

Ohiomu, S. and Oluyemi, S.A. (2018), Resolving Revenue Allocation Challenges in Nigeria: Implications for Sustainable National Development, *The American Economist*: SAGE Journals

ISSN: 0569-4345 Online ISSN: 2328-1235

<http://journals.sagepub.com/doi/10.1177/0569434518775324>

Abstract

This study examines the structure and formula for revenue allocation in Nigeria which has been fraught with challenges, proffers solution and highlights its implications for sustainable national development. The work uses the methodology of Group Unit Root Test, ARDL Bounds Testing and Co-integrating Long Run tests for robust policy recommendations. Using the GDP as the dependent variable and Revenue allocation to the three levels of government, and oil revenue as the independent variables, the results from the study show that revenue allocations and the other variables have significant relationship with economic growth in Nigeria. Based on our findings, the study recommends among others that the current revenue allocation formula should be reviewed to embrace autonomy in its entirety in order to achieve national goals and objectives. Various levels of government should be adequately funded to enable it carry out its expenditure responsibilities to accelerate grass root development.

Keywords: Bounds Test, Federalism, Fiscal discipline, optimal tradeoff, Revenue formula,

JEL classification: C22, C32, C58