# ASSESSMENT OF REVENUE GENERATION AND SERVICE DELIVERY: A STUDY OF ABUJA MUNICIPAL AND ABAJI AREA COUNCILS OF FEDERAL CAPITAL TERRITORY, NIGERIA (2008–2013)

**BY**

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**A THESIS SUBMITTED TO THE SCHOOL OF POSTGRADUATE STUDIES, AHMADU BELLO UNIVERSITY, ZARIA IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTERS OF SCIENCE (M.SC) DEGREE IN PUBLIC ADMINISTRATION**

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## DECLARATION

I declare that the work in this thesis entitled "Assessment of Revenue Generation and Service Delivery; A study of Abuja Municipal and Abaji Area Councils of Federal Capital Territory, Nigeria" has been carried out by me in the Department of Public Administration, under the supervision of Dr. Ibrahim Admau and Dr. Dalhatu Danjos Denis.

The information derived from the literature has been duly acknowledged in the text and a list of references provided. No part of this thesis was previously presented for another degree or diploma at this or any other Institution.

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## CERTIFICATION

This thesis entitled ASSESSMENT OF REVENUE GENERATION AND SERVICE DELIVERY; A STUDY OF ABUJA MUNICIPAL AND ABAJI AREA COUNCILS OF FEDERAL CAPITAL TERRITORY, NIGERIA (2008-2013) by Muhibat Biola OSUNGBOYE meets the regulations governing the award of the degree Masters of Science (M.Sc) in Public Administration of the Ahmadu Bello University, and is approved for its contribution to knowledge and literary presentation.

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## ABSTRACT

Every local government in Nigeria desires quality service delivery as it is pertinent to the sustainability of grassroots development. The fundamental factor in achieving quality services, are adequate and reliable of the revenue sources as well as quality human resources that will serve as instrument for formulation and implementation of local government financial resources. This study assessed revenue generation and service delivery in Nigeria, a study of Abuja Municipal and Abaji Area Councils of Federal Capital Territory from 2008 -2013; arising as a result of low service delivery in Abaji specifically in health care and environmental sanitation services. The objective of the study is to make comparative assessment of actual revenue generated by the two area councils and how the revenue sources have affected service delivery. For methodology of the study, questionnaires were administered to sample beneficiaries; oral interviews for selected Heads of Department (Account, Health and Sanitation) and non-participative observation were used to collect primary data. The secondary data were collected through published academic journals, council's document (quantitative data), published and unpublished masters thesis. However, the study found that Abuja Municipal and Abaji area councils have disparity in revenue sources, qualitative and quantitative service delivery as a result of level and access to fund generation in Abuja Municipal. Consequently, the study recommended among others that; in achieving level of funding for quality service delivery in Abaji area council as expected by the beneficiaries, the Federal Capital Territory Administration (FCTA) should increase the statutory allocation of Abaji area council, to enable the council improve on its socio-economic service delivery for encouraging taxpayer and attract other investors for commercial purposes. This will also serve as an avenue of boosting the IGR and increase quality and quantity service delivery in Abaji area council of Federal capital Territory.

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## ABBREVIATIONS

| | |
|---|---|
| FCT | Federal Capital Territory |
| FCTA | Federal Capital Territory Administration |
| AMAC | Abuja Municipal Area Council |
| IPA | International Planning Associates |
| MFM | Model Financial Memoranda |
| IGR | Internally Generated Revenue |
| SJLGA | State Joint Local Government Account |

# CHAPTER ONE

# INTRODUCTION

## 1.1 General Background to the Study

In 1954, Nigeria adopted the Federal System of Government, which essentially shared the responsibility for service delivery among the three levels of government in an intergovernmental public arrangement. Basic government services such as agriculture support and irrigation, rural roads, health service, sanitary activities and primary education among others, were placed in the hands of lower level government, which then enables the community to be participative members of the society. The ability or capacity of local government to deliver sustainable public services depend on the level to which authority, functions, and financial resources are transferred or given to them vis a vis the scope and weight of their responsibilities. This is referred to as decentralization of authority for public services. The process of decentralizing authority, involves the process of deconcentration and devolution of services.

"Decentralization" is the transfer of authority and responsibility for public services, from the central government to intermediate and local governments or quasi-independent government organizations. The process of decentralization involves, within an appropriate legal framework of political, administrative and fiscal decentralization. Besides, the three components (political, administrative and fiscal decentralization) vary from unitary system of government to federal system of government. Consequently, when administrative decentralization is predominant,

the situation has a bias towards deconcentration, or when all the three components are present, we have a state of devolution (Berlin 2009:26).

Deconcentration, is the redistribution of decision making authority, finances and management of responsibilities among administrative agencies of the central government. To those in the Regions, Provinces or Local Government, are under supervision of the central government. Whereas, devolution is the transfer of functions, authority and responsibility for services to Regions/local government to elect her representative, raise funds and have independent authority to make investment decision. This is to say, when governments devolve functions, they transfer authority for decision-making, finance, and management to quasi-autonomous units of local government. In a devolved system of government, local governments have clear and legally recognized geographical boundaries over which they exercise authority and within which they perform pubic functions.

The types of decentralization through the process of deconcentration or devolution represent, different ways of organizing the public sector service delivery. However, the effectiveness of local government in providing public services does not depend on either deconcentration or devolved forms of decentralization per se, but rather on the degree of internal control and/or autonomy enjoyed by the local government authority. But devolution is embedded in the overall political culture of the country and a good understanding of the system in operation, helps to also understand the flow of funds in discharging public services. In a unitary system of government, having strong desire for centralization tends to run decentralization by

deconcentration. Countries like France, England and China etc. Contrary to this, Federal system of government provides decentralization by devolution system. In such system, levels of government are supposed to facilitate the functions, finances and development oriented local governments. Examples of countries with federal system of government includes among others, United State of America, Germany and Nigeria. The governments that practice devolution are more likely to discharge public responsibilities than those governments practicing deconcentration. Because, deconcentration is often considered as being the centralizing of public services.

The Constitution of the Federal government of Nigeria, decentralizes public services among three tiers of government. For the Local governments tier, their public functions are set out in the Fourth Schedule of the 1999 Constitution. This system empowers local government to elect their chairmen, raise financial resources and have independent authority to make investment decisions Thus, the Model Financial Memoranda of (2009:81-85) entails sources of revenue to cope with the local governments' responsibility and demand of the people. *The Financial Memoranda* stipulates the generation and proper management of funds so as to achieve the responsibility of local government in terms of service delivery to the people.

In spite of decentralization by devolution of functions, local governments in developing countries specifically in Nigeria are faced with obstacles to enhance public service delivery to citizens. The political and fiscal decentralization of local government autonomy in Nigeria is a myth not a reality of decentralization by

devolution structure in the views of (Usman 2008, Agba 2013 and Odoh 2014). The challenge of local government devolution has been an obstacle, to sustainable public services expected from Abuja Municipal Area Council (AMAC) and Abaji Area Council such as: rural roads, health services, sanitary activities and primary basic education etc.

## 1.2 Statement of the Research Problem

The provision of public services by the government, through the process of decentralization is a necessity for community development. Moreover, the necessity for good health and conducive environment is a resource for everyday life of citizen. This is often influenced by the state of environment and health services provided. Section 20 of 1999 Constitution of the Federal Republic of Nigeria provides for quality health and environment as a fundamental right of all Nigerian citizens. "The State shall protect and improve the environment and safeguard the water, air and land, forest and wild life of Nigeria". Also, in the Fourth Schedule of the same Constitution, there are functions of local government council among which is the provision of health service and environmental sanitation.

Regrettably, the rural population is seriously underserved when compared with their urban counterpart. Federal Capital Territory (FCT) is a planned city, developed by International Planning Associates (IPA), a consortium of three American firms. The effort is to make FCT one of the most attractive capital territories in the world, through improvement of infrastructure and provision of

quality social services to the inhabitants (www.fcda.gov.ng). The environment that engenders good health is being hampered by lack of effective sanitation system such as poor drainages, inadequate refuse disposal and open defecation. Currently, the city is faced with myriad of challenges characterized by unhygienic conditions. Garki village remains one of the unpleasant areas in the Federal Capital Territory (FCT) despite its proximity to some highbrow areas like Asokoro, Garki 2, Area 3 and Area 11. A first time visitor to the village would be welcomed by offensive odour oozing out of gutters, make-shift toilets and other outlets that have suffered prolonged neglect by sanitary authorities (National Mirror Newspaper, February 15, 2013:10).

Services in Abuja Municipal Area Council (AMAC), an urban area, and in Abaji Area Council, a rural area, are incomparable. Observation from the road networks, health services, electrification and pipe born water, sanitary activities, primary education and other socio-economic activities are in low ebb compared to that of the urban centres environment. However, the 2006 population census of AMAC stood at (776,298), while Abaji had over (46,600). With such a sizable population in Abaji Area Council, it is expected to be served with quality services more than any other area council within the Federal Capital Territory from the accruing sources of revenue to the council (internal and external sources of revenue). But this is contrary to what is obtaining in reality and has affected the well-being of the community. Any community with poor service delivery, no doubt affects the socio-economic development of the community, increase rural-urban

migration and a reduction of the municipal internally generated revenue (IGR). Thus, understanding the factors responsible for the variations in service delivery between AMAC and Abaji Area Council of Federal Capital Territory becomes imperative. Therefore, this research attempts to provide answers to the following pertinent questions.

## 1.3 Research Questions

i. What is the level of funding and how does it affect the quality of service delivery in Abuja Municipal and Abaji Area Councils of Nigeria's Federal Capital Territory?

ii. What are the sources of revenue and how has that affected the quality of service delivery in Abuja Municipal and Abaji Area Councils of Federal Capital Territory?

iii. What are the obstacles to effective revenue generation and service delivery in Abuja Municipal and Abaji Area Councils of Federal Capital Territory?

iv. What can be done to improve revenue generation and service delivery in Abuja Municipal and Abaji Area Councils of Federal Capital Territory?

## 1.4 Objectives of the Study

The main objective of this study is to make a comparative assessment of impact of revenue generation and service delivery in Abuja Municipal and Abaji Area Council of Federal Capital Territory.

Specific objectives of this study to:

i. examine level of funding and how it has affected the quality of service delivery in Abuja Municipal and Abaji Area Councils of Nigeria's Federal Capital Territory.

ii. Determine the sources of revenue generation and its effect on the quality of service delivery in Abuja Municipal and Abaji Area Councils of Federal Capital Territory.

iii. Identify the obstacles to effective revenue generation and service delivery in Abuja Municipal and Abaji Area Council of Federal Capital Territory.

iv. To determine and recommend ways for improving revenue generation and service delivery in Abuja Municipal and Abaji Area Councils.

## 1.5 Research Hypotheses

$H_0$ There is no significant relationship between the level of funding and quality of service delivery in Abuja Municipal and Abaji Area Councils of Federal Capital Territory.

$H_0$ There is no significant relationship between the sources and quality of service delivery between Abuja Municipal and Abaji Area Councils of Federal Capital Territory.

## 1.6 Significance of the Study

The study is significant because adequate/quality service delivery is an engine life of a viable local government, to meet the needs of the community. It also allows the community people to be productive members of the society by paying their taxes and supporting governmental projects. In essence, availability and quality services delivery to the people enhances the ability for socio-economic development, check rural-urban migration and ensure integration of council areas into national development.

A careful study of this research is a solution to the obstacles of revenue generation and service delivery in Nigerian local government specifically, in Abuja Municipal and Abaji Area Councils of Federal Capital Territory of Nigeria. Many authors have written on local government and its role in rural/urban development (Ajaegbu 2000, Ibrahim 2011 and Muhammed 2012). Others concentrated on general problems affecting local government services (Abdulraheem 2012 and Agba 2013). Some limited their studies to issues on rural development and problems affecting local government in Nigeria (Akindele 2002 and Pavini 2009). But very few focused on issues of revenue generation and service delivery (Usman 2008, Akwara 2013 and Odoh 2014).

This study is significant as it focused on revenue sources and level of funding in relation to service delivery in Abuja Municipal and Abaji Area Councils of Federal Capital Territory, Nigeria. This is the knowledge-gap that the study intends to cover.

## 1.7 Scope and Limitations of the Study

Abuja Municipal Area Council (AMAC), an urban area and Abaji Area Council, a rural area of Federal Capital Territory of Nigeria are chosen as the scope of study for this research. This is to make a comparative study of revenue generation and service delivery between urban and rural area councils. The justification for the timeframe 2008-2013, was as a result of increases in Nigeria local government revenue to enhance local government services. To what extent has the revenue sources affected service delivery in AMAC and Abaji area councils?

Specifically, the study examined internal and external sources of revenue generation and aspects of the services delivery such as: Primary Health Care (PHC) and environmental sanitation services of both municipals. The researcher decided to use the two area councils for this study because physically, the pace and level of positive transformation in Abuja Municipal is high to compare with any other area council within the Federal Capital Territory. Moreover, limitation of the study was having access to secondary data in Abaji area council, interview with the chairmen of AMAC and Abaji Area Councils and financial constraint to carry out the study.

## 1.8 Definition of Concepts

The definition of key words in this study is very important for further understanding of the variables stated in the hypotheses. These definitions are conceptualized and operationalized as what the researcher meant in this study.

**Revenue Sources:** Operationally, revenue sources are all monetary receipt accruing to local government from statutory allocation, grant-in-aid, loan from government or financial institutions, and internal generated sources within a specific period of time. Revenue serves as the livewire for any institutions/organization including local government administration to survive.

Adenugba and Chike (2013:6) define revenue sources as the funds required by the government to finance its activities. These funds are generated from different sources such as taxes, borrowing, fines, fees and statutory etc. Therefore, revenue sources are the total amount of income that accrues to organization (public or private) within a specific period of time.

**Level of Funding:** It is the sufficiency, availability and sustainability of financial resources provided by the federal and state governments, in the provision of local government services such as; health care, rural roads, boreholes, electricity etc that are satisfactory or acceptable by the community.

**Service Delivery:** It is the constitutional responsibility of local government to the people in providing the following services; primary health care, quality education, environmental sanitation, rural electrification, pipe borne water, rural roads, economic and social services etc. The provision of these services to the community

helps to enhance the living standard of the people; based on the context of this study health care and environmental sanitation services are given below:

**Health Care:** is an organised provision of medical care to individual or a community. According to Remes *et al.,* (1991:54) health care is an act of taking preventive or necessary medical procedures to improve a person's well-being. This may be done with surgery, the administering of medicine, or other alternative in a person's lifestyle. These services are typically offered through a health care system made up of hospitals and physicians.

**Environmental sanitation:** operationally, environmental sanitation is the functional unit of health care facility. It has the responsibility for laundry liquid and solid waste control, safe disposal of garbage, general maintenance of safety and housekeeping of the environment.

**Quality Services:** This is the difference between people's expectation and actual services provided by the local government councils. In every service provision there are expected standard, falling below the standard will be regarded as low quality services.

**Area Council:** It is equivalent to local government areas in other parts of the state in Nigeria, saddled with the provision of community needs at the grassroot level. It is called Area Council in Abuja being the Federal Capital of Nigeria (Abuja Municipal Area Council and Abaji Area Council).

## 1.9 Plan of the Study

This research study is made of six chapters sequentially arranged from chapter one to six. Chapter one consists of background to the study , statement of research problem, research questions, objectives, hypotheses, significance of the study, scope and limitation, definition of concepts and plan of the study. Chapter two dwells on literature reviews and theoretical framework relating to revenue sources and service delivery of local government councils. Chapter three is on methodology of the study of primary and secondary sources of data. Chapter four consist of history and administration of revenue in Abuja Municipal and Abaji area councils of Federal Capital Territory. Chapter five deals with the data presentation and analysis test for hypotheses and major findings of the study. Chapter six therefore is the summary, conclusion and recommendations of the research study.

# CHAPTER TWO

# LITERATURE REVIEW AND THEORETICAL FRAMEWORK

## 2.1 Introduction

This chapter reviews relevant literature relating to local government revenue sources in providing services for community needs. In the light of this, the following literature are reviewed; the concept of local government, functions of local government councils in Nigeria, sources of local government finance, the level of funding local government councils in Nigeria, the revenue sources, overview of local government revenue and problems associated with revenue generation and service delivery. In addition, empirical studies of local government and service delivery are also reviewed. The theories of local government are adopted as its theoretical framework for the study.

## 2.2 Literature Review

### 2.2.1 Concept of Local Government

The existence of local government has been democratized and intensified for mass participation in decision-making. It is cumbersome for central or regional government to administer successful functions of government, without the involvement of local government as an agency. The Communist states tried to exercise central rule but met with resistance. Therefore, the need for local government institutions cannot be over emphasized, conversant with needs of the community in achieving developmental objectives of the country. In this regard,

authors' views and perceptions are reviewed on the concept of local government, among them are:

Ibrahim (2011:15) defines local government as the breaking down of government functions, into smaller units for the purpose of administration established by law. The smaller units of government are concern to play direct part through the elected representative, who exercises authority and functions under supervision of the central government.

The most essential attribute of local government, is its representative and responsible nature. It means the executive of local government administrative functions is controlled by elected or otherwise selected representative, who are responsible to local community. The central and state governments are not close on issues relating to rural areas, like local government administration. This brought about the establishment of local government to help mobilize the people, support the councils financially, materially or engage in self-help project. In a federal state like USA and Nigeria the local government is constitutionally recognized as the third tier of government. In unitary state like France, England and China local government is an extension of central government.

