Management of the State Joint Local Government Account and the Challenges of Service Delivery in Kaduna and Gombe States (1999 – 2011)

BY

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Ph.D/Admin/5874/2010-2011

Being a PhD Dissertation Presented to the School of Postgraduate Studies, Ahmadu Bello University, Zaria, In Partial Fulfilment of the Requirements for the Award of Doctor of Philosophy in Public Administration

March, 2015

DECLARATION

I hereby declare that this PhD Dissertation entitled **'Management of the State Joint Local Government Account and the Challenges of Service Delivery in Kaduna and Gombe States (1999- 2011)'** is a product of my personal work and that it has not been presented before for the award of any higher degree. Where the works of others have been used, they have been duly acknowledged in the text and a list of references provided.

_____ _____

Bello Matthew Funsho Date

CERTIFICATION

This PhD Dissertation entitled **'Management of the State Joint Local Government Account and the Challenges of Service Delivery in Kaduna and Gombe States (1999-2011)'** by Bello Matthew Funsho meets regulations governing the award of the degree of Doctor of Philosophy (Public Administration) of the Ahmadu Bello University, Zaria and is therefore approved for its contribution to knowledge and literary presentation.

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DEDICATION

This Research work is dedicated to Mrs Zada Shearer in Philadelphia USA who assisted me financially during the difficult days of my undergraduate studies. Mummy, thank you so much for being there when it mattered most.

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I have been a recipient of divine mercies too numerous to count and so I use this medium to express my heartfelt gratitude to God, the Most Merciful, Benevolent and Sovereign One.

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Even though I have not seen or met the Dean of Postgraduate School in person, I want to use this medium to recognize and also commend his laudable efforts in repositioning the Postgraduate programmes of Ahmadu Bello University. He and his wonderful team at the Postgraduate School are doing a good and great work and due acknowledgement is paid to them here.

ABSTRACT

Fiscal federalism emphasizes the need to share the functions and finances of the public sector between the federal and sub-federal units of a country. This is done to enable each unit of government to provide goods and services in areas of their competence. However, fiscal federalism, as it is practised in Nigeria, has brought some challenges to the local governments in their service delivery to the people in their jurisdictions especially in the area of federal allocations to local governments which are channelled through the State Joint Local Government Account. The State Joint Local Government Account is a constitutional creation that pools the statutory allocations of all local governments in a State together for onward distribution by the State to its local governments. The Account has been a recurring decimal in both the 1979 and 1999 Constitutions and the problems that have been associated with the conception and management of the Account have lingered. Principal among these are State's refusal to contribute their share into the Account, abuse and mismanagement. The idea of the Joint Account itself is an exercise in revenue sharing which is common to all federal arrangements and even unitary systems. The local government is the closest tier of government to the people in Nigeria, yet the population in it is denied the benefits of its existence. The failure of the local governments in the area of service delivery has made the citizens to lose trust in government as an institution. Many Nigerians crave for change in the local government system as presently constituted in order to not only bring it in conformity with present day realities but also to make it live up to the expectations of the people who have been yearning for grassroots development. This study is therefore aimed at investigating the management and challenges of State Joint Local Government Account (SJLGA) and the implications of these for effective service delivery in Kaduna and Gombe states. Three hypotheses were formulated to serve as a guide to the study. Data for the study were generated from both the primary and secondary sources and their contents were analyzed using chi square, tables, and percentages. Responses from interview were used for further analysis in the presentation of data. The findings of this research are that excessive control especially through the (SJLGA,) and paucity of funds occasioned by improper management of the SJLGA have combined to hamstring the efficient service delivery ability of the understudied local governments in Kaduna and Gombe States. The first factor which is excessive control through the (SJLGA) contributed the most to the dismal state of affairs in the understudied local governments. Consequently, it is recommended that the provisions of the State Joint Local Government Account be reviewed in the on-going 1999 Constitution review in order to salvage the local governments' deplorable financial situation being brought about by the improper management of this Joint Account.

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CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The relative roles of the three tiers of government—the federal, the state, and the local government authorities (LGAs)—in public service delivery have emerged as one of the most important topics of open and vigorous debate in the new democratic climate in Nigeria. There have been increasing calls for intergovernmental fiscal relations to be reassessed in light of a widespread belief that although the states and LGAs are assigned primary responsibility for the delivery of basic public services, they are not equipped with adequate revenue resources to fulfill their expenditure obligations because bulk of government revenues is retained by the federal government. The discussion is overwhelmingly centred on the revenue sharing formula that allocates resources from the Federation Account amongst the three tiers of government—currently 48.5 percent of the resources are transferred to the federal government, 24 percent to the state governments, and 20 percent to the LGAs. The sub-national tiers of government are now demanding that their respective shares be substantially increased.

However, there is palpable lack of studies or discussion on whether the current practice of placing local governments' statutory monthly allocations in

a Joint Account largely controlled by state governments is such that a mere shift in resource allocation will achieve the desired objective of delivering better services to the majority of Nigerians. A real issue at stake, which has not received much attention to date, is how has the control of the Joint Account by the state executive affected the ability of local governments to perform their functions?

Several studies in the area of fiscal federalism have examined the causality between various pairs of economic variables. One such pair that has received a lot of attention over the years is the relationship between government spending and its tax revenues. Understanding the relationship between expenditure and revenue is important in evaluating the efficacy of government's role and how financial resources are channelled to perform those roles particularly that of socio-economic development. It should be noted however, that, most of the studies conducted have dealt generally with the correspondence between statutory functions and finances of government with the possible exception of studies by Jumare (2008) and Otaha (2008). It is pertinent to note that studies in this area at the local government level are limited despite the wide-ranging statutory responsibilities and revenue powers assigned to this important level of government. Local governments within a fiscally decentralized system make important financial decisions regarding revenue-expenditure mix for developmental objectives. These combined dimensions have a significant impact on the reality of decentralization in its

broad political and administrative sense. How much fiscal power and responsibility local governments actually exercise depends crucially on what range of public services they finance, whether their revenues are commensurate with their responsibilities, how much real choice they have in allocating their budget to individual services and whether they can fully access their federal statutory monthly allocations from the Joint Account.

Although the 1979, 1989 and 1999 Constitutions recognize the local government as a third tier of government with defined powers and assigned responsibilities, the local governments have not been accorded the status of partners in the Nigerian intergovernmental relations. Consequently, a marked limitation has been placed on this third tier of government on the extent to which they could make their presence felt in their jurisdictions by way of bringing development or providing efficient social services to the people they judicially control.

A close look at the functions assigned to the local governments as contained in the Fourth Schedule of the Nigerian 1979 and 1999 Constitutions brings to the fore the fact that the functions are meant to improve the general living conditions of the local people by the provision of community-based essential services. These services include provision of good drinking water, building boreholes in the rural and urban communities to complement the efforts of the water boards, an efficient waste disposal system, recreational facilities, construction, reconstruction and maintenance of local and other

access roads, bridges and culverts, quality and affordable primary health and educational services, electricity supply, efforts at boosting and improving rural or local agriculture, construction, reconstruction and maintenance of local markets etc. The afore-mentioned services will address the felt needs of the rural dwellers and their qualitative and effective delivery is what is referred to as economic development at the local level.

The 1999 Nigerian Constitution recognises local government as the third tier of government, with devolved functions and the power to perform those functions. However, the Constitution has placed local governments under the control of the state governments. Section 7, (1) of the both 1979 and 1999 Constitutions states:

> *The system of local government by democratically elected local government councils is under this constitution guaranteed; and accordingly, the government of every state shall ensure their existence under a law which provides for the establishment, structure, composition, finance and functions of local councils.*

Under this arrangement however, local government autonomy is restricted by higher levels of government not only by statute but also by limitations on their discretion in making and executing their budgets and in control of their personnel in the form of guidelines having the force of law periodically issued by state governments as policy. While the functions of local government are specified in the Fourth Schedule, local government

councils can exercise their authority only in accordance with enabling legislation passed by the states. Depending on the specifics of this legislation—which varies from state to state—local governments are thus subject to varying degrees of state oversight and control.

Unlike what existed during Babangida years when the 1989 Constitution was enacted as Decrees in a bid to guide the relations between the state and local governments, the 1999 Constitution has really made local governments to be agents of the state governments when it comes to the issue of finance. Whereas Section 160(4) of the 1989 Constitution stated that 'Money standing to the credit of the local governments shall be allocated directly to them' the 1999 Constitution in Section 162(5) provides that allocation of money whether appropriated by the National Assembly or the House of Assembly shall be made 'to the States for the benefit of their Local Governments.' Under this arrangement therefore and in consonance with Section 162(6) of the 1999 Constitution there is in every state what is called State Joint Local Government Account where monies standing to the credit of local governments are put. This is where the conflicts, contradictions and crises arise as regards the issue of fiscal federalism in Nigeria especially as it concerns the functions and finance of local government. This study is therefore an attempt to find out the role which state control through the management of this Joint Account played in the affairs of the selected local

governments to hamstring their service delivery ability during the period under review.

1.2 Statement of the Problem

The Senate Committee on the review of the 1999 Constitution recently toured the six geo-political zones of the country and received submissions from a cross section of Nigerians on areas of the 1999 Nigerian Constitution that need to be reviewed to meet the current challenges of governance in Nigeria. One of the submissions by eminent scholars as captured on the 9 PM News of the Nigerian Television Authority live coverage on Tuesday 24th July 2012 was that of Professor Isawa Elaigwu of the Institute of Governance and Social Research who made presentation to the constitutional committee on the challenges being faced by the third tier of government especially in the area of interference in the affairs of the local government through the State Joint Local Government Account. The challenges according to him are numerous among which are non-statutory deductions from local governments' allocations in the Joint Account and state executives' poaching of funds in the Joint Account under the guise of being used to embark on projects on behalf of the local governments. This singular issue of state control of the Joint Account according to him has starved the local governments the needed funds to make their presence felt in their jurisdictions and thereby make the third-tier status of Nigerian local government a mirage. He concluded by saying that state executives' free access to the local governments' funds in the Joint

Account to use as they deem fit is antithetical to the tenets of fiscal federalism which we claim to be practising as a nation.

In a submission to the Technical Committee on the Reform of Local Government in 2004, the President of National Union of Local Government Employees (NULGE) stated that, of the ₦716 billion released from the Federation Account to the 774 local government councils between June 1999 and April 2003, only ₦415.9 billion was actually disbursed directly to the elected councils. But over N300 billion (42%) was disbursed in 11 months between July 2003 to May 2004 after the elected council executives had been replaced by appointees of governors on transition committee. NULGE President further accused the State governments of expropriating the councils' statutory allocations for electioneering. This was why these Governors gave so much to caretaker committees in 11 months (₦300 billion) compared to the N415 billion they gave the elected councils in 3 years. The Technical Committee Report and the subsequent White Paper showed considerable concern in the way the State Joint Local Government Account was managed as it caused much disaffection between States and Local Governments thereby affecting programme implementation. It also observed that 'adequate flow of funds has not always been guaranteed in the period under review.' These and other observations had led the Technical Committee to recommend the abolition of the Joint Account and the restoration of the direct funding system (Technical Committee Report, 2004).

The control and interference in the local government affairs by the state manifests itself, first, in the way and manner the State Joint Local Government account is being managed. For instance, the statutory allocation to the 23 local governments in Kaduna state in April 2007 was ₦999,084,103.30 but the statutory and non-statutory deductions from this allocation amounted to ₦680,175.438.43 (Kurfi, 2008).

From the above, it becomes clear that the net statutory allocation to the 23 local governments in the said month after the statutory and non-statutory deductions amounted to ₦214,908,669.88. This shows that the statutory allocation that eventually got to the local government councils in that month and year was about 24 percent of the total federal allocation. Such deductions and interferences have been common in many states. News are rife about how some state governments virtually annexed the Joint Account to their party electioneering funds and just barely paid salaries of local government staff during this period. The problem here is that 80 to 95 percent of local governments' total revenue goes into this Account and so this sort of deductions brings about paucity of funds for local councils to provide social services that will directly meet the felt needs of the rural and community dwellers.

Besides states' refusal to pay their statutory 10 percent of internally generated revenue into the Joint Account, local governments are sometimes

made to shoulder responsibilities that are not constitutionally theirs. For instance, the local government councils' funds were deducted to pay for newspaper advertorial to congratulate Governor Dankwambo in February 2011. When the wife of President Jonathan visited Gombe state in the same month, all the money spent was deducted from the local councils' allocations in the Joint Account (See Appendix 4, p. 4). Printing of women wrapper, mobilization of women during the visit of the President Jonathan, monthly contribution to NTA Gombe, security expenses for the state, presidential rally at Abuja, burial expenses for a Commissioner are some of the non-statutory deductions from the local councils' allocations in the Joint Account

The situation became so bad that Kaduna State House of Assembly had to charge the Kaduna State Ministry of Local Government and Chieftaincy Affairs in 2007 to offer explanation to the Honourable House on the reasons behind the forceful supply of computers and community equipment to the 23 local governments costing N2.5 million without budgetary provision. The House of Assembly also ordered the Ministry to refund the ₦9.5 million it collected from the 23 local government councils in the state as gift (Kurfi, 2008). Both the 1979 and 1999 Constitutions of the Federal Republic of Nigeria put the state government in charge of fund disbursement to local governments. Each time the military exit the political scene, they bequeath a constitution that provides for a Joint Account for Local Governments, something that did not work during their tenure. The problem is that this

arrangement plays into the hands of the key stakeholder which is the state government while the local governments for which the fund is meant to serve become marginalized in the decision-making regarding the allocation of these funds.

The second major way by which the state control and interference in the affairs of the local government manifests itself is in the area of state government approval of local government budget. Sometimes local government councils have to wait for a long time for budget approval that is usually negative. Local government chairmen have had to bribe state officials especially the senior staff of the Ministry of Local Government and Chieftaincy Matters for their budget to be approved. This obviously leads to corruption. The election or selection of local government chairmen, the appointment, promotion and transfer of local government senior staff are also greatly influenced by the state governor. Those local government chairmen that refuse to work by the dictates of the sitting governor will find things very difficult. This is the problem of fiscal federalism or intergovernmental relations in Nigeria especially as it relates to the position and powers of Nigerian local governments.

It has continued to bother the minds of a cross section of Nigerians why despite five decades of independence from British imperialists, Nigeria seems not to be making noticeable and appreciable progress in terms of positively affecting the lives of large segment of those in the local communities. Our

currency is becoming weaker in comparison with those of some developing nations. Despite the fact that Nigeria is richly endowed with human and material resources even far above many of the so-called developed nations, the country seems to be stationary in terms of not being able to meet the basic needs of the generality of its people. A country which has not in some significant respects addressed the issues of poverty, unemployment and inequality cannot be said to be on the path of development.

Thus the rural sector where nearly 70 percent of Nigerians is believed to reside is caught up in a vicious circle of poverty. Since local governments are the closest governments to the people at the grassroots in Nigeria, they are strategically located to play a pivotal role in national development. Again, since they are responsible for the governance of about 70 percent of the population of Nigeria, they are in the best position to articulate the needs of the generality of Nigerians and formulate strategies for their realization. They are in the best position to energize and mobilize the people and local resources to satisfy these needs. Given the poor performance of local governments in Nigeria in the period under study, one would not be wrong to submit that they did not efficiently bring government nearer to the people in their jurisdictions.

After over five decades of the practice of fiscal federalism in Nigeria, the development profile of our local communities remains woeful. Although the World Bank (2002) notes that classification of economies by income does not necessarily reflect development status, it remains nonetheless significant

that Nigeria's Gross National Product (GNP) per capita of $260 places it within the low income group of countries with $785 or less, thus it remains one of the least developed countries. More importantly, the low level of development in the country is reflected in indicators of world development such as quality of life and poverty, which are actually more relevant to the ultimate developmental essence of federalism, namely, the maximization of the people's welfare. For instance, life expectancy at birth is as low as 51 and 55 for males and females respectively (World Bank 2002). Even more telling is an assessment of poverty which says that Nigeria presents a paradox, the country is rich but the people are poor. Per capita income today is around the same level as in 1970, and in between, over $400 billion has been earned from the exploitation of the country's oil resources. If more of this wealth had been channelled to the development of its people and to the productive use of its land and other resources, then Nigeria could have been poised for a promising future.

Studies conducted by Ibrahim (2007), Tersur (2008) and Ukwueze (2012) found that the performance of the selected local governments and indeed Nigerian local governments in the provision of the above mentioned services was very poor during the Obasanjo and Yar'Adua/Jonathan administrations which spanned about twelve years. The findings of the studies by the above-mentioned scholars and others for the dismal performance of the selected local governments and indeed the Nigerian local governments during

the period under review range from state control and interference in the affairs of the local governments especially in the area of election or selection of local government chairmen, corruption by the local government officials to inefficient and unskilled manpower at the local level. These studies did not examine the effect of the operation and management of the State Joint Local Government account on the fiscal operations of the local governments. This study aims to bridge this gap by taking a critical look at the relationship between the Joint Account and the service delivery ability of the selected local governments in Kaduna and Gombe states.

1.3 Research Questions

In view of the research problem identified above, this study attempted to provide answers to the following questions:

a. How did the management of the Joint Account affect the service delivery ability of the selected local governments in Kaduna and Gombe States from 1999 to 2011?

b. Is it true that paucity of funds occasioned by the improper management of the Joint Account (corruption) was the reason for the inability of the selected local councils to deliver services during the period under review?

c. Can the inability of the selected local governments to effectively deliver services during the period under review be attributed to the councils' lack of proper funds utilization?

d. What was the status of the local governments in the Nigerian intergovernmental relations during the period under review?

e. How can this unit of government be repositioned to begin to meet the felt needs and aspirations of local dwellers where majority of Nigerians are resident?

1.4 Objectives of the Study

The major objective of this study is to examine the relationship between the management of State Joint Local Government Account and the capacity of selected local governments to deliver services from 1999 to 2011. However, other specific objectives of this work are:

a. To find out the extent to which state governments' control of the SJLGA in the selected local governments' affairs impeded the effective discharge of their constitutional functions to the people in their jurisdictions during the period under study.

b. To determine how paucity of funds occasioned by the improper management of the Joint Account (corruption) caused the inability of the selected local councils to deliver services during the period under review

c. To find out whether the inability of the selected local governments to effectively deliver services during the period under review can be attributed to the councils' lack of proper funds utilization.

d. To ascertain what was the status of the local governments in the Nigerian intergovernmental relations during the period under review.

e. To proffer solutions to the problem of the management of the Joint Account and the performance of the selected local governments in Kaduna and Gombe states and local governments in Nigeria.

1.5 Hypotheses

In carrying out this work, the following hypotheses were tested:

Hypothesis 1

H_o That there is no positive relationship between the management of State Joint Local Government Account (SJLGA) and the capacity of the selected local government councils to deliver services during the period under review**.**

Hypothesis 2

H_o That the effective service delivery function of the selected council areas was not hampered by corruption during the period under study.

Hypothesis 3

H_o That paucity of funds occasioned by the management of SJLGA was not responsible for the inability of the selected local governments to effectively deliver services to their citizens during the period under review.

1.6 Significance of the Study

Development of the grassroots has been the concern of every responsible and responsive political system. This is because development and participation have continued to elude people of the grassroots. Development, measured in terms of qualitative and quantitative service delivery, remains insignificant if it does not positively affect the lives of those in the periphery of decision making arrangement. The Nigerian state therefore created local government as the third tier of government whose objective is to ensure effective, measurable and efficient service delivery to the people. Various governments in Nigeria whether military or civilian have been very much concerned about how to make the third tier of government effectively deliver local goods and services to the rural and community dwellers and by so doing bring government closer to those people. This is the core purpose and justification for the existence of local governments especially in Nigeria. In achieving this purpose, several reforms have been carried out, yet local governments in Nigeria are far from justifying the purpose of their creation.. This study is significant in that its findings and recommendations will greatly aid the National Assembly on the Review of 1999 Constitution to come up with a Constitution that will position the Nigerian Local Governments in a way for them serve as an agent of local and rural development.

Secondly, there is a dearth of serious academic inquiry into the impact of fiscal federalism particularly as it relates to State Joint Local Government Account and its effect on the capacity of local government to deliver services.

Jumare (2008), Otaha (2008) and Abubakar (2008) have tried to examine the relationship between fiscal federalism and socio-economic development. Jumare in his doctoral dissertation examined local government finance in Nigeria with particular interest in the relationship between revenue, expenditure and development. Otaha, in a similar doctoral dissertation examined fiscal federalism and growth of local government spending in Nigeria while Abubakar in his doctoral study looked at local government and decentralization in Nigeria. The three scholars provided groundbreaking research findings and made appropriate recommendations to guide future research in the area. The separate studies by these three scholars did not however provide a strong insight into the management of the Joint Account between States and their Local Governments, rather their interest was to look at fiscal federalism from the more global perspective that is, concentrating more on the Federal, State and Local Governments. This study fills this gap by looking specifically into State Joint Local Government Account within the broad context of fiscal federalism and its impact on the capacity of local governments to deliver services to the people in their constituencies.

This work will benefit the general public in that it will bring to their knowledge factors responsible for the dismal performance of the selected council areas and local governments in Nigeria. This study aims at assisting the government in taking a critical look at how to position the third tier of government and make it live to its name and justify its existence.

Lastly, this research shall be a ready material for the government, students of administration, policy makers including others who engage in local government studies of this nature and it will also open up new areas of study for students of Public Finance and Local Governments.

1.7 Scope and Limitation of the Study

This study is confined to examining fiscal federalism especially as it relates to State Joint Local Government Account and its challenges in the selected local government councils of Kaduna and Gombe states in the area of service delivery during the first 12 years of the Fourth Republic which spanned the administrations of Obasanjo and Yar'Adua/Jonathan. This means the time frame which this research covers is from 1999 to 2011. This time frame is chosen for analysis because it represented a period when after many years of military rule, Nigerians felt they could now breathe in the fresh air of good democratic governance. The time frame which covers two civilian administrations was chosen for comparative purposes and it was enough time for any committed and people-oriented governments to have made the citizenry felt their presence by way of providing beneficial goods and services capable of turning their lives around.

There are twenty-three local governments in Kaduna state and eleven local governments in Gombe State divided into northern, central and southern political and senatorial zones respectively. However, because of financial constraints, this research was confined to six local governments in each state.

One local government representing urban and another local government representing rural were selected from each of the senatorial zones for a fair representation.

Beside financial constraint mentioned above, other constraints which served as limitations to the study includes inability of the researcher to access some sensitive official documents like financial records of the selected local governments. Even with the letter of introduction from the department, it was still difficult to have access to those documents. In the absence of the above, the available financial statements of the local councils from the Kaduna and Gombe states' Ministries of Finance as well as the Ministries for Local Government came handy and assisted the researcher in making cogent conclusions.

1.8 Definition of Key Terms

The definitions of some key terms used in this study and the sense in which they are used are presented below:

Fiscal Federalism: Fiscal federalism as used in this study means the constitutional division of functions and finances of the public sector among the federal, states and local governments in Nigeria.

Service Delivery: The term 'service delivery' is used throughout this work to mean the delivery of those functions assigned to the local governments by the 1999 Nigerian Constitution.

Local Government Service Delivery Ability: Local government service delivery ability in this work means local government being able to provide adequately and qualitatively such services as good drinking water, building boreholes in the rural and urban communities to complement the efforts of the water boards, an efficient waste disposal system, recreational facilities, construction, reconstruction and maintenance of local and other access roads, bridges and culverts, quality and affordable primary health and educational services, etc.

State Joint Local Government Account: This phrase is used throughout this work to denote thea constitutional account into which is paid all federal allocations to all the local governments in a state. It is also an account where the 10% of internally generated revenue of state is paid for onward distribution to all the local governments in the state.

Local Government: The term local government as used in this work is as defined in the 1976 Local Government Reform Guidelines in which it is defined as government at the local level exercised through representative councils established by law to exercise specific powers within defined areas.

Corruption: Corruption as used in this study is as defined by the World Bank cited in Omololu (2007). It defines corruption as the abuse of one's office or position for selfish or private benefit. This definition takes care of corruption in both public and private sectors

1.9 Organizational Structure of the Study

This research work is structured and organized into six chapters with chapter one consisting of the general introduction in which Background to the Study, Statement of the Problem, Research Questions, Objectives, Hypothesis, Significance, Scope and Limitations and Definition of Key Terms are discussed. Chapter two features Literature Review with discussion on State Joint Local Government Account within the broad context of Fiscal Federalism as well as the Theoretical Framework. Chapter Three of the study presents the Research Methodology with such sub-topics such as the Research Design, Sources of Data, Instruments of Data Collection, Population, Sample Size and Sampling Technique and Methods of Data Presentation and Analysis.

Chapter four further dwells on the management of the Joint Account and Local Government Service Delivery as well as Local government finance. Chapter five contains Data Presentation, Data Analysis, Test of the Hypotheses and the Summary of the Major Findings; while chapter six concludes, summarizes the work and also puts forward some recommendations.

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction

This section of the study reviews current literature on fiscal federalism especially as it relates to functions statutorily assigned to local governments and the financial provisions through the State Joint Local Government Account in order to enrich the work with the views of scholars contained in scholarly articles, journal, textbooks, etc. Current views of scholars on issues of local government service delivery are also looked into. The chapter also contains the theoretical framework on which the study is based.

2.2 Literature Review

Fiscal federalism is viewed as an offshoot of federalism. Thus, a good review of literature on fiscal federalism must essentially commence with a conceptual discussion on federalism. Wheare who is widely regarded as the father of the theory of federalism because of his key contribution to the subject submitted that a federal set up should have the following features:

a. The division of governmental responsibilities between levels of government for the purpose of efficient delivery of public goods and services.

b. A written constitution spelling out this division and from which federal, state, local government or municipal authorities derive their powers.

c. A judiciary independent of these levels of government (federal, state and local government) that acts as an arbiter in cases where there are conflicts over the jurisdictions enumerated in (a) above.

d. The federal arrangement emphasizing co-equal supremacy of the various levels each in its respective field of operation…the citizens of the federation being concurrently under these authorities and owing allegiance or loyalties to them (Wheare, 1964).

From Wheare's contribution above, three core issues are discernible which are: one, governmental responsibilities should be shared between levels of government on the areas they are competent for the purpose of efficient delivery of public goods and services. Two, a written constitution which spells out this division and from which the governmental levels derive their powers. Three, a federal arrangement emphasizing co-equal supremacy of the various levels each in its area of operation. However, the problem here is that although there is a written constitution which specifies the responsibilities of each level of government in Nigeria, the same constitution places the control of the local government, which it recognizes as third tier, under state government.

This is where federalism as defined Wheare (1964) deviates from Nigerian situation. Wheare's defined federalism as 'a system where there is

more than one tier of government with the tiers each within a sphere, co-ordinate and independent.' A critical look at federalism as conceived and defined by Wheare above brings out these facts: first, although Wheare's definition is widely quoted in literature as the ideal definition of federalism, his perception seems not to fit the third world situation where the sub-federal units are most often than not the appendage of federal or central government. Second, it can be inferred from Wheare's conceptual definition of federalism above that federalism should be a constitutional arrangement in which public functions and finances are shared between or amongst various levels of government for efficient service delivery to the population under the jurisdiction of each of these governments.

The workability of federalism defined above, according to Wheare (1964) is dependent on dual principles which he said are:

> *Firstly, the communities of states concerned (federating states) must desire to be under a single independent government for some purposes. Secondly, they must desire at the same time to retain or establish independent regional governments in some matters at least.*

In consonance with the above, Friedrich (1963) views federalism as a process by which a number of separate political organizations, be they states or any kind of organization, enter into agreements for working out solutions, adopting joint policies and making decisions on joint problems…

Ramphal (1979) describes federalism as

> *a situation where communities accept to live and work together nationally on a limited number of matters and for those matters only; but are determined, at the same time, to preserve their separate identities and to remain competent authority in their own territories for the regulation of other matters*
> .

Wheare's dual principles, Friedrich's and Ramphal's definitions although similar remain valid. What is however problematic is their insistence that it is only when these separate political entities willingly enter into agreements that we have federalism. They tend to downplay the fact that some third world countries are in a federation not by their own design but by the design of imperial powers who colonized them. Appadorai (1975) asserts that federalism is 'the process of coming together of a number of states which were formerly separate and sovereign to establish a common government for better security'.

Nation-states that have used this process to establish federal systems, according to him, include the United States of America, Switzerland and Australia. In the same vein but conversely, nation-states that have adopted the unitary system can convert into a federal system by subsuming their erstwhile separate states/provinces into a federal arrangement. This takes the form of decentralization by devolution designed to secure a more efficient and effective government at the national level. Canada and Nigeria are said to be good examples of this category.

Tamuno (1998) further elucidates the concept of federalism by saying that

> *It refers to that form of government where the component units of a political organization participate in sharing powers and functions in a cooperative manner though the combined forces of ethnic pluralism and cultural diversity, among other things, tend to pull their people apart.*

The foregoing submission by Tamuno captures the Nigerian and most of the third world countries' situation correctly. These various views essentially see federalism as a multi-level system of government which charges the constituent units with catering for racial, religious, linguistic and other visible differences. So, federalism taken in any form does not deviate from the idea that, it is all about defining the sphere of authority to be exercised by each tier of government, in diverse but united communities without necessarily altering each other's direction within the provisions of the constitution.

Writers on federalism have stressed that, for federalism to evolve, at least four conditions must prevail. First, there must be a desire for a union. It is felt that unless some political units desire to unite and establish a common government (a federal state) for their common interests, there can be no basis for a federation. Such a desire is said to normally arise when a number of small and relatively independent states, that are contiguous or adjacent, come to feel that if they do not unite, their independence will be threatened by more powerful nation-states (Appadorai, 1975). However, scholars like Akume (2004) and Abdulkarim (2006) hold opposing views to the above position.

They contend that federalism did not evolve in Nigeria as a result of a desire by the diverse nationalities to form the political entity now called Nigeria. But that it was imposed on the country by the British colonialists to enhance their economic interests and further extend their dominance. This contrary view is not only correct; it is also the true state of federalism in most colonized nations of the world.

Second, but concurrently, there has to be a desire for local independence. So whereas there must be a desire for a union, such desire should not be so great as to result in the demand for a unitary government. This means that federalism is a natural constitution only for a body of states which desire union but do not desire unity (Dicey, 1939). Third, there has to be geographical contiguity among the states desiring a federal union. Such physical contiguity is certainly a favourable and possibly, a necessary condition for the success of a federal government. Fourth, there must be absence of marked inequalities among the component units of the federalism. If any of the states is obviously more powerful than the rest, to the extent that it has more power than all the other states combined, it will inevitably transform into a master of the joint enterprise. This is why Wheare (1953) warned that: It is undesirable that one or two units of a federation should be so powerful that they can overrule the others and bend the will of the federal government to themselves.

However, experience has shown too often that although the above conditions are what should be the basis for federalism, they are not what is obtainable in real life.

There are different types of federalism. The prominent ones are fiscal, political and administrative. Fiscal federalism is essentially about the allocation of government spending and resources to the various tiers of government (Tanzi, 1995). In contrast, political federalism deals with the division of powers between tiers of government, where the tiers are each, within a sphere, coordinate and independent (Wheare 1964). It follows, therefore, that there would be constitutional or some legal provisions to protect the autonomy of the different tiers of government. Administrative federalism, on other hand, involves delegation of functions to the lower level government, usually according to the guidelines or controls imposed by the higher-level government and therefore, without the autonomy which is characteristic of decentralization.

Of the different forms of federalism, the one of relevance to this research is fiscal federalism and is reviewed thus:

2.2.1 Fiscal Federalism

Fiscal federalism also variously called fiscal decentralization, intergovernmental fiscal relations or federal finance is a concept which has been examined by various scholars and professionals of repute within most

polities of the world by ways of scholarship and policy initiatives. Okunrounmu (1997) posits that fiscal federalism refers to

> *intergovernmental fiscal relations as enshrined in the federal constitution providing for the functional responsibilities to be performed by the multi-level governments and the financial resources that can be raised and shared for the provision of collective goods and services.*

Nnanna (2002) views fiscal federalism as fiscal decentralization which is the process of re-assigning expenditure functions and tax resources to the lower tiers of government with a view to decentralizing decision-making and implementation. This arrangement, according to Nnanna, ensures that each level of government is free to take decisions and allocate resources according to its own priorities in its own areas of jurisdiction. The above views are in tandem with the Keynesian theory of fiscal federalism which canvasses for active role of the state in economic affairs. The government is expected to step in where the market mechanism failed due to the various types of public goods characteristics. Thus once a multi-level government is adopted, this role of the state in maximizing social welfare then provides the basic ingredients for the theory of fiscal federalism. This view appears less forceful given the on-going global drive towards capitalism and globalization.

Oates (1972) who is one of the key contributors to the subject of federalism and fiscal federalism asserts that fiscal federalism which he called fiscal decentralisation is the division of power, functions and resources among

the tiers (Federal, State and Local Government) in a federating system. He went further to state that there are principles underlying the practice and application of fiscal federalism which he said, are:

1. Independence and Responsibility - The respective tiers of government should not only be autonomous in their resources but such resources should be enough to carry out their autonomous functions.

