

Inter-Governmental Fiscal Relations and Performance of the Local Government System in Nigeria: Periscoping the Elephantine Problems

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Abstract: *This study examined Intergovernmental fiscal relation and performance of the Local Government System in Nigeria using Nnewi North local government area of Anambra state as a case study. The study employed descriptive survey design; questionnaire was used to collect data. Primary and secondary data sources were used and data was analyzed using frequency tables and percentages while chi square was used to analyze the hypotheses. The findings revealed that conflict arising from revenue sharing among the three tiers of government affects the performance of Nnewi North Local Government Area. The findings also revealed that fiscal imbalance has relation with poor performance of Nnewi North Local Government Area. Recommendations were made sequel to these findings; that government should release the statutory allocation due to the local government as at when due to help them develop and operate independently. The Local Government should endeavor to harness the resources in the area of their jurisdiction. That the courts especially customary courts should exercise constitutional powers and adjudicate over conflict arising from inter-governmental transactions and should rule according to constitution as well as provide strategy for resource distribution, administrative and jurisdictional control, to eradicate conflict among levels of government. Finally, that the revenue mobilization, allocation and fiscal Commission should be encouraged and the administrative techniques for collaboration consultations and negotiations should be encouraged. They should among other things de concentrate resources, to various centers of power and ensure that grass root development is considered while sharing resources.*

Keywords: Local Government, fiscal responsibility, community development, revenue

1.1 INTRODUCTION

The concept of Intergovernmental relations is associated with states having a Federal Administration system where the relationships between the Federal, Central or National Governmental and major sub-national unit (province, region or state) formally spelt out in the constitution. Intergovernmental relations have been seen as a system of transactions among structured levels of government in a state. It is also seen as registration in which the parties have negotiating advantageous positions for power, money and problems-solving responsibility Olugbemi, (2011).

The achievement of the objectives of inter-governmental relations is dependent on some social factors within the Nigerian social System. Some of these social factors include the political setting and the state of the economy in the nation. Looking at the political setting, the inter-governmental relations are basically based on the three tiers of government that is the Federal, State and Local Government. The Federal and State Government is said to have more autonomy than the local government due to the fact that they are the last tier of government Nwafor, (2011). That is why local government is not given its full autonomy to do things on its own. The other tiers of the government dictate to them what to do, how to make their own policies, how to elect/appoint those to lead them like the Chancellor or Chairmen and so on. Local Government is still dependent on the other tiers of government making them to be subordinate and loyal to them Nwokedi,(2012).

There should be greater independence of the state and local governments from the Federal Government for their survival and performance of fundamental responsibilities. There should also be several reforms which should lead to the recognition of the local government as the third tier of government with relative autonomy and jurisdictional powers as provided for in the constitutions.

1.2 STATEMENT OF THE PROBLEM

To appreciate the depth of crisis in the Federal system in Nigeria, one has to follow the recent trend of the raging controversy between the Federal and State Governments over the exercise of power or control of revenue resources of local

government. The Government, particularly at the Federal level had not adhered strictly to the norms of federalism and had not followed the precedents established by the past democratic governments in Nigerian federation. In Nigeria, the issue of sharing resources among the three levels of government has remained controversial due to lack of acceptable formula. It generates tension and bad blood among the three tiers of government. This has resulted to setting up of different committees or commissions to prescribe the formula to be used. Thus, there exists conflict between the Federal, State and Local government over acceptable formula for sharing revenue. The conflict is usually whether the principle of derivation, need, natural interest or landmass should be used as a basis for the purpose. Even when these principles are generally accepted as the main basis for working out revenue allocation formula, conflict still arises as to which of the principles takes precedence over others as the main criteria for sharing the revenue. There has always been the problem of tax jurisdiction, as to which aspect of government should collect what revenue in a particular area. These have constituted serious problems between the Federal, State and Local Governments. The local government is the lowest level of government and they collect the least amount of tax revenue, which makes them to remain stagnant, Lazarus (2013)

Another problem is the existence of control of one level of government by another in any aspect Amadi, (2014). Local government is domination by the Federal and State governments. They do not have the required autonomy making them too dependent on the other levels of governments. It is gratifying to note that there is fiscal imbalance/ lopsidedness in revenue sharing. Conflict exists among the three tiers of Government in revenue sharing and delay in the release of statutory allocation has all constituted a cog in the wheel in the performance of Nnewi North Local Government Area. It is on this backdrop that the study investigates the effect of intergovernmental relations in the performance of Nnewi North Local Government Council.

1.3 OBJECTIVES OF THE STUDY

- (i) To determine how the late release of statutory allocation affect the performance of Nnewi North Local Government Area.
- (ii) To ascertain the extent revenue sharing conflict among the various levels of government in Nigeria, has affected the performance of Nnewi North Local Government Council.
- (iii) To determine the extent lopsidedness in revenue sharing has affected the performance of Nnewi North Local Government Council.

1.4 HYPOTHESES

The following hypotheses guided this study:

Hi; Late release of statutory allocation affects the performance of Nnewi North Local Government Council.

Ho; Late release of statutory allocation does not affect the performance of Nnewi North Local Government Council.

Hi; Conflict arising from revenue sharing among the three tiers of government affects the performance of Nnewi North Local Government Council.

Ho; Conflict arising from revenue sharing among the three tiers of government does not affect the performance of Nnewi North Local Government Area.

Hi; Lopsidedness in revenue sharing effect poor performance of Nnewi North Local Government Council.

Ho; Lopsidedness in revenue sharing does not effect poor performance of Nnewi North Local Government Council.

2.0 REVIEW OF RELATED LITERATURE

2.1 Conceptual framework

Melken, (2011) defines inter-governmental relations as a series of legal, political and administrative relationship established among units of government and which posses varying degrees of authority and jurisdiction autonomy. Okoli, &Onah, (2012) defined inter-governmental relations as a system of transactions among structured levels of government in a state. Inter-governmental relations are seen as negotiation in which the parties are negotiating advantageous positions for power, money and problems-solving responsibility. Etzion, (2012) sees inter-governmental relations as the relationship that takes place among the

different levels of government within a given state. The implication of the foregoing is that inter-governmental relations connote cordial or harmonious relationship among the various levels of government and their agencies, be it at the Federal, State or Local Government levels. If we reduce our analysis squarely to a Federal, State, we will at once see that inter-governmental relationship is dominated by the association between the Federal Government and its federating units and other agencies and parastatals of government at all levels. The sphere of authority is very often defined and enshrined in the Federal Constitution. Amadi, (2014).

According to Adamolekun (2013), Inter-governmental relations are the interaction that takes place among the different levels of government within a country. In the concept of Inter-governmental Relations, as earlier stated. It is not the same thing as Federalism. While no single definition of Federalism is generally accepted, it can be described as the contractual and Legal Status between the national (Central) government and the states and to some extent between both the national and state governments and localities. Intergovernmental relations, however involved the wide range of interactions among all types and levels of government Bingham & Hedge, (2011). Obi, (2011), in his own view, sees IGR to mean the complex patterns of interactions, co-operations and inter-dependence between two or more levels of government. It is further described as a plethora of formal and informal relationships and transactions that develop among levels of government within a nation state. In Nigeria, for example, it is referred to as the interactions that exist among the Federal (Central or National) states and local governments, state and state interactions, state and local interactions or local and local interactions. All these interactions put together refer to the pattern of intergovernmental relations.