According to Muhammed (2012:21) local government is the most familiar and universal form of democratic decentralization, endowed with its own power, finances and staff operating within the country, under the laws establishing it in the constitution. Having defined areas of operation and subjected to certain measures of control by the state government for bringing local government into existence.

He asserts that local government existence in Nigeria has been guaranteed by the constitution, although subject to state government control with regards to financial aspect of local government and about 60% to 80% of the total revenue of most local government is derived from external sources. If any local government cannot generate as much as 10% of its funds from internally generated revenue, then it will be doubtful if such local government can lay claims to independent existence.

Odoh (2014:8) within the context of Nigeria, the 1976 local government reform defined Local Government as:

> Government at local level exercised through representative councils established by law to exercise specific powers within defined areas. These powers should give the council substantial control over local affairs, the staff and finances to initiate and direct the provision of services and to determine and implement projects so as to complement the activities of the State and federal governments in their areas, and to ensure, through devolution of these functions to these councils and through the active participation of the people and their traditional institutions, that local initiative and response to local needs and conditions are maximized

The definition of 1976 local government reform as a form of decentralization exhibiting the following characteristics: a subordinate system of government, legal or constitutional powers, control over local affairs and can take action decisions, mobilize resources financial and material, representative council, makes laws, policies and implement them. And most local governments whether in Unitary or Federal Systems share a lot of its characteristics. The major difference is the level of control or autonomy imposed or allowed in running the system (local government).

The above views (Ibrahim 2011, Muhammed 2012 and Odoh 2014) shared light on the concept of government and it characteristics in Unitary and Federal Systems of government. However, local government is a unit of government at lower level of government, established by law to maximize local needs, through a representative council; its governing bodies are elected or selected. Hence, the establishment of Local government by 1976 reform will be meaningless, if local government does not have autonomy to discharge the constitutional power and functional responsibility to the community. The view of Muhammed (2012:21) lays emphasis on the relationship between local government and state government, their relationship is like master and servant relationship.

### 2.2.2 The Functions of Local Government Councils in Nigeria

Local government constitutes the lower tiers of government in Nigeria. It is in partnership, with the federal and state government in making live worth living for the people in rural and urban areas. As observed in the report of the Local Government Reforms of 1976, it is believed that local government is fundamental to building a stable government, not just at the state, but also at the federal level through representative councils established by law. The council of local government exercises specific functions, within defined areas of jurisdiction.

According to Maduako (2010:18) the functions of local government have two fold purposes for its existence created to render services in defined geographical areas. Majorly, the existence of local government was due to inability of the central government to meet the rural needs in satisfying government

institution. However, the first function is administrative, concerned with welfare of the citizen in the provision of goods and services such as; street cleaning, sanitation, refuse collection, road construction and maintenance, housing, water and sewerage, primary education, clinics among others. Other function is to represent and involve citizens in determining specific public needs and how the needs can be met through elected or selected representatives.

Ajaegbu (2000:251) states among others, that local governments have wide statutory power to enable them discharge their functions effectively. He asserted that the functions of local governments are discharged through headship of different departments and supervisory councillors. According to the 1999 Constitution of the Federal Republic of Nigeria, the Fourth Schedule spelt out the functions of local government service delivery in Nigeria. This is further categorised by Ajaegbu 2000 into three (3) which are: Law and Order functions, Mandatory functions and Permissive functions.

**a. Law and Order Functions**

Local government maintains law and order in their jurisdiction by:

i. Reporting any act that is likely to result in breach of peace to the community

ii. Prevention to breach of peace

**b. Mandatory Functions**

These are the functions that are constitutionally and exclusively preserved for local government and they include:

i. Provision and maintenance of public conveniences, sewage and refuse disposal.

ii. Construction and maintenance of roads, streets lightening, drains and other public highways parks, gardens, open spaces, or such public facilities as may be prescribed from time to time by the House of Assembly of a state .

iii. Establishment, maintenance and regulations of slaughter houses, Slaughter slabs, markets, motor parks and public conveniences.

iv. Naming of roads and streets and numbering of houses.

v. Registration of all births, deaths and marriages

vi. Licensing of bicycles, trucks (other than mechanically propelled trucks), canoes, wheel barrows and carts.

vii. Licensing, regulation and control of the sale of liquor.

viii. Control and regulation of out-door advertising and hoarding, movement and keeping of pets of all description, restaurants, bakeries and other places for sale of food to the public.

ix. Control of land held under customary tenure

x. Control and collection of revenue from private forest estates

xi. Collection of vehicles par charges

xii. Collection of community tax, property and other rates etc.

**Permissive Functions**

These are functions specifically meant for local government but, where the fund for such functions is not available, state or federal government can perform the functions. They include:

i. Provision and management of nursery, primary and adult education

ii. Information and public enlightenment is done by local government through their designated councillors. This could be done through rallies and public gatherings organized by local government.

iii. Health centres, maternity centres, dispensaries and health clinics, ambulance services, leprosy centres, preventive health services, abattoirs and neat inspection.

iv. Provision of scholarships and bursaries. This aspect is the most neglected area of local government authorities.

v. Provision of public libraries and teaching rooms

vi. Agricultural extension, animals, health extension, extension services and veterinary clinics.

vii. Rural and semi- urban water supply

viii. Fire services

ix. Provision of roads and streets (exception of truck roads), their lighting and drainages.

x. Control of begging, prostitutions and repatriation of destitute

xi. Control of water and atmospheric pollution

xii. Provision of commercial undertakings

xiii. Regulation and control of building

xiv. Town and country planning

Before the 1976 local government reforms, responsibility for providing public services is concurrently shared between the federal and state government. The advent of Local Government Authorities (LGAs) in 1976; recognizes local government as the tier of government responsible for law and order functions, mandatory and permissive functions. For effective delivery of the functions, local governments are entitled to statutory revenue allocation from federal and state governments as may be prescribed by the National Assembly.

### 2.2.3 Sources of Local Government Finance

The Constitution of Nigeria addressed two broad categories of local government finances namely the revenue and expenditure patterns. On the part of revenue, being the focus of this study, for service delivery, local governments like their other counterparts in most part of the country have five sources of revenue namely; financial transfer from the central to local government (statutory), local tax, rates or property tax, loan, user fees and charges. These sources are guided by the model financial memoranda for local government councils in Nigeria. While the expenditure pattern of the councils are often determined by the availability of revenue sources in financing both capital and recurrent expenditure (Muhammed 2012: 9).

However, management of Public Treasury is essential for viable local government of the country; who are responsible for providing capital and recurrent expenditure to respective community areas. Moreover, local government administration is expected to establish sound financial management for revenue and disbursement of funds in providing public services. According to Ayapere (2013:276) the financial management of local government revenue is an essential part of public administration; to ensure accountability and efficiency in the provision of public goods and services.

The definition by Ayapere (2013:276) sees financial management as an aspect of administrative functions such as planning and controlling of financial resources in providing public services as expected from government to the people. Therefore, when the financial management administrative-structure is weak, it tends to affect the adequacy and quality of services provided. Respect to Ovaga (2012:185) the pattern of local governments' sources of revenue in Nigeria is classified into two; internal and external sources of revenue generation. The Internally Generated Revenue (IGR) the sources through which local governments generate revenue through their own efforts in the course of discharging their constitutional responsibility. While External sources comprised of statutory allocation from the Federation Account, Grant-in-aid from the state government and loans from other financial institutions.

### 2.2.3.1 Internal Sources of Revenue to Local Government

The Model Financial Memoranda for local government (2009: 34-60) entails local government sources of revenue generation. The sources are classified into headings, ranging from Head 1001 to Head 1009. In each of these Heads, there are other sub-heads showing details of the revenue.

**Head 1001 Taxes:** Community or Poll Tax, Development tax or Levy, Cattle Tax (where applicable), other special service taxes (e.g. Electricity, Water rates or Night Guard tax etc.)

**Head 1002 Rates:** It included; Tenement Rate, Ground Rent, Federal Government and State Government Grant in lieu of Tenement Rates.

**Head 1003 Local Licences, Fees and Fines:** The head 1003 is further classified into sub-heads such as; Fines, General Licences, Food Control, Security, Social, Health, Economic and Engineering Works and Survey. Details of these sub-heads revenue are:

**Fines:** Towering of vehicles fines and fees, fines on overdue/ lost library books

**General Licence fees:** Bicycle licence fees, canoe licence fees, Dog licence fees, cart/truck licences fees, motor cycle licences fees, bus/commercial, vehicle/tax permit fees, liquor licence fees, palm wine tapping/ selling licence fees etc.

**Food Control:** Slaughter fees, bathing houses licence fees, registration of meat van fees, cold room licences fees, butcher licences fees, Dried Fish/Dried meat licence fees etc.

**Security:** Auctioneer licences fees, Goldsmith and Gold Seller licence fees, Dane Gun licence fees, hunting licence fees.

**Social:** marriage registration fees, entertainment, drumming and temporary booth, naming of street registration fees, mobile sales promotion licence fees, radio/television permit fees, open air preaching permit fees, tent at sea beach permit fees etc.

**Health:** Dislodging of septic tank charges, impounding of animals fines, pest control and disinfectant charges, birth and death registration fees, burial fees, dispensary test fees, laboratory test fees, earning from environmental sanitation services etc.

**Economic:** general contractors registration fees, tender fees, minor industry licence fees, trade licence fees, petty traders licence fees, sand, granite, iron rod sellers, sawmill licences fees, photo studio licence fee, welding machine licence fees, printing press license fee, registration of laundries and dry cleaners fees, block making machine etc.

**Engineering Works and Surveys:** workshop receipts, sales of unserviceable stores, hire charges, survey fees, approval of building plans fees, mortgage sublease sub-lease approval fees, customary right of occupancy fees, commission on transfer of plots etc.

**Head 1004 Earning from Commercial Undertakings:** market, Motor Park, shops and shopping centres, cattle market, Abattoir/ slaughter house, proceeds from sales

of consumer goods, transport services earnings, earning from industrial undertakings, earnings from other commercial undertakings etc.

**Head 1005 Rents on Local Government Property:** rent on Local Government Quarters, Rent on other Local Government building, rent on other Local Government landed property.

**Head 1006 Interest Payments and Dividends**: Interest and Dividend payments are realized from vehicle and Bicycle/Motor cycle Advances, loans to other Local Governments, Staff Housing and Capital Market respectively.

**Head 1007 Grants**: Grants from State Government, Grant from Federal Government and other Grants.

**Head 1008 Miscellaneous:** Mortuary Hearse and Cemetery, Recovery of losses and over payment, payment in lieu of resignation notices, unclaimed deposit.

With regards to the above Heads of revenue, it obvious that local governments have over hundred sources of internal revenue generation. But the over dependency syndrome on external sources of revenue has incapacitated the initiative to source for funds internally.

According to Olisa (2004:32) the capacity of local government to generate revenue internally is one of the considerations for existence of local government council. The internal source of revenue comprises miscellaneous items aggregated to provide the required fund for financing the enormous functions ascribed to local government as a tier of government.

Ojobo (2011:17) internal sources of revenue as it implies, are revenue realized within a local government area such as community tax, tenement rates, fees and charges, local licences, marriage registration etc. The extent to which local government accomplished socio-economic services to the community depends on its strength of internally generated revenue as additional sources to statutory allocation from the federation account. Among the internal sources of revenue to local government are:

**Community Tax or Development Tax:** It is flat rate levy compulsory on every taxable adult in the local government.

**Proceeds from Sales of Unserviceable Assets:** The local government authority can dispose of unserviceable assets such as vehicles and equipment etc.

**Commercial Undertakings:** At times, local government generates revenue from undertakings that are profit oriented to boost the revenue base of the local government e.g. Shops and shopping centers, sale of consumer goods, transportation venture, investment in shares, property development etc.

**Tenement Rates or Property Tax:** This is a tax levied on the owner or occupier of a building or an undeveloped and developed piece of land. It is a tax on ownership of or the user of the property. The 4$^{th}$ Schedule S. (1) of both the 1979 and 1999 Nigerian Constitutions assigned to local governments "assessment of the privately owned houses or tenements for the purpose of levying such rates as may be prescribed by the House of Assembly of a states".

**Fees and Charges:** This is the revenue realized from the issuance of various types of license like bicycle, wheelbarrow, canoe and cart license, others are charges on bakeries, sales of liquor in restaurant and public places, erecting of sign-boards, registration of births, marriage, motor parks, public urinary and toilet etc. The imposition of fees and charges of these services by the local government always requires enabling laws for them to be lawful.

**Miscellaneous:** These are revenue to local government that does not fall under specific classification. Such kind of revenue include realization from rent paid for using any land or building belonging to the local government, gift and donation from individuals, philanthropists and corporate bodies etc.

**2.2.3.2 External Sources of Revenue to Local Government**

The External sources constitute a major source of revenue to local governments in Nigeria. The sources are; statutory allocation from Federation Account, grant from state governments and loans from financial institutions.

According to Ajaegbu (2000:264) the external sources are made of state grants, estimated at 10% of internally generated state revenue and 20% from federal government allocation distributable from the Federation Account. These made-up the statutory allocation to the local government finances. Other sources of revenue includes, grants from the central government for specific projects, loans to carry out specific projects and value added tax revenue (VAT).

According to Imam (2007:36) external sources of revenue to Nigeria local government are external, because the amount of money and how to generate the

revenue are invariably not determined or influenced by the local government councils. Either, the revenue is determined by external forces being the federal or state government as the case may be. He further identified financial transfer and statutory allocation as external sources of revenue to local governments financing.

In addition, the Model Financial Memoranda for Local Governments provides recurrent external source of revenue under the Head 1009, as statutory allocations from Federation Account and Allocation from State Government. Other external sources are loans e.g. loans from local government loan fund, loans from local government Pensions funds, loans from commercial banks, loans from government agencies and loan from other sources. In essence, both the internal and external sources of revenue contribute to local government finances for service delivery. In agreement with Ajaegbu (2000:264) the extent which local government is able to generate 10% of its Internally Generated Revenue (IGR), serve as criterions for it establishment. Though, external sources of revenue generation have been the major source of local government finances.

### 2.2.4 The Level of Funding Local Government in Nigeria for Enhancing Quality Service Delivery

The Act of parliament in Nigeria, prescribed the level of funding as the basis for distribution of revenue accruing from the Federation Account between the Federal, State and Local Government Councils in the state. In determining the level of funding to the three tiers of government, the National Assembly shall take into account, allocation principles especially those of population, equality of states,

internal revenue generation, land mass, terrain as well as population density. The proportion of the total revenue of each state in funding local government service delivery shall be paid into the State Joint Local Government Accounts (SJLGA).

The Constitution of Federal Republic of Nigeria (1999) Section 162 (3), the amount standing to the credit of the Federation Account, less the sum equivalent to 13 per cent of the revenue accruing to the Federation Account directly from natural resources as a first line charge for distribution to the beneficiaries of the derivation funds in accordance with the constitution, shall, be distributed among the Federal and State Governments and the Local Government Councils in each State on such terms and in such manner as may be prescribed by the Act of Parliament. According to the Allocation of Revenue (Federation Account) Act 2002, the sharing formula among the tiers of government stood at: the Federal government has 56 per cent of the revenue allocation share, the State Governments 24 per cent and the Local Government Councils 20 per cent.

Subject to Section 162 (5) of the Constitution, the amount standing to the credit of local government councils in the Federation Account shall be allocated among the states of the Federation for the benefit of their local government councils. In such manner as may be prescribed by the State House of Assembly. Each State shall pay to local government councils in its area of jurisdiction such proportion of its total revenue (10 per cent) to the State Joint Local Government Account (Grant). The objective of the constitutional provision of both statutory

allocation from the Federation Account and Grant from State Government, are meant to boost the level of funding local government services.

In the context of this study, Federal Capital Territory Administration in Nigeria, been area of study for this research, an amount equivalent to one (1) per cent of the Federation Account less thirteen (13) per cent derivative fund, shall be allocated to the Federal Capital Territory (FCT), to be distributed among the six area councils.

The funds allocated to these area councils are guided by the Federal Capital Territory Area Councils Act (2011). Section 29 (1) of the Act, makes provision for consolidated revenue fund "All revenue or other money raised or received by an Area Council (not being revenues or other moneys payable under this Act or any Bye-law of a legislative councils into any other public fund of the Area Council established for a specific purpose) shall be paid and form consolidated revenue fund of the Area Councils" (p.10). Section 53 of the same Area Councils Act, established public services on which the accruing funds will be distributed among the six existing Area Councils in FCT they are: Abuja Municipal Area Council (AMAC), Abaji, Kwali, Kuje, Gwagwalada and Bwari Area Councils, in provision of public services like; primary health centres, rural roads, street light, public convenience, water supply, drainage system and ensuring healthy environment through effective sanitation etc.

According to Carlson *et al.,* (2008:26) local government institution cannot be expected to provide equal access and fair service delivery, if they are not adequately funded. But what constitute adequate funding? Basically, adequacy is based on perceptions, often near-term and rarely quantitative in nature. Funding of local government services is perceived to be adequate if the local government were successful with their budget requests, received funding for new programs or technological development of the councils. In cases where there are no budget increases or the increases were insufficient to even keep up with normal, expected increase in expenditures, funding is perceived to be inadequate either from statutory allocation as external sources or internally generated sources of finance.