2. Adequacy and Elasticity - The principle of adequacy means that the resources of all levels of government should be adequate so that each government discharges its obligation. Elasticity implies the expansion of resources in response to rapidly growing needs and responsibilities of the government concerned.

3. Administrative Economy and Efficiency - The administrative cost should be minimal and there should be no frauds and evasions in matters of finance.

4. Accountability - Every layer of government should be accountable to their respective legislature.

5. Uniformity - The financial system should be such that every government in the system should provide adequate level of public services without resort to higher rates of taxation than other states.

6. Fiscal Access - Every state should have the authority to develop their sources of revenue within their own ambit.

A close examination of the above principles as developed and put forward by Oates brings to the fore the undeniable fact that if the tenets of fiscal federalism are strictly adhered to, the council areas in Kaduna and Gombe states which this study covers and indeed Nigerian local governments should have the required resources and autonomy to meet the felt needs of the citizens in their constituencies. Of course, it must also be stressed that control mechanisms must be put in place to make local government officials accountable to the people who elected them. This is imperative because local autonomy and fiscal resources in the hands of unchecked local officials will be grossly abused.

It is worthy of note that there is a general consensus amongst writers that fiscal federalism is basically a system of government in which revenue and expenditure functions are divided among the tiers or levels of government. This division is usually done to enhance government's effective provision of public goods and services at different levels to the citizens. The foregoing principle which Oates (1972) has formalized into the 'decentralization theorem' constitutes the basic foundation for what is referred to as the first generation theory of fiscal decentralization.

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

a. match the expenditure profile of each tier of government with its revenue profile. This means to ensure correspondence between

expenditure responsibilities and financial resources, so that each tier of government can effectively carry out functions assigned to it;

b. to ensure that both the macro-economic management and income distribution goals of the government are not compromised;

c. to encourage sub-national governments to generate revenue internally;

d. to give expenditure discretion to sub-national governments in appropriate areas in order to increase the efficiency of public spending and improve the accountability of sub-national officials to their constituents in the provision of sub-national services;

e. to incorporate intergovernmental transfers that are administratively simple, transparent and based on objective, stable, non-negotiated criteria;

f. to minimize administrative costs and thereby economize on scarce resources;

g. to provide equalization payments to offset the differences in fiscal capacity among states and among local governments so as to ensure that poorer sub-national governments can offer a sufficient amount of key public services;

h. to incorporate mechanisms to support public infrastructure development and its appropriate financing.

Going by the above, a government, be it, federal, state or local government cannot be said to be fulfilling the purpose of its existence if the

populace in its jurisdiction does not feel its presence by way of beneficial services which directly and positively affect their lives. It can safely be deduced from the views expressed above that a nation-state that has embraced the federal system of government has equally concurred to share powers and functions among the federating units.

2.2.2 Conceptual Discussion on Local Government

The term 'local government' like other concepts in social sciences does not have one definition that is generally acceptable. This is because there are various definitions of the concept given by different authors. For instance, Ugwu (2000) sees local government as 'the third tier or level of government created for the purpose of efficient and effective administration of the localities.' Okoli (2005) on the other hand defines local government as 'a unit of government established by an act of law to administer the functions of governments and see to the welfare and interest of the local dwellers under the local government system.' According to her, government at this level guarantees a situation in which the local people can elect their representatives, who can make decisions on matters relating to the interest of the people, make rules and policies governing their local affairs, and be able to raise funds from internal and external sources in their area of jurisdiction.

Local government, according to Bello-Imam (2007), is that system of political decentralization within Nigeria in which the power base of the

decision-maker is, to a great extent, not national but local. The guidelines for the 1976 Local Government Reforms defines 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 as well as the staff and institutional and financial powers 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 these areas, and to ensure, through devolution of 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 (FGN, 1976).*

The definition of local government (LG) by the Nigerian Federal Government leaves one with no iota of doubt that it is largely theoretically sound, purpose-driven and service-oriented to the people. It talks of representative councils with substantial control over local affairs, for the provision of services and implementation of projects in their areas, to complement the activities of both the state and federal governments. The definition also amply recognizes the need for LG autonomy as the substantial control of local governments (LGs) is aimed at staff, institutional and financial matters, among others.

What can be deduced from the submissions on local government expressed above is that local government is used to refer to a system of government at the local level exercised through locally elected representative

council enjoying some level of autonomy in the exercise of specific powers over a given locality in the performance of a range of functions and responsibilities allotted to it by law. This clearly shows that what makes a given administration at the local level a "local government" is the autonomy which the appropriate elected local council or authority enjoys in exercising the power to execute the functions allotted to it as well as in its use of resources both human (staff), material and financial in the execution of those functions. It implies that a local government must be able to exercise substantial control over local affairs; the staff as well as institutional and financial powers to initiate and direct the provision of services and to determine and implement projects of its own. Usually, this kind of local government system is founded on the principle of devolution in which the local government councils, though subject to the ultimate supervision of the central or state government control, are quite autonomous in the performance of specific functions explicitly allocated to them. Thus, the common element of this kind of local government system includes their being able to have legal personality, substantial autonomy and specified powers to perform a range of specified functions. This is also the principle underlying the form of local government system in Nigeria according to Bello-Imam (1996).

The need for decentralization by devolution according to Yusufu & Dauda (1998) hinges on the fact that centralization inhibits the active participation of the citizens in the running of their own affairs which, in most

cases, can lead to despotism. Local government is intended to teach the local citizens the art of local self-government. This can easily be achieved when the local citizens are provided with appropriate opportunities of choosing the members of their own local councils; paying taxes to support the provision of services they enjoy; holding their council members accountable for what they do; and controlling their officials – all to ensure that the felt needs and yearnings of local dwellers are met by elected local officials who know these needs and how to efficiently meet them.

Viewed against the foregoing, Yusufu & Dauda (1998) posited that local government is an essential instrument of national or state government for the performance of certain basic services which can best be decided upon and administered locally on the intimate knowledge of the needs, conditions and peculiarities of the areas concerned. It unites the people in a defined area in a common organization whose functions are essentially complementary to those of the central government and in the interest of the local residents for the satisfaction of common community needs. It is a means by which a local community satisfies jointly its common problems and needs which would have been difficult of solution by individuals.

Furthermore, in the 1976 Local Government Reform, the various systems of local government administration hitherto operating in Nigeria were overhauled, streamlined, and made uniform nationwide. In terms of structure, composition, administration, finance and functions, they were re-organized

into a single-tier unit of governance alongside the two other tiers of government hitherto in existence, i.e. the State and Federal governments. Onah (2006) submits that the major concern of government then was to make local governments an effective instrument of development and most importantly to stimulate development at the grassroots level. To this end, the principal aims of the local governments according to Onah (2006) were said to:

a. make appropriate services and development activities responsive to local wishes and initiatives by devolving or delegating them to local representative bodies;
b. facilitate the exercise of democratic self-government close to the local levels of our society, and to encourage initiative and leadership potential;
c. mobilize human and material resources through the involvement of members of the public in their local development, and
d. provide a two-way channel of communication between local communities and government.

In terms of functions, there is uniformity of function and responsibilities for all the local governments throughout the federation. These functions and responsibilities were later enshrined in the 1979 and 1999 Constitutions of the Federal Republic of Nigeria. The first category of functions is made up of functions that are mandatory for which local

governments have full responsibility, the second category is made up of functions which local government shares with higher levels of government, and the third category of functions are those functions that the state or federal government can from time to time assign to local authority.

As derived from the Fourth Schedule of both the 1979 and 1999 Constitutions of the Federal Republic of Nigeria, the basic functions, which all local governments in Nigeria are established to perform, revolve around the following:

a. Functions in which success depends on communities' responsiveness and participation;
b. Functions which require detailed knowledge for efficient performance;
c. Functions which are of a personal nature requiring provision close to where the individuals affected live; and
d. Functions in which significant use of discretion or understanding of individuals are needed.

Some other functions of local governments as stated by Oviasuyi and Isiraojie (2010) are:

a. The local government is authorized to consider and submit to a state commission or any other body on economic and social development as it affects the locality;
b. The economic functions of local government enable the authority to raise money through investments, taxes and other forms of levies;

c. The social and welfare functions of local government direct the authority towards the provision of such services as education, health, roads and recreation grounds, etc.

d. Local government administration also carries out informative functions such as enlightenment, development projects, administration, democratic and leadership initiative and maintenance of peace, law and order in the locality.

In addition to the above, the local government administration also provides the following services: Inspection of meat and abattoirs; provision of nursery, primary and adult education; provision of scholarship and bursary awards, public libraries and reading rooms; agricultural and animal health extension services and veterinary clinics, fire services; lighting and drainage; support for arts and culture; control of pollution; control of beggars and prostitution; home for destitute, insane and orphans; public housing programmes; regulation and control of buildings; town and country planning; operations of commercial undertakings; control of traffic and parking; pipe sewage systems (Oviasuyi and Isiraojie, 2010).

A cursory look at the above functions and services brings to the fore the fact that when effectively provided, they will address the felt needs of rural and local dwellers. Besides mitigating the incidence of rural-urban migration, they will also address the issues of poverty, unemployment and inequality at

the local level. When this happens, the core indices of development, according to Seers (1969), would have been addressed at the rural and local level.

Given the constitutional recognition of local governments as the third tier of government, they are entitled to statutory revenue allocations from both the federal and state governments for the discharge of their constitutional responsibilities.

Going by the Oladosu's view above, it can be rightly put forward that local government's effectiveness is judged by the development is generates, social amenities it provides and by the extent to which it caters satisfactorily for the happiness and general wellbeing of the communities it has been established to serve.

The justification for the existence of local government can be seen from the Guidelines for Local Government Reform of 1976 earlier mentioned. The document states the following as the justification for the existence of local governments in Nigeria:

a. Local government provides the people with a platform to conduct their own affairs in line with their local needs, aspirations, resources and customs, which they alone understand better than others.
b. Local government provides a framework for mobilizing and sustaining popular zeal and initiative in development.
c. It serves as a hedge against over-concentration of power at the centre, which often leads to tyranny.

d. Local Government functions as a two-way channel of communication between the local populace and the central government. It transmits local interests to the centre and also informs local population about the policies and programmes of the centre.

e. It can also serve as a testing ground of new proposals for government organizations and sound economic policies. The impact of failure of such policies would be less than that at the national level. On the other hand, the success of such policies would make its replication nationwide with ease and minimal risks.

We can conclude that local government exists to provide training grounds for our future leaders and for effective political participation. It ensures effective service delivery and the mobilization of local resources to ensure dividends of democracy at the lower level of government.

2.2.3 Local Government in Nigeria: A Historical Perspective

The crucial role which local governments could play in bringing development to the grassroots was what informed the 1976 Local Government Reforms according to the then the military Head of State., Chief Olusegun Obasanjo. The objectives of the reforms according to him were:

> *(a) To increase the responsibilities of the local authorities by a process of decentralization that ensures appropriate division of functions between State and Local Governments and those local authorities thereby play a significant role in the development process. (b) To ensure that participation and involvement begin at the grassroots level. Since local authorities are very close to the people, they are most favourably placed to*

> *understand and appreciate the people's demands. Local authorities should hence, serve both input and output functions within the system. They should articulate the demands of the masses and when these are satisfied within the limits of available resources, they should provide authorities with feedback. (c) To ensure that both in the short-run and long-run, both the staffing and financial requirement of local authorities are satisfied to enable them perform their statutorily assigned functions* (1976 Local Government Reform Guidelines).

The importance of this development objective was incorporated into the 1979 Constitution and the local government council was specifically said to have a duty to participate in economic planning and development of the nation. According to the 1979 and 1999 Constitutions, local governments are a third tier of government in Nigeria with their own identity, powers and sources of revenue established under state legislation and with functions for which they are responsible to the state. It can safely be deduced from the above that the principal aim of the selected local governments in Kaduna and Gombe states is to improve the general living standard of the local people by the provision of essential services such as good drinking water, building boreholes in the rural and urban communities to complement the efforts of the water boards and electricity supply, an efficient waste disposal system, recreational facilities, construction, reconstruction and maintenance of local and other access roads, bridges and culverts, quality and affordable primary healthcare and educational services, etc. The aforementioned services will address the felt needs of the rural dwellers and their qualitative and effective

delivery is what is referred to as economic development at the local or rural level. The performances of these local governments during the year 1999 to 2011 in the provision of the above-mentioned services were very low. Obviously there must be factors responsible for this unacceptable situation.

It must be noted however that not all the social services required in the local communities are the sole responsibilities of the local government council alone. For instance, the problem of erratic supply of electricity falls on the shoulders of the Power Holding Company of Nigeria (PHCN). The provision of pipe-borne water in rural and urban communities is the responsibility of the State Water Board. Housing, tertiary institutions, repairs of major roads, etc. are the responsibilities of federal and state government agencies.

The rationale for the existence of local governments and decentralization of power and authority is that there are certain functions, (especially functions relating to social services delivery), which can only be effectively performed by a governmental organ or agency which has close contacts with local communities, and local governments, more than any other organ of the State, are better placed to perform these functions due to their proximity to the grassroots. The key issues leading to failure of the local government system in Nigeria are the lack of fiscal, political and administrative autonomy, absence of community-driven checks and balances, corruption and lack of transparency and accountability in governance. Reforms aimed at ensuring responsive governance at the local governments

level started before independence in the 1950s. The reforms of the 1950s such as the Local Government Ordinance of 1950 in the Eastern Region, the Local Government Law of the Western Region in 1952 and the Native Authority Law of 1954 in the North did not succeed in enshrining participatory democracy at the grassroots because of the strong grip the Regional Governments had over the local governments. There was virtually no major reform of local government during the First Republic until 1976 when the first major attempt was made to restructure local government along democratic lines throughout the country.

The 1999 Nigerian Constitution recognises local government as the third tier of government, with devolved functions and the power to perform those functions. However, the Constitution has placed local governments under the control of the state governments. Section 7, (1) of the Constitution states:

"The system of local government by democratically elected local government councils is under this constitution guaranteed; and accordingly, the government of every state shall ensure their existence under a law which provides for the establishment, structure, composition, finance and functions of local councils."

Under this arrangement however, local government autonomy is restricted by higher levels of government not only by statute but also by

limitations on their discretion in making and executing their budgets and in control of their personnel in the form of guidelines having the force of law periodically issued by state governments as policy. While the functions of local government are specified in the Fourth Schedule, local government authorities can exercise their authority only in accordance with enabling legislation passed by the states. Depending on the specifics of this legislation—which varies from state to state—local governments are thus subject to varying degrees of state oversight and control. The evolution of effective and autonomous local government system in Nigeria will therefore require clear constitutional provisions that enhance their powers.

A major obstacle impeding local government autonomy is the issue of the State Joint Local Government Account. The Constitution directs State Governments to open a joint account "into which shall be paid allocations to the local government councils of the state from the Federation Account and from the Government of the State" The Account is meant to be a mechanism for implementing the notion of 'fiscal federalism' at the local government level in Nigeria. However, the way and manner the account is being managed has negatively affected programme implementation in the local governments. State governors have used this provision to emasculate local governments and divert their allocated resources to other purposes. Adequate flow of funds to the local governments for programme implementation has therefore suffered greatly. In a lot of cases, state governments make deductions at source before

sharing the balance to the local government councils leaving them barely enough money to pay salaries.

Several factors have been attributed to the low performance of the Local Government Councils in the areas of service delivery or socio-economic development (Jumare, 2009). According to the report of the Technical Committee on the review of the structure of Local Government Councils in Nigeria, one of such fundamental issues was inadequate funding. The Committee had discovered that 'Local government councils generally complain about lack of adequate and appropriate resources to address infrastructural and human resources capacity for development needs that are germane to efficiency. From records of gross allocation to local government councils from June 1999 to June 2003, the 774 local government councils received N1,066,431,646.074.88 from the Federation Account and Value Added Tax. From this amount, deductions were made at source for the Teachers' salaries, while at State level, 15% is deducted for Local Government Staff Pension; up to 5% for upkeep of Traditional Rulers and Councils and 1% to Local Government Service Commission for staff training.' The Committee therefore recommended for the scrapping of the State Joint Local Government Account. Unlike what existed during Babangida years when the 1989 Constitution was enacted as Decrees in a bid to guide the relations between the state and local government, the 1999 Constitution has really made Local Governments to be agents of the state governments when it

comes to the issue of finance. Whereas Section 160(4) of the 1989 Constitution said that 'Money standing to the credit of the local governments shall be allocated directly to them' the 1999 Constitution in Section 162(5) provides that allocation of money whether appropriated by the National Assembly or the House of Assembly shall be made 'to the States for the benefit of their Local Governments.' Under this arrangement therefore and in consonance with Section 162(6) of the 1999 Constitution there is in every state what is called State Joint Local Government Account where monies standing to the credit of Local Governments are put.

Jumare (2009) contends that all too often the State Governments misappropriated Local Government allocations by series of deductions for all kinds of projects in the name of State-Local Government Joint Projects. According to Chukkol (2006), in one of the North-Western states, he witnessed a situation where, on the last day of a workshop, the Ministry for Local Government announced a deduction from local governments' monies in order to pay for enlarged pictures of the State's First Lady. This type of situation is clearly an abuse of power and disregard to constitutional roles of the Nigerian Local Governments. In a study conducted in Sokoto state using a sample of six out of the 23 local governments with a time frame of year 2000 to 2005, Wamako (2011) discovered that the state government's undue interference in the affairs of the local governments especially through the Joint Account affected the capacity of the local governments in the state to

effectively deliver services to the people in their jurisdictions. Wamako who is the current Executive Governor of Sokoto State found that less than 40% of the total allocations eventually got to the local governments during the time the study covers.

The key challenges to effective local governance and decentralization in Nigeria are the constitutional ambiguity in defining the responsibility for creating Local Government Areas (LGAs) and the absence of clear delineation of areas of responsibilities between states and LGAs in key concurrent areas such as education and health. There is also the lack of clarity of roles in governing urban centres in which many local governments co-habit and the continual encroachment of state governments on responsibilities of LGAs.

Abubakar (1986) posited that there are basically two fundamental issues in federalism or intergovernmental relations and one of these issues is

2.2.4 Assignment of Functions

Assigning functions to each tier of government which is also referred to as sharing powers and functions or partial decentralization is one of the core components of federalism. One question one might want to ask is: what is the justification for decentralization in a multi-unit system of government? Put differently, why should certain functions, but not all functions, be decentralized? Taiwo (2004) asserts that this division or decentralization is done to enhance government's effective provision of goods and services to citizens at all levels. Musgrave (1961) classifies governmental responsibilities

into three functional areas of activities which are: allocation, distribution and stabilization. We have national public goods whose consumption is collective nationally, e.g. national defence and security; and local public goods whose consumption is collective locally, e.g. street light or waste disposal. In allocation function therefore, Musgrave maintains that goods whose benefit or consumption cuts across jurisdictions should be supplied by the national government, while goods and services whose benefit or consumption is confined to a region or a locality should be supplied regionally or locally. Abubakar (1986) agrees with this assertion when he posits that, of the three functions of government, it is only in the allocation function that the state and local governments can exert some degree of influence and participate directly in the mainstream of the economy. He further adds that these lower levels of government can make their presence felt in all the nooks and crannies under their jurisdictions by the extent to which they provide social services and basic infrastructures. One has to agree with this view because there is no other justifiable reason for the existence of any government if those within its scope and boundary of authority do not feel its presence in terms of provision of goods and services. What this implies is that the selected local governments in Kaduna and Gombe states should be able to meet the aspirations and needs of the people they judicially control in the allocation function.

For distribution function, government has a responsibility to ensure an equitable distribution of income and wealth not only among people in the

society but also among different socio-economic sectors and geo-political regions of the country. Through the distribution function, government is said to attempt to balance or equalize existing socio-economic cleavages or imbalances between the rich and the poor, between the developed sectors and the undeveloped, between the advanced and the rich states or regions and their poor backward counterparts. Government uses distributional policy instruments like progressive taxation and non-fiscal instruments like income and wages policies to redistribute incomes and reduce inequality in the society (Abubakar, 1986).

Stabilization function has to do with making economic or fiscal decisions intended to regulate the economy of a country. The sub-national governments' participatory powers in articulating the stabilization policy are limited by law. This is because these levels of government do not have a direct control over the Central Bank and the supply of money, a major outlet of monetary policy matters in the stabilization, nor can they control the private banking sector. Therefore, the central government seems able to address and sustain both intra- and inter-jurisdictional inequity effectively (Musgrave 1961).

From the submissions of scholars above, it becomes clear that assignment of functions or expenditure assignment which is a core element of intergovernmental fiscal relations is all about allocating functions in a federation to the tier of government that is competent to provide them. Put

differently, a centralized provision is necessary for public goods which are national in scope and benefit, while public goods and services whose benefits have a limited geographical scope are candidate for the sub-federal governments.

The federal constitution is the beginning point in any allocation of functions among the tiers of government. The 1999 Nigerian Constitution divides governmental responsibilities into exclusive, concurrent and residual lists. Items on the exclusive list are performed only by the federal government while state governments performed those functions in concurrent list jointly with the federal government. The residual list is supposed to be for those functions to be performed by the local government but the functions of the third tier of governments are contained in the Fourth Schedule of the constitution. Functions assigned to the tiers of government in the Nigerian 1999 Constitution are contained in the table below :

Table 2.1: Assignment of Responsibilities in the 1999 Constitution

Exclusive List **Federal Government**	**Concurrent List** **State Governments**	**Fourth Schedule** **Local Governments**
*Account of the Federation, Arms, *Ammunition, Defence and National Security *Aviation, Railways, Federal Trunk Roads and Maritime Matters, *Immigration & Internal Affairs *Financial Laws and Currency Issue & Exchange Control *Census, National Honour & Citizenship, Foreign Affairs and International Treaties *Creation of States & Regulation	*Allocation of Revenue *Antiquities and Monuments *Archives *Collection of taxes *Electoral Law *Electric power *Exhibition of cinema-tograph films *Industrial, commercial Or agricultural development *Scientific and Tech-	*Sewage Disposal *Environmental Sanitation *Maintenance of local Roads, Streets, Street Lights, highways, parks, gardens *Primary Education *Payment of Salaries *Market Stores *Rural Health *Crafts and Small Scale Industries

of political parties, National and State Elections *Mining & National Parks *Labour, and Public service of the Federation. *Patents & trademarks *Legal Proceedings between governments in the Federation *Establishment of Federal Agencies. *Telecommunications *Public debt of the Federation *Management of territorial waters *Weights and Measures International trade and commerce *Formulation, annulment and dissolution of marriage *Nuclear Energy *Stamp Duties	logical research Statistics *Trigonometrically, *Cadastral & topographic surveys *University, Technology and Post- Primary Education	*development of Agriculture. *Maintenance of Cemeteries, burial grounds and home for the destitute *Control and Regulation of outdoor advertising and hoarding, shops and kiosks, restaurants, bakeries, and other places for sale of food to the public

Source: 1999 Constitution

2.2.5 Tax Assignment and Revenue Allocation

For it to be meaningful, the assignment of functions to each tier of government must be accompanied by an appropriate mechanism for sharing the resources of the public sector so that each tier of government would be able to effectively perform its assigned responsibilities. These resources consist of revenue generated from taxes. It is generally posited in literature that the problem of tax assignment can be reduced to two questions. First, should tax powers be completely centralized, completely decentralized or partially decentralized? Second, if some decentralization is necessary, which tax bases should be assigned to the sub-national governments and which should be retained by the central government?

On whether tax power should be shared or not, Taiwo (2004) submits that central collection of taxes tends to be ideal for the pursuit of the distribution and stabilization functions of the government and also for the provision of national public goods. These are functions that ideally should be assigned to the central government as discussed earlier. This system of collection is also argued to be appropriate when the tax system is such that there are economies of scale in tax administration and where the need for tax uniformity is highly desired. The system is also said to be appropriate in cases where the distribution of the tax base is highly uneven or highly mobile across jurisdictions. This argument for the decentralized system can only be acceptable when the objective of tax policy is provision of local public goods and where sub-national governments need to be fiscally autonomous, accountable and responsible, and in tax competition with one another.

Still talking about which tax bases to be shared to the sub-national governments, the World Bank submitted that the sharing should reflect qualities like efficiency, equity, revenue adequacy, low administration cost, and ability to promote economic stability. According to Taiwo (2004) three attributes – efficiency, revenue adequacy and administration cost should be the three key attributes at the local government level. He further argued that even though virtually all taxes are based on either the ability to pay principle or the benefit principle, it appears that the benefit principle has an edge over and above ability to pay principle in the provision of local goods. The benefit

principle can take the form of benefit taxes and user charges which are in short constitute the major sources of internal revenue of most local authorities.

One can deduce from the above submission that in order to make the best of complete centralization or complete decentralization of tax powers, it is expedient that tax collection should be shared by the various tiers of government. This, in effect, implies that partial decentralization of government functions should be matched by partial decentralization of tax powers. This leads to the other questions: which tax base should be decentralized? Following the principles for determining whether or not tax powers should be shared as discussed above, the following principles have been put forward to guide the assignment of tax jurisdiction (Due 1968):

a. progressive redistributive taxes, such as personal income tax and estate duties, should be centralized;

b. taxes suitable for economic stabilization, such as progressive income tax, should be centralized;

c. taxes whose bases are distributed highly and unevenly across jurisdictions, such as natural resources taxes, should, subject to political considerations, be centralized;

d. taxes on bases that are geographically mobile, such as the corporate income tax, should be centralized;

e. taxes that need to be made uniform across jurisdictions, such as the value added tax, should be centralized;

f. taxes that can be centrally collected at relatively low administrative cost, such as import and export duties, should be centralized;

g. benefit taxes or user charges could be levied at all levels;

h. residence-based taxes, such as excise duties, should be decentralized; and

i. taxes on highly immobile factors, such as taxes on real property should be decentralized.

It is noteworthy that the Nigerian 1999 Constitution adheres strictly to the above guidelines in assigning tax powers to the various tiers of government as could be seen from the table below.

Table 2.2: Tax Jurisdiction in the 1999 Constitution

Federal Government	State Government	Local Government
1. Companies Income Tax	Personal Income tax (on residents of the State)	Tenement rate
2. Petroleum Profits Tax	Capital Gains Tax (on individuals only)	Shop and Kiosk rates
3. Value Added Tax	Stamp Duties (on individuals only)	Liquor Licence Fees
4. Education Tax (on Company only)	Road taxes, e.g. Vehicle Licences	Slaughter slab fees
5. Capital Gains Tax (on Corporate Bodies and Abuja Residents)	Betting and gaming Taxes	Marriage, Birth and Death Registration Fees
6. Stamp Duties (on Corporate Bodies)	Business Premises and Registration levies	Street Name Registration Fees (excluding State capital)
7. With-holding Tax (on Companies)	Development levy (Maximum of ₦100 per annum on taxable individuals only)	Market/Motor-Park Fees (excluding State-owned markets)

8. Personal Income Tax (on personnel of the Armed Forces, Police, External Affairs Ministry and Residents of Abuja)	Street name Registration Fees (State Capital Only)	Domestic Animal Licence Fees
9. Mining Rents and Royalties	Right of Occupancy Fees (State Capital Only)	Bicycle, Carts, trucks, Wheelbarrows, and Canoe fees
10. Customs Duties (i.e. Import Duties and Export Duties)	Market fees (where market is financed by State Government)	Right of Occupancy fees (excluding State capital)
11. Excise Duties	Miscellaneous revenues (e.g. rents on property)	Cattle Tax
12. Miscellaneous revenues (e.g. Farming from oil States. Rents on property, Etc).		Merriment fees Radio and TV licence fees, Vehicle Parking Fees, Public Convenience, Sewage and Refuse Disposal fees. Burial Ground and Religious permit fees, Signboard and Billboard, Advertise-ment Permit fees

Source: Bello, 2011

A cursory look at the table above brings the following facts to the fore. Firstly, the more lucrative, buoyant and viable taxes are allocated to the federal governments. Secondly, during the course of gathering data for this study, the researcher interviewed some senior officials of Kaduna north and Kaduna south local governments about the huge revenues that could be internally generated from markets' stalls like Abubakar Gumi Market. Revenue from such big market could greatly increase the finance required for effective social service delivery at the rural and community levels. Those

interviewed unanimously responded that before the Abubakar Gumi market burnt, revenues from the market constituted significant part of Kaduna north local government but after it was rebuilt the Kaduna state government took over the market.

From the discussion so far and even from the above table, it is clear that unless supplementary measures are taken, the chances are high that there would be an intolerable gap between the expenditure profile and the revenue base of the sub-national governments. To bridge this gap either fully or partially, countries practising the federal system have embarked on a balancing exercise on the residual side of fiscal system namely, revenue sharing or intergovernmental transfers, to supplement the independent or internally-generated revenue of sub-national governments.

Jumare (2008) in his study argues that revenue is shared between and within tiers of government ultimately to promote inter-jurisdictional equity, enhance the efficiency of the public sector and minimize the cost of administering the tax system. He further argues that in any federation, a minimal level of inter-jurisdictional fiscal equalization is desired. This equalization can be vertical if it refers to different levels of government or horizontally if it refers to the same level of government. According to this efficiency argument, the central government may set and impose standards of some public services on sub-national governments. Such services have to be financed by the central government partly because sub-national governments

may be unable or unwilling to do so, and partly because the implied financial burden may vary across jurisdictions. The other aspect of efficiency argument has to do with inter-jurisdictional externalities, which normally distort the production and consumption of good and services. This problem can be resolved by bargaining and regulations.

What this boils down to is that there may not necessarily be correspondence between expenditure assignment and tax assignment. Inter-governmental transfers from higher to lower governments have therefore formed a part of fiscal arrangements in multi-level government. For instance, central transfers account for 72% to 95% of state and local governments' expenditure in Nigeria at the moment. Onah (2006) asserts that the design of these transfers is highly important for efficiency and equity in local public service provision. Such transfers are said to be used to ameliorate the imbalance that may arise from expenditure and taxing assignment. It is argued here however that unless these transfers are done according to laid down principles as enshrined in the constitution, they can be used by the central government to control the lower governments to their detriment. The above fact was what Olowononi (1991) discovered in his study.

Inter-governmental transfers or grants fall into two broad categories, namely, matching and non-matching grants. Matching or conditional grants require that the recipient uses the grant for a specific purpose as well as provide a specific proportion of the total programme cost to supplement the

amount granted. Non-matching grants, which may be either conditional or unconditional, do not require the recipient to provide a matching or supplementary amount.

Taiwo (2004) concurs with the above views when he maintains that where conditional, such a grant would nonetheless need to be spent on a specific programme. That such grants are usually used where it be may necessary to subsidize programmes considered to be of higher priority by a higher level of government but lower priority by a lower government. Thus, the following could be deduced from the above submissions as principles which should guide inter-governmental transfers:

a. fiscal imbalance or fiscal gap;

b. redistributive role of the public sector which should sometimes require the central government to redress regional disparity;

c preservation of an internal common market, which may require the central government to ensure a common minimum level for public services;

d. stabilization objectives; and

e. inter-jurisdictional spill-overs which may otherwise lead to the under-or-over-production of public services (Onah 2006).

2.2.6 Revenue Allocation: The Nigerian Experience

From 1946 to date, Nigeria has had several commissions of revenue allocation. Throughout the 67 years of revenue sharing (1946-2013), the

sources of federally-collected revenues that formed the subject of each commission have remained fundamentally the same – import duties, excise taxes, export duties, mining rents, and royalties. Other sources include: licences, fees, earning from sales, interest payments, etc.

The Phillipson Commission (1946) devised a formula for sharing revenue among the newly created regions to enable them carry out their new responsibilities. Before then, Nigeria had, in political and fiscal terms, operated the unitary form of government. The need for revenue sharing formula arose because of the changes in the political structure and the new constitution that gave some measure of autonomy rather than administrative responsibility to the regions in 1946. Since then, several Commissions have been set up by the Federal Government to make recommendations on the issue of revenue-sharing between the federating units. Some of the Commissions and committees set up at various times include: The Phillipson Commission – 1946, the Hicks-Phillipson Commission – 1951, The Chick Commission – 1953, The Raisman Commission – 1958, The Binns Commission – 1964, The Dina Interim Committee –1968, Decree No. 13 of 1970, Aboyade Technical Committee – 1970, The Okigbo Presidential Commission – 1980, and a permanent Commission known as the Revenue Mobilization, Allocation and Fiscal Commission – 1989.

It was the recommendations of the Raisman Commission which led to the setting up of a Distributable Pool Account (DPA), a forerunner of what is

known today as the Federation Account. The Commission had recommended revenue sharing for the federating units in 1958 that 30 percent of import duties, mining, rents and royalties be paid into DPA for the purposes of sharing it among the regions in order to reduce what was termed "horizontal disparity'. In 1964, the percentage was adjusted upwards to 35 percent, following the recommendations of the Binns Commission. Between 1957 and 1963, the revenue sharing formula was further amended at various times. For instance in 1957, the formula was 40:31:24 and 5 percent for the Northern, Eastern, Western regions and Southern Cameroon. In 1961, it was 42:33:25 percent for the North, East and West respectively, following the withdrawal of the Southern Cameroon. With the creation of Mid-Western region in 1964, the formula was amended to 40:30:20 and 8 percent for North, East, West and Mid-Western Nigeria (Bello, 2011).