2.2 International Governmental Fiscal Relations

Nigeria's fiscal Federalism is anchored on economic, political, constitutional, Local and cultural developments. The country runs a Federal structure but during the period of military rule, the structure of government was more unitary than Federal in practice. The country's Federal structure grew from three regions in 1960 to four regions in 1963. Between 1967 and 1970, twelve states were created and by 1976 the number of states stood at nineteen. It increased to twenty-one in 1987 and further increased to thirty in 1991 with a separate Federal Capital Territory Abuja. Presently there are thirty-six States, a Federal Capital Territory and seven hundred and seventy-four Local Governments. Consequently, the structure is a three tier or level of Government; the central (Federal), State and Local Governments, within a presidential system of government. Elaigwu (2012)

The increased number of sub-national governments (state and local government has been driven more by agitation and attempt to reduce ethnic tension rather than economic viability. Ironically, the lower centers of government, particularly the local governments, have been centers of economic development. This is not to suggest that development was not considered as a variable but it was a secondary consideration. The Fiscal Inter-relationship between the three-tier of government has been contentious over the years. In recent times, the revenue allocation matter became heated when minority States (of South-South Zone) at the National Political Conference staged a walk-out as a result of disagreements over the derivation principle. The crisis in the Niger Delta area of the country hinges on the revenue-sharing issue. The leadership of the Nigerian state and her policy makers will be posed with challenges in the next decade as they tackle the fiscal relationship among the three levels of government.

Nigeria operates a federal structure of government under the 1999 constitution, which guarantees the existence of the Federating units. The functions of the Federal Government are contained in the Exclusive list, that of States on the concurrent list where conflicts exist, the exclusive functions of the federal government dominate. The constitution spells out the assignment of functions and areas of fiscal jurisdiction among the various units of the Federal system Ralph,(2013) The 1990 constitution, section 4 (Second Schedule), shows the Exclusive Legislative list comprising the responsibilities on which only the Federal Government and, the state governments can act. In addition, section 4 (7a) assigns the so-called residual functions to State governments. There are functions not indicated either in the Exclusive list of the concurrent legislative list. Section 7 (5) of the constitution provides for the creation of local government Councils with responsibilities set out in the fourth schedule of the constitution.

The federal units often give up sovereignty in certain aspects of their operations in order to achieve the benefits of natural unity in some areas of government activities while retaining some measure of autonomy in other areas. Inter-governmental fiscal relations can be situated within the concept of federalism. Therefore, federalism connotes a system of government where revenue and expenditure functions are divided among the different levels of government. This is done to enhance the delivery of services at all levels of government. It is generally agreed that revenue generation and spending responsibilities, inter-governmental transfer and the administrative aspects of fiscal decentralization remain the real issues in inter-governmental fiscal relations or fiscal federalism. Therefore, Nigeria's fiscal federalism involves the allocation of expenditure and tax-raising powers among the federal, state and local governments. The argument is that fiscal federalism/decentralization is good for any economy since it enhances better service delivery and stimulates growth and development. It is important to state that contrary views do exist. Elaigwu,(2013)

The Hick Philipson Commission recommended independent revenue derivation and need. But it became difficult to determine what constituted need and even at that, all the formula could not stand the test of time. It therefore, had to be changed Amadii,(2014).Consequent upon the unworkability of the formula, the Hicks Commission was set in 1953 and it recommended derivation and fiscal autonomy. Again, the meaning of fiscal autonomy remained elusive in relation to the fundamentals of Colonial Economic Policy of Monopoly, Marginalization and Exploitation. Okoli and Onah, (2012).In 1958, the Riesman’s Commission recommended continuity of existing levels of service, basic responsibility of each regional government, population, balanced development and derivation. Consequent upon independence politics that occupied almost all the available time of the component parts of the government, much agitation was not made but at worst, some of those criteria were found in appropriate as there were conspicuous disparity among them as they existed in the various regions. Such were existing services, responsibility of each regional government, population and the unpredictable issues of balanced development. Okoli and Onah, (2012).

The independence politics later gave way to the attainment of political independence in 1960 which in turn paved way for a new national constitution, popularly known as independence constitution of 1960. With its constitution came a new formula for revenue allocation based on derivation, equality of states and needs. A formula which was accused of posing a posture of colonial legacy in negation of the challenges of the political order Okoli,(2012). At the creation of an additional region in 1964, Mr. K L Bims was appointed to review the allocation of the Distributable Pool Account to accommodate the newly created region-mid west. The commission recommended that the Distributable Pool Account be raised to 30%for North, West - 20% and Mid West 1%.Ugwu, (2014). A recommendation which its implementation became a still born, as it was not implemented until 1966 when the military usurped power. A Revenue Allocation Revenue Committee was set up in 1968. The Revenue Committee was known as Dina Committee and it submitted its report in 1965, but the report was rejected for lack of objectivity and for exceeding its mandate and ignoring its terms of reference Ugwu, (2014).

Other revenue allocation formulae according to Gboyega, (2011), include the one by Aboyade in 1978 and other by Okigbo in 1980 which identified areas of rivalry between the various tiers of government over resources. The Aboyade Commission proposed the ratio of 60:30:10 percent as a basis for sharing revenue among the Federal, State and Local Government tiers. This was rejected for its high technicality and insufficiency. The Okigbo Commission in trying to remedy the situation came with the following formula:

Federal Government	-	53 percent
State Government	-	30 percent
Local Government	-	10 percent
Special Fund	-	7 percent

This recommendation created a considerable conflict in the National Assembly; it was accepted with a little modification. The formula was modified as follows;

Federal Government	-	50 percent
State Government	-	30 percent
Local Government	-	13 percent
Special Fund	-	7 percent

All these whiles, the issue relating to derivation has been fading out. Hence, Gboyega (2011) contend that: the issues of derivation were only emphasized in the period of agricultural export boom, by 1978 when oil exports had all but disappeared, the derivation principle was accorded insufficient importance. The creation of the Distributable Pool Account, (DPA) in 1959 marked an early turning point. The derivation principle was slowly phased out by increasing emphasis on the need’s principle. Although the population criterion was also introduced later, the difficulties surrounding the reliability of census figures made its use as a basis for revenue allocation difficult. In the politics of revenue sharing, various states in anticipation for potential benefits from presenting a high population figures, inflated their population sizes. Gboyega,(2011).

As time went on, precisely in 1982, the allocation of the government revenue changed form thus:

Federal Government	-	55 percent
State Government	-	35 percent
Local Government	-	10 percent

The formula has to be changed, once again in 1985 by the regime of General Ibrahim Babangida to take the form of:

Federal Government	-	55 percent
State Government	-	30 percent
Local Government	-	10 percent

While the remaining little percentage was to be left for the development of mineral producing areas, the development of mineral producing state and for the amelioration of ecological problems. Abacha's regime later had to change the formula in favor of the State and Local Governments at the expenses of the Federal Government. Hence, the formula was then pruned to:

45 percent for the Federal Government
35 percent for the State Government
20 percent for the Local Government

From the foregoing, it has been clear that what keeps the government together borders on the allocation of the common fund. However, it is obvious, just as was said earlier that the Inter-Governmental Relations in Nigeria, is almost, not all aspects, has assumed a master-servant posture. The Federal Government has been seen to be taking the lion's share of the revenue allocation among the other levels of government which buttress dominance. But be that as it may, the amount allocated to each level is relative to the functions to be performed by each. It therefore, follows that the functions of the Federal Government will exceed them on revenue allocation. The ultimate point should be that for smooth inter-governmental relations to be ensured, a cordial relationship and not control (as is obtainable between State and local governments) should be enthroned. Amadi,(2014).

