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State-Local Government Joint Account, Fiscal Autonomy Deficit of Local Governments and Grassroots Development in Nigeria: A Critical Appraisal

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Abstract: *Local government systems in Nigeria are constitutionally recognized as the third tier of government, with the capacity to stimulate development at the grassroots level. Therefore, the fiscal autonomy of local government councils is crucial for effective and efficient service delivery at the grassroots. Regrettably, this has not been the case in Nigeria, due to the management of the State-Local Government Joint Account, which has made local governments appendages of state governments. Extant literature is awash with several valuable scholarly contributions on the state-local government joint account and grassroots development in Nigeria. While these analyses are appropriate, it was however observed that previous studies did not establish the nexus between the joint account, fiscal autonomy deficit of local governments and developmental inefficiency at the grassroots in Nigeria. The paper appraised critically, the relationship between the state-local government joint account, fiscal autonomy deficit of local governments and grassroots development in Nigeria. The findings of the study revealed that the joint account created lopsided state-local government relations, and encouraged sharp practices like illegal deduction of local government allocations; unnecessary delay, withholding and diversion of local governments' allocations, etc. by state governments. Fiscal autonomy deficit of local governments impedes grassroots development in Nigeria. The paper recommended for the abolishing of the joint account system in Nigeria; the inclusion of a clear-cut constitutional provision for the enhancement of inter-governmental relations; and that advocacy for the direct allocation of local governments' funds from the federation account should be backed up by the law of the land.*

Keywords: Federalism, Inter-Governmental Relations, Fiscal Autonomy, Local Government, Joint Account System, Grassroots Development.

Introduction

In federal systems, administrative powers are constitutionally shared across the different spheres of government for efficient public service delivery. What this means therefore, is that efficient public service delivery is dependent on the harmonious relationship across the different levels of government in a state. In other words, the functionality of Nigerian local government councils largely depends on the nature of its relationship with the federal and state governments. The Local Government Reforms of 1976 in Nigeria acknowledged the status of local government as the third tier of government which the law gives certain powers within its jurisdiction (Guidelines for Local Government Reforms, 1976, p. 1). The 1979 Constitution of Nigeria advocated for the increasing of the poor financial state of local governments; enhancement of its democratic governance, and protection of its allocations against possible manipulations by various state governments (Section 149, sub-section 4 & 5 of the 1979 Constitution of Nigeria). The State-Local Government Joint Account (SLGJA) was introduced in Nigeria in 1981, through the Act of the National Assembly. However, it was abolished and replaced with direct payment of local governments through the federal account by the regime of Ibrahim Babangida. The Joint Account System was later re-introduced in Nigeria at the inception of the fourth republic in 1999.

It is no doubted that fiscal autonomy of local governments is crucial for effective and efficient service delivery at the grassroots. Regrettably, the way and manner with the State-Local Government Joint Account is being managed over the years, has remained a source of concern to well meaning Nigerians. This is because its operation has been characterized by plethora of problems like the reluctance of state governments in terms of contributing their own share into the Joint Account; unnecessary delay and withholding of statutory allocations to local government councils from the federal government; excessive deductions and the diversion of local government funds, etc. (Okafor, 2010, p. 258; Uzondu, 2011, p. 113; Ogugbeli & Oje 2014, p. 10; Ukwuonna & Nosiri, 2014). This development has led to fiscal autonomy deficit of local government councils in Nigeria. Following from the narratives, the paper did a critical appraisal of State-Local Government Joint Account, fiscal autonomy deficit of local governments and grassroots development in Nigeria.

The paper is organized into six sections. The first section dealt with the introduction, the second clarified basic concepts, while the third discussed the methodology adopted in the study. The fourth did a critical assessment of the Joint Account system, fiscal autonomy deficit of local governments and grassroots development in Nigeria. The fifth section was the summary and conclusion, while the sixth outlined the recommendations proffered in the paper.

Conceptual Clarifications

Federalism

The concept of federalism does not have a straight-jacketed definition. This is as a result of the disagreement among scholars in terms of its precise meaning (Law, 2013, p. 90). However, the definitional attempt of federalism by K.C. Wheare (1946) has remained the cornerstone of modern literature on the concept. In his attempt at defining federalism, he writes:

> By the federal principle I mean the method of dividing powers so that the general and regional governments are each, within a sphere, co-ordinate and independent (Wheare, 1946, p. 11).