Revenue sharing in Nigeria since the local government reforms in 1976 can be considered at two levels: between the federal, state and local governments, on the one hand, and between the state and local governments on the other hand. The vertical distribution of revenue among the levels of government has always been in favour of the Federal Government. Between 1960 -1966, the share of the federal government was adjusted to 65.0 and 35.0 percent for the federal and regional governments respectively. However, the share of the federal government was further reduced to 55 percent in 1980

while that of the states was adjusted to 34.5, following direct allocation of revenue to the local councils of 8.0 percent and 2.5 percent to special funds.

In 1990, the formula was changed once again to 50:30:15.5, while in 1993, it was further adjusted to 48.5:24:7:5 for federal, state, local government and special funds respectively. The provision of special funds was meant to cover the expenses of the Federal Capital Territory, derivation, and development of mineral-producing areas, general ecology and statutory stabilization. Between 1980 and 2000, intra-state and local government allocations of revenue were based on the principles and weights of equality of states/local councils (40%), population (30%), social development factor (10%), land-mass terrain (10%) and internal revenue effort (10%). The state governments are required by the provisions of the 1999 Constitution, like all other previous Constitutions, to allocate 10% of their internally generated revenue to the local councils, and, in addition, set up a Joint Revenue Sharing Board for the local governments. In 2002, through the Modification Order, the revenue sharing formula was as follows: federal – 54.68%, states – 24.72% and Local governments – 20.60%. This formula was amended in 2004 as Federal 52.68%, states – 26.72% and local governments – 20.60% respectively (Bello, 2011). Over the years there have been various criteria that were determinants of revenue allocation in Nigeria. They include the following:

a. Derivation

b. Even Development

c. Need

d. Continuity of Government Services

e. Minimum Responsibility

f. Financial Comparability

g. Population

h. Equality of States

i. Access to Development

j. Geographical Spread

k. Ecological Problem

l. Independent Revenue

m. Absorptive Capacity

All these criteria are all linked to economic or political issues and have some justifications just as they have their short-comings. Some of these criteria have had long and enduring history in the arena of revenue allocation in the country, while others just made brief appearances on the revenue allocation scene (Olugbamiye 2004). The table below shows the various Commissions and criteria which have featured prominently in revenue allocation in Nigeria.

Table 2.3: Summary of the Various Revenue Allocation Commissions and Principles in Nigeria

Year/Political System	**Fiscal Commissioners**	**Recommendations**	**Accepted Principles**
1. 1947/48 Unitary System	Sir Sydney Philipson and S. O.		a. Derivation b. Even progress

	Adebo		
2. 1952/53 Quasi Federal system	Prof. J. R. Hicks, Sir Sydney Philipson and D. Skelton		a. Derivation b. Need c. National Interest
3. 1954/58 Federal system (3 regions, later Cameroon became a separate region)	Sir Louis Chick		a. Derivation b. Fiscal Independence
4. 1959/60 Federal System (4 regions)	S. R. J. Raisman and Prof. R. C. Tress		a. Derivation b. National Unity c. Fiscal Independence
5. 1964/67 Federal System (4 regions, Cameroon inclusive & Mid-West)	Mr. H. Binns	a. Minimum national standard of basic needs b. Population c. Tax efforts d. Financial prudence e. Fiscal adequacy f. Balanced development g. Independent Revenue h. Derivation i. National Interest	a. Derivation b. Fiscal Independ. c. National Interest East 30% North 42% Mid- West 8% West 20%
6. 1968 Federal System 12 states	Chief. O. Dina		a. Equality of States 50% b. Population 50% c. Derivation
7. 1975/76 19 States	F. M. G.		a. Equality of states b. Population c. Derivation

8. 1977/1978 19 States	Prof. A. O. Aboyade	a. Equality of access to dev. Opportunities 25% b. National minimum Standard for National Integration – 22% Absorptive capacity 20% d. Independent Revenue and Minimum Tax Effort (18%) e. Fiscal efficiency 15% Federal 57% States Joint A/c 30% LGA 10% Special grants A/C 30%	a. Equality of access to Development opportunities 25% b. National Minimum Standard for National Integration 22% Absorptive Capacity 20% i. Independent revenue and minimum Tax Effort - 18% j. Fiscal efficiency (15%) Federal 60% States joint A/c 30% LGA 10% Special grants A/C 0%
9. 1979 19 states	Dr. Pius Okigbo		Declared ultra vires by the Supreme Court
10. 1981 19 states	Federal Government Revenue Act of 1981/82	Vertical allocation: Federal 47% States 30% LGA 15% Special funds 8% Special fund: FCT 1%	Federal 53% States 35% LGA 10% Sharing of states Allocation Minimum responsibility Equality of state Population

		Stabilization 0.5% Savings 2% Derivation 2% OMPADEC 1.5% Dev. Of non – oil 0.5% Gen. Ecology 0.5% Horizontal allocation Equality of states 40% Population 30%	Social development International Revenue effort Derivation Ecology
11. 1988/89 21 states	Gen. T. Y. Danjsuma (N.R. M. A. F. C)	Vertical allocation: Federal 47% States 30% LGs 15% Special Funds 8% Special Fund: FCT 1% Stabilization 0.5% Savings 2% Derivation 2% OMPADEC 1.5% Dev. of Non-oil 0.5% General ecology 0.5% Horizontal allocation Equality of States 40%	Vertical allocation: Federal 50% States 30% LGs 15% Special Funds 5% Special Funds: FCT 1% Stabilization .5% Savings - Derivation 1% OMPADEC 1.5% Dev. Of non- oil - General ecology 1% Horizonta allocation Equality of states

		Population 30% Social Dev. Factor 10% Land-mass & Terrain - Internal Revenue effort 20%	40% Population 30% Social Dev. Factors 10% Landmass & Terrain Internal Revenue Effort 20%
12. 1999 36 States	Federal Military Govt		Federal 48% States 24% LGA 20% FCT 1% Gen. Ecology 2% Stabilization 0.5% Derivation (MR) 1% OMPADEC 3%
13. 2002 36 States	FGN Modification Order		Federal - 54.68% States - 24.72%

			LGA 20.60%
14. 2004 36 States	FGN Modification Order		Federal 52.68% States 26.72% LGA 20.60%

Source: Ekpo (1994) & Babalola (2008)

Though the revenue allocation system mandates that a certain amount of the federation account be allocated to local governments, these funds according to Elekwa & Eme (2013) are never enough to meet expenditure requirements. This is because the federation account is related to revenue from oil, which is subjected to fluctuation, litigations and deductions and expectations of local councils far exceed the available resources. In a system characterized by ethnic jingoism, federal and state governments have attempted for political reasons to frustrate the effectiveness of local governments by defaulting on their statutory allocations to local governments, rendering local councils financially and politically impotent.

2.2.7 Review of Kaduna and Gombe states' Laws on the State Joint Local Government Account.

Section 7(6) of the 1999 Constitution of the Federal Republic of Nigeria states that: 'Subject to the provision of this Constitution

(a) The National Assembly shall make provision for statutory allocation of the public revenue to local government councils in the Federation; and

(b) The House of Assembly of a State shall make provisions for statutory allocation of public revenue to local government councils within the state.' The provisions of this section place the bulk of the financial burden of the local government on both the federal and state governments. Since he who pays the piper calls the tune, it stands to reason that both governments exercise some measure of control over local governments. However, in section 162 (5, 6, and 8) it is provided as follows:

a. The amount standing to the credit of local government councils in the Federation Account shall be allocated to the state for the benefit of their local government councils on such terms and in such manner as may be prescribed by the National Assembly.

b. Each state shall maintain a special account to be called 'State Joint Local Government Account' into which shall be paid all allocations to the local governments of the state from the Federation Account and from the government of the state.

c. The amount standing to the credit of local government councils of a state shall be distributed among the local government councils of that

state on such terms and in such manner as may be prescribed by the House of Assembly of the state.

From the above provisions, it is clear that even though the federal government shall make statutory allocations to local governments, such allocations must be passed to them through the state governments. One important point which seems to escape notice and appreciation is that fact that whereas the federal government has a constitutional duty to make such allocations to the local government, the state government has the constitutional duty only to establish 'State Joint Local Government Account" into which these allocations are paid (Aluko, 2006). Consequently, all the 36 states of the federation have passed state laws on the sharing and management of this Joint Account.

Following the provisions of the 1999 Nigerian Constitution on local governments' finance as quoted above, the Gombe State House of Assembly enacted a law on local government which is titled 'A Law to Provide for the Establishment, Structure, Composition, Functions and Finances of Local Government Councils and Other Matters Related Thereto' in 2008. The short title of the law is 'Gombe State Local Government Councils (Amendment) Laws, 2008. The title of the above Gombe state laws leaves no one in doubt as to who owns and controls the local government. Part 3, Section 66 of this law established State and Local Government Council Joint Allocation Committee which is composed of:

a. Chairman of each Local Government council or his representative.

b. Two persons to be appointed by the Governor

c. A representative of the National Revenue Mobilization, Allocation and Fiscal Commission

d. The Accountant General of the state; and

e. The Director of Inspectorate in the Ministry of Local Government and Community Development.

The duties of the Committee among others include ensuring that all allocations made to the local government councils in the state either from the Federation Account or State governments are paid into the Joint Account for onward distribution to the local government councils in the state.

Section 68(1) of the law established the State and Local Government Joint Account to be managed by the Committee while Section 70 stipulates the sharing formula to be used for sharing as:

a. 50% on population basis

b. 40% on equality basis

c. 5% on primary school enrolment basis; and

d. 5% on derivation basis.

If the provisions of the above state laws are strictly adhered to by all stakeholders in the state, there will be minimal problems as regards the management of the Joint Account.

Kaduna State House of Assembly enacted a law in 2006 called Kaduna State Joint Local Government Account (KD.S Law No. 8 of 2006). This law was an amendment of 1991 Kaduna State Joint Local Government Allocation Committee Law CAP 78. The provisions of this law are similar to that of Gombe state except in the composition of the Joint Account Allocation Committee which consists of the following:

a. The Commissioner charged with the responsibility for Local Governments in the state who shall be the Chairman.

b. A Commissioner of Revenue, Mobilization, Allocation and Fiscal Commission who shall be a non-indigene.

c. All Chairmen of the Local Government Councils in the State.

d. The Accountant General of the State.

e. A Representative of the Accountant-General of the Federation.

f. A representative of the Kaduna State Board of Internal Revenue.

Section 8(1) of this law stipulates that 'It shall be unlawful for any organ, authority or official of the State however described or constituted to alter, deduct or re-allocate funds standing to the credit of the Joint Account to the Local Government Councils in the State. The only time deductions are allowed to be made from this account is when there is mutual agreement between the State and local councils for joint projects. The local government councils concerned must indicate their interest by a written consent to embark

on such joint projects and they must have been captured in the approved budget (KD.S Law, 2008, Section 8(1-4).

2.2.8 Local Government Service Delivery

Provision of local services was the rationale behind the 1976 Local Government Reform which made the Military Government then to recognize the Local Government as the third tier on government in Nigeria (FGN, 1976). The 1976 Local Government Reform headed by Dasuki and similar others like those of 1985, 1988, 1991, 1992 and 2004 have always cited rural development and provision of local services as reasons for such reforms. Countries of the world irrespective of the type of economic or political systems they practise know that some public goods and services can better be provided at the national level while some can only be efficiently provided at the local level hence the need for the creation of local government. According to Sharpe cited in Abubakar (2008), the efficient performance of those local services is so compelling that if local governments do not exist, something else would have to be created in its place. In a research study conducted covering three states of Nigeria (Sokoto, Enugu and Oyo), respondents, which cut across Traders Association, The Nigerian Union of Teachers, Market Women Association, Civil Servants, Youth Association and Local Government officials of three local governments from each of the three states, were asked what they thought is the reason for the existence of local government in Nigeria. The overwhelming 95 percent of the respondents

unanimously said the reason for the existence of Local Government is the provision of services like widening of roads, bridges and construction of culverts, building of classrooms, dispensaries and digging of wells or sinking boreholes, developing and helping agricultural efforts at the local level, etc. (Abubakar, 2008). The quantitative and qualitative delivery of these services will go a long way to mitigate rural/urban migration and also address the issues poverty, unemployment and inequality which Seers (1969) says are the indices of development. The findings of the research by Abubakar (2008) however are that excessive state control or interferences, deduction of local government funds at source, imposition of policies on the local government, incessant transfer of senior staff of local government, lack of freedom to initiate and approve development projects above N500,000.00 and unnecessary delays in remitting grants and allocation due to local governments from the Federation Account hampered effective service delivery at the local level.

It should be noted that the broad objective of establishing local government is placed on the service delivery function. Thus, when rural or local roads are bad, where there are no markets or the existing ones are not well maintained, when there are no health centres or drugs in the local dispensaries, when there is no water and when refuse is littered all around the place, etc, the ordinary citizen blames it on the local government. It follows

therefore that local government administration is established to affect citizens through the service delivery function

2.2.9 Local Government Service Delivery and the Politics of State Joint Local Government Account

Local government in Nigeria is a product of decentralization and is established by law. As a federate state, Nigeria has three tiers of government (federal, state and local government) whose intergovernmental relations (which include political, financial, judicial and administrative) are mainly established by the constitution. Each tier is required to operate within its area of jurisdiction, and any action to the contrary is null and void to the extent of its inconsistency with the law. This is meant to guarantee the autonomy of each tier as it discharges its statutory duties to its resident population. Intergovernmental relations may be defined as 'complex pattern of interactions, co-operations and inter-dependence between two or more levels of government' (Ogunna 1996). According to Adamolekun (2002), intergovernmental relation is the term commonly used to describe the interactions between the different levels of government within the state. It can also be seen as important interactions occurring between governmental institutions of all types and in all spheres (Okafor, 2010). It exists in all types of states but is more pronounced, complex, controversial and contentious in federal states. The level of development or the quantity and quality of service

delivery in a given state tends to be determined by the structure and quality of its intergovernmental relations.

In the intergovernmental relations in Nigeria, 1999 Constitution stipulates the fiscal relations between the tiers of government. Section 162 sub-sections 1 to 8 especially state thus:

1. The Federation shall maintain a special account to be called 'the Federation Account' into which shall be paid all revenues collected by the Government of the Federation…
2. The President, upon the receipt of advice from the Revenue Mobilization Allocation and Fiscal Commission, shall table before the National Assembly proposals from the Federation Account and in determining the formula, the National Assembly shall take into account, the allocation principles especially those of population, equality of states, internal revenue generation, and landmass terrain as well as population density. Provided that the principle of derivation shall be constantly reflected in the any approved formula as being not less than thirteen percent of the revenue accruing to the Federation Account directly from any natural resources.
3. Any amount standing to the credit of the Federation Account 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 National Assembly.

4. Any amount standing to the credit of the states in the Federation Account shall be distributed among the states on such terms and in such manner as may be prescribed by the National Assembly.

5. The amount standing to credit of the local government councils in the Federation Account shall also be allocated to the States for the benefit of their local governments on such terms and in such manner as may be prescribed by the National Assembly.

6. Each State shall maintain a special account to be called 'State Joint Local Government Account' into which shall be paid all allocations to the local government councils of the state from the Federation Account and from the Government of the state.

7. Each state shall pay to local government councils in its area of jurisdiction such proportion of its total revenue on such terms and in such manner as may be prescribed by the National Assembly.

8. The amount standing to the credit of local government councils of a state shall be distributed among the local government councils of that state on such terms and in such manner as may be prescribed by the House of Assembly of the state.

A close assessment of the above provisions of the Nigerian 1999 Constitution especially as it concerns fiscal relations among the tiers of government brings to the fore the following facts. First, federally collected revenues are paid into an account called the Federation Account to be

distributed among the three tiers of government. Before the advent of Obasanjo administration in 1999 the formula for sharing the revenue from this Account was: Federal Government – 54.68%; State Government – 25.32% and Local Government – 20%. This sharing arrangement was further adjusted by the Obasanjo administration in 2002 and 2004 to reflect: Federal Government – 52.68%; State Government 26.72 and Local Government – 20.60%. This revenue formula is still in force till today. Thus it can be seen that besides, several deductions from the federally collected revenues before the monies are paid into the Federal Account, the federal government still has the lion's share to the disadvantage of other tiers in the intergovernmental relations

Second, the monies standing to the credit of the federal and state governments are paid directly to them while the monies meant for the fiscal operations of the local governments are to be paid into a designated account called 'State Joint Local Government Account' for onward distribution to all local councils of the state. In Kaduna state the monies are distributed on the principles of population, equality, landmass and terrain, internal revenue effort and social development factor according to an unpublished official document from the Kaduna state Ministry of Finance.

Third, the 1999 also stipulated that each state should pay a certain percent of its total revenue to the local government councils and presently the percentage is put at 10 percent of the internally generated revenue of the state.

Many authors and researchers have attributed the poor and ineffective performance and service delivery problems of Nigerian local governments to the highlighted facts emanating from the provisions of the 1999 Constitution as identified above. For instance, Okafor (2010) posited that a research carried out by the Department of Local Government Studies, Ahmadu Bello University as far as back 1982 pointed out the problems which this Joint Account was causing the service delivery function of the Nigerian northern states. Okafor said the research stated that:

> *Very few of the states in our catchments (northern states) have prescribed legal formula for disbursing funds from the Joint Account. As a result… the effect has been some degree of mismanagement. For example, statutory allocations to local government which should go into this Account sometimes are diverted into objectives other than local government (Okafor, 2010).*

The obstacles which the State Joint Local Government Account were posing to the effective operation and administration of local government highlighted by the research conducted by Department of Local Government Studies of Ahmadu Bello University in 1982 are still prevalent and have worsened since when that research was carried out. Kurfi (2008) submitted that principal among fiscal factors which have hamstrung the discharge of local government service delivery are states' refusal to contribute their share into the Joint Account, interference, abuse and mismanagement. He went further to say that local governments have become thoroughly under-funded while effective planning and budgeting have become impossible. That in some

cases, local governments were made to shoulder responsibilities that are not constitutionally theirs and in some cases they are denied access to the fund released to them from the Federation Account. This implies that the idea of Joint Account has paved the way for mismanagement, corruption and constitutional abuses by the state and has therefore placed a marked limitation on the extent to which local governments can positively impact the lives of the citizens in their constituencies.

In a paper presented at the 2nd EFCC – ALGON National Workshop on Accountability and Transparency in Local Government Administration, 2008, Kurfi gave descriptive illustration of the precarious situation local governments find themselves through the Joint Account system. According to him, the statutory allocation to the 23 local governments in Kaduna state in April 2004 was **₦999,084,103.30** but the deductions from this amount were as follows:

a.	Contribution to Primary Education	-	₦316,076,641.40
b.	15% Pension Fund - - -		40,769,185.40
c.	Training Fund - - -		9,220,841.08
d.	Internet Connectivity - - -		29,249,641.64
e.	Severance Allowance - - -		28,133,317.35
f.	Fertilizer Deduction - - -		167,400,000.00
g.	Bank and Administrative Charges	- -	1,844,168.22
i.	Miscellaneous Deductions	- -	88,979,643.34

Total Deductions - - - ₦680,175.438.43

From the above, it becomes clear that the net statutory allocation to the 23 local governments in the said month after all the above listed deductions amounted to **₦214,908,669.88**. This shows that the statutory allocation that eventually got to the local government councils in that month and year was about 24 percent of the total allocation. In fact, for 'Miscellaneous deductions' to have gulped **₦88 million** is very curious indeed. It should be noted that the statutory deductions allowed are the first three items; the other deductions are extraneous to the Account according to Kurfi (2008). Such deductions and interferences have been common in many states. News are rife about how some state governments virtually annexed the Joint Account to their party electioneering funds and just barely paid salaries of local government staff during this period.

In the Technical Committee Report from the Department of Local Government Studies, Ahmadu Bello University cited in Kurfi (2008) above, the tampering with the Joint Account by the state government led to a gap between the figures released by the Ministry of Local Government and Chieftaincy Matters as the allocation and what actually got down to the local government. The question is why should be there be such a disparity and what happened to the difference. This is the problem of the Joint Account and the deductions cited above are a confirmation of the abuses of the Account. From the figures submitted to the Technical Committee from every state of the

federation, the figures at the local government level and that of the Ministry for Local government hardly agree.

The funding of the Primary School education by the local government as stipulated in the 1979 and 1999 Constitutions is also a major challenge to local governments' inability to engage in developmental activities as could be seen from the example of deductions above. One third of the allocation for a month went to Primary Education Fund in addition to several other deductions. One could imagine the percentage of monthly allocation available for capital projects like provision of scholarship and bursaries, public libraries and reading rooms, home for the destitute, the insane and orphans, support for arts and culture, lighting and drainage and other local social, economic and administrative services.

Dlakwa (2004) has further outlined the problems being posed to local governments' service delivery using Borno state as a case study. He states that under the Borno State Joint Local Government Account and Fiscal Committee Law 2002, a committee was set up to administer the Account. It comprised:

a. The Commissioner of the Ministry of Local Government and Chieftaincy Affairs who serves as Chairman of the Committee.
b. Permanent Secretary, Ministry of Local Government and Chieftaincy Affairs.
c. Accountant-General of the State
d. All Local Government Councils' Chairmen in the State

e. A Representative of the Board of Internal Revenue, and

f. The Director of the Ministry of Local Government and Chieftaincy Affairs who serves as the Secretary.

It should be observed that the key officers of the committee are state government officials and, in the view of Dlakwa, the committee was structured from the outset to the disadvantage of the Local government Councils. Moreover, according to Dlakwa, the Borno State Joint Local Government Account (SJLGA) Law 2002 empowers the committee to effect the following before distributing funds from the Account to Local Government Councils:

a. 3% of the fund to each council to the emirate councils

b. 15% of the total personnel emolument to those retired in each council

c. 1% as a training fund

d. 5% of the total allocation of each council as a stabilization account

e. 2% of the total allocation of each council as an administrative charge

f. 1.5% of the allocation of each council to the department of local government

g. 0.5% of the allocation to the local government audit department.

Thus the Borno state government effectively deducted and diverted funds meant for development of local areas, contributing significantly to the

abysmal performance of local governments in providing good governance for the community. According to Dlakwa (2004), between March 2002 and March 2003 a total of ₦13.3 billion was available for councils in Borno State. Out of this amount the state government deducted 48 percent of the total amount. Aggrieved by this incessant interference in local government's financial autonomy, 26 Local Government Council Chairmen (with the exception of Maiduguri Metropolitan Council) sued the Borno state government for passage of the SJLGA Law 2002, challenging the right of the government to deduct local government funds at source. The High Court ruled that the state government has power to pass the law under section 162(8) of the 1999 Constitution, but declared unconstitutional the specific provisions that empower the committee to deduct funds at source. This judgement was delivered in June 2002, however, the deductions continue till today (Dlakwa, 2004). The Borno example is a reflection of the situation affecting other local government councils across Nigeria.

Intergovernmental relations are supposed to play a bridge building to bring a degree of coordination and cooperation to the federating units. Following from this, the operation of the State Joint Local Government Account as provided for in the constitution should contribute to cooperative administration, accountability and transparency in the local governance within the principle of separation of powers and the rule of law. However, the reality in Nigerian local government indicates the opposite. As evident from the

Kaduna and Borno examples, state governments interfere with the financial autonomy of local governments through the instrument of the SJLGA. This has greatly hampered the developmental efforts and service delivery of local government councils. Currently, the National Assembly is going about the review of the 1999 Constitution and has slated for review state governments' interference with local governments' funds. This study sees the review of Section 162(6) and (8) as a remedy to this most unsatisfactory situation.

Over the years, there have been manifest discrepancies in the implementation and management of this account. Such discrepancies occur in the form of varied and sometimes illegal deductions, failure of states to pay the stipulated 10% of their internally generated revenue into the Joint Account; and using the fund to sponsor party and electioneering activities. For a good number of states, statutory allocations for local governments have come to serve as a stabilisation fund for the government. There are also cases of extra-budgetary impositions on local governments such as additional burden on the funding of secondary schools, central purchase of fertilisers on behalf of local governments, tractors and Association of Local Government (ALGON) police vans, etc. (Odoh, 2004).

By the time these percentages are taken out of local government allocation, signs of stress on planned expenditures would begin to manifest. The consequence of this is the starving of local governments of the required funds with which to operate their normal budgetary expenditure. During

elections in particular, it is common to see a situation in which some state governments virtually restrict local government chief executives to payments of salaries only. In some states, elected local government councils are dissolved and in their place caretaker committees are constituted. With caretaker committees, local governments cease to know how much they are entitled to from the Joint Account.

There are yet, other anomalies associated with the operation of Joint Account. These include the following:

a. Exclusion of chairmen of local government councils from membership of the Joint Account Allocation Committees;
b. Absence of uniformity in the membership of the Joint Account Allocation Committee to operate the Joint Account;
c. Exclusion, in some instances, of the Revenue Mobilisation, Allocation and Fiscal Commission (RMAFC) from the membership of the Joint Account Committee contrary to the provisions of Decree (now Act) 98 of 1993; and
d. Use of arbitrary indices for the computation of accruals to be shared (Tersur, 2013).

2.2.10 Corruption and Local Government Service Delivery

As stated earlier, the essence of the existence of local governments as the third tier of government in Nigeria is to reduce the pressure of demands from local people on both the state and federal governments especially in the

area of provision of basic amenities in the local areas. Recent developments based on available data as reported by the Afro-barometer Briefing Paper (2011) on its recent research carried out in 2010 across the country in which a total number of 2,408 Nigerians were interviewed to sample their opinion in order to determine the level of performance of local governments across the country during the eight years of Obasanjo administration is instructive.

According to the report, 65% of the respondents averred that local governments performed badly in terms of local roads maintenance and 33% were of the view that they performed well while 2% were undecided. On the maintenance of local market place, 60% of the respondents were of the opinion that local governments did poorly while 37% felt they performed well and 3% neither supported nor disagree. On maintenance of health standards in public restaurants and food stalls, 62% agreed that local governments across the country performed badly and 33% disagreed while 3% were undecided. Furthermore, in terms of keeping the environment clean like removal of refuse, 58% indicated that during the civilian government of Obasanjo, local governments scored very low in the above point while 40% said they did fairly well and 2% were undecided.

Judging from the empirical data above, there is clear indication that local government across the country were unable to maintain local roads and markets. The same is also applicable to health standards in public restaurants and community cleanliness. The indices above were corroborated by Dahiru

(2009) who conducted a research around Zaria, Sabon-Gari and Giwa local government areas of Kaduna state, where it was discovered that there was no construction and maintenance of drainages, construction and maintenance of streets and streets lighting, construction and maintenance of parks, gardens and open spaces and many more.

Inadequate funding is one of the many reasons usually advanced in literature and public discourse as a major challenge to local government effective service delivery. However, according to Federal Office of Statistics, (2004), local government allocation between 1993 to 1998 increased from 18.31 billion naira to 65.98. However, in 1999 there was tremendous increment from 65.98 billion to 116.12 billion naira and by 2001 it rose to 248.63 billion naira which is more than 100% increment. Similarly, Farida Waziri, the former chairman of Economic and Financial Crimes Commission, stressed that over N3.313 trillion was allocated to local governments across the country June 1999 to June 2007. Waziri cited in Akpa (2013) quoted figures obtained from the Office of the Accountant-General of the Federation by saying that a whopping **₦3,313,554,846,541.79**, yet most local governments could not account for such money due to gross mismanagement on the part of the chairmen of these local government councils.

Although scholars like Fajobi (2010) highlighted inadequate financial capacity and lack of necessary technical manpower as responsible for the dismal performance of local governments during the first eight years of the

fourth republic, Waziri cited in Akpa (2013) begged to differ as she averred that local government officials did not leave their hands unsoiled during the years under study. It is observed that local governments of the good old days have become a mere memory of times gone by. The paralysis that pervades the local governments today is widespread. Local governments have become so far removed from the lives of the people to a point where some chief executive chairmen no longer reside in the domains they were elected to administer. They drive to the council headquarters in their jeeps from the state capitals or Federal Capital Territory, pay salaries and share other monies and disappear until it is time to share the next subvention. Wamako (2011) in his Masters Research study of selected local government councils in Sokoto state also discovered among other factors that corruption at the local level impeded effective service delivery during the period of year 2000 to 2005. What is however problematic about the findings of Wamako, who is the current Executive Governor of Sokoto state, is his conclusion that corruption by the local government chairmen is a major factor responsible for poor service delivery and development at the local level. He tends to downplay the issue of undue state's interference in local affairs through the Joint Account and accentuate the issue of corruption. Any valid and objective discussion on corruption especially as it concerns the State Joint Local Government account must begin from the election or selection of local government chairmen in the state. Most of these chairmen came to office and hold office on the goodwill

of the sitting governor and so they willingly cooperate with the state chief executive on whichever way he manages the Joint Account. Jumare (2004) corroborates this fact when he states that in financial matters the state governments through the Joint Account put a lot of excessive control over the statutory allocations made to local governments. This control he said is in form of many un-statutory deductions and under payments at source of local government's funds. The state governments took upon themselves the selection of contractors for services and purchases/suppliers and in many cases diverted the funds in the local government joint account to other functions of the state government or party in power. Many projects contracted were not executed and payments were made. There was also flagrant review and over inflation of contract sums in order to serve the interests of both the governor and his political associates. Added to this, according to Jumare (2004) is need to stack money to fight future elections, which are usually expensive business.

Despite legal and institutional mechanisms put in place to combat corruption during the period under review, it was widespread and pervasive in both the federal, states and local governments. According to Isa & Bello (2014), the Nigerian state is a victim of high-level corruption causing retardation of national development and a ceaseless cycle of crisis arising from people's discontent against the government. This corruption which has become systemic and a flourishing industry in Nigeria manifests in fraudulent

trade, misappropriation or diversion of public funds, kickbacks, under and over invoicing, bribery, etc. Corruption wastes skills as precious time is wasted to set up unending committees to fight to corruption. It causes a reduction in quality of goods and services available to the public as some companies could cut corners to increase profit. An official who has taken ten percent of the values of contract awarded by government would lack the moral courage to question the company or contractor if he performs below standard. This may explain why most public projects at the federal, state and local levels are either unsatisfactorily completed or abandoned altogether and no questions are asked.

Corruption starves our hospitals and educational institutions the requisite funds for their effective operation. Corruption reduces the resources available for infrastructure, public services and anti-poverty programmes and discourages foreign investment. The effect of corruption is felt more in the rural and local communities where over 70 percent of Nigerians reside. This has worsened rural poverty giving rise to ethnic and religious crises being currently experienced in the Nigerian society. If concerted efforts are made to combat this dragon called corruption and mismanagement, public fiscal resources will start to turn into functioning schools, health services, water supply, provision of basic amenities among others and thus laying the foundation to eradicate poverty.

The impact of corruption was evidently seen in the epileptic nature of Nigerian power sector, educational institutions, decay in infrastructural facilities like roads, communications, NITEL became insolvent as public establishment, inefficient and ineffective security outfits, and many others. Local government councils existed only in name and not in service delivery. Most local government councils became a place where the key actors in the system met at the end of the month to share the allocation from the federal government. The councils were busy in activities at the end of every month and the moment the allocation was exhausted through fictitious contracts the premises were deserted. Primitive accumulation of wealth by key local government officials and many others became the order of the day so much so that workers were paid half salary, half of half salary in some local government councils of the federation. In some local government councils, workers were owed salary arrears of six or more months. In the face of this, local government staff exhibited ineptitude to work and absenteeism since they have to be on the farms and other businesses to make ends meet. The effect of this was that service delivery at the local level was affected for lack of commitment and funds to execute public programmes for the transformation of the lives of the rural dwellers (Okogbule, 2006).

Nigerian roads are dead traps because of lack of and poor maintenance. Contracts were awarded for construction of new roads and repairs of existing ones without contractors moving to site many months after the award of such

contracts. Our borders were so porous to the point that prohibited and contraband goods were allowed into the country. The custom man on the road collected bribe and closed his eyes for the smugglers to bring in contraband goods. Corruption then became indeed the bane of Nigerian sustainable development. Public officials demanded payment of ransom before and/or after performing their legitimate functions. Business people short-changed their customers through unfair dealings, while law-enforcement agents demanded bribes and collaborate with fraudulent elements in the society.

Public officials were known to have siphoned huge sums of public funds to their private foreign accounts to the detriment of the country. Juicy oil and gas related contracts were awarded to cronies and political associates who were incompetent and unqualified to handle such contracts. The three oil refineries in the country became non-functional because the turn-around maintenance contracts were awarded to political and filial relations with little or no experience in this highly technical and specialized field (Okogbule, 2006).

During the 2011 presidential election debate, Professor Pat Utomi said on African Independent Television on the 28th March, that he attended a conference in Europe where it was said that corruption is rare in Botswana, widespread in Ghana and systemic in Nigeria. The present oil subsidy scam rocking the Federal House of Representatives and other high profile corruption cases in all facets of our national life attest to this. While one may

be hard pressed to come up with data that corruption is more at the local governments than in other tiers of government in Nigeria, corruption nonetheless has made the little available fiscal resources in the local governments not to be translated to the provision of essential services which will directly and positive affect the lives of local dwellers.

