONCEPT OF INTERGOVERNMENTAL RELATIONS

CONTENT

1.1 Introduction

Intergovernmental relations (IGR) are an integral and pervasive part of modern political systems, of growing importance as complexities of modern governance increase. They have become a notable feature of federal political systems; however, they are an important component of any political system with more than one level of government. There is no necessary correlation between the system of government and the degree of centralization of IGR or the relative power between the various levels of government. Indeed, a number of federations – such as Australia and the USA – have steadily become more centralized while many unitary countries have recently decentralized. This is true both for developed countries such as the UK and Spain, which have devolved substantial policy and political authority to regional governments, and for developing countries such as China, Vietnam and Indonesia, where regional governments have increased their autonomous decision making power and financial independence (Phillimore, 2013).

However, federations are distinctive in that their constituent units (states, provinces, cantons, Lander), at least in principle, have their

existence and minimal competencies protected by a foundational law (the constitution or 'basic law') that cannot be readily overturned (Fenna 2012: 750–1). National governments in unitary systems, by contrast, can (again, at least in principle), abolish, restructure or neuter their constituent units. This essential characteristic means that IGR in federations have some distinctive features absent from IGR in non-federal countries. In particular, the constitutional underpinning of constituent units with the full array of executive, legislative and judicial institutions provide them with 'hard' protections and their own political constituency. Therefore, political motivations and considerations of policy autonomy shape the conduct of IGR in a way that may not be so evident – or even possible – for sub-national levels of government in a unitary state. This is likely to be particularly true for countries such as China and Vietnam where centralized political control through their respective Communist Parties are likely to permeate and overshadow formal decentralization measures taken in financial and administrative governance. The existence of a presidential system can also have important effects on IGR, primarily by dispersing the channels of communications (Watts 2008: 119). However, there are examples.

1.2 Learning Outcomes

At the end of this unit, you should be able to:

1. Explain the Concept of Intergovernmental Relations
2. Define intergovernmental relations
3. Discuss why are they important?
4. Explain the concept of legislature in relations to Intergovernmental Relations
5. Explain the concept of the executive in relations to Intergovernmental Relations
6. Discuss the Independent and joint agencies in Intergovernmental Relations
7. Explain the Trends, Challenges and Improvements General Based on case studies of thirteen federations

1.3 Concept of Intergovernmental Relations

1.3.1 What are intergovernmental relations?

We can define intergovernmental relations (IGR) as the processes and institutions through which governments within a political system interact. All countries, whether unitary or federal, have IGR of some sort, provided they have more than one level of government.

Analysis of IGR has traditionally focused on the formal structures and institutions of IGR, in particular those connected with the financial arrangements between the levels of government (Painter 2012: 731). However, IGR also involves extensive informal processes of exchange and interaction. The older Anglo federations of the USA, Canada and Australia did not make significant provision for IGR in their constitutions, assuming instead that the two principal levels of government (the central government and the governments of the constituent units) would operate virtually autonomously in the policy spheres allocated to them by the roles and responsibilities designated in the constitution (Fenna 2012: 753). However, over time, and sooner rather than later, it became clear that this separation of activities through a coordinate form of government was unrealistic and unlikely to last. As governments increased in size and scope during the twentieth century, new issues arose that the original constitutions had not anticipated. Policy areas that had formerly been seen as local matters became matters of national social, economic or environmental significance or at least matters of political and policy interest to national governments. Positive and negative spillovers in areas like transport, water, the environment and business regulation meant that roles and responsibilities between levels of government were no longer clear cut and that IGR of some sort were required to establish policy positions and accountabilities as well as administrative protocols between governments. Crucially, with the rise in national income tax as a tool of macroeconomic policy and welfare state redistribution, national governments invariably raised more revenue than they could spend and fiscal transfers to sub-national units became much more important. This dictated that IGR of some sort were necessary (Fenna 2012: 754). As a result of these and other factors – including judicial decisions on matters of dispute between the levels of government – the need for regular IGR became more obvious.

Coordinate federalism was increasingly replaced by concurrent federalism, which required the different levels of government to deal with each other, even if only sporadically. This in turn raised the need for cooperation as well as the potential for duplication, overlap, complexity, political opportunism, coercion and gaming. A common response to these developments has been to seek a more 'rational' allocation of roles and responsibilities (to rekindle the initial coordinate intent of the constitution), although whether this should be achieved by a return of powers to the states or additional powers for the central government is contested. The alternative to re-drawing 'bright lines' between governments is cooperative federalism, which of necessity implies a more complete and coherent set of IGR institutions and processes to govern the inevitable concurrency of government responsibilities (Wanna et al. 2009). As noted, such concurrency implies at least a minimum level of consultation, cooperation and coordination between governments, as well as conflict resolution mechanisms and a willingness to adapt to changing circumstances. The extent to which this can be done effectively and efficiently is a crucial question, as is the issue of whether cooperative IGR may come at the expense of democratic accountability (Poirier and Saunders 2010: 8).

1.3.2 Why are they important?

Although inevitable and important, IGR can pose difficulties for generalisation and theorisation. This is partly because so much of IGR is informal and reflective of each country's particular national characteristics. These characteristics can lead to strong path dependency. The informal nature of IGR also means that politics, power and contingency tend to assume primacy over law, institutions and consistency, in guiding the relations between the various levels of government. This again results in wide variations across countries and over time. As a result, there has been a general dearth of comparative analysis or agreement on 'principles' of IGR on which analysts and governments can draw. The view that IGR is best regarded as a 'game' akin to diplomacy has also been common (Simeon 1972; Sharman 1977; Painter 2001: 139; Harwood and Phillimore 2012: 88– 89). Such an approach focuses on the motivations and resources of the various 'players' in the game (the levels of government, their personnel and agencies), as well as the rules of the game and its boundaries (IGR institutions, processes, laws, etc.). Rather than regarding IGR as a 'team effort' in which a country's various levels of government are striving to

achieve a common policy purpose, this perspective argues that we cannot assume that all the players are even 'on the same side'. In particular, the constituent units often regard the promotion and protection of their policy and administrative autonomy as more important than promoting the 'national interest' or ensuring harmonisation of service delivery across the country. However, while all sub-national governments would agree on the desirability of autonomy, their substantive policy goals may well differ from each other depending on their economic, social and cultural circumstances and interests. These differences may also affect how they conduct IGR. Quebec in Canada is an obvious example, as are the resource-rich jurisdictions of Alberta or Western Australia, which have regular clashes with their central government and other jurisdictions. Dimensions of IGR There are several different dimensions to IGR that provide the basis for subsequent analysis of IGR institutions and processes. These include vertical, horizontal and sectoral dimensions, as well as the degree of formality with which IGR is carried out. Vertical dimension IGR occurs most importantly in the 'vertical' relationship between the central government and sub national governments.

In unitary systems, these are usually referred to as national and local governments, while in federations we normally refer to the central or federal government and the constituent units of the federation (states in Australia and the US; provinces in Canada; Lander ¨ in Germany; cantons in Switzerland). However, many countries have more than two levels of government. In China, for example, the constitution specifies four tiers (central, province, county, township) while a fifth tier (prefecture-city) has effectively been added between the province and county levels. Vietnam, similarly, has four levels (central, provincial, district and commune). The central government may deal with all the constituent units, a few or just one, depending on the issue. Thus vertical IGR may be bilateral or multilateral. It is not always necessary or even advisable for all constituent units to be treated equally by the central government on all issues. Asymmetry is possible and common (Watts 2008: chapter 8). In federations, three or more levels of government are common (e.g. central, state and local government, as in Australia). But the crucial intergovernmental relationship in federations is generally between the constitutionally protected constituent units and the central government (Fenna 2012: 751). Local government is generally established under state government legislation and regarded as a state government creation, even though they are popularly elected and have

distinct (although quite limited) responsibilities. Indeed, while they often resent federal government efforts to conduct IGR directly with local governments, many states act.

just as overbearingly with 'their' local governments as they accuse federal governments of doing with states. Given the lack of any constitutional obstacles to state interference with local government, allegations of cost shifting by states onto local government are frequently made, and a number of states have amalgamated local governments or dismissed councils without consultation. The situation is basically similar in the US and Canada. Horizontal Horizontal IGR can take many forms and involve some or all of the constituent units. Typically, horizontal relations between constituent units arise to deal with geographic trans-border issues such as rivers, transport, local taxation and service provision. In addition, national peak bodies of constituent unit government leaders have been formed to take joint actions not requiring the national government, to discuss common issues or to lobby the national government on issues of joint importance. Regional groupings of constituent units are also common in Canada and the US. In Australia, formal groupings are less common although alliances can develop, for example between smaller states, or between resource-based jurisdictions. Sectoral A third dimension of IGR relates to the policy sector in question. In the US, so-called 'picket fence federalism' refers to the way in which each policy sector tends to have its own IGR networks and personnel (Radin 2012: 735). In Australia, this is formalised through the establishment of ministerial councils consisting of federal and state ministers and their officials (COAG 2013; Phillimore 2010: 14). The scope, frequency and intensity of interaction can vary between policy sectors, as can the level of cooperation or conflict. Much depends on the financial dependence of states in each policy area, their constitutional powers, their administrative experience and technical knowledge and competence in the area, as well as the political importance of the issue and how trusted each level of government is regarded within the community in relation to the particular policy area in question. Formal and informal dimensions IGR occur through both formal and informal means. Formal mechanisms can be constitutional, statutory or by way of non-statutory institutions, agreements and processes. Informal IGR are inevitably more difficult to observe but often as important as formal mechanisms, if not more so. Informal interactions often hold the system together. In addition, there may be unspoken rules, conventions or principles that are important to

the conduct and effectiveness of IGR (Harwood and Phillimore 2012: 88). As noted, in the older federations (USA, Canada, Australia), constitutions generally said very little about IGR and established few if any institutions to deal with relations between their constituent units and the federal government. This was because they assumed coordinate government would prevail. Federations created in more recent times, such as Germany and South Africa, having witnessed the growth of concurrency in the older federations, have tended to establish some structures and mechanisms to cater for the inevitability of IGR, preferably in ways that promote better processes and more productive outcomes (Poirier and Saunders 2010: 4). Some countries have explicitly specified principles that should govern the conduct of IGR in order to indicate respect between the two levels of government and to reduce conflict, coercion and opportunism (Wanna et al 2009: 9, 11). The EU specifies 'subsidiarity', the German Federal Constitutional Court has officially recognised the 'comity principle' and South Africa's constitution has a section listing 'Principles of co-operative government and intergovernmental relations'. IGR Institutions and Processes There is a wide range of IGR institutions and processes, most of which are extra-constitutional. Most belong to the executive branch of government.

Self-Assessment Exercise 1

1. Define intergovernmental relations
2. Discuss why are they important?

1.4 The legislature

Almost all federations have bicameral parliaments, and most have some form of regionally influenced representation in their second chamber or upper house. However, the only chamber that can really be depicted as an IGR institution is the German Bundesrat whose members directly represent the Lander ¨ governments – who therefore have a direct say in federal government policy and law making (Watts 2008: 154). Although they provide equal representation for each state regardless of population in recognition of the federal principle, upper houses such as the US and Australian Senates have directly elected members who primarily represent party rather than state interests. Countries use a range of legislative techniques to facilitate IGR coordination or give effect to national laws. In Australia, the constitution allows for states to refer powers to the Commonwealth, although this has been done only

sparingly (Phillimore 2010: 13). More common has been the use of mirror or template legislation, which enables model laws, agreed by all governments, to be replicated by others to ensure uniformity or consistency across the nation. Such legislation often arises from intergovernmental agreements (see below). Parliaments occasionally play a formal role in monitoring the executive in particular areas of IGR, such as foreign treaties which place obligations on the sub-national governments. But generally the legislature is a junior player compared to the executive.

1.5 The executive

In parliamentary systems in particular, 'executive federalism' dominates, with most IGR taking place between the executives of the respective governments, including both political office bearers and public servants. Interaction generally involves a range of standing and ad hoc councils and committees, as well as ongoing discussions between officials. These executive mechanisms vary in their level of formality, openness and effectiveness, and indeed have been the subject of criticism for allegedly undermining public accountability and democratic control of government (Poirier and Saunders 2010: 8). Many countries have a peak intergovernmental body at which heads of government meet regularly to discuss common issues and propose joint actions. In Australia, for example, the peak IGR body is the Council of Australian Governments (COAG), comprising all first ministers (the prime minister, premiers of all six states, the chief ministers of the two territories) and the head of the national association of local governments. Yet COAG has no formal status in the constitution, in legislation or even in a formal intergovernmental agreement. It is in fundamental respects a meeting of government leaders, serviced by a Commonwealth secretariat (Phillimore 2010: 13–14). Reflecting the Commonwealth's financial dominance, the prime minister calls the meetings, sets the agenda and prioritises policy issues. Often connected to the peak IGR body are meetings of ministers responsible for particular policy areas, which are usually supported by officials' meetings. In Australia, for example, ministerial councils, which long pre-date COAG's establishment, now often deal with matters delegated from COAG as well as with issues generated by their own ministers, upon which action may be taken or endorsement from COAG sought. However, these bodies have been subject to criticism as they generally work on consensus principles, and therefore it is quite possible for one or more

governments to 'hold out' and exercise effective veto powers. This can lead to inertia or lowest common denominator solutions (Painter 2001: 140). In some countries, horizontal IGR bodies have been established to enable constituent units to work with each other without the participation of the federal government. In Canada, the provincial premiers formed the Council of the Federation in 2003 and Australia followed suit with the Council for the Australian Federation in 2007. The efficacy of these bodies as either lobbying or governing bodies is unclear, however (Tiernan 2008).

An important method of coordinating IGR in all countries occurs through formal agreements between governments. In some countries these are legislated, but in most they are concluded through executive agreement alone – although they may form the basis subsequently for legislation and the establishment of funding programs or new agencies. Australia currently has well over 100 existing agreements, and although most are concluded between the Commonwealth and the states and territories, some are 'horizontal' agreements between states. Major national agreements are normally multilateral but some include bilateral agreements so the Commonwealth and individual state governments can sort out details or deal with issues relating to a particular jurisdiction. Agreements typically assign roles and responsibilities to the signatory governments; detail any financial provisions; and establish reporting requirements. Many arise from the distribution of Commonwealth funds to the states to deliver services. Such agreements can be more or less detailed in terms of the obligations they place on the signatories. Their legal status varies, and dispute resolution mechanisms are usually not detailed to any great extent.

1.6 Independent and joint agencies

A common IGR mechanism is to establish a joint or independent agency to deal with a specific public policy issue (Poirier and Saunders 2010: 6). These often arise from an IGA and may be further supported by legislation. In Australia, such IGR bodies are sometimes established and funded solely by the Commonwealth, but with the states having a role in appointing or approving their members. Australia has numerous such bodies (see Phillimore 2010: 14) dealing with a range of issues including fiscal federalism (Commonwealth Grants Commission), performance evaluation (COAG Reform Council), policy advice (Food Standards Australia and New Zealand, National Transport Commission),

and regulation (Office of the Gene Technology Regulator, Australian Competition and Consumer Commission, Australian Energy Regulator). A common effect of establishing these executive bodies is to depoliticise an issue after initial negotiations and discussions have taken place and a resolution reached. Public service The public service is crucial to the conduct of IGR in all countries. It is the 'engine room' where detailed work is done, both through formal meetings of officials as well as through personal relations and informal interactions. Often, and in keeping with the diplomacy analogy concerning IGR, it is the job of the public service to maintain relations and dialogue with other governments even during times of political tensions and stand offs (Poirier and Saunders 2010: 6). However, it cannot be assumed that the public service of each jurisdiction is necessarily unified. For many years in Australia, for example, 'line agencies' (responsible for most of the spending and service delivery functions and often reliant to an important degree on funds from the Commonwealth government) differed markedly from central agencies (premiers and treasury departments) in how they approached IGR (Painter 2001: 140; Harwood and Phillimore 2012). Line agencies traditionally had a more pragmatic and cooperative relationship with their Commonwealth government counterparts, who were a key source of funds. At the same time, the pace of change and reform in policy and administration was often quite slow. Over the past 25 years, however, central agencies have taken a more active role in IGR and asserted political and policy control over line agencies to ensure that government priorities are adhered to, including in IGR. This is often accompanied by an increase in resources, including dedicated IGR units or sections colocated with their cabinet or policy unit. Nor should it be assumed that all governments are equally capable or interested in IGR. While national governments normally have access to more financial and human resources, even they can find it difficult to cover the wide array of skills and competences involved in IGR properly (Menzies 2011; Harwood and Phillimore 2012: 48–50). This is even more the case for constituent units, for whom IGR can often be seen as a nuisance or intrusion into their regular activities and a burden on their administrative resources. Occasionally, particular jurisdictions take the lead on certain IGR issues. Victoria, for example, was the principal driver behind Australia's National Reform Agenda in the mid-late 2000s. Less populous and financially weaker governments often have to prioritise by focusing their limited human resources on the IGR issues and institutions of most importance to them while keeping a watching

brief or relying on other constituent units to look after their interests on other issues (Harwood and Phillimore 2012: 66–73). Political parties Political parties can have a large influence on IGR. If parties are very centralised and hold power at both national and sub-national level, then national leaders may overwhelm and dominate regional or state governments despite what the formal division of powers may say (Watts 2008: 119–20). This characterises the situation in South Africa and Malaysia, for example, and is likely to be the case in the transition economies of Asia. In Australia, the major parties are structured federally and state branches and governments retain substantial importance and independence, although 'federal intervention' by the national party organisation into dysfunctional state branches does occur from time to time. Collectively agreed federalism reform and policy initiatives have occurred more readily on the relatively rare occasions when one party holds power at the federal level and in most jurisdictions – as it did in Australia in the early 1990s and most recently in 2008–09 (Fenna and Anderson 2012). However, there are also numerous examples of conflict between Commonwealth and state governments having political leaders from the same party. Interest groups Interest groups can both reflect and influence the form of IGR in a country. In Australia, for example, business groups and trade unions used to be state-based but have steadily become more national in organisation, focus and policy prescriptions, as the federal government has taken on more responsibility for economic, competition, regulation and industry policy. Key professional bodies (lawyers, doctors, other health professions) were traditionally subject to state legislation, and have been slower to agree to national regulation, with smaller jurisdictions (supported by their state governments) often holding out against moves to 'go national'.