However, there are other structural factors contributing to inadequate funding of local government finances e.g. when there is restrictions on revenue streams passed by the legislative bodies or economic downturn; this could reduce available revenue at a particular level of government affecting the predictability and stability of funding sources.

Lamidi and Fagbohun (2013:93) issue of revenue allocation remains very unstable and constitute a major source of political and governmental tension in Nigeria. It has been a chronic problem facing fiscal federalism in Nigeria. According to lliyasu (2011:95) revenue allocation appears to be more political in nature than technical. This is because one could gather the necessary parameters and principles for determining the formula, but political dimensions might interplay to create distortions in the final outcome. Consequently, it can be said that various

principles guiding revenue sharing formula are superseded by political jingoists at state and federal levels. This invariably brings about ineffectiveness and lack of adequate funding at local governments level. The imbalance and lop-sidedness associated with revenue allocation system affect the grassroots development, leading to ineffective decision making and poor service delivery among other problems facing Local Government.

Adeyemo (2009:254) posited that local government chairmen clamour for increase in their shares of revenue from the federation accounts. The inadequate and unstable funding of local government services is the justification of the lop-sidedness and inefficiency that have characterized the national revenue mobilization policy, allocation and administration. Except the revenue allocation is revisited and corrected; the level of funding and performance of local government services in Nigeria will be in jeopardy. More so, local government revenue structure relies heavily on statutory allocations from the federation account.

In view of Ejikeme (2012:69) the demand and expectation from local government councils over the years have been on the increase while the finance required to deliver the functions of good administration at the grassroots continue to dwindle. Inadequate funds, mismanaged and misappropriation of resources, has been a factor for dwindling of revenue. In the long-run, local government funding are financially crippled in provision of substantial service delivery to the community base. In order for local government to effectively and consistently fulfil

equitable service delivery over time, they must have stable and predictable funding levels.

According to Ocheni *et al.,* (2013:24) the statutory allocation from the federation account, serving as the main source of revenue to local government, is said to be inadequate and untimely received by the local government administration to enable discharge their obligations. However, certain provisions of the Constitution constitute hindrance to funds available to local government councils. In Section 7 (1) of the 1999 Constitution of the Federal Republic of Nigeria (as amended) provides that:

> The system of local government by democratically elected local government councils is under this Constitution guaranteed; and accordingly, the Government of every state shall subject to section 8 of this Constitution, ensure their existence under a Law which provides for the establishment, structure, composition, finance and functions of such councils (p. 24).

The above provision implies, the autonomy of local government councils in Nigeria is at the mercy of federal and state governments. In most cases, State Governors are known to act as centre referees and State Legislators, act as middlemen at the expense of rural dwellers. Local government depends on federal allocation and approval of State Governors release of the funds to State Joint Local Government Account (SJLGAs). It takes bureaucratic procedure and delay before funds are made available to local government account.

Ekwubi (2010:17) the success or failure of services depend on the adequacy of finance to local government councils, and ways through which the fund are

utilized. Perspective of Okoli (2002:48) management of revenue constitutes an essential component in the management process of local government. For local government to function effectively in Nigeria, revenue allocation formula should be changed. Large percentage of the revenue allocation should go to local government in enhancing grass root development. Therefore, the percentage should be changed from 20% to about 30% of the statutory allocation. This is because about 70% of Nigerian populations reside in the rural areas.

From the literature reviewed, (Okoli 2002, Ekwubi 2010 and Okechukwu *et al.*, 2013) it is agreed that the level of funding for local government services is inadequate, due to mismanagement and misappropriation of funds. The financial resources of local government are dwindling from time to time, compared with the demands and population increment. In order to reduce the menace of mismanagement and misappropriation of funds, many financial regulatory framework are put in place to safe guide the finances and management of local government resources. These include: Independent Corrupt Practices and other related offences Commission (ICPC) Act of 2000, Economic and Financial Crime Commission (Establishment) Act, 2002, Public Procurement Act 2007, State laws for local government etc.

However, the relevance of local government councils is measured by the quality and quantity of services rendered to the rural/urban dwellers. For meaningful service delivery like provision of basic amenities, construction and maintenance of roads, maternity homes etc. Adequate funds and efficient

management of the resources should be ensured by local government administrative structure, in compliance with financial regulatory framework mentioned above. In addition, good accounting system is required; availability of reliable data for planning and disbursement of funds, internal control system of the councils to ensure prudency of the financial resources.

To Odoh (2014:8) the weakness in local government level of funding is dated back to Nigeria's Second Republic. Local government under the Second Republic was a subordinate creation of the state government, having been given the powers to establish, determine its structure, composition, finances and functions. This is done through the instrumentality of the Governor that appoints Caretaker or Management Committee to manage the affairs of local government. This process makes it easy for state governments to manipulate local government affairs; reducing local governments Autonomy both administratively and financially, which then affects their ability to deliver public services.

Consequently, the form of deconcentration between the state and local government has kept local government in perpetual dependence on the whims and caprices of the state administration. Studies have pointed out the weakness in local government finances include: little attention paid to internal source of revenue, withholding local government funds and diverting grants meant for local governments by state governments. On the part of state government, failure to honour grants allocation to local government State Joint Local Government Account (SJLGAs). This in turn diminished the funding for management purposes.

### 2.2.5 The Obstacles to Revenue Generation and Service Delivery in Nigeria Local Government

Akindele (2002), Pavini (2009) and Akwara (2013) *et al*. identified quite a number of factors militating against the ability of local governments to deliver services in Nigeria. They are: corruption, lack of suitable qualified professional staff, poor work attitude, undue political interference, mismanagement and misappropriation of funds, over dependent syndrome, tax avoidance and tax evasion etc.

In the views of Akwara *et al*., (2013:278) since the 1976 local government reforms in Nigeria, significant amount of money has been sunk into the activities of local government, with the expectation that these funds will enhance their performance in rendering services to the rural people. Unfortunately, the achievements of the lower tier governments have continued to fall below expectation. The identified obstacles associated with revenue generation and service delivery among others are; corruption, lack of suitable and qualified professional staff, undue political interference and poor work attitude.

**Corruption:** The ability of local governments to provide services of standard, demanded by SERVICOM has been linked to high levels of corruption among local government officials. In February 2010, the Chairman of ijebu East Local Government Council in Ogun State was suspended from office on account of various financial misdeeds. Similarly, in Benue State (2010), the House of Assembly suspended 12 council chairmen in the state and directed that the chairmen

should refund a total of 150 million naira being financial misdeeds associated with the excess crude funds received by local governments in the state (National Mail, Issue 12).

In Kogi State, the chairman of Ibaji and Ogori Mangogo Local Government Area were suspended over what was described as non-performance and misappropriation of resources. It was alleged that the statutory allocation of 75 million naira received by Ibaji Local Government for December 2008 was neither used for payment of salaries or implementation of any meaningful project. More so, the loan of 200 million naira or the excess crude fund of 380 million collected or received by the Ibaji Local Government were not judiciously used. The illustration in explaining the issue of corruption as an impediment in the non-performance of local governments in Nigeria, led to the arrest and prosecution by the Economic and Financial Crimes Commission (EFCC) of former Enugu State Government, Chimaroke Nnamani on the allegation of diverting local governments funds in the state (http:www.articlesbase.com/leadership-articles).

**Lack of Suitable and Qualified Professional Staff:** Local governments have lost a lot of staff to state and federal governments and private organizations. The creation of more states by both Babangida and Abacha galvanized a lot of local government public servant to seek positions in the newly established state governments. More so, the politics of political patronage has led to the recruitment of thugs and uneducated men into services of local government as a means of compensating them for political support during elections. Local governments lack

skilled technical and professional staff like qualified engineers, medical doctors, accountants, statisticians, economists, lawyers, town-planners etc (http:www.articlesbase.com/leadership-articles).

**Poor Work Attitude:** The Nigerian civil servants have been described as exhibiting poor work attitude detrimental to productivity. Poor work attitude could take the form of absenteeism, lying, indiscipline, laziness, lack of work commitment, lateness to work etc.

**Undue Political Interference:** Local government administrations in Nigeria, lacks financial autonomy and are often considered as an extension of states ministry. Decisions are taken by state governors imposed on local governments in their state for implementation. The federal allocations to local government are first deposited into a particular ad hoc account before being disbursed. This undue interference has incapacitated local government from effective functioning on one hand, and alienated grassroots people from enjoying social service delivery expected of local governments in Nigeria.

Local government in Nigeria has improved revenue from 1976 till date due to reforms introduced by different regimes all aimed at making local government effective and efficient in discharging statutory responsibilities to the people. The obstacles ravaging the revenue of local government in Nigeria are multifarious ranging from over-dependency of local government on statutory allocation of federal and state government, borrowing capacity, corruption, mismanagement and

misappropriation of local government funds, ineffective strategies for enhancing internally generated revenue and lack of skilled and technical personnel.

According to Pavini (2009:67) the obstacles facing most of the local government throughout the country is lack of financial capacity to execute the functions assigned to them. This obstacle derives partly from the lack of creativity and imagination on the part of the local government to identify and explore new sources of revenues and the increasing dependence syndrome of local government on statutory allocations from the Federation Account. In this regards, local government cannot generate enough revenue internally but rather keep depending on the external sources.

Akindele (2002:30) highlighted some obstacles militating against the effective revenue of Nigeria local governments, to enable the provision for sustainable services:

**Mismanagement and Misappropriation of Local Government Funds:** This is one major obstacle of revenue generation in local government; in most cases local government funds have been mismanaged. Tax collectors that are charged with responsibility to collect revenue do not adequately effect the official authority to collect and exploit other sources of revenue available to local government. In addition, many local government officials embezzle local government funds through all sorts of manner like inflating contracts, embarking on white elephant project and outright siphoning of funds which has affected the development process of local government.

**Corruption:** The internally generated revenue is hoped to accelerate the finance of local government but corrupt practices have bedevilled the Internally Generated Revenue of local governments. On the part of revenue collectors, it has been observed that revenue collectors have in possession unofficial receipts; enabling them to divert local government funds into private uses. Besides, corruption is the locust that has eaten local government revenue, this manifested in the distorting of revenue return receipts, embezzlement and misappropriation of funds.

**Problem of Tax Avoidance and Tax Evasion:** Tax avoidance is a phenomenon that occurs when a tax payer utilizes the provision of the tax laws and identifies the loopholes. On the other hand, tax evasion is a phenomenon where tax payer practically neglects to pay tax which is a criminal offence.

**Over Dependency of Local Government on Federal and State Government Allocation:** The local governments are over dependent on federal and state government, statutory allocation in financing both recurrent and capital expenditure. The over dependency of local government, on statutory allocation of federal and state government has contributed to the financial crisis or delay in disbursement of statutory allocation and run into crisis in payment of salaries and other recurrent expenditure. The greatest impact of this over dependency on the part of the local government, has neglected the initiative to establish independent sources of revenue. In addition, inadequate transportation and poor communication network to reach the community areas, lack of motivational incentives in boosting the morale

of revenue collectors, thereby leading to diversion of revenue collected for private uses.

### 2.2.6 Overview of Local Government Revenue and Services in Nigeria

The 1999 constitution has outlined the revenue profile of each tier of government; the major areas of revenue generation in the country which are made up of import, export and excise duties, mineral, royalties, value added tax and so on are all within the jurisdiction of the federal government. While sources such as personal income tax (PAYE), sales taxes that generate considerable revenue are assigned to the state governments. The layout of local government revenue sources consists of community tax, rents and licenses such as bicycle, wheel barrow, radio and television licenses. The revenue sources of local government only generate a paltry amount of revenue that is inconsequential. The overview of local government revenue structure indicates that they heavily depend on statutory allocation for their survival since the internal revenue sources are insignificant (Angahar 2013:112).

Furthermore, these statutory allocations are not paid directly to the local governments but rather to states local government joint accounts, leaving local government at the mercy of the state government. In reality most states are reluctant in releasing funds due to local government councils; the state governments find all sorts of excuses not to channel funds to local governments. Moreover, there is a clear mismatch between responsibilities and revenue powers at the lower tier of government and this has greatly impaired the ability of local governments to delivery service at the grass root.

In the views of Usman and Erunke (2012:319) the issue of inadequate funds in financing local government services, has remained endemic with all local government councils in the country. Since the 1979 constitution delineated a three tiered federal structure in which each tiers, particularly the federal and state's governments has considerable jurisdiction to raise funds. Coming into existence of the 1999 constitution, which ushered in the Fourth Republic, much controversy has generated with respect to state-local government relations. The state governors not only exercised their powers under section 7 (1) of the 1979 constitution to dissolve, elect and replace local government councils with sole administrators or caretaker committees but also created new local government areas. The 1999 constitution entails state government to pay 10 percent of the grant to local government councils; very few states honored the provision. Additionally, statutory allocations from the federal account to local government councils, paid into State-Joint Local Government Account (SJLGA) are often diverted by the state government emasculating local government services.

The local government system in Nigeria is problematic viewing the law establishing its structure and the kind of autonomy both federal and state government devolve over local government as the third tier of government. The federation allocations to local government are controlled by the state governor, even though the fund does not pass through the office of the Governors. As a puppet, the council chairmen are expected to willing sign off a percentage of their allocation to the state Governor. Any chairman who refuses to abide by this contraption has the

State House of Assembly to contend with. A case of Diamen Okon, the former chairman of Akpabuyo local government area in Cross River State vs. Donald Duke, the former Governor of the state is an example. Diamen Okon was kicked out of office by the State House of Assembly ingeniously for refusing to comply with the state Governor's instruction over local government allocation from the federal account; other examples abound across (Felix and Okonette 2013:196).

Consequently, local governments hardly get the total sum of the statutory allocation from state-joint local government account in financing their services due to the following reasons. Firstly, what each local government gets depends on the support they give to the ruling party in the election that brought them to power. Secondly, local governments controlled by the opposing party to the one in government get less than the local governments controlled by the part in government. And thirdly, local government whose state governor is perceived to be disloyal to the President not minding that they belong to the same party also gets less intervention grant from the federal government. This is the state of local governments in River State under Governor Ameachi who is currently at loggerheads with President Goodluck Jonathan, leaving local governments in perpetual situation (Felix and Okonette 2013:197).

According to Otinche (2014:122) federalism in Nigeria creates dependable fiscal relations between the federal, state and local government. The federal government control high yielding revenue heads and allocate the average and low yielding revenue heads to the state and local government respectively. Among the

low yield sources of revenue to the local governments are taxes and rates, licenses and fees, revenue from commercial ventures and miscellaneous sources. The miscellaneous sources of revenue like bicycle and radio licences are not viable sources of revenue for local government councils in Nigeria in this modern era compared with the scope of their responsibility.

Admittedly, Local Government Authorities in Nigeria are empowered by law to impose and collect certain defined taxes, levies and other charges within their jurisdiction among other reasons, to provide the local government authorities with necessary funds or revenue needed for effectiveness and smooth running of the affairs of the local governments. In most cases, local government authorities engage the services of tax contractors who impose and subsequently collect these taxes and levies through their employed agents for and on behalf of the local government. The personnel sometimes mount road blocks or cause road blocks to be mounted for the purposes of collecting taxes and levies in gross contravention of the extant laws. Many Nigerians, and indeed other foreigners resident in Nigeria, have been victimized by these agents, who sometimes act thuggishly and resort to violent measures in collecting taxes/ levies from unsuspecting citizens (Otinche 2014:124).

### 2.2.6.1 Local Government and Services Provided in Nigeria

Nigeria operates a federal system of government with a Federal Capital Territory (Abuja), 36 states and 774 local governments. Constitutionally, local government councils are mandate to perform four basic functions such as; provision of services within the capability of the local government (primary education, primary health and sanitary services), the execution of federal and state government policies, consensus for the resolution of conflicts and training ground for political participation of the people. This implies that Nigeria local governments are to render services that will foster socio-economic development of the rural communities in their jurisdiction.

Prior before the colonial era, traditional medicine was the system of health care delivery in Nigeria such as; herbalists, divine healers, soothsayers, midwives, spiritualists, bone-setters and mental health therapists. The first modern medical services in Nigeria was during the European expeditions in the early-to-mid nineteenth century in 1854, Mungo Park and Richard Lander were seriously hampered by disease and Dr. Baikie introduced the use of quinine, which greatly decreased mortality and morbidity among the expeditionary. In the first colonial Development plan of 1945- 1954, Nigeria government report on 'policy for medical and health services' with the objective to provide national services for all. Specifically, to expand rural services clinics of 20-24 beds supervised by a medical officer, who would also supervise dispensaries, maternal and child welfare and preventive work (sanitation workers). Other plans and policies has tend to improve

on primary health care services, making local governments in Nigeria contribute to the cost of developing and maintaining rural services with the financial aid from the federal and state government (Emuakpor 2010:53).

According to Otinche (2014:124) the existence of local government is to facilitate development at the grassroots for ensuring effective, measurable and efficient service delivery to rural communities. Some of the services expected from local government authority include housing, water, rural electricity, roads and transport, health facilities etc. In addition to local government services, are required to bring economic development through the implementation of various initiatives and to determine if the allocation of resources has had an impact on services provided. In attempt to clearly define the essence of local governments in Nigeria, the 1976 local government reforms decentralized service delivery having the functions spelled out in the Fourth Schedule of the 1979 and 1999 constitution of the Federal Republic of Nigeria.