2.2.11 Review of Theories

Public Choice Theory

Many scholars view local governments from a public choice perspective. This commonly held viewpoint explains well the lack of public participation on the local level. Public choice theory applies economic ideas to political structures and processes.

It focuses on the interaction of two parties - interest groups and policy-makers - seeking beneficial legislative and governmental decision-making outcomes through the rules of supply and demand. As consumers of the public policy market, interest groups represent the demand side, while policy makers represent the supply side. Moreover, public choice theory assumes that all players in the local decision-making process - elected officials, bureaucrats, business interests, lobbyists, neighbourhood groups, and others - will act in the political marketplace as actors in the private, financial marketplace do: in their own self-interest (Clayton, 1988)

Accordingly, the local political process is dominated by individuals who organize into special interest groups in order to gain benefits for their

members through the local government decision-making process. These benefits, or "rents," come in the form of local political commodities, such as laws, legislation, administrative decisions, government contracts, government subsidies, and the like. "Public choice theory suggests that only by organizing into special interest groups can individuals influence the political process" and gain such rents. Therefore, individuals with similar goals and interests selectively join interest groups seeking to advance their economic, political, and social agendas in the local government policy making process. Jumare (2004) agrees with the above assertion when he stated that powerful and influential individuals whom he called power elite control policies and resources at the local level. These individuals whether in or out of governments are economically powerful that they dictate policy direction at the local level.

Because interest groups seek to maximize their self interest, often they must compete against one another for scarce local government resources. The success of a special interest group in public choice theory hinges on its effectiveness and efficiency. Large interest groups tend to be more effective, but given their need to administer themselves through more complex organizational structures and power allocations - this effectiveness often comes at the expense of efficiency. Smaller groups are typically more efficient because of their size, but may not be able to gather the resources necessary to gain effectiveness in the political process.

The "free rider" problem also contributes to the inefficiency of interest groups. An interest group faces a free rider problem when it provides a benefit to its members that others may enjoy, even if they did not share any of the burden in attaining the benefit. When free riding occurs, interest groups lose membership, monetary contributions, and other resources, leading to the loss of the desired public policy benefit. Therefore, interest groups that can best avoid free riding and maintain the equilibrium between effectiveness and efficiency will often receive a disproportionate share of any public policy benefits.

Competition among interest groups in the public policy marketplace often leads to coalition-building and compromise. Coalitions may greatly increase the bargaining position and influence of what would otherwise be diffuse and statistically insignificant smaller interest groups. According to Wilson, coalitions are most likely to form when "resources and autonomy for all prospective members can be significantly threatened (a crisis) or enhanced (an opportunity).' Interest groups negotiate and compromise on an agreement to ensure that a majority of the interest groups involved in a public policy issue share in the benefit. In this regard, the preferences of the different interest groups change so that the groups are able to come to a shared agenda that provides benefits to many or all groups and that has the best chance to affect public policy decisions (Clayton, 1988)

According to public choice theorists, this majority of interest groups can exert significant influence over policy makers, as opposed to the less effective influence of each individual, smaller interest group. Indeed, the compromise process forces interest groups to abandon the "all-or-nothing" pitfall in public policy and adapt their goals to coincide with those of other similarly situated groups, thus gaining some benefit to more interest groups and their members. However, this compromise process is only successful when all interest groups in this majority are engaged in a "mutually beneficial exchange."

In the absence of coalitions, interest groups attaining the effectiveness and efficiency equilibrium mentioned above will dominate the public policy process.

Constituting the supply side of the political market, local elected officials' overarching goal is to get re-elected or elected to a higher office. Local elected officials thus pursue means that lead to this goal: votes, political contributions, expanded budgets and/or staff, and other avenues for expanding their political support and power. Votes are a critical component of sustaining elected status for such officials. Consequently, local elected officials will not undertake a course of action without first carefully deliberating upon whether their constituents would strongly oppose such action. However, as Mayhew points out, "the average voter has only the haziest awareness" of what his or her elected policy maker actually does in office (Brown, 1996)

Interest groups, on the other hand, can marshal resources other than votes - namely, political contributions and support - that are also essential for elections. And unlike the average voter, interest groups are keenly aware of local elected officials' actions and express their satisfaction or dissatisfaction with them through lobbying, pressure and, ultimately, through distribution of the aforementioned political resources. In response, local elected officials seek to keep such interest groups happy and thus create and distribute rents to those interest groups that support them in their elections. Those interest groups that can provide these valuable commodities to elected officials will ultimately be more successful in the policy-making marketplace-leading to the capture of local governments by such interest groups.

Public choice theorists thus view local government as a forum for the political marketplace to play out. This means that local government decisions are illegitimate insofar as they constitute policy outputs that stem not from the community's preferences and needs, but rather from the influence of powerful interest groups that may or may not represent the majority view in the community.

Public choice theory recognizes this problem of capture, but it offers few realistic or viable solutions for a more transparent and responsive local government. For example, some public choice theorists recommend limiting the autonomy of local government in order to eliminate or minimize the capture problem. A limited government offers fewer benefits, which should

lead to less rent-seeking behaviour. Others suggest increasing transaction costs for interest groups to make capture too expensive to sustain. A third solution, championed by Tiebout, contemplates consumer-voters "voting with their feet" and leaving a city that fails to meet their preferences. The possibility of exodus by citizens, in theory, creates an efficient marketplace where local governments compete for residents and businesses by providing a desirable set of goods and services (Brown, 1996).

With the exception of Tiebout's theory, public choice ignores the role of citizens in government decision-making. Moreover, the role of the citizen that Tiebout does recognize is an extremely limited one of exit and entry rather than engagement, deliberation, and negotiation. At best, public choice theory envisions interest groups bargaining and reaching agreements to help bring about certain local government decision-making results that benefit them. At worst, public choice theorists posit that consensus among divergent interest groups on governmental decisions can only be reached through deception, manipulation, and horse trading (Tiebout, 1956).

Thus, implicit in the public choice perspective is a rejection of the notion that community stakeholders can and should; communicate with one another regarding their needs, interests, and values; change one another's views or positions through dialogue; and reach consensus on a decision that is in the public interest. Instead, the conclusion of a local government decision-making process is one that merely reflects a temporary political judgment

based on relative conditions and power dynamics in society or, at most, an aggregation of individual and group preferences (Tiebout, 1956).

This perspective also suggests that there is nothing wrong with current levels of civic disengagement because it theorizes that it is the product of an efficient marketplace. In other words, public choice assumes that if individuals feel strongly enough about the common good, they will engage in collective action. Accordingly, weak public participation in local government decision-making suggests to a public choice theorist that people are either satisfied or at least satisfied enough, having calculated that the costs of participating are not worth the potential reward. In short, public choice theory views the lack of civic engagement as the result of rational choice and general satisfaction.

Theory of Federalism

There is a consensus amongst academics that federalism is a political system in which there are at least two levels of government, where responsibilities, powers and jurisdiction are outlined, divided, and entrenched in a constitution.

The theory of federalism is concerned about the need for an orderly arrangement of relationship between the central and regional governments in a nation. Wheare (1963) notes that federalism refers to the method of dividing powers so that central and regional governments are each, within a sphere, coordinate and independent. It is a principle of organization and practice

whose ultimate test is how the federal system operates". Elaborating on this, Friedrich (1963) explains that federalism seems the most suitable term by which to designate the process of federalizing a political community, that is to say, the process by which a number of separate political organizations, be they states or any kind of association, enter into agreements for working out solutions, adopting joint policies and making decisions on joint problems. Elaborating further, Tamuno (1998:13) states that federalism is that form of government where the component units of a political organization participate in sharing powers and functions in a cooperative manner though the combined forces of ethnic pluralism and cultural diversity, among others, tend to pull their people apart.

Federalism is usually categorized by function, whether political or economic. However, regardless of this, it is important to note that federalism is about nature and form of association among interacting states. It is therefore more appropriate to categorize the concept by the means through which it can evolve, regardless of the functions performed if and when the association comes into being.

Given this, we can identify two major modes of federalism. The first mode is the dual federalism. In this case, the constitution allows for the creation of two separate and independent tiers of government with their own clearly defined areas of responsibility. The second is the cooperative federalism, on the other hand, simply refers to making federalism work

through cooperation between various levels of government. It emphasizes the partnership between the different levels of government providing effective public service for the nation. According to Oates (1992) the various levels of governments, under this arrangement, are seen as related parts of a single government system, and characterized more by cooperation and shared functions than by conflict and competition

Wheare who is widely regarded as the father of the theory of federalism because of his key contribution to the subject submitted that the theory of federalism has the following assumptions:

a. The division of governmental responsibilities between levels of government for the purpose of efficient delivery of public goods and services.

b. A written constitution spelling out this division and from which federal, state, local government or municipal authorities derive their powers.

c. A judiciary independent of these levels of government (federal, state and local government) that acts as an arbiter in cases where there are conflicts over the jurisdictions enumerated in (a) above.

d. The federal arrangement emphasizing co-equal supremacy of the various levels each in its respective field of operation…the citizens of the federation being concurrently under these authorities and owing allegiance or loyalties to them (Wheare, 1964).

From Wheare's contribution above, three core issues are discernible which are: one, governmental responsibilities should be shared between levels of government on the areas they are competent for the purpose of efficient delivery of public goods and services. Two, a written constitution which spells out this division and from which the governmental levels derive their powers. Three, a federal arrangement emphasizing co-equal supremacy of the various levels each in its area of operation. However, it must be stated here that although there is a written constitution which specifies the responsibilities of each level of government in Nigeria, the control of the local government is constitutionally placed in the hands of the state government.

This is where federalism as defined Wheare (1964) deviates from Nigerian situation. Wheare's defined federalism as 'a system where there is more than one tier of government with the tiers each within a sphere, co-ordinate and independent.' In the functional power relations between the tiers of government in Nigeria, local government has always been under the control of either the regional or state government. The workability of federalism as conceived by Wheare (1964) is dependent on dual principles which he said are: firstly, the communities of states concerned (federating states) must desire to be under a single independent government for some purposes. Secondly, they must desire at the same time to retain or establish independent regional governments in some matters at least.

Theory of Fiscal Federalism

The basic foundations for the initial theory of Fiscal Federalism were laid by Kenneth Arrow, Richard Musgrave and Paul Sadweh Samuelson's two important papers (1954, 1955) on the theory of public goods. Musgrave's book (1959) on Public Finance provided the framework for what became accepted as the proper role of the state in the economy. The theory was later to be known as “Decentralisation Theorem” (Arowolo, 2011:5).

Within this framework, three roles were identified for the government sector. These were the roles of government in correcting various forms of market failure, ensuring an equitable distribution of income and seeking to maintain stability in the macro-economy at full employment and stable prices (Musgrave, 1959). Thus the government was expected to step in where the market mechanism failed due to various types of public goods characteristics. Governments and their officials were seen as the custodians of public interest who would seek to maximize social welfare based on their benevolence or the need to ensure electoral success in democracies (Arowolo, 2011:5).

Each tier of government is seen as seeking to maximise the social welfare of the citizens within its jurisdiction. This multi-layered quest becomes very important where public goods exist, the consumption of which is not national in character, but localised. In such circumstances, local outputs targeted at local demands by respective local jurisdictions clearly provide higher social welfare than the central provision. This principle, which Oates

(1999) has formalised into the "Decentralisation Theorem" constitutes the basic foundation for what may be referred to as the first generation theory of fiscal decentralisation (Bird, 2009). The theory focussed on situations where different levels of government provide efficient levels of output of public goods “for those goods whose special patterns of benefits were encompassed by the geographical scope of their jurisdictions” (Oates, 1999:5). Such situations came to be known as “perfect mapping” or “fiscal equivalence” (Arowolo, 2011:6).

Nevertheless, it was also recognised that, given the multiplicity of local public goods with varying geographical patterns of consumption, there was hardly any level of government that could produce a perfect mapping for all public goods. Thus, it was recognised that there would be local public goods with inter-jurisdictional spill-overs. For example, a road may confer public goods characteristics, the benefits of which are enjoyed beyond the local jurisdiction. The local authority may then under-provide for such a good. To avoid this, the theory then resorts to situation whereby the central government is required to provide matching grants to the lower level government so that it can internalise the full benefits.

Oates (1992) views fiscal decentralization as emanating from federalism and that federalism is a decentralized system of government in which public powers are divided among the levels of government. He went further to state that there are basically two systems of government the world

over which he says are: centralized and decentralized systems. He asserts that it is centralized when governmental powers are concentrated in the central government and that it is decentralized when public powers are shared among the different levels of government. Ramphal (1979), Litvack & Wallich (1993), Elias (1998), Tanzi (1999), etc. concur with the above views when they refer to federalism as decentralization of responsibilities and functions as well as allocation of resources among the existing levels of government. They maintain that in order to improve the efficiency of government systems, a system has to evolve that would differentiates the provision of local public goods according to local tastes and circumstances. This requirement is said to be met by a decentralized system of government.

Decentralization in the words of Musgrave (1961) permits better supply of public goods to local tastes and circumstances which increase the effectiveness and efficiency of economic development planning and implementation. As postulated by Oates (1992), decentralization is a broad concept used to describe various types of policies. Thus, there is spatial, market and administrative decentralization. Spatial decentralization, also known as regional policy is the process of promoting the development and urbanization of large metropolitan areas like state capitals. Market decentralization is said to be synonymous with liberal economic policies which allow the market, rather than the government, to provide goods and services. Administrative decentralization, which is germane to this work, is

defined as the transfer of responsibilities for planning, management and the raising and allocation of resources from the central government to the local governments. Oates further identified three subsets of the concept of administrative decentralization as: de-concentration, delegation and devolution. De-concentration is defined as the transfer of power to local administrative offices and ministries of the central government. Delegation is the transfer of power to sub-national governments, parastatals or other governmental entities. Devolution which is defined as the transfer of power to the local government is the concept mostly used in this work and hereinafter referred to as decentralization.

2.3 Theoretical Framework

A theory is a body of knowledge which has been developed over time to explain the basis of a given phenomenon. Thus, a research work of this nature which deals with the management of State Joint Local Government Account and the Challenges of Service Delivery in Kaduna and Gombe states cannot be intelligently conducted without a base to the study. Out of the several theories and submissions of scholars reviewed in this chapter, the Theory of Fiscal Federalism is deemed appropriate and has, consequently, been selected to serve as a base for this study.

According to this theory of fiscal federalism or decentralization, decentralizing the public sector can provide distinct advantages and avoid certain problems that plague centralized systems. Stated succinctly, the main

benefit of decentralization is said to promote greater welfare and efficiency in service provision by allowing local governments to respond to the varying preferences of their communities. This theory assumes that decentralization improves governance in three important ways. First, it increases local autonomy by shifting political decision-making to the local administration. This is said to allow local councils and constituents to decide and implement their policy priorities and increases the probability that those policies will be more in line with local preferences. Second, the devolution of authority increases the monitoring capacity of constituents who can easily identify individual politicians or parties responsible for specific policies or projects. The result of this connection is said to be greater accountability since voters can retrospectively punish and reward politicians for their performance as public office holders. The fact that local governments are empowered to implement their own policies together with direct lines of accountability also makes it imperative that politicians represent the interests of their constituents. Third, decentralization is believed to create incentives for competition among politicians and policies. The consequence is that ineffective and unpopular policies are weeded out and more efficient solutions to local problems are implemented.

Apart from its positive impact on the quality and quantity of goods and services provided, the true practice of fiscal decentralization will enable, Balanga, Akko, Yamaltu Deba, Nafada, Kaltungo, Gombe, Kudan, Kajuru,

Kagarko, Jema'a Zaria and Kaduna South local governments and in fact Nigerian Local governments to tailor the provision of these goods and services to local circumstances and also set tax rate to reflect benefits of public services. This will enhance local prosperity and bring about a sustained improvement in the living conditions of those dwelling in the local communities. In Nigeria, the present resurgence of strong regional demand for greater control of resources provides a classic example that further corroborates this view. It is believed that decentralization of spending responsibilities to the local governments will ensure efficient allocation of resources for the provision of local goods and services that most closely represent the aspirations of the people at that level. Generally, the distribution of economic infrastructure and amenities in Nigeria is in favour of metropolitan centres, rather than on the basis of predetermined socio-economic factors. Capital cities and headquarters at federal, state and local government levels are well-developed using enormous amount of federal, state and local governments' revenue. A development paradigm that focuses on transforming capital cities with streetlights, concrete pavements, flyovers, foot bridges, dual carriage ways, state hospitals, federal and state universities, etc. without comparable development effort at the rural level, apart from being unfair, would lead to increasing rural-urban migration with the attendant problems.

2.4 Relevance of the Theory of Fiscal Decentralization to this Study

The relevance of the theory of fiscal federalism referred to as fiscal decentralization in this study is that, it can foster better service delivery, development and by extension enable local councils which this study covers to address widespread incidence of rural poverty and equally bring about a transformation of the standard of living in Balanga, Akko, Yamaltu Deba, Nafada, Kaltungo, Gombe, Kudan, Kajuru, Kagarko, Jema'a Zaria and Kaduna South local governments of Kaduna and Gombe states. The development of the grassroots should be the concern of every responsible and responsive political system. This is because development and participation have continued to elude people at the grassroots. Development remains insignificant if it does not positively affect the lives of those in the periphery of decision-making arrangement. The expediency for the creation of local governments anywhere in the world stems from the need to facilitate development at the local level of society. The importance of a local government is a function of its ability to generate sense of belonging, safety and satisfaction among its populace. All forms of governments, regimes or political systems the world over are marching towards ensuring the attainment of this goal. Such strategy for ensuring national development and political efficacy is found in the concept and practice of local government. Whatever is the mode of government, local government has been essentially regarded as the path to and guarantor of, national integration, administration and

development. In Nigeria's socio-political context, with multiplicity of culture, diversity of languages and differentiated needs and means, the importance of such an organization in fostering national consciousness, unity and relative uniformity as well as preservation of peculiar diversities cannot be over-emphasized. Central to the creation of local government is its ability to facilitate an avenue through which government and the people intermix, relate and more quickly than any other means resolve or dissolve issues that have the potential of heating up the system. It can be seen from the foregoing that devolving more authority to the selected local governments which this study covers to register their presence in their jurisdictions by executing developmental projects beneficial to local dwellers is of paramount importance.

Nigeria has been administered under various systems of centralized and decentralized government – unitary under Aguiyi Ironsi, military federalism under the military regime and democratic federalism under elected politicians – since pre-independence to the present day. Before independence and for the most of the 1960s, decentralized administrative responsibility was accomplished by substantial internal revenue to meet jurisdictional needs. Consequently, the regions were able to raise revenue internally. With the oil boom of the 1970s, however, a greater proportion of the revenue was collected by the federal government. In the contemporary Nigeria, state and local

governments rely on allocations from the central government up to the tune of 70 – 90 per cent of revenue to carry out their functions (Olowononi 1998).

Although Nigeria is classified in literature as one of the nations that practise the decentralized system, past and current practices have shown that higher level governments (federal and state) have tended to exhibit central control over local governments. For instance, every government that comes to power whether military or civilian carries out one form of reform or the other on the local governments. No level of government has undergone various sorts of reforms like the local government. As noted earlier, some functions are best performed by the federal government while others are best performed by sub-national governments. Given Nigeria's ethnic and religious diversity and geographical spread of its natural resources, the relevance of a decentralized option cannot be over-emphasized.

The theory of fiscal decentralization posits that the degree of success of a decentralized system depends on how it is operated and the balance between centrally provided national public goods and those provided at the local level. Decentralization of functions to local governments must go simultaneously with decentralization of revenue collection and allocation. The decentralized model or theory adopted in this study advocates the transfer of the both administrative and economic powers to the local governments to enable them performed their constitutionally assigned functions. It is by so doing that Kudan, Kajuru. Kagarko, Jema'a, Zaria, Kaduna South, Balanga, Akko,

Yamaltu Deba, Nafada, Kaltungo, Gombe local governments of Kaduna and Gombe States and indeed local governments in Nigeria will be able to justify their existence to the populace within the boundary of their authority.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter comprises the basic research tools that make the study credible. Research methodology is usually a combination of procedural steps to conducting a research. It is sometimes called a research design or plan. Research plan is a technique used to guide the research towards resolving the problem stated. Generally, the plan consists of data to be collected, the sources of data, population of the study, and sampling plan to tools of data analysis.

3.2 Research Design

This research adopts the survey research and documentary methods. Survey method has the weakness of not being able to give comprehensive information on past issues relating to the subject under discussion. This gap was bridged using documentary method which gives information on past issues relating to the subject under discussion. The tools for survey research method include the questionnaire, interview; the researcher utilized them to complement each other.

Survey research studies both large and small populations by selecting and studying samples chosen from the population to discover the relative incidence, distribution and interrelations of sociological and psychological variables (Nachmias & Nachmias, 2009). According to them, the kind of

survey covered by this definition is the sample survey. The descriptive and inference (survey) method which is selected involves the collection of data which is to be used for describing and interpreting existing conditions. The central purpose of descriptive research is therefore the discovery of meaning, classification and analysis. The survey research gives direction to this study, and for this reason, it is most appropriate in making of generalizations. Hence vital views of respondents on the management of State Joint Local Government Account and how it posed challenges to effective service delivery of the selected councils and by extension local governments in Nigeria during the twelve years of civilian rule in this current democratic dispensation were captured using the survey method.

Therefore the perspectives of local government management staff and citizens of Kudan, Zaria, Kaduna South, Kajuru, Jema'a, Kagarko, Balanga, Akko, Yamaltu Deba, Nafada, Kaltungo and Gombe, local governments and some public institutions whose staff can give informed and intelligent information about the problems of the third tier of government were tested against the objectives of the existence of local governments to find areas of discrepancies and tandem using the instruments of survey research.

3.3 Types of Data

A study of this nature requires the sampling of the views of people (primary source) as well as documents (secondary source). The observations of the researcher will also come to bear in the study. These sources, when

blended, helped to balance and guide the thought of the researcher towards a meaningful analysis cum conclusion.

3.3.1 Primary Source

The primary source of data gives firsthand information on the subject matter. This source allows a researcher the privilege of meeting stakeholders and getting their views on the particular subject of interest. Kothari (2004) sees the primary data as the collection of facts and figures relating to the population. To collect the primary data for this research, questionnaires and interviews were used. Though the primary data is usually expensive to gather, it will constitute a very vital part of this study. For example, the opinions of staff of the selected council areas and some institutions who directly deal with or have some level of knowledge of the management of the Joint Account will help the researcher in knowing the real challenges which faced the effective performance of the selected council areas in Kaduna and Gombe states during the period under study. This will enhance the appropriateness and feasibility of the recommendations.

3.3.2 Secondary Source

Any data that has been documented for the purpose of references or any other data that can be accessed without necessarily involving a face-to-face interaction is regarded as secondary. Occasionally, however, data collected for some other purpose, frequently for administrative purposes may serve as secondary data. The secondary source is a rich store for compiling a large

number of statistics. For this research, our secondary data include official documents of the selected council areas. Other sources of literature include textbooks, journal articles, internet materials, seminar papers, reports such as financial records of the selected local governments and other published and unpublished materials as well.

3.4 Instruments of Data Collection

This section presents the tools used to gather data and on which the study relies absolutely. For instance, questionnaires and interviews used to elicit data for the study are defined and described below.

3.4.1 Questionnaire

Questionnaires are most commonly used tools in survey research because they are easier to respond to and at the same time score and code. Respondents on the other hand, find them more convenient because they do less or no writing at all. Questionnaires involve framing questions about a particular subject matter and getting the relevant individuals to react to them. They provide descriptions of the individual or group characteristics such as their personal data like gender, age, status, etc. The focus is to make comparison between groups, and between individuals and see the group dynamics or differences in perception. For the purpose of this study, the questionnaire is structured to capture the respondents' degree of agreement or disagreement on what constitutes the real challenges to the dismal service delivery of the selected council areas and what they consider the best ways to

address them. The major weakness of questionnaire is that it does not probe further to extract additional information from what have been provided by the respondents. To remedy this weakness, the interview is used to collect additional information which questionnaire is not be able to collect.

3.4.2 Interview

The interview is a method of collecting social data at the individual level. This is a face-to-face interpersonal role situation in which one person, the interviewer, asks a person being interviewed, the respondent, questions designed to obtain answers pertinent to the research questions and this ensures a higher response rate than postal questionnaires. It is very suitable for descriptive and exploratory purposes. Interviews could be guided or unguided, structured or unstructured. Any purposive conversation in which the interviewer attempts to obtain honest and complete answers to specific amount of questions is known as guided or structured interview. Though it grants a face-to-face contact it is quite expensive in determining attitude and requires a trained interviewer to obtain accurate results.

Interviews are more flexible and open in the case of unstructured or unguided interview. Although the questions asked are governed by the purpose of the research, their content, sequence and how they are worded are almost absolutely left in the hands of the interviewer. No schedule is used in this case. Questions on any aspect of the problem are put to any relevant groups. They are not ordered in any particular manner (Odoh, 1995). This

allows the interviewer get as much information as he desires because his questions are such that allows him probe and establish emotional contact with the interviewee.

For this study, interviews were conducted to capture the views of the management staff and lower staff of the twelve selected council areas, who can give informed and intelligent information about the fiscal operations and challenges of the local governments. The views of representatives of youth leaders, union leaders, farmers, businessmen and women were also captured using the interview method. Similarly, the views of some staff of Ministry of Local Government, Ministry of Finance, and State Auditors in Kaduna and Gombe states were also captured regarding the research problem.

3.5 Population, Sample Size and Sampling Technique

Population here refers to the aggregation of survey elements which is specific and delineative from which survey sample is actually selected. Population is sometimes referred to as the universe, and it is defined as the entire group whose characteristics are to be estimated. A population can be categorized into two: the target population and the accessible population. The target population refers to all the members of a specified group which relates to the investigation. Those elements in the group that are within the reach of the researcher are referred to the accessible population. The stratified random sampling technique was adopted where the local governments of the two

states were grouped into strata to reflect north, west, east and south senatorial zones.

There are quite a number of local governments in Kaduna and Gombe States which could be covered in our study, but because of the limitations in terms of resources, the study confines itself to six local governments in Kaduna State and six local governments in Gombe State which by the virtue of their sizes are considered adequate enough to represent the entire local governments in Kaduna and Gombe States. There are 23 local government areas in Kaduna State and 11 Local governments in Gombe State divided into three political and senatorial zones as follows:

Kaduna State

Zone 1 – Northern Senatorial Zone

Ikara, Kubau, Kudan, Makarfi, Soba, Lere, Sabon Gari and Zaria

Zone 2 – Central Senatorial Zone

Birnin Gwari, Igabi, Giwa, Kajuru, Chikun, Kaduna North and Kaduna South

Zone 3 – Southern Senatorial Zone

Jaba, Jema'a, Kachia, Kagarko, Kaura, Kauru, Sanga, Zangon-Kataf

(Source: Kaduna State Tourist Guide, 2008)

Gombe State

Zone 1 – Southern Senatorial Zone

Balanga, Biliri, Kaltungo and Shongom

Zone 2 – Northern Senatorial Zone

Yamaltu Deba and Akko

Zone 3 – Central Senatorial Zone

Nafada, Kwami, Funakaye, Dukku and Gombe

Source: Unpublished Official Document from Gombe State Ministry for Local Government and Community Development (2013).

One local government representing urban area and one local government representing rural area are selected from each senatorial zone as depicted below:

Kaduna State

Urban Local Governments	**Rural Local Governments**
Zaria	Kudan
Kaduna South	Kajuru
Jema'a	Kagarko

Gombe State

Urban Local Governments	**Rural Local Governments**
Kaltungo	Balanga
Yamaltu Deba	Akko
Gombe	Nafada

1976 Local Government Reform Guidelines define rural local government as one having a population below 150,000 and especially lacking in some infrastructural facilities which big or urban local governments have. Aside from population parameter, Kudan, Kajuru, Kagarko, Balanga, Yamaltu

Deba and Nafada local governments do not have the types of infrastructural facilities which big local governments like Kaduna South, Zaria, Jema'a, Kaltungo, Akko and Gombe have and so they are referred to in this study as rural local governments.

Purposive sampling technique was used to select respondents whose responses would assist in the study on the management of State Joint Local Government Account and how it poses challenges to the service delivery functions of the local government. Furthermore the Yamane's formula for determining sample size was also used. We chose that formula because it presents us with a minimum and manageable sample size. This technique does not discriminate between samples as selection is done with the view that the samples share the same characteristics. The entire population for this study therefore is 14,549. This is the total number of staff from the local governments and other institutions chosen for the study. The figure was arrived at from the available records of the establishments, i.e.

	Institutions	**Senior Staff**	**Junior Staff**
Kaduna State			
1	Zaria	630	401
2.	Kaduna South	707	727
3.	Jema'a	299	243
4.	Kudan	286	483
5.	Kajuru	438	411

6.	Kagarko	368	361		
Gombe State					
7.	Katunlgo	533	380		
8.	Akko	575	1366		
9.	Gombe	575	1282		
10.	Balanga	446	930		
11.	Yamaltu Deba	787	620		
12.	Nafada	251	959		
13.	Kaduna State Ministry for Local Government				
		85	92		
14.	Kaduna State Ministry of Finance				
		41	57		
15.	Gombe State Ministry for Local Government/Community Development				
		74	88		
16.	Gombe State Ministry of Finance				
		32	22		
	Total	6,127	8,422	=	14,549

Sources:

1. Authentic 2012 Staff List – An Unpublished Official document from Kaduna State Local Government Service Commission (2013)
2. Unpublished Staff List from Kaduna State Ministry for Local Government (2013)

3. Unpublished Official Document from Gombe State Ministry for Local Government (2013)

This study did not use the entire population but, a stratified and purpose sampling technique was used to choose those the researcher thinks are knowledgeable enough in the workings of intergovernmental relations to make informed contributions to the study for the purpose of generalization. A sample therefore is a smaller group of elements drawn through a definite procedure from a specified population, and the elements making this sample are those that are actually studied. The sample adopted for this study was derived using the Yamane's formula for deriving sample size.

To determine the sample size for this study, this research chose Yamane's formula to arrive at the appropriate number of people to be administered questionnaire, thus:

Yamane's Formula for Determining Sample Size

$$n = \frac{N}{1 + N(e)^2}$$

Where:

n = sample size

N = population

1 = constant

e = margin of error (level of significance)

Source: Yamane (1967) cited in Abubakar (2012)

Therefore:

$$n = \frac{14549}{1 + 14549\,(0.05)_2}$$

$$n = \frac{14549}{1 + 14549\,(0.0025)}$$

$$n = \frac{14549}{1 + 36.37}$$

$$n = \frac{14549}{37.37}$$

n = 389.3229 n = 389

Yamane (1967) seeks to give minimum sample size under ±5 for the study ensuring reasonable coverage. However, the sample was drawn using the simple random sampling technique. This is to allow a respondent to be handpicked from the pool of staff from the selected council areas and other institutions which this study covers. Questionnaires were therefore distributed proportionally to the staff from the selected organizations.

The table below clearly explains the relevant questionnaire distribution according to the size of the staff from the institutions under study.

Institutions	**No of Staff**	**Sample size (%)**	**No. of Questionnaires**
Zaria	1031	7.06	28
Kaduna South	1434	9.86	37
Jema'a	542	3.73	14
Kudan	769	5.29	21
Kajuru	849	5.84	22
Kagarko	729	5.01	19
Kaltungo	913	6.28	24

Akko	1941	13.34	51
Gombe	1857	12.76	46
Balanga	1376	9.46	37
Yamaltu Deba	1407	9.67	36
Nafada	1210	8.32	30
Gombe Ministry for Local Govt	162	1.11	7
Gombe Ministry of Finance	54	0.37	6
Kaduna Ministry for Local Govt	177	0.67	5
Kaduna Ministry of Finance	98	1.11	6
Total	**14,549**	**100%**	**389**

Source: Field Survey, 2013

The above table shows case study institutions, staff strength, sample size, percentage and number of questionnaires distributed to the respondents from the organizations under study and other institutions included in the study.

The staff strength of the organizations is outlined in the second column and the total population for the study constitutes 14,549. Sample size percentage was arrived at by dividing the staff strength by the total population of the study and multiplied by 100:

i.e. $n = \frac{1031}{14549} x100 =$

To get the number of questionnaire to be distributed to the organizations, we multiplied total number of questionnaires by the sample size percentage over hundred, e.g. $n = \frac{389x7.09}{100} = 28$

3.6 Methods of Data Presentation and Analysis

This study adopted simple percentages, tables and chi-square as tools of analysis to present and analyze our data. The simple percentage and chi-square enabled descriptive and inferential analysis respectively. The Chi-Square according to Leven & Rubin cited in Abubakar (2012) is used to test hypothesis and to measure the level of discrepancy between observed and expected frequencies and is given as:

$$X^2 = \sum \frac{(0-E)^2}{E}$$

Where:

X^2 = Chi – square

O = Observed Frequencies

E = Expected Frequencies

$\sum$ = Sigma or Summation

The Expected Frequency is usually calculated by multiplying the column total by the row total and dividing the result by the grand total for each cell.

$$E = \frac{CT \times RT}{GT}$$

Where:

E = Expected Frequency

CT = Total Column

RT = Total Row

GT = Grand Total

The Degree of Freedom is the number of freely varying scores within the sample. It is calculated as: df = N – 1, in a 2x2 contingency table.