The principles of federalism include: division of powers between the two levels of government; co-ordinate supremacy of the two levels of government; and the existence of a written constitution that supports the federal arrangement (Nyewusira, 2011, p. 27). Ideally, it is expected that in Nigeria's federation, each of the component units should have some degree of administrative and fiscal autonomy, fully backed up by the Law of the land. Sadly, such level of autonomy has remained elusive in Nigeria.

Fiscal Autonomy

Fiscal autonomy is derivative of fiscal federalism. It could be defined as the 'freedom to impose local taxation, generate revenue within its assigned sources, allocate its financial and material resources, determine and authorize its annual budget without external interference' (Okafor, 2010, p. 126). Fiscal federalism creates avenues for the transference of responsibilities, resources and authority to sub-national governments (Eme, Izueke & Ewuim, 2013). It also avails sub national governments the opportunity to exercise financial independence (Tukur, 2012); thereby making it possible for the third tier of governments to manage their own local affairs without encumbrances from the state and federal government (Adeyemo, 2005).

Local Government

The concept of local government does not have a universally acceptable definition. Over the years, scholars have continued to define it based on the ideological leaning. Local government is 'the third tier of governmental activity in the country' (Guidelines for Local Government Reform in Nigeria, 1976, p. 1). It is also defined as 'a political subdivision of a nation (or in a federal system) state, which is constituted by law and has substantial control of local affairs including the powers to impose taxes or to exact labour for prescribed purposes' (Adetoritse, 2011, p. 16).

Joint Account System

The State- Local Government Joint Account is 'a special account maintained by each state government 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 1999 Constitution of Nigeria, section 162, sub section 6). The rationale behind the provision of the State-Local Government Joint Account in the Constitution is to ensure that the activities of local government councils are controlled or supervised by their respective state governments; with the hope that it will ensure the judicious management of local government finances for optimal socio-economic development at the grassroots level.

Grassroots Development

The term 'grassroots development' has been variously defined by scholars. Odoh (2014) defined it as 'a self-generating process of socio-economic and political development in which the rural inhabitants themselves are actively involved and share in the cost and benefits of such development' (p. 207). It is also defined as the re-structuring of the rural economy in such a way that it grows from its state of peasant agro-based economy to a level that it has developed the capacity to sustain quality livelihood for its local population (Gana, 1990 cited in Egwemi & Odo 2013). According to Oguonu (no date), Grassroots development can as well be defined as a process whereby local government works towards the improvement of the standard of life of people within its jurisdiction (p. 8). Grassroots development avails the local populace the opportunity to utilize their intellect, technology, etc. to raise the standard of living of the people at the grassroots (Adegboye, 1973 cited in Egwemi & Odo, 2013).

Methodology

The paper critically appraised State-Local government joint account, fiscal autonomy deficit of local governments and grassroots development in Nigeria. It adopted the theory of fiscal federalism as its framework of analysis. Considering the theoretical nature of the study, its argument was drawn from documentary sources such as books, journal publications, and internet sources, among others.

Theoretical Perspective

The paper adopts the 'fiscal federalism theory' as its framework of analysis. The foundation of fiscal federalism theory were developed by scholars like Paul Sadweh Samuelson (1954 & 1955) in the work 'Papers on the theory of public goods'; Richard Musgrave (1959) on 'Public Finance', and Kenneth Arrow (1970) on 'The roles of the public and private sectors'. The initial discourses from these scholars formed the bedrock for the effective role of the state in the economy. The theory was later known as 'Decentralization Theorem' (Arowolo, 2001; Ozo-Eson, 2005, p. 1). The 'decentralization theorem,' advanced by Oates (1972) states that each public service should be provided with jurisdictional control over minimum geographical area where it could internalize its benefits and costs production. It proposes three roles for the government. The first role talked about what the government should do to correct various forms of market failures; the second role is to ensure the maintenance of macroeconomic stability; while the third role is toredress income inequality. The national government is expected to be in charge of correcting market failures and maintenance of macroeconomic stability, while the sub national governments and the central government are to be jointly responsible for redressing income inequality (Oates, 2006).

There are three identifiable roles within the framework of fiscal federalism. This includes the roles expected from the government in terms of correcting the various forms of market failure, ensuring that there is equitability in the distribution of income and also, ensuring that there is macro-economic stability (Musgrave, 1959 cited in Arowolo, 2011, p. 7). Therefore, the functional role of government, emanating from this theory is summarized thus: the federal government is expected to take care of issues concerning equitable distribution of income, as well as the maintenance of macroeconomic stability and the provision of public goods that are national in character. On the other hand, the sub-national levels of government are to be responsible with the provision of local public goods together with the central government. Following the implementation of these roles, the next step will be to determine the appropriate taxing framework to the different levels of government (Ozo-Eson, 2005; Arowolo, 2011, p. 8).