2.3 Intergovernmental Relations in Nigeria

The dynamics of the Nigerian Federation and the Nigerian Constitution make IGR politically imperative. With over four hundred lingo-cultural groups, a population of over 120 million, thirty-six state and a Federal Capital Territory and 774 Local Government. IGR in Nigeria is inevitability, over the years the pendulum of Federal associations among groups has swung between centrifugal and centripetal forces, as Nigeria sought to adjust the Federation. Etzion, (2014).

As Nigeria used the framework of Federalism to manage her conflicts, she has found that intergovernmental relations is a necessary mechanism to promote cooperation, manage conflicts, respond to changing circumstance and deliver services more efficiently. Amadi,(2014) Intergovernmental Relations is basically a mechanism for managing conflict and delivering services, Institutions and processes of Intergovernmental Relations services to;

- (i) Promote Co-operation among Governmental Units
- (ii) Recognize and manage conflicts
- (iii) Deliver services more efficiently and
- (iv) To respond to changing circumstances.

Formal and constitutional institutions also exist for IGR in many Countries as well as adhoc meetings among members. There are institutions and processes of IGR and they include constitutional constitution, statutory institutions and Informal/adhoc institutions. These have changed over time, depending on the Constitution and the system of government in operation. Okoli, (2012)

Looking at the constitutional institution, these are constitutionally provided institutions of IGR and they include;

- **The National Assembly** – Section 4(1) of the 1979, 1989 and 1999 constitutions state clearly that ‘there shall be a National Assembly for the Federation which shall consist of a Senate and a House of Representatives. Representing the whole Federation on the basis of population in the (House of Representatives) and on the basis of equality of states (in the Senate), the National Assembly in an open legislative institution of IGR. The powers to legislate over appropriation bills control of public funds, contingency fund and investigation that make the National Assembly an important inter-governmental institution in the constitutions. Ibang, (2013).
- **The Supreme Court;** It has the final power of arbitration in civil, criminal and constitutional matters. In Nigeria’s Second Republic, State Governments took the Federal Government to court over revenue sharing formula and the Agricultural Development Basin Authorities. Individuals and Corporate groups also went to the court to seek redress.
- **The council of States** – This is essentially one of the advisory executive bodies contained in the constitutions of 1979, 1989 and 1999. Its functions include advising the President with regard to the conduct of national census, prerogatives of mercy, award of national honor, the Independent Electoral Commission, the National Judicial Commission, the National Population Commission and on public order. Lazarus, (2014). The membership of this body also reflects its intergovernmental nature.
- **The Federal Character Commission;** this is another constitutionally guaranteed executive IGR’s agency. The functions of this agency include working out equitable formula for the distribution of all cadres of posts in the Federal and State public services, promoting, monitoring and enforcing compliance of proportional sharing of public offices and taking measures to enforce such compliance. Given various complaints about injustices/unfairness in the distribution of public services positions among components units of the Federation, the importance of this commission cannot be over emphasized. Ifoinu, (2015). This agency is expected to carry out the constitutional provisions in Section 14(3-4) of 1979, 15(3-4) of 1989 and 14(3-4) of 1999 constitutions which states that the composition of the government of the Federation or any of its agencies and the conduct of its affairs shall be carried out in such manner as to reflect the Federal Character and the need to promote national unity.
- **The Independent National Electoral Commission (INEC);** It has the functions of organizing, undertaking and supervising all elections. There is a provision for State Electoral Commission in each state of the Federation. It also has the function of registering political parties, monitoring the organization and operation of political parties and annually examining and auditing of the funds and accounts of political parties. This commission registered the three political parties. Mbonu, (2016) The People’s Democratic Party (PDP), the All Peoples Party (APP); and the Alliance for Democracy (AD) which formed the crux of Nigerian’s Fourth Republic from May 29, 1999.
- **The National Economic Council (NEC);** It has the powers to advise the President concerning economic affairs of the Federation and in particular on measures necessary for the coordination of the economic planning efforts or economic programmes of the various governments of the Federation. Eliagwu, (2015)
- **The National Judicial Council;** It has the power to recommend appointments to the bench at Federal and State levels and FCT. It can also recommend the removal from office of the judicial officers and exercise disciplinary control over members of the judiciary.
- **The National Population Commission;** It has the functions of undertaking periodic enumeration of population through sample surveys, census etc, continues registration of births, deaths, advising the president on population matters and providing data/information on population for National Planning and development Uzor, (2015)
- **The Revenue Mobilization Allocation and Fiscal Commission;** It is responsible for monitoring accruals and disbursement of revenue from the Federation account. Periodically reviewing the revenue allocation formula and principles in operation to ensure conformity with changing reality advising federal and state government on fiscal

efficiency and methods by which their revenue can be increased and determining the remuneration of the President and Vice President.

All these executive IGR institutions are constitutional. The long period of military rule “froze” the activities of some of these agencies but they are again operational. Ironically, many of these agencies were created by various military administration but they are now operating fully to carryout their mandates.

- **The National Council on Inter-governmental Relations (NCIR)** was established July 1992 to closely monitor the operation of the Federal System, giving continuing attention to inter-governmental relations in the Nigerian Federal System, study conduct research and maintain data, recommend solutions to problems of inter-governmental relations and necessary forms of improvement, play mandatory roles in resolving conflicts and establish contacts with other organizations with similar objectives. Udoka (2012) A major problem of NCIR was bureaucratic suffocation, which even starved it of funds. In addition, NCIR had no independent source of funds that was necessary if it was to mediate among tiers of government and to remain neutral.

Some other institutions of IGR under Statutory institutions include: Boundaries

Commission - The National Directorate of Employment (NDE); The National Planning commission and the National Primary Education Commission.

Under the Adhoc or Informal bodies and Agencies; they are useful in bringing together Federal, State and Local Officials in a particular policy area. They also help to smoothen intergovernmental relations and encourage co-operation among component units of the Federation. The various National Councils in Education, Agriculture, Health, Industry, Information, Tourism and Finance are usually meetings among Ministers at Federal and State levels to bring State and Federal political executives together to harmonized policies in the interest of the Federation. Egbunike,(2016)

All the above institutions of IGR are important in managing conflict and responding to changing circumstances in the Nigerian Federation. While IGR institutions are useful, they also carry with them the baggage of their own problem, which need careful attention. Some of the tension, which arise in the Nigerian Federal, emanate from the overlap of functions among tiers of government. They are derivable from the kind of pulls, the tension arising from attempt at delicately striking a balance between centripetal and centrifugal forces. These become very evident in the relations between Federal and State governments, State and Local Governments and even in the relations among state governments. Isawa, (2012).

There is provision in the 1976 constitution of the Federal Republic of Nigeria at the Second schedule of the constitution of the formal division of power between the Federal and State government with defined functions in section 7th and 4th schedule of constitution respectively. The independent form given to these levels therefore did not mean that there should be no relations among the levels of government in Federal Republic of Nigeria. Since 1976 when the Nigerian Local Government Reform was established, the local Councils, a uniform posture and the constitution that came subsequently in (1979) recognized it as the third-tier system of government; the story had remained the same. In the present democracy, the local governments are assigned roles and functions partakers in the inter-governmental relations which makes way for prevalent existence of domination between only the central and state or regional government alone. At the end of the reform of the local government and the consequent execution of action of the officials in the Council level. Annual conferences of chairmen of Local Government in Nigeria started off. Also, the bi-annual conference of Commissioners for Local Governments and creation of an executive office of special Assistant to the Governor on Local Government matters etc. all served as avenue for inter-governmental relations between the local government levels and other levels or among local governments started off. Hence the new local government system in the new democratic Nigeria, in all its fundamentals has redefined;

- (i) The power-relations between the states and the Local Governments
- (ii) The power relations between the state and the Federal Governments in their

Combined relations to the government and

- (iii) The relationship between the local government and Federal Government.