The level of significance refers to the maximum probability with which we could be willing to risk. For the purpose of this study, our level of significance is 0.05 because it agrees with the Yamane's formula for sampling adopted by the study. This means that the maximum probability we are willing to risk is 5% of the result.

Decision Rule for Testing H_0

If X^2 calculated is greater than critical value we reject the null (H_0) hypothesis and accept the alternate (H_1) hypothesis. But if X^2 calculated is less than critical value we accept the null (H_0) hypothesis and reject the alternate (H_1) hypothesis.

Variables:

Hypothesis 1

Independent Variable - The Management of SJLGA

Dependent Variable - LG Service Delivery Capacity

Hypothesis 2

Independent Variable – Corruption

Dependent Variable – Effective Service Delivery

Hypothesis 3

Independent Variable – Paucity of Funds occasioned by SJLGA

Dependent Variable – Effective Service Delivery

3.7 Justification for the Method of Analysis

This research adopted the above technique because it attempted to test for dependence among the variables in our hypotheses. This technique is very common in social sciences like Public Administration because it is relatively simpler to use and understand. And because it tends to also search for discrepancies and causal relationships between variables, the technique became more appropriate.

CHAPTER FOUR

MANAGEMENT OF THE STATE JOINT LOCAL GOVERNMENT ACCOUNT IN NIGERIA

4.1 Introduction

A conference with the theme 'Entrenching Effective and Democratic Local Governance' was organized on the 8th October 2012 by the Nigerian Union of Local Government Employees (NULGE) in which key stakeholders including local government chair persons, Nigerian Labour Congress (NLC), civil society, academics and political parties were represented. The meeting deplored the lamentable state of local governments in the country in spite of over five decades of reforms. The conference among other things resolved to issue a communiqué and also make a submission to the Senate House Committee on the review of the Nigerian 1999 constitution on the need to review the position of the local government in the Nigerian intergovernmental relations (Okafor, 2012). Similarly, the Nigerian Union of Local Government Employees (NULGE) mobilized its members nationwide to converge in Abuja for a mass protest over a move by the Nigerian Governors' Forum (NGF) to stop the Senate from considering granting autonomy to the local Government. This was captured live on the Nigerian Television Authority (NTA) 9.00 P.M news of 1st March 2013 and also reported on Sahara social media news on the same 1st March 2013.

4.2 Federalism and Fiscal Federalism in Nigeria: An Overview

Federalism as presently practised in Nigeria dates back to 1954 when, under the Littleton Constitution, the country which had previously been administered by the colonial power largely as a unitary state was restructured into three quasi self-governing and administered regions. The process of federalism by devolution has since then remained a basic feature of the Nigerian political system, with regions/states being periodically split into smaller and ethnically more homogeneous units. At present, the country has evolved from the centralized authority of the pre-1954 period into the federation we have today.

Scholars hold divergent opinions on why federalism was adopted in Nigeria. According to Fajana (1996), the adoption of federalism by Nigeria can be ascribed to its considerable diversity in terms of geography, ethnicity and culture. The country covers more than 925 thousand square kilometres of land. Within its borders are over 250 ethnic groups with diverse social and cultural values and who occupy distinct geographical and ecological zones. Given such ethnic plurality as well as cultural and regional diversity, the country could hardly be governed efficiently and effectively as a political unit by a centralized authority. Federalism, Fajana opined, has therefore been generally accepted by Nigerians as the most suitable political arrangement that would allow the diverse elements to retain some identity and at the same time derive in the context of a united country benefits from the pooling of

resources and large domestic market. While the rationale for federalism in Nigeria is said to lie mainly in the plurality and heterogeneity of the society and regional differences, the adoption of the system has also derived from the diversity of the functions which a modern government is expected to perform. Some of the functions can be more efficiently performed at the national level, others at a sub-national level such as the state or local government. In recognition of this, efforts have been made in the Nigerian federal system to define the powers and functions of the various tiers of government. As mentioned above, the unitary structure which was established in 1914 by the British colonial power through the amalgamation of the Northern and Southern protectorates with the colony of Lagos had metamorphosed into a three regional structure and a weak central government in 1960. It was split into 4 regions in 1963, 12 states in 1967, 19 states in 1979, 23 states in 1987, 30 states in 1991 and later 36 states and 774 local government councils in 1996.

This constant change in the Nigeria federal structure went simultaneously with changes in revenue sharing schemes of the country's past constitutions, governments and regions. These changes in the federal arrangements also gave rise to further decentralization of governmental functions and responsibilities to the sub-national units of the federation. This in turn gave rise to the practice and application of fiscal federalism in the Federal Republic of Nigeria. Fiscal federalism is all about how the various

tiers of government relate financially especially as it concerns the execution of those functions assigned to them by the federal constitution.

Federalism essentially refers to the existence in a country of more than one level of government, each with different expenditure responsibilities and tax powers. This has translated in Nigeria into a structure consisting of a federal government with 36 states and 774 local governments as mentioned above.

Political, economic and socio-cultural reasons are given in literature as justification or rationale for adopting multi-level or multi-unit governmental system. Politically, it is argued that federalism could arise as a dynamic application of constitutional development in the process of nation-building, emerging as a functional arrangement among states or more accurately among communities (Ramphal 1979).

The economic reason for federalism hinges on the need to provide public goods and services to the society with differing geographical spread of benefits. As a result of this, the functions of government are classified into the provision of national, state and local public goods and services. This distinction is necessitated by the spatial limitation of benefit incidence of public goods and services, a conception that justifies the definition of public goods as non-excludable or non-rival in consumption. Some social goods are national in that their benefits spread across the entire nation like national defence, macro-economic stability, coinage, international trade, etc. These

functions are better performed by the federal government. Others are geographically limited like street-light or market stalls. For these types of public goods, the benefits are limited to residents within the radius of the benefit circle in which the facility is located; therefore the states and local governments are better placed to carry out such functions.

The functions and the powers of the various tiers of government are located within the provision of the constitution of the federal republic. It must be stressed here that once a federal structure has been adopted in whatever form, it represents a complex set of relationships among the various tiers of government involved. This relationship according to Ayoade (2012) can either be vertical or horizontal. This situation calls for decentralization of functions.

Decentralization, which is a crucial element in a federal set up, defines the need for the allocation of responsibilities to the federal and the lower units of government in a federation. This in turn, determines, the quantum of the fiscal resources in terms of tax jurisdiction and statutory allocation to be made to each tier of government to enable them perform those political, economic and social responsibilities assigned to them by the Constitution. Herein lies the essence of fiscal federalism in a federal state. Given the above reasoning, fiscal federalism or intergovernmental fiscal relation could be seen as enshrined in a federal constitution providing for functional responsibilities to be performed by multi-level government and the financial resources required

to discharge those responsibilities (Mbanefoh 1992). What can be deduced from the above is that a good practice and application of the tenets of fiscal federalism should enable the selected local governments in Kaduna and Gombe states which this study covers and indeed Nigerian local governments to deliver beneficial services to those in their territories. But this has been far from being the case in this political entity called Nigeria. This research therefore seeks to find out the reasons for this.

4.3 The State Joint Local Government Account – An Appraisal

Fund allocation and disbursement to local governments in Nigeria has become topical, to say the least, controversial, first because of the way it has been handled, and very importantly too, because of its centrality to project and recurrent administration in local government. Both the 1979 and 1999 Constitutions of the Federal Republic of Nigeria put the state government in charge of fund disbursement to local governments. The stakes are high here because between 80 – 95% of local government's total revenue goes into this Account (Technical Committee Report, 2003).

Compared to other periods, the Colonial and First Republic experiences for example did not grant to aid local government to such a tune. According to the Northern Nigerian Ministry of Information (1965) Native Authorities collected 70-80 % of their revenue as taxes and fees while grants were in the region of 12-15%. In this case, the Native Authorities were virtually "self supporting".

Under the military, in order to de-emphasize the high stakes attached to a Joint Account, the Federal Government resorted to direct disbursement of funds into individual local government's own account, since grant had become the mainstay of local government revenue (Gboyega 1999:113).

Each time the military exit the political system, they bequeath a Constitution that provides for a Joint Account for Local Government, something that did not work during their own tenure. The problem is that this arrangement plays into the hands of the key stakeholder i.e. the State Government while the Local Governments for which this fund is meant to serve become marginalized in the decision making regarding the allocation of these funds.

This section of the study attempts to examine the machinery of the Joint Account as regards the constitutional provision establishing it, and how effective State Governments have been in the management of this Account.

4.4 Intergovernmental Fiscal Relations in Nigeria

Inter-Government Relations involve both power sharing and fiscal devolution. Thus decentralization must involve both political and financial variables to create the correct prerequisite for efficient service delivery at the lower level of government (Abubakar 1999). In Federal systems, these are determined according to the exclusive and concurrent functions of government levels. The allocation or distribution of revenue could be strategized by way of the following:

a). Collect all taxes centrally

b). Allow sub-national government to collect the taxes

c). assign taxing power to each and every tier of government (Tanzi, 1995).

Each of these has its own strong points and shortcomings. For example, central collection of taxes can facilitate the distribution and stabilization functions of government and also the provision of national public goods. It also checks loss of tax through mobility of taxpayers from one locality to another if such taxes are collected locally. On the other hand, a decentralized system of tax administration or collection will more likely pitch spending decision at the grassroots level against available resources. It can also promote accountability and efficient provision of local public goods. Fiscal autonomy and competition among local authorities can also be enhanced.

These two extremes provide the bases for fiscal decentralization over the years, be it federal or unitary. In so doing, decentralization of function is as much as possible matched by decentralization of revenue collection (Mbanefoh, 1992).

The issue arising from the foregoing can be summarized as a choice between "tax base sharing and revenue sharing' (Taiwo 1999:19). Both form the basis of inter-government fiscal relationship. Let us look at each of these.

4.5 Tax Sharing

The important question about tax sharing in multi-unit financing is which tax bases should be shared to sub-national governments. This according to the World Bank (1988:79-104) should reflect certain qualities like efficiency, equity, revenue adequacy, low administration cost, and ability to promote economic stability. According to Taiwo (1999:19), three attributes which are efficiency, revenue adequacy and administration cost should be the three key attributes at the local government level. He further argued that even though virtually all taxes are based on either the ability-to-pay principle or the benefit principle, it appears that the benefit principle has an edge over and above ability-to-pay principle in the provision of local goods. The benefit principle can take the form of benefit taxes and user changes which in short constitute the major sources of internal revenue of most local authorities.

Despite the promise of tax sharing, it has continued to lag behind revenue sharing (grants) in intergovernmental fiscal relationship.

As pointed out above, revenue sharing is largely about intergovernmental grant or 'allocation' to Local Governments. Grants can be used for different purpose viz:

- To overcome horizontal fiscal disparities between localities and to mitigate vertical fiscal imbalance between tiers of government.
- Where a higher level government may impose certain services or standards on lower level governments.

- May be used to offset the effects of externalities;
- Where taxes are collected centrally on behalf of all tiers or lower tiers of government (Taiwo 199:19).

It should be noted that the type of horizontal and fiscal redress in the first purpose above can come through a formula for sharing such revenue among various units. For the same purpose, the universal primary education programme of the seventies in Nigeria can be cited. In the case of externalities, the funds that go for oil producing states and the derivation funds are examples. The Value Added Tax and statutory allocation can serve as examples of central collection of taxes.

Comparative example can also be used to show the importance of revenue sharing. In the United States of American for example, revenue sharing aims at helping to overcome the severe financial problems of state and local government and relieve them of the need to continually increase local taxes. Secondly, Congress intends revenue sharing to be flexible and meet broadly defined social priorities. Thirdly, revenue sharing was 'intended to be a new source of federal aid to state and local government and not to displace either categorical assistance or local resources for provision of municipal service and facilities' (Rodinelli 1979: 167-170).

In the United Kingdom, the rising profile of revenue sharing over taxes base sharing is very apparent. Tracing the development between Rates and Grants (i.e. tax and revenue sharing respectively) between 1913 - 1983, Prest

and Barr (1985:517-618) observed that the percentage of central government grants to local authorities revenue has risen from 25% to about 63% between 1913/14 and 1983, having been around 66% in the mid-seventies.

Writing on the same issue, Rawlison and Tanner (1990:83) identified the three sources of local authorities revenue in Britain viz: fees and charges, government grants, and local taxation (rates) and observed that in 1989, out of £34,000 million nearly £14,000 million or 41% is covered by grants from central government while the remainder of 59% is shared between rates, fees and charges. He states however that fees and charges and no-grant incomes in the average account for 20% of local authority total revenue.

We are beginning to see that whether in federal system or unitary states, as in those highlighted above, grants or revenue sharing have become very important. Zeroing in on federal arrangement to which Nigeria belongs, we want to say that in summary, the principles that guide revenue transfer are:

a. The nature of function and the revenue available to the three tiers of government,

b. Equalization transfers i.e. transferring resources to lower tiers to make up for the difference between its internally generated revenue and those needed to maintain minimum standards;

c. Grants earmarked and targeted for specific purposes (Osemwota 1984:6)

These three guidelines compliment the purpose for revenue sharing discussed earlier on. However, it is important to mention that the problem with fiscal transfer may not be with the purpose or guideline alone but with the basis of specific formula for sharing the interpretation of such formula. And the likelihood of such funds reaching their destination. This is where the Nigeria situation especially as regards local government statutory allocation comes in. At the local government level, the formula for sharing funds has always been explicitly stated. Under the military, this has been uniform. For example the criteria of population, Equality and Primary School enrolment have been consistent as variables employed for revenue allocation to local government especially from 1977 to 79. Under the civilian administration, from 1979-83, the sharing formula was as follows: population 40%, equality 40%, internal revenue effort 5%, and primary school enrolment 11.25% and inverse enrolment 3.25% (Osemwota: 1984:14).

Despite the existence of these principles, guidelines and formulae, the problem with intergovernmental fiscal transfers or grant especially to local government have been in addition to these, with the administration of the funds at state level in Nigeria.

4.6 Revenue Sharing and Nigerian Local Governments

Before 1976 revenue sharing had been an affair between the states and local government. Both specific and bloc grants were made to local government for handling specific and multi-purpose projects.

Federal allocation to local government first appeared in form of a loan/ fund in 1973/74 when a sum of N12 million was given to each state for onward transmission to its local governments, with an additional N19 million in 1974/75 to consolidate this fund.

However, a coherent and articulate policy did not emerge until the advent of the 1976 Local Government Reform. From 1976 to 1980 the Federal Government made series of grants to local government totaling N1.078 billion. It also followed this up with a formula for sharing. This was in addition to primary education grants and contribution to the pension fund (Oyelakin, 1987).

With the Aboyade Commission's report, which was modified by the Okigbo report and a court of jurisdiction, these periodic and unilateral allocations from the Federal Government become factored into the Constitution of the Federal Republic in 1979. Such allocation became known as statutory allocation, for it was constitutionally mandatory for local governments to share from the Federation Account or what was referred to as the Distributive Pools Account. Section 149 of the 1979 Constitution states clearly in its various subsections, the issues of "public" revenue sharing between the federal, state and local government and especially the creation of a "State Joint Local Government Account". These issues are taken up as we analyze the 1999 constitution shortly.

The military on the other hand did not really stick to the Joint Account as stipulated by the Constitution but maintained a semblance of such an institution through the Ministry for Local Governments. They however continue to review and revise the revenue allocation formula in favour of local governments, thereby institutionalizing the statutory allocation to local governments. Moreover, since 1991 the military abolished any semblance of a Joint Account and decided to pay local government statutory allocation directly to an account opened by each local government in the federation. This tended to buoy up the autonomy of these councils, up till the advent of the 1999 Constitution, when the state decided to invoke Section 162 of this Constitution to assume total charge of local government, its administration and its finances.

Very striking in this, is section 162(6) which states:

Each state shall maintain a special account to be called "State Joint Local Government Account" into which shall be paid all allocations to the Local Government Councils of the State from the Federation Account and from the Government of the State.

This Joint Account has become problematic under both constitutional orders of 1979-83 and since 1999. It is this problematic nature that we want to specifically look at here.

4.7 The State Joint Local Government Account: A Recurring Decimal, A Recurring Problem

It can be said emphatically that a most important factor that paralyzed the administration of local governments under both the 1979 and 1999 Constitutions is the State Joint Local Government Account. Writing on this issue in the eighties, a number of authors have acclaimed this position. Oyelakin (1983:6) wrote on the form of control over the account thus: Happily in 1982 neater revenue allocation formula was evolved for the three tiers of government under the Revenue Allocation Act. Federal Government on its own part has pursued the responsibility vigorously. But some time there was still problem about the money reaching the destination because the law did not allow the federal government the liberty to give the money directly to local government.

This problem of state control over the account was taken up by Olowu (1984:30) where he captured the issue from the prospective of local government autonomy when he argues that the financial, administrative, political and personnel resources of local government must be made available to them. More specifically, he pointed out that as of now these resources are routed through their state government and at present is the great undoing of the local government before state governments which paradoxically jealously guard their powers from the federal government.

To highlight the importance of these financial resources, he went on to add that ‘Not even the conduct of fresh democratic elections intro the nation’s

local government system is likely to make local governments more independent.'

The author has succeeded in demonstrating the overriding nature of the Joint Account over any other variable – even elections, since when it come to elections, the state governments "pack the local councils with their favorite nominees".

In the same manner, Ozor (1984) looked at the issue extensively in a paper titled 'The State Joint Local Government Account as a Political Instrument for the Development of Local Government Area in Nigeria'. In this paper, he criticized section 145(6) of the 1979 Constitution for "handing over this account to the whims of the State House of Assembly." The other problem was that there were no safeguards to ensure that State Governments complied with this provision. Yet another problem was how to ensure that the state's own 10% contribution to this fund as conveyed by section 162(6) of the 1999 Constitution is really adhered to.

Even in disbursing the money from the account the author pointed to a research done by the Department of Local Government Studies A.B.U. Zaria in 1982 which shows that: 'Very few of the states in our catchments area (northern states) have prescribed legal formula for disbursing founds from the account. As a result of this, the effect has been some degree of mismanagement. For example, statutory allocations to local governments

which should go into this Account sometimes are diverted into objectives other than local government' (Ozor 1984: 217).

In terms of sharing formula, this differed from state to state. Under the military before 1980, it used to be 25% equality and 75% population, eventually; this came to be modified from state to state. For example, in Oyo state, these criteria were used viz: population (80%) Equality (10%) and primary school enrolment (10%). In Kwara, outside the above three, factors like land Area and Reversed fund were added. Bendel state only added landmass to equality and population but no primary education enrolment (Ozor 1984).

It can be seen from the above discussion that the problem of the Joint Account between 1979 to 1983 rested largely with the control and misuse by the State Government, the lack of contribution to this fund by the state, the lack of accountability and even in the formula for disbursement.

Unfortunately for the present constitutional order, the military decided to lift the same portions of the 1979 Constitution into the 1999 Constitution verbatim, not minding the problems the Joint Account had created under the 1979 – 1983 Constitutional regime. They themselves ran away from the abuses of the Joint Account by embarking on directing funding of local government but abandoned the idea when it mattered most for local governments. The military can be accused here of planting the seeds of destruction for local government for the Fourth Republic just like they did for

the Third Republic. These indeed are seeds of instability and fragility rather than promoting autonomy and viability, and this is the major problem the Joint Account has created for the local government system at the moment (Odo, 2004).

4.8 Matters Arising on the Joint Account under the Present Dispensation

It has been pointed out that the experience of 1979 – 83 as far as the Joint Account is concerned is a replica of what is happening under the present dispensation. The Constitution has not just put local governments squarely in the hands of the State Government but very importantly its finances (see Constitution of the Federal Republic of Nigeria 1999: Section 162 (5) (6) (7) (8). Section 162 (6) specifically mentions the State Joint Local Government Account. The operation of the Joint Account since 1999 has not deviated from the 1979 to 83 syndrome. It is not just a recurring decimal but a recurring problem.

Apart from the problems of exclusive control of this fund by the State Government, the unwillingness to contribute State's own 10% of internal revenue to the Account, a lack of accountability and an unsteady formula for allocation, the State governments have come to find the Account very useful for three other things. These are: supporting the creation of additional local governments, sponsoring of party electioneering and some sort of 'stabilization fund' which the State government can fall back on in time when

their own resources are depressed, or where they need quick funds to sponsor a 'project' or even by way of rewarding political supporters through the award of contract on behalf of local governments (Odoh, 2004).

The need for creation of more local governments sparked off the real effort to set up this Account during the first two years of state governments' administration. For the first one to one and half years of their administration, they never really bothered about setting up the Joint Account. In most States of the Federation new local governments were created in 2002/2003. The fund to support these councils, in the absence of any recognition and subvention to the new councils by the Federal Government, came from the Joint Account. Thus, the States split the Account between the parent and new local governments. In others, the pool of money was centrally shared to both new and old local governments using certain formula.

On this issue, a study was conducted for the Technical Committee on the Review of the Structure of Local Government in Nigeria by the Department of Local Government Studies, Ahmadu Bello University; Zaria and the report had this to say on the Joint Account and creation of new local government: 'The burden of the new Local Governments have come to be shared by all local governments in the State rather than the parent Local Government. In most of the states, the criteria for sharing funds from the Joint Account apply equally to both new and old Local Governments. This tends to spread and multiply overhead cost, especially that of administration. The

effect of this is that internal revenue becomes leaner and leaner while fewer projects can be embarked upon. The whole thing becomes chaotic and counter-productive (Technical Committee Report, 2003).

The second issue or problem identified above is the abuse by way of unsteady formula for sharing and blatant interference by State governments to service other extra legal issues. The results of both of these have had telling effects on local government. Take the White Paper on the Report of the Technical Committee on the Review of the Structure of Local Government in Nigeria, for example. It found out in section 2.45 that 'the operation of the State Joint Local Government Account has always been to the disadvantage of the local Government Councils. It went ahead to highlight an example of how deductions from The Joint Account in Kaduna State have crippled these local governments. While the statutory allocation to the 23 local government was N999,084,103.30 for April 2007, the deductions from this allocation amounted to N680,172,438.43 thus leaving the local governments with Net statutory allocation after the deductions N241,908,669.88 (See draft, White Paper 2004:2.45)

This shows that the statutory allocation that got to the local government councils in Kaduna state in that month was about 24% of the total allocation. In fact, for 'Miscellaneous Deductions' to have gulped N88 million is very curious indeed. It should be noted that the statutory deductions allowed are the first three items; the others are sources that are extraneous to this Account.

Such deductions and interferences have been common in many States. News are rife about how some State Governments virtually annexed the Joint Account to their party electioneering funds and just barely paid salaries of local government staff during this period. In one state, and as the State's Permanent Secretary in the Ministry for Local Government testified before the Technical Committee on the Review of Local Government, 2003, the Caretaker Committees of each local government were given one million naira to run their local governments after offsetting salary payment. This according to him had shored up more than 2 billion naira as at August 2003. Any capital project was to be centrally controlled. So, while the state government was supposedly saving money for the incoming civilian local government leadership, the local governments' plans and budgets had to wait (Odo, 2004).

Moreover, in Zamfara State, the government in 2007 announced the establishment of an Integrated Development Fund into which all Local Governments are to contribute 25% of their statutory allocation. This is outside the established statutory deduction. So also in Katsina State, the State government in the 2005 announced a 20% contribution of Local Government allocation to fund primary education in the state, this is beside the statutory deduction for primary education.

Such deductions and unilateral approaches to the Joint Account occur from state to state. In one of the states, the Ministry of Finance rather than the Ministry for Local Government does the allocation. We can safely say that

there is hardly a Joint Account meeting in this State while the Ministry for Local Government does not have any good record of the allocation over these years (Technical Committee Report from Department of Local Government Studies, A.B.U., Zaria, 2003).

It is in the light of all these pitfalls in the concept and operation of the Account that States have received barrage of criticism from the public, unions and even higher government. In an interview with Jubril Aminu on Local Government Reform, he considered the State Government as the problem when he said '….I believe the state governments are responsible to a great extent for the local government system not working, because they never gave them their freedom, they never gave their money, they decided whom they were going to post there and they change so many things and the local government did not work. The state governments are there to feed away a lot of money that were meant for local governments and the people in their localities. We have a very expensive commission in the state government (Odo, 2004).

These views capture what we have said about funding and autonomy and it is a serious indictment on the States. In the same way, the National Union of Local Employees (NULGE) have asked serious questions from the States on the management of Local Government finances when they stated that Governors denied local government N300 billion Naira in 4 years

Nigerians have a love for democracy and so far, they do not see that democracy in their local governance. Nigerians deserve to see in their local life the operationalization of the constitutional guarantee of democratic local government. Nigerians deserve a system of local governance that entails a high level of interaction and dialogue between people at the grassroots and their elected representatives. Their local leadership must evolve to start providing the essence of good local governance. Nigerians deserve truly free and fair local government elections and full participation of the citizens in setting the agenda of local governance. It is only on this basis that they can begin to get access to improved social services and basic infrastructure.

For genuine democratic local governance to function, emphasis must be on ownership by the people of activities and initiatives. We must learn to promote effective participation of communities in development initiatives with special consideration for women, the poor and other vulnerable groups in society. We must also strive to promote transparency and accountability in the conduct of local government functions. This will require capacity development for the Councils to enable them perform their statutory responsibilities better and re-align them with their changing roles and responsibilities, especially use of participatory processes in LGAs. We need to use the opportunity provided by the present 1999 Constitution Review at the National Assembly and the National Conference headed by Justice Kutigi to make amendments that could institutionalise the guarantee of

a democratic local government provided for in Section 7(1) of the 1999 Constitution. To enhance the autonomy of the local government councils there is the need to promote the autonomy of State Independent Electoral Commission (SIEC) by having the appointment of the Chairman of SIEC by an independent agency other than by the State Governor in addition to a having a constitutionally guaranteed sources of funding for SIEC.

The Constitution should empower the local communities to have a say in how local government revenues are spent. The Constitution should also provide for the formation of community-based committees on Monitoring and Evaluation of Projects and Contracts. The main duty of this committee will be to ensure that projects for which contracts are awarded are implemented properly and the committee may serve as a watchdog on local government finances.

4.9 The Politics of Local Government Autonomy and the Operation of Joint Account

One major issue of national importance dominating discussion at the on-going National Conference headed by Justice Kutigi is that of the status of local government in the Nigerian Intergovernmental Relations. One important political dimension of the politics of Joint Account is the issue of local government autonomy. Local government autonomy is symbolically linked to finance. Since the provisions of the Sections 7 and 146 of the 1979

Constitution, Local Governments have been having problems with their respective States over their financial autonomy. Section 7 (1) of the 1979 states 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 ensure their existence under a law, which provides for the establishment, composition, finance and functions of local councils'.

Section 146 of the same Constitution states clearly in its various sub-sections, the issues of public revenue sharing between the Federal, States and Local Governments and especially the creation of a 'State Joint Local Government Account' (1979 Constitution). Even though the two provisions of the Constitutions were seemingly intended to promote the system of Local Government and strengthen their structures, placing them under the control of State Governments subverted whatever laudable aims intended to be achieved through these provisions. Both the Sections of the Constitution have become topical issues in the financial autonomy of local government councils in Nigeria.

The experience in the workings of intergovernmental fiscal relations in Nigeria especially from 1979 to 1983 left local governments under tight financial control by their respective State Governments. In a Work Bank report titled 'Achievements and Problems of Federal and State Transfer to Local Governments in Nigeria since Independence' Olowu (1989) cited in

Kurfi (2008) highlighted the extent of these problems to Local Government finances. The summary of his argument was that 'In spite of elaborate arrangement to make local government as third tier of government as enshrined in the 1979 Constitution of the Federal Republic of Nigeria, state governments were able to carry out open violations of the arrangement for transferring resources to local governments especially during the civilian era of 1979 to 1983.' He further identified and thoroughly discussed five most important features of these violations as:

a. Use of transfers to underwrite the costs of Federal Government Programmes of Universal Primary Education (UPE).
b. Mismanagement of Local Government transfer revenues by the State Governments.
c. Creation and proliferation of more Local Government units by the State Governments to score political points.
d. Increased control over the Local Government process by State Government especially in the approval of Local Government budget, personnel policies and deductions for both statutory and non-statutory functions.
e. The encroachment, criteria of distributing revenue transfers and abolishing of major internal revenue source of the Local Governments.

In the Second Republic (1979 – 1983), revenue allocations among the Local Governments was motivated by the prospects of political gain or loss in the form of additional votes that could be won or lost as a result of such marginal revenue changes. Many Local Governments during this era were denied their statutory allocations partly because they were under the control of an opposition party and sometimes when they refused to dance to the tunes of the State Governments. This may be due to a long standing belief that Local Governments would have to do the biddings of the State Government because 'he who pays the piper dictates the tune'

As a result of these and other violations of the spirit and letter of the local government reform, the Federal Military Government was led to take two far-reaching decisions in respect of State/Local Government relations. First, in January 1988, the Federal Government directed that all federal monies to local governments should be sent directly to through Federal Pay Office in the States. The latter are to make 5% deduction for the finance of joint services between the State and Local Governments. Such services include: training, pensions, payment for traditional offices and primary education.

The second federal decision was taken in October 1988 when the Federal Government abolished the Ministries for Local Government nationally on the basis of the argument that they hindered rather than assisted the development of Local Government autonomy. The Federal Government

also directed that all Local Government functions which State Governments were carrying out on behalf of Local Governments should be restored to them. The Local Government Councils were then assured financial autonomy since 1989. These provisions were enshrined in the 1989 Constitution of the Federal Republic of Nigeria (Kurfi, 2008).

Additionally, the Federal Government in a circular (Ref: VP/925/Vol.1 dated 21st August 1992) reviewed the provisions of the Guidelines on the Application of the Civil Service Reforms in the Local Government Service (1988) which provided supplemental guidance in the conduct of the financial activities of Local Governments. This was done ostensibly to bring them in line with the logic of the presidential system of government. This action effectively removed all controls previously maintained by the State Government on the administration of Local Government finances. The Federal Government was however optimistic that sufficient checks and balances already exist in various provisions of the 1988 Reforms and the more recent changes to guarantee any necessary controls in financial administration at the Local level. Among those safeguard measures specifically mentioned include:

a. The separation of powers at the Local Government level and the responsibility conferred on the legislative arm of Local Government to vet and approve Local Government budget as well as monitor the implementation of the budget;

b. The constitutional responsibility of the State Auditor General of Local Government to audit all offices of the Local Governments in the state and to have access to all books, records, returns and other documents relating to Local Government accounts;

c. The provision of Audit Alarm;

d. The codification of offences and sanctions;

e. The process of recall;

f. The impeachment process; and

g. The provision, that all Accounting Officers shall continue to be held liable, even after leaving office, for any financial irregularities occurring during the tenure of office (Abubakar, 1999).

The sum effects of all these provisions as contained in the Presidency's Circular (VP/925/Vol/1) was to remove all existing obstacles associated with the State Governments' supervisory role in the administration of Local Government finances. Although under the new dispensation, State Governments were expected to offer 'technical and professional advice in the area of budgeting and project management', there was nothing compelling Local Governments to seek such guidance or advice in the first place.

Events in the Local Governments in the recent past have shown that the idea of self-sustaining, self-regulating and self-enforcing system of financial administration envisioned by the Federal Government in granting autonomy to

the Local Government was fraught with severe weakness that combine to provide a fertile ground for wide-scale and very profound corrupt practices. In particular, preliminary study carried out in 6 states: Kaduna, Kano, Katsina, Jigawa, Sokoto and Bauchi clearly showed that hardly were any of the provisions of circular NP/925 or indeed of any standing rules and regulations governing Local Governments expenditures adhered to by the Executive (Abubakar, 1999).

More so, when the only statutory source of external control, the Office of State Auditor General of Local Governments, has been unable to fully take off and exert its influence in most States. The Audit Alarm Committee has also been most ineffective as testified to in responses to a questionnaire survey conducted by the Department of Local Government and Development Studies, Ahmadu Bello University and cited in Abubakar (1999). In the 6 states mentioned, no Local Government had any record of an audit alarm being raised since the system was instituted well over three years earlier. On the other hand, there exists ample evidence to suggest that a number of irregularities have occurred in the administration of funds to warrant the raising of audit alarms.

In November 1994 when the Abacha Administration came to power, all the Local Government Councils in the country were dissolved. Directors of Personnel were saddled with the responsibilities of running the affairs of local government pending the appointment of caretaker committees. In Benue State,

when the Government took a look at the activities and performances of these Directors of Personnel and their Treasurers, in the then 18 Local Governments were found guilty of their embezzlement, official corruption, abuse of office, strangulating of financial control measures or outright recklessness with local government finances. The story was the same with many other States in the country (Kurfi, 2008).

