

Sovereign Wealth Fund and Challenges of Fiscal Federalism in Nigeria

Oliver U Nwankwo¹, Isaac M. Ikpor²

1. Department of Political Science, Ebonyi State University, Abakaliki.
E-mail: uchennamike@yahoo.com
 2. Department of Accountancy, Ebonyi State University, Abakaliki.
Email: isaacikpor@rocketmail.com
- Email of Correspondent author: isaacikpor@rocketmail.com

Abstract

Following the passage of the Nigerian sovereign investment authority Act 2011, by the National Assembly, the federal Government acting pursuant to the Act, set up the fund. It is customary for the government to distribute all revenue accruing to her in the Federation Account between the federal, state and local government councils according to a set formula. The establishment of the sovereign wealth fund received attacks and protest by the governors of the federating states, thus, raising the unsettled question of the concept of federalism in Nigeria. The view of many is that the concept of the Nigerian federalism is not determined by the judicious power and revenue sharing formula, rather by the result of the imposed federal system of government by the colonial master and the subsequent military regimes is the base for the frequent disputes and quarrels between the states and federal government in some national issues. The formation of the Governor's forum as an association of all the governors in Nigeria is to protect the states from the political and fiscal interference of the federal government. By virtue of the provision of the constitution, the concept of federalism was entrenched in that the sovereignty of the nation was divided between the federal, states and local governments. The exercise of the legislative and executive powers by the federal system, particularly, as these powers touch on the sharing of the country's revenue between the federating units. And at several occasions, attempts were made by the federal government through the National Assembly negating the principles of true federalism. This review has attempted to highlight on related concepts, legal base for Nigeria's fiscal federalism and its challenges. It also provides an analytical framework linking it to a suitable theory. The significant finding of the study is the fact that there is an imbalance in the federal system and structures of federating units in Nigeria. The implication of the finding is that there will continue to be a developmental lacuna and ethnic squabbles among the federating units if the imbalances are not corrected. Recommendations were also offered to ameliorate the imbalance system and establishment of the fund.

Keywords: Sovereign Wealth Funds, Fiscal Federalism, Ethnic Squabbles, Federating unit, African Continent, Financial Management and Accounting.

1.0 INTRODUCTION

Nigeria is the most populous country in the African continent with an estimated 170, 123,740 million people. It is also one of the largest producers of oil, on which the majority of its economy relies. Petroleum exports accounts for approximately 90 percent of its foreign revenue and 80 percent of government revenue. Given Nigeria's dependence on oil, its economy is susceptible to shifts in oil prices. Excess oil reserves were previously allocated to the Excess Crude Account (ECA) which was set up in 2004 as a stabilization fund to meet the country's yearly budget deficits and to contribute to the development of local infrastructure. The constitutionality of the Excess Crude Account has been brought into question (Eke, 2010).

Nigeria's sovereign wealth fund was brought into law in 2011 via Goodluck Jonathan and it expected to replace the Excess Crude Account. The Act authorized the establishment of the Nigeria sovereign Investment Authority, giving it jurisdiction over the country's excess petroleum reserves. The fund is intended as security against failure of economic instability, to contribute towards the development of the country's infrastructure and as a savings mechanism for future generations, using the country's excess oil revenues it is also expected that managing these reserve fund will help to protect Nigeria's economy from external shocks. With an initial financing of \$1bn USD from the Nigerian government, Nigeria's fund is the third largest in sub-Saharan Africa, after Botswana and Angola. On October 9, 2012, the Nigeria sovereign investment authority board of directors was inaugurated with Uchenna Orji as the chief Executive Officer, Alhaji Mahey Rasheed as the chairman of the board. The total professional and administrative staffs of the Nigeria sovereign Investment Authority is twenty-five, while the firm J.P Morgan, was appointed as the custodian of the funds. The Nigeria sovereign Investment Authority has for far formed partnerships with key players in the business sector in order to realize its objectives. The Authority has been invited to request observer status at the international forum of sovereign Wealth Funds (IFSWE), with the intention of eventual membership. The Authority will present its credentials at an October 2013 meeting in Oslo Norway (The Nation, 8-8-2013).

Meanwhile, Nigeria sovereign Wealth Fund is composed of three distinct funds or windows, each with specific investment and developmental objectives. Of the initial \$150 billion, 85 percent of the funds will be distributed among the three windows with an initial \$150 million remaining unallocated, to be assigned to either of the three funds as needed in future. The funds will be invested in various securities. The stabilization fund was allocated an initial 20 percent, while 32.5 percent each went to the future generations and the Nigeria infrastructure funds.