From the reviewed, the success of Nigeria federal system for effective governance depends on an appropriate division of responsibilities and sufficient financial resources at each level of government to carry out its assigned functions. Perspective of Otinche (2014:124) it is not the federal government that controls local government affairs in the country. And if it does, it is in aspect of making federal based policies like public health, primary education and public workers implementation at the local government levels. The relationship between state and local governments in Nigeria are being oppressed by the state governors, it has been

reducing the political and financial apparatus, giving rise to poor management system of the local government services.

### 2.2.7 Review of Empirical Studies of Local Government and Service Delivery

The need to improve on local government services in Nigeria cannot be overemphasized. Demands for socio-economic services are always on the increase; over 70 per cent of the Nigerian population reside in the rural areas and are directly or indirectly affected by services of local governments. In others words, quality and adequate services play significant role in the survival of any country's economy and development. Services like; public education, health care, well-maintained roads, safe drinking water, security of lives and property are fundamental for stable economy.

According to Akwara *et al.*, (2013:458) the provision of social services such as education, health, maintenance of roads, and other public utilities within the jurisdiction of most local government in the country is a mirage; the tenure of local government chairmen is primitively conceived as a period of wealth accumulation and not of service to humanity. Empirical studies has shown, that the average residents at grassroots level are still suffering from lack of potable water, inadequate health facilities, poor hygienic conditions and low quality of education. It is glaring that local governments in Nigeria have not justified the reasons for their creation through the delivery of services. In the following expression of ex-president Obasanjo in 2003: below:

> …what we have witnessed is the abysmal failure of the local government system. It is on record that at no time in the history of the country has there been the current level of funding accruing to the local governments from the Federation Account, yet the hope for rapid and sustained development has been a mirage as successive councils has grossly under-performed in (their assigned responsibilities). Almost all the areas of their mandate, yet the clamour for the creation of more LGAs have not abated (p.458).

Government efforts, in injecting efficiency and effectiveness in the ability of local government to deliver through established reforms, structure of services and increase funding capacity from the Federation Account to 20%, SERVICOM charter and anti-corruption agencies have remained abortive in their results. Obasanjo's observation shows among others that local government services is a mirage to the objective for its existence in 1976 local government reforms. According to Ukiwo (2006) cited in Akwara (2013:459) instead of bringing government and development closer to the people local governments have produced absentee local government chairmen who are only seen at council headquarters when the monthly Abuja allocation arrives and leave immediately with their standby jeeps and mobile police escort.

The underperformance of Nigeria's 774 local governments has continued to attract huge policy and research concern in the last three decades. About 70% of the population are classified as poor while about 54.4% are absolutely poor and live below the global US$1 benchmark, with life expectancy flipping between 48 and 52years. This indicator is a huge performance lapse on the side of government at all levels. Moreover, basic local government services (education, water supply, health

services and rural roads) are below the expectation. Health care centres are mostly inhabitable, grossly under staffed and without basic drugs. In Ofu local government of Kogi state, the health centres are ridiculously inadequate with 18 poorly equipped health centres; given the ratio of health centre to population of the people is 1:2000 falling below expectation (Achimugu *et al.*, 2013:335).

Perspectives of Abdulraheem *et al.*, (2012:6) the provision of Primary Health Care is the responsibility of local government with support of state ministries of health. Quality primary health services is fundamental right of all Nigeria citizens, with the goal to provide accessible health for all that is promotive, protective, preventive, restorative and rehabilitative. The health service provided at Primary Health Centres include; primary health education concerning prevailing health conditions and methods of preventing and controlling endemic diseases, immunization against infections, provision of essential drugs , environmental health and the collection of statistical data on health and health related event. The Federal Capital Territory municipal area councils run her primary health care services delivery in compliance with the principles/framework of the National Health Policy in Nigeria.

In the views of Nwanko (2004:2) Environmental sanitation is another socio-economic service delivery of local government to the community. It is the provision of safe and adequate water supply, proper and efficient disposal of wastes, safeguarding of food other include the provision of insect vector and other pest

control measures, control of animal reservoir infection, air hygiene and prevention of atmospheric pollution and the elimination of environmental hazards.

Usman (2008:56) the impetus for decentralizing government activities cut across two political frameworks. Firstly, basic services such as education, health, water supply and sanitation are systematically failing the rural communities (World Bank, 2003). Secondly, decentralization of governmental activities is assumed that most of the services to be provided are consumed locally. In Nigeria, decentralization of governmental activities is meant to prepare for the transition to democracy, strengthen governance at the local level and improve service delivery to citizen. Looking at the historical development of Nigeria local government, frequently cited problem is lack of capacity to exercise responsibility for public service provision. As reported by Usman (2008:56), United Nation Development Programme (UNDP) and Ahmadu Bello University (ABU) studies conducted across Northern Nigeria, is the lack of ability of local governments to manage public finances and maintain proper books of accounts.

Secondly, the objective of decentralizing governmental activities among the tiers of government was intended to strengthen both the administrative, political and fiscal powers of local governments in Nigeria; vis a vis the state, it has wittingly or unwittingly in its application resulted in political capture within these lower levels by the elites.

Thirdly, decentralization of service delivery has led to mis-alignment of responsibilities. This is manifested when responsibility of service provisions falls

within the concurrent legislative list. Thus, the issue of sharing responsibility and percentage of cost weighs down the discussion to the total neglect of provision at the end of the day.

In the views of (Usman 2008, Abdulraheem *et al.,* 2012, Achimugu *et al.,* 2013 and Akwara *et al.*, 2013) the decentralization of governmental activities is meant to improve local government and service delivery such as primary education, health services, water supply and sanitary of the environment among others. In this regards, local government have performed below expectation of the services provided. However, the literature reviewed of empirical studies of local government and service delivery are too general and theoretical in approach to local government affairs, as if all local governments are same in Nigeria. In this context, the level of funding and sources of revenue generation in Abuja Municipal and Abaji Area Councils to deliver quality services is the knowledge gap that the study intends to cover within the scope of 2008-2013.

## 2.3 Theoretical Framework

### 2.3.1 Theories of Local Government

The theories of local government as propounded by Gboyega (1987:42) were adopted as the theoretical framework for guiding this research study on revenue generation and service delivery in Abuja Municipal and Abaji Area Councils of Federal Capital Territory. The theories attempt to provide justifications for the establishment of local government as a tier of government and their functions of providing local services, mobilizing resources and encouraging democratic participation of the grassroots. Gboyega (1987) identified two sets of local government theories; the first theory justified the existence of and the need for local government on the ground of its essentiality to a democratic regime, and for practical administrative purpose like responsiveness, accountability and control. The second theory, opposes the first theory that the existence of local government cannot be justified by any of those reasons mentioned above in that "local government institutions are neither democratic in their internal operation nor admit responsiveness, accountability and control". According to the latter argument, local government and democracy stand at the extreme of opposite ends (antithetical relationship) i.e the weakness of one is the strength of the other. The local government theories submitted by Gboyega evolved from the thinking and ideas of Mill Panter - Brick, Wilson Bentham, Mackenzie, Harold Laski and others. Their points of argument as identified by Gboyega (1987) are;

i. Services are made relevant to the local people and are locally administered

ii. The basic education for citizen are better provided by local government

iii. Political leadership training are better provided from the grassroot and nurtured by local government

iv. Information about the localities, which are essential for adequately meeting the need efficiently and minimizing concentration of political power by diffusing services, are also better provided by the local government.

Therefore, there are basically three rationale propositions for local government theories, i.e. Democratic-Participatory School of Thought, Service Delivery School of Thought and Resource Mobilization Theory.

**Democratic-Participatory School of Thought:** According to Gboyega (1987), this School of Thought is of the view that the existence of local governments is basically for the purpose of promoting democracy and participation at the grassroots level, thereby bringing government nearer to the people. The 1976 local government reforms conceptualized local government as the third tier of government. The objective of the reform is to address basic needs of the people within a particular locality, serving two way channel of communication between the local population and upper tiers of government (federal and state) and public participation in governmental activities. This position is premised on the attempts to justify the existence or need for local government on the basis of its being essential to democratic principles like responsiveness, accountability and control. The School of Thought perceived local government as a free institution that provides political

education for those who participate in the act of decision-making at the local level, who eventually develop to national level.

**Service Delivery School of Thought:** This school of thought emphasizes efficient and quality service delivery. Services to the citizen in local government is inevitable, such as local roads, distribution of water supply, housing for low income groups, health services, agriculture are of paramount importance to local needs.

**Resource Mobilization:** The justification of this theory is that local governments are veritable instruments, most strategically placed for stimulating grassroots development and bringing about rural transformation. For effective delivery of the services, local governments require resources of both human and material to be mobilized for rural development. However, the research used the last two principles i.e service delivery and resources mobilization concepts as a guide for the study.

### 2.3.2 The Relevance of the Theories of Local Government

This study is on resource (revenue) mobilization, through identifying sources and adequacy of local government revenue. Consequently, as Gboyega stated, local government must explore various sources of revenue and ensure its adequacy towards quality service delivery. These theories are thus suitable for assessing revenue generation and service delivery in Abuja municipal and Abaji area councils of Federal Capital Territory.

**Service Delivery School of Thought:** Local government councils as established by 1976 reforms, is to facilitate development at the grassroots for ensuring effective, measurable and quantifiable service delivery to rural and urban dwellers. Some of the services expected of local government authority include housing, water, rural electricity, roads and transports, health facilities, environmental sanitation and other basic needs of the communities, as listed in the Fourth Schedule of 1999 constitution of the Federal Republic of Nigeria. The efficient service delivery according to Gboyega (1987) can be achieved through the local government quality human resources, adequate material resources as well as other necessary logistics (planning and management of funds) for ensuring quality service delivery.

**Resource Mobilization:** This theory states that mobilization of resources (finance) for effective delivery of the functions of local governments in Nigeria is of paramount importance. In order to enhance the services, local governments are entitled to statutory revenue allocation from the federal and state governments; it is

also guaranteed by the 1999 constitution of Federal Republic of Nigeria for local government to mobilize resources within their respective jurisdiction (IGR).

Therefore, for local government to achieve its constitutional responsibilities, as well as ensuring grassroots development, resource mobilization and prudent utilization is important. Local government must not only depend on statutory allocation but should also look inward for exploring more avenues or other sources to mobilize financial resources. This becomes essential if local government will meet their constitutional responsibility; ensure quality service delivery and indeed local government development.

# CHAPTER THREE

# RESEARCH METHODOLOGY

## 3.1 Introduction

This chapter outlines the methodology adopted for the study. It's further highlighted on research design, techniques of cluster and purposive sampling of the study population, sources of data (primary and secondary), administrative instrument of questionnaire, interview and observation. In addition, chi-square statistical tool is used for hypothesis testing.

## 3.2 Research Design

The research design for this study is sample survey design, due to the large population size of the two area councils of study. The study focused on sampled population relatively because, we intend to sample the opinions of beneficiaries in Abuja Municipal and the Abaji Area Councils of Federal Capital Territory. However, the research is designed to assess revenue sources and service delivery of the councils. In achieving this, quantitative trends of the council's revenue sources were assessed; questionnaire on health care and environmental sanitation were collected based on perceptions of the sample respondents and observation of the services by the researcher.

## 3.3 Population of the Study

The targeted populations of study are beneficiaries of service delivery in AMAC and Abaji area councils. Selected populations of study in AMAC are Gwagwa, Lugbe and Karshi having 18,319, 21,176 and 12,991 respectively. Abaji area council, Yaba, Gawu and Abaji Central were selected having study population of 2,512, 4,247 and 7,911 respectively. The total population of study in AMAC and Abaji area councils, stood at sixty seven thousand one hundred fifty six (67,156) (field source 2014, see appendix).

## 3.4 Sample size and Sampling Technique

From population of the study, same size of both area councils are drawn using Robert and Morgan (1970) formula for determining maximum sample size for population known, the formula is expressed as:

$$s = \frac{X^2 N P (1-P)}{d^2 (N-1) + X^2 P (1-P)}$$

Where s = same size

$X^2$= chi-square table value at .05 degree of freedom

N= population size

P= population proportion (assumed to be .50)

d = degree of accuracy (expressed as a proportion)

Calculation of the sample size using the formula above;

$$s = \frac{3.84 \times 67{,}156 \times 0.50\,(1 - 0.50)}{0.05^2\,(67156 - 1) + 3.84 \times 0.50\,(1 - 0.50)}$$

$$S = \frac{64{,}469.76}{0.0025(67155) + 0.96}$$

S= 381

The sample size for both area councils is 381, to get the percentage of each cluster of the population is determined as:

$$\frac{\text{Cluster population}}{\text{Total population}} \times \frac{100}{1} = \%$$ i.e $\frac{18{,}319}{67{,}156} \times 100 = 27.278\%$

In order to get the number of questionnaire to be distributed to each cluster, using the sample size and percentage of cluster is determined as:

$$\frac{\text{Sample size}}{100} \times \% = \text{proportion of questionnaire distribution in each cluster}$$

i.e $\frac{381}{100} \times 27.278 = 104$

The distribution of study population, percentage and proportion of questionnaire to each of the selected communities in AMAC and Abaji is tabulated below:

**Table 3.1 Population, Percentage and Sample Proportion of AMAC and Abaji Area Councils**

| | Selected Communities | Population | % of Population | Proportion of Sample |
|---|---|---|---|---|
| Abuja Municipal Area Council (AMAC) | Gwagwa | 18,319 | 27.28 | 104 |
| | Lugbe | 21,176 | 31.53 | 120 |
| | Karshi | 12,991 | 19.35 | 74 |
| **Sub Total** | | **52,486** | **78.16** | **298** |
| Abaji Area Council | Yaba | 2,512 | 3.74 | 14 |
| | Gawu | 4,247 | 6.32 | 24 |
| | Abaji Central | 7,911 | 11.78 | 45 |
| **Sub Total** | | **14,670** | **21.84** | **83** |
| **Grand Total** | | **67,156** | **100** | **381** |

Source: Researcher's Survey 2014

### 3.4.1 Sampling Technique

Based on this study and scope, cluster sampling technique is suitable for administering of questionnaire to the beneficiaries of health care and environmental services in Abuja Municipal and Abaji area councils due to the population sizes of both communities. AMAC is clustered into three communities Gwagwa, Lugbe and Karshi; 104, 120, and 74 questionnaires are administered to the beneficiaries. In Abaji area council, the communities are clustered into three; Yaba, Gawu, Abaji Central: 14, 24 and 45 questionnaires were administered respectively to the beneficiaries. In respect of staff of both area councils, purposive sampling technique was used by the researcher, simply selected three departmental heads (Finance,

Health and Environmental sanitation) among the staff to constitute the desired sample.

## 3.5 Sources of Data

There are basically two sources from which data are drawn; these are primary and secondary sources.

### 3.5.1 Primary Data

The primary data are obtained directly by the researcher from the field of study (Abuja Municipal and Abaji Area Councils). The primary data types collected from respondents are both qualitative and quantitative. For the qualitative type, the researcher conducted oral interviews with targeted respondents who are staff of both area councils. For the quantitative data type, the researcher administered questionnaires with the aid of research assistant to sampled beneficiaries of the two area councils (residents in selected communities of the area councils). Also, we used the observation method to collect some data qualitatively.

### 3.5.2 Secondary Data

The secondary data was sourced from official document of Abuja Municipal, Federal Capital Territory Administration (FCTA), Federal Ministry of Finance and Kaduna State bye laws. These data are in quantitative form assessed using the council's budget officers and internet service to retrieve the data of Federal Ministry of Finance. Also, the use of published and unpublished master's thesis was used for the study.

### 3.6 Administration of Instrument

The administration of the instrument are systematic and standard procedures for collection of data, it include questionnaire, interview and observation.

**Questionnaire:** The questionnaire as an instrument for data collection is used to elicit response from the respondents (beneficiaries of service delivery in AMAC and Abaji area councils) because of the large number involved. The questionnaire was administered face-to-face to the respondents, comprising both open and closed questions (see appendix A).

**Interview:** An oral interview was conducted by the researcher with departmental heads of Account, Health and Environmental Sanitation in AMAC and Abaji area councils. The interview conducted provide supplementary information on the responses that are not clear using the questionnaire and verifying of open ended questions (see appendix B).

**Observation:** The observation of non-participant of service delivery in Abuja Municipal and Abaji area council was employed due to time constraint. The objective is to comprehend the responses of questionnaire and interview collected (see appendix C for checklist).

### 3.7 Method of Data Analysis

In this study, quantitative method of data analysis was used for data collected through questionnaire and narrative of qualitative data (interview). This is to reduce the large amount of data from primary and secondary sources into sizes for easy

analysis. The descriptive statistic is used for analysing frequency tables and simple percentage followed by brief discussion, while inferential statistic tool of chi-square is used for testing the two hypothetical statements.

### 3.7.1 Test for Hypothesis

In order to test for hypotheses, the inferential statistic tool was used (chi-square). The justification for chi-square for this study, the researcher is concerned with comparison of observed variation with expected values of the questionnaires administered; to what extent the activities of one variable affect the other.

Moreover, this will enable the researcher to compare adequacy of funding and the average services of health care and environmental sanitation between AMAC and Abaji area council, and determine if there is a significant relationship between the two council's services. Each hypothesis is calculated at 5% level of significance, the formula is stated below:

**Chi-Square**

$$X^2 = \sum \frac{(O-E)^2}{E}$$

Where $X^2$ = Chi-square

$\sum$ = Summation

O = Observed frequency

E= Expected frequency

Source (Okpo 2011:145).