1.7 Trends, Challenges and Improvements General Based on case studies of thirteen federations

Poirier and Saunders (2010: 7–8) noted several trends and challenges emerging from recent IGR experience. The first trend has been a general increase in the formalisation and institutionalisation of IGR. A second trend has been the development of horizontal IGR. The examples of Canada and Australia have already been noted, and other countries such as Austria and Nigeria have also established leaders' forums at the sub-national level. These bodies aim primarily to influence national policy. A third development has been the emergence of new actors, in particular

large municipalities (in Brazil and South Africa) as well as local governments more generally. This development is not confined to federations. China and Vietnam have also provided more autonomy and self-government for their largest cities. Other non-state actors include First Nations and industry organisations. In 2012 the Australian government established a Business Advisory Forum, which met with all COAG members the day before COAG meetings, to discuss business regulation and competition reforms. Fourth, there has been 'a general trend towards greater centralisation despite some 'administrative' devolution' (Poirier and Saunders 2010: 8). Some argue that traditionally dualist federations (where each level of government is responsible for setting and implementing its own policies) are being turned into integrated federations along German lines, where the federal government sets the major policy directions and provides the relevant funding, while the sub-national units implement these policies as 'agents' of the centre (Fenna 2012: 757). However this is occurring without the sub-national levels having the protected right to participate in the national policy and law making process (as is provided by the Bundesrat in Germany), potentially reducing the status and powers of the constituent unit government.

Finally, an ongoing challenge is the tension between efficiency and accountability, between flexibility and the rule of law, and between effectiveness and consultation (Poirier and Saunders 2010: 8). IGR is primarily a function of the executive arm of government, and reflects its strengths and weaknesses. Inevitably, executive federalism has a fairly poor record in terms of citizen participation, transparency and accountability. Its positive feature is that it may be more effective in delivering outcomes for citizens, especially those living in under-resourced subnational jurisdictions. But too much emphasis on consulting with sub-national governments to obtain their consent can slow the pace of reform and lead to lowest common denominator policies (Painter 2001: 140). Australia Australian IGR demonstrates each of the trends identified by Poirier and Saunders. Despite the lack of constitutional provisions dealing with IGR, Australia has developed a comprehensive set of IGR institutions and policy networks over the past twenty years. However, these institutions (in particular COAG) stand on rather flimsy institutional ground and therefore remain heavily dependent on the Commonwealth for their vibrancy and effectiveness. The establishment of the Council for the Australian Federation created a national horizontal IGR body in Australia for the first time, although its

efficacy is in question. Business has been formally consulted prior to COAG. Centralisation despite devolution is evident in the shift to performance management and evaluation associated with the COAG Reform Council deliberations (O'Loughlin 2012), as well as the new policy and funding arrangements for hospitals, schools and disabilities being promoted by the Commonwealth. Executive federalism, led by COAG, continues to dominate and despite periodic bursts of reform, disillusion has set in for many participants, stakeholders and observers. COAG has gone from being seen as 'the workhorse of the nation' (Karvelas 2007) to being criticised as overloaded and ineffective (Editorial 2013). At least two Premiers have revived calls for 'competitive federalism' to be restored in order to increase accountability and performance (Ashton 2012; McKenna 2012). Pragmatism and opportunism rather than federal principles or legal positions tend to influence the behaviour of governments (Hollander and Patapan 2007), reflecting the status of IGR as a 'game' in which the Commonwealth's financial dominance always looms large. Nevertheless, the states possess their own political and legal resources as well as expertise and knowledge essential for effective implementation of policy (Harwood and Phillimore 2012: 88–89). As a result, they have been able to influence the course and outcome of IGR negotiations on some issues, such as hospitals funding. Improving IGR Many discussions on IGR have a normative focus, aimed at improving the conduct of IGR and the federation more generally (Chattopadhyay and Nerenberg 2010: vii-viii). Of course, improvement is in the eye of the beholder and may well be seen differently by different governments within the IGR system. Increased policy and administrative autonomy rather than substantive policy outcomes may be the most important direct objective for some sub-national governments. But if we accept that there is value in achieving productive and efficient policy outcomes that are generally accepted by the public and their relevant governments, without too much waste, overlap, delay, politicisation or conflict then a combination of formal and informal IGR appears to be highly desirable. In terms of formal design features, the following aspects appear most important: Where possible, building in constitutional and statutory protections for sub-national governments and their policy and administrative roles and responsibilities; Formalising and institutionalising key IGR institutions and mechanisms; Annunciating explicit principles to guide behaviour (the 'comity' principle in Germany) and policy-making (the 'subsidiarity' principle in the EU).

These features provide more certainty and importantly provide a level of protection for the weaker party to any IGR (normally the sub-national government), thereby reducing the temptation and opportunity for the national level to engage in coercion, opportunism, poor behaviour and capriciousness (Poirier and Saunders 2010: 4). There is a balancing act required in order to 'avoid extensive, complex and rigid legal requirements that could become a long-term straightjacket' (Watts 1997: 38). But in general 'hard' protections such as those inherent to federations enable negotiations between the levels of government to be more equal and less prone to simple coercion. Formal or 'hard' rules and institutions are necessary but they are not sufficient. They need to be supported by informal or 'soft' conditions such as respect, trust, mutuality, tolerance of diversity, a willingness to engage and cooperate, and recognition of the legitimacy of the other's position (Watts 1997: 38). They also require government capacity to engage in meaningful IGR.

Self-Assessment Exercise 2

1. Explain the concept of legislature in relations to Intergovernmental Relations
2. Explain the concept of the executive in relations to Intergovernmental Relations
3. Discuss the Independent and joint agencies in Intergovernmental Relations
4. Explain the Trends, Challenges and Improvements General Based on case studies of thirteen federations

1.8 Summary

From the above, we may draw the following concluding observations. (1) It is necessary to go beyond the formal rules, regulations and institutions of IGR to understand their substance. Trying to understand IGR in Australia from a reading of the constitution will not provide a full picture, and nor will a simple reading of COAG communiques or intergovernmental agreements. In countries such as China and Vietnam, their respective Communist Parties play a crucial role in their conduct of IGR. (2) Power is at the centre of any system of IGR – and is closely linked to the relative fiscal capacity of the various governments. (3) IGR

are more like diplomatic relations than contractual or legal relations. (4) Notwithstanding the previous points, the 'hard' protections which federations provide for their constituent units do set a base, however flawed, from which states can undertake IGR. This may not be the case in unitary countries. (5) Path dependence is frequently observed and important.Whether a country is on an integrative or devolutionary path makes a difference in terms of determining what might be regarded as the 'natural' or 'common sense' direction of IGR reform. Australian federalism has been integrating and centralising for decades; several unitary countries have been doing the opposite. (6) The increase in the number and range of actors involved in IGR adds complexity and hence, potentially, inefficiency to their operation. But it also allows for asymmetry, bilateralism, competition, collaboration, experimentation, and opportunism, all of which can have positive as well as negative effects. (7) For all sub-national governments, preserving control over key policy and administrative decisions affecting their areas of responsibility (both geographical and policy) are likely to be crucial – and legitimate – goals. Central governments need to remember this. (8) Relatedly, not all governments possess the financial and human resources, or the political inclination, to conduct IGR conscientiously or effectively. Most place a higher priority on policy and politics within their own jurisdiction.15

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1.10 Possible Answers to Self-Assessment Exercise(s) within the content

Answer to SAE 1

1. intergovernmental relations (IGR) as the processes and institutions through which governments within a political system interact. All countries, whether unitary or federal, have IGR of some sort, provided they have more than one level of government

However, IGR also involves extensive informal processes of exchange and interaction. The older Anglo federations of the USA, Canada and Australia did not make significant provision for IGR in their constitutions, assuming instead that the two principal levels of government (the central government and the governments of the constituent units) would operate virtually autonomously in the policy spheres allocated to them by the roles and responsibilities designated in the constitution (Fenna 2012: 753).

2. Although inevitable and important, IGR can pose difficulties for generalisation and theorisation. This is partly because so much of IGR is informal and reflective of each country's particular national characteristics. These characteristics can lead to strong path dependency. The informal nature of IGR also means that politics, power and contingency tend to assume primacy over law, institutions and consistency, in guiding the relations between the various levels of government. This again results in wide variations across countries and over time. As a result, there has been a general dearth of comparative analysis or agreement on 'principles' of IGR on which analysts and governments can draw. The view that IGR is best regarded as a 'game' akin to diplomacy has also been common (Simeon 1972; Sharman 1977; Painter 2001: 139; Harwood and Phillimore 2012: 88– 89). Such an approach focuses on the motivations and resources of the various 'players' in the game (the levels of government, their personnel and agencies), as well as the rules of the game and its boundaries (IGR institutions, processes, laws, etc.).

Answer to SAE 2

1. The legislature

Almost all federations have bicameral parliaments, and most have some form of regionally influenced representation in their second chamber or upper house. However, the only chamber that can really be depicted as an IGR institution is the German Bundesrat whose members directly represent the Lander ¨ governments – who therefore have a direct say in federal government policy and law making (Watts 2008: 154). Although they provide equal representation for each state regardless of population in recognition of the federal principle, upper houses such as the US and Australian Senates have directly elected members who primarily represent party rather than state interests. Countries use a range of legislative techniques to facilitate IGR coordination or give effect to national laws. In Australia, the constitution allows for states to refer powers to the Commonwealth, although this has been done only sparingly (Phillimore 2010: 13).

2. The executive

In parliamentary systems in particular, 'executive federalism' dominates, with most IGR taking place between the executives of the respective governments, including both political office bearers and public servants. Interaction generally involves a range of standing and ad hoc councils and committees, as well as ongoing discussions between officials. These executive mechanisms vary in their level of formality, openness and effectiveness, and indeed have been the subject of criticism for allegedly undermining public accountability and democratic control of government (Poirier and Saunders 2010: 8). Many countries have a peak intergovernmental body at which heads of government meet regularly to discuss common issues and propose joint actions. In Australia, for example, the peak IGR body is the Council of Australian Governments (COAG), comprising all first ministers (the prime minister, premiers of all six states, the chief ministers of the two territories) and the head of the national association of local governments. Yet COAG has no formal status in the constitution, in legislation or even in a formal intergovernmental agreement.

3. Independent and joint agencies

A common IGR mechanism is to establish a joint or independent agency to deal with a specific public policy issue (Poirier and Saunders 2010:

6). These often arise from an IGA and may be further supported by legislation. In Australia, such IGR bodies are sometimes established and funded solely by the Commonwealth, but with the states having a role in appointing or approving their members. Australia has numerous such bodies (see Phillimore 2010: 14) dealing with a range of issues including fiscal federalism (Commonwealth Grants Commission), performance evaluation (COAG Reform Council), policy advice (Food Standards Australia and New Zealand, National Transport Commission), and regulation (Office of the Gene Technology Regulator, Australian Competition and Consumer Commission, Australian Energy Regulator). A common effect of establishing these executive bodies is to depoliticise an issue after initial negotiations and discussions have taken place and a resolution reached. Public service The public service is crucial to the conduct of IGR in all countries.

4. Trends, Challenges and Improvements General Based on case studies of thirteen federations

Poirier and Saunders (2010: 7–8) noted several trends and challenges emerging from recent IGR experience. The first trend has been a general increase in the formalisation and institutionalisation of IGR. A second trend has been the development of horizontal IGR. The examples of Canada and Australia have already been noted, and other countries such as Austria and Nigeria have also established leaders' forums at the sub-national level. These bodies aim primarily to influence national policy. A third development has been the emergence of new actors, in particular large municipalities (in Brazil and South Africa) as well as local governments more generally. This development is not confined to federations. China and Vietnam have also provided more autonomy and self-government for their largest cities. Other non-state actors include First Nations and industry organisations.

UNIT 2 EVOLUTION AND CONCEPT OF FEDERALISM

Content

1.1 Introduction

Some scholars on federalism argue that governments within the federal system have not been independent of each other but have in practice been interdependent and interacted with each other in a relationship of both cooperation and rivalry. Others argue that federalism involves cooperation, bargaining, and conflict. Thus, there has always been a measure of cooperation between the two levels of government. In this unit, we will examine the meaning and nature of federalism.

1.2 Learning Outcomes

At the end of the unit, students should be able to:

- Explain the Evolution of Federalism
- Understand the meaning of federalism and
- Explain the nature of federalism

1.3 Evolution and Concept of Federalism

Content

1.1 Introduction

This unit will be discussing the concept of Federalism. Federalism is derived from the Latin word "Foedus", which means "treaty or agreement. It denotes when a sovereign and independent state, either because they are too weak to resist foreign aggression individually or because they remain economically backward by standing alone. Hence, they voluntarily agree to unite. In this unit, we shall examine how federalism emerged as a system of government.

1.2 Learning Outcomes

At the end of this unit, you should be able to:

- Explain the Alliances and Confederations
- Explain the Federal-Decentralized System
- Explain the Central-Decentralized System
- Give the meaning of Federalism
- Explain Nature of Federalism
- Identify and explain the Types of federalism

1.3 Alliances and Confederations

1.3.1 Alliances and Confederations

In the beginning, there was an alliance – a coalition of states agreeing to help each other in the event of war or crisis. Alliances do not only involve cooperation and aggregation of capabilities; they are generally directed toward an actual or potential enemy and the actual or potential use of force. The agreement on which an alliance is based is often embodied formally in a treaty, but it can also be based on a tacit or informal understanding. Alliances can be between states that are relatively equal in power and involve mutual security guarantees, or they can be between unequal states, in which case the more powerful state generally extends a unilateral guarantee to the less powerful state. Too often, a willingness to protect and preserve has turned into a desire to take over and annex. Then came the confederation, a group of independent states that delegate powers on selected issues to a central government. In a confederation, the central government is deliberately limited, designed to be inherently weak, and has few independent powers (Shafritz et al., 2011).

1.3.2 Federal-Decentralized System

History indicates clearly that the principal factor in the formation of the federal system of government has been a common external threat. "Tribes, villages, cities, colonies, or states have joined together in voluntary unions to defend themselves"(Shafritz, Russell, and Borick, 2011:134)

Every federal state has a devised system of emergence. In some cases, a new state is created to which the hitherto sovereign states surrender their sovereignty and agree to become its component parts. Some countries call the federation that emerged as a state, as in the case of the United States of America, Nigeria, Austria, India, and so on. In the cases of Canada and Pakistan, they are referred to as provinces; cantons in Switzerland; Union Republics in the former Soviet Union; and Lander in the German Federal Republic. The central governments which come into existence as a result of that federation are entrusted with powers of general character such as defense, currency, foreign affairs, military, etc., while the constituent units are empowered with certain issues within their jurisdiction as spelt out by the constitution. Sovereignty lies with the state against external Control (Ugoh, 2011:23).

1.3.3 Central-Decentralized System

In this system, a federation may also come into existence when a unitary state with a large area needs unity because of its diversity; it divides its power into two sets of government and grants constitutional autonomy to its units. The system formed in this way is known as the centrifugal type of federalism. The new apparatus of government comes to be the central government, which retains only those subjects of national importance, such as currency, defense, security, and transfers to rest or to the justification of component units. Both the central and component units constitute part and parcel of one governmental system, and their relationships are ones of partnership and collaboration in a single organization, possessing one common, alternate purpose and an integrated system of institutions for that purpose. The relationship between the central and local authorities is not that of an omnipotent controlling authority and its agents, but of partners in an enterprise – the carrying on of efficient administration. These features can be found in Norway and Sweden (Eneanya, 2012).

1.4 Meaning of Federalism

Federalism has been defined differently by many scholars. Wheare (1963: 10) defines federalism as "a system where there is more than one tier of government with the tiers each within a sphere, coordinated and independent." Friedrich (1963) views it as "a process by which a number of separate political organizations, be they states or any kind of association, enter into agreements for working out solutions, adopting joint policies, and making decisions on joint problems...." Ramphal (1979) describes federalism as a situation where "communities accept to live and work together nationally on a limited number of matters and for those matters only; but are determined, at the same time, to preserve their separate identities and to remain competent authorities in their own territories for the regulation of other

According to Katz (1984:20), federalism "is a form of political organization designed to promote both effectiveness and liberty in which separate politicizes (or nationalities) are united within an over-arching framework in such a way that all maintain their fundamental integrity". Federalism contrasts with a unitary system of government where there is one predominant central government that assumes full powers and responsibility for all government functions and may delegate some of its powers and functions to the local authority that it has created (Oates, 1972: 3–20).

On the other hand, federalism is sometimes confused with pluralism. Although they share certain similarities, they are in no way identical.

Federalism operates within an entity that is composed of territorially defined groups, while pluralism is not characterized by any well-defined territory. The pluralist system is a social system of politics where the state, which is a gathering of private groups' organizations and individuals' interests represented by such associations, enjoys the distribution of power.