Before the inauguration of the Nigeria sovereign Investment Authority Board in 2011, following the sovereign Investment Act of the National Assembly, the sovereign wealth fund has been a household name in the global economy. The first fund originated in the 1950s. The first sovereign Wealth fund was the Kuwait Investment Authority established in 1953 to invest excess oil revenues. Only two years later, Kiribati created a fund to hold its revenue reserves. Little new activity accrued until three major funds were created:

- Abu Dhabi's Investment Authority (1976)
- Singapore's Government Investment Corporation (1981)
- Norway's Government Pension Fund (1990).

Over the last few decades, the size and number of sovereign wealth funds have increased dramatically. In 2012, there were more than fifty sovereign wealth funds, and according to the sovereign wealth fund institute, has exceeded worth of \$5 trillion. [The Nation, 8-8-2013].

2.0 CONCEPT OF SOVEREIGN WEALTH FUND

A sovereign wealth fund is simply an investment fund managed by a government or other organization on behalf of a nation or sovereign State. The capital that flows into Sovereign Wealth Funds can come from any number of sources, but the most common are foreign currency reserves (budget and banking surplus) and excess profits from the sale of natural resources and commodities. Crude oil profits in particular have been a huge benefactor to Sovereign Wealth fund assets.

The money for Sovereign Wealth fund typically comes from Nation's budgetary surplus. It is a state pool of money that is invested in various financial assets. When a nation has excess money, it uses a Sovereign Wealth funds as a way to funnel it into investments rather than simply keeping it in the central bank or channeling it back into the economy. The motives for establishing a Sovereign Wealth fund vary by country. For example, the United Arab Emirates generates a large portion of its revenue from exporting oil and needs a way to protect the surplus reserves from oil-based risk, thus it places a portion of that money in a Sovereign Wealth fund. Many nations use Sovereign Wealth funds as a way to accrue profit for the benefit of the nation's economy and its citizens (Nwankwagu, 2010).

The primary functions of a Sovereign Wealth fund were to stabilize the country's economy through diversifications and to generate wealth for future generations. In Nigeria for instance, Sovereign Wealth fund which was introduced and established in 2011 composed of three distinct funds or windows, each with specific investments and developmental objectives. They include the stabilization, future generation and infrastructure fund.

- Stabilization fund of the Sovereign Wealth fund: The stabilization fund is intended to safeguard against-budgetary deficits. It would be a last resort from which government may withdraw annually to meet shortfalls in the budget brought about by falls in oil prices or other constraints.
- Future generation fund of the Sovereign Wealth fund: The future generation fund is a saving fund that will seek investment in long-term investments and assets to provide savings for future generations of Nigerians.
- Infrastructure fund of the Sovereign Wealth fund: The Nigerian infrastructure fund is expected to secure investments in the infrastructural development of the country in areas such as agriculture and other government direct projects.

2.1 FISCAL FEDERALISM

The conceptual analysis of fiscal federalism definitely reflects the ideas of political federalism, institutional variety of federalism and the fiscal arrangement and flexibility. Federalism in the first place is a constitutionally established system with at least two orders of government each of which has some genuine autonomy from the other. The governments at each level are primarily accountable to their respective electorates (Anderson 2010).

The typical manifestation of federalism in the global politics were in federations, yet the questions as to what extent the federal principles have been realized in these federations and how far it has remained an empty formula remains a researchable questions, more especially in developing nations (Frankel, 2007).

Nevertheless, the term federalism has no universally accepted meaning as it may mean all things to all men, just like democracy or peace, yet the term has become one of those good echo words that evoke a positive response in the global polity. The term has been applied to almost any form of pluralism and cooperation within and among nations. Frankly, federalism should be a generic concept for very diverse forms of the organizational combination of more or less autonomous units. This means that it is logically possible that there are federations

without federalism let alone fiscal federalism (Oates, 2005).

Basically, this hierarchy of concepts is not for definition rather a useful aid for classification and certification of the concept of fiscal federalism. It conveys nothing, or very little, about the essence, the meaning and the ends of fiscal federalism, the dynamic aspects of federalism, and its relations among governments. All of these factors can be important when considering fiscal arrangements within a federation. The federal fiscal arrangements are greatly determined by the variety of the institutional history, politics and social context. Federations with very few units tend to be unstable and difficult to manage, while those with many constituent units may tend towards centralization and weak intergovernmental relations (Anderson, 2010).