Having reviewed the evolution of the institutions and processes of IGR and inter-governmental interactions, essentially in terms of the relations among the levels of government; Nwatu,(2004) argued that it was necessary to emphasize that a full analysis of intergovernmental relations must also focus on the ordinary citizens reactions to the activities of the public official who operate at the different levels of government. Also the attitudes and roles of both political leaders and appointed officials at the different levels of government throughout the period under review (1954-81) have significantly influenced both the substance and style of Inter-governmental Relations in Nigeria. Ralph (2013).

2.4 The Impact of Intergovernmental relations on Local Government administration in Nigeria

The impact of, intergovernmental relation on local Government Administration in Nigeria can be considered under the following points:

- (i) **Resource distribution** – Government decision as to who gets what, where, when and how is a distribution issue. Equity in the distribution of resources becomes necessary if conflicts are to be avoided. As individuals or groups compete to maximize their share of scarce but locatable resources, conflicts easily emanate, requiring urgent attention to ensure the smooth operation of the system. Distribution of resources however must address two issues:
 - (a) The increase in the production of locatable resources (the supply side)
 - (b) The nature or basis of the distribution of these resources among groups (the demand side).

Distribution of resources is important because it is a determinant of the pattern and the nature of development among sub-national units. Efforts must be made to avoid over-concentration of resources in few “poles of growth or centers” of strength of maximize short run capacity in order to avoid crisis. Elaigwu (2012).

Resource distribution issues in a Federal, also give rise to a conflict between capacity and equality among the various units which form the federation. As Elaigwu,(2011) explained the situation, “the conflict between capacity and equality for a Federation may be seen as the overall development of a country on the one hand and even development among sub-national units of a federation for purpose of political stability. So in this case, local government due to the power given to it through the constitution has its own autonomy share of resource distribution which helps it develop rapidly. Equity in the distributive process calls for equalization of income through transfer. This implies that it is the obligation of the Federation to see to it that the citizens of each state can enjoy a given minimum level of public services. If anyone state or local government is too poor to provide this minimum level even though a required minimum degree of tax effort is made, the Federation steps in. These have had a positive effect on local government administration in Nigeria leading to its growth and development. Ralph,(2013).

- (ii) **Grants** – Grants are also made where there is no intention to interfere with local choice, the objective being one of fiscal equalization. Some jurisdiction (State or Local) enjoy a high taxable capacity (i.e. the tax rate needed to obtain a given level of revenue is low) and have a relatively low level of need (i.e. the amount required to provide certain service levels is small). They are thus in a fiscally strong position, as measured by the ratio of capacity to need, others are in the reverse position. The central government may then wish to equalize fiscal position through various ways. The central government may wish to secure common minimum levels and adjust its grant policy to secure these objectives. The central government on the other hand may wish to equalize actual service levels and for this purpose impose such matching grants (where needed to equalize levels) or taxes (where needed to lower levels) as are required to secure equalization. Nzute,(2014).

Again, due to inter-relationship between the three tiers of government, local government receive grants from the State Government, Federal government, Banks and other Financial institutions that will help develop local government administration as a whole. Nwolili, (2010).

- (iii) **Revenue sharing and allocation**

Intergovernmental relations have had a serious impact on local government administration through revenue sharing and allocation. Revenue sharing and allocation is one of the most important examples of inter-

governmental grants. In this case, since 1946, revenue allocation has continued to dominate the arena of IGR in Nigeria culminating in intergovernmental conflicts. The process of colonial reconstruction of Nigeria began with the adoption of regionalism which called for the question of acceptable formula. For revenue allocation between the central government and the constituent units like the local government. The dialectics of revenue allocation and the complexities of the indices that have been used in arriving at acceptable formula have generated so much controversies (conflicts) and disenchantment with the result that the promises that the Nigeria nation held at independence have been dinned and diminished by the reverberations emerging from perceived inequity generated by the various formulae that have been used and discarded, one time or the other. Nzute,(2014).

The search for an acceptable revenue allocation formula has led to the adoption of several principles and economic indices that have in various combinations been used, faulted, discarded and reinvented through the instrumentalities of revenue allocation commission such as Phillipson's (1946), Hicks Philipson's (1951), Raisman's (1958), Binns' (1964), dina's (1968), Abonade's (1977) and Pius Okigbo's (1980) commissions.

To that effect, struggle for the allocation percentage between the Federal, State and Local governments has been in it's high rate. Where the Federal will like to take 50% of the allocation, state 30% and local 20%, the state and local might be feeling that the Federal has cheated on them, then the struggle continues. Akunnaya,(2011).

Intergovernmental interaction may reduce the problems associated with inter-tier conflicts. Under the Obasanjo administration, state and local governments were treated as virtual extensions of the Federal Government. Some of the available conflicts in the Federation under – the fourth Republic device from the hangover of the military regime in which the center has grown titanic curbing the unnecessary adventures of the center have become a problem. There are many arenas of cooperative intergovernmental relations. Politicians at this stage of Nigeria's development are either ill-equipped to deal with these problems or are un-willing to establish normal inter-governmental relations even when constitutionally provided. Like most things in nation states, there is a need for mutual compromise to enable fairness, justice and relative equity to lubricate the wheels of the Federation. It is hoped that with more discussions and collective experience, the politics of distribution will not be a danger to the Federation. Elaigwu, (2011). Moreover, as increased pressure are exerted on the limited resources of the nation, how these resources of the nation are shared among competing components of the Federation will continue to be called to question. All tiers of government need resources to survive. As demands are placed on each tier of government, the struggle for more equitable resource sharing formulae will continue.

The principle of derivation as basis for revenue sharing will increasingly be emphasized because of the needs of the various components of the Federation and the desire to have greater control over resources by the various components of the Federation. The various principles that are currently used become obsolete. As an incentive to ensure greater generation of revenue by the various tiers of government, derivation will be given more emphasis. This can augur well with the nations as each component of the Federation will work hard to generate more internally derived revenue, thus reducing the over dependence on Federation Account. This is a very probable positive development in the future. The over-concentration on Federation Account will need to be reduced as a matter of necessity. In fact, the measure of development of the States would be determined by how much revenue they are able to raise internally. The current unhealthy situation of over dependence on Federation Account cannot continue to be allowed or be encouraged. Elaigwu, (:2011).

Due to the effect inter-governmental relations have on local government, they were able to generate resources from cottage industries and other productive activities rather than depending on market levies as the principle sources of revenue. But the weakness of these impacts is that local government with few markets cannot raise much revenue. Alternatively, the local people get over taxed in an effort to raise revenue level. Thus, resource sharing must address the necessity for rapid development at the grassroots level. As development gets entrenched at the grassroots level, the Federal level will invariably relinquish some of her activities. This will necessitate re-organizing the resource sharing structure. Smart, (2009).