Nevertheless, these groups of interest have no territorially defined boundaries. Every pluralist society represents a multitude of diverse social interests through organized representation in political decision-making.

Thus, federalism represents a principle for the organization of decision-making in an association of groups of people within a nation-state. It possesses a relative autonomy that is constitutionally recognized. The federal system recognizes and respects the co-existence of concurrent governments as opposed to the unitary form of government.

1.4.1 Nature of Federalism

Federalism is a political system adopted to cater to the diversity and heterogeneity of societies. It is designed to address the twin issues of maintaining unity while preserving diversity. To Wheare (1963), it is a method of dividing powers so that general and regional governments are each within a sphere of coordination and practice. Federalism is practiced by many countries in the world, such as Nigeria, Australia, Canada, the United States of America, etc. A federal system of government is one in which powers are distributed between the center and the states. The constitution of a federal state is always written because it clearly spells out the powers and functions of both the central government and the state governments; the essence is to avoid conflict and control that may arise between these governments.

Self-Assessment Exercise

1. What do you understand by the term federalism
2. Explain the factors that led to the emergence of federalism in Nigeria?

1.4.2 Types of federalism

There are different types of federalism, namely:

a. Dual federalism
b. Cooperative federalism
c. Creative federalism

d. Competitive federalism
e. Fiscal federalism
f. Centrifugal federalism

Dual Federalism

The concept of dual federalism is set against the background of classical thinking. It represents the classical theory of federalism. Dual federalism is based on the conception of the autonomy of the various levels of government within a federation. This is considered the basis for the existence of true federalism.

Cooperative Federalism

Cooperative federalism is a compromise of dual federalism and true federalism. The emphasis here is on cooperation between the levels of government in a federation. Such cooperation is necessary for the proper functioning of the overlapping functions and responsibilities of these governments. As such, in cooperation federalism, the various units of government have an interdependent relationship among themselves despite the constitutional division of powers and the provisions for independence and autonomy.

Creative Federalism

Creative federalism sought to foster the development of a singular "Great Society" by integrating the poor into mainstream America. Its expansive efforts were marked by the rapid development of categorical grant programs to state and local governments and direct federal grants to cities, frequently bypassing state governments entirely.

Competitive Federalism

Competitive federalism is characterized by regular conflictual patterns of relationships among the various government units. This is an undesirable situation since it does not promote peace and unity and is likely to slow the pace of development and self-reliance.

Fiscal Federalism

Fiscal federalism means that taxing and spending are handled by different levels of government, while fiscal decentralization is when sub-national governments are given the legal power to raise some taxes and spend money as long as they meet certain legal requirements.

This also involves the allocation of centrally generated revenue to lower tiers of government through some revenue sharing formula (Ekpo,

1999). In Nigeria, thus, it involves three tiers of government – federal, state, and local. Here, fiscal federalism exists mainly as revenue allocation directed by the award of special grants from federation accounts. To avoid conflict, revenue commissions are often established to work out the best acceptable formula for revenue allocation from federation accounts.

Centrifugal Federalism

Federalism may also emerge when a military state with a large geographical area seeks unity in its diversity, divides its power into two sets of governments, and grants constitutional autonomy to its units. The system formed in this way is known as the centrifugal type of federalism. The new apparatus of government comes to be the central government "which retains only those subjects of national importance (such as currency, defence, railway, and security) and transfers the rest to the jurisdiction of the units" (Ugoh, 2011: 24). In other words, inter-government relations also exist in a unitary system of government. As Graves (1974) and Ayoado (1980) pointed out, there are at least three levels of inter-governmental relations in a unitary system, namely: national–local relations Relations between municipalities and the federal government.

Self- Assessment Exercise

1.	What do you understand by the concept of federalism?
2.	List and explain two (2) different types of federalism

1.5 Summary

In this unit, we have discussed the meaning, nature, features, and types of a federal system. Federalism as an option of government has a strong appeal for communities that desire to unite for limited purposes while retaining a large measure of autonomy. Basically, a federal system tries to bring together different parts of the government that want to work together but don't want to lose their own identities or control over local matters.

Federalism is a way of organizing politics that is meant to promote both efficiency and freedom. Different politics (or nationalities) are untied within an overarching framework, but all of them keep their basic integrity.

It seeks to unite several diverse component units that desire some degree of unity in diversity. There are different types of federalism, namely: dual, cooperative, competitive, and fiscal federalism. Fiscal federalism is an off-shoot of federalism. It refers to the statutorily defined financial transactions between the different tiers of government within a federation. It could also be seen as the existence, in one nation-state, of more than one level of government, each having responsibility for both taxation and expenditure (Okigbo, 1965; and Anyanwu, 1995). Within a fiscally federated state, a citizen can be subjected to the influence of the fiscal operations of different levels of government.

Federal, state, and local governments, the principles of federalism and its concurrent concept, fiscal federalism, have been accepted in Nigeria since 1946. In this, different levels of government have been allotted their functions within their.

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1.7 Possible Answers to Self-Assessment Exercise(s) within the content

SAE One:

Federalism represents a principle for the organization of decision-making in an association of groups of people within a nation-state. It possesses a relative autonomy that is constitutionally recognized. The federal system recognizes and respects the co-existence of concurrent governments as opposed to the unitary form of government.

SAE Two:

types of federalism, namely:

a. Dual federalism
b. Cooperative federalism
c. Creative federalism
d. Competitive federalism
e. Fiscal federalism
f. Centrifugal federalism

Dual Federalism; the concept of dual federalism is set against the background of classical thinking. It represents the classical theory of federalism. Dual federalism is based on the conception of the autonomy of the various levels of government within a federation. This is considered the basis for the existence of true federalism.

Cooperative Federalism; Cooperative federalism is a compromise of dual federalism and true federalism. The emphasis here is on cooperation between the levels of government in a federation. Such cooperation is necessary for the proper functioning of the overlapping functions and responsibilities of these governments. As such, in cooperation federalism, the various units of government have an interdependent relationship among themselves despite the constitutional division of powers and the provisions for independence and autonomy.

UNIT 3 MODELS OF FEDERALISM

CONTENT

1.1 Introduction

Federalism is a political system in which two levels of government—federal and state—exist side by side, with each possessing certain assigned functions. The fundamental character of this system is that it is a political system characterized by the central and component governments with distinctively recognized autonomy in their own spheres of influence but interacting with each other cooperatively. In this unit, we shall examine the forms or models in which federalism evolved.

1.2 Learning Outcomes

At the end of the unit, students should be able to:

- Explain how federalism evolved through the development process.
- Explain how federalism evolved through the bargaining or aggregation process.

1.3 Main Content

There are two forms or processes of federalism that have evolved, namely(Ogbuise 2007:7–8), the devolution model or process.

1.3.1 Devolution Model

An analysis of the evolution of federalism in Nigeria would show that Nigeria existed as a unitary state before it decided to reconstitute itself by devolution of governmental and legislative power to other levels of government, such that these levels of government became coordinated with the central government and enjoyed autonomy in the exercise of legislative, executive, and administrative powers allotted by the constitution of that country.

In Nigeria, for example, federalism originated from an entirely unitary set-up prior to the coming into force of the Richards Constitution in 1946, which also created regional councils. This marked the beginning of decentralization in Nigeria. The reason for devolution is the presence of a strong and continuous demand for autonomy over certain local issues, especially in multinational societies with high socio-cultural diversity. Another example of a country that formerly was unitary but has devolved into a federation is Canada.

1.3.2 Aggregation Model

This model is characterized by a bargain or agreement made among previously sovereign polities, such that each agrees to give up part of its sovereignty in order to pool its resources with the others and thereby increase the security, prestige, and economic potential of the federated state as a whole. At the end of the day, a common central government is formed to take charge of certain issues of common interest to all of them. The component units, however, retain autonomy over certain issues and functional areas, especially matters of relative local government. Examples of federal states that have emerged through this process include the United States of America, Switzerland, and Australia.

Self – Assessment Exercise

1. Explain how federalism evolved through the development process. 2. Explain how federalism evolved through the bargaining or aggregation process.

1.4 Summary

In this unit, we have examined the conceptual models of federalism. This defines the mode and character of inter-governmental relations in a federal state. The models determine the inter-relationship among the states as well as between the states and the federal government. The constitutional provisions made it possible for powers to be distributed, which would allow all the entities to work separately while still working together as a nation.

This unit has discussed the processes of the emergence of federalism. The conceptual models are vital for the understanding of inter-governmental relations. Federalism as a political system binds a group of states into a larger, non-centralized, and superior state. Federalism can be classified into two major models based on their formation and existence. The models are the devolution and aggregation models. The devolution model describes the situation where a state that has existed over a period of time as a unitary state decides to reconstitute itself by devolving governmental and legislative power to other levels of government in the country. Nigeria and Canada are examples of countries that emerged as federal states through this model. On the other hand, the aggregation model is characterized by a bargain or agreement made among previously sovereign polities, such that each agrees to give up part of its sovereignty in order to pool its resources with the others and increase the economic development of the federated state as a whole.

1.5 References/Further Readings

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1.6 Possible Answers to Self-Assessment Exercise(s) within the content

SAE One

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SAE Two

This model is characterized by a bargain or agreement made among previously sovereign polities, such that each agrees to give up part of its sovereignty in order to pool its resources with the others and thereby increase the security, prestige, and economic potential of the federated state as a whole. At the end of the day, a common central government is formed to take charge of certain issues of common interest to all of them. The component units, however, retain autonomy over certain issues and functional areas, especially matters of relative local government. Examples of federal states that have emerged through this process include the United States of America, Switzerland, and Australia.

UNIT 4 RATIONALE OF FEDERALISM

CONTENT

1.1 Introduction

The rationale for federalism continues to be relevant because not all government systems are federal. Federalism is about partial decentralization of government systems. Therefore, in this unit, there is a need to examine the justification for federalism.

1.2 Learning Outcomes

At the end of this unit, students should be able to:

- Understand the economic justification of federalism.
- Understand the political justification of federalism.
- Explain the institutional basis for operating a federal system.

1.3 Main Content

1.3.1 Economic factor

The economic argument for decentralization has been partitioned into two categories, namely: the ex-ante (or theoretical) argument and the expost (or practical) argument (Cremer et al., 1994). The ex-ante-argument can be traced to the work of Buchanan (1950), Musgrave (1961), and Oates (1972). The theoretical economic argument suggests preferences (hereafter referred to as tastes) for some public goods vary from one locality to another. Such differences in tasks can be attributed to historical and socioeconomic factors.The scenario is, therefore, one

wherein, for some goods, there is an identical taste within each locality and variations in tastes across localities.

Simultaneously, we have a situation wherein public goods differ in their spatial characteristics, particularly in terms of the spatial incidence of the benefits enjoyed. At the extreme, we have national public goods whose consumption is collective nationally. For example, national defense; and local public goods whose consumption is communal, such as street lighting.

If the central government provides a local public good, one possibility is for this tier of government to seek information on each locality's preferences and then respond to them. Such information, however, would be costly, and the federal government may be reluctant to use it. The tendency, therefore, is for the central government to provide a uniform level of service in all localities, in spite of the observed variations in tastes. The uniform provision of the local public will, to different degrees, make some localities over consume, and others under-consume, the public good. If we have more than one public good, the uniform provision of each and every good to all localities could adversely affect not only the level but also the bundle of the goods that are consumed.

In order to improve the efficiency of government systems, a system has to evolve that would differentiate the provision of local public goods according to local tastes and circumstances (Woller and Phillips, 1998: 139–140). This requirement is met by a decentralized system of government. According to Groenewegen (1987: 366), decentralization permits a better match of public goods supply to local tastes. This theoretical case for federalism has now been made since we have at least one function that is better performed by sub-national governments and at least one other function that is better performed by the central government. So, the economic argument is that decentralization could make it easier for people to try new things and come up with new ideas because some areas will want to find better ways to provide services.

1.3.2 Political factor

Decentralization can improve political cohesion in countries with regional, ethnic, racial, linguistic, or cultural diversity, such as Nigeria (Tanzi, 1995: 301-302).

Decentralization can also provide the opportunity for local governments to serve as training grounds for democracy. It has also been argued that stronger local or regional governments can serve as an instrument for

curtailing the natural tendency for the central government to become too powerful.

1.3.3 Institutional factor

There is an institutional argument for decentralization. Provisioning at the grass roots level is unlikely to be limited to a single good. It is likely to be for a bundle of public goods. There is then the need for effective coordination of this bundle of goods. Given their closeness to the grassroots, local governments are in a better position to achieve the desired level of coordination of local public goods than the central government (Taiwo, 2004:39).

SELF – ASSESSMENT EXERCISE

1. Explain the economic justification of operating a federal system.
2. Describe the political and institutional justification for operating a federal system.

1.4 Summary

In this unit, we have discussed the rationale for operating a federal system. Federalism entails power devolution to different geographical levels within a nation. Federalism allows for a great degree of decentralization. Federalism, therefore, can be justified on the basis of decentralization of economic, political, and institutional benefits.

The unit has described the justification for operating a federal system. The exercise is beneficial not only to countries that have deviated from the norms of the federal system of government, but also to those that are fine turning their systems or are in the process of transitioning from other government systems to the federal one.The economic justification for operating a federal system stems from the logic that a decentralized system of government could enhance competition among jurisdictions or tiers of government and enhance better ways of providing goods and services. From a political argument, it can enhance cohesion in countries with regional, ethnic, racial, or cultural diversity.

Finally, the justification for operating a federal system could be on the grounds of institutional factors. Provision of public goods can better be achieved by local governments or units.

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1.6 Possible Answers to Self-Assessment Exercise(s) within the content

SAE One

The economic argument for decentralization has been partitioned into two categories, namely: the ex-ante (or theoretical) argument and the expost (or practical) argument (Cremer et al., 1994). The ex-ante-argument can be traced to the work of Buchanan (1950), Musgrave (1961), and Oates (1972). The theoretical economic argument suggests preferences (hereafter referred to as tastes) for some public goods vary from one locality to another. Such differences in tasks can be attributed to historical and socioeconomic factors.The scenario is, therefore, one wherein, for some goods, there is an identical taste within each locality and variations in tastes across localities.

SAE Two

Federal system/Decentralization can also provide the opportunity for local governments to serve as training grounds for democracy. It has also been argued that stronger local or regional governments can serve as an instrument for curtailing the natural tendency for the central government to become too powerful.

Institutional argument for decentralization,provisioning at the grass roots level is unlikely to be limited to a single good. It is likely to be for a bundle of public goods. There is then the need for effective coordination of this bundle of goods. Given their closeness to the grassroots, local governments are in a better position to achieve the desired level of coordination of local public goods than the central government (Taiwo, 2004:39).

UNIT 5 THEORETICAL AND IDEOLOGICAL PERSPECTIVES ON FEDERALISM

CONTENTS

1.1 Introduction

Federalism is a device for dividing decisions and functions of the government. It contrasts with a unitary system where there is one predominant central government that assumes full power and responsibility for all government functions but may delegate some of its powers to the local authority. Federalism is different from political and fiscal. Unlike political federalism, which deals with the delegation of powers and authority to tiers of government through the use of the constitution, fiscal federalism is concerned with the delegation of government spending and resources to tiers of government (Oates, 1972: 16-20; Asobie, 1998:15). In this unit, we shall examine the conceptual and theoretical issues of federalism.

1.2 Learning Outcomes

At the end of the unit, students would be able to:

- Explain the theoretical perspectives of the federal system.
- Understand the ideology of federalism.

1.3 Main Content

1.3.1 Theoretical Perspectives

It is helpful at this point to examine some of the theoretical perspectives that have been used by experts in the field to analyze, explain, and predict inter-governmental events. However, it will be helpful to define what is meant by "theory. A theory is a coherent set of statements describing and explaining the relationships and underlying principles of some aspect of the world. A useful (although somewhat oversimplified) distinction may be made between two kinds of theories: normative theory, which offers explanations and predictions for how some part of the world actually is or ought to be;

And empirical theory, which offers explanations and predictions for how some part of the world actually is or will be,these two types are directed at quite different goals. However, in the field of intergovernmental relations, efforts to explain an inter-governmental system are simultaneously bound up with attempts to persuade others that certain forms of intergovernmental relations are preferable.

In other words, many intergovernmental theories have been both normative and empirical.

1.3.2 Federalist School

Furthermore, federalism is viewed as either an alliance or as decentralization (Gibson, 2004: 4-6). The Alliance, or federalist school, argues that federalism allows for the surrender of power to the centre and gives allowance for self-government. In other words, inherent in the federal arsenal is generalized rule and particularistic rule. The Federalist school is concerned with the combination of "self-rule and shared rule". The logic is that a process of "defederation" begins when the centre gets so powerful to the extent that it erodes the powers of the other component units of the federation to run their own affairs within the constitutionally quarantined area without reference to the central authority. This type of federation is seen as an alliance.

1.3.3 Decentralization School

The Decentralization school views federalism as entailing power devolution to different geographical levels within a nation. This school argues that mere decentralization of power is more important than

whether it is a "particular political or constitutional order." Thus, federalism allows for a great degree of decentralization. The logic is that political exigencies might make federalism desirable, but power calculation and domination may make decentralization the empirical reality of power organization.