*** Fiscal Arrangement and flexibility**

While some basic fiscal arrangements, such as taxing power, are typically set down in a federal constitution, many important features which are not fiscal arrangements are usually more flexible than the basic division of legislative and administrative powers of the two orders of government. This flexibility means that fiscal arrangements are often central to political debates in federations (Boadway and Anwar, 2007).

Typically, most of the defining features of a federation, the number of constituent units, its major institutions, the division of legislative and administrative powers-are set down in the constitution. These are usually hard to change because constitutional amendment normally requires special majorities (though some federations permit powers to be delegated between orders of government). However, constitutions cannot specify many major fiscal features of a federation, such as how much is to be spent on what, what taxes are to be most important, and the specifics of fiscal transfers from features must be worked through in day-to-day politics, which can be competitive, controversial as well as co-operative.

*** Fiscal federalism**

While the boundaries of fiscal federalism are hard to draw, the core of the subject is clearly the raising, borrowing and spending of money in the federation. It borders on the means by which money is raised, the purposes for which it is spent and the respective roles of federal and constituent governments in this process. It can be both explanatory and evaluative on how and why things happen; what would be an optional way?

Fiscal federalism deals with the respective roles and interaction of governments within federal systems, with a particular focus on the raising, borrowing, and spending of revenues among the federating units. It examines the functioning of these systems and tries to provide a principle basis for evaluating them. The unanswered question of true federalism borders on fiscal federalism. Similarly, the spending and sharing of revenue has raised major issues in the country. Do constituent units have adequate authority to raise their own revenues to meet their spending responsibilities? If not, what arrangements are in place for them to share taxes with, or receive transfers from the federal government? Do federal transfers include unit autonomy, programme functioning, or policy coherence? Is spending by governments in the federation centralized or decentralized, and how might this affect relationships and policies? Are fiscal decisions made separately, jointly, or cooperatively? Is the federation marked by major tensions or conserves around revenue raising and spending? Are there joint administrative arrangements for delivering programmes or raising revenues? How do federal political and fiscal arrangements affect economic performance? All these questions borders on the challenges facing true federalism and if properly answered will propagate a modern, transparent and true fiscal federalism.

2.2 LEGAL PROVISIONS GOVERNING REVENUE SHARING AND TRANSFERS

The logic of centralizing revenue collection is generally stronger than that of centralizing expenditure responsibilities. While the extent of devolution of revenue collection (including borrowing) and expenditure varies greatly among federations, in all cases the federal government assumes part of the responsibility for financing constituent units (and even local) government. This can be done either by sharing certain or all federally collected taxes or by making transfers from the deferral governments own budget (Anderson, 2010).

Hence, the legal basis for revenue sharing and fiscal transfers is found in the constitutions, federal laws, and intergovernmental agreements. In Nigeria, for instance, the management of public revenue is defined in section 162 (1) of the constitution of the Federal Republic of Nigeria, 1999 as amended. The said section provides for:

1. The federation shall maintain a special account to be called "the federation Account" into which shall be paid all revenue collected by the government of the federation; except the proceeds from the personal income tax of the personnel of the Armed forces of the federation, the Nigerian police force, the ministry or department of government charged with responsibility for foreign affairs and the residents of the federal capital territory, Abuja.

In section 80(1) of the constitution of Nigeria, 1999 as amended, it also provided that all revenues or other moneys raised or received by the federation (not being revenues or other moneys payable under this constitution or any other Act of the National Assembly into any other public fund of the federation established for a specific purpose) shall be paid into and form one consolidated revenue fund of the federation (FRN, 1999).

The combined effect of the two provisions is that Public revenue of Nigeria comprises all revenues or moneys raised or received by the federal government and shall be paid into consolidated revenue of the federation.

The constitution proceeds to provide for the way and means by which funds could be managed. By section 162(3) of the constitution of the Federal Republic of Nigeria, 1999 as amended, any amount standing to the credit of the federation account shall be distributed among the federal, and states and local governments councils in each states, on such terms and in such manner as may be prescribed by the National assembly. Section 162(2) states that, the President upon the receipt of advice from the revenue mobilization, allocation and fiscal commission, shall table before the National Assembly proposal for revenue allocation from the federation account.