For development to take place especially at the grassroots levels, horizontal distribution is very crucial. The efficiency in the use of funds at that tier of government must be increasingly affected in order to move the nation forward. The clamor for development, especially on the area of poverty reduction can best be achieved through a combination of effective vertical and horizontal distribution of revenue. The formula for revenue allocation has always been an important factor in ensuring that the relationship among the tiers of government in a federation is stable and that every level experience a sense of satisfaction. Ojo, (2013) in discussing revenue allocation formula in Nigeria had this to say:

Nigeria has experienced not less than ten formulae and a number of commissions set up to look into the matters. In some cases, the reports were rejected mainly as a result of protests from the units of the Federation either because too much of the revenue was allocated to the center or the wrong principle was employed in arriving at the formula. The important of the abode assertion is that revenue allocation formula in Nigeria has been a matter of controversies and politics thereby making fiscal Federation a dominant feature in the arena of intergovernmental relations. Borrowing is an option for any tier of government whose expected expenditure exceeds its expected revenue. The Federal Government can borrow domestically and from abroad. State government can borrow domestically, they can also borrow externally but only with the prior approval of the Federal Government. The local Government Councils can only borrow domestically. Generally, states and local governments are expected to borrow to finance capital projects only. Local government borrows from other levels of government due to the relationship that exist among them. Isawa,(2012).

- (iv) **Administration relations between legislative and executive-** Due to the relationship between the three tiers of government, state governments are vested with the powers to “enact through the state House of Assembly a law providing for the structure, composition, revenue / expenditure and other financial matters, staff meeting and other relevant matters for the local governments in the states” subject to the provisions of the constitution. The state government established a Joint Planning Board through a law enacted by the State Assembly. (Okoli & Onah,(2012). The law provided for the participation of every local Government within the state in the economic planning and development of the local Government area. The National and State Assemblies are empowered by the constitution to legislate on the creation of new states and adjustment of state boundaries also requires a legislative approval of the local government Councils in the State concerned. The state executive possesses the power to institute a Panel of inquiry into the operations of any local government which does not perform satisfactorily and give appropriate punishment to offenders. He is also empowered to dissolve a local government council if the council fails to discharge it functions effectively and can appoint a caretaker management Committee to discharge its functions. The local Government (Basis constitutional and Transitional Provisions) Decree 1980 has gone far to provide that the President possesses the power to remove any chairman of the Local Government or dissolve the Council and appoint a caretaker Committee to manage the affairs of the Local government until an election is held. Ralph,(2013).

In spite of the 1976 local Government Reform, all the measure taken to guarantee their autonomy, local governments still remain in theory and practice, part and parcel of the State in which they exist. With regard to administrative relation, the Ministry of Local Government, as an Agency of the state government before it’s abolition in 1988 exercise stringent controls over all the activities of local Governments. All the bye-laws of the local Government Council were approved by the Ministry of Local Government before they came into force. Bicycle plates, revenue receipt books, death and marriage certificates were provided centrally by the Ministry. Ralph (2013).

The annual estimates of the local governments were subject to approval by the Ministry before they were implemented. The Ministry approved major contracts of the Local Governments before they were awarded. The Ministry exercised very powerful control over local governments through its inspectorate division, which provided inspectors who visited local governments regularly to inspect their operations in order to ensure that officials and councilors complied with law and regulations. The State Government provided local governments with financial memorandum which guided their financial management. The Ministry also imposed adoptive bye-laws to Local Government whenever it was deemed necessary. Nzute,(2014).

Some chairmen of Local Governments and Councilors of the Second Republic were not happy with these excessive control measures exercised over the local government by the State Government. They argued that while the State Ministry of Local Government was a necessary clearinghouse and coordinating center of the activities of the local governments, it had in many ways constituted a hindrance to development and progress. Ralph,(2013).

- (v) **Functional relationship** – The constitution of the Federal Republic of Nigeria 1979 provides for two sets of local government functions: executive and concurrent. The concurrent functions include primary education, health services and agricultural extension services, industrial and commercial services. In these concurrent functions, the local governments provide them in conjunction with state and Federal Governments. Often the Federal/State Governments provide the financial resources, in part or whole, while the local governments provide local managerial resources, local political control, supervision and community support. Ralph,(2014) The State

Government can prosecute any of the functions jointly with the local governments. It possesses the power to delegate any of its functions to local governments to perform under its supervision and control. Moreover, the constitution provides that the state Assembly can, through law confer upon the local Government 'such other governments, as their universal primary Education and the National Health Schemes.

Finally, the Federal and State Governments prosecute Community Development programme with Local Governments. For instance, the Directorate for Food, Roads, and Rural Infrastructure (DFRRI)/State Directorate for Rural development Work with local Governments in executing their projects. Ralph,(2013).

- (iv) **Staff matters** – Local Government also relate with State and Federal Governments on staff matters. The local Government Service Commission is responsible for the appointment, transfer, promotion, discipline and training of local Government staff. The Federal Government also provides staff training funds and programs for training of local government staff. The Federal Government provided an Approved Scheme of Service for the Local Government which now governs the local Government Services. It also provided the pension scheme and fund, which are enjoyed by the staff qualified for them. The Governor of a State Government holds together regular talks and consultations with chairmen of Local Governments on vital issues of security and general development of the state. He also visits local government areas where he and his officers interact with local Government Officers on their needs and problems. (Ralph 2008:164).

In the same way, state Government Commissioners and officials undertake working visits to local government areas where they interact with local Government officers and Councilors on the affair of the area. On the other hand, local Government Chairmen hold regular consultations with the Heads of Federal and State Government Ministers and Departments in the area with a view of recurring their co-operation, coordinating their activities and giving the necessary advice and assistance to their needs and problems. Ralph,(2013).As local Government are units that make up the states which exists in the federation, each level of government is concerned with the task of public security and public welfare, hence healthy and coordinate inter-governmental relations are indispensable factor for good Government and rapid development. Okoli and Onah,(2012).

2.5 Theoretical Framework

According to African Development Foundation (ADF) handbook (1993) ... no research stands alone. It has a context, it has a background that gives it its meaning and significance either from a cumulative development of knowledge, from the absence of such knowledge, or from the vantage point of current practice for applied or action research".Kaplan (1980) contends that a theory is a systematically organized knowledge of varying levels of generalization with a view to the eventual specification or relationships among empirical tests. According to him, the test of a theory is the degree to which its formulation seems congruent with our own perception of the real world situation. Therefore, a theory equips us with a way of looking at reality.

In the light of the foregoing, we can define theoretical framework as a broad umbrella made up of theoretical postulations (theories , perspective, models or paradigms) that researchers or writers can utilize as guides for understanding or analyzing a reality or phenomenon under study. For the purpose of this study, the general systems approach shall be adopted. Systems analysis is a part of the behaviouralist movement in political science which had been growing in various America universities, starting with the University of Chicago – as a reaction to the traditionalist approach. It was in this search for theory- building that scholars like David Easton, Ludwig Von Bertanaffy, a Biologist, Morton, Kaplan, Karl Deutsch, Stanley Hofmann, Charles McClelland to quote a few developed the system model (Varma, 1975). System theory was popularized in political science by David Easton (a Political Scientist). In recent times, the systems theory has become as increasingly useful framework for thinking about organizations and managerial functions. Organizations, like the local government are open systems with certain boundaries that differentiate it from other systems. It must constantly receive multitude of inputs from its external environment (people, form, input, information) in order to achieve its objectives.