1.3.4 Ideology of Federalism

The ideologists of federalism do not, of course, utter arguments justifying the benefits that accrue to these beneficiaries. To do so would be to admit that not everyone gets something out of the institution of federalism. Yet it is the nature of ideology to be a claim of universal benefit, and the ideology of federalism consists of a claim that everyone gets such and such a benefit from it. Since we know, however, from the examination of beneficiaries just completed that in fact, some people, often a majority, do not benefit at all, it is easy enough to spot an ideology because it is presented as a claim that everyone gets something good from the institutions of federalism (Riker, 1985:70). Let us look at some of these claims:

1. That federalism promotes a democratic polity. It should be abundantly clear, just from looking at the list of federal governments, that not all of them are democracies or even pretend to be democracies, although their claim to be federations is indisputable. Examples are Mexico, Yugoslavia, and Nigeria.
2. That federalism promotes democracy by promoting an interest in state government. However, studies conducted by Deye (1966); Jacob and Lipsky (1968) generally support the proposition that state governments are more influenced in their actions by the state of their economies than by the demands of their citizens.

On the basis of survey research, Jennings and Ziegler (1970) have shown that citizens simply do not follow state politics very well. And when people do not know what a government is doing, they cannot hold it responsible. And if they cannot hold it responsible, it can hardly be particularly democratic, especially by comparison with national and local governments, which are more visible. In general, one would expect that the greatest interest of the citizens would be centred on that level of government that does the most important things. Thus, in a centralized federation, one would expect interest to centre on the national government, while in a peripheralizedfederation, one would expect the interest to focus on the constituent governments. For example, in Nigeria, allegiance was on regional governments.

3. That federalism maintains individual freedom. This is by far the most decentralized organization of power. From the discussion

shown so far, the claim of ideologists of federalism that the federal system strengthens freedom is false. Sometimes, federalism reduces freedom.

Self Assessment Exercise

1. Describe the theoretical perspectives of federalism?
2. Explain the ideology of federalism?

1.4 Summary

In this unit, we have discussed the theoretical perspectives and ideology of federalism. Two major schools of thought view federalism from two perspectives. The first school, the federalist school, is concerned with the principle of self-rule and "shared rule". The school views federalism as an alliance. On the other hand, the decentralization school argues that federalism entails power devolution to different geographical levels within a nation.

However, in practice, federalism is a mixture of centralization and decentralization. Every nation embraces a creative proportionality of centralization and the ideological arguments in favour of federalism. Freedom is the right to make rules as one chooses. Rules in turn impose constraints on all those who would not, by preference, have made exactly those rules. The ideal of freedom is then to minimize the external costs suffered by some people in society. In an aristocratic society, the external costs of the well-born are minimized; however, in today's equalitarian society, the external costs of some representative citizen chosen at random from the entire population are presumably minimized.The best way to minimize costs for such a citizen is to have policing done by the largest relevant unit of government. For all issues of national concern, then, maximum freedom is attained when policy is made nationally. Conversely, for all issues of local concern, maximum freedom is attained when policy is made.

Federalism allows for the surrender of power to the centre while allowing self-government. Given human nature, power serves as an instrument of statecraft. Those with power allow different centres of power to perform certain responsibilities in order to accommodate the heterogeneous nature of the state. The intent of such a constitutional arrangement is to make way for nation-building.

Beyond the potential for managing diversity and conflictual relations, there is also an economic imperative for federalism. This calls for the decentralization of decision-making and the distribution of state powers between governmental levels. This is because public goods are different,

which means that their production and distribution need to be handled in different ways.

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Riker, W. H. (1985). "Federalism: Origin, Operation, Significance".

1.6 Possible Answers to Self-Assessment Exercise(s) within the content

SAE One

Theoretical perspectives have been used by experts in the field to analyze, explain, and predict inter-governmental events. However, it will be helpful to define what is meant by "theory. A theory is a coherent set of statements describing and explaining the relationships and underlying principles of some aspect of the world. A useful (although somewhat oversimplified) distinction may be made between two kinds of theories: normative theory, which offers explanations and predictions for how some part of the world actually is or ought to be

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MODULE 2 DYNAMICS OF INTER-GOVERNMENTAL RELATIONS

UNIT 1 MODELS OF INTERGOVERNMENTAL RELATIONS

Contents

1.1 Introduction

In inter-government relations, it is important to examine how a group of states is bound into a larger, non-centralized, and superior state. Inter-governmental relations may be classified into three conceptual models. We can formulate some simplified models of authority relationships among national, state, and local jurisdictions. In this unit, we shall examine the features of intergovernmental relations arrangements.

1.2 Learning Outcomes

At the end of the unit, students should be able to:

- Understand the authority relationships that exist between political entities and
- Learn how to use the models to generate hypotheses.
- Understand that by testing these hypotheses, we can discover which model best fits predictions of inter-governmental relations policies.

1.3 Main Content

There are three models that express visually the three generic entities, namely: coordinate–Authority model; inclusive authority model. Overlapping - Authority model (Wright 1985: 58-65) Each model concentrates on the essential features of a possible intergovernmental relationship arrangement and guides us in formulating hypotheses. Testing these hypotheses, we can discover which model best fits the political system being operated (Wright, 1985:59).

1.3.1. Coordinate-authority Model

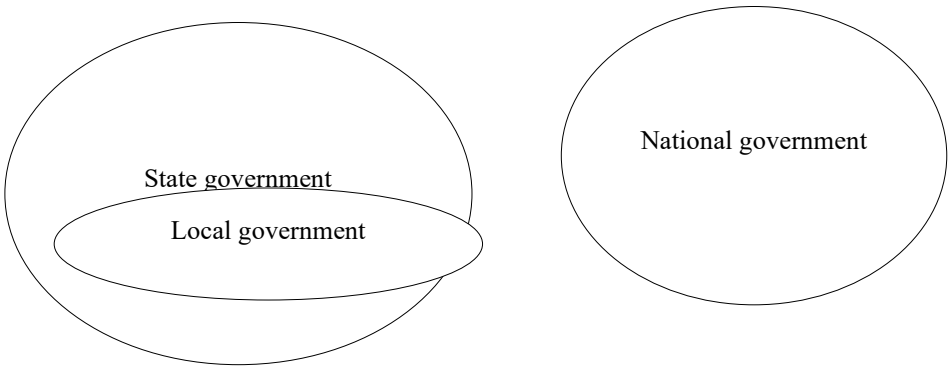


Fig 1: *Coordinate Authority Model*

In the coordinate-authority model of Intergovernmental Relations, sharp, distinct boundaries separate the national government and state governments. Local units, however, are included within and are dependent on state governments.

The most classic expression of state/local relations is Dillon's Rule, which summarizes the power relationship between the states and their localities (quoted in Otole, 1985:58):

1. There is no common-law right to local self-government.
2. Local entities are creatures of the state, subject to creation and abolition at the unfettered discretion of the state (barring constitutional limitations).
3. Localities may exercise only those powers expressly granted.
4. Localities are "mere tenants at the will of the legislature."

This coordinate–authority model, therefore, implies that the two types of entities are independent and autonomous. They are linked only tangentially.

However, when the respective spheres of action put the national government and the state in conflict, they ceased to be tangential and clashed directly. In such cases, the Supreme Court becomes the arbiter of national-state relations.

1.3.2 Inclusive-authority Model

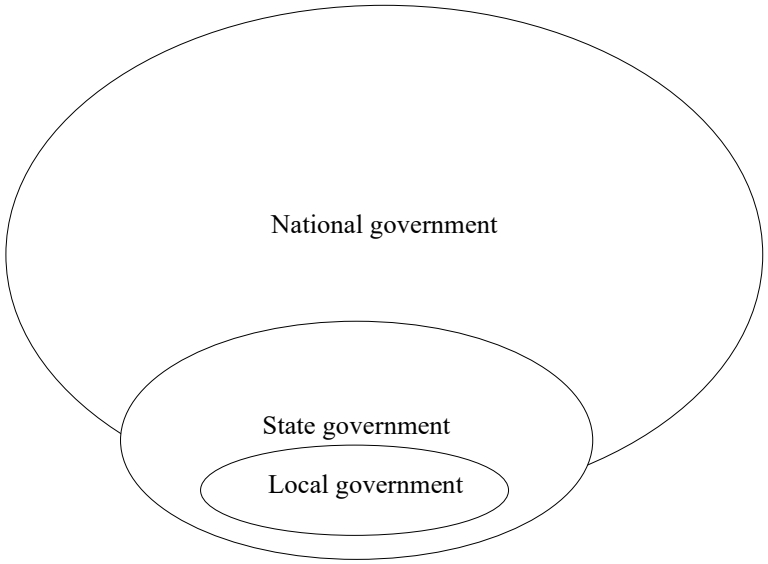


Fig 2: Inclusive-Authority Model

Let us suppose that the area covered by each circle represents the proportion of power exercised by that jurisdiction with respect to others. Suppose the national government wants to expand its proportion of power in relation to states and localities. Two strategies are possible.

1. One, to reduce the various powers of either the states or localities or both; or
2. Two, enlarge the national government's circle with or without enlarging the state and/or local circles.

Both strategies can be understood by means of game theory, a systematic way of studying behavior in decision-making situations.

The theory assumes that all participants strive to optimize their behavior—each trying to maximize gains and minimize losses within the limits of allowed behavior (hence the analogy with games). The outcome is seen to depend not only on the behavior of any one participant but on the responses of other participants as well.

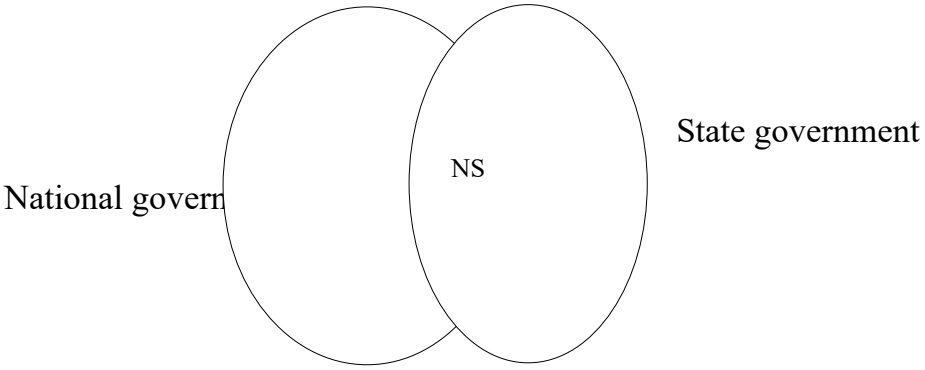
In the first strategy, is the classic case of a three-person, zero-sum game? The sum of the player's winnings equals the sum of their losses. An illustration of this in the intergovernmental relations context is the usury case in the USA and the legislation requiring state and local units to meet minimum wage and maximum hour requirements. The national government attempted to exercise (expand) its power at the expense of state and local powers. The gain in national power equaled the power or discretion lost by state and local units. Thus, the national gains equaled state or local losses.

In game theory, the second strategy is called a "non-constant-sum game." All participants in this type of game can "win" or make gains. Perhaps the best intergovernmental relationship illustration of the second strategy is the conditional grant-in-aid. The national sector can expand by raising more money to offer grants to states and local governments. The funds can be offered with conditions ("losses") imposed on the recipients. But the benefits (winnings) are so attractive that they appear to outweigh the attached constraints. We would expect national intergovernmental relations policies to lean far more toward the strategy.

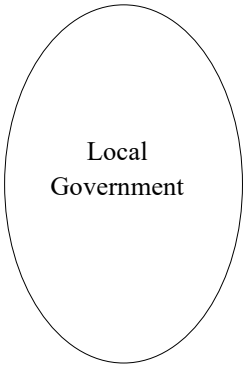
However, the inclusive-authority model serves other purposes besides allowing predictions of intergovernmental relations policies. The model also conveys the essential hierarchical nature of authority. The model also conveys the essential hierarchical nature of authority. The dependency relationships imply power patterns that are similar to Dillon's rule for state/local relations. That is, states and localities would be mere minions of the national government, with insignificant or incidental impacts on American politics and public policy. This model provides an unequivocal answer to the question of who governs—the national government.

1.3.3 Overlapping-authority Model

The overlapping-authority model of intergovernmental relations comes from the early 1970s and from efforts by the Nixon administration to innovate and decentralize decision-making in categorical grant-in-aid programs (Wright, 1985:59): The overlapping-authority model is illustrated in Fig. 3, as below:



The overlay among the circles conveys three characteristic features of the model:



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The overlapping-authority model of intergovernmental relations comes from the early 1970s and from efforts by the Nixon administration to innovate and decentralize decision-making in categorical grant-in-aid programs (Wright, 1985:59): The overlapping-authority model is illustrated in Fig. 3, as below:

1. Substantial areas of governmental operations involve national, state, and local units (or officials) simultaneously.
2. The areas of autonomy, or single-jurisdiction independence and full discretion, are comparatively small;
3. The power and influence available to anyone (or official) is substantially limited. The limits produce an authority pattern best described as bargaining.

Bargaining is used in the common dictionary sense of "negotiating the terms of a sale, exchange, or agreement". Of course, as part of the deal, the recipient of assistance must usually agree to terms such as providing matching funds and meeting accounting reporting, auditing, and performance requirements.

In sum, the chief characteristics of the overlapping authority models are:

i. Limited, dispersed power
ii. Interdependence
iii. Limited areas of autonomy
iv. Bargain-exchange relationship
v. Cooperation and competition

Contacts and exchanges between national, state, and local officials may be cooperative or competitive; the determining factors include the policy issue or problem, the status of the officials, the partisan leanings of participants, and the constituency being represented.

Self-Assessment Exercise

1. Describe the relevance of the overlapping authority model of intergovernmental relations in the Nigerian federal system.
2. Explain how inclusive authority models can be applied in intergovernmental relations in Nigeria.

1.4 Summary

In this unit, we have examined the coordinate-authority model, inclusive-authority model, and overlapping-authority model. In the coordinate–authority model, there are sharp, distinct boundaries that separate the national government and state government.

In this model, there is autonomy in the authority pattern and the relationship is independent.

The inclusive-authority model allows for predictions of inter-governmental relations policies. The model conveys the essential hierarchical nature of authority. The relationship is dependent on power patterns between the federal and state/local relations.

That is, states and localities are mere minions of the federal government, with an insignificant impact on politics and public policy. The overlapping authority model illustrates that substantial areas of governmental operations involve national, state, and local units (or officials) simultaneously. In this model, relationships are interdependent and the authority pattern involves bargaining.

Bargaining in wide areas of inter-governmental relations involves exchanges or agreements. However, each model guides us in formulating hypotheses by focusing on the essential features of a possible intergovernmental relations arrangement.However, by testing these hypotheses, we can discover which model best guides intergovernmental relations policies.

Fiscal Federalism is essentially about the allocation of government spending and resources to the various tiers of government. From a theoretical perspective, the nature and character of intergovernmental relations could be conceptualized in terms of three dominant models: separated authority, overlapping authority, and inclusive authority models (Ozumba et al. (eds); 1999).

The separated authority model expects peripheral linkages between component parts, while the inclusive authority model postsulates close federal supervision and control to assure that national purpose is served. The overlapping model is often considered more realistic because federalism is a system of government where all the laws passed by all the branches of government affect all the people, depending on the state and local government area in which they live.

1.5 References/Further Readings

Wright, D.S.(1985). "Models of National/State/Local Relations". InO'toole, L. J. (Jr.) O'toole, L. J. (Jr.) *American Intergovernmental Relations.*O'toole, L. J. (ed.) Washington, DC: Congressional Quarterly Inc.

Wright, D. S. (1985)."*Models of National, State, Local Relations"American Inter-governmental Relations.*Washington, D.C.: Congressional Quarterly Inc.

Eneanya, A. N. (2012). *Policy Research Analysis and Effective Policy-Making.*Lagos: University of Lagos Press Ltd.

1.6 Possible Answers to Self-Assessment Exercise(s) within the content

SAE One

Bargaining is used in the common dictionary sense of "negotiating the terms of a sale, exchange, or agreement". Of course, as part of the deal, the recipient of assistance must usually agree to terms such as providing matching funds and meeting accounting reporting, auditing, and performance requirements.

In sum, the chief characteristics of the overlapping authority models are:

vi. Limited, dispersed power
vii. Interdependence
viii. Limited areas of autonomy
ix. Bargain-exchange relationship
x. Cooperation and competition

Contacts and exchanges between national, state, and local officials may be cooperative or competitive; the determining factors include the policy issue or problem, the status of the officials, the partisan leanings of participants, and the constituency being represented.

SAE Two

However, the inclusive-authority model serves other purposes besides allowing predictions of intergovernmental relations policies. The model also conveys the essential hierarchical nature of authority. The model also conveys the essential hierarchical nature of authority. The dependency relationships imply power patterns that are similar to Dillon’s rule for state/local relations. That is, states and localities would be mere minions of the national government, with insignificant or incidental impacts on American politics and public policy. This model provides an unequivocal answer to the question of who governs—the national government.

UNIT 2 STRUCTURES OF FEDERAL AND INTER-GOVERNMENTAL RELATIONS

CONTENTS

1.1 Introduction

Federalism is practiced in many countries around the world. It was adopted as a political system to cater to the diversity and heterogeneity of these societies. Federalism simply refers to a division of power between national, state, and local governments.

In this unit, we shall examine the structure and patterns of the federal system.