Legally, the structure of Nigeria's federalism empowers the National Assembly to distribute among the federating units any money in the federation account on such terms and such manner as the legislature may prescribe. Invariably, the National Assembly and the president are responsible to fashion out a revenue allocation formula for the three tiers of government in Nigeria. There is virtually nothing left for the states and local government council to do than to watch and see that the president and the National Assembly complies with the provision of the constitution (Nwankwagu, 2010).

2.3 CHALLENGES OF FISCAL FEDERALISM: A CASE OF NSWF

Lack of transparency and the conflict in our federal system has been a serious challenge to all national policies in Nigeria. It has always been a war between the state government and federal government spearheaded by the governor's forum and the presidency respectively on issues of national interest.

Informed by the imbalance in the foundation of Nigerian federal system occasioned by the previous military structure that apportioned greater power at the centre, and in view of the current federalism operated in many democratic government in the world, the conflict is bound and it is recommended that the best approach to resolve this is for both parties to negotiate and resolve all the major issues amicably within round-table. This is believed to be a prerequisite for promoting further understanding, cooperation and fellowship amongst all the tiers of government in Nigeria. Hence, all government efforts are geared towards improving the socio-economic life of the citizenry (Ndanusa, 2011)

Critically, an examination of the challenges of Nigerians sovereign wealth fund and the fiscal federation arises from the aged long foundation in the federal system which is imbalanced and lack transparency. The state governor's to my understanding have nothing against the sovereign wealth fund but with the way it is to be implemented under the current regime. It has been observed with dismay that before now, there had always been attempts by federal government through the National Assembly to control the powers of the other tiers of government through fiscal policies. Such measure of control had usually generated resistance inform of subtle between the state and the federal government (Nwankwagu,2010)

Particularly, as it relates to excess oil income that were usually kept in the Excess crude Account (ECA), Periodically shared among three tiers of government, in the proportions of the existing revenue distribution formula, the sovereign wealth fund by design is expected to replace the excess crude oil account, while the effective over-sight and control over the Nigerian Sovereign Wealth Fund actually and exclusively lies with the federal government.

Though all state governors are by law members of the governing council of the Nigerian Sovereign Investment Authority, yet the Act guaranteed the independence of the authority/fund board and executive thereby reducing the role of the governing council to purely advisory. The ensuring thought pattern therefore seems to be that since state governors cannot by law exercise effective control over the Nigerian Sovereign Investment Authority (and by extension it's funds).

Then it was unnecessary to include them as members of the governing council in the first place (and also by extension the proportion of funds that would have been due to the state governments from the excess crude income).

In relation to the assertion above, governor, Emmanuel Uduaghar of Delta State on a lecture in Asaba during the second anniversary lecture of the fifth Assembly of the Delta state House of Assembly expressed support for the sovereign wealth fund and charged the federal government to ensure effective participation of all the states in the management of the initiative, in his words;

"We are not against the Sovereign wealth fund, states should be able to decide the amount to save and what to do with their savings since they are not appendages of the federal government".

The governor also advocated for the practice of true fiscal federalism In the country to enable the federating state have access to their resources for maximum development (The Nation, 8-8- 2013)

In a true fiscal federalism, the regional government or state government have a spelt out rights and responsibilities. There exists a federal government with a decentralized power. The state need not to lobby for what rightly belongs to them. This will engender healthy competition among states in the federation and enhance

infrastructural development. Fiscal federalism in true color, will create opportunity for states to develop their mineral and other resources and improve their revenue bases (Ahamad and Geogio, 2006)

In the global sphere, sovereign wealth fund has also received criticism and challenges from stakeholders. Though, Sovereign wealth fund represent large and growing portion of the global economy, the size and potentials impact that these funds could have on international trade, has led to considerable opposition, and the criticism has mounted after controversial investments in the United States and Europe. Following the mortgage crisis of 2006-2008, sovereign wealth fund helped rescue struggling Western banks citiGroup, Merrill lynch, UBS and Morgan Stanley. This critic worry that foreign nations were gaining too much control over domestic financial institutions and that these nations could use that control political reasons. Invariably, this fear could also lead to investment professionalism, potentially damaging the global economy.