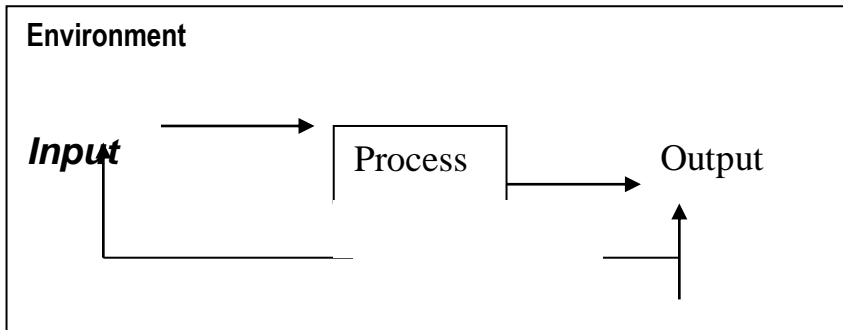
Therefore, to survive and prosper, an organization must be productive. It must return to its external environment certain outputs in order to justify its existence and get the support it needs. The system theory is an analytical tool which enables theorists and researchers to study key elements of organizations in terms of their interaction with one another and with their external environment. Social systems are always open systems with inputs, outputs, and conversion process. In relation to an organization, inputs refer to people, materials, information and finance. These inputs are organized and activated so as to convert human skills and raw materials into products, services and other outputs which are discharged into the environment.

It is important to state here that our research which is focused on "Effect of intergovernmental relation on the performance of Nnewi North Local Government Council" is of vital importance in the study of the relationship between fiscal relations between

the three tiers of government. The local government is an organization, a system within a larger system of its environment. The workers, citizenry within the organization constitute the internal environment of the organization.

The system theory as a framework for the study of Intergovernmental relation and the performance of the local government council enables us to understand and explain how environmental factors (like conflict), poor funding affect the internal working of the local government system and how this could bring about the collapse of the system.

Fig 2.2 The System Approach to Organization



Justification of the Theory to the Study

The system model is not only necessary but indispensable in the study of intergovernmental relation and performance of the local government council.

This theory precipitates the notion that:

- a. The Local Government is an organization (A system) that has a number of political functions to perform to the people. Therefore, conflicts constitute dysfunction to the system and therefore does not encourage system survival as enunciated by functional theorists.
- b. That the major emphasis is on system survival, goal attainment, system maintenance. There are basic input, output and feedback functions of a system and these functions cannot be performed when fund is low.
- c. That conflict is detrimental to any system. From the literature review, conflict among tiers of government in revenue sharing is problematic to the system.

3.0 METHODOLOGY

3.1 Method of data collection

The researcher collected data for this study through the use of questionnaire. Two hundred and twenty-nine copies of the questionnaires were distributed to the respondents. The researcher went to the location of study to distribute the copies of the questionnaire. Face to face interview was also used by preparing an interview guide which was used to elicit data from respondents. Also focus group discussion and observation were used as tools for data collection.

3.2 Validity of research instrument

According to Odo, (2010) "validity is the process of finding out the degree to which researcher or test indeed measures what it purports to measure".

This is aimed at increasing the trust worthiness of our measuring instrument as regards to accuracy of result generated. The instrument that was used in data collection was validated through the under listed ways;

- a. **Expert/ face validation;** the researcher validated the data through gathering instrument through experts in the area of study. The essence is for them to make some corrections in the instrument.
- b. **Content validity;** Content validity was used to ensure that the instrument (i.e. questionnaire) measured what it was supposed to measure so as to ensure that reliable data were collected from the respondents.

The instrument was designed to construct validity and measure the effect of intergovernmental relations on performance.

- c. **Un ambiguous question;** the question as contained in the questionnaire was unambiguous so that error variants caused by misinterpretation did not creep in.
- d. The sample comprised of people literate enough to respond to the questions based on their knowledge of the problems. They were provided with clear and standard instructions to reduce error.
- e. The questionnaire was individually distributed and collected by the researcher and each respondent was given enough time to answer the questions.

3.3. Reliability

It is referred to the consistency of responses from the use of data collection instruments. Considering the variables involved, a pilot study was conducted on pre-determined group of staff using some questionnaire to test for their responses. Thus was subjected to a test or retest during the actual field of work and responses gotten were compared to determine its consistency. This determined the validity and reliability of the study.

The measuring instrument will only be reliable when being consistent overtime, credible and dependable. In view of the above, the researcher administered a pilot test and retest method in other to access the survey instrument. This was done by administering 40 copies of the questionnaire to a group of respondents at a particular time. The same questionnaires were administered again to the same set of people after three-week intervals. The response was analyzed using spearman Rank correlation coefficient.

The spearman Rank correlation order formula is given below:

$$r_s = \frac{1 - \sum d^2}{N(N^2 - 1)}$$

Where r_s = Spearman Rank Order Correlation Coefficient.

1 = unity i.e perfect correlation from which any value in the quality may be taken to reduce the coefficient.

6 = constant value

$\sum d^2$ = sum of the difference in ranks squared.

N = Number of cases

Decision Rule: accept the instrument if the result is ≥ 0.5

Table 3.1 Test of Reliability Using Spearman Ranking Order Correlation.

Responses	Test	Reset	Difference(D)	D ²
Strongly Agree	9	7	2	4
Agree	6	5	1	1
Undecided	2	3	-1	1
Disagree	2	3	-1	1
Strongly Disagree	1	2	-1	1
Total	20	20	0	8

Source: field survey, 2016.

Therefore, $r = \frac{1 - 6 \sum d^2}{N(N^2 - 1)}$

Where;

r = spearman's rank correlation

d = difference between the observations

n = Number of observations which in this case is 40

$$r = 1 - \frac{6 \times 8}{40(40^2 - 1)}$$

$$r = 1 - \frac{48}{40(1,600 - 1)}$$

$$r = 1 - \frac{48}{63,960 - 1}$$

$$r = 1 - \frac{48}{63,960 - 1}$$

$$r = 1 - 0.00075$$

$$r = 0.999$$

After the computation, the reliability of 0.9 was obtained and considered high enough for the instrument to be high enough.

4.0 METHOD OF DATA PRESENTATION ANALYSIS

Simple percentage method and table were used by the researcher to present the data gathered. Chi Square was used to analyze the hypothesis of the study.

The formulae for percentage are hereby stated as follows;

$$\frac{A}{B} \times 100$$

$$B = 1$$

Where A =Number of respondents to an item,

B = Total Respondents in Sample

100 = percentage

Formula for Chi Square = χ^2

$$\chi^2 = \frac{(fo - fe)^2}{fe}$$

Where fo = frequency observed

Fe = frequency expected

4.1 Demographic data of respondents

The demographic data of the respondents are presented below. It comprise of the gender,age, marital status, educational qualification, rank in the organization and duration of service of respondents.

Table 4.1: GENDER DISTRIBUTION OF RESPONDENTS

Gender	Frequency	Percentage %
Females	117	55.5%
Males	94	44.5%
Total	211	100%

Sources: Field survey 2016

The gender distribution table indicates that 117 people which represent 55.5% of the total respondents are females while 94 which represent 44.5% are males. The implication was that we had more female respondents.

TABLE 4.2: DISTRIBUTION OF RESPONDENTS

Age	Frequency	Percentage%
Below 30 years	74	35.1%
30-40years	27	12.8%
41-50 years	83	39.3%
51and above	27	12.8%
Total	211	100%

Sources: Field survey 2016

The above table indicates that 35.1% of respondents were below 30 years of age; 12.8% were between 30 to 40 years old; 39.3% were between 41 and 50 years of age while 12.8% were from 51 years and above. With this analysis, it becomes clear that Nnewi North local government area has a greater number of young work forces.