1.2 Learning Outcomes

At the end of the unit, students should be able to identify patterns, explain the federal system's structure and operation and concerning the structure and patterns that exist in Nigeria

1.3 Main Content

1.3.1 Federal Structures

The federal structure of government offers a more defined platform for the operations of inter-governmental relations. In the federal system, Elekwa (1995) in Ikejana–Clark and Okoli (eds.) identified six levels of inter-governmental relations, namely:

1. Federal-State relations
2. Federal-state-local relations
3. Local federal relations
4. State-local relations
5. State-to-state relations and
6. Local-local relations

The levels enumerated above represent both vertical and horizontal. Ayoade (1980) also defines inter-governmental relations as comprising nine patterns:

1. Federal-State
2. Federal-state-local
3. Federal-civic organizations
4. a state within a state
5. State-local
6. Civic organizations at the state level
7. local-regional
8. local civic groups, and
9. Inter-civic groups

This pattern shows that four new levels have been added to the previous structure: federal-civic groups, state-civic groups, local-civic groups, and inter-civic groups (civic-civic). This structure excluded "federal–state–local relations".

Even though there are differences, the core levels of relationships between governments in a federal structure are shown (Ogbuishu, 2007).

1.3.2 Features of Federal System

A federal system of movement is one in which powers are distributed between the center and the states. The constitution of a federal state is always written and spells out the powers and functions of central, state, and local governments. The essence is to avoid conflict and controversy that may arise between these levels of government. Thus, a federal system is characterized by the following:

1. The separation of powers between the federal, state, and local governments is known as the division of powers. The constitution provides for the distribution of powers between these levels of government.
2. Supremacy of the constitution: The constitution is supreme, and any laws enacted by state or local governments that are inconsistent with it are null and void.

3. The federal legislature is frequently modeled after the bicameral system. That is, the federal system consists of two houses – the upper house and the lower house.
4. Written and rigid constitutions—the federal constitutions of most states are often written and rigid. It means that the constitution cannot be altered with a simple majority vote.
5. Greater central control: the center's superiority in practice.

1.3.3 Inter-governmental Structures

Intergovernmental relations structures are almost always designed to accommodate diverse communities of interest—social, ethnic, and political—because government boundaries frequently have, or soon acquire, symbolic meanings for communities that identify with them. Sometimes, a community is so dominated by one ethnic group that this impacts their relations—their intergovernmental relations—with other levels of government. Thus, the people of Quebec, because of their strong French cultural identity, have been able to get special advantages from the Canadian national government. Alternatively, ethnically dominated communities in other countries have complained that they get fewer resources from their national government because of their minority status.

SELF – ASSESSMENT EXERCISE

1. Describe the structure and pattern of federal system in Nigeria.
2. Describe the structure and pattern of inter-government relations in a federal system.

1.4 Summary

In this unit we have examined the structure, pattern, and features of a federal system. The structure and patterns are such that the central government is entrusted with powers of general character that concern the nation as a whole. The other levels of government, including state and local governments, are given powers within their jurisdictions, as spelt out by the constitution. Neither of the two can encroach upon the jurisdiction of the centre.

We have noted the structures and patterns of political systems offer a more defined platform for the operation of inter-government relations. The unitary structure and pattern could take the form of nation-local relations or inter-local relations. The federal structure and pattern could be: federal – state, federal – local, federal – state – local, state – state,

state – local, local-local. These patterns represent both vertical and horizontal dimensions.

However, the federal and state-level patterns reflect the Nigerian federal system. The pattern is cooperative, coordinative, and mutually beneficial to different levels of government.

1.5 References/Further Readings

Ayoade, J.A (1980). "Inter-governmental relation in Nigeria" Quarterly journal of administration, Voliv No. Federal Republic of Nigeria, 1999 Constitution**.**

Ogubishi, A. F. (2007), *Fundamentals of Inter-governmental relations.* Enugu: Academic Publishing Company.

1.6 Possible Answers to Self-Assessment Exercise(s) within the content

SAE One:

The federal structure of government offers a more defined platform for the operations of inter-governmental relations. In the federal system, Elekwa (1995) in Ikejana–Clark and Okoli (eds.) identified six levels of inter-governmental relations, namely:

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ii. Federal-state-local relations
iii. Local federal relations
iv. State-local relations
v. State-to-state relations and
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The levels enumerated above represent both vertical and horizontal. Ayoade (1980) also defines inter-governmental relations as comprising nine patterns:

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ii. Federal-state-local
iii. Federal-civic organizations
iv. a state within a state
v. State-local
vi. Civic organizations at the state level
vii. local-regional
viii. local civic groups, and

SAE Two:

Thus, a federal system is characterized by the following:

1. The separation of powers between the federal, state, and local governments is known as the division of powers.The constitution provides for the distribution of powers between these levels of government.
2. Supremacy of the constitution: The constitution is supreme, and any laws enacted by state or local governments that are inconsistent with it are null and void.

3. The federal legislature is frequently modeled after the bicameral system. That is, the federal system consists of two houses – the upper house and the lower house.

4. Written and rigid constitutions—the federal constitutions of most states are often written and rigid. It means that the constitution cannot be altered with a simple majority vote.

5. Greater central control: the center's superiority in practice.

UNIT 3 FEDERAL – STATE - LOCAL GOVENRMENT RELATIONS

CONTENTS

1.1 Introduction

In most federal countries, there is a strong center while preserving the diversity reflected in individual states. In Nigeria, federal and state governments exist side by side, with each possessing certain assigned functions. In this unit, we shall discuss federal-state-local government relations.

1.2 Learning Outcomes

At the end of the unit, students should be able to explain:

- The powers of federal, state, and local governments and
- Ho conflicts between the two levels of government are resolved.

1.3 Main Content

In federal systems, devolution of power between the central and component units is to design issues that concern the federal and others of common interest. Presently, Nigeria is highly centralized as the central government has had enormous powers conferred on it by section 4, sub-section 5 of the 1999 constitution. By this, the federal government is constitutionally granted two sets of legislative powers, namely: those contained in the exclusive list and those contained in the

concurrent list. Besides, laws made by states can be overridden by federal laws if there is conflict.

The federal government exercises statutory responsibility for the creation of new local governments.

1.3.1 Federal-State and Local Government Relations

Finance is the most critical policy issue in intergovernmental fiscal relations. The issues concerning fiscal relations among the constitutional units of the Nigerian federation that remain mostly unresolved are the following: the divergence between assigned functions and tax powers; the principle of horizontal and vertical revenue allocation; the dependence of state and local governments on the federal sources of funding; the tendency towards concentration and federal presence in the state (Mbanefo, 1998).

As the federal, state, and local governments have powers under the concurrent list on the collection of taxes, there were overlaps in tax and levy collection by various tiers of government, necessitating a new schedule of taxes being published for all tiers of government tax.

1.3.2 Collection of Taxes

According to the new schedule of the 1999 constitution, the federal government is empowered to collect the following taxes:

1. Company income tax
2. Profit tax on petroleum;
3. VAT
4. Education tax
5. Capital gains taxation;
6. Stamp duties of corporate entities
7. Armed forces personnel income tax
8. Foreign affairs;
9. Police;
10. Residents of the federal capital territory of Abuja,

State governments are empowered to collect the following taxes:

1. Personal income tax
2. Withholding and capital gains tax
3. Individuals' stamp duties;
4. Road taxes
5. The Development levy and
6. Business premises and registration level

Local governments are to collect the following taxes:

1. A levy on shops and kiosks;
2. Fees for slaughter; slaughter fees;
3. Marriage, birth, and death fees
4. Motor park fees
5. Cattle tax
6. Radio and television taxes, as well as advertising taxes

There was another fiscal amendment in 1999 arising from the 1994–95 constitutional conference as a prelude to the 1999 constitution, which increased the list of items on the exclusive list from 66 in 1979 to 68 in 1999 and not less than 13% of proceeds from natural resources (offshore production proceeds commenced in March 2000).

1.3.3 Mechanism for Managing Federal-State and Local government Relation

However, under the federal system, a number of administrative mechanisms are often devised to manage intergovernmental relations. In Nigeria, a number of meetings and conferences with administrative standing committees, constitutional boards, councils or commissions have been associated with federal, state local or interstate constitutions (Eneanya, 2009: 255).

Since the emergence of democratic governance in 1979, the management of inter-governmental relations has followed these dimensions (Eneanya, 2009: 256–7):

1. The use of the national economic council and the national council of states;
2. The supreme court's decision to overturn the Revenue Allocation Act of 1981, as well as the dispute between the Lagos State government and the federal government over the formation of new local councils.
3. The role of national and state assemblies in inter-governmental relations; for example, the assembly of speakers and the national assembly's position in resolving the federal-state-local revenue sharing formula.
4. The impact of political parties' competition on the management of inter-governmental relations elected officials of various parties is now aligning to resolve inter-governmental conflicts.
5. The reactions of citizens to the activities of public officials who operate at different levels of government, especially the support given to officials in inter-governmental conflicts,

All of these conferences and meetings were about managing relationships between governments so that there would be less room for conflict.

SELF – ASSESSMENT EXERCISE

1. Describe the fiscal relationships between the federal, state and local governments
2. Mention five areas of collecting taxes by federal, state and local governments

1.4 Summary

In this unit, we have been able to discuss the intergovernmental In this unit, we have been able to discuss the inter-governmental relationship. Evidently, the principle underlying the devolution of power in federal systems is to design matters of common interest and concern to the federal government. Basically, certain matters are contained in the exclusive list, such as foreign affairs and relationships. Evidently, the principle underlying the devolution of power in federal systems is to design matters of common interest and concern to the federal government. Basically, certain matters are contained in the exclusive list, such as: foreign affairs, defence, eternal trade, interior, etc the state and local governments are assigned to perform matters on the concurrent and residual lists, respectively.

However, crises often arise, especially in financial relationships. A number of administrative mechanisms are often devised to manage inter-governmental relations. Although the relationships often face some hiccups, more efforts should be made to allow true federalism to emerge.

Evidently, intergovernmental relations between the federal, state, and local governments have witnessed the introduction of administrative mechanisms for managing conflicts; there has been a lot yet to be achieved in fiscal relationships. In the area of fiscal relations, the federal government levies and collects a variety of taxes on behalf of the entire country, which go into a pool called the federation account. The lower tiers of states and local governments are responsible for taxes that are inelastic. Though revenue allocation formulas have been adopted, the high degree of centralizing federal collected revenues and this constituting 90 percent has created room for agitation for their view by state and local governments. There is an urgent need, therefore, for an

overhaul of the revenue allocation formula for peaceful relationships between federal, state, and local governments.

Federal, state, and local government transactions are adjudged cooperative and mutually beneficial when higher levels respect the constitutional prescriptions outlining their respective jurisdictions and functional areas.

On the other hand, conflictual intergovernmental transactions are likely to arise when higher levels of government employ their superior position to interfere in the affairs of lower levels of government. However, the possibility that a lower level governmental unit could initiate conflictual situations by venturing into areas outside their jurisdictions is remote.

1.5 References/Further Readings

Eneanya, A. N. (2012). *Policy Research Analysis and Effective Local Government.*Lagos: Concept Publications Ltd

Mbanefor, G. (1998), ""Unsettled issues in Nigeria Fiscal Federalism and National Question in 1998. Conference Papers".Nigerian Economic Society (NES).

Ugoh, S. C. (2011). *Understanding Inter-governmental, Relations in Nigeria.*Lagos: Sam Iroanusi publications.

1.6 Possible Answers to Self-Assessment Exercise(s) within the content

SAE One

Finance is the most critical policy issue in intergovernmental fiscal relations. The issues concerning fiscal relations among the constitutional units of the Nigerian federation that remain mostly unresolved are the following: the divergence between assigned functions and tax powers; the principle of horizontal and vertical revenue allocation; the dependence of state and local governments on the federal sources of funding; the tendency towards concentration and federal presence in the state (Mbanefo, 1998).

As the federal, state, and local governments have powers under the concurrent list on the collection of taxes, there were overlaps in tax and levy collection by various tiers of government, necessitating a new schedule of taxes being published for all tiers of government tax.

SAE Two

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1. Company income tax
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State governments are empowered to collect the following taxes:

1. Personal income tax
2. Withholding and capital gains tax
3. Individuals' stamp duties;
4. Road taxes
5. The Development levy and

Local governments are to collect the following taxes:

1. A levy on shops and kiosks;
2. Fees for slaughter; slaughter fees;
3. Marriage, birth, and death feeS
4. Motor park fees
5. Cattle tax

UNIT 4 STATE - LOCAL GOVENRMENT RELATIONS

CONTENTS

1.1 Introduction

State-local government relations may not necessarily be a constitutional matter in a federal system, yet such relations may provide evidence of a working federalism. In this unit, students would examine the relationship between the state and local governments.

1.2 Learning Outcomes

At the end of the unit, students should be able to:

- Describe the administrative, financial, political, and legal ties that exist between states and local governments and Understand areas of constant conflict between states and local governments.

1.3 Main Content

1.3.1 Administrative Relationships

In a federal system, state-local government relations may not be a constitutional matter. Over the years before 1976, local government units were treated as part of state governments. State governments are created by by-laws and have effective control over their administration. However, the nationwide local government reform of 1976 brought local government units into constitutional, especially with the entrenchment of the functions of local government functions entrenched in the fourth schedule of 1979, which significantly modified state-local government relations.

This is significant because the local government units were assigned a role to play in the management of primary school education and primary healthcare services. These roles create a forum for the state and local

government to interact as they are beneficiaries of revenue allocation. This part of Nigeria's constitution helped to give the federal government a formal role in how local governments work.

A formal state–local government relationship was now created in the process, as a state–local government joint account became inevitable to share revenue allocated to local councils from the federal account. When it was even realized that state governments were "short-changing" the local government units from the state-local government units' joint accounts, the national assembly approved an executive bill to enable the federal government to allocate revenue directly to the local council units.

It was even attached with a clause stating that if a state government fails to reimburse a local government for funds allocated to them, the state government would be surcharged the equivalent amount.As expected, many state governments protested this and called for its abrogation.
However, these provisions for the functions of local government units are encouraging political developments, but they are yet to be resolved as constitutionally accepted state-local government relations. In spite of this, it is evidence of a working federalism.

1.3.2 Fiscal Relationship between State and Local governments

Financial relationships also exist between the states and local governments. The annual budgets of local governments require the approval of the state government before they can be executed. In fact, the state government sets out guidelines for the preparation of such annual budgets. Expenditures above certain limits require approval.
Moreover, local government autonomy is not absolute. The third tier of government retains functional and fiscal relations with the higher tiers of government. The state government relates to local governments as follows:

1. allocate 10% of its internally generated revenue to the local governments within the state.
2. Enact through the state House of Assembly a law providing for the structure composition, revenue, expenditure and other matters, such as staffing meetings and other relevant matters, provided such laws are not in conflict with the constitution or any existing federal legislation.
3. Establish a joint planning board, through a law enacted by the state House of Assembly, to require each local government within the state to participate in the economic planning and development of the local government area.
4. Establish the office of the state auditor-general for local governments for enhanced public probity and accountability at

the local government level through the regular auditing of the accounts of all the local governments within the state.

5. Offer advice, assistance, and guidance (but not control), as and when necessary, to local governments in the state.

SELF – ASSESSMENT EXERCISE

1. Explain the administrative relationship between the state and local government
2. Describe the fiscal relationship between state and local government?

1.4 Summary

In this unit, we have examined the relationship between the state and local governments. Local government bye-laws operate strictly within the laws of Nigeria. Any bye-law passed by a local government is void to the extent that it contradicts laws validly passed by the state.

Even the executive powers of the chairman of local government shall be exercised so as not to impede or prejudice the exercise of the executive powers of the federation or of a state in which the local government areas concerned are situated or to endanger

However, the state-local government reaction would continue to witness crises, especially on the issue of "joint account." Until federally allocated funds are paid directly to local governments, their autonomy is "widow-dressing".

In all democracies, the state or central government exercises some relationships, such as fiscal relations, giving grants in aid, maintaining joint accounts, and approval of budgets by the House of Assembly. The state also has administrative relationships with local governments in areas such as: making rules and regulations that serve as performance guidelines; approval of contract awards and projects; borrowing; audits of accounts; statutory consultations; making periodic inspections on programs and projects; confirmation of by-laws; and staffing issues. In spite of local government autonomy as guaranteed in the fourth schedule of the 1979/1999 constitutions, it still operates strictly within the laws of Nigeria. Any bye-law passed by a local government shall be voided to the extent of its inconsistency with state and federal laws as enshrined in the 1999 constitution.

1.5 References/Further Readings

Eneanya, A. N. (2012). *Local Government Administration in Nigeria: A Comparative Perspective.* Lagos: University of Lagos Press Ltd.

Ugoh, S. C. (2011). *Understanding Inter-governmental Relations in Nigeria.*Lagos: Sam Iroanusi Publications.

Eneanya, A. N. (2012). Policy Research Analysis and Effective Policy-Making. Lagos: University of Lagos Press Ltd.

1.6 Possible Answers to Self-Assessment Exercise(s) within the content

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However, the nationwide local government reform of 1976 brought local government units into constitutional, especially with the entrenchment of the functions of local government functions entrenched in the fourth schedule of 1979, which significantly modified state-local government relations.

SAE Two:

Financial relationships also exist between the states and local governments. The annual budgets of local governments require the approval of the state government before they can be executed. In fact, the state government sets out guidelines for the preparation of such annual budgets. Expenditures above certain limits require approval.

Moreover, local government autonomy is not absolute; hence the third tier of government retains functional and fiscal relations with the higher tiers of government.

UNIT 5 CONFLICT IN INTER-GOVERNMENTAL RELATIONS

CONTENTS

1.1 Introduction

The incidence of conflict in inter-governmental relations could arise as a result of serious disagreements or arguments between one level of government and the other. Such a conflict could result in the temporary stalling of the government's machinery.

In this unit, we shall examine the patterns of conflict in inter-governmental relations.