The $X^2$ value to be obtained from the formula is compared with the value of $X^2$ table using significance level of 5% at degree of freedom given the formula below:

Degree of Freedom (df) = (R-1) (C-1)

Where R = number of rows on the table

C = number of columns on the table

Source (Okpo 2011:145).

### 3.7.2 Decision Rule: Using Chi-square Distribution

The value of chi-square calculated is compared with the value of chi-square tabulated (critical value); if the calculated value is greater than the tabulated value we reject the null hypothesis and accept alternative hypothesis or vice versa.

# CHAPTER FOUR

# HISTORY AND ADMINISTRATION OF REVENUE IN ABUJA MUNICIPAL AND ABAJI AREA COUNCILS OF FEDERAL CAPITAL TERRITORY

## 4.1 Introduction

Local government administration in Nigeria has passed through four distinct phases. The first phase covered the period between 1914 and 1950; the second period fell within 1950 to 1966, the third phase 1967 to 1976 while the final era was from 1976 to date. These periods have been so categorized for management of local government affairs with one period improving on the other. Historically, the 1946 Richard constitution laid the foundation for quasi-federalism in Nigeria through regionalism and the first revenue commission was appointed to recommend appropriate revenue for the country. Based on the 1999 constitution of Federal Republic of Nigeria, the factors in use are equality, population, landmass and terrain, internally generated revenue and social development factors. The Revenue Mobilisation Allocation and Fiscal Commission in Nigeria are in charge of revenue allocation as one of the constitutional functions of the Commission. Consequently, the Third Schedule Part 1, Section 32 of the 1999 constitution of the Federal Republic of Nigeria, states that the Commission is to "review, from time to time, the revenue allocation formulae and principles in operation to ensure conformity with changing realities; Provided that any revenue formula which has been accepted by an Act of the National Assembly shall remain in force for a period of not less than five years for the commencement of the Act". (Lamidi and Fagbohun 2013)

From the foregoing, it is clear that Local Government Authorities in Nigeria specifically, AMAC and Abaji area council are indeed empowered by law to impose and collect list of taxes, levies, rates and permits internally in addition with the statutory allocation. To this effect, Federal Capital Territory Administration (FCDA) has enacted similar laws enabling the area councils to enhance its revenue base for quality service delivery.

## 4.2 History of Abuja Municipal Area Council (AMAC)

The Abuja Municipal Area Council (AMAC) was created on 1st October 1984 along with Gwagwalada local government, following the controversies surrounding the status of Abuja at the debate of 1989 Constitution; the local governments in Abuja were re-designed into Area Councils. The objective was to maintain neutral status of Abuja as an entity different from other states of the federation. Abuja Municipal Area Council (AMAC) is located on the eastern wing of the Federal Capital Territory, bulk of Federal Institutions, Ministries, and Embassies are located within the confines of the council. The area council is accessible from other parts of the country by road through the Abuja-Suleja road on the north, on the east through the eastern arterial Keffi-Nyanya road and through the Lokoja-Gwagwalada road on the west (AMAC information manual 2013).

Residents of AMAC comprise the following ethnic groups: Gbagyi, Gwandara, Koro Gade, and other Nigerians spread across the ethnic groups. The main Gbagyi settlement in AMAC includes; Karu, Nyanya, Durumi, Garki, Ketti,

Kabusa, Mabushi, Jabi, Lugbe, Ido, Toge, Hulumi, Pyakasa, Jikwoyi, Kurudu, Orozo, Maitama and Asokoro areas. The Gwandaras are commonly found in Karshi, Nyanya, Sheretti, Gwagwa and Karimo areas (AMAC information manual 2013).

## 4.3 History of Abaji Area Council

Abaji area council is located at the southern part of Federal Capital Territory created in 1986. The creation of the area council was formed from Niger, Kogi and former Kwara state, having land for agricultural potentials, irrigated by two rivers namely Okia and Gurara. In addition, there exist centers for learning such as agricultural training, Abuja University of Technology and women development center that caters for the training of adult women in different fields of endeavors. The residents are of different diverse culture and tribes' these include; Igbira, Ganagana, Gbgyi, Gwaris, Bassa, Nupe, Hausa Fulani and significant population of other ethnic groups from all over Nigeria ( Abaji information manual 2013).

## 4.4 Administrative Structure and Revenue of Federal Capital Territory

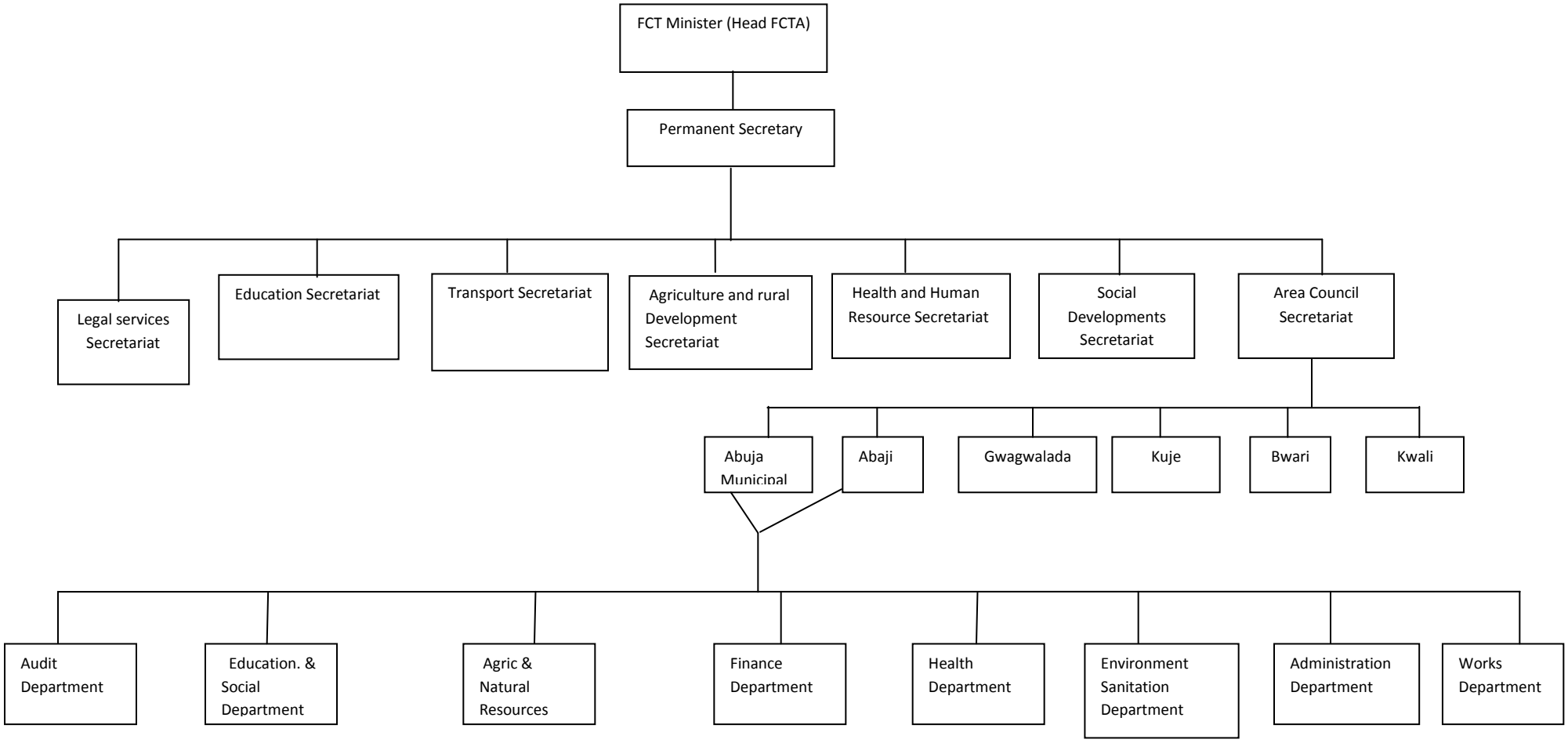
The Federal Capital Territory is the home of Abuja, the Capital of Nigeria. The territory was formed in 1976 from parts of former Nasarawa, Niger and Kogi state. It is the central region of the country, prior before the establishment in 1976 the military government under General Murtala Muhammed set up a committee under the leadership of Justice Akinola Aguda, to search for a suitable location for the new Federal Capital with two major points of references; a region that is

sparsely populated and centrally located, areas considered with Abuja include Okene, Kafanchan, Markurdi, Auchi and Agege were suggested and Abuja was recommended among other areas (www.fcda.gov.ng)

In order to realize the objectives of developing Abuja, the new Capital City, into a masterpiece on the African continent, the Federal Government established Federal Capital Development Authority (FCDA), as the sole agency vested with the responsibility of planning, designing and developing the city. The development authority extended to constructing and maintaining infrastructure such as roads, railways, sidings, tramways, bridges, reservoirs, water courses, and buildings etc. In June 1977, Federal Capital Development Authority (FCDA) commissioned a team of International Planning Associates (IPA), consortium of three American firms to prepare a draft Master plan for the new Federal Capital of Nigeria (www.fcda.gov.ng).

The Executive Head of Federal Capital Territory is the minister (appointed by the president), performs in relation to the functions vested in governor of a state. The minister heads Federal Capital Territory Administration (FCTA), having seven administrative structures called secretariats. Besides, Federal Capital Territory is administered through area councils which operate in the same ways as local government areas of states. It is divided into six administrative units known as area councils, administered through elected chairmen. Below is the organogram of Federal Capital Territory and structure of the area councils

**Figure 4.1 Organogram of Federal Capital Territory/ Area Councils**




Source: www.fcda.gov.ng

From the above organogram, Federal Capital Territory Minister heads the Federal Capital Territory Administration (FCTA), responsible for administrative functions in Abuja; this is synonymous with other executive governors of state. Below the minister, there exists the Permanent Secretary who coordinates activities of the seven secretariats within the FCT. Each of the secretariats is headed by Executive Secretary they are; legal services, education, agriculture and rural development, health and human resources, social development and area council secretariats. Down the line of area council secretariat in Federal capital Territory Administrative, there exist six area councils (Abuja Municipal, Gwagwalada, Kuje, Abaji, Bwari and Kwali area councils), the executive heads of each area councils is represented by elected chairmen. Thus, Abuja Municipal area council (AMAC) and Abaji area council had been the area of study for this research.

The administrative functions of Abuja Municipal and Abaji area councils are administered through executive chairmen and other elected members who are referred to as councillors. In each area council, there exist departmental unit comprising of eight departments namely: Administration, Education and Social Development, Health, Agric and Natural Resources, Works, Finance, Environmental Sanitation and Audit departments. Within each departmental unit, there exist head of department (HOD) and other cadre staff of the councils for ensuring services delivery of the department. Also, revenue allocation for enhancing quality service delivery of the councils flows from Federal Ministry of Finance through the organogram of Federal Capital Territory (fig 4.1) on monthly bases (see appendix).

# CHAPTER FIVE

# DATA PRESENTATION AND ANALYSIS

## 5.1 Introduction

This chapter discussed the data analysis from primary and secondary sources, the data collected are in response to the research problem posed in chapter one of this thesis. Thus, two objectives drove the collection of the data and further data analysis they are; to develop a base of knowledge about revenue generation and quality service delivery, and how it has affected specifically health care and environmental sanitation services in Abuja Municipal and Abaji Area Councils of Federal Capital Territory. Accordingly, findings were drawn from the data presentation and analysis of the two area council's understudy.

## 5.2 Data Presentation and Analysis

Three types of data are presented and used for analysis. These include primary data set of quantitative data (questionnaire), qualitative data (interview and observation), and secondary data. In the case of the quantitative primary data, we administered questionnaires to beneficiaries of service delivery in Abuja Municipal and Abaji Area Councils of Federal Capital Territory of Nigeria. Using simple random and cluster sampling techniques, a total of three hundred and eighty-one (381) questionnaires were administered in both area councils; structured into three sections: section A deals with demographic profile of the respondents, section B relates to the first hypothesis while section C relates to the second hypothesis.

Out of the total questionnaires administered, three hundred and fifty-eight (358) was fully completed and returned representing 93.96% and 23 of the questionnaires representing 6.04% was not returned by the respondents. A summary of this is presented on table 5.1 below.

**Table 5.1 Questionnaires Administered among the Beneficiaries of AMAC and Abaji Area Councils**

| Area Councils | Questionnaire administered | Returned questionnaire | Unreturned questionnaire | Percentage of returned questionnaire (%) |
|---|---|---|---|---|
| AMAC | 298 | 281 | 17 | 78.49 |
| Abaji | 83 | 77 | 6 | 21.51 |
| **Total** | **381** | **358** | **23** | **100** |

**Source:** Researcher's Survey, 2014

From table 5.1, 358 questionnaires were fully completed and returned for data analysis of the study. In Abuja Municipal Area Council (AMAC), 298 questionnaires were administered out of which 281 were returned and 17 of the questionnaires was unreturned by respondents. In Abaji area council, 83 questionnaires were administered, 77 were returned and 6 of the questionnaires were unreturned by the sample respondents. For the qualitative primary data type, selected staffs (3 Head of Departments) were interviewed orally using the purposive sampling method. To compliment both questionnaires and interview responses in AMAC and Abaji area councils, researcher adopted non-participatory method of observation. Revenue collectors were observed in the market of the area councils giving tickets to tax payers, responses and wiliness of the people to pay.

### 5.2.1 Quantitative Data Analysis (Section A)

**Table 5.2 Educational Qualification of Respondents**

| Educational Qualification | Abuja Municipal Area Council | | Abaji Area Council | |
|---|---|---|---|---|
| | **Frequency** | **Percentage** | **Frequency** | **Percentage** |
| FSLC | 10 | 3.56 | 4 | 5.20 |
| WAEC | 22 | 7.83 | 13 | 16.88 |
| ND/Diploma | 94 | 33.45 | 24 | 31.17 |
| HND/Degree | 140 | 49.82 | 30 | 38.96 |
| Post Graduate | 15 | 5.34 | 6 | 7.79 |
| **Total** | **281** | **100** | **77** | **100** |

**Source:** Researcher's Survey, 2014

Table 5.2 shows the analysis of educational qualification of respondents in AMAC and Abaji of the sample size for this study. From the analysis above, First School Leaving Certificate (FSLC) had 14 respondents representing 8.76%, WAEC respondents had 35 representing 24.71%, ND/Diploma respondents are 118 representing 64.62%, HND/Degree respondents are 170 representing 88.78% and post-graduate qualification with 21 respondents representing 13.13%. From the data collected, beneficiaries of both area councils possess some form of educational qualification to give contributing responses to enhance quality of the research output.

**Table 5.3 Occupation of Respondents**

| Categories of occupation | Abuja Municipal Area Council | | Abaji Area Council | |
|---|---|---|---|---|
| | Frequency | Percentage | Frequency | Percentage |
| Student | 25 | 8.90 | 10 | 13.00 |
| Public servant | 45 | 16.01 | 27 | 35.06 |
| Self-employed | 21 | 7.47 | 15 | 19.48 |
| Applicant /unemployed | 70 | 24.91 | 4 | 5.19 |
| Private employee | 98 | 34.88 | 10 | 12.99 |
| Trader | 13 | 4.63 | 7 | 9.09 |
| Others | 9 | 3.20 | 4 | 5.19 |
| **Total** | **281** | **100** | **77** | **100** |

**Source:** Researcher's Survey, 2014

Table 5.3 shows majority of the respondents in AMAC are self- employed having 98 respondents representing 34.88, while in Abaji area council majority of the respondents are public servant with 27 respondents representing 35.06%.

**Analysis of Section B (Relating to the First Hypothesis)**

### 5.2.2 Respondents' Rating of Council's Service Delivery (Health Care and Environmental Services)

In section 5.2.2, we make analysis of the variables to measure if adequate funding and service delivery (health care and environmental sanitation services) between Abuja Municipal and Abaji Area Councils has significant differences. The

service variables are; antenatal cares, preventive health, immunization, refuse collection, maintenance of drainages, public conveniences and market maintenance.

**Table 5.4 Adequacy of Revenue by the Council Implies Quality Service Delivery**

| | Abuja Municipal Area Council | | Abaji Area Council | |
|---|---|---|---|---|
| | **Frequency** | **Percentage** | **Frequency** | **Percentage** |
| Yes | 225 | 80.07 | 54 | 70.13 |
| No | 47 | 16.73 | 23 | 29.87 |
| Undecided | 9 | 3.20 | - | - |
| **Totals** | **281** | **100** | **77** | **100** |

**Source:** Researcher's Survey, 2014

Table 5.4 reveal how adequate the area council's revenue is and implies quality service provision. Significance number of the respondents' i.e 279 respondents representing 150.20% said yes adequacy of revenue by the council implies quality service delivery, 70 respondents representing 46.6% said no and 9 respondents representing 3.20% were undecided from Abuja Municipal Area Council.