Besides, the governors had argued that the operation of the sovereign wealth fund is in conflict with section 162d of the 1999 constitution as amended which establishes the federation account and stipulates that all monies accruing to the federation should be paid into the account and distributed to the three tiers of government in conformity with the revenue allocation formula. This section did not give the federal government the legal power to force the states to save money as the operation of the special funds connotes (Nwankwagu, 2010)

In contradiction, the constitution proceeded to provide for the way and means by which funds could be managed. By same section 162 (3) of the constitution of the federal Republic of Nigeria, 1999 as amended any amount standing to the credit of the federation Account shall be distributed among the federal, states and local government on such terms and manner as may be prescribed by the National Assembly. The National Assembly is empowered to distribute among the federating units any money in the federation Account in such terms and such manner as the legislature may prescribe. In other words, the National Assembly and the president are responsible to fashion out a revenue allocation formula for the three tiers of government (FRN, 1999)

2.4 THEORITICAL ANALYSIS ON THE CHALLENGES OF FISCAL FEDERALISM IN NIGERIA

Prismatic – Sala model vs. Bureaucratic model prepared by Rigg – Rigg made a great effort in searching for an objective and effective model for analyzing public administration in developing regions. With his background in sociological theory, Riggs created the “fused-prismatic-diffracted model”. This model covers a wide range of research. For instance, economic life, social structures, political symbols and allocation of power are all part of the analysis of structural function. From the perspectives of heterogeneity, overlapping, formalism and social transformation, the model observes peculiar characteristics in prismatic society (Sapru, 2009)

Prismatic-Sala model: F.W Riggs developed this model combining prismatic and sala. He is the most prominent model builder in the comparative administrative movement. He developed this model for developing countries. In 1956 Riggs had suggested tw king of society-industrial and Agrarian. Agrarian is mainly based on agriculture. It is an old movement based society. While industrial is modernized society. It is industrial based society. This was criticized because of limitations. To remove the limitations Riggs suggested another three kinds of society as given below:

Prismatic society
Diffracted society
Fused society

Fused society is the society where the function and structure is not specific and where there is no differentiated and functional specification. He uses Imperial china and Pre-revolutionary, Siainese Thailand as examples of fused society. This agrarian society had practically a single structure performing all the functions. Thus, a fused society is structurally undifferentiated and is multi-functional in character. Communications in such a society are very weak and people’s relations with the government are at low ebb.

Diffracted society: In contrast to the fused society, a diffracted society is highly differentiated (for Riggs differentiation is the criterion of development). There is a high degree of specialization and each structure performs a specialized function. Functions in such a society like American society are very specific and the degree of integration and differentiation is very high.

Prismatic society: Is one which has achieved a certain level of differentiation with specialization of roles necessary for dealing with modern technology, but has failed to integrate these roles. It has moved away from the fused stage but has not yet attained the diffracted stage. It is thus, a transitional society which is at a middle period where old customs and traditional ideas exist along with modern standards and values. He identified three characteristics of a prismatic society as heterogeneity, formalism and overlapping. Riggs says that a society comprises various economic, political, administrative sub-systems. His prismatic society has also its own administrative sub-system which, he calls Sala. He uses the terms “chamber” for the administrative sub-system of a fused society, and ‘bureau’ or ‘office’ for a diffracted society. Each of them has its own distinctive characteristics. Sala is a Spanish word which has been defined differently- a government office, a religious conference, a room etc. It combines certain features of ‘bureau’ of a diffracted society and ‘chamber’ of a fused society. The heterogeneous structures, traditional and modern values of prismatic society are found in the administrative system in Sala. The features governing administrative sub-system in a Sala model are evident in

nepotism, poly-communalism, poly-normativism and lack of consensus and separation of authority from control.

On a critical view and analysis above, there is no gain saying that Nigeria is a practical example of prismatic society. The attendant features of a prismatic society as explained by Riggs postulations and that of Sala model is a clear indication that the existence of heterogeneous structures, traditional and modern values in our federal system is the foundation of our political system, thus our challenges. There is no doubt that Nigeria is still at the middle age in development. On a critical examination, one can comfortably describe our political system of government as a combination of a unitary and federal system of government.

Confirming the prismatic nature of our political structure, the Lagos state chapter of the All Progressive Congress recently throws their backing to the party's governors on the true federalism and proper adjustment in the current lopsided revenue allocation. It stated that local government autonomy in the face of unjust federal structure and revenue formula that gives the federal Government so much is another effort to smuggle unitarism in what is supposed to be a federation. It calls for an urgent application of the principles of true federalism and just and proper fiscal allocation that may allow the three tiers to function as a true federating unit (The Nation, 16-8-2013)

3.0 METHOD;

The study observed content analysis in reflection to prismatic-sala model in the theoretical perspective.