1.2 Learning Outcomes

At the end of the unit, students should be able to:

Know the meaning and nature of conflict, and
Explain the cause of conflict in inter-governmental relations.

1.3 Main Content

1.3.1 Meaning and Nature of Conflict

Conflict in inter-governmental relations refers to serious disagreements or arguments between two levels of government. It can also emanate from any form of inter-relationship, ranging from interpersonal, inter-group, inter-governmental, or international relations (Ogbuishi, 2011:93). The incidence of such conflicts as well as their severity determines the stability of inter-governmental relations. However, in most relationships, conflict is undesirable but inevitable. In inter-governmental relations, conflict arises because of certain causative factors.

1.3.2 Causes of Conflict

There are many issues that create conflict in inter-governmental relations. Among the other causes are:

1.3.2.1 Excessive power at the Centre

There is a likelihood that conflict will arise when the central government concentrates too many powers and functions at the center to the detriment of federating units. To avoid conflict, there is a need to devolve and "deconcentrate" power or functions to other component units of the state, as prescribed by the principle of federalism.

A situation where the central government controls many issues, including the construction of roads and housing in every part of the country; secondary education in every part of Nigeria is not a reflection of "true" federalism. In Nigeria, the federal government has the power to legislate on 68 matters. In the concurrent list, the federal government still has the power to legislate on 30 subject matters. And where there is a conflict between areas where state governments have power to legislate and those of the federal government, the states' legislation will be null and void.

Besides, fewer powers are allotted to local governments in the 4th schedule of the 1999 Constitution. The concentration of too much power on the Federal government has been a source of conflict, leading to the struggle to control power at the centre by different ethnic groups. This has created a crisis of confidence and suspicion in the Nigerian political system.

1.3.2.2 Revenue Allocation-oriented conflict

Most federal systems often experience the challenge of evolving an acceptable revenue allocation principle. Disputes often arise over what should form the basis for revenue sharing among the various units of federalism. In Nigeria, the question of revenue allocation has remained a stormy issue and has defied solution. The 1999 constitution of the Federal Republic of Nigeria recognizes the Revenue Mobilization and Fiscal Commission (RMFC) to establish a durable revenue allocation formula for the federating units. Moreover, the constitution recognizes the principles of population, equality of states, internal revenue generation, landmass terrain, and population density upon which allocation to state and local units should be made.

The constitution also provides expressly that "the principle of derivation" shall be constantly reflected in any approved formula as being not less than thirteen (13) percent of the revenue accruing to the federation account directly from any natural resources. Despite this clarification, the revenue allocation debate has raged on, particularly over which tier of government has possession of off-shore mineral resources; the derivation principle of 13% to oil-producing states; and constitutional review of the "State-local governments" joint account issue. These cases have even reached the Supreme Court for adjudication. The intervention of the Supreme Court, especially its ruling of April 5, 2002, is evidence of conflict in revenue allocation.

1.3.2.3 Encroachment of Local Government functions

The position of the Nigerian police in the security of the country has often brought conflict between the federal and state governments. The governors at the state level are the chief security officers of the state.

But, when orders are given to state commissioners of police, they are ignored and act on orders from the Inspector-General of Police at the federal level. As a result, state governors have been demanding a review of the constitution to enable the states to establish their own police. In fact, it has been suggested that the Nigerian Police should be centralized in order to allow the zonal commands to be more responsive to local situations (Ugoh, 2011).

1.3.2.4 Constitution-oriented conflict

There are distortions in the practice of federalism, especially in Nigeria. The military hurriedly packaged the 1999 constitution without proper consultation with other major stakeholders in Nigeria. Major areas of conflict and concern are contained in the 1999 constitution, including:

1. The federal character principle, which encourages discrimination of Nigerians in employment, educational admission, and politics in their country, should be rewarded as it is a source of conflict;
2. Secularity concerns the respect for every Nigerian's religious rights.Many Christians have been killed in certain parts of Nigeria, for example, on account of their religion;
3. Fiscal federalism, or resource control. Each of the three tiers of government should be given power by the constitution to collect taxes or royalties for the federal government. This is another source of conflict.
4. Labor laws in the federal system The federal government legislates on labor laws on behalf of states and the constitution to collect taxes, control its resources derived from the area, and pay taxes or royalties to the federal government. This is another source of conflict.

All these areas have constituted points of conflict in inter-governmental relations.

1.3.2.5 Jurisdictional Allocation of powers conflict

Conflicts of diverse dimensions often arise from inter-jurisdictional transcations in a federal system. Interference in the jurisdictional preserve of one level of government by another could lead to serious conflict. For instance, the concurrent legislative list in Nigeria as provided for by the 1999 constitution of the Federal Republic contains functional jurisdictional areas where both the Federal and state tiers may exercise control. Such joint power sharing arrangements present a likely platform for conflicts (Ogbuishi, 2007).

Self-Assessment Exercise

1. Explain the meaning and nature of conflict in inter-governmental relations?
2. Explain the causes of conflict in inter-governmental relations in Nigeria?

1.4 Summary

In this unit, we have discussed the nature and causes of conflict in inter-governmental relations. The incidence of conflict is inevitable, especially when it bothers the relationship between the central government and federated units. Conflict between one level of government and the other may result in temporary stalling of the machinery of government or create instability in the federal system.

Conflict in inter-governmental relations is inevitable in any form of inter-relationship. Many causes of such conflict could be excessive power at the centre; constitutional issues; jurisdictional allocation of powers; revenue allocation; resource control; status of the state's security and security issues. There are distortions in the practice of federalism, for example, as contained in the 1999 Nigerian constitution. Other issues that have brought tension in federal-state-local government relations are the federal character principle and fiscal federalism. These issues need to be reviewed and amended in the 1999 constitution in order to uphold the tenets of "true" federalism as suggested by Wheare (1964). Only this approach would ensure peaceful and harmonious inter-governmental relations between and among tiers of government.

1.5 References/Further Readings

Ogbusihi, A.F. (2007). *Fundamentals of inter-governmental relations*.Enugu: Academic Publishing Company

Ugoh, S.C. (2011*). Understanding inter-governmental Relations in Nigeria.*Lagos: Sam Iroanusi Publications.

Wheare, K.C. (1964). *Federal Government,* University Press.

1.6 Possible Answers to Self-Assessment Exercise(s) within the content

SAE One:

Conflict in inter-governmental relations refers to serious disagreements or arguments between two levels of government. It can also emanate from any form of inter-relationship, ranging from interpersonal, inter-group, inter-governmental, or international relations (Ogbuishi, 2011:93). The incidence of such conflicts as well as their severity determines the stability of inter-governmental relations. However, in most relationships, conflict is undesirable but inevitable. In inter-governmental relations, conflict arises because of certain causative factors.

SAE Two:

There are many issues that create conflict in inter-governmental relations. Among the other causes are:

Excessive power at the Centre

There is a likelihood that conflict will arise when the central government concentrates too many powers and functions at the center to the detriment of federating units. To avoid conflict, there is a need to devolve and "deconcentrate" power or functions to other component units of the state, as prescribed by the principle of federalism.

A situation where the central government controls many issues, including the construction of roads and housing in every part of the country; secondary education in every part of Nigeria is not a reflection of "true" federalism. In Nigeria, the federal government has the power to legislate on 68 matters. In the concurrent list, the federal government still has the power to legislate on 30 subject matters. And where there is a conflict between areas where state governments have power to legislate and those of the federal government, the states' legislation will be null and void.

Besides, fewer powers are allotted to local governments in the 4th schedule of the 1999 Constitution. The concentration of too much power on the Federal government has been a source of conflict, leading to the struggle to control power at the centre by different ethnic groups. This has created a crisis of confidence and suspicion in the Nigerian political system.

Revenue Allocation-oriented conflict

Most federal systems often experience the challenge of evolving an acceptable revenue allocation principle. Disputes often arise over what should form the basis for revenue sharing among the various units of federalism. In Nigeria, the question of revenue allocation has remained a stormy issue and has defied solution. The 1999 constitution of the Federal Republic of Nigeria recognizes the Revenue Mobilization and Fiscal Commission (RMFC) to establish a durable revenue allocation formula for the federating units. Moreover, the constitution recognizes the principles of population, equality of states, internal revenue generation, landmass terrain, and population density upon which allocation to state and local units should be made.

The constitution also provides expressly that "the principle of derivation" shall be constantly reflected in any approved formula as being not less than thirteen (13) percent of the revenue accruing to the federation account directly from any natural resources. Despite this clarification, the revenue allocation debate has raged on, particularly over which tier of government has possession of off-shore mineral resources; the derivation principle of 13% to oil-producing states; and constitutional review of the "State-local governments" joint account issue. These cases have even reached the Supreme Court for adjudication. The intervention of the Supreme Court, especially its ruling of April 5, 2002, is evidence of conflict in revenue allocation.

Encroachment of Local Government functions

The position of the Nigerian police in the security of the country has often brought conflict between the federal and state governments. The governors at the state level are the chief security officers of the state.

But, when orders are given to state commissioners of police, they are ignored and act on orders from the Inspector-General of Police at the federal level. As a result, state governors have been demanding a review of the constitution to enable the states to establish their own police. In fact, it has been suggested that the Nigerian Police should be centralized in order to allow the zonal commands to be more responsive to local situations (Ugoh, 2011).

Constitution-oriented conflict

There are distortions in the practice of federalism, especially in Nigeria. The military hurriedly packaged the 1999 constitution without proper consultation with other major stakeholders in Nigeria. Major areas of conflict and concern are contained in the 1999 constitution, including:

1. The federal character principle, which encourages discrimination of Nigerians in employment, educational admission, and politics in their country, should be rewarded as it is a source of conflict;
2. Secularity concerns the respect for every Nigerian's religious rights.Many Christians have been killed in certain parts of Nigeria, for example, on account of their religion;
3. Fiscal federalism, or resource control. Each of the three tiers of government should be given power by the constitution to collect taxes or royalties for the federal government. This is another source of conflict.
4. Labor laws in the federal system The federal government legislates on labor laws on behalf of states and the constitution to collect taxes, control its resources derived from the area, and pay taxes or royalties to the federal government. This is another source of conflict.

All these areas have constituted points of conflict in inter-governmental relations.

Jurisdictional Allocation of powers conflict

Conflicts of diverse dimensions often arise from inter-jurisdictional transcations in a federal system. Interference in the jurisdictional preserve of one level of government by another could lead to serious conflict. For instance, the concurrent legislative list in Nigeria as provided for by the 1999 constitution of the Federal Republic contains functional jurisdictional areas where both the Federal and state tiers may exercise control. Such joint power sharing arrangements present a likely platform for conflicts (Ogbuishi, 2007).

MODULE 3 INTER-GOVERNMENTAL FISCAL RELATIONS

UNIT 1 FISCAL INTERGOVERNMENTAL RELATIONS THEORY

CONTENTS

1.1 Introduction

Federalism is a form of political organization designed to promote both effectiveness and liberty in which separate political parties (nationalities) are united within an over-searching framework in such a way that all maintain their fundamental integrity. In another sense, federalism can be seen as a fundamental principle of social organization that has to do with human relationships in the economic, religious, cultural, and political spheres. For fiscal federation, it is an offshoot of federalism and means the transactions between the different levels of government in a federation that are spelled out in the law.

In this unit, we will examine the theories of fiscal federalism.

1.2 Learning Outcomes

At the end of this unit, students should be able to:

- Explain the concept of fiscal federalism.
- Understand the theory of inter-jurisdictional cooperation and
- The multi-jurisdictional community theory

1.3 Main Content

1.3.1 Conceptualization of Fiscal Federalism

The word "fiscal" is derived from the Latin word "fiscus", which means "a basket or purse" and pertains to the public treasury or revenue generation. A fiscal system is the arrangement of how sovereignty manages the public treasury's revenue generation and spending. Fiscal federalism, therefore, refers to the fiscal (financial) relationships that exist between and among units of government in a federal system. It defines the statutory structure within which government functions, such as allocation of resources, distribution of income, and stabilization, are carried out in a multi-level government structure (national, regional state or province, and council or district). The fiscal relationships so defined are usually founded upon mutual agreement. Sub-national governments, while independent in local affairs, pool their common resources together for the provision of national public goods and improved economic welfare within their jurisdiction. Thus, in a way, fiscal federalism is concerned with revenue generation and allocation between various levels of government (Tayzi, 1999; Alade, 1999; Taiwo, 1999; and Tella, 1999).

1.3.2 Theories of Theories of Fiscal Federalism

Fiscal federalism is based on four fundamental theories. First, is the theory of fiscal location, which is concerned with thefunctions to be performed by each level of government? Then, there is the theory of inter-jurisdictional cooperation, which refers to areas of shared responsibility by the central state and local governments. Finally, there is the theory of multi-jurisdictional community, , which posits that each jurisdiction provides services whose benefits accrued to the people within its boundaries and so uses only the resources that internalize such costs.

The theory of fiscal federalism, or multi-unit governmental finance, addresses the question of the optimal design of governments in a multilevel (or federal) governmental system.

The public sector has three principal economic problems to solve:

1. Attainment of the most equitable distribution of income
2. The maintenance of high employment with stable prices
3. The establishment of an efficient pattern of resource allocation (Shafritz et al., 2011: 154).

The theory of fiscal federalism postulates that a federal form of government can be especially effective in solving these problems because of the flexibility it has in dealing with some problems at the national or central levels and some at the local or regional levels. For a variety of reasons, the first two problems, equitable distribution of income and maintenance of high employment with stable prices, are problems that the national level of government is best equipped to handle. However, according to the theory, the decentralized regional or local units of government can more efficiently deal with the third problem, allocation of recourse, because such units of government are more familiar than the central or national government with local needs and the desires of citizens for public services.

Even so, grants in aid from the national level of government to local levels may be needed to stimulate local government spending for national purposes, to provide for uniform or minimum service levels (as in education), or to compensate citizens of one area for benefits from services they finance that spill over to residents of another area. Spillover benefits happen a lot in programs that deal with things like clean water and air, health, and education.

In theory, an accountable government should involve representatives only voting for programs for which they have paid taxes. The representatives would be accountable to the voters, who could directly assess whether the "purchases" of services and programmes they had wanted were good value for their tax money.

But in a large nation, the need for services can vary greatly between communities and the capacity to pay taxes also varies greatly between communities and the capacity to pay taxes also varies greatly among the categories of those who are taxed. This issue focuses attention on several problems of the federal concept: the difficult notion of the central two or more governments overlaid on the same geographical territory; the difficulty of persuading voters that they need to pay their taxes twice (or money to different levels of taxing authority); and the difficulty of persuading tax payers that it is fair that some of their taxes

should produce no direct benefit to them but be used to assist some other community or some ill-defined goal dear to an official in a remote office in another city.

Attitudes toward these issues illustrate the level of confidence citizens have in a democratic federation. If confidence is high and a sense of common national purpose is high, citizens are more prepared to trust politicians and bureaucrats to redistribute taxes to promote national goodads elsewhere. If, however, confidence in politicians and the bureaucracy is low, citizens may well need some convincing that spending programmes are fair and necessary. A confident, successful federal democracy that has confidence in its political leaders and has honest and efficient bureaucrats and well-articulated national aspirations will be one in which there is more room for redistributive programs—an admirable goal to strive for—or perhaps not.

1.3.3 Public Choice Theory

Public choice theory advocates placing governmental action (and expenditure) at the lowest possible level, that is, at the local government level. The feeling here is that local government would provide more level, so citizens could have access to appropriate information. They would be able to readily compare the levels of taxation to the quality of services they received. They could then reject inefficient or unresponsive governments by voting down budgets, by voting out big spenders, or even by moving elsewhere – or not moving in at all. Thus, the solution to evolution offered by the public choice advocate is to increase the discretion in the hands of the individual voter by maximizing the "user–pay system" (whether for trash collection or through fees at state park camping grounds) and by placing vouchers (for schools or housing) for spending in the hands of recipients rather than compelling them to use particular government services or institutions.

Self-Assessment Exercise

1. Explains the theories of fiscal federalism?
2. Describe the public choice theory of fiscal federalism

1.4 Summary

The theory of fiscal federalism is based on the following theories: First, is the theory of fiscal location to be performed by each level of government? The second theory is the theory of inter-jurisdictional cooperation, which refers to areas where the central and local governments share responsibility. Thirdly, there is the theory of multi-

jurisdictional cooperation, which refers to areas of shared responsibility by the central and local governments. Thirdly, there is the theory of multi-jurisdictional community, which posits that each jurisdiction provides services whose benefits accrue to the people within its boundaries and so uses only the resources that internalize such costs. Finally, there is the theory of public choice, which argues in favour of placing governmental action (and expenditures) at the lowest possible level, that is, at the local government level. So, all of these theories try to answer the question of how governments should be set up in a federal system.

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1.6 Possible Answers to Self-Assessment Exercise(s) within the content

SAE One:

The theory of fiscal federalism postulates that a federal form of government can be especially effective in solving these problems because of the flexibility it has in dealing with some problems at the national or central levels and some at the local or regional levels. For a variety of reasons, the first two problems, equitable distribution of income and maintenance of high employment with stable prices, are problems that the national level of government is best equipped to handle.

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Public choice theory advocates placing governmental action (and expenditure) at the lowest possible level, that is, at the local government level. The feeling here is that local government would provide more level, so citizens could have access to appropriate information. They would be able to readily compare the levels of taxation to the quality of services they received. They could then reject inefficient or unresponsive governments by voting down budgets, by voting out big spenders, or even by moving elsewhere – or not moving in at all.