Table: 4;3: MARITAL STATUS DISTRIBUTION OF RESPONDENTS

Marital status	Frequency	Percentage %
Single	29	13.7%
Married	165	78.2%
Others (specify)	29	13.7%
Total	211	100%

Source: Field survey 2016

The above table showed that the respondents who were single is 13.7 while 78.2 were married and others (divorcees, widows, widowers) summed up the 13.7% of the respondents. The implication was that greater number of the respondents was married.

Table 4.4 ; EDUCATIONAL QUALIFICATION

Qualification	Frequency	Percentage %
FLSC	15	7.2%
SSCE	54	25.6%
OND	71	33.6%
B.Sc/HND	46	21.8%
M.Sc	25	11.8%
Total	211	100%

Sources: Field survey 2016

Table analysis;

The above Table showed that 7.2% held FSLC, 25.6% held SSCE or its equivalent, 36.6% held OND, 21.8% held HND or First degree; 11.8% held Master's Degree. This implied that greater number of the respondents were educated to an extent.

Table 4.5 RANKS OF RESPONDENTS IN THE ORGANIZATION

Position/Rank	Frequency	Percentage%
Junior Staff	125	59.2%
Senior Staff	82	38.9%
Management Staff	4	1.95%
Total	211	100%

Source; Field Survey, 2016.

The above table showed that 59.2% were junior staff, 38.9% were senior staff, while 1.95% were management staff. The implication was that the greater numbers of the respondents were junior staff.

Table 4, 1;1

Question one; late release of statutory allocation affect the performance of Nnewi North Local Government Area.

Alternative Response	Frequency	Percentage%
Strongly Agree	116	55.0%
Agree	45	21.3%
Undecided	10	4.7%
Strongly Disagree	28	13.3%
Disagree	16	7.6%
Total	211	100

Source; Field Survey, 2016.

The above table indicated that 116 respondents representing 55.0% of the total respondent strongly agreed that late release of statutory allocation affect the performance of Nnewi North Local Government Area. 45 representing 21.3% agreed, 10% representing 4.7% of the total respondents were undecided, 28 representing 13.3% of the respondents strongly disagreed and 16 respondents, representing 7.6% disagreed to this notion. The implication was that greater number of respondents supported that late release of statutory allocation; affect the performance of Nnewi North Local Government Area.

Table 4;1.2

Question two; Conflict arising from revenue sharing among the three tiers of government affects the performance of Nnewi North Local Government area.

Alternative Response	Frequency	Percentage%
Strongly Agree	130	61.6%
Agree	25	11.8%
Undecided	7	3.3%
Strongly Disagree	15	7.1%
Disagree	34	16.2%
Total	211	100

Source; Field Survey, 2016.

The above table showed that 130 respondents representing 61.6% of the total respondents strongly agreed that conflict arising from the three tiers of government affect the performance of Nnewi North Local Government, 25 representing 11.8% of the total respondents agreed to this notion 7 representing 3.3% were undecided, 15 representing 7.1% strongly disagreed, while 34, representing 16.2% of the respondents disagreed to this point of view. The implication was that a greater number of the respondent strongly agreed that conflict arising from the three tiers of government, affects the performance of Nnewi North Local Government Area.

Table 4.1;3

Question three; Fiscal imbalance has relation with poor performance of Nnewi North Local Government Area.

Alternative Response	Frequency	Percentage%
Strongly agree	125	59.2%
Agree	55	26.1%
Undecided	5	2.4%
Strongly disagree	7	3.3%
Disagree	19	9.0%
Total	211	100%

Source; Field survey 2016.

From the above table, it was brilliantly clear that 125 representing 59.2% of the total respondents strongly agreed that Fiscal imbalance has relation with poor performance of Nnewi North Local Government Area, 55 representing 26.1% of the total respondents agreed to this notion, 5 representing 2.2% were undecided, 7 representing 3.3% strongly disagreed while 19, representing 9.0% of the respondents disagreed to this impression. The implication was that greater number of the respondent strongly agreed that fiscal imbalance affects the performance in Nnewi North Local Government Area.

4.2 Test of Hypotheses

Data was collected from copies of retrieved questionnaires were analyzed.

Hypothesis one

H_i Late release of statutory allocation affect the performance of Nnewi North Local Government Area.

H₀; late release of statutory allocation does not affect the performance of NNEWI North Local Government Area

4.3 Table 4.2; 1 ANALYSIS OF HYPOTHESIS 1

Rank	Negative response	Positiveresponse	Total
Junior staff	39	86	125
Senior staff	11	71	82
Management	0	4	4
Total	50	161	211

Source; Field survey, 2016.

Negative response = (Undecided, disagree and strongly disagree)

Positive response = (Strongly agree, and agree)

Chi Square (X^2) statistical tool was used to test whether the discrepancies between the observed frequencies (O_i) and expected frequencies (F_X) are significant or may be attributed to change. Anyanwu, (1993).

The choice X^2 , as a non-parametric statistics is to make the result more useful.

The formula for Chi Square is

$$X^2 = \sum \frac{(fo-fe)^2}{fe}$$

fo

While X^2 = measure of obtained frequencies for the frequencies expected choice.

fo = Obtained frequency

fe = expected frequency

Formula for expected value (e)

$$= \frac{\text{row} \times \text{column total}}{\text{grand total}}$$

grand total

At 0.05 Significant level with the degree of freedom (c-1) (e-1) ie no of row x no of column respectively

Using $fe = \frac{CT \times RT}{GT}$

GT

Where CT=Column total

RT= Row total

GT= Grand total

$$fe_1 = \frac{161 \times 125}{211} = 95.38$$

$$fe_2 = \frac{161 \times 82}{211} = 62.57$$

$$fe_3 = \frac{161 \times 4}{211} = 3.05$$

$$fe_4 = \frac{50 \times 12}{211} = 29.62$$

$$fe_5 = \frac{50 \times 82}{211} = 19.43$$

$$fe_6 = \frac{50 \times 4}{211} = 0.95$$

CELL	FO	FE	FO-FE	(FO-FE) ²	$\frac{(FO-FE)^2}{FE}$
1	86	95.38	-9.38	87.98	0.92
2	71	52.67	18.33	177.69	3.37
3	4	3.05	0.95	0.90	0.29
4	39	29.62	9.38	87.98	2.97
5	11	19.43	-8.43	71.06	3.66
6	0	0.95	-9.95	0.90	0.95
Total					12.16

$$DF = (C-1)(R-1)$$

$$= (3-1)(2-1)$$

$$= 2 \times 1$$

$$= 2$$

With Significance level of 0.05 and df= 2, the critical value of $X^2 = 5.99$.

Decision rule; reject H_0 if the calculated value X^2 is greater than the critical value of X^2 do not reject if otherwise.

Decision; since $X^2_{Cal} = 12.16$ and our critical value 5.99. We reject the null hypotheses and conclude that late release of statutory allocation affect the performance of Nnewi North Local Government Area.

.Hypothesis two

Table4.2; 7,-Analysis of the Hypotheses two;

Responses	Negative responses	Positive responses	Total
Junior staff	40	84	125
Senior staff	16	67	82

Management staff	0	4	4	
Total	56	155	211	

Source; Field Survey, 2016.