**Table 5.5 Poor Funding of Health Care Affect the Quality Output of Services**

| | Abuja Municipal Area Council | | Abaji Area Council | |
|---|---|---|---|---|
| | **Frequency** | **Percentage** | **Frequency** | **Percentage** |
| Yes | 229 | 81.49 | 58 | 75.32 |
| No | 47 | 16.73 | 16 | 20.79 |
| Undecided | 5 | 1.79 | 3 | 3.89 |
| **Totals** | **281** | **100** | **77** | **100** |

**Source:** Researcher's Survey, 2014

Table 5.5 shows that the analysis of poor funding of health care affects the quality output of the services. A total of 287 respondents presenting 156.81% said yes, poor funding of health affect the quality output of services, 63 respondents said no while 8 respondents representing 5.68% were undecided.

**Table 5.6 Poor Funding of Environmental Service Implies Filthy Environment**

| | Abuja Municipal Area Council | | Abaji Area Council | |
|---|---|---|---|---|
| | **Frequency** | **Percentage** | **Frequency** | **Percentage** |
| Yes | 179 | 63.70 | 65 | 84.42 |
| No | 91 | 32.38 | 12 | 15.58 |
| Undecided | 11 | 3.92 | - | - |
| **Totals** | **281** | **100** | **77** | **100** |

**Source:** Researcher's Survey, 2014

From table 5.6, shows the respondents of poor funding of environmental service imply filthy of the environment. Two hundred and forty four (244) respondents' presenting 148.12% said yes poor funding of environmental sanitation implies filthy environment, 103 respondents' opinions were no and 11 respondents from AMAC representing 3.92% were undecided.

**Table 5.7 Provision of Antenatal Care Services**

| | Abuja Municipal Area Council | | Abaji Area Council | |
|---|---|---|---|---|
| | **Frequency** | **Percentage** | **Frequency** | **Percentage** |
| Very Low | 4 | 1.43 | 0 | 0.00 |
| Low | 64 | 22.76 | 4 | 5.20 |
| Average | 134 | 47.69 | 43 | 55.84 |
| High | 67 | 23.84 | 25 | 32.47 |
| Very High | 12 | 4.28 | 5 | 6.49 |
| **Totals** | **281** | **100** | **77** | **100** |

**Source:** Researcher's Survey, 2014

Table 5.7 shows the antenatal care services of the two area councils among the sampled beneficiaries. From the analysis, 4 respondents representing 1.43% from AMAC rated the services to be very low, 68 respondents representing 27.96% said the service is low, 177 respondents representing 103.53% rated the services to be average. The respondents for high and very high antenatal care service rating are 93 and 29 representing 77.41% and 24.46% respectively.

**Table 5.8 Provision of Preventive Health Services**

| | Abuja Municipal Area Council | | Abaji Area Council | |
|---|---|---|---|---|
| | **Frequency** | **Percentage** | **Frequency** | **Percentage** |
| Very Low | 33 | 11.74 | 1 | 1.30 |
| Low | 75 | 26.69 | 1 | 1.30 |
| Average | 113 | 40.22 | 13 | 16.88 |
| High | 46 | 16.37 | 47 | 61.04 |
| Very High | 14 | 4.98 | 15 | 19.48 |
| Totals | **281** | **100** | **77** | **100** |

**Source:** Researcher's Survey, 2014

Table 5.8 reveal how AMAC and Abaji area councils are knowledgeable about preventive health care services provided by the councils. Significance number of the respondents i.e average respondents of 126 representing 57% of the sample size seems to be aware of preventive health services, 93 respondents representing 77.41% rated the service to be high, 29 respondents representing 24.46% are for very high options, 34 respondents said is very low and 76 respondents representing 27.99% rated low preventive health care services provided by AMAC and Abaji area councils.

**Table 5.9 Provision of Immunization Services**

| | **Abuja Municipal Area Council** | | **Abaji Area Council** | |
|---|---|---|---|---|
| | **Frequency** | **Percentage** | **Frequency** | **Percentage** |
| Very Low | 33 | 11.74 | 1 | 1.30 |
| Low | 56 | 19.94 | 1 | 1.30 |
| Average | 157 | 55.87 | 11 | 14.28 |
| High | 21 | 7.47 | 57 | 74.03 |
| Very High | 14 | 4.98 | 7 | 9.09 |
| **Totals** | **281** | **100** | **77** | **100** |

**Source:** Researcher's Survey, 2014

Table 5.9 shows the rating of immunization services in AMAC and Abaji of sampled beneficiaries. For very low rating, we have 34 respondents representing 13.04%; low services are 57 respondents representing 21.24%, average services are 168 respondents representing 70.15%, high services are 78 respondents representing 81.50% and 21 respondents representing 14.07% are for very high services of immunization in the area councils.

**Table 5.10 Provision of Refuse Collection Services**

| | Abuja Municipal Area Council | | Abaji Area Council | |
|---|---|---|---|---|
| | **Frequency** | **Percentage** | **Frequency** | **Percentage** |
| Very Low | 23 | 8.19 | 2 | 2.60 |
| Low | 23 | 8.19 | 12 | 15.59 |
| Average | 61 | 21.71 | 57 | 74.01 |
| High | 84 | 29.90 | 6 | 7.80 |
| Very High | 90 | 32.01 | 0 | 0.00 |
| **Totals** | **281** | **100** | **77** | **100** |

**Source:** Researcher's Survey, 2014

Table 5.10 reveals rating of provision for council's refuse collection in AMAC and Abaji area council. From the analysis, majority of the respondents 118 representing 95.72% rated refuse collection to be average, 90 respondents said is high and very high representing 37.7% and 32.01% respectively. While the respondents for low rating are 35, representing 23.78% and 25 respondents of 10.79% are of the opinions of rating refuse collection of the council to be very low.

**Table 5.11 Provision for Maintenance of Drainages**

| | Abuja Municipal Area Council | | Abaji Area Council | |
|---|---|---|---|---|
| | **Frequency** | **Percentage** | **Frequency** | **Percentage** |
| Very Low | 1 | 0.36 | 5 | 6.49 |
| Low | 3 | 1.07 | 5 | 6.49 |
| Average | 63 | 22.42 | 63 | 81.82 |
| High | 127 | 45.20 | 4 | 5.20 |
| Very High | 87 | 30.95 | 0 | 0.00 |
| **Totals** | **281** | **100** | **77** | **100** |

**Source:** Researcher's Survey, 2014

Table 5.11 shows the level at which respondents respond to maintenance of drainages in their communities. Six (6) respondents rated provision for maintenance of drainages to be very low, 8 respondents representing 7.56% are for low rated, 126 respondents representing 104.24% rated maintenance of drainages to be average. While 127 respondents from AMAC, 4 from Abaji rated maintenance to be high. In respect to very high option, we have 87 respondents representing 30.95% from AMAC and non from Abaji rating maintenance of drainages to be very high in the community areas. This implies the beneficiaries in Abaji area councils are in between the options of very low, low, average and high.

**Table 5.12 Provision for Public Conveniences**

| | **Abuja Municipal Area Council** | | **Abaji Area Council** | |
|---|---|---|---|---|
| | **Frequency** | **Percentage** | **Frequency** | **Percentage** |
| Very Low | 245 | 87.19 | 74 | 96.10 |
| Low | 21 | 7.47 | 3 | 3.90 |
| Average | 8 | 2.85 | 0 | 0.00 |
| High | 7 | 2.49 | 0 | 0.00 |
| Very High | 0 | 0.00 | 0 | 0.00 |
| **Totals** | **281** | **100** | **77** | **100** |

**Source:** Researcher's Survey, 2014

Table 5.12 shows the provision for public conveniences provided by the two area councils of study. A large proportion of the respondents' i.e 319 representing 183.29% of the two area councils rated public conveniences to be very low, 24 respondents representing 11.37% said public conveniences is low. In AMAC, 8 respondents and 7 respondents representing 2.85% and 2.49% respectively are of

the opinion of average and high rate. While No respondents from Abaji area council, rating public conveniences to be average, high and very high options.

**Table 5.13 Provision for Market Maintenance**

| | Abuja Municipal Area Council | | Abaji Area Council | |
|---|---|---|---|---|
| | **Frequency** | **Percentage** | **Frequency** | **Percentage** |
| Very Low | 153 | 54.45 | 10 | 12.99 |
| Low | 78 | 27.76 | 1 | 1.30 |
| Average | 46 | 16.37 | 64 | 83.11 |
| High | 4 | 1.42 | 1 | 1.30 |
| Very High | 0 | 0.00 | 1 | 1.30 |
| **Totals** | **281** | **100** | **77** | **100** |

**Source:** Researcher's Survey, 2014

Table 5.13 analysed market maintenance services of AMAC and Abaji area council, 163 respondents representing 67.44% are for very low rating of market maintenance services, 79 respondents representing 29.06% rated the council's market maintenance services to be low. However, the respondents for average are 110 representing 99.48%, 5 respondents are for high rate and 1 respondent representing 1.30% for very high provision of market maintenance services in Abaji area council.

### 5.2.3 Qualitative Data (Interview)

In this segment, oral interview was conducted among the heads of health and environmental sanitation department in AMAC and Abaji area councils, for validity of the questionnaire and test for the first hypothesis stating. *There is no significant*

*relationship between the level of funding and quality of service delivery in Abuja Municipal and Abaji Area Councils of FCT.*

**Table 5.14 Adequacy of Funding the Department for Service Delivery**

| Area Council Responses | Health Department | Environmental Sanitation Department |
|---|---|---|
| Abuja Municipal Area Council (AMAC) | The funding of the department has never been adequate because it fluctuated. Most often the fluctuation tends to affect services/ project at hand. | Funding of Environmental sanitation is reducted as source from Federal Capital Territory Administration (FCTA), only meager allocation is made available to the department. |
| Abaji Area Council | Funding of the department varies majorly; it is statutory allocation from the federation account that determines what goes to each department based on the proposed budget. | It is never adequate to discharge the responsibility of the department. |

**Source:** Osungboye, B.M (interviewer), and Adeyinka, M.M., Ibrahim, M., Raji, F. and Sado, Y. (interviewees). (2014, September 17 and 18).

From table 5.14, the researcher is made to understand that environmental sanitation department of the two area councils (AMAC and Abaji area council), is under Health department over the years. In 2012, environmental sanitation department was separated from health department. Analysing the funding capacity of the department from 2012 to 2013 been the scope of this study, funding of the department is inadequate from the discussion of both heads of department in AMAC and Abaji area council. Respect to health department interviewed, funding allocation to the department varies. Most often, the inadequacy of funds tend to affect other responsibilities of the department.

**Table 5.15 Considering the Staff Strength of the Department Adequate for Ensuring Quality Service Delivery**

| Area Council Responses | Health Department | Environmental Sanitation Department |
|---|---|---|
| Abuja Municipal Area Council (AMAC) | NO, the department is understaffed and overstretched the available staff for supervision of clinic (see appendix for staff strength) | Averagely the staff strength is enough for ensuring environmental sanitation activities (see appendix for staff strength). |
| Abaji Area Council | The staff strength are averagely for ensuring health services but financial resources has incapacitated the ability of the department (see appendix for staff strength) | NO, more hands are need to ensured cleanness of the environment (see appendix for staff strength). |

**Source:** Osungboye, B.M (interviewer), and Adeyinka, M.M., Ibrahim, M., Raji, F. and Sado, Y. (interviewees). (2014, September 17 and 18).

Table 5.15, is the interviewed responses to staff strength for ensuring health care and environmental sanitation services in AMAC and Abaji area council. The interviewed discussion to confirmed staff strength of both area councils' is said to be inadequate. Researcher is made to understand that in Abuja Municipal Area Council clinics, are supposed to have three shift duties, due to limitation of staff strength only two shifts are maintained.

**Table 5.16 What are the Obstacle(s) Encountered for Rendering Council Services**

| Area council Responses | Health Department | Environmental sanitation Department |
|---|---|---|

| | | |
|---|---|---|
| Abuja Municipal Area Council (AMAC) | • Staff attitude to work<br>• Lack of staff motivation<br>• Non availability of funds<br>• | • Lack of financial resources and vehicle to mobilized sanitary agent for supervision of the environment |
| Abaji Area Council | • Low patronage of patient (traditional) belief) | • Uncooperative attitude of the community for ensuring clean environment |

**Source:** Osungboye, B.M (interviewer), and Adeyinka, M.M., Ibrahim, M., Raji, F. and Sado, Y. (interviewees). (2014, September 17 and 18).

Table 5.16, reveals obstacles encountered by departmental heads of AMAC and Abaji area councils. From interviewed respond of health department in Abuja Municipal, major obstacles of the department are; staff attitude to work in terms of addressing patient in clinics, lack of motivation for selfless staff and non-availability of funds to executive health programs. In Abaji area council, there is low patronage of patient, a significant number of the community believed in traditional herbs and self-medication rather than visiting the health centres.

**Table 5.17 How Many Health Care Centres are Located in the Area Council**

| | **Health Department AMAC** | **Health Department Abaji** |
|---|---|---|
| Interview response | (See appendix) of centres and their locations | 28 health care centres (see appendix) |
| | | |

**Source:** Osungboye, B.M (interviewer), Adeyinka, M.M. and Raji, F. (interviewees). (2014, September 17).

From the observation of health care centres in AMAC and Abaji area councils, we observed 33 health centres in Abuja Municipal with a list showing the

locations. In Abaji area council, the information manual stated there are over 38 health centres across the area council to cater for the health needs of the inhabitants. However, this was different from the no of health care centres we observed on the field. Only 14 were in existence out of which few were equipped.

For comparative assessment of health care and environmental sanitation service delivery of AMAC and Abaji area councils, secondary data was obtained. To assess the adequacy of statutory estimate and actual allocation, capacity of funding health care and environmental sanitation in support of the questionnaire, interview and observation. Below is the summary of statutory, IGR and budgetary allocation to health and environmental sanitation departments of Abuja municipal and Abaji area councils from 2008 -2013.

**Table 5.18 Summary of Statutory Allocation and IGR Analysis of AMAC and Abaji Area Council (2008 – 2013)**

| | **Details** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** |
|---|---|---|---|---|---|---|---|
| Abuja Municipal Area Council | Estimate of Statutory | 2,000,000,000 | 3,247,624,582 | 4,023,931,082 | 3,779,561,574 | 5,362,266,610 | 3,894,976,351 |
| | Actual statutory | 2,505,600,966.65 | 1,719,722,407.81 | 2,606,890,951.40 | 2,812,223,777.64 | 1,797,469,957.68 | 2,213,759,648.69 |
| | Estimate of IGR | 420,000,000 | 500,000,000 | 500,000,000 | 500,000,000 | 850,000,000 | 630,000,000 |
| | Actual IGR | 243,088,164.21 | 227,969,517.46 | 276,623,381.22 | 572,838,909.58 | 350,122,785.18 | 965,528,152.84 |
| | %of actual sta. over estimate | 125.28% | 52.95% | 64.78% | 74.41% | 33.52% | 56.84% |
| | **%** of Sta. of Abaji to AMAC | 63.74% | 77.49% | 42.42% | 65.12% | | 43.61 |
| | **Details** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** |
| Abaji Area Council | Estimate of statutory | 2,990,000,000 | 2,400,000,000 | 3,120,000,000 | 2,480,000,000 | 3,175,000,000 | Nil |
| | Actual statutory | 1,597,007,706.08 | 1,332,529,681.08 | 1,105,904,800.80 | 1,831,198,895.00 | Nil | Nil |
| | Estimate of IGR | 720,000,000 | 230,000,000 | 300,000,000 | 200,000,000 | 500,000,000 | |
| | Actual IGR | 32,243,066.50 | 19,910,420.00 | 7,314,315.00 | 13,344,650.00 | Nil | Nil |
| | %of actual sta. over estimate | 53.41% | 55.52% | 35.45% | 73.84% | | |
| | **%** of act.IGR Abaji to AMAC | 13.26% | 8.73% | 2.64% | 2.33% | Nil | Nil |

**Source:** Researcher's Survey, 2014 (see appendix)

Table 5.18 analysed the adequacy of revenue sources (statutory and IGR) of AMAC and Abaji area councils within the scope of 2008 – 2013. Comparing actual with estimated statutory allocation in Abuja Municipal Area Council (AMAC), the percentage fluctuated in respective years of study as; 125.28%, 52.95%, 64.78%, 74.41%, 33.52% and 56.84% respectively. In the case of Abaji area council, percentage of actual to estimate statutory are 53.41%, 55.52%, 35.45% and 73.84% respectively for available years of data obtained. Averagely, the actual statutory of Abuja Municipal Area Council (AMAC), is greater than Abaji Area Council with 62.19% and the IGR also greater with 6.74%. Therefore, the analyses reveal wide gaps of differences resulting to inadequacy of fund available to the area councils (estimate of statutory and IGR, actual statutory and IGR). Agreement with Usman and Erunke (2012) views, inadequate funds in financing local government services has remained endemic with all local government services in the country. The situation is also applicable to Abuja Municipal and Abaji area councils of Federal Capital Territory, with the scope of study.