The period 1999 to 2004 when the Local Government Councils were democratically elected, there was no radical departure from the period of 1979 to 1983. The Local Governments were reduced to mere appendages of state governments. In Section 7 (1) of the 1999 Constitution, Local Governments were placed under the control of the State Government. The autonomy of the Local Government almost disappeared even before the creation of unviable ones. State Governments took for themselves the selection of contractors for services and purchase/supplies and, in many cases diverted the funds in the Joint Account to other functions of the State Government or part in power.

The imposition also of the Millennium Hope Project in the Local Governments by the Kaduna State Government caused undue interference in the execution of projects which were more viable to the common people. The extra-budgeting expenditures, as recorded, were an infringement on the finance of the Local Governments (Kurfi, 2008). Clearly the freedom enjoyed by Local Governments in Nigeria was heavily constrained. The rights and

freedom given to local governments in the 1999 Constitution were taken over by tight financial and administrative constraints.

4.10 Local Government Finance in Nigeria

One of the recurrent problems of the three-tier system in Nigeria is dwindling revenue generation as characterized by annual budget deficits and insufficient funds for meaningful growth and viable development projects. Local administration in Nigeria can be traced to the colonial period. Available record shows that the first local administration ordinance was the Native Administration Ordinance No. 4 of 1916 which was designed to evolve from Nigeria's old institutions the best suited form of rule based on the people's habits of thought, prestige and custom (Bello-Imam 1990). These local administrations were used in the eastern and western parts of the country while the indirect rule was introduced in the rest of the north.

For example, in 1926, a centralized budget system was introduced. Following the creation of Northern, Western and Eastern regions in 1946, a decentralized public revenue structure began to emerge. The first revenue commission was set up in 1946. During the colonial period, four revenue commissions were set up. The principles, criteria and allocation formulas recommended by the commissions are well documented (Ekpo 1999). McPherson constitution of 1948 initiated some remarkable changes; the regions introduced some reforms in their local administrations in the 1950s which aimed at enhancing performance. Though, the reforms gave local

administrations to collect rates, levy pools and income taxes to finance their activities, the regions had overall control of the taxes. Local administration lacked self-determination, hence their resources were inadequate. Though, the local authorities were partially successful in the North they were unsuccessful in the Eastern and Western regions.

Local government administration in the country experienced fundamental changes in 1976. The 1976 Local Government Reform created for the first time, a single-tier structure of local government in place of the different structure in the various states. Our interest in the 1976 reform hinges on the restructuring of the financial system. The reform instituted statutory allocation of revenue from the federation account with the intention of giving local government fixed proportions of both the federation account and each state's revenue. This allocation to local government became mandatory and was entrenched in the recommendations of the Aboyade Revenue Commissions of 1977.

The 1979 constitution empowered the National Assembly to determine what proportion of the federation account and revenue from a state to be allocated to the local government. In 1981, the National Assembly fixed these proportions at 10 percent of the federation account and 10 percent of the total revenue of a state. In 1985, the state's proportion was reduced to 10 percent of the internally-generated revenue; local governments' allocation from the federation account was later adjusted to 20 percent.

It was further increased to 25 percent with the arguments that local governments are expected to take on larger developmental responsibilities. The revenue allocation has continued to vary in proportion over time. At present, local governments receive 20 percent of the federation account. In addition, proceed from the Value Added Tax (VAT) are also allocated to them. Presently, VAT's allocation is 35 percent based on equity of states (50 per cent), population (35 percent) and derivation (2 percent). The 1976 local government reform states the internal revenue sources of local governments to include:

a. Rates, which include property rates, education rates and street lighting;
b. Taxes such as community, flat rates and poll tax;
c. Fines and fees, which include court fines and fees, motor park fees, forest fees, public advertisement fees, market fees, regulated premises fees, registration of births and deaths and licensing fees; and;
d. Miscellaneous sources such as rents on council estates, royalties, interest on investment and proceeds from commercial activities.

But despite this clear demarcation, states and local government still clash over sources of internal revenue.

Local government system in Nigeria needs a moderate amount of financial autonomy to be able to discharge its responsibilities effectively. Public revenue in a federal system assumes that there are benefits to be derived from decentralization. Public revenue decentralization occurs when

lower tiers of government have statutory power to raise taxes and carry out spending activities within specified legal criteria. Public revenue decentralization occurs when much of the money is raised centrally but part of it is allocated to lower levels of government through some revenue-sharing formula otherwise known as administrative decentralization.

Local governments in Nigeria receive statutory allocations from two higher tiers of government (federal and states). At the present revenue sharing formula, local governments receive 20.60 percent from the federation account. They are also statutorily entitled to 10 per cent of states' internally generated revenue. As regards to Value Added Tax, local governments receive 30 percent in 1998. This was shared to local governments on the following basis: equality (50 percent), population (30 percent) and derivation (20 percent). In 1999, local governments received 35 percent of the VAT proceeds. This percentage is what the Local Governments still receive till date (Adedokun 2006).

The federal government controls all the major sources of revenue like import and excise duties, mining rents and royalties, petroleum sales tax, petroleum profit tax and companies income tax among other revenues sources. Local Government taxes are minimal hence this limits their ability to raise independent revenue and so they depend solely on allocation from the federation account. Much of the revenue collected by the federal government and distributed among the different tiers of government using the vertical

revenue allocation formula is from the Federation Account. But the federal government seems to exercise too much control over its distribution. So many deductions are made from the total revenue collected before the rest is distributed according to the sharing formula.

Value Added Tax also constitutes an additional source of revenue to local governments. The viability of local governments has implications on the management of the wider economy. Budget deficits at the local level may create or aggravate public revenue mobilization problems. In Nigeria, major tax bases remain under the central government. Some taxes are shared by state and local governments, for example, property taxes and rates. On the other hand, licenses and fees on television and wireless radio are shared between the federal and local governments. But the Federal government may manipulate tax rates to solve macro-economic problems without bothering about the lower levels since the latter have no major tax bases assigned to them. Also, local governments are not allowed to borrow externally to develop any viable project; though they may borrow domestically. Since local governments are very crucial for national development, then revenue and expenditure decentralization must accompany each other. Therefore, Nigeria's public revenue mobilization and utilization should be restructured such that assigning of tax powers, tax bases and borrowing would be left to the appropriate tier of government. A situation where the federal government is so far from the people and yet collects virtually all revenue is unhealthy. Certain lucrative

taxes should be left to local authorities. The weak administrative machinery at the local level should be strengthened to enable them collect major taxes for further development. The federal government should complement the revenue raised locally with special grants to enable local government execute good projects to the benefit of its people. In this case, the federal government can do the necessary follow-up of the project by providing logistic support in terms of monitoring and evaluation modalities. Capital projects naturally generate employment and prevent migration to urban centres. The involvement of local governments in education also contributes to human capital development. Since 70 percent of Nigerians still live in the rural areas and local governments are the closest to the rural people, their revenue mobilization drive and utilization strategies should be improved considerably to enable them meet the challenges ahead. Local governments' responsibilities for economic planning and development, citizenship development and empowerment through primary, adult and vocational education and capacity enhancement through health care provision cannot be effectively executed just with 6 percent of total public sector spending. Thus, about 95 percent of the local governments do not have adequate funding.

In a study carried out by the United Nations Development programme (UNDP) and the states/local government department of the Presidency, out of an aggregate of 23,602 towns claimed by the respondent local governments, only 5,291 are linked to the national grid for electricity supply while about 33

percent do not have electricity at all even in their headquarters (UNDP 1989). Yet, between 1995, and 1997, the local governments executed only 122 rural electrification projects nationwide. Sixty percent of the local governments had no access to telecommunication facilities yet no local government executed a project in this regard during the three years mentioned. No doubt, the local governments are still confined to their traditional areas with just a little improvement.

Local governments in Nigeria mobilize their funds solely from external sources. The external sources include federal and state governments' financial transfers like grants, statutory allocations, share of Value Added Tax (VAT), receipts and loans. These external sources introduce a dependence syndrome in local government revenue mobilization effort. Any setback from the external sources would have adverse effect on the administrative machinery and execution of some viable projects. This also has weakened their internal revenue mobilization capacity.

Another constraint is imposed on local government revenue mobilization capacity through state control over local government budget, which is made to pass through many levels of approval in the hands of the state government. Even after approval, post-budget controls still impose further restrictions on what local governments can do (Roberts 1998).

The delay in the passage of annual budget for local governments poses a great problem in the sense that budget sometimes take 4 months before

approval. Invariably, this will cause delay in execution of local government functions including payment of the staff salaries and hinder infrastructural facilities to be put in place. In 1996, some newly elected Chairmen of Local Governments in Nigeria condemned in its entirety the horizontal sharing formula of the local government's allocation from the federation account which was equality (40 percent) population (30 percent), land mass/terrain (10 percent) social development factor (10 percent) and internally generated revenue (10 percent). This formula will continue to yield less revenue for many local governments especially when more local governments are created (Otaha, 2008).

Local governments in Nigeria are no longer there to discharge administrative functions, they are deeply involved in collective participation in governance, encourage physical and economic development, create the conditions for employment within their localities and provide social services that will improve the well-being of their people. The 1976 Reform has given local governments in Nigeria a sort of radical transformation from being an appendage of state governments to a very important and autonomous third tier of government. With this reform, local government became a legal and constitutional entity with properly defined functions as well as guaranteed sources of revenue. However, for the local governments to function effectively in Nigeria, the revenue allocation formula should be changed. Larger percentage of the revenue allocation should go to the local

governments in order to enhance grassroots development. The percentage should be changed from the present percentage (20.60% to about 52%) to allow for the development of the rural areas which would prevent the rural shift to urban centre.

CHAPTER FIVE

DATA PRESENTATION AND ANALYSIS

5.1 Introduction

This chapter is meant to present the data collected and analyzed. It transforms data collected from the field through classification according to how they discriminate among each other on the basis of the initial hypothetical position. This chapter also reveals the extent to which data collected from the field supports or disproves a particular line of thinking. It is therefore central in the research process. It facilitates the testing of hypothesis of the study. Bulk of the analysis is based on data garnered from the primary source because the study itself is focused on State Joint Local Government Account and the Challenges of Service Delivery in the selected local government areas of Kaduna and Gombe states. This data is a collection of responses from questionnaires administered to 389 respondents in Kudan, Zaria, Kaduna South, Kajuru, Jema'a, Kagarko local governments of Kaduna state and Kaltungo, Akko, Gombe, Balanga, Yamaltu Deba and Nafada Local Governments of Gombe state, Kaduna and Gombe states' Ministries of Local Government, Kaduna and Gombe states Ministries of Finance. As earlier stated, that sample size was arrived at using the stratified random sampling technique where the local governments of the two states were grouped into strata to reflect northern, south and central senatorial zones. Furthermore the Yamane's formula for determining sample size was also used. We chose that

formula because it presents us with a minimum and manageable sample size as earlier discussed in the methodology chapter. This technique does not discriminate between samples as selection is done with the view that the samples share the same characteristics.

The questionnaire is divided into four sections: A, B, C and D. Section A sought to collect data on the bio-data of the respondents while Sections B, C and D were designed to test the three hypotheses earlier stated in chapter one. The questionnaires were distributed to the senior staff of the selected local governments and other public institutions who are connected to or who could give informed statements about the fiscal operations of the local governments. The rate of returns of the questionnaire was high. Precisely, 90.68% of the questionnaires distributed were returned, i.e. out of the 389 questionnaires distributed, 350 were successfully returned and 340 duly filled.

Although it is rare to have such a high rate of return, it is considered adequate for comprehensive analysis and interpretation. The rate of returns is calculated on Table 5.1 below containing the organizations sampled, based on questionnaires administered in relation to their population size.

Interviews were equally administered to corroborate the data from the questionnaire. Though responses from the interviews were not coded and put in tabular form as was done with the questionnaire, it was used to support responses from the tables. Besides, the responses were used to enrich our recommendations. The interviews were conducted with local government

Chairmen, Accountants, Auditors, Heads of Department, Directors and senior staff of the selected local governments as well as Management staff of Ministries for Local Government and Ministries of Finance of the two states. Interviews were also held with youth, women and community leaders in some of the local governments.

The questionnaire was structured into Five-Point Likert Scale of Strongly Agree (SA), Agree (A), Disagree (D), Strongly Disagree (SD) and Neutral (N). The questionnaire is structured to test the respondents' degree of agreement or disagreement.

5.2 Data Presentation

The data from the survey is displayed below to determine their rate of return. Similarly, responses on each question are presented in a tabular form for easy comprehension and subsequent analysis.

Table 5.1: Summary of Responses to Questionnaires

Institutions	Staff Strength	Number of Questionnaires Administered	Number of Questionnaires Returned
Zaria	1031	37	34
Kaduna South	1434	28	25
Jema'a	542	14	14
Kajuru	849	22	21
Kagarko	729	21	20
Kudan	769	19	19
Akko	1941	51	47

Gombe	1857	46	42
Balanga	1376	37	30
Yamaltu/Deba	1407	36	29
Nafada	1210	30	24
Kaltungo	913	24	21
Gombe Ministry of Finance	54	6	6
Gombe Ministry for LG	162	7	5
Kaduna Ministry of Finance	98	6	6
Kaduna Ministry for LG	177	5	5
Total	**14,549**	**389**	**350**

Source: Researcher's Survey, 2013

Rate of Return: $= \frac{\text{Total Number of Questionnaires Retrieved}}{\text{Number of Questionnaires}} \times \frac{100}{1}$

$= \frac{350}{389} \times \frac{100}{1} = 90\%$

Out of the 350 questionnaires returned, 340 were duly completed; consequently the analysis in this chapter was conducted on that number.

5.3 Data Analysis and Interpretation

Table 5.2: Classification by Gender

Gender	Respondents	Percentage
Male	291	86%
Female	49	14%
Total	**340**	**100%**

Source: Researcher's Survey, 2013

From the table above, the male group had the highest number as it relates to responding to the questionnaire. By implication, it signifies that, in responding to national issues, the male group has remained in the forefront. This is based on the fact that out of the 340 questionnaires collected, our male respondents were 291 representing 86 percent as compared with only 49 female respondents constituting just 14 percent. This means that the views are bound to tilt towards male biases.

Table 5.3: Respondents' Educational Attainment

Level of Education	Respondents	Percentage
NCE/OND	42	12.4%
HND/1st Degree	261	76.8%
Masters and Above	37	10.8%
Total	**340**	**100%**

Source: Researcher's Survey, 2013

The structure of the distribution of the level of educational attainment of the sample population depicts that 42 or 12.4 percent of the respondents have NCE or OND, 261 or 76.8 percent hold either HND or 1st Degree while 37 representing 10.8 percent are holders of Masters and PhD Degrees. Those with Higher National Diploma, first Degree, Masters and PhD Degrees responded massively to the questionnaires and also participated intelligently in the oral interviews the researcher had with some of them. Those in this category also have a good understanding of Nigerian intergovernmental relations especially as it concerns the State Joint Local Government Account.

Table 5.4: Grade Levels of the Sample Population

Grade Level	Respondents	Percentage
Level 8 – 10	25	7%
Level 11 – 13	41	12%
Level 14 - 15	274	81%
Total	**340**	**100%**

Source: Researcher's Survey, 2013

As could be seen from the above table, the respondents who are in level 8 to 10 are 25 or 7 percent, those in level 11 to 13 are 41 or 12 percent while those in level 14 to 15 are 274 constituting 81 percent. When it comes to the issue of fiscal operations of the local government and the management of the State/Local Joint Account, those respondents in level 8 to 15 have appreciable knowledge of its management. This was obvious during interactions with them and this accounts for why they are the target of this study.

The data in the next three tables is the respondents' rating of the status of the Nigerian local governments.

Table 5.5: Local Governments are Equal Partner with Other Levels of Government

Responses	Frequency	Percentage
Strongly Agree	22	6.5%
Agree	27	8%
Strongly Disagree	211	62.1%
Disagree	80	23.4%
Neutral	-	-
Total	**340**	**100%**

Source: Researcher's Survey, 2013

In table 5.5 above, respondents were asked whether they believe local governments are treated as equal partners in the Nigerian intergovernmental relations, 22 and 27 respondents went for strongly agree and agree options while 211 and 80 chose strongly disagree and disagree respectively.

Table 5.6: Local Governments are Disadvantaged in the Intergovernmental Relations

Responses	Frequency	Percentage
Strongly Agree	209	61.5%
Agree	52	15.3%
Strongly Disagree	32	9.4%
Disagree	29	8.5%
Neutral	18	5.3%
Total	**340**	**100%**

Source: Researcher's Survey, 2013

On whether the respondents consider local governments disadvantaged in the intergovernmental relations, table 5.6 shows that 209 and 52 respondents ticked the strongly agree and agree options. 32 and 29 respondents went for strongly disagree and disagree options respectively while 18 respondents representing 5.3 percent took a neutral position.

Table 5.7: Local Governments are Subservient to Other Levels of Government?

Responses	Frequency	Percentage
Strongly Agree	109	32.1%
Agree	111	32.6%
Strongly Disagree	57	16.8%
Disagree	48	14.1%
Neutral	15	4.4%
Total	**340**	**100%**

Source: Researcher's Survey, 2013

As to whether local governments are subservient to other levels of government, the data in table 5.7 reveals that 220 or 76.8% strongly agree or agree, 105 respondents representing 30.9 percent either strongly disagree or agree while 15 respondents were neutral.

From the presentation in the three tables above, it can be deduced that the overwhelming majority of the sampled population considered local governments either subservient or disadvantaged in the Nigerian intergovernmental relations. Interviews were conducted on this issue and the following are some of the responses of those interviewed. Honourable Abdullahi Garba Talase, the Executive Chairman of Balanga local government who was interviewed on the 21st June 2013 between the hours of 10.15 AM to 11.20 AM was of the view that local governments are seriously disadvantaged in the Nigerian intergovernmental relations. He said this manifests itself first in the election of local government chairmen which is greatly influenced by the sitting governor. Honourable Garba went further to say that local government chairmen are most often than not handpicked from among the incumbent governor's loyalists and political associates from the ruling party in the state and this fact makes it difficult for the chairmen not to walk or work by the dictates of the governor. The NULGE chairman of Kudan local government chapter in the person of Comrade Yusuf Isa also commented on this issue in the interview the researcher had with him by 11.30 AM on the 2nd of July, 2013. According to him, local government is only a third tier of

government in the Nigerian 1999 Constitution but in reality they are an appendage of the other higher governments especially the state government. On being asked to explain further what he meant, the NULGE chairman said the problem of Nigerian local government is a constitutional one; this is because the same 1999 Nigerian Constitution which made local government a third tier also placed them under the control of the state government. He concluded that unless the issue of the status of local governments is given urgent attention in the ongoing 1999 Constitutional Review, local governments in Nigeria will continue to be subservient to other levels of government.

Table 5.8: There is Imbalance between Functions and Finances of Local Government

Responses	Frequency	Percentage
Strongly Agree	174	51.2%
Agree	39	11.5%
Strongly Disagree	54	15.9%
Disagree	63	18.5%
Neutral	10	2.9%
Total	**340**	**100%**

Source: Researcher's Survey, 2013

From table 5.8 above, 213 respondents representing 62.7 percent opined that they strongly agreed or agreed that there is imbalance between functions and finances of local government. 117 respondents constituting 34.4 percent either strongly disagreed or disagreed that there is discrepancy between functions and finances of local government while 10 or 2.9 percent of the respondents

went for the neutral option. Interviews were conducted with some key local government officials on this issue and below are their responses. The researcher had one on one interaction with Mr Tukura Yakubu who is the State Auditor in Kagarko Local Government of Kaduna state on the 12th June 2013 by 2.05 PM on the issue of mismatch or non-correspondence between statutorily assigned functions of local governments and the finances to carry out those functions. Mr Yakubu stated that the issue of mismatch or non-correspondence between functions and finances of local government would not have arisen if local governments' statutory allocations from the Federation Account and the 10% of State's Internally Generated Revenue are duly or fully given to them. He said the inability of local governments to fully access their statutory allocations is what has occasioned the imbalance between statutory duties of local governments and the finances required to discharge those functions. Dr. Haruna Sadeeq who is the Director of Primary Healthcare in Nafada Local Government of Gombe state also gave his view in an interview with him on the 3rd of July, 2013 by 9.45 AM. Dr. Sadeeq said imbalance between functions and finances of Local Government became pronounced in Gombe state from 2004 to date when People Democratic Party (PDP) took power from All Nigeria People's Party (ANPP). According to him, during the administration of Alhaji Abu Hashidu who was the executive governor from 1999 to 2003, the funds belonging to local governments in the Joint Account were given them but now each local government is only given

Two million (₦2m) monthly to run the affairs of the local council. From the views of the respondents in the table above and from the interviews, it can be deduced that the issue of non-correspondence between functions and finances is brought about and aggravated by the way and manner local governments' funds in the State Joint Local Government are managed or administered.

The information contained in the next five tables represents the respondents' opinions on which of the following services they think their local governments did well in the period under review: Waste Disposal, Quality Primary Healthcare Provision, Construction and Maintenance of Local Roads, Maintenance of Markets, Construction of Culverts and Drainages.

Table 5.9: Waste Disposal

Responses	Frequency	Percentage
Strongly Agree	142	42%
Agree	33	10%
Strongly Disagree	94	28%
Disagree	57	16%
Neutral	14	4%
Total	**340**	**100%**

Source: Researcher's Survey, 2013

The table above depicts the views of respondents on whether their local governments did well or not in the management of wastes during the period under study. 142 or 42 percent of the respondents strongly agreed that their local governments did well. 33 (10 percent) ticked the agree option but 94 respondents strongly disagreed and 56 (16 percent) disagreed that their local

governments did well in the area of waste disposal while 14 representing 4 percent of the respondents were neutral.

Table 5.10: Quality Primary Healthcare Provision

Responses	Frequency	Percentage
Strongly Agree	76	22.35%
Agree	40	12%
Strongly Disagree	139	41%
Disagree	79	23.23%
Neutral	6	1.42%
Total	**340**	**100%**

Source: Researcher's Survey, 2013

Primary healthcare delivery is one of the constitutional functions of the local governments and its qualitative and effective provision is widely held as one of the indices of development at the local level. In view of the foregoing therefore, the sampled population was asked how their local governments performed as regards primary healthcare delivery. 76 (22.35%) strongly agreed that their local governments scored very high in the provision of primary healthcare while 40 (12%) agreed. However, 139 (41%) and 79 (23.23%) of the respondents strongly disagreed and disagreed respectively with the assertion that their local governments performed well in the area of primary healthcare delivery. 6 (1.42%) respondents were neutral. Some of the citizens of the local governments interviewed were unanimous on the fact that they patronized private hospitals or clinics rather than going to government hospitals at the local level because they could not get help there due to poor services or unavailability of drugs.

Table 5.11: Construction and Maintenance of Local Roads

Responses	Frequency	Percentage
Strongly Agree	62	18.23%
Agree	71	20.85%
Strongly Disagree	149	43.82%
Disagree	58	17.1%
Neutral	-	-
Total	**340**	**100%**

Source: Researcher's Survey, 2013

Good road networks at the rural and local levels facilitate social and economic activities and go a long way to enhance the living conditions of the rural and local dwellers. For this reason, the respondents were asked if their local governments constructed and maintained local roads during the administrations of Obasanjo and Yar'Adua/Jonathan. 62 respondents constituting 18.23 percent strongly agreed and 21 representing 20.85 percent agreed that their local governments constructed and maintained local roads. Overwhelming majority of 149 (43.82 percent) and 58 (17.1 percent) however strongly disagreed and disagreed that their local governments performed satisfactorily in the area of construction and maintenance of local roads. Interviews held with some of the local dwellers on this issue brought to the fore the fact that some of them could not distinguish which roads are constructed or maintained by either state or local governments as state government sometimes take over functions statutorily assigned to local governments.

Table 5.12: Maintenance of Local Markets

Responses	Frequency	Percentage
Strongly Agree	55	16%
Agree	81	23.8%
Strongly Disagree	168	49.2%
Disagree	36	11%
Neutral	-	-
Total	**340**	**100%**

Source: Researcher's Survey, 2013

Table 5.12 above shows that a total of 136 or 39.8 percent of the sampled population either strongly agreed or agreed that their local governments maintained local markets. 204 representing 60.2 percent of the respondents strongly disagreed or disagreed that anything of significance was done by their local governments as regards the maintenance of local markets. Some residents of the local governments the researcher interacted with on this issue were unanimous in saying that their local governments were not justifying their existence by the provision of these services. Although some of them blamed this on the disadvantaged status of the local governments in the Nigerian intergovernmental relations. Construction and maintenance of some local markets which the researcher saw in some of the understudied local governments in Kaduna and Gombe states were said to be carried out by the state governments.

Table 5.13: Construction of Culverts and Drainages

Responses	Frequency	Percentage
Strongly Agree	27	8%
Agree	77	23%

Strongly Disagree	103	30.2%
Disagree	130	38%
Neutral	3	0.8%
Total	**340**	**100**

Source: Researcher's Survey, 2013

The data contained in the table above shows that 27 (8 percent) of the respondents strongly agreed that their local government constructed culverts and drainages in the period which this study covers. 77 (23 percent) agreed with the same issue while 103 (30.2 percent) and 130 (38 percent) strongly disagreed and disagreed respectively. 3 respondents or 0.8 percent were neutral.

As could be observed from the preceding 5 tables, the overwhelming majority of the respondents asserted that their local governments did not perform satisfactorily in the areas of Waste Disposal, Quality Primary Healthcare provision, Construction and Maintenance of Local Roads, Maintenance of Markets and Construction of Culverts and Drainages. Interviews were conducted with some top officials of the local governments on why this state of affairs existed in the service delivery functions of their local governments during the period under study. Alhaji Dahiru Dau who is the Treasurer of Zaria Local Government and has served in various local governments in Kaduna state for thirty two years was interviewed on 2nd of May, 2013 from 10 AM to 11.51 AM. The reason for the apparent inability of the local governments to sufficiently provide the above-mentioned services and other

constitutionally assigned functions according Dahiru hinges on the fact that state government unduly controls the finances of the local governments through the Joint Account. According to him, the situation became so severe in Kaduna state that for six months running (September 2012 to February 2013) 6 local governments (Kaura, Kaduna South, Jema'a, Lere, Kajuru and Kagarko local governments) were not able to pay staff salaries. Honourable Ado Umar who is the deputy Chairman of Kaltungo Local Government Gombe state was also interviewed 0n the 19th June, 2013 by 11.30 AM on the poor performance of the local government in the above-mentioned areas. He said the issue of poor or dismal performance of the local government does not arise because for a long time now in Gombe state, each local government council is given two million naira only every month to run the affairs of the council. All other programmes or projects for the local governments according to the deputy Chairman are completely handled by the state government through the Ministry of Local Government and Community Development. He said it is when there is correspondence between functions and finances of local government that their performance can be adjudged either as effective or ineffective.

The following are some of the expenditure on capital projects in some of the local governments in the two states during the period under review.

Gombe State

1. Construction of one block of six classrooms at the cost of N5,345.112.56 in Kumo, Akko.
2. Construction of one block of 3 classrooms at the cost of N2,8838,673.33 in Lawanti, Akko.
3. Construction of Maternity Home with equipment, 3 Cell pit Latrine and two bathrooms at the cost of N4,755,698.89 in Garin Bakari, Akko.
4. Construction of Maternity Clinic with Furniture, Equipment and Staff Quarters at the cost of N5,406,642.00 in Buka, Akko.
5. Construction of Hand Pump Borehole at the cost of N480,000.00 in Gangaware, Balanga.
6. Rural Electrification and Reticulation at the cost of N4,500,000.00 in Nyuwar, Balanga.
7. Construction of one Block of two Classrooms with Toilet and Furniture at the cost of N2,411,061.44 in Talase, Balanga.
8. Construction of NYSC Quarters, Renovation of a block of 3 Classrooms and Completion of Exams Hall at the cost of N3,100,000.00 in Jekadafari, Gombe.
9. Construction of Bridge at the cost of N2,600,333.33 in Dawaki, Gombe.
10. Construction of Skills Acquisition Centre at the cost of N2,090,850.00 in GRA Gombe.
11. Provision and Installation of Transformer at the cost of N3,307,000.00

12. Construction of Maternity Centre with Furniture and Equipment at the cost of N4,503,488.89 in Wili, Kaltungo.
13. Construction of Skills Acquisition Centre with Equipment at the cost of N4,860,428.53 in Kaltungo.
14. Construction of Motorized Borehole Construction at the cost of N5,011,500.00 in Tula, Kaltungo.
15. Construction of 1 Block of 2 Classroom with Furniture and Toilet at the cost of N2,411,061.20 in Garin Abbas. Kaltungo.
16. Construction of Library with Furniture at the cost of N3,630,132.14 in Dandabola, Nafada.
17. Construction of Teachers' Quarters at the cost of N3,250,5566.67 in Alheri, Nafada.
18. Construction of Maternity Clinic with Furniture, Equipment and Matron Quarters at the cost of N5,406,642.00 in Madaki Lamu. Nafada.
19. Construction of two Blocks of Classrooms at the cost of N4,853,688.89 in Nono, Yamaltu Deba.
20. Construction of one Block of Classroom with office at the cost of N2,903,900.00 in Gwani East, Yamaltu Deba.
21. Construction of Community Library at the cost of N4,376,350.00 in Zambuk, Yamaltu Deba (**Source**: Official Document from the Ministry for Local Government, Gombe).

Kaduna State

1. Rural Electrificattion at the cost of N12,000,000.00 in Zaria.
2. Construction of Staff Quarters at the cost of N5,000,000.00 in Zaria.
3. Construction of Drainages at the cost of N1,107,909.00 in Zaria.
4. Construction of Health Clinic at the cost of N8,000,000.00 in Kufena, Wushishi and Tudun-Wada, Zaria.
5. Construction of Local Government Secretariat at the cost of N16,000,000.00 in Kudan.
6. Construction of Staff Houses at the cost of N8,250,000.00 in Kudan.
7. Construction of Adult Education classes with equipment at the cost of N1,300,000.00 in Kudan.
8. Construction of District Head's House at the cost of N2,000,000.00 in Kudan.
9. Construction of Permanent Local Government Secretariat at the cost of N15,000,000.00 in Kajuru.
10. Construction of Junior Staff Quarters at the cost of N4,500,000.00 in Kajuru.
11. Construction of Feeder Roads at the cost of N14,000,000.00 in Kajuru.
12. Construction of Borehole at the cost of N3,000,000.00 in Kagarko.
13. Purchase of Furniture for the Permanent Secretariat at the cost of N4,000,000.00 in Kagarko.
14. Construction of Market Stalls at the cost of N4,000,000.00 in Kagarko.

15. Construction of Yam Market at the cost of N23,436,000.00 in Ungwan Television, Kaduna South.
16. Purchase of two new saloon cars at the cost of N1,164,664.00 in Kaduna South.
17. Construction of new clinics in Badiko, Ugwan Mu'azu, Kabala West and Tudun-Nupawa at the cost of N11,100,000.00.
18. Purchase of Vehicle at the cost of N2,545,000.00 in Jema'a Local Government.
19. Construction of Drainages at the cost of N1,775,000.00 in Jema'a Local Government.
20. Purchase of Tractor/Equipment at the cost of N6,000,000.00 in Jema'a Local Government.
21. Construction of C0mmunity Reading Room in Jema'a Local Government at the cost of N1,000,000.00 (**Source**: Official Document from the Ministry for Local Government, Kaduna).

Joint Projects by States and the Respective Local Governments in Kaduna and Gombe states

The distribution of joint projects by the states and the respective local governments in Kaduna and Gombe states as could be seen in the appendix 4 shows that the joint projects in the six local governments in Gombe state are concentrated in the educational sector. This is because while a total of 76 primary and secondary schools' buildings were constructed during the period

under review, only 20 health facility projects were carried out across the six local governments. The number of joint projects in other sectors is as follows: Rural electrification – 3, Market Stalls – 2, Roads and Culverts – 13, Water Facilities – 20. These projects were carried out by an agency set up by the state government called Gombe State Community-Based Poverty Reduction Project.

In Kaduna state however there was concentration of mass purchase of transformers and construction of local roads according to official document obtained from the Ministry to the Local Government. The number of joint projects in other sectors is as follows: Rural electrification – 18, Market Stalls – 22, Roads and Culverts – 33, Water Facilities – 17.

It can be inferred here that this sort of interference and control of the local governments by the state has eroded the third-tier status of the local governments and consequently hampered their ability to effectively deliver services to those they judicially control.

All revenues accruing to the Federal Republic of Nigeria are paid into an account known as the Federation Account. These revenues are then shared among the three levels of government thus: Federal Government = 52.7%, State Governments = 26.7% and Local governments = 20.60%. This sharing arrangement has been well contested by all stakeholders as either being fair or unfair. Given its increasing expenditure responsibilities occasioned by

changing time, the local governments' share is viewed as inadequate by some school of thought. To sample the views of the sampled population on this sensitive and volatile issue, the question of the adequacy or otherwise of the local governments' share of 20.60 percent was posed to them.