4.0 FINDINGS;

The problem arising from the above submission is one which is unknown in jurisdiction with a unitary form of government and a Supreme legislature. It arises only in a federal government such as ours (Nigeria), where powers, legislative and executive powers within the federation are shared principally among two tiers of government, the National or federal government and the states government within the federation. In a federal set up, it is necessary that each of the tiers of government is reasonably autonomous (i.e.) each has separate existence from and remains independent of control by the other. The above represents the present situation with setting up of the Sovereign wealth fund, (SWF) by the president, acting pursuant to the provisions of the Nigeria sovereign Investment Authority Act 2011. This imposition of duties or responsibilities or total usurpation of functions of states by the federal government has been the source of conflicts and instability among the two tiers.

5.0 CONCLUSION AND RECOMMENDATION

Bearing in mind that the imbalance in our federal system is an aged long thing, occasioned by the military rule and transferred to our constitution, it is pertinent for all stakeholders in this globally accepted socio-economic policy of the future, to accept negotiation and peaceful resolution of their conflicts of interest out of court. This to Shaffii Ndanusa (2011) is believed that the Supreme Court judgment on the matter could have far reaching consequences, for all parties. While the Supreme Court may clarify many issues raised by the dispute, it will certainly deepen the level of acrimony and distrust between both parties since the foundation is bias. It will almost be difficult to predict how each party will eventually handle the outcome of a Supreme Court judgment on the matter.

In recommending effectively, we adopt the proposal for solution as outlined by Shaffii Ndanusa (2011) and aligned with the first option totally.

Option one-Seek an immediate review of the Nigeria Sovereign Investment Authority Act, while also agreeing to an immediate phased implementation of the Act; This is to grant State government the ability to exercise some form of effective control over the Nigerian Sovereign Investment Authority and its organs while retaining the key provisions of the Authority as it relates to the constitutional rights of state government control over all excess oil income in a federal system. Minimizing the involvement of state government in the Nigerian Sovereign Investment Authority initiative and thus making it principally a federal government affair, entails the Authority relinquishing its right to access and control over the proportion of excess oil income that ought to be due to all the state government as prescribed by the federal Law. It is expedient to note that this option will go along way to accommodating all parties; ensuring rights, privileges and responsibilities of all parties; Enables partial or phased implementation in an orderly manner; addressing the fiscal, financial and functional independence of all parties and finally ensures total transparency. Though, this option can be criticized for time and strength consuming. The time and effort needed to get at all parties and to negotiate an acceptable lasting agreement for the Authority. Hence, if this option is considered, detailed negotiation must be carried out with regards to the following areas of the Sovereign wealth fund; the legal, cooperate governance, fund investment, Audit reporting and transparency/accountability frameworks

Finally, the call for a complete suspension of the implementation of the Act while negotiations are ongoing as also outlined by Ndanusa in his proposal is not necessary as it will send wrong signals to the global community about the seriousness of Nigerian government at all levels as it relates to the prudent management of financial resources. It could create an opportunity to use time and meaningless arguments to delay and thus

frustrate the entire Sovereign wealth fund initiative. This may return the system to status quo (Excess crude Account) with all its attendant disagreements, acrimony and mistrust.

From the foregoing analysis, I align myself with others to hold that the establishment of the Sovereign wealth fund, by virtue of the Nigerian Sovereign Investment Act, 2011 is constitutional. The funds invested in the Authority is Residual funds above budgetary smoothing amount; equivalent to the Excess Revenue Account or Excess Crude Account.

Nevertheless, observation confirms a definite correlation between true federalism establishment and sustenance of the Nigerian Sovereign wealth fund, above all, national development in Nigeria. As it is currently constituted, the Nigerian federalism is indeed a serious impediment to the country's overall development. It is pertinent to note that unless and until a fundamental restructuring is embarked upon, the country's march to sustainable national policies will continue to be a mirage stalled if not out- rightly halted. With mindless over fragmentation resulting in the sub-national units being incapable of endogenously driven development efforts based on the quasi-autonomy, and with the centre riding roughshod over the states and Local governments with impunity and distributing favors and sanctions as it pleases, I plead to submit that the current pseudo-federalism that operates in Nigeria is a serious obstacle to and indeed an albatross on the rapid and sustained transformation of the country.

As a matter of urgent importance, Nigerians must dialogue over certain fundamental question's and issues that have arises since 1914 when the country's constituent units were forcefully merged by the British imperialists, so as to resolve the contradictions within the country's political, social and economic systems.

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