**Table 5.19: Summary of Budgetary Allocation to Health and Environmental Sanitation Departments in AMAC and Abaji Area Councils (2008 – 2013)**

| | **Details** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** |
|---|---|---|---|---|---|---|---|
| Abuja Municipal Area Council (AMAC) | Health and Human Resource Department | 108,872,000 | 205,627,504 | 788,867,569 | 595,000,000 | 645,528,230 | 696,319,000 |
| | Environmental Sanitation Department | NIL | NIL | NIL | Nil | 393,669,120 | 472,402,900 |
| | | | | | | | |
| Abaji Area Council | Health and Human Resources Department | Nil | Nil | 366,280,067 | 125,097,207 | 386,403,045 | 416,187,407 |
| | Environmental Sanitation Department | Nil | Nil | Nil | Nil | 193,079,786 | 282,418,744 |

**Source:** Researcher's Survey, 2014 (see appendix)

From table 5.19 above reveals that the funding level to health and environmental sanitation departments from the lump sum of revenue sources. The allocation given to each of this department is used for ensuring sustainable, as well as quality service delivery of the department and to other external users (beneficiaries of the councils).

### 5.2.4 The Revenue Sources and Service Delivery

Operationally, we define revenue sources as the accessibility and reliability of internally generated revenue (IGR) from details of heads 1001 -1008 as stipulated in *Model Financial Memoranda* for local government. The variables that measures revenue are taxes, fines, licenses rates and other charges. This shows how the second hypothesis is applicable in both area councils understudies to enhance quality service delivery.

**Table 5.20 Reliability of Revenue Sources Implies Quality Service Delivery**

| **Options for beneficiaries** | **Abuja Municipal Area Council** | | **Abaji Area Council** | |
|---|---|---|---|---|
| | **Frequency** | **Percentage** | **Frequency** | **Percentage** |
| Yes | 229 | 81.50 | 55 | 71.43 |
| No | 36 | 12.81 | 10 | 12.99 |
| Undecided | 16 | 5.69 | 12 | 15.58 |
| **Total** | **281** | **100** | **77** | **100** |

**Source:** Researcher's Survey, 2014

Table 5.20 reveals that majority of the respondents in AMAC and Abaji area council are of the views that viability of revenue sources imply quality service delivery to the community. The respondents of Yes view are 270 representing 147.94% of the total returned sample size, 58 respondents representing 37.61% said

No to viability of revenue sources does not implies quality service delivery and 30 respondents representing 14.45% are undecided if actually revenue sources is synonymous with quality service delivery.

**Table 5.21 As Health Care and Environmental Services of the Council Encouraged Tax Payers**

| Options for beneficiaries | Abuja Municipal Area Council | | Abaji Area Council | |
|---|---|---|---|---|
| | **Frequency** | **Percentage** | **Frequency** | **Percentage** |
| Yes | 250 | 88.97 | 32 | 41.56 |
| No | 18 | 6.41 | 43 | 55.84 |
| Undecided | 13 | 4.63 | 2 | 2.60 |
| **Total** | **281** | **100** | **77** | **100** |

**Source:** Researcher's Survey, 2014

Table 5.21 shows the rating of service delivery in AMAC and Abaji of sample population for this study and how it has encouraged tax payers to respond to revenue sources of the community. Thus, large percentage of the respondents reveals that Abuja Municipal Area Council (AMAC), service delivery in terms of health care facilities and environmental sanitation activities has encouraged the beneficiaries to pay taxes, but this is contrary to the response of Abaji area council beneficiaries. From the above analysis table, 282 respondents representing 88.97% said yes to *service delivery has encouraged Tax payers***,** 61 respondents representing 62.25% said No and 15 respondents representing 7.23% are undecided whether service delivery rating of the area councils encouraged them to pay taxes or not.

**Table 5.22 Do You Pay Taxes/ Levies Regularly as at When Due**

| Options for beneficiaries | Abuja Municipal Area Council | | Abaji Area Council | |
|---|---|---|---|---|
| | **Frequency** | **Percentage** | **Frequency** | **Percentage** |
| Yes | 253 | 90.04 | 60 | 77.92 |
| No | 25 | 8.90 | 17 | 22.08 |
| Undecided | 3 | 1.07 | - | - |
| **Total** | **281** | **100** | **77** | **100** |

**Source:** Researcher's Survey, 2014

Table 5.22 shows the responses of beneficiaries in the two area councils. From the respondents, significant number of the respondents 313 representing 167.96% out of 358 returned questionnaires for data analyses said 'yes'; they respond to taxes regularly as at when due**,** 42 respondents representing 30.98% said "No", 3 respondents representing 1.07% from AMAC was undecided and none from Abaji area council they either belong to Yes or No responses.

**Table 5.23 Any Forces Applied by Revenue Collectors before Taxes/ Levies Are Paid**

| Options for beneficiaries | Abuja Municipal Area Council | | Abaji Area Council | |
|---|---|---|---|---|
| | **Frequency** | **Percentage** | **Frequency** | **Percentage** |
| Yes | 112 | 39.86 | 41 | 53.25 |
| No | 169 | 60.14 | 36 | 46.75 |
| Undecided | - | - | - | - |
| **Total** | **281** | **100** | **77** | **100** |

**Source:** Researcher's Survey, 2014

Table 5.23 above shows that, in practice 126 respondents representing 93.11% said yes; revenue collectors of the area councils applied forces on them to remit funds, 205 respondents representing 106.89% said No they willing pay their

taxes and levies as at when due to avoid embarrassment of revenue collectors and 'No' responses for undecided option. This implies that every beneficiary of AMAC and Abaji area councils service delivery took position of yes or no responses to the question; any forces applied by revenue collectors before taxes are paid?.

**Table 5.24 Opinions on How to Improve Revenue for Quality Service Delivery**

| Suggested opinions of beneficiaries | Abuja Municipal Area Council | | Abaji Area Council | |
|---|---|---|---|---|
| | Frequency | Percentage | Frequency | Percentage |
| Improve on social amenities as a means for revenue sources | 86 | 30.60 | 22 | 28.57 |
| Fines for littering the environment | 22 | 7.83 | 13 | 16.88 |
| Construction of modern market at (affordable rate) | 78 | 27.76 | 15 | 1<br>9.48 |
| Out of context | 15 | 5.34 | 4 | 5.19 |
| No idea | 80 | 28.50 | 23 | 29.88 |
| **Total** | **281** | **100** | **77** | **100** |

**Source:** Researcher's Survey, 2014

Table 5.24 above is an open ended question trying to seek the opinions of respondents as it is early agreed by majority of the respondent on table 5.20; reliability of revenue sources implies quality service delivery. Total of 108 respondents suggested the opinions that area councils should improve on social amenities such as; resort centre, public conveniences and vocational schools. 35 respondents are of the opinions that fines should be paid by any individual caught not keeping the environment clean through the sanitary enforcement agencies, 93 suggested construction of modern market that will be affordable to all classes of the communities, 19 respondents opinions is out of the study context while 103

respondents have no idea of how to improve revenue sources for service delivery in AMAC and Abaji area council of Federal Capital Territory.

### 5.2.5 Qualitative Data (Interview)

An oral interview conducted among the finance heads of department in Abuja Municipal and Abaji area councils for reliability of the questionnaire to test the second hypothesis; there is a significant relationship between the viability of revenue sources and quality of service delivery between Abuja Municipal and Abaji Area Councils.

**Table 5.25 Viability of the Revenue Sources to the Area Councils**

| | **Head of Finance Department (AMAC)** | **Head of Finance Abaji Area Council** |
|---|---|---|
| Interview response | The statutory allocation depends on the accruing funds to the federation account which cannot be decided by the council on like the IGR that is within the council control to some extent. Although, both statutory and IGR we normally have estimated and actual figures that are compared to see the rate of differences. | The IGR is very meagre to address service delivery of the council. Our major source of funding is from the federation account through the area councils join account. |

**Source**: Osungboye, B.M (interviewer), and Moshood, U. and Kolawole, B. (Interviewees). (2014, September 9).

From table 5.25 above, the interviewed responses with the heads of department to find out how viable the sources of revenue generation in provision for

services to the community's areas. The discussion reviewed, statutory allocation been the main source of income cannot be decided by the councils but subjected to external factors and accruing funds to the federation account. However, assessing the trends of revenue generation from (2008–2013), the estimated figures is always higher to compared with the actual statutory and IGR allocation received over the years of studies.

**Table 5.26 Does the Community Willingly Remit Taxes, Levies and Other Charges as at When Due**

| | **Head of Finance Department (AMAC)** | **Head of Finance Abaji area council** |
|---|---|---|
| Interview response | Some tax payers respond as at when due, while we have to visit others in their shops and business places before they made payment to the council. | Few of tax payers come to the council. But most often we go out to collect revenue on behalf of the council. |

**Source:** Osungboye, B.M (interviewer), and Moshood, U. and Kolawole, B. (interviewees). (2014, September 9).

**Table 5.27 What are the Obstacle(s) to Revenue Generation of the Councils**

| | **Head of Finance Department (AMAC)** | **Head of Finance Abaji area council** |
|---|---|---|
| Interview response | • Issues with local government joint account<br>• Political interference of IGR funds<br>• Contracting of agent for IGR collection | • Inadequate available sources of finance within the council<br>• Tax avoidance and evasion<br>• Low motivation of staff |

**Source**: Osungboye, B.M (interviewer), and Moshood, U. and Kolawole, B. (interviewees). (2014, September 9).

Table 5.27, shows interviewed responses of the two area councils of study with the heads of Finance Department. This is to aid the researcher in finding out if any obstacle(s) associated with revenue generation of the councils. In regards to

AMAC interviewed discussion, major obstacles that hinder viability of revenue sources are; issues with local government joint account, political interference of IGR funds and contracting of agent for IGR collections. The lack of council's autonomy over statutory allocation and Joint account of the councils has incapacitated the administrative services to execute other sources of revenue. Most often, there is political interference of revenue collectors between the Federal Capital Territory Administration (FCTA) and Abuja Municipal Area Council (AMAC) revenue collectors in strategic places e.g. Wuse, Utako and Garki markets. Moreover, the executive councils take other decision of contracting agent for collection of the council Internal Generated Revenue (IGR), who are responsible in for paying into the council's account.

The researcher interviewed discussion with head of Finance Department in Abaji area council was majorly inadequate available sources of finance within the council, tax avoidance and evasion of tax payer and low motivation of revenue staff. The council lacks available sources of revenue in boosting its IGR, because bulk of institutions and companies are located in central areas of FCT (AMAC), the only central market available for sourcing for revenue comes up every five days. Another obstacle faced by revenue collectors of the council is tax evasion and avoidance of tax payer; they abscond whenever the council revenue collectors are sighted, this action has demoralised the revenue collectors.

In order to assess viability of the councils' revenue generation, for justification of quality service delivery, secondary data was sourced to further

confirm the quantitative data of questionnaires and interviews conducted. Below is the analysis of statutory allocation and IGR of AMAC and Abaji area council from 2008 -2013.

**Table 5.28 Summary of Statutory Allocation and IGR Analysis of AMAC and Abaji Area Council (2008 – 2013)**

| | **Details** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** |
|---|---|---|---|---|---|---|---|
| Abuja Municipal Area Council | Estimate of Statutory | 2,000,000,000 | 3,247,624,582 | 4,023,931,082 | 3,779,561,574 | 5,362,266,610 | 3,894,976,351 |
| | Actual statutory | 2,505,600,966.65 | 1,719,722,407.81 | 2,606,890,951.40 | 2,812,223,777.64 | 1,797,469,957.68 | 2,213,759,648.69 |
| | Estimate of IGR | 420,000,000 | 500,000,000 | 500,000,000 | 500,000,000 | 850,000,000 | 630,000,000 |
| | Actual IGR | 243,088,164.21 | 227,969,517.46 | 276,623,381.22 | 572,838,909.58 | 350,122,785.18 | 965,528,152.84 |
| | % of act. IGR /sta. | 9.70% | 13.26% | 10.61% | 20.37% | 19.48% | 43.61% |
| | % of act. IGR/ est. | 57.88% | 45.59% | 55.32% | 114.57% | 41.19% | 153.26% |
| | **Details** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** |
| Abaji Area Council | Estimate of statutory | 2,990,000,000 | 2,400,000,000 | 3,120,000,000 | 2,480,000,000 | 3,175,000,000 | Nil |
| | Actual statutory | 1,597,007,706.08 | 1,332,529,681.08 | 1,105,904,800.80 | 1,831,198,895.00 | Nil | Nil |
| | Estimate of IGR | 720,000,000 | 230,000,000 | 300,000,000 | 200,000,000 | 500,000,000 | |
| | Actual IGR | 32,243,066.50 | 19,910,420.00 | 7,314,315.00 | 13,344,650.00 | Nil | Nil |
| | % of act. IGR /sta. | 2.02% | 1.49% | 0.66% | 0.73% | Nil | Nil |
| | % of act. IGR/ est. | 4.48% | 8.66% | 2.44% | 6.67% | Nil | Nil |
| | **%** of Abaji IGR to AMAC | 13.26% | 8.73% | 2.64% | 2.34% | Nil | Nil |

**Source:** Researcher's Survey, 2014 (see appendix)

Obviously, from table 5.28, shows statutory allocation and internally generated revenue of the two area councils. With support of the interview conducted among the heads of finance to justify viability of revenue sources and service delivery of the councils. Assessing the trends of internally generated revenue of AMAC and Abaji area council, it was observed that percentage of IGR estimate to actual years under study is low considering the numerous revenue sources stated in Model Financial Memoranda (2009), as earlier mentioned in the literature review of this study. This is confirming the non-viability of revenue sources and overdependence syndrome of statutory allocation to deliver public services as observed by Agba *et al.*, (2013). Comparing the actual internally generated revenue (IGR) with the actual statutory revenue in Abuja Municipal Area Council (AMAC), the percentage fluctuated in respective years of study as; 9.70%, 13.26%, 10.61%, 20.37%, 19.48% and 43.61%. In the case of Abaji area council, percentage of actual IGR to actual statutory is less than 10% being justification for local government establishment in view of Ajaegbu (2000), the percentage is; 2.02%, 1.47%, 0.66%, and 0.73% for available data obtained. It shows revenue generating efforts of Abuja Municipal and Abaji area councils has been infinitesimal especially within the scope of study for quality service delivery.

## 5.3 Test of Hypotheses

### 5.3.1 Test of Hypothesis one

$H_{0:}$ There is no significant relationship between the level of funding and quality of service delivery in Abuja Municipal and Abaji Area Councils of FCT.

$H_1$ There is a significant relationship between the level of funding and quality of service delivery in Abuja Municipal and Abaji Area Councils of FCT.

**Table 5.29 Observed Frequency (Test for Table 5.4)**

| | **Yes** | **No** | **Undecided** | **Total** |
|---|---|---|---|---|
| AMAC | 225 | 47 | 9 | 281 |
| Abaji | 54 | 23 | - | 77 |
| **Total** | **279** | **70** | **9** | **358** |

**Source:** Researcher's Survey, 2014

**Table 5.30 Expected Frequency (Row X Col. Total)/ Ground Total**

| | **Yes** | **No** | **Undecided** | **Total** |
|---|---|---|---|---|
| AMAC | 219 | 55 | 7.06 | 281.06 |
| Abaji | 60 | 15 | 1.94 | 76.94 |
| **Total** | **279** | **70** | **9** | **358** |

**Source:** Researcher's Survey, 2014

**Table 5.31 Chi-Square Test** $(X^2 = \sum \frac{(O-E)^2}{E})$

| | **Yes** | **No** | **Undecided** | **Total** |
|---|---|---|---|---|
| AMAC | 0.16 | 1.64 | 0.53 | 2.33 |
| Abaji | 0.60 | 4.27 | 1.94 | 6.81 |
| **Total** | **0.76** | **5.91** | **2.47** | **9.14** |

**Source:** Researcher's Survey, 2014

Degree of Freedom (df) = (R-1) (C-1)

df = (2 -1)*(3-1)
df = 2 at 0.05%
Critical value = 5.991

**Decision Rule:**

The decision rule of chi-square statistical test, of data analysis on table 5.4 shows the respond of the respondents' to adequacy of revenue by AMAC and Abaji area councils implies quality service delivery of selected health care and environmental services rating of very low, low, average, high and very high. Hence, the output of the calculated chi-square value is 9.14, compared with the critical value at 5% level of significant and df (2) is 5.991. We accept the alternate hypothesis stating; *there is a significant relationship between the level of funding and quality of service delivery in Abuja Municipal and Abaji Area Councils of FCT.*

### 5.3.2 Test of Hypothesis two

$H_{0:}$ There is no significant relationship between revenue sources and quality of service delivery between Abuja Municipal and Abaji Area Councils of FCT.

$H_1$: There is a significant relationship between revenue sources and quality of service delivery between Abuja Municipal and Abaji Area Councils of FCT.