Table 5.14: 20.60% Allocation to Local Government from the Federation Account is adequate

Responses	Frequency	Percentage
Strongly Agree	69	20.3%
Agree	171	50.3%
Strongly Disagree	80	23.5%
Disagree	20	5.9%
Neutral	-	-
Total	**340**	**100%**

Source: Researcher's Survey, 2013

The opinions of respondents on whether or not they consider the local governments' share of revenue from the Federation Account adequate are presented in table 5.14 above. 69 respondents constituting 20.3 percent and 171 citizens representing 40.8 percent strongly agreed or agreed that the 20.60 percent allocation to local governments from the Federation Account is adequate. 80 respondents representing 23.5 percent and 20 or 5.9 percent believed the current local governments' allocation is adequate. When interviewed, a good number of those who held this allocation as adequate asserted that if local governments are allowed full access to this 20.60 percent monthly allocation, it will go along way to enable local governments to discharge their statutory duties to the populace in their jurisdictions. Those

who said the monthly allocation to local governments is inadequate justified their standpoint on the fact that local governments are closer to the populace than the State and Federal governments and so should be given more finances to register their presence in their areas by way of efficient and massive provision of social amenities and infrastructures that will directly impact or affect the lives of the local citizens.

In Nigeria, federal allocations are not transferred directly to local councils; they are paid into an account known as State Joint Local Government Account for onward payment to the local government councils by the state government. Some local government officials and a cross section of Nigerians advocating for local government autonomy have argued that this constitutional Joint Account has given room to state executives to mismanage and starve local governments of the needed finances to execute programmes and projects that will positively touch the living conditions of the rural and local dwellers. In the table below are the views of the respondents on this thorny issue.

Table 5.15: Local Governments are Starved of Needed Funds Through The Joint Account

Responses	Frequency	Percentage
Strongly Agree	152	44.7%
Agree	88	25.9%
Strongly Disagree	38	11.2%
Disagree	60	17.6%
Neutral	2	0.6%
Total	**340**	**100%**

Source: Researcher's Survey, 2013

Overwhelming majority of 240 respondents constituting 70.6 percent strongly agreed or agreed that local governments were indeed starved of funds to provide beneficial social services to the local populace during the period under review. 98 or 28.8 percent of the respondents either strongly disagreed or disagreed that those local governments were denied access to their statutory allocations through the Joint Account. 2 respondents were neutral on this issue. Mr Emmanuel Anche who is the Director of Planning in Kaduna State Ministry for Local Government and Alhaji Abdulrahaman Bello who is also the Director of Planning in Ministry for Local Government and Community Development in Gombe State were interviewed on this issue on 18th and 25th July, 2013 respectively. Mr. Emmanuel said control of the local governments became necessary because of misappropriation of funds when there were direct allocations to the local councils during the military era. He said it was the military governments who witnessed the financial recklessness of the local councils during their time that included the Joint Account provision in both the 1979 and 1999 Constitutions to serve as a control mechanism on the fiscal operations of the local councils. Alhaji Abdurahaman said he would not deny the fact that the issue of local governments' control has been taken too far by the state executive especially through the Joint Account albeit there is need for some level of control to forestall the situation that prevailed during General Babangida regime when there was direct allocation to the local councils. On being asked for further clarification on the above issue, he said for instance in

Gombe state, 95 percent of projects at the local government level are directly executed by the state government with little or no input from the local governments. This, according to him, makes mockery of the third-tier status of the local government as enshrined in the 1999 Constitution.

In order to assess the impact of this Joint Account on the service delivery capacity and by extension the fiscal activities of the selected local councils, respondents were asked a salient question regarding this Joint Account.

Table 5.16: The Management of the Joint Account is a Major Reason for the Dismal Performance of the Local Governments

Responses	Frequency	Percentage
Strongly Agree	202	59.4%
Agree	74	21.7%
Strongly Disagree	56	16.5%
Disagree	8	2.4%
Neutral	-	
Total	**340**	**100%**

Source: Researcher's Survey, 2013

Presented in tabular form above are the views of the respondents on whether or not the operation or management of the State Joint Local Government Account could be held responsible for the inability of the local councils to perform satisfactorily in their service delivery functions during the period of 1999 to 2011. 276 or 81.1 percent of the sampled population was of the view that the way and manner the Joint Account was and is still being run or managed by the State governments has hamstrung the ability of local councils to deliver their constitutional functions. 64 representing 19 percent of the

respondents held that the poor management of the Joint Account was not the reason for the poor performance of these local governments during the civilian administrations of Obasanjo/Yar'Adua/Jonathan. Some citizens of the understudied local governments in the two states interviewed put forward that beyond the alleged mismanagement of local councils' funds through the Joint Account, poor local governments' tax collection effort and financial malpractices also accounted for the dismal performance of the local government level during the period which this study covers.

However, some local government officials interviewed revealed that after all the deductions are made by the Federal and State governments from the councils' allocations, what sometimes remains barely cover the recurrent expenditure. In fact, Hajia Asmawu Sani who is the NULGE chairperson and Director of Personnel in Kaduna South Local Government confided that the monthly federal allocation alone would have gone a long way in enabling the local government council to provide a wide range of social services to their citizens supposing this statutory allocation is not always tampered with by higher governments. She went further to say that some months, what is eventually paid to the local government is less than 27 percent of the actual statutory allocation. The same is also said to be happening to the 10 percent of internally generated revenue grant by State government.

The issue of statutory and non-statutory deductions from local councils' allocations came up in every interview the researcher held with the officials of

all the local governments visited. Almost every official interviewed lamented about the negative effects of these deductions on the fiscal operations of the local governments. For this reason, the researcher went ahead to obtain the financial statements of the selected local governments from 1999 to 2011 and so below is a tabular presentation of the sources and disbursements of the selected local governments' revenue during the year under review for further analysis.

Table 5.17: Summary of Income from 1999 – 2011 – Kaduna state

Local Govt	Internally Generated Revenue	Statutory Allocation	10% of IGR from State	VAT	Excess crude Oil	Total
Zaria	707,857,005	11,986,953,666	205,104,383	1,600,336,303	1,202,679,577	**15,702,930,93**
KD/South	1,367,195,030	13,408,666,125	258,469,845	1,901,839,397	878,211,369	**17,814,381,76**
Jema'a	293,411,823	9,172,701,900	163,166,804	1,421,832,879	1,234,309,072	**12,285,422,47**
Kagarko	466,821,537	8,989,828,208	186,665,087	1,531,826,252	527,487,913	**11,702,628,99**
Kajuru	375,287,047	11,208,600,031	190,348,951	1,659,275,769	2,143,720,518	**15,577,232,31**
Kudan	228,781,874	8,620,012,210	160,390,210	797,012,069	222,638,865	**10,028,835,22**

Source: Approved Budget of the Selected Local Governments from Ministry for Local Government, Kaduna (2013)

Table 5.18: Summary of Income from 1999 – 2011 – Gombe State

Local Govt	Internally Generated Revenue	Statutory Allocation	10% of IGR from State	VAT	Excess crude Oil	Total
Akko	474,819,380	13,140.308,742	6,313,648,014	6,652,912,582	2,626,106,508	**29,207,795,2**
Gombe	468,126,831	11,706,103,452	105,984,721	1,720,557,035	2,580.194,902	**16,580,966,9**
Balanga	191,508,247	9,113,935,453	96,769,454	1,550,351,495	2,734,013,364	**13,686,578,0**
Y/Deba	139,528,422	11,598,825,365	109,935,178	182,211,279	2,795,975,352	**14,826,475,5**
Nafada	1,844,527,248	9,453,148,996	180,258,351	1,694,717,003	2,415,857,145	**13,176,598,8**
Kaltungo	753,489,150	8,478,156,801	7,899,175,100	1,367,557,902	2,603,612,770	**21,101,991.7**

Source: Approved Budget of the Selected Local Governments from Ministry for Local Government and Community Development, Gombe (2013)

As it is evident from the presentation in the two tables above, the revenue from the local internal sources constitutes a negligible part of the total revenue. For instance, the percentage of internally generated revenue to total revenue of all the local governments is notoriously low and hence the excessive dependence on federal allocation. The percentage of internal revenue to total revenue for all the local governments are as follows: Zaria – 4.5 %, Kaduna South – 7.6%, Jema'a – 2.4%, Kagarko – 4%, Kajuru – 2.4%, Kudan – 2.3%, Akko – 1.63%, Gombe – 2.82%, Balanga – 1.4%, Yamaltu Deba – 0.94% Nafada – 1.4% and Kaltungo – 3.6%. It is either that the local governments are not exploiting the tax sources available to them or the existing internal revenue sources of the local governments are not productive enough to ensure their service delivery ability and by extension impact the development of the local communities.

It is also discernible from the two tables above that about 85 to 90 percent of the revenues of the selected local governments are from Federal Allocations. For instance, out of the total revenue of ₦15,702,930,934.00 which accrued to Zaria Local Government from 1999 to 2011, ₦11,986,953,666.00 (76.3%) were from the Federation Account.. Of the ₦10,028,835,228.00 which Kudan had as gross income during the period under review ₦8,620,012,210.00 constituting 86.1 percent was from federal allocation. The same thing goes for

the sampled local governments in Gombe states, out of the total revenue of ₦13,176,598,842.00 which Nafada had to discharge its statutory obligations from 1999 to 2011, a whopping sum of ₦9,453,148,996.00, which is 72 percent of the total revenue, was from its share in the federally collected revenue. Gombe local government had ₦16,580,966,941.00 as total revenue and ₦11,706,103,452.00 (71 percent) was derived from the Federation Account. What this boils down to is that until the internally generated revenue efforts of local governments are enhanced, federal allocations will continue to form bulk of finances with which to provide social services and embark on developmental programmes and projects at the rural and local level. By implication, local government service delivery capacity or ability hinges on local councils being able to access these funds and using same prudentially to provide a wide range of services which will improve the living conditions of the rural and local dwellers. The inference from the above analysis is that the way and manner the Joint Account is run or managed is critical to the survival and service delivery ability of the selected local governments in the Kaduna and Gombe states.

Table 5.19: Summary of Expenditure From 1999 – 2011 – Kaduna State

L/Govt	Statutory Deductions	Personnel Cost	Overhead Cost	Capital	Total
Zaria	6,574,093,567	2,971,637,808	3,255,784,593	4,393,360,317	**17,194,876,285**
KD/South	8,053,255,887	3,644,084,737	5,275,043,773	4,806,679,670	**21,779,064,067**
Jema'a	4,916,877,966	2,230,128,380	2,243,834,848	3,099,426,593	**12,490,267,787**
Kagarko	4,011,441,359	2,512,388,767	2,113,746,878	3,759,319,551	**12,396,896,555**

Kajuru	5,215,019,514	2,607,742,330	2,326,273,291	5,724,742,802	**10,149,035,135**
Kudan	3,393,373,796	1,915,208,640	1,397,375,888	4,153,352,121	**10,859,310,445**

Source: Approved Budget of the Selected Local Governments from Ministry for Local Government, Kaduna (2013)

Table: 5.20: Summary of Expenditure From 1999 – 2011 – Gombe State

L/Govt	Statutory Deductions	Personnel Cost	Overhead Cost	Capital	Total
Akko	8,431,103,766	4,925,211,062	9,769,003,691	6,947,520,511	**30,072,839,030**
Gombe	7,230,487,499	3,497,599,845	3,124,924,955	5,852,879,597	**15,483,559,783**
Balanga	7,432,505,729	3,527,965,034	2,312,982,861	2,412,124,389	**15,685,578,013**
Y/Deba	5,227,271,189	3,977,272,914	2,100,000,200	3,796,693,041	**15,101,237,344**
Nafada	6,832,897,216	4,138,130,181	1,669,771,939	4,464,200,494	**17,104,999,830**
Kaltungo	7,872,044,457	3,063,957,494	5,321,795,471,	4,918,801,440	**21,176,598,862**

Source: Approved Budget of the Selected Local Governments from Ministry for Local Government and Community Development, Gombe (2013)

A close look at the two tables above brings to the fore some salient facts which are: One, statutory deductions gulped large chunk of local governments' funds and this is apparent from the percentage of deductions to total revenue as presented here for the twelve local governments: Zaria – 38%, Kaduna South – 37%, Jema'a – 39.4%, Kagarko – 32.4%, Kajuru – 51.4%, Kudan - 31.3%, Akko – 28%, Gombe – 47%, Balanga – 47.4%, Yamaltu Deba – 35%, Nafada – 40% and Kaltungo – 37.2%. The figures under statutory deductions in the two tables above are part of the mandatory and non-mandatory deductions while the other parts are factored into personnel, overhead and capital costs as the researcher was told and also shown official documents during interviews with some of the local governments' officials.

The figures under capital projects above represent 80 to 90 percent of monies spent by the state governments on behalf of the local governments for various projects with little or no input from the local governments concerned. For instance, in February 2011 Kaduna state government deemed it suitable that all the 23 local governments in the state needed mobile public conveniences (mobile toilet facilities) and so it went ahead to use the councils' funds in the Joint Account to purchase the mobile convenience facilities for all the local governments not minding whether or not it was what they needed at that particular time. In several places the researcher visited, the mobile convenience facilities were seen dilapidating for lack of use. The same thing goes for the tractors purchased with councils' monies and distributed to the local governments; the researcher saw that these tractors were rusting in some local governments for non-use. The situation is even grimmer in Gombe state where local councils are given 2 million monthly to run the affairs of the local governments while their finances in the Joint Account are used as the state government considers suitable. The researcher was given an official document in Gombe state Ministry for Local Government and Community Development showing a typical deduction schedule in a month and this is attached as Appendix 2. The non-statutory deductions in these official documents are simply mind-boggling and outrageous to say the least.

Table 5.21: Functional Distribution of Expenditure in Kaduna State from 1999 – 2011

Local Govt	Recurrent Expenditure	Capital Expenditure	Total Expenditure	% R.E To T.E	% C. E To T. E
Zaria	6,227,422,401	4,393,360,317	10,620,782,718	58.6%	41.4%
KD/South	8.919,128,510	4,806,679,670	13,725,808,180	65%	35%
Jema'a	4,473,963,228	3,099,426,593	7,573,389,821	59%	41%
Kagarko	4,626,135,645	3,759,319,551	8,385,455,196	55.2%	44.8%
Kajuru	4,934,015,621	5,724,742,802	10,658,758,423	46.3%	53.7%
Kudan	3,312,584,528	4,153,352,121	7,465,936,649	44.4%	55.6%

Source: Approved Budget of the Selected Local Governments from Ministry for Local Government, Kaduna (2013)

Key: % R.E to T. E = Percentage of Recurrent Expenditure to Total Expenditure

% C.E to T. E = Percentage of Capital Expenditure to Total Expenditure

Expenditure on capital projects, apart from having multiplier effects, directly affects the living conditions of the populace. This is why one way of measuring economic development and effective social services delivery is the quantum and magnitude of amount of money spent on capital programmes and projects. But as could be seen from table 5.21 above, recurrent expenditure gulped large chunk of the total expenditure of the selected local governments in Kaduna. For instance, the percentage of recurrent expenditure to total expenditure in the understudied local governments is as follows: Zaria – 58.6%, Kaduna South – 65%, Jema'a – 59%, Kagarko – 55.2%, Kajuru – 46.3%, and Kudan – 55.6% respectively. In the same period, the percentage of expenditure on capital projects to total expenditure was: Zaria – 41.4%, Kaduna South – 35%, Jema'a – 41%, Kagarko – 44.8%, Kajuru – 53.7% and

Kudan 55.6%. Except Kajuru and Kudan, the rest local government councils spent far more on recurrent expenditure than capital expenditure.

Table 5.22: Functional Distribution of Expenditure in Gombe State from 1999 - 2011

Local Govt	Recurrent Expenditure	Capital Expenditure	Total Expenditure	% R.E to T.E	% C. E To T. E
Akko	14,694,214,753	6,947,520,511	21,641,735,264	67.9%	32.1%
Gombe	6,622,524,800	5,852,879,597	12,475,404,397	53.1%	46.9%
Balanga	5,840,947,895	2,412,124,389	8,253,072,284	70.8%	29.2%
Y/Deba	6,077,273,114	3,796,693,041	9,873,966,128	61.5%	38.5%
Nafada	5,807,902,120	4,464,200,494	10,272,102,614	56.5%	43.5%
Kaltungo	8,385,752,962	4,918,801,440	13,304,554,402	63%	37%

Source: Approved Budget of the Selected Local Governments from Ministry for Local Government and Community Development, Gombe (2013)

Key: % R.E to T. E = Percentage of Recurrent Expenditure to Total Expenditure
% C.E to T. E = Percentage of Capital Expenditure to Total Expenditure

The functional distribution of expenditure in Gombe state leaves much to be desired. As the table above shows, the percentage of recurrent expenditure to total expenditure in the local governments under review is: Akko – 67.9%, Gombe – 53.1%, Balanga – 70.8%, Yamaltu-Deba – 61.5%, Nafada – 56.5% and Kaltungo – 63%. In the same period, the percentage of capital expenditure to total expenditure was: Akko – 32.1%, Gombe – 46%, Balanga – 29.2%, Yamaltu-Deba 38.5%, Nafada – 43.5% and Kaltungo – 37%.

The two tables above show that a significant part of the councils' spending was on recurrent expenditure in these twelve local governments. Recurrent

expenditure is grouped into two categories namely: Personnel and Overhead costs. The personnel cost is the totality of government payments in form of salaries and wages to workers in a financial year while overhead cost is the cost of government purchase of sundry equipments that are consumed by workers in the process of carrying out their duties. This sort of expenditure pattern leaves little or nothing for capital projects and programmes which can directly impact the lives of the rural or local citizens.

Table 5.23: Differentials Between Income and Expenditure in Kaduna State (1999-2011)

Local Govt	Total Income	Total Expenditure	Differentials
Zaria	15,702,930,934	17,194,876,285	-1,491,945,351
KD/South	17,814,381,766	21,779,064,067	-3,964,682,301
Jema'a	12,285,422,478	12,490,267,787	-204,845,309
Kagarko	11,702,628,997	12,396,896,555	-694,267,558
Kajuru	15,577,232,316	10,149,035,135	5,428,197,181
Kudan	10,028,835,228	10,859,310,445	-830,475,217

Source: Approved Budget of the Selected Local Governments from Ministry for Local Government, Kaduna (2013)

The table above shows that with the exception of Kajuru Local Government, the remaining local governments were in deficits in the period which this study covers. For example, while the total income of Zaria local government was 15,702,930,934 their total expenditure was 17,194,876,285. The situation in Kaduna South was even worse, while their total income was 17,814,381,766 their total expenditure in the same period was 21,779,064,067. This clearly shows the effect of the improper management of the State Joint Local Government Account.

Table 5.24: Differentials Between Income and Expenditure in Gombe State (1999-2011)

Local Govt	Total Income	Total Expenditure	Differentials
Akko	29,207,795,226	30,072,839,030	-865,043,804
Gombe	16,580,966,941	15,483,559,783	1,097,407,158
Balanga	13,686,578,013	15,685,578,013	-1,999,000,000
Y/Deba	14,826,475,596	15,101,237,344	-274,761,748
Nafada	13,176,598,842	17,104,999,830	-3,928,400,988
Kaltungo	21,101,991.723	21,176,598,862	-74,607,139

Source: Approved Budget of the Selected Local Governments from Ministry for Local Government and Community Development, Gombe (2013)

Apart from Gombe local government, the expenditure of the remaining local governments far outstripped their income. This is clearly demonstrated in the above table. The income of Nafada Local Government from 1999 to 2011 was 13,176,598,842 while their expenditure was 17,104,999,830. Balanga's total income was 13,686,578,013 while their expenditure was 15,685,578,013. Unless this situation is urgently corrected, our local governments will continue to live below expectation.

In view of the call by a cross section of Nigerians to grant fiscal autonomy to local governments and the on-going effort by the National Assembly to review the Nigerian 1999 Constitution to meet the current challenges of governance in the country, the respondents were given 3 options as regards what should be done with the State Joint Local Government Account. The three options are: Abolition of the Joint Account, Review or Modification of

Joint Account and Nothing is wrong with the Joint Account. Their feelings about the options are presented in the three tables below.

Table 5.25: The Joint Account should be Abolished

Responses	Frequency	Percentage
Strongly Agree	196	58%
Agree	104	31%
Strongly Disagree	12	4%
Disagree	28	7%
Neutral	-	-
Total	**340**	**100%**

Source: Researcher's Survey, 2013

Presented in the above table are the views of the respondents on what they thought should be done to the State Joint Local Government Account especially in the 1999 Constitutional Review currently going on in the National Assembly. 196 or 58 percent and 104 or 31 percent strongly agreed or agreed that the Joint Account should be scrapped or abolished to allow the local councils directly access their allocations in order to be able to efficiently and effectively carry out their statutory functions to the people they judicially control. 12 and 28 which is 4 and 7 percent respectively of the sampled population strongly disagreed or disagreed with the above viewpoint. None of the respondents took a neutral position. Interviews conducted with citizens of some of the selected local governments also show that majority of them viewed the Joint Account as repressive and antithetical to good service delivery and developments at the local level.

Table 5.26: The Joint Account should be Reviewed or Modified

Responses	Frequency	Percentage
Strongly Agree	58	17.1%
Agree	42	12.3%
Strongly Disagree	198	58.2%
Disagree	42	12.4%
Neutral	-	-
Total	**340**	**100%**

Source: Researcher's Survey, 2013

The feelings of the respondents as depicted in table 5.26 above show that 58 representing 17.1 percent and 42 representing 12.3 percent of the respondents either strongly supported or supported the idea that what needs to be done to the Joint Account is a review or modification and not outright abolition as being canvassed by some people. However, a total of 240 or 70 percent of the sampled population strongly disagreed or disagreed with the foregoing school of thought.

Table 5.27: Nothing is Wrong with the Joint Account

Responses	Frequency	Percentage
Strongly Agree	12	4%
Agree	22	6.5%
Strongly Disagree	280	82.4%
Disagree	20	5.4%
Neutral	6	1.7%
Total	**340**	**100%**

Source: Researcher's Survey, 2013

The data in table 5.27 indicates that a total of 34 or 10.5 percent of the respondents held that nothing is wrong with the Joint Account and as such it needs no abolition or review. However, a total of 300 or 87.8 percent of the

respondents held that something is fundamentally wrong with the Joint Account and should be given serious consideration in the on-going 1999 Constitution Review.

It is instructive to indicate here that almost everyone the researcher had interactions with on this issue strongly supported either an outright abolition or a major review of the provisions of the Joint Account in the 1999 Constitution to enable the local government which is the third tier of government in Nigeria justify its existence by making its presence felt in their constituencies. President of Student Union Government, Gombe State University, some officials of market men and women in Gombe and Kaduna states, students of Ahmadu Bello University and Kaduna Polytechnics, officials of National Union of Local Government Employees (NULGE) which the researcher interacted with on this issue all unanimously held that the time is ripe for the provisions of the Joint Account to be expunged from the 1999 Constitution. However, some officials of the Ministries of Finance as well as the Ministries for Local Government recommended a review and not a scrapping of the Joint Account. The latter group stated that if complete fiscal autonomy is granted to local governments, it might bring about a repeat of local councils' financial recklessness prevalent during the military regimes.

Table 5.28: Corruption and not the Joint Account is the Reason for Local Councils' Dismal Performance From 1999 to 2011

Responses	Frequency	Percentage
Strongly Agree	56	16.4%
Agree	24	7.1%
Strongly Disagree	208	61.2%
Disagree	48	14.1%
Neutral	4	1.2%
Total	**340**	**100%**

Source: Researcher's Survey, 2013

Respondents were asked if they considered corruption by local councils rather than the Joint Account as the reason for the poor performance of local governments during the period under review. 80 or 23.5 percent held that corruption was the major reason for local governments' poor performance while 256 or 75.3 percent viewed corruption as not the major reason for low service delivery at the local level. 4 or 1.2 percent of the respondents were neutral on this issue. The opinion of the Mr. Jafaru Modibo, deputy Auditor General of Gombe state was sought on this issue during the interview held with him on Monday 17th June, 2013 from 1.15 to 2.05 PM. Mr Modibo said no honest and right thinking person can deny that there is corruption at the local government level although its magnitude may not be the same as what is obtainable at the state and federal levels. But speaking in his capacity as an Auditor for the state, he said misappropriation of funds as far as the Joint Account is concerned has much to do with Gombe state government and its ally, the Ministry for Local Government and Community. He concluded by

saying that Nigerians should not expect much from the local governments in terms of robust development and effective service delivery unless its status in the Nigerian intergovernmental relations is reviewed to meet international best practice. In the interview conducted with the Chief Accountant in the Kaduna State Ministry of Finance on 18th July, 2013 by 2.10 PM. Mr. Maji Dadi stated that corruption at the local government level can be referred to as petty corruption while that at the state and federal levels can be referred to as large-scale and widespread corruption. Mr. Dadi believed that corruption has become a basic feature of the public sector in Nigeria and as such can be considered as one of the reasons (not the major reason) for low performance of the local councils. The Deputy Chairman of Akko Local Government in the person of Mr. Bakoji Gaius when interviewed on corruption being the major reason for local councils' poor rather the Joint Account strongly disagreed. He said the funds are not even there not to talk of embezzling them; that the money is always with the state government and they spend it on behalf of the local councils as they deem fit. He stated that local government chairmen are not part of the sharing of the money in the Joint Account. On his part, Comrade Emmanuel Bako who is the NULGE Chairman Kagarko Chapter interviewed on the 12 June 2013 said the problem of poor service delivery is caused by the tight grip of the state on local governments' finance. He too held that state government is accountable for misappropriation of local governments' funds.

Table 5.29: Local Councils' Mismanaged Funds Released to them From the Joint Account

Responses	Frequency	Percentage
Strongly Agree	28	8.2%
Agree	36	10.6%
Strongly Disagree	244	71.8%
Disagree	32	9.4%
Neutral	-	-
Total	**340**	**100%**

Source: Researcher's Survey, 2013

The respondents were further asked whether or not the financial situation of the selected local governments was not further aggravated by the mismanagement of funds released to local councils from the Joint Account. The data in table 5.29 captures their opinions. A total of 64 or 19 percent of the respondents strongly agreed or agreed that local councils' poaching of funds released to them from the Joint Account further worsen local financial situation during the two previous civilian administrations covering 1999 to 2011. On the other hand, a total of 276 or 81.2 percent of those sampled strongly disagreed or disagreed that monies released to the selected councils were stolen leaving the councils with nothing to embark on developmental projects to better the lot of the rural or local populace. Some local governments' officials interviewed on this issue said corruption of 2 or 5 million given each month to councils to run local affairs could not be compared with 20 or 300 billions of naira which states and federal executives have access to.

Table 5.30: Lack of Accountability Hindered Development

Responses	Frequency	Percentage
Strongly Agree	68	20%
Agree	36	11%
Strongly Disagree	188	55%
Disagree	48	14%
Neutral	-	-
Total	**340**	**100%**

Source: Researcher's Survey, 2013

There is this school of thought that more than any other thing else, lack of transparency and accountability of the local councils was responsible for low level of development and social service provision during the period which this study covers. The respondents' perspectives on this issue are presented in table 5.30 above. 104 representing 31 percent of the respondents supported the view that it was dearth of transparency and accountability at the local level that was the reason for the poor service delivery of the local councils. 236 constituting 69 percent of the respondents held to the fact that lack of transparency and accountability could not be blamed for the inability of local councils to register their presence in their constituencies by way of effective and efficient service delivery. When interviewed, some officials who disagreed that transparency and accountability were the culprits for low local councils' service performance maintained that state control and interference in local affairs should rather be held accountable for the dismal state of affairs at the selected local governments and indeed Nigerian local governments from 1999 to 2011.

Since monies meant for local councils' fiscal operations are alleged to have been corruptly mismanaged by the state governments through the Joint Account, the respondents were asked of the method of payment of fund to local governments they consider suitable to mitigate fund misappropriation either by state or local councils.

Table 5.31: Direct Allocation to Local Governments

Responses	Frequency	Percentage
Strongly Agree	2	0.6%
Agree	4	1.2%
Strongly Disagree	260	76.4%
Disagree	74	21.8%
Neutral	-	-
Total	**340**	**100%**

Source: Researcher's Survey, 2013

Depicted in the table above are the views of the respondents on whether or not allocations should be made directly to the local councils in order for them to be able to discharge their statutory duties devoid of interference by the state governments. 6 or 1.8 percent supported direct allocations to the local councils while a total of 334 or 98.2 percent did not support direct allocation to local councils. Quite a number of the citizens and some officials of some of the selected local governments supported a guided allocation of funds to the local councils from the Federation Account. On being asked what they meant by guided allocation of funds, majority of them suggested various means of ensuring that these funds when released directly to local councils are

judiciously and prudentially used for purposes they are meant for. Their opinions and suggestions are contained in the next table.

Table 5.32: Direct Allocation with Strong Accountability Mechanism

Responses	Frequency	Percentage
Strongly Agree	298	88%
Agree	42	12%
Strongly Disagree	-	-
Disagree	-	-
Neutral	-	-
Total	**340**	**100%**

Source: Researcher's Survey, 2013

100 percent of the sampled population supported the idea of direct allocation to the local councils but with strong accountability mechanism to ensure that the funds are spent for purposes for which they are allocated. Interviews were widely conducted to know what the respondents considered as accountability mechanism. Myriad and varied suggestions were advanced by the respondents; however a synthesis narrows them down to the following:

1. That the existing constitutional financial control at the local level should be maintained and strengthened. What is meant by this is that the following statutory offices at the local government meant to ensure financial accountability should be strengthened to replace the Joint Account. These offices are: Resident Inspector, Zonal Inspector, Director Inspectorate, Local Government Auditor General, Area Auditor, Internal and External Auditors. The above-mentioned offices are constitutionally created at the local level to ensure financial

accountability but they have been completely overshadowed by the Joint Account Committee and the Ministry for Local Government.

2. That there should be the establishment of an independent audit agency comprising federal, state, local government and private representatives. The members of this agency must have a proven track record of financial management to supervise, inspect and audit the use of statutory allocations by local government councils. This would provide checks and balances on local government officials in the administration of finance to ensure accountability and transparency in the use of local government funds.

3. That each local government should either monthly or quarterly publish their statutory allocations and how the funds are expended so that the local citizens would be able to monitor the fiscal operations of their elected officials.

Table 5.33: Maintaining the Status Quo

Responses	Frequency	Percentage
Strongly Agree	-	-
Agree	8	2%
Strongly Disagree	292	87%
Disagree	40	11%
Neutral	-	-
Total	**340**	**100%**

Source: Researcher's Survey, 2013

As it is evident from table 5.33, only 8 or 2 percent of the respondents wanted the status quo with the State Joint Local Government Account as presently

constituted and operated to remain. 340 or 98 percent indicated that they wanted something drastic to be done to the Joint Account to salvage the deplorable financial situations of the local governments in the Nigerian federation.

Table 5.34: Paucity of Funds Responsible for Local Councils' Inability to Deliver Services

Responses	Frequency	Percentage
Strongly Agree	212	62%
Agree	64	19%
Strongly Disagree	26	8%
Disagree	38	11%
Neutral	-	-
Total	**340**	**100%**

Source: Researcher's Survey, 2013

From the table above, it can be seen from the perception of the respondents that 274 representing 81 percent of the sampled size of the twelve local government areas said they believed paucity of funds was the reason for the unsatisfactory performance of the selected local governments in the period which this study covers. 64 or 19 percent did not support the above view.

Respondents were asked that which of the following would they say further compounded paucity or dearth of funds in the selected local governments during the year 1999 to 2011: Local Governments' Poor Internally Generated Revenue Effort, Lack of skilled manpower to handle local government affairs and Local Government Inability to Prudentially Use Scarce Resources. Their responses are presented in the next three tables.

Table 5.35: Local Governments' Poor Internally Generated Revenue Effort

Responses	Frequency	Percentage
Strongly Agree	150	44%
Agree	140	41%
Strongly Disagree	30	9%
Disagree	20	6%
Neutral	-	-
Total	**340**	**100%**

Source: Researcher's Survey, 2013

As it is obvious from the above table, a total of 290 which is 85 percent of the sample size were of the opinion that local governments' poor internally generated revenue efforts further worsen the financial situation of the selected local governments. A total of 50 which is 15 percent did not support the above view. No respondent took a neutral position.

Table 5.36: Lack of Skilled Manpower to Handle Local Government's Affairs

Responses	Frequency	Percentage
Strongly Agree	18	6%
Agree	28	8%
Strongly Disagree	260	76%
Disagree	34	10%
Neutral	-	-
Total	**340**	**100%**

Source: Researcher's Survey, 2013

The table above shows 18 (6%) respondents strongly agreed, 28 (8%) agreed, 260 (76%) strongly disagreed and 34 (10%) disagreed that lack of skilled manpower to handle Local Government's affairs further worsen the service delivery situation of the local governments during the last two civilian

administration of the Fourth Republic. In terms of educational qualifications, table 5.3 further shows that 298 representing 87.6 percent of the respondents hold HND/1st Degree, Masters certificates and above. This by implication means that low or poor performance cannot be attributed to lack of skilled manpower. In fact, the researcher was shown the bio-data of both the junior and senior staff of the twelve local governments in the Local Government Service Commissions in Kaduna and Gombe states and this corroborates with table 5.3 mentioned above. The documents showed that majority of the local governments' staff possessed the requisite academic qualifications to be able to discharge their duties satisfactorily. This also reflected in the way some of them intelligently participated in the interviews the researcher conducted with them.