UNIT 2 ALLOCATION OF JURISDICTIONAL POWERS AMONG LEVELS OF GOVERNMENT

CONTENTS

1.1 Introduction

Federalism as a political system is meant to cater to the diversity and heterogeneity of societies. According to Wheare (1965), Federalism is a method of dividing powers so that general and regional governments are each within a sphere of coordination and independence. In this unit, we will examine the distribution of jurisdictional powers among each level of government in a federal system.

1.2 Learning Outcomes

At the end of the unit, students should be able to:

- Explain the legislative powers of the central government in a federal system.
- Explain the legislative powers of a federal system
- Describe the functions allotted to local government in the 1999 constitution.

1.3 Main Content

1.3.1 Exclusive Functions

The 1999 constitution provides exclusive jurisdictional powers to the federal government. The exclusive list contains issues on which the federal government can only legislate, such as: the currency, Foreign Affairs, policy, army, prisons, immigration, customs and excise duties, and so on. The constitution of the Federal Republic of Nigeria vests legislative powers in the National Assembly, which consists of the senate and House of Representatives Part 1 of the second schedule of the 1999 constitution of the Federal Republic sets out all matters contained in the exclusive list. It follows, therefore, that by the use of the term "exclusive," only the federal government has jurisdiction to make laws and/or policies on matters contained therein.

1.3.2 Concurrent Functions

This list contains matters where both the federal and state governments possess constitutional jurisdiction. Thus, the concurrent list defines the extent of federal and state legislative powers. Part II of the second schedule to the 1999 constitution of the Federal Republic of Nigeria sets out details of the concurrentlist.

Although both federal and state levels may exercise legislative jurisdiction on matters set out in the concurrent list, it must be understood that in the event of any conflict between the federal and state laws in respect of any matter, the federal government laws supersede.

This is contained in section 4(5) of the 1999 constitution. This no doubt presents the federal legislation as superior within the federal system. Subjects contained in the concurrent list that both federal states can legislate on concurrently include: health, education, industry, agriculture, collection of taxes, etc.

1.3.3 Residual Functions

The Residual List contains subjects on which only the states can legislate. They include the functioning of local government, customary laws, rural development, social welfare, and so on.

1.3.4 Local government Functions

The foregoing, no doubt, shows that the actual constitutional distribution of jurisdictional powers seemed not to have reckoned with the third tier of government—the local government. This is in consonance with the traditional perception of local government as the exclusive concern of the state and provincial governments (Agi 2002).

In spite of this perception, with the introduction of the presidential system of government, the constitution of 1979 recognized local government as the third tier of government in the federal system in Nigeria. The 1999 constitution that succeeded 19179 also contains the function of local government in the fourth schedule of the constitution. The provisions of this schedule contain the functions of local government councils in the fourth schedule contain the functions of local government councils such as: participation with the state in economic planning and development; establishment and maintenance of cemeteries; maintenance and regulation of slaughter houses; street lighting; parks; sewage and refuse disposal; collection of rates; etc.

Self-Assessment Exercise

1. Describe the powers contained in the "exclusive list" in the federal structure of Nigeria.
2. What do you understand by "concurrent list" and is "conflict" explained by what happens when there are federal and state laws?

1.4 Summary

Powers among the levels of government In this unit, we have discussed the distribution of jurisdictional. Thus, the distribution of jurisdictional powers among the three levels of government (federal, state, and local governments

The inclusive of the three legislative lists in the constitution is to maintain separation of powers in the federal system of Nigeria. Moreover, it means that each level of government maintains its political authority and responsibilities. Nevertheless, the critical point to emphasize in discussing the allocation of jurisdictional powers is the inevitability of overlap and that it is the effort to achieve some degree of coordination that accounts in part for the inter-governmental interactions.

1.5 References/Further Readings

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1.6 Possible Answers to Self-Assessment Exercise(s) within the content

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Although both federal and state levels may exercise legislative jurisdiction on matters set out in the concurrent list, it must be understood that in the event of any conflict between the federal and state laws in respect of any matter, the federal government laws supersede.

UNIT 3 INTER-GOVERNMENTAL FISCAL RELATIONS

CONTENTS

1.1 Introduction

Political and fiscal federalism are the two major types of federalism (Hommes, 1995: 332). Political federalism deals with how to divide powers and allocate authorities. In contrast, fiscal federalism deals with the allocation of government spending and resources to the various tiers of government so that each can perform its responsibilities. For each major form of centralization and decentralization framework, we have devolution of responsibilities. This involves the transfer of functions formally performed by the central government to autonomous localities with popular representation and participation. Second, there is a deconcentration of powers. This involves the delegation of powers formerly held by the central government to localities, with the central government still having the responsibility for decisions.

1.2 Learning Outcomes

At the end of this unit, students should be able to:

- Understand the objectives of intergovernmental relations;
- Explain how responsibilities or expenses are distributed;

Understand the allocation of revenue from independent sources or revenue assignment; and Explain the revenue-sharing principle as it relates to fiscal federalism.

1.3 Main Content

1.3.1 Objectives of Intergovernmental Fiscal Relations

According to Litrack and Wallich (1993) and Sewell and Wallich (1994), the system of intergovernmental fiscal relations should be designed in such a way as to:

1. Ensure that both the macroeconomic management and the income distribution goals of the government are not compromised;
2. improve the efficiency of government spending and reduce administrative costs
3. Match the expenditure profile of each tier of government with its revenue profile;
4. encourage subnational governments to generate revenue on their own and improve their revenue profile

These requirements will guide subsequent discussions as outlined in our objectives.

1.3.2 Expenditure Assignment

Here an attempt is made to address the question; which government functions should be decentralized or how should government functions be shared among various tiers of government. This question can only be addressed by knowing the set of functions that are to be performed. However, government functions can be determined theoretically or empirically. The theoretical approach is largely based on public finance literature (Musgrave, 1989: 3 – 1`4), which presumes three economic objectives, or functions for the government, namely; allocation, distribution and stabilization functions. For, allocation of functions the rationale for decentralization indicates that it would be potentially more efficient to leave the provision of national public goods to the central government and the provision of location public goods to sub-national governments.

For the distribution function, the main issue is whether a sub- national government can sustain any programme of redistribution income) better. The third function of the government is economic stabilization. This stabilization programme can take the form of employment generation,

price stabilization or export promotion. The argument is that the benefits of the programme, no matter how it is financed is likely to suffer from sever leakages to other localities. This is the case as long as goods or people or some other resources are mobile between jurisdictions.

Thus, allocation, distribution, and stabilization functions should be distributed as follows (Taiwo, 2004:42);

1. The central government should be in charge of providing national public goods such as defense, economic regulation, and income and wealth redistribution; and
2. Sub-national governments should be in charge of providing local public goods like feeder roads, street feeder roads, and street lighting.

However, this allocation does not cover the provision of private goods that may be provided by the public sector. It also does not cover the provision of quasi-social goods, such as education and health.These goods are more difficult to allocate because of the need for supportive empirical information.

1.3.3 Tax Assignment

For tax assignment to be meaningful, functions by tier must be accompanied by an appropriate mechanism for sharing the resources of the public sector so that each and every tier of government will be able to effectively perform its assigned responsibilities. If public sector resources are monetized as revenue, they can be mobilized for a tier of government by assigning revenue sources to the tier of government, or by a system of intergovernmental transfer, or both.

The problem of tax assignment is whether it should be completely centralized, partially centralized, or completely centralized. If tax assignment should be decentralized, then the question is which tax bases should be assigned to sub-national governments and which should be retained by the central government? Because of the various dimensions of a tax, dealing with issues in tax assignment is relatively difficult.The dimensions include the power to choose the tax base, define the tax base, set the tax rates, administer the tax, and the right to revenue. The ability to set tax rates is the most important of these dimensions (McHure Jr. 1995: 317).

To address the question of whether tax powers should be shared or not, a decentralized system is generally favoured when the objective of tax policy is the provision of local public goods and where sub-national governments need to be fiscally autonomous, accountable, and responsible and in tax competition with one another. To make the most

of complete centralization and complete decentralization of tax powers, it is expedient that tax collection should be shared by the various tiers of government. This, in effect, means that tax powers should be split up in the same way that government functions are split up.

This leads us to ask which tax bases should be decentralized. Shah, 1991; Norregaard, (1997) suggest the following guidelines for determining whether or not tax powers should be shared or not:

1. Progressive redistributive taxes, such as personal income tax and estate duty, should be centralized;
2. Taxes suitable for economic stabilization, such as progressive income taxes, should be centralized;
3. Taxes with highly unequally distributed bases across natural resource taxes and jurisdictions, such as those subject to political considerations, should be centralized;
4. Taxes on geographically mobile bases, such as the corporate income tax, should be centralized.
5. Taxes that need to be made uniform across jurisdictions, such as the value added tax, should be centralized;
6. Taxes that can be centrally collected at a relatively low administrative cost, such as import and export duties, should be centralized.
7. Benefit taxes or user changes could be levied at all levels.
8. Decentralized residence-based taxes, such as excise duties, should be implemented; and
9. Taxes on highly immobile factors, such as taxes on real property, should be decentralized.

In Nigeria, the task of articulating an appropriate fiscal relationship among the different tiers of government is delegated to the Revenue Mobilization, Allocation and Fiscal Commission. Contemporary experience in Nigeria shows the gradual relaxation of the restrictions on state and local government finances. Presently, the state and local governments can now borrow to acquire the required fiscal resources for the execution of government programs and services, especially as it has been appreciated.

Moreover, tax powers jurisdiction among different levels of government have been provided by part 1 of the second schedule of the 1999 constitution (state-collectable revenue) and the fourth schedule of the 1999 constitution (local government collectable revenue).

1.3.3.1 Tax Assignment at Federal Level

The federal government controls the most inscriptive sources of revenue in Nigeria. The Exclusive Legislative List is contained in Part 1 of the Second Schedule to the Constitution of the Federal Republic of Nigeria, 1999. A number of other sources of revenue for the federal government are:

i. Export taxes
ii. company tax.
iii. Maritime and navigation operations
iv. minerals (for example, oil fields, oil mining, and natural gas)
v. Tourist attractions and national parks
vi. Patents, trademarks, and industrial designs, among other things
vii. Stamp taxes
viii. Postal service, telephone service, and telephone service
ix. Railways
x. Income, profit, and capital gain taxation
xi. Commerce and trade

The collection of sundry fees and other payments related to the activities above by the federal government forms the basis for itemizing these functional areas, as sources of revenue collected by the federal government are first paid into the Federation account before they are disbursed according to laid down principles and criteria.

1.3.3.2 Tax Assignment at State level

The major source of revenue for states in Nigeria appears to be the statutory allocations from "the Federation Account".

Section 152 (3) of the 1999 constitution provides for the mandatory allocation of revenues among the three tiers of government in Nigeria. The following are sources of revenue for estates:-

i. Legislative allocations (from the Federal Account)
ii. Federal grants (of various kinds)
iii. individual income tax or duty
iv. Capital grants and profit tax (for individuals other than corporations)
v. commercial, industrial, or agricultural activities
vi. Loan
vii. Commercial and trade activities

1.3.3.3 Tax Assignment at Local government level

Like the states, the local government's major source of revenue inNigeria has both the federal and state governments. Other sources of revenue generated internally are:

1. Rent from market stalls.
2. Charges from business premises
3. Gate-taking from motor parks
4. Proceeds from mass transit buses operating in their areas of jurisdiction.
5. Poll tax
6. Rates, etc

However, these jurisdictional tax powers among different levels of government are determined by a number of factors, namely: administrative efficiency and fiscal independence. The efficiency criterion demands that a tax be assigned to that level of government that will administer it efficiently at minimum cost, while the fiscal independence criterion requires that each level of government be permitted, as much as possible, to raise adequate resources from the revenue sources assigned to it to meet its needs and responsibilities (Bello-Imarn, 1999:255).

In reality, however, the efficiency criterion tends to conflict with the principle of fiscal independence. This is because whereas the efficiency criterion calls for a great deal of concentration of tax powers at the highest tier of government due to limited administrative capacity of the lower tiers of government. On the other hand, fiscal independence criterion demands the devolution of more tax powers to the lower units of government to match the functions, assigned to them.

In reality, the weight of the two criteria has always tilted in favour of the efficiency criterion, and that is why the Federation Account of most federations, like Nigeria, has a domineering effect on their fiscal federalism. However, whatever the fiscal relationships between the different tiers of government in a federation and the volume of funds available to the political leadership within, their success can only be measured by their efficiency and effectiveness in promoting the citizenry, which is the essence of governance (Bello, Imam, 2004:24).

1.4 Revenue Allocation

Revenue is allocated between and within tiers of government to ultimately promote interjurisdictional equity, enhance the efficiency of the public sector, and minimize the cost of administering the tax system.

In any federation, a minimal level of inter-jurisdictional fiscal equalization is desired. The equalization can be vertical if it refers to different levels of government or horizontal if it refers to the same level of government.

Accordingly, the efficiency argument states that the central government may set and impose standards for some public services on subnational governments. Such services may have to be financed by the central government, partly because sub-national governments may be unable or unwilling to do so, and partly because the implied financial burden may vary across jurisdictions. The problem can be resolved by bargaining and regulations. However, when these strategies fail, the central government may have to adopt a compensatory tax subsidy scheme through revenue sharing. Lastly, we have the administration's cost argument.

Where some taxes are centrally collected (partially or fully) on behalf of sub-national governments because it is cheaper to do so, the yield should be shared with these governments.However, once the objectives of intergovernmental transfers are known, the appropriate criteria for revenue sharing have to be determined or set. It is very unlikely that a single criterion will be able to satisfy more than one policy objective. A set of criteria will therefore most likely emerge. Even on each policy objective, several options are likely to be open, in which case they are determined, preferably after some analysis has been conducted. For example, to measure fiscal strength, the per capita income of the locality can be determined. Grants may be given to those localities whose per capita incomes fall below the national average.

A grant may be general or selective. General grants are usually more suitable for fiscal equalization and for making the revenue from central taxes available to subnational governments. In contrast, specific grants are generally more suitable for the provision of merit goods and the correction of externalities (Taiwo, 2004:44–6).

Furthermore, it should be noted that central collection of taxes could lead to the criterion of derivation. So, there should be revenue sharing to add to the money that sub-national governments make on their own.

1.4.1 Revenue Allocation: A Case Study of Nigeria’s Current Experience

Finance is the most critical policy issue in intergovernmental fiscal relations. In the area of fiscal relations between federal, state, and local governments, certain principles or criteria have often been adopted. There are levies and taxes that are centrally collected on behalf of all

federating units. These revenues go into a pool called the federation account. The sharing of revenue from the federal account is based on the federal revenue allocation formula, managed by the Revenue Mobilization Allocation Commission (RMAFC). Since its establishment in 1999, RMAFC has shared revenue as follows:-

48.5% federal government
24% are state governments.
Local governments = 20% (5% for the transfer of primary education)
7.5% = Special Funds

The RMAFC abolished the onshore and offshore dichotomy in revenue. The federal government also added an additional source of revenue in 1994. The formula for the distribution of VAT has been reversed several times. It was 25% to the federal government, 45 percent to state governments, and 30% to local governments in 1998 (Eneayan 2009:253).

Since 2005, revenue has been shared as follows:
52.7% = Federal Government
26.7% = state governments
Local governments account for 20.6%.

Besides, there have been calls for changes to the rules governing the allocation of revenue between the three-tiers of governments, highlighting recurring tensions within the federation. The 13 per cent derivation formula for oil-producing states is applied each month by the Federation Account Committee (FAAC) before its standard distribution of available resources to all.

When the forum of worthier states, governors queried why the oil–producing states enjoyed the revenues from offshore production from the continental shelf, they were reminded that derivation had been 50% under the first republic and advised not to revise the sensitive terrain of the " on shore offshore dichotomy."

The derivation principle controversy has continued to rage. It explains the court case between AkwaIbom and Cross River states over 76 disputed oil wells and equally the heated response to the official designation of Anambra as oil producing state and the reaction from Kogi State to being the owner of the areas.

From revenue allocation debates, states are purchasing more powers and more resources. They have a strong argument in their favour in view of the financial burden of the 2011 National Minimum Wage of N7,500 to N18,000 per month and the poor internally generated revenue average of 15%.

Similarly, the federal government advances reasons for the revenue to be districted in their favor due to many matters of national interest falling under their jurisdiction. These debates and court cases are part of the conflict in inter-governmental relations.

Self Assessment Exercise

1. Describe the objectives of fiscal intergovernmental relations.
2. Explain at least three dimensions of fiscal federalism

1.5 Summary

In this unit, we have discussed fiscal federalism. There are at least four dimensions to the fiscal aspect of federalism. They are the objectives of intergovernmental fiscal relations; the allocation of responsibilities or expenditure assignment; tax assignment; and revenue sharing.

The objectives should be made to enhance accountability and transparency in fiscal federal relations. The allocation of government functions by tier system must be accompanied by an appropriate mechanism for sharing the resources of the public sector so that each and every tier of government will be able to effectively perform its assigned responsibilities. If revenue is generated solely from taxes, then the assignment of revenue sources boils down to the assignment of tax powers. If this is the case, revenue can be mobilized for a tier of government by assigning revenue sources to the tier of government or by a system of inter-government transfers (grants–in–aids). This is generally a complex exercise, as it involves both equity and efficiency issues and the value judgment of the government. There is a need to supplement the internally generated revenue of sub-national governments.