**Table 5.32 Observed Frequency (Test for Table 5.20)**

| | Yes | No | Undecided | Total |
|---|---|---|---|---|
| AMAC | 229 | 36 | 16 | 281 |
| Abaji | 55 | 10 | 12 | 77 |
| **Total** | **284** | **46** | **28** | **358** |

**Source:** Researcher's Survey, 2014

**Table 5.33 Expected Frequency (Row X Col. Total)/ Ground Total**

| | Yes | No | Undecided | Total |
|---|---|---|---|---|
| AMAC | 223 | 36 | 22 | 281 |
| Abaji | 61 | 10 | 6 | 77 |
| **Total** | **284** | **46** | **28** | **358** |

**Source:** Researcher's Survey, 2014

**Table 5.34 Chi-Square Test** $(X^2 = \sum \frac{(O-E)^2}{E})$

| | Yes | No | Undecided | Total |
|---|---|---|---|---|
| AMAC | 0.16 | 0 | 1.64 | 1.80 |
| Abaji | 0.59 | 0 | 6.00 | 6.59 |
| **Total** | **0.75** | **0** | **7.64** | **8.39** |

**Source:** Researcher's Survey, 2014

Degree of Freedom (df) = (R-1) (C-1)

df = (2 -1)*(3-1)
df = 2 at 0.05%
Critical value = 5.991

**Table 5.35 Observed Frequency (Test for Table 5.22)**

| | Yes | No | Undecided | Total |
|---|---|---|---|---|
| AMAC | 253 | 25 | 3 | 281 |
| Abaji | 60 | 17 | - | 77 |
| **Total** | **313** | **42** | **3** | **358** |

**Source:** Researcher's Survey, 2014

**Table 5.36 Expected Frequency (Row X Col. Total)/ Ground Total**

| | Yes | No | Undecided | Total |
|---|---|---|---|---|
| AMAC | 246 | 33 | 2.35 | 281 |
| Abaji | 67 | 9 | 0.65 | 77 |
| **Total** | **313** | **42** | **3** | **358** |

**Source**: Researcher's Survey, 2014

**Table 5.37 Chi-Square Test** $(X^2 = \sum \frac{(O-E)^2}{E})$

| | Yes | No | Undecided | Total |
|---|---|---|---|---|
| AMAC | 0.20 | 1.94 | 0.18 | 2.32 |
| Abaji | 0.73 | 7.11 | 0.65 | 8.49 |
| **Total** | **0.93** | **9.05** | **0.83** | **10.81** |

**Source:** Researcher's Survey, 2014

Degree of Freedom (df) = (R-1) (C-1)

df = (2 -1)*(3-1)

df = 2 at 0.05%

Critical value = 5.991

**Decision Rule:**

The calculated value of chi-square are 8.39 and 10.81 respectively for the two table tested (table 5.20 and 5.22) showing the differences between observed and expected frequency on table 5.32 and 5.35 respectively. The calculated values are greater than the critical value of 5.991 at 5% level of significance. We therefore, accept the alternate hypothesis stating: *There is a significant relationship between revenue sources and quality of service delivery between Abuja Municipal and Abaji Area Councils of Federal Capital Territory.*

## 5.4 Major Findings

1. The study revealed that the two area councils (AMAC and Abaji), have obvious disparity in qualitative and quantitative service delivery; this was informed by revenue generation disparity characterized by statutory allocation and IGR. From the quantitative secondary data analysed on table 5.18, AMAC is averagely higher than Abaji by 62.19% of statutory and IGR 6.74% within the time period of study. From the interviews conducted, the councils are experiencing delay and reduction of their statutory allocation at source (FCDA), having negative impact on the expected services of the councils.
2. The research shows that revenue generation has significantly informed more quality health care and sanitation services in Abuja Municipal than Abaji area council due to adequate access to fund generation. Beneficiaries of both

urban (AMAC) and rural (Abaji) areas councils uphold the same level of opinions about revenue and service delivery of the area council they reside in. The opinions they have as found in the hypothesis test is that area council carry out services on the basis of the finance that they are able to generate. Therefore, the Urban centre would be more satisfied with the level of service delivery of their area council than those who reside in the rural communities, giving the nature of development that exist in the urban centre.

3. The research also found that revenue generation capacity of AMAC is viable than Abaji because of its population size, land mass and socio-economic activities. This has contributed to the revenue base and high capacity for quality service delivery by AMAC. The residents of Abuja Municipal Area Council (AMAC), states that they pay taxes and other charges promptly because they appreciate the service delivery; whilst in Abaji area council, with limited revenue sources, services of health care and sanitation are at its low ebb.

4. Further, the study revealed that statutory allocation is the most reliable sources of revenue for the two area councils; whilst the IGR components, stated in the Model Financial Memoranda of (2009) from heads 1001-1008, are unstable and unreliable sources from the interviews conducted. Besides, earning from commercial undertakings like ultra-modern market e.g. Wuse, Utako and Garki has been taken over by the Federal Capital Territory Administration (FCDA). In Abaji area council, only one central market is in

existence that comes up every five days. From observation, there is concentration of more public institutions and private organisations in AMAC to compare with Abaji area council. This has tremendously increased the viability and reliability of Abuja Municipal Area Council IGR in providing quality service delivery to the residents than Abaji Area Council.

# CHAPTER SIX

# SUMMARY CONCLUSION AND RECOMMENDATIONS

## 6.1 Introduction

The previous chapter dealt with presentation, analysis and discussion of data obtained from primary and secondary data. In this chapter, a brief summary of the thesis findings from literature review and empirical studies of area council's revenue and service delivery, and conclusion drawn from the study are discussed. Moreover, recommendations that will serve as guidelines to assist this research study revenue generation and service delivery in Abuja Municipal and Abaji Area Councils of Federal Capital Territory are given.

## 6.2 Summary

This study was set out to assess revenue generation and service delivery in Abuja Municipal Area Council and Abaji Area Council of Federal Capital Territory, Nigeria. Seeing variation in health care and environmental sanitation services provided by the councils, Abaji area council a rural area services are at low ebb when compared with Abuja Municipal Area Council (AMAC) an urban centre. The study tries to understand factors responsible for this variation either level of funding or the council's revenue sources are responsible for the differences. In achieving this objective, the study assessed sources of revenue generation i.e. external and the viability of internal revenue stated in financial memoranda for local government finances and how it has affected health care and environmental sanitation services,

specifically in AMAC and Abaji Area Councils from 2008 – 2013. For aiding the research study, literature on revenue sources and service delivery are reviewed, empirical studies of the relationship between the three tiers of governments (Federal, State and Local Government) revenue sources specifically local government in provisions of the constitutional responsibilities stated in the Fourth Schedule of 1999 Constitution of Federal Republic of Nigeria was also reviewed. Thus, the research is guided by theoretical framework of the theories of local government by Gboyega (1987).

The research methodology, for this study was collected from primary and secondary sources of data with the used of questionnaires, interviews, academic journals and articles, published and unpublished masters' theses. Abuja Municipal Area Council and Abaji Area Council are clustered into three communities due to the large population size of the councils for questionnaire administration. Interviewed was also purposively conducted with selected heads of department to comprehend the responses of questionnaire to sample respondents of the study and observation of the selected services. Subsequently, the data was presented and analysed to enable the researcher test for hypothetical statement using chi-square statistical tools. However, the first hypothesis testing reviewed there is a significant relationship between the level of funding and quality service delivery, the second hypothesis also reviewed there is a significant relationship between the revenue sources and quality service delivery in AMAC and Abaji Area Council. On this

ground, the major findings, summary, conclusion and recommendations of the study were drawn.

## 6.3 Conclusion

Nigeria operating federal system of government brought about the establishment of lower tiers of government to address public service delivery. The ability or capacity of local government to deliver sustainable public services depends on the level to which authority, functions, and financial resources are transferred or given to them vis a vis the scope and weight of their responsibilities. No doubt, finance is a prerequisite for the fulfilment of any organisational objectives, in line with the financial management as an aspect of administrative functions of planning and controlling the resources in providing public services as expected from government to the people.

From the two hypotheses, we accepted the alternate hypothesis stating there is a significant relationship between level of funding and revenue sources, in provision of quality service delivery between Abuja Municipal and Abaji area councils using the chi-square statistical tool. Going by the statutory allocation and internally generated revenue of the two area councils in comparison, Abuja Municipal area council sources shows a wide discrepancy and the IGR are more viable to the rate at which the residents respond to taxes/levies and other charges in providing quality health cares and environmental services than Abaji area council where the residents are more disposed to the IGR. Subsequently, Abuja Municipal

Area Council statutory allocation percentage is greater than Abaji area council with the following percentages 63.74%, 77.49%, 42.42% and 65.12% respectively. In respect to the IGR, the percentages are 13.26%, 8.73%, 2.64% and 2.33% respectively.

Moreover, this is also in agreement with some literature reviewed perspectives of (Usman and Erunke 2012, Angahar 2013, Felix and Okonette 2013) the issue of inadequate funds in financing local government services, has remained endemic with all local government councils in the country. Since the 1976 constitution delineated a three tiered federal structure in which each tier, particularly the federal and state government has considerable jurisdiction to raise funds internally and also has large percentage from the federation account. The overview of local government revenue structure indicates that they heavily depend on statutory allocation for their survival since the internal revenue sources left within local government jurisdiction are insignificant to cope with their responsibilities as earlier stated in the Fourth Schedule of the 1999 Constitution of Nigeria. The revenue sources of the two area councils (AMAC and Abaji), reviewed a wide disparity in statutory allocation being the main source of funding council's service delivery to compared with the estimated statutory allocation.

In conclusion based on the data obtained, the researcher are therefore agree with the hypothesis testing using chi-square statistical tool of analysis, that there is a significant relationship between the level of funding and quality of service delivery for the first hypothesis, and there is a significant relationship between the revenue

sources and quality of service delivery for the second hypothesis in Abuja Municipal and Abaji Area councils of Federal Capital Territory, Nigeria.

## 6.4 Recommendations

1. In order to ensure adequacy of funding and quality service delivery, the study recommend that Federal Capital Territory Administration (FCDA) should improve the revenue base of Abaji area council, which has wide disparity in statutory allocation and IGR compared with Abuja Municipal Area Council (AMAC), by increasing its statutory allocation, to enable the area council offer quality service delivery. Also, the funds should be release on time to meet challenges of social service delivery to the resident of Abaji area council.
2. Improving on adequate revenue generation of AMAC and Abaji Area councils has significant relationship on budgetary allocation to health and environmental sanitation department of both councils in the provision of quality service delivery. The study therefore recommend that AMAC and Abaji area councils should not depend so much on statutory allocation as their main source of revenue but create and explore other avenue of revenue sources (internally) as guided by the Model Financial Memoranda of (2009).
3. To increase the funding of health care and environmental sanitation departments in AMAC and Abaji area councils is a function of its statutory

and IGR funds. Since the councils has no control over the statutory allocation but subjected to National Assembly prescription. The study recommends that Abaji area council should improve on its socio-economic service delivery like health centres, public conveniences, maintenance of the environment and entertainment centres for relaxation etc. This will encourage taxpayers and tremendously increase the council IGR, and the multiplier effect can invariably increase population size and attract other investors for commercial purposes, as well as increase quality and quantity of service delivery.

4. Improving revenue generation and service delivery in AMAC and Abaji area councils. The study recommends among the following for boosting the Internally Generated Revenue (IGR) sources. Commercial undertakings like ultra-modern markets (wuse, Utako, Garki and other central markets) located in AMAC should be left under the control and custody of AMAC rather than being taken over by the FCDA as found out from the study. Besides, both area councils (AMAC and Abaji) should construct more modern markets, shops and shopping centres at affordable prices for all categories of people residing in AMAC and Abaji. In addition, the FCDA can give area councils financial aid (loan) to start up. This will gradually improve the IGR base especially Abaji area council. Also, service delivery can be decentralised by encouraging private sector participation or public-private partnership venturing.

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## APPENDIX A

## QUESTIONNAIRE

Department of Public Administration
Faculty of Administration
Ahmadu Bello University
Zaria

2nd September, 2014

Dear Respondent,

We kindly request for your response and cooperation for a research study of the above institution on **Assessment of Revenue Generation and Service Delivery in Abuja Municipal Area Council and Abaji Area Council of Federal Capital Territory (2008-2013).**

The essence of this study is to assess Health Care and Environmental Sanitation Services provided by the two area councils to its respective community. This is to enable the researcher make recommendations where necessary, on how to improve the Municipal service delivery from accruing revenue sources of the councils.
The questionnaire attached represents sections of data to be collected for the study.

All information given shall be treated with utmost confidential and used for academic purpose only.

Thank you.

Yours faithfully,

**Osungboye, B.M**
Lead Researcher

**SECTION A: BIO-DATA OF RESPONDENTS**

1. Educational Qualification:
   (a) First School Leaving Certificate [ ]
   (b) WAEC/GCE '0' Level [ ]
   (c) ND/Diploma [ ]
   (d) HND/Degree [ ]
   (e) Postgraduate certificate [ ]

2. Occupation
   (a) Student [ ] (b) Public Servant [ ] (c) Self-employed [ ]
   (d) Applicant/unemployed [ ] (e) Private employee [ ]
   (f) Others [ ]

**SECTION B: RELATED TO FIRST HYPOTHESIS**

**Relationship between Adequacy of Funding and Quality Service Delivery (please tick [√] as appropriate)**

3. Do you agree that adequacy of revenue by the council implies quality service delivery? (a) Yes [ ] (b) No [ ] (c) Undecided [ ]

4. Do you agree poor funding of antenatal, preventive health and immunization services affect the quality output of these services?
   (a) Yes [ ] (b) No [ ] (c) Undecided [ ]

5. Do you agree poor funding of environmental service provision of drainages (sewage system), sanitary van for solid waste and public conveniences implies filthy (dirtiness) of the environment?
   (a) Yes [ ] (b) No [ ] (c) Undecided [ ]

**Rate the Level of Health Care, no of Clinics, Personnel and Environmental Sanitation Services provided by AMAC [ ]/ Abaji Area Council [ ]**
**(Please tick [√] as appropriate)**

6. Provision of Antenatal care services:
   Very Low [ ] Low [ ] Average [ ] High [ ] Very High [ ]

7. Provision of preventive health services:
   Very Low [ ] Low [ ] Average [ ] High [ ] Very High [ ]

8. Provision of immunization services:
Very Low [ ] Low [ ] Average [ ] High [ ] Very High [ ]

9. Provision of refuse collection services:
Very Low [ ] Low [ ] Average [ ] High [ ] Very High [ ]

10. Provision of maintenance of drainages:
Very Low [ ] Low [ ] Average [ ] High [ ] Very High [ ]

11. Provision of public conveniences:
Very Low [ ] Low [ ] Average [ ] High [ ] Very High [ ]

12. Provision of market maintenance services:
Very Low [ ] Low [ ] Average [ ] High [ ] Very High [ ]

## SECTION C: RELATED TO SECOND HYPOTHESIS

**Relationship between Viability of Revenue Sources and Service Delivery**

Operationally, variables that measures viability of revenue sources are taxes, fines, licenses rates and other charges. Please tick [√] where appropriate.

13. Do you agree that viability of revenue sources by the council implies quality service delivery?
(a) Yes [ ] (b) No [ ] (c) Undecided [ ]

14. As health care and environmental services of the council encouraged the community to pay their taxes, fines and other charges being sources of revenue to the area council(s)?
(a) Yes [ ] (b) No [ ] (c) Undecided [ ]

15. Do you pay taxes/ levies regularly as at when due
(a) Yes [ ] (b) No [ ] (c) Undecided [ ]

16. Are there any forces applied by the revenue collectors of the area council before payments are made or remitted to the council?
Yes [ ] (b) No [ ]

17. Any suggestions for improving revenue generation of the area council in providing quality service delivery?

_____

_____

_____

## APPENDIX B
## INTERVIEW SCHEDULE

### SECTION A: RELATED TO HYPOTHESIS ONE
### Relationship between Adequacy of Funding and Service Delivery of the Area Council

1. How adequate is funding level of Health / Environmental Sanitation Department to enhance the community service delivery from (2008 -2013)?
2. Considering the staff strength of the department adequate for ensuring expected service delivery of the community?
3. What is the Obstacle(s) encountered for rendering council's services to the community areas?
4. How many Heath Care Centres are located within AMAC/ Abaji area council of Federal Capital Territory?

### SECTION B: RELATED TO HYPOTHESIS ONE
### Relationship between Viability of Revenue Sources and Service Delivery of the Council

5. How adequate are the sources of the area council revenue generation i.e statutory and Internal Revenue Generation (IGR) in addressing functional responsibility of the council to its community from (2008-2013)?
6. What are the obstacle(s) faced by the Finance Department for raising fund to commensurate with fund allocation to other departments, that enable delivering services?

## APPENDIX C

## OBSERVATION

### Checklist for Primary Health Care and Environmental Sanitation Services in Abuja Municipal and Abaji Area Councils of Federal Capital Territory

| Identify Observation of Criterion | Operational Definition of Variable | Variable Indicators of Checklist |
|---|---|---|
| Antenatal care services | • Appropriate information and advice for healthy pregnancy<br>• Referral service<br>• Clinical practices | • Assistance during complication of pregnancy<br>• Availability of drugs and laboratory support<br>• Hours for service operation |
| Preventive health services | • Measures taken for disease prevention<br>• Balanced lifestyle against diabetes, infections, poor diet, cancer and healthy environment etc. | • Media measures taken for disease prevention i.e radio, poster and bill board etc. |
| Immunization | • Vaccine preventable diseases against child mortality | • Availability of personnel at health centres<br>• Responses of mother towards immunization<br>• Availability of vaccine |
| Refuse collection | • Staff for refuse collector<br>• Sanitary van<br>• Refuse disposal points | • Adequacy of the staff<br>• Availability of waste van<br>• Collection point of refuse and kilometres |
| Maintenance of drainages | • Provision of gutter<br>• Cleaning procedures<br>• Stagnant water | • Availability of water ways/ exist of waste<br>• Daily, weekly, or monthly<br>• Sources of water stagnant areas (rain, blockage of waste and flood) |
| Public conveniences | Use of latrine | • Availability of latrine in public places (market, school and parks )<br>• Maintenance of latrines |
| Market maintenance | | • Use of waste bin<br>• Special sanitation days<br>• Supervision by sanitary staff |