Table 5.37: Local Governments' Inability to Prudentially Use Scarce Resources Worsen Financial Situation During Year 1999 to 2011

Responses	Frequency	Percentage
Strongly Agree	80	24%
Agree	60	18%
Strongly Disagree	120	34%
Disagree	70	21%
Neutral	10	3%
Total	**340**	**100%**

Source: Researcher's Survey, 2013

The data as presented in Table 5.37 above indicates that 80 (24%) strongly agreed and 60 (18%) agreed that lack of prudential use of lean or scarce financial resources exacerbated the financial situation of the selected local

governments. 120 (34%) strongly disagreed and 70 (21%) disagreed with that view while 10 (3%) took a neutral position.

5.4 Test of Hypotheses

Test of Hypothesis One

The hypothesis to be tested is *'that there is a positive relationship between State Joint Local Government Account and the capacity of the selected local Government councils to deliver services during the period under review'* This in effect is to see the relationship between the management of the State Joint Local Government Account and Local Government service delivery capacity with the notion that the latter depends on the former. Based on this, the independent variable is State Joint Local Government Account while the dependent variable is Local Government service delivery capacity. The chi-square (X^2) distribution was used to test the hypothesis using certain attributes of Local Government service delivery such as provision of portable water, services rendered in clinics/health centres, maintenance of markets and motor-parks, feeder road, provision of good drainage system, etc

The hypothesis was tested under variables related to it; the data in table 5.5 to 5.23 shows the result.

The chi-square (x^2) was used to measure the discrepancies between the observed and the expected frequencies. The following formula was adopted for the calculation:

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

Where O = the observed frequency of any value

E = the expected frequency of any value.

The X^2 value obtained from the above formula is compared with the value of X^2 table for a given significance level ($\propto$) and number of degree of freedom (v).

V = (rows - 1) (column - 1) Where rows and column are from the original table of actual or observed frequencies.

Decision Rule

Accept the null hypothesis (H_0), if chi-square (X^2) calculated value is less than critical value and reject the alternative hypothesis (H_1). However, if X^2 calculated is greater than critical value, reject null hypothesis (H_0) and accept alternative hypothesis (H_1).

Table 5.38: Observed Frequencies

Variables	SA	A	SD	D	N	Total
Imbalance between Functions and finances of Local governments	174	39	54	63	10	**340**
Services the LGs delivered well						
Waste Disposal	142	33	94	57	14	**340**
Quality Healthcare	76	40	139	79	6	**340**
Construction/maintenance of Roads	62	71	149	58	-	**340**
Maintenance of local markets	55	81	168	36	-	**340**
Construction of Culverts/Drainages	27	77	103	130	3	**340**
Adequacy Local Governments' share from Federation Account (20.60%)	69	171	80	20	-	**340**
LGs starved of Funds through Joint A/C	152	88	38	60	2	**340**
Joint Account accountable for poor performance	202	74	56	8	-	**340**
Respondents' Views regarding the Joint Account:						
Abolition of the Joint Account	196	104	12	28	-	**340**
Review of the Joint Account	58	42	198	42	-	**340**

Nothing is wrong with Joint Account	12	22	280	20	6	**340**
Total	**1225**	**842**	**1371**	**601**	**41**	**4080**

Source: Researcher's Survey, 2013

In order to find the expected frequencies from table 5.38 above, we used the formula below: $E = \frac{\Sigma R \, x \, \Sigma C}{\Sigma GT}$

Where E = Expected frequencies

$\sum$R = Row total

$\sum$C = Column total

$\sum$GT = Grand Total

The table below gives the expected frequencies obtained from table 5.38.

Table 5.39: Expected Frequencies

S A	A	S D	D	N	TOTAL
102.08	70.17	114.25	50.08	3.42	340
102.08	70.17	114.25	50.08	3.42	340
102.08	70.17	114.25	50.08	3.42	340
102.08	70.17	114.25	50.08	3.42	340
102.08	70.17	114.25	50.08	3.42	340
102.08	70.17	114.25	50.08	3.42	340
102.08	70.17	114.25	50.08	3.42	340
102.08	70.17	114.25	50.08	3.42	340
102.08	70.17	114.25	50.08	3.42	340
102.08	70.17	114.25	50.08	3.42	340
102.08	70.17	114.25	50.08	3.42	340
102.08	70.17	114.25	50.08	3.42	340
1,225	**842**	**1,371**	**601**	**41**	**4080**

Source: Researcher's Survey, 2013

Table 5.40: Computation of X^2 Calculated

O	E	O – E	$(O - E)^2$	$(O – E)^2/E$
174	102	72	5,172	51
142	102	40	1,593	16
76	102	-26	680	7
62	102	-40	1,607	16
55	102	-47	2,217	22

27	102	-75	5,638	55
69	102	-33	1,095	11
152	102	50	2,492	24
202	102	100	9,983	98
196	102	94	8,820	86
58	102	-44	1,943	19
12	102	-90	8,115	79
39	70	-31	971	14
33	70	-37	1,381	20
40	70	-30	910	13
71	70	1	1	0
81	70	11	117	2
77	70	7	47	1
171	70	101	10,167	145
88	70	18	318	5
74	70	4	15	0
104	70	34	1,145	16
42	70	-28	793	11
22	70	-48	2,320	33
54	114	-60	3,630	32
94	114	-20	410	4
139	114	25	613	5
149	114	35	1,208	11
168	114	54	2,889	25
103	114	-11	127	1
80	114	-34	1,173	10
38	114	-76	5,814	51
56	114	-58	3,393	30
12	114	-102	10,455	92
198	114	84	7,014	61
280	114	166	27,473	240
63	50	13	167	3
57	50	7	48	1
79	50	29	836	17
58	50	8	63	1
36	50	-14	198	4
130	50	80	6,387	128
20	50	-30	905	18
60	50	10	98	2
8	50	-42	1,771	35
28	50	-22	488	10
42	50	-8	65	1
20	50	-30	905	18

10	3	7	43	13
14	3	11	112	33
6	3	3	7	2
-	3	-3	12	3
-	3	-3	12	3
3	3	-0	0	0
-	3	-3	12	3
2	3	-1	2	1
-	3	-3	12	3
-	3	-3	12	3
-	3	-3	12	3
6	3	3	7	2
Total			**143,911**	**1,613**

Source: Researcher's Survey, 2013

In computing the degree of freedom, we now have:

V = (12 – 1) (5 – 1)

V = 11 x 4

V = 44

The value of the cut off points of chi-square (X^2) for 44 degree of freedom from chi-square (X^2) table at 0.05 or 5% level of significance is 67.505.

Decision

From the computations in table 5.40 above, chi-square (x^2) calculated value of 1,613 is greater than chi-square (X^2) critical value of 67.505. To this end, the null hypothesis (H_0) would be rejected and the alternative hypothesis (H_1) would be accepted. This has proven that the way the State Joint Local Government Account was run or managed negatively affected the capacity or ability of the selected local governments in their service delivery functions during the period under review.

Test of Hypothesis Two

The hypothesis to be tested is *'that the effective service delivery function of the selected council areas was hampered by corruption during the period under study.'* This in effect is to see the relationship between corruption and effective service delivery with the notion that the latter depends on the former. Based on this, the independent variable is corruption while the dependent variable is effective service delivery. The chi-square (X^2) distribution was used to test the hypothesis using certain attributes relating to corruption.

The hypothesis was tested under variables related to it and the data from table 5.24 to 5.39 shows the result.

The chi-square (x^2) was used to measure the discrepancies between the observed and the expected frequencies. The following formula was adopted for the calculation:

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

Where O = the observed frequency of any value

E = the expected frequency of any value.

The X^2 value obtained from the above formula is compared with the value of X^2 table for a given significance level ($\propto$) and number of degree of freedom (v).

V = (rows - 1) (column - 1) Where rows and column are from the original table of actual or observed frequencies.

Decision Rule

Accept the null hypothesis (H_0), if chi-square (X^2) calculated value is less than critical value and reject the alternative hypothesis (H_1). However, if X^2 calculated is greater than critical value, reject null hypothesis (H_0) and accept alternative hypothesis (H_1).

Table 5.41: Observed Frequencies

Variables	SA	A	SD	D	N	Total
Corruption by LGs' Councils is the reason for dismal performance	56	24	208	48	4	**340**
Local councils' mismanagement of funds released to them is the reason for low performance	28	36	244	32		**340**
Lack of accountability hindered development	68	36	188	48	-	**340**
Direct allocation to local governments	2	4	260	74	-	**340**
Direct allocation with strong accountability	298	42	-	-	-	**340**
Maintaining the Status Quo	-	8	292	40	-	**340**
Total	**452**	**150**	**1196**	**242**	**4**	**2040**

Source: Researcher's Survey, 2013

In order to find the expected frequencies from table 5.41 above, we used the formula below:

$$E = \frac{\Sigma R \, x \, \Sigma C}{\Sigma GT}$$

Where E = Expected frequencies

$\sum$R = Row total

$\sum$C = Column total

$\sum$GT = Grand Total

The table below gives the expected frequencies obtained from table 5.41.

Table 5.42: Expected Frequencies

SA	A	SD	D	N	Total
75	25	199	40	1	340
75	25	199	40	1	340
75	25	199	40	1	340
75	25	199	40	1	340
75	25	199	40	1	340
75	25	199	40	1	340
452	**150**	**1,192**	**242**	**4**	**2,040**

Table 5.43: Computation of X^2 Calculated

O	E	O – E	(O - E)2	(O – E)2/E
56	75	-19	374	5
28	75	-47	2,240	30
68	75	-7	54	1
2	75	-73	5,378	71
298	75	223	49,580	658
-	75	-75	5,675	75
24	25	-1	1	0
36	25	11	121	5
36	25	11	121	5
4	25	-21	441	18
42	25	17	289	12
8	25	-17	289	12
208	199	9	87	0
244	199	45	2,055	10
188	199	-11	114	1
260	199	61	3,762	19
-	199	-199	39,468	199
292	199	93	8,711	44
48	40	8	59	1
32	40	-8	69	2
48	40	8	59	1
74	40	34	1,133	28
-	40	-40	1,627	40
40	40	-0	0	0
4	1	3	11	17
-	1	-1	0	1
-	1	-1	0	1
-	1	-1	0	1
-	1	-1	0	1
-	1	-1	0	1
Total			**121,721**	**1,257**

Source: Researcher's Survey, 2013

In computing the degree of freedom, we now have:

$V = (6 – 1) (5 – 1)$

$V = 5 \times 4$

$V = 20$

The value of the cut off points of chi-square (X^2) for 20 degree of freedom from chi-square (X^2) table at 0.05 or 5% level of significance is 31.410.

Decision

From the computations in table 5.43 above, chi-square (x^2) calculated value of 1,257 is less than chi-square (X^2) critical value of 31.410. To this end, the null hypothesis (H_0) would be accepted and the alternate hypothesis (H_1) would be rejected. This has proven that corruption by the local councils was not the reason for their poor performance during the period under review.

Test of Hypothesis Three

The hypothesis to be tested is *'that paucity of funds occasioned by the management of the SJLGA is significantly responsible for the inability of the selected local governments to effectively deliver services to their citizens during the period under review.'* This, in effect, is to see the relationship between paucity of funds and local governments' service delivery ability with the notion that the latter depends on the former. Based on this, the independent variable is 'paucity of funds while the dependent variable is local governments' service delivery ability.' The chi-square (X^2) distribution was

used to test the hypothesis using certain attributes relating to scarcity of fund and service delivery.

The hypothesis was tested under variables related to it and the table 5.30 to 5.33 show the rest result.

The chi-square (x^2) was used to measure the discrepancies between the observed and the expected frequency. The following formula will be adopted for the calculation: $X^2 = \Sigma \frac{(O - E)^2}{E}$

Where O = the observed frequency of any value

E = the expected frequency of any value.

The X^2 value obtained from the above formula is compared with the value of X^2 table for a given significance level ($\propto$) and number of degree of freedom (v).

V = (rows – 1) (column -1) Where rows and column are from the original table of actual or observed frequencies.

Decision Rule

Accept the null hypothesis (H_0), if chi-square (X^2) calculated value is less than critical value and reject the alternative hypothesis (H_1). However, if X^2 calculated is greater than critical value, reject null hypothesis (H_0) and accept alternative hypothesis (H_1).

Table 5.44: Observed Frequencies

Variables	SA	A	SD	D	N	Total
Paucity of Funds responsible for local councils inability to deliver services	212	64	26	38	-	**340**
LGs poor internally generated revenue						

effort caused paucity of funds	150	140	30	20	-	**340**
Lack of skilled manpower to handle LGs' affairs caused scarcity of funds	18	28	260	34	-	**340**
LGss inability to prudentially use scarce resources is reason for paucity of funds	80	60	120	70	10	**340**
Total	**460**	**292**	**436**	**162**	**10**	**1360**

Source: Researcher's Survey, 2013

In order to find the expected frequencies from table 5.44 above, we used the formula below: $E = \frac{\Sigma R \, x \, \Sigma C}{\Sigma GT}$

Where E = Expected frequencies

∑R = Row total

∑C = Column total

∑GT = Grand Total

The table below gives the expected frequencies obtained from table 5.44.

Table 5.45: Expected Frequencies

SA	A	SD	D	N
115	73	109	41	3
115	73	109	41	3
115	73	109	41	3
115	73	109	41	3
Total - 460	**292**	**436**	**162**	**10**

Source: Researcher's Survey, 2013

Table 5.46: Computation of X^2 Calculated

O	E	O – E	(O - E)2	(O – E)2/E
212	115	97	9,409	82
150	115	35	1,225	11
18	115	-97	9,409	82
80	115	-35	1,225	11
64	73	-9	81	1
140	73	67	4,489	61

28	73	-45	2,025	28
60	73	-13	169	2
26	109	-83	6,889	63
30	109	-79	6,241	57
260	109	151	22,801	209
120	109	11	121	1
38	41	-3	6	0
20	41	-21	420	10
34	41	-7	42	1
70	41	30	870	21
-	3	-3	6	3
-	3	-3	6	3
-	3	-3	6	3
10	3	8	56	23
Total			**65,498**	**671**

Source: Researcher's Survey, 2013

In computing the degree of freedom, we now have:

$V = (4 – 1) (5 – 1)$

$V = 3 \times 4$

$V = 12$

The value of the cut off points of chi-square (X^2) for 12 degree of freedom from chi-square (X^2) table at 0.05 or 5% level of significance is 21.026

Decision

From the computations in table 5.45 above, chi-square (x^2) calculated value of 671 is greater than chi-square (X^2) critical value of 21.026. To this end, the null hypothesis (H_0) is rejected and the alternate hypothesis (H_1) accepted. This has proven that paucity of funds was significantly responsible for the

inability of the selected local governments to effectively deliver services to their citizens during the period under review.

5.5 Discussion of Findings

From the hypotheses tested, we can draw our major findings thus: in the first hypothesis, the overwhelming majority of the respondents confirmed that local governments are disadvantaged or subservient to the higher governments in the Nigerian intergovernmental relations. 85 percent of the sampled population affirmed that the disadvantaged status of the local governments negatively affected their service delivery ability. Respondents also put forward that the selected local government councils performed unsatisfactorily in the provision of the following services: Waste Disposal, Quality Primary Healthcare Provision, Construction and Maintenance of Local Roads, Maintenance of Markets, Construction of Culverts and Drainages. 70.6 percent of the respondents attributed the dismal performance of the selected local governments during the period under review to the way and manner the State Joint Local Government Account was run or managed by the executives of Kaduna and Gombe states. This fact is corroborated by the data where although 80 to 85 percent of the monthly revenues of the selected local governments are derived from the Federation Account, large chunk of these revenues are taken by the states as statutory and non-statutory deductions. On the second hypothesis, it was revealed that corruption by state executives through the Ministries of Local Government rather than corruption by the

local councils was responsible for the poor performance of the selected local governments. On the third hypothesis, the sampled population unanimously concurred that the selected local governments have not done well in bringing development to their areas but mentioned paucity of funds occasioned by improper management of the SJLGA as being responsible for this. From the analysis of the survey results above as well as inferences from supplemental evidence from secondary sources presented in this work, the following findings are discernible:

a. that grassroots or local development is seen as essentially that of social service availability. The respondents' assessment of the local governments' activities tends therefore to be coloured by the availability of social services in their immediate environment.

b. that the main factors identified as undermining the service delivery ability of the selected local governments in their constitutional responsibilities include:

    i. The disadvantaged or subservient status of the local governments in the Nigerian intergovernmental relations.

    ii. States' mismanagement of local governments' funds in the Joint Account.

    iii. Dearth of funds occasioned by corruption by state executives.

Oates' theory of fiscal decentralisation used as theoretical framework submits that devolving more powers to the local governments will enable

them to register their presence in their areas through execution of developmental projects beneficial to local dwellers. In other words, decentralization of spending responsibilities to the local governments will ensure efficient allocation of resources for the provision of goods and services that most closely represent the aspirations of the people at that level. What the core finding of this study shows however is that local governments have been made subservient to higher governments in the intergovernmental relations in Nigeria. And as a fall-out of this, they have been unable to justify their existence to the populace in the boundary of their authority.

CHAPTER SIX

SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

This chapter synthesises the salient information of the preceding chapters, thereby giving the reader a panoramic view of the general work that has been covered in the study; and contains statements which are generated and motivated by the research findings. It also made recommendations directed towards making the selected local governments in Kaduna and Gombe states effective in performing their constitutional functions to the grassroots populace

6.2 Summary

It was difficult for the central government to administer successfully all the functions of government through the central organ of the state. It was on this account that, local governments were created to meet the aspirations of the local populace, and given constitutional recognition as third tier organ of government in the 1976 local government reform. It was felt that, local governments had a pivotal role to play in improving the general standard of local dwellers by the provision of essential services such as, improvement in water and electricity supply, construction, reconstruction and maintenance of local and other access roads, bridges and culverts, health educational services and so on. These services, apart from helping to improve the quality of life of people living within local communities, will also help to integrate as well as

upgrade community life generally. In developing countries like Nigeria, these basic services are regarded as central to the overall development of a country as against the measurement of rapid increase in the Gross Domestic Products (GDP). Thus, the establishment of Kudan, Zaria, Kaduna South, Kajuru, Jema'a, Kagarko local governments of Kaduna state and Kaltungo, Akko, Gombe, Balanga, Yamaltu Deba and Nafada Local Governments of Gombe state is supposed to foster bottom-up development, local stability, and administrative effectiveness among others through efficient service delivery. However, this has been mitigated through improper management of the statutory account called State Joint Local Government Account.

Given the foregoing, this research work was undertaken to examine the management of the State Joint Local Government Account and the Challenges it poses to the service delivery ability of the selected local governments in Kaduna and Gombe states. The time frame is from 1999 to 2011 and it covers the civilian administrations of Presidents Obasanjo and Yar'Adua/Jonathan. Data for this work was collected from books, journals, articles, official documents of the selected local governments and so on as well as from questionnaires and personal interview. Stratified sampling technique and Yamane formula were employed in arriving at the sample size of this study. Hence, 340 staff from the selected the local governments especially those who have fair knowledge of the fiscal operations of the local government were chosen as the main target of this study.

Chapter one of the study dealt with the general introduction while Chapter two focused on the review of literature on fiscal federalism, assignment of functions in the 1999 Constitution, tax assignment and revenue allocation, local government service delivery, local government service delivery and the politics of State Joint Local Government Account, corruption and service delivery. This chapter also contained the theoretical framework which dwelled on the theory of fiscal decentralisation postulated by Oates.

Chapter three dealt with the research methodology in which the research design, types of data, instruments of data collection, population, sample size, sampling technique, methods of data presentation and analysis were discussed.

Fourth Chapter further looked at fiscal federalism and the issue of the State Joint Local Government Account in Nigeria. Local government in historical perspective, an appraisal of the Joint Account, tax and revenue sharing and the Nigerian Local Governments, matters arising on the Joint Account under the present dispensation, the politics of local government autonomy and the operation of the Joint Account as well as local government finance were discussed in this chapter.

Chapter five contained the presentation, analysis and interpretation of data as related to the three hypotheses which this research work is anchored upon. It reveals that the performance of the selected local governments in Kaduna and Gombe states during the period under review was dismally

unsatisfactory. Also, the findings show that the interference and control of the local governments by the states through the operation of the State Joint Local Government Account negatively affected the service delivery ability of the local governments in the period which this study covers.

The Chapter section summarised each of the above chapters. It also dwelled on conclusion and recommendations which conclude the research work.

6.3 Conclusion

This study set out to investigate the management of the State Joint Local Government Account and how it affected the service delivery ability of the selected local governments in Kaduna and Gombe states from 1999 to 2011.

Based on the findings from the analysis of our data, we hereby draw the following conclusion. Our findings on the service delivery of the selected local governments revealed that it was notoriously very low and poor; overwhelming majority of the respondents confirmed this finding. From the questionnaires administered and interviews conducted, we also gathered that local governments' allocations in the Joint Account were misappropriated and consequently their service delivery ability was greatly undermined.

One other salient discovery of this study is that although the 1999 Constitutions of the Federal Republic of Nigeria made local government a third tier of government, in reality it is subservient to other higher

governments especially the state government. This is as a result of the fact that the same 1999 constitution that made local governments a third tier of government also placed them under the control of the state governments especially through the constitutional account called State Joint Local Government Account. Thus, states' interference in the activities of selected local governments negatively affected their performance during the administrations of Presidents Obasanjo and Yar'Adua/Jonathan. This was because the majority of the respondents were in support of this fact. State governments' poaching of the local councils' allocations in the Joint Account brought about paucity of funds with which to render beneficial services that would directly affect the living conditions of the local or rural dwellers.

6.4 Recommendations

In view of the findings in this study, the following recommendations are put forward for better service delivery of the selected local governments in Kaduna and Gombe states and indeed Nigerian local governments as agents of national development. It is our firm belief that grassroots social, economic, political and cultural development in the future, depends on the extent to which the issues discussed above are given adequate attention. Below are itemized recommendations arising from the findings of this research work:

1. That the National Assembly should seriously consider urgent review of the provision of State Joint Local Government Account in the 1999 Constitution to allow for more fiscal autonomy for the local councils,

albeit with in-built mechanism to check financial recklessness by council leaders. Democracy achieves its purpose when the interests of the people are well served. That noble objective will continue to be undermined if the local government financial system as presently constituted is not comprehensively reviewed.

2. That the existing constitutional financial control at the local level should be maintained and strengthened. What is meant by this is that the following statutory offices at the local government meant to ensure financial accountability should be strengthened to replace the Joint Account. These offices are: Resident Inspector, Zonal Inspector, Director Inspectorate, Local Government Auditor General, Area Auditor, Internal and External Auditors. The above-mentioned offices are constitutionally created at the local level to ensure financial accountability but they have been completely overshadowed by the Joint Account Committee and the Ministry for Local Government.

3. That in addition to the foregoing, there should be the establishment of an independent audit agency comprising federal, state, local government and private representatives. The members of this agency must have a proven track record of financial management to supervise, inspect and audit the use of statutory allocations by local government councils. This would provide checks and balances on local government

officials in the administration of finance to ensure accountability and transparency in the use of local government funds.

4. That Nigerian intergovernmental relations be structured so that local governments will be accorded the status of partners of other levels of government instead of being subservient to them.

It is our view that if the above recommendations are implemented, then a new dawn definable in terms of development beneficial to local dwellers would have come to the selected local governments in Kaduna and Gombe states and Nigerian local governments as a whole.

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Appendix 1

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Zaria

Dear Respondent,

Research Questions on Joint Account and the Challenges of Service Delivery at the Local Government Level

I am a PhD student of the above named university and department conducting a research on the topic: *Management of the State Joint Local Government Account and the Challenges of Service Delivery in Kaduna and Gombe States (1999-2011).* Your assistance in answering the questions below is highly solicited to be able to complete this research work.

Please be assured that this is purely for academic purpose and whatever answer you give will not be linked to you in any way.

Thank you very much for understanding and cooperation.

Yours faithfully,

Bello Matthew Funsho

Section A: Personal Data

1. Gender

   Male ( ) Female ( )

2. Age

   20 – 30 ( ) 31 – 40 ( ) 41 – 50 ( ) 51 and above ( )

3. Marital Status

   Single ( ) Married ( )

4. Educational Qualification

   NCE/OND ( ) HND/1st Degree ( ) Masters and Above ( )

5. Grade Level_____

Section B:

6. How would you rate the status of local government in the intergovernmental relations in Nigeria?
   - Equal partner with other levels of government
     a. Strongly Agree ( )
     b. Agree ( )
     c. Strongly Disagree ( )
     d. Disagree ( )
     e. Neutral ( )

   - Disadvantaged in the intergovernmental relation
     a. Strongly Agree ( )
     b. Agree ( )
     c. Strongly Disagree ( )
     d. Disagree ( )
     e. Neutral ( )

   - Subservient to other levels of government
     a. Strongly Agree ( )
     b. Agree ( )
     c. Strongly Disagree ( )

d. Disagree ( )
e. Neutral ( )

7. There is an argument that there is imbalance between statutory functions of local governments and the finances required to discharge those functions. Do you agree with this?
a. Strongly Agree ( )
b. Agree ( )
c. Strongly Disagree ( )
d. Disagree ( )
e. Neutral ( )

8. Which of the following services would you say your local government did fairly well during the period under study?
- Waste Disposal
  a. Strongly Agree ( )
  b. Agree ( )
  c. Strongly Disagree ( )
  d. Disagree ( )
  e. Neutral ( )

- Quality Primary Healthcare
  a. Strongly Agree ( )
  b. Agree ( )
  c. Strongly Disagree ( )
  d. Disagree ( )
  e. Neutral ( )

- Construction and Maintenance of Local Roads
  a. Strongly Agree ( )
  b. Agree ( )
  c. Strongly Disagree ( )
  d. Disagree ( )
  e. Neutral ( )

- Maintenance of Local Market
  a. Strongly Agree ( )
  b. Agree ( )
  c. Strongly Disagree ( )
  d. Disagree ( )
  e. Neutral ( )

- Construction of Culverts and Drainages
  a. Strongly Agree ( )

b. Agree ( )
c. Strongly Disagree ( )
d. Disagree ( )
e. Neutral ( )

9. At present, the revenue sharing formula is: Federal – 54.68%, States – 26.72% and Local Governments – 20.60%. Do you agree that the allocation to local governments is adequate given their statutory functions?
a. Strongly Agree ( )
b. Agree ( )
c. Strongly Disagree ( )
d. Disagree ( )
e. Neutral ( )

10. The allocation to Local Governments (LG) from the Federation Account is paid into State Joint Local Government Account. There is this argument that states used this account to starve LG of the needed funds for service delivery during the two recent administrations. Do you agree?
a. Strongly Agree ( )
b. Agree ( )
c. Strongly Disagree ( )
d. Disagree ( )
e. Neutral ( )

11. There is this widespread belief that the operation of the State Joint Local Government Account was one of the major reasons for the poor service delivery of your local government during Obasanjo and Yar'Adua/Jonathan administrations. Do you agree?
a. Strongly Agree ( )
b. Agree ( )
c. Strongly Disagree ( )
d. Disagree ( )
e. Neutral ( )

12. For local governments to perform well in their service delivery functions, a cross section of Nigerians is calling for the abolition or review of the State Joint Local Government Account. Which of the following do you recommend?

- Abolition of the Joint Account

a. Strongly Agree ( )
b. Agree ( )

c. Strongly Disagree ( )
d. Disagree ( )
e. Neutral ( )

- Review of the Joint Account

a. Strongly Agree ( )
b. Agree ( )
c. Strongly Disagree ( )
d. Disagree ( )
e. Neutral ( )

- Nothing is wrong with the Joint Account

a. Strongly Agree ( )
b. Agree ( )
c. Strongly Disagree ( )
d. Disagree ( )
e. Neutral ( )

Section C:

13. Some scholars believe that corruption rather than State Joint local Government Account was the major reason Local Governments scored very low in their service delivery functions during the period under review.
    a. Strongly Agree ( )
    b. Agree ( )
    c. Strongly Disagree ( )
    d. Disagree ( )
    e. Neutral ( )

14. The money released to the selected LGs from the State Joint Local Government Account from 1999 to 2011 could have gone a long way to make these LGs meet the yearnings and aspirations of their citizens if large part of the money had not been stolen?
    a. Strongly Agree ( )
    b. Agree ( )
    c. Strongly Disagree ( )
    d. Disagree ( )
    e. Neutral ( )

15. Do you agree that lack of transparency and accountability at the local government level hindered development of the selected Local governments during two recent civilian administrations?
    a. Strongly Agree ( )
    b. Agree ( )

c. Strongly Disagree ( )
d. Disagree ( )
e. Neutral ( )

16. There is a call by some Nigerians that local government allocations should be paid directly to them while others contend that this will give room for massive embezzlement. Which of the following would you recommend?

- Direct allocation to local governments

a. Strongly Agree ( )
b. Agree ( )
c. Strongly Disagree ( )
d. Disagree ( )
e. Neutral ( )

- Direct allocation with strong accountability mechanisms

a. Strongly Agree ( )
b. Agree ( )
c. Strongly Disagree ( )
d. Disagree ( )
e. Neutral ( )

- Payment of the allocations into the State Joint Local Government Account.

a. Strongly Agree ( )
b. Agree ( )
c. Strongly Disagree ( )
d. Disagree ( )
e. Neutral ( )

17. In your own opinion, what do you think should be done to curb corruption at the local government level?

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Section D:

18. There is a school of thought that inadequate fund is responsible for the Local Government not being able to effectively deliver services to the people in their jurisdictions. Do you agree with this?

a. Strongly Agree ( )
b. Agree ( )

c. Strongly Disagree ( )
d. Disagree ( )
e. Neutral ( )

19. Which of the under-listed will you say has contributed the most to inadequacy of funds at the Local Government level?

- Poor Local Government internally generated efforts
  a. Strongly Agree ( )
  b. Agree ( )
  c. Strongly Disagree ( )
  d. Disagree ( )
  e. Neutral ( )

- Lack of skilled manpower to handle local government affairs
  a. Strongly Agree ( )
  b. Agree ( )
  c. Strongly Disagree ( )
  d. Disagree ( )
  e. Neutral ( )

- Local Government inability to prudentially use scarce resources
  a. Strongly Agree ( )
  b. Agree ( )
  c. Strongly Disagree ( )
  d. Disagree ( )
  e. Neutral ( )

Appendix ii

Checklist of Interview Questions on the Operation of State Joint Local Government Account and the Challenges of Service Delivery in the Selected Local Governments

Local Governments Chairmen and Some Key Officials

Sir,

a. There is this widespread belief that the operation of the State Joint Local government account was one of the major reasons for the poor service delivery of your local government during Obasanjo and Yar'Adua/Jonathan administrations. Do you agree?

b. Many Scholars are calling for a review of the Nigerian 1999 Constitution especially the section which placed local governments under the administration of state government. What is your view on this?

c. There is this school of thought that there is imbalance or non-correspondence between statutory functions of local governments and the finances required to discharge those functions. What do you say about this?

d. For local governments to perform well in their service delivery functions, a cross section of Nigerians is calling for the abolition or review of the State Joint Local Government Account. What is your view on this?

e. Corruption is widely believed to be the major reason why your local government was not able to discharge its statutory functions during the period under review. What is your comment on this?

f. Do you agree that lack of transparency and accountability at the local government level hindered development of the selected Local governments during Obasanjo and Yar'Adua/Jonathan administrations? If you don't agree, state your reasons.

g. Do you subscribe to the view that granting fiscal autonomy to local government will enhance their service delivery functions?

Appendix iii

Interview Questions to Some informed individuals of the selected local governments like State auditors, those in the Ministry for Local Government, Ministry of Finance, Women and Youth leaders, etc.

Sir,

a. There is this widespread belief that the operation of the State Joint Local government account was one of the major reasons for the poor service delivery of your local government during twelve years of the two recent civilian administrations. Do you agree?

b. How would you rate the position of your local government in the Nigerian intergovernmental relations during the twelve years of the Obasanjo and Yar'Adua/Jonathan administrations?

c. What is your opinion on the call by some scholars to remove local governments from state control in the on-going review of the Nigerian 1999 constitution?

d. For local governments to perform well in their service delivery functions, a cross section of Nigerians is calling for the abolition or review of the State Joint Local Government Account. What is your view on this?

e. Corruption is widely believed to be the major reason why your local government was not able to discharge its statutory functions during the two recent civilian administrations. What is your comment on this?

f. Do you agree that lack of transparency and accountability at the local government level hindered effective service delivery of the selected Local governments during the period under review? If you don't agree, state your reasons.

g. Do you subscribe to the view that granting fiscal autonomy to local government will enhance their service delivery functions?