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1.6 Possible Answers to Self-Assessment Exercise(s) within the content

SAE One:

The system of intergovernmental fiscal relations should be designed in such a way as to:

1. Ensure that both the macroeconomic management and the income distribution goals of the government are not compromised;
2. improve the efficiency of government spending and reduce administrative costs
3. Match the expenditure profile of each tier of government with its revenue profile;
4. encourage subnational governments to generate revenue on their own and improve their revenue profile

SAE Two:

Finance is the most critical policy issue in intergovernmental fiscal relations. In the area of fiscal relations between federal, state, and local governments, certain principles or criteria have often been adopted. There are levies and taxes that are centrally collected on behalf of all federating units. These revenues go into a pool called the federation account. The sharing of revenue from the federal account is based on the federal revenue allocation formula, managed by the Revenue Mobilization Allocation Commission (RMAFC).

UNIT 4 NON-GOVERNMENTAL ORGANIZATIONS AND INTER- GOVERNMENTAL RELATIONS

CONTENTS

1.1 Introduction

The term "non-governmental organization" (NGO) has been used in many different ways. Its use, in its broadest sense, is one that is not directly part of the structure of government. In this work, we shall examine the concept of non-governmental organizations (NGOS) and its relevance in intergovernmental relations.

1.2 Learning Outcomes

At the end of the unit, students should be able to

Understand the meaning of NGOS
Understand the interval dynamics of NGOS, and
Examine the techniques employed by NGOS to influence government decisions.

1.3 Main Content

1.3.1 Typology of NGOS

Non-governmental organizations came into existence with the establishment of the United Nations Organization in 1945, with provisions in Article 71 of Chapter 10 of the Role for organizations that are neither governments nor member states (Ogbushi, 2007:113). The term non-governmental organization refers to an organization of people, though not of government structure, combining their efforts and resources to attain a specified objective that would assist anchorate societal problems. It is a nonprofit organization and can travel across national boundaries. It could also be community-based or national-based.

However, a good number of NGOS have goals that cover a broad range of areas, such as the natural environment, human rights, political and social welfare policies, and philosophical issues.

1.3.1.1 NGOs type by orientation

The World Bank categorized NGOS into two, namely (Ogbuishi 2007: 114) and M.Petal. Sharma (2011).KitabaMahal, New Delhi, Public Administration in Theory and Practice.

1.3.1.2 NGOS type by level of operation

i. Domestic charitable organizations with little beneficiary participation; These are NGOS that undertake activities to meet the needs of the poor or to undertake relief measures like the distribution of food or clothing, housing provisions, transport, etc.
ii. Participatory orientation includes NGOS with self-help projects where the local people participate and cooperate in the implementation of them. The locals contribute items of tangible and intangible goods like land, labour, materials, cash, etc.
iii. Service orientation includes NGOS which devise certain programmes like family planning, communications, education, health, roads, etc., and members of civil society are expected to participate in the implementation or receiving of their services.
iv. Empowering orientations are NGOS that facilitate people's empowerment by increasing their awareness of their own

potential power to control their lives, providing access to credit, training, and other inputs needed to engage in employment-generating activities.

1.3.1.3 IRC-International water and Sanitation Centre

a. Community-based organizations (CBOS) are those that grow out of a desire to help the poor, such as Rotary or Lions Clubs, chambers of commerce and industry, associations of community organizations, and so on.
b. City-wide organizations are created for the purpose of helping the poor or becoming especially involved in helping the poor, like Rotary or Lions Clubs, chambers of commerce and industry, associations of community organizations, etc.
c. National NGOS are those which include organizations like the Red Cross, YMCAS, YWCAS, professional organizations, etc.
d. International relief and development organizations that work like NGOS but are set up and told what to do by groups like the Ford or Rockefeller foundations, CARE, Mercy Corps, and others.
e. IRC-INTERNATIONAL WATER AND SANITATION CENTRE

1. NGOs like Amnesty International, Greenpeace, Human Rights Watch, Refugee International, Transparency International, and others work on campaigns.
2. There are independent non-governmental organizations (NGOS), but there is also a network of 147 government standards agencies, such as the International Organization for Standardization (150).
3. Non-governmental operational and advocacy organizations Operational NGOS can be community-based, national or international-based, national or international. They are primarily concerned with the design and implementation of development-related projects. Operational NGOS may also be further subdivided into "relief-oriented" and "development-oriented" organizations. Other organizational non-governmental organization sub-categories include whether they emphasize service delivery or participation, whether they are religious or secular, and whether they are more public or private in nature (Ogbunishi, 2007: 115).

On the other hand, advocacy NGOS exist to defend or promote a specific cause. Advocacy NGOS, unlike operational NGOS, try to raise awareness, acceptance, and knowledge by lobbying, press work, or activist events (Ogbuishi, 2007: 116). Most advocacy NGOS come in the form of pressure or interest groups. Examples of such interest groups in Nigeria are professional groups, business groups, agriculture groups,

religious groups, the Nigeria Medical Association, the Nigeria Bar Association, etc.

1.3.2 Internal Dynamics of NGOS

For the management of NGOS, two management techniques are in diversity and participatory management. Diversity management entails being involved in developmental activities that cut across cultural settings. Here, personnel from a particular culture are faced with different ways of doing things in a different country; hence, a diversity management style becomes imperative. Participatory management, on the other hand, means that all people within the organization are seen as sources of knowledge and skills. All people, therefore, participate in the management process. (Ogbunishi, 2007:117).

Another area of interest for NGOS is that most of their staff (personnel) are volunteers. Since it is not a profit-making body, paid staff in the organization receives lower pay than those in the private sector. Despite this, NGOS employees are committed and passionate about the organization's goals; NGOS fund their activities through government grants, membership dues, sales of goods and services grants from international institutions, private donations, and national government grants. For instance, a quarter of the 162 million US dollar income of Oxfam (NGO), a famine relief organization in 1998, was donated by the British Government and the European Union (quoted in Ogbunishi, 2007:118).

1.3.3 Techniques of NGOS

Non-governmental organizations play important roles in influencing government policies, namely, Ogbunishi, 2007:

i. Logic sentiments and lobbying to drive home their points and requests
ii. Conducting programs and activities, as well as organizing programs and goal-oriented activities aimed at raising awareness among target populations. Such programmes and activities include health fairs, seminars, workshops, road shows, sporting events, schools, and competitions.
iii. Interactive Sessions Involving specific groups as well as government agencies or institutions is also part of this strategy.
iv. Provision of equipment and skills needed for self-development concerns empowerment of skill acquisition for poverty alleviation by this action. The properties of the government are directed along these lines.

v. Developing effective public relations, maintaining healthy relationships with members of the public, public relations campaigns could be utilized to mobilize public support, especially for foundations and charitable organizations.
vi. Consulting and project management

1.3.4 NGOS as Harbinger of Change and innovation

NGOs have an advantage over the government in that they can act more quickly than the government and specify where and when they will support a specific project. The state structures are criticized as being corrupted, hence instituted for performing either welfare or resource management functions, while NGOS are more accountable, responsive, and committed to social change. They play the roles of catalyst and motivation. So, there should be partnership between governmental and non-governmental organizations in sharing responsibilities for the information and execution of social policies between them in keeping with the spirit of true democracy.

1.3.5 Training and Technical Assistance Role

NGOS can play an effective role in promoting good governance through the processes of training and capacity building to bridge the exhibiting community administrative gap. The NGOS can develop technical assistance and training capacity, which can be disseminated to the government, while preparing for implementation of the place.

1.3.6 Social Welfare Role

Where relief and charity are key actions, It is the traditional approach. NGOS in this role can be seen as militating internal programmes and projects. Major secondary actors who would support the NGO in this role include international donor agencies and other charity institutions.

1.3.7 Mediatory Role

Communication as a skill is important for development and social action. There has been a gradual shift away from "creative" roles defined by relief and charity and toward "interactive" roles, in which NGOS participate in or take on external programs and projects. Major secondary actors include government agencies and projects. Major secondary actors include government agencies and other formal institutions.

1.3.8 Consultative Role

Where support documentation and dissemination of information and expertise are critical, NGOS in this role can be seen as working in collaborative programs Local experts, professionals, or resource people play major secondary roles here. All three roles of social welfare, mediation, and consultation, in fact, go together as three facets of the same approach towards community development and empowerment. Organizational independence and operational self-sustainability of an NGO can be achieved by an emphasis on their mediation and consultation roles, but without disregarding the social welfare role. The voluntary organizations have equipped themselves adequately and come up enthusiastically and contributed significantly in various fields (Shama et al., 2011:852-3).

1.3.9 Relevance of NGOS in intergovernmental Relations

According to Sharma et al. (2011:853–844), NGOS are important in the following way.

1. Dissemination of Information: A free and democratic society must find expression in more than one way, and the growth of NGOS is one such expression. The NGOS have the ability to communicate at all levels, from the neighborhood to the top levels of government. They can also facilitate active participation and recruit both experts and highly motivated employees with fewer constraints than the government.Such advantages enable NGOS to reach and disseminate information to the people more effectively. NGOS are knowledgeable partners and deal both with the groups of civil society on the one hand and the government on the other.
2. NGOS could be involved in consulting and project management for potential entrepreneurs. They could also mobilize voluntary public support or contributions for aid. Strong links with both government institutions and community groups is a strategy often adopted in developing countries. Generally, NGOS, which are private, have a community or environmental focus.
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Self Assessment Exercise

1. Explain the methods or strategies NGOS use to influence government's policy-making or decisions
2. Describe the internal dynamics of any NGOS known to you

1.4 Summary

We examined the meaning types, internal dynamics, and methods of cooperation of NGOS in this unit because they play important roles in the political process. They employ a number of techniques or stratefies in their quest to influence the policies or decisions of the government in their favour. Sometimes, they make direct representation to government officials or legislative bodies to drive home their points or requests. They do this to achieve their goals.

A non-governmental organization is a group of people who are not part of the government but pool their resources to achieve specific goals. They are not profit-making. Examples are Red cross human rights NGOs, HW/Aids, NGOS, and environmental NGOS, professional group NGOS, etc. NGOS employ a number of methods or strategies in their quest to influence decisions by the government. They employ the following techniques: lobbying; organizing programmes and goal-directed activities (seminars/workshops); empowerment styles that enable them to function effectively and achieve their goals. Most of their employees are volunteers and committed to the goals of their organizations. They obtain the funds from grants from national governments, international institutions, private donations, and sometimes, the sales of their goods and services, aimed at influencing government legislative and policy-making processes.

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1.6 Possible Answers to Self-Assessment Exercise(s) within the content

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3. Interactive Sessions Involving specific groups as well as government agencies or institutions is also part of this strategy.
4. Provision of equipment and skills needed for self-development concerns empowerment of skill acquisition for poverty alleviation by this action. The properties of the government are directed along these lines.
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UNIT 5 INSTITUTIONS FOR MANAGING INTER-GOVERNMENTAL RELATIONS

CONTENTS

1.1 Introduction

The nature of fiscal relations in any federal system is crucial to the survival of the country. Conflicts in inter-governmental relations have often centred on the issue of obtaining adequate financial resources to discharge essential political and constitutional responsibilities. To manage inter-governmental relations in Nigeria, various administrative institutions were established. In this unit, we shall examine the institutions established by the 1999 constitution of the Federal Republic of Nigeria; the revenue mobilization allocation and Fiscal Commission (RMAFC).

1.2 Learning Outcomes

At the end of the unit, students would be able to:

- Causes of conflict in inter-government relations
- Understand the role of revenue mobilization allocation and fiscal commission.
- Understand the role of other bodies in coordinating inter-governmental relations management.

1.3 Main Content

1.3.1 Machinery of the Revenue Mobilization Allocation and Fiscal Commission (RMAFC)

In a bid to reduce inconsistencies associated with the management of inter-governmental relations through ad-hoc approaches, the 1999 constitution of Nigeria provided for the establishment of a revenue mobilization allocation and fiscal commission. The commission consists of a chairman and one member from each state of the federation and the FCT, Abuja. The commission has the following as its major objectives and powers:

1. Monitor the accruals and disbursement of revenue from the federation accounts.
2. Review, from time to time, the revenue allocation formula and principles in operation to ensure conformity with changing realities for oil producing communities. It took the Supreme Court until April 5, 2002 to decide the case between the federal and state governments to determine the conflict. All the states of the federation were joined in the suit filed on the issue of 13% derivation for oil producing states. Some leaders, especially from the North, have called for a review of that revenue sharing formula.

The revenue allocation formula is another area of conflict, leading to agitation for the review of the present revenue sharing formula, which stands as: federal 52.68%; state governments 26.72%; and local governments 20.6%. While 13% is derivation is given to oil producing states. The body claims that this formula has created a wide disparity between the north and south. The Niger Delta leaders have reacted to this line of argument from the north, claiming that the 13% derivation is not even enough to address the environmental degradation caused by oil exploration. Besides this, there has been rancorous bickering between

state and local governments over the state–local government joint account and the sharing of 10% internally generated state revenue, which the states have not been able to fulfill.

1.3.2 Conflict Resolution Machinery

The nature of conflicts in inter-governmental relations is basically jurisdictional. Conflicts of jurisdiction can arise in areas such as tax jurisdiction, road construction jurisdiction, legislative jurisdiction, state security, and federal jurisdiction on the use of political Conflicts in these areas are often over which level of government constitutional jurisdiction over certain powers as has enshrined in the 1999 constitution. Certain factors may be identified.

1.3.3 Tax Jurisdiction Machinery

This refers to conflicts arising from which level of government should collect which type of revenue over a particular area. In most cases, there is incursion into exclusive lists by states, and states also meddle in the revenue collection areas of local governments, causing conflict in their relations.

1.3.4 Resource control Machinery

Conflict over resource control frequently results in which tier of government, federal or state, has possession of off-shore mineral resources, and 13% of the world's population

1. Accept revenue formula by an act of the National Assembly, which shall remain in force for at least five years from the date of the Act's commencement.
2. To give advice to the federal and state governments about how their money is being spent and how they can make more money.
3. To determine the salaries of political office holders, including the president, vice president, governors, deputy governors, ministers, commissioners, special advisers, legislators, etc.
4. discharge such other functions as may be conferred on the commission by the constitution or any Act of the Assembly part (item 31 of the third schedule of the 1999 constitution).

These functions, no doubt, were aimed at evolving a generally acceptable revenue allocation formula for the nation, in view of the number of review commissions/committees set upon since independence to manage resources/revenue sharing and allocation.

1.3.5 Other Organizations That Coordinate Inter-Governmental Relations; Other bodies

The Central Bank of Nigeria (CBN)

The Meetings of the Federal and State Accountant-Generals

Its main brief is to standardize and harmonize fiscal data reporting. Timelines of accounts and regular reporting of such data, the minimum reporting codes, and the financial monitoring of spending, are areas that have engaged the attention of this body. The body has, however, in large part, been unable to force compliance with its recommendations on federal and state authorities because of the absence of statutory endorsement.

The Debt Management Office (DMO)

The principal mandate of the DMO is to coordinate borrowing.

The DMO was set up to bring order to excessive borrowing by states.

THE JOINT TAX BOARD; Which is charged with the responsibility of coordinating tax principles and policies among the three tiers of government. In particular, the board ensures uniformity in tax principles, policies, and practices across state and local government boundaries and mediates when disputes arise over tax jurisdiction.

Offices of State and Local Government Affairs (SLGAO)

State-Local Government Joint Account Committee

Others, such as: The National Council of State:

National Economic Council, National Council of Establishments, National Council of Trade, Agriculture National Councils, and the Judiciary

These institutionalized administrative bodies provide a convenient forum for consultations and negotiations on behalf of the federal, states, and local governments in the management and resolution of conflicts in intergovernmental relations.

Self Assessment Exercise

1. identify Organizations that Coordinate Inter-Governmental Relations;
2. Describe the functions of revenue mobilization allocation and fiscal commission (RMAFC) in inter-governmental relations in Nigeria.

1.4 Summary

In this unit, we have discussed the role of RMAFC in intergovernmental relations. Although most of these bodies were set up to promote harmonious fiscal relations, due to the lack of an enabling "legislative instrument" to provide the framework for intergovernmental fiscal relations as well as a lack of fiscal discipline, fiscal policy coordination became problematic in Nigeria.

The issue concerning fiscal relations among constitutional units of Nigeria remains mostly unresolved. Revenue is shared between and within tiers of government, ultimately to promote inter-jurisdictional equity, enhance the efficiency of the public sector and minimize the cost of administering the tax system. The decision as to what percentage of centrally generated revenue would be retained among the three tiers of government has always been a problem. In a bid to reduce these problems associated with revenue allocation, through review commissions and ad hoc approaches, the 1999 comment of a revenue mobilization, allocation, and fiscal commission One of the functions of the commission is to advise the federal and state governments on fiscal efficiency and methods by which their revenue can be increased. The 1999 Constitution says that "the president, upon receipt of advice from the Revenue Mobilization Allocation and Fiscal Commission, shall table before the national assembly proposals for revenue allocation from the federal account and in determining the formula, the National Assembly shall take into account the allocation principles, especially those of population, equality of states, internal revenue generation, land mass, terrain as well as population density."

Besides, there are other bodies empowered to participate in the coordination of intergovernmental fiscal relations, namely; the National Planning Commission, the Federation Account Committee, the Central Bank, the Meetings of Federal and State Accountants-Generals, the Debt Management Office, the Joint Tax Board, the State and Local Government Affairs offices, and the State-Local Government Joint

Account Committee. All these bodies are established to promote harmonious fiscal inter-governmental relations.

1.5 References/Further Readings

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1.6 Possible Answers to Self-Assessment Exercise(s) within the content

SAE One

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Conflict over resource control frequently results in which tier of government, federal or state, has possession of off-shore mineral resources, and 13% of the world's population

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