Negative responses = (undecided, disagree and strongly disagree)

Positive responses = (Strongly agree and agree)

Formula for Chi Square

$$X^2 = \sum \frac{(f_o - f_e)^2}{f_e}$$

Fe

Where fo=frequency observed,

Fe= frequency expected

Level of significance = 0.05

Formula for expected value (e)

$$e = \frac{\text{Column total} \times \text{Row total}}{\text{Grand total}}$$

$$\text{Using } f_e = \frac{CT \times RT}{GT}$$

Where CT=Column Total

GT = Grand total

$$f_{e1} = \frac{155 \times 125}{211} = 91.82$$

$$f_{e2} = \frac{155 \times 82}{211} = 60.24$$

$$f_{e3} = \frac{155 \times 4}{211} = 1.04$$

$$f_{e4} = \frac{56 \times 125}{211} = 33.18$$

$$f_{e5} = \frac{56 \times 82}{211} = 21.76$$

$$f_{e6} = \frac{56 \times 4}{211} = 1.06$$

VARIABLES	F _O	F _E	F _O -F _E	(F _O -F _E) ²	$\frac{(F_O - F_E)^2}{F_E}$
1	84	91.82	-7.82	61.15	0.67
2	67	60.24	6.76	45.69	0.76
3	4	1.04	2.96	8.76	8.42
4	40	32.91	7.09	50.27	1.53
5	16	22.03	-6.03	36.36	1.65
6	0	1.06	-1.06	1.12	1.06
Total					14.09

DF (C-1) (R-1)

$$=(3-1) (2-1)$$

$$=2 \times 1$$

$$=2$$

With significant level of 0.05 and df=2, the critical value of X²= 5.99.

Decision rule: reject H₀ if the calculated value x² is greater than the critical value of x². Do not reject if the reverse is the case.

Decision; Since X² cal= 14.09 and our critical value =5.99, we reject the null hypotheses and conclude that conflict arising from revenue sharing among the three tiers of government affect the performance of Nnewi North Local Government.

Hypothesis three

H_i; Fiscal imbalance has relation with poor performance of Nnewi North Local Government.

H_o; Fiscal imbalance has no relation with poor performance of Nnewi North Local Government.

Table 4 . 2;3. Analysis of Hypotheses three

Response	Negative response	Positive response	Total
Junior Staff	43	82	4
Senior Staff	15	67	82
Management staff	0	4	125
Total	58	153	211

Source; Field Survey, 2016.

Negative response = (Undecided, disagree and strongly disagree)

Positive response = (strongly agree, agree)

Formula for Chi square X^2

$$X^2 = \sum \frac{(f_o - f_e)^2}{f_e}$$

Where f_o = Frequency observed, f_e = frequency expected.

Level of significance = 0.05

Formula for expected value (e) = $\frac{\text{Column total}}{\text{Grand total}}$

$$\text{Using } f_e = \frac{CT \times RT}{GT}$$

Where CT = Column total

RT = Row total

GT = Grand total

$$f_{e1} = \frac{153 \times 125}{211} = 90.64$$

$$f_{e2} = \frac{153 \times 82}{211} = 59.46$$

$$f_{e3} = \frac{153 \times 4}{211} = 2.90$$

$$f_{e4} = \frac{58 \times 12}{211} = 34.36$$

$$f_{e5} = \frac{58 \times 82}{211} = 22.54$$

$$f_{e6} = \frac{58 \times 4}{211} = 1.09$$

Variable	Fo	Fe	Fo-Fe	Fo-Fe ²	$\frac{F_o - F_e^2}{F_e}$
1	82	90.64	-8.64	74.65	0.82
2	67	59.46	7.54	54.85	0.96
3	4	2.90	1.1	1.21	0.42
4	43	34.36	8.64	74.65	2.17
5	15	22.54	-7.54	56.85	2.52
6	0	1.09	-1.09	1.19	1.09
Total					7.98

$$DF = (C-1)(R-1)$$

$$= (3-1)(92-1)$$

$$2 \times 1$$

$$= 2$$

With level of significance = 0.05 and $df = 2$, the critical value of $\chi^2 = 5.99$.

Decision rule; Reject H_0 if the calculated value χ^2 is greater than the critical value χ^2 . Do not reject if otherwise

Revision; since $\chi^2_{cal} = 7.98$ and our critical value = 5.99, we reject the null hypotheses and conclude that fiscal imbalance has relation with poor performance of Nnewi North local Government.

4.3 Discussion of Results

The results of the findings are discussed here under the first hypotheses was tested sequel to the agreement that since the calculated value=12.16 and the critical value = 5.99, we reject the null hypotheses and conclude that late release of statutory allocation affect the performance of Nnewi North Local Government Area.

Thus the result implies that late release of statutory allocation affect the performance of Nnewi North Local Government Area. This indicates that Nnewi North Local Government does not get its statutory allocation early enough and sometime none at all. This finding is similar to that of Ndudi who stated that undue interference by state Local Government has adverse effect on the performance of local government. This hinders their full administration duties and responsibilities as and when due. The Local government therefore faces the challenges of not achieving their proposed tasks and state government are therefore advised to ensure that the statutory allocation due for the local government is sent to them as early as possible since they enhance development at the grassroots.

The second hypotheses was tested. The calculated value =14.09 and the critical value =5.99, the null hypotheses was rejected and the conclusion was that conflict arising from revenue sharing among the three tiers of government affect the performance of Nnewi North Local Government.

The result proves that conflict arises from revenue sharing among three tiers of government in the course of sharing revenue. This conflict when not tackled immediately lead to delay in sharing the revenue and inequitable disbursement. Thus the obligations and duties of local government dwindle because they wait endlessly to receive their share of revenue between all the tiers of government.

The third hypotheses was tested and the result proved that since calculated value=7.98 and the critical value is 5.99, then the null hypotheses is rejected and the conclusion was that fiscal imbalance has relation with poor performance of Nnewi North Local Government Area. Thus the result indicates that fiscal imbalance has relation to poor performance in Nnewi North. When there is asymmetry in the spatial arrangement or sharing of revenue especially local government will be exposed to low productivity. Since what it gets is a peanut compared with the allocation given to the other tiers. Most of the time the meager share does not get to them steadily thus hampers their performance.

The government is therefore solicited with to endeavor to share revenue evenly and in a balanced and proportionate and steady way.

The people look up to the local government for actualizing their various needs and should be supported fully by other tiers to enable them perform the duties and obligations without hitches.

5.0 FINDINGS AND RECOMMENDATIONS

5.1 Findings

1. Late release of statutory allocation affects the performance of Nnewi North Local Government Area.
2. Conflict arising from revenue sharing among the three tiers of government affects the performance of Nnewi North Local Government Area.
3. Fiscal imbalance has relation with poor performance of Nnewi North Local Government Area.

5.2 Recommendations

Recommendations were made sequel to these findings;

1. That government should release the statutory allocation due to the local government as at when due to help them develop and operate independently. They should therefore endeavor to know the resources attributed to them yearly and request for them.
2. The courts especially customary courts should exercise constitutional powers and adjudicate over conflict arising from Inter-governmental transactions and should rule according to constitution as well as provide strategy for resource distribution, administrative and jurisdictional control, to eradicate conflict among levels of government.
3. The revenue mobilization, allocation and fiscal Commission should be encouraged and the administrative techniques for collaboration consultations and negotiations should be encouraged. They should among other things de concentrate resources, to various centers of power and ensure that grass root development is considered while sharing resources. This will enhance long run capacity thereby curbing conflict.

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