In a nutshell, the fiscal federalism theory is concerned with the best way to achieve better delivery of services at the various levels of government; the best way to finance public spending at these levels of government; how to implement a system of monitoring the budget of the lower levels of government; the best way to provide for equal needs of component regions/states; and the best way to construct a fiscal system to effectively induce growth at the different spheres of government(Hallwood & Macdonald, 2011, p.24). The theory is relevant within the study context and can be used to do a critical analysis of State-Local government joint account, fiscal autonomy deficit of local governments and grassroots development in Nigeria.

The Joint Account System, Fiscal Autonomy Deficit of Local Governments and Grassroots Development in Nigeria: A Critical Appraisal

Fiscal relation defines the status and the kind of statutory powers enjoyed by sub national governments in a federation (Onah, 2007, p. 101). It also speaks volume of the efficiency or otherwise of a state in terms of public service delivery (Ayoade, 2005). In Nigeria, the Joint Account System was introduced to enhance state-local fiscal relations; encourage effective supervision of local governments spending by the state; ensure that funds from the Joint Account are judiciously expended on grassroots development; and to strengthen federal-local fiscal relations unlike what existed prior to the 1976 local government reform in Nigeria (Agunyai, & Etembo, 2017, pp. 6 & 7).

Local government was created in Nigeria to ensure that government's impact is felt at the grassroots (Gboyega, 1987, p. 9). It became the machinery charged with the responsibility of superintending development at the grassroots, using the available human and material resources at its disposal (Obaje, 2015). In line with the desire to actualize efficient public service delivery at the grassroots, the age-long struggle for the autonomy of local governments in Nigeria began. This explains why over the years, there have been series of reforms in the structure and function of local government system in Nigeria. Those reforms became necessary with the realization that local government is an essential instrument that can provide basic public goods and services for its local population (Igbuzor, 2003).

Regrettably, those reforms have not really impacted positively in terms of granting fiscal autonomy to local governments in Nigeria, due to the lopsided state-local government fiscal relations. The 1999 constitution of Nigeria did not adequately provide for the financial autonomy of the local governments, as it does not allow for the direct funding of the local government from the federation account. (Chukwuemeka *et al*, 2014). Though the 1976 local government reforms, as well as the 1979 and 1999 Constitution tried to sustain the local government system in order to ensure meaningful development at the grassroots level; it is pertinent to note that in practice, the network of intergovernmental relations in Nigeria has continued to encumber the autonomy of local governments in the country. This is evident in the operation of the Joint Account system. The kind of hegemonic power control exercised by state governments lead to fiscal autonomy deficit of local governments, and a serious impediment to grassroots development in Nigeria(Obaje, 2015).

The constitution created a special account called the 'State Joint Local Government Account' where all the local government allocation from Federation Account are paid via the account jointly run by the state and local government (Section 162, sub section 6 of the 1999 Constitution of Nigeria). It also empowers the House of Assemblies in states to make provisions for statutory allocation of revenues to local government councils within their areas (Section 7, sub section 6 (b) of the 1999 Constitution of Nigeria). It further stipulates that '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' (Section 162, sub section 7 of the 1999 Constitution of Nigeria). It is evident, based on all these constitutional provisions that states are empowered with the responsibility of supervising the affairs of local governments. This development gives state governments the leverage to exercise overbearing influence over local government funds from the Federation Account (Chikendu & Nwanegbo, 2005, p. 199).

The Joint Account System and Fiscal Autonomy of Local Governments in Nigeria

The implication of the Joint Account on the fiscal autonomy of local governments in Nigeria can be demonstrated in a number of ways.

i. Illegal deduction of the allocations of local governments by state governments

First, the State-Local Government Account leads to illegal deduction of the allocations meant for local governments by state governments. This is one of the major factors that impede development at the grassroots. Scholars have argued that local governments funds sent from the Federation Account to the Joint Account are oftentimes misappropriated by the States (Bello-Imam, 2013, p. 50).According to Agu (2007),

> Local government is well funded, but unfortunately these resources do not get to them. The problem is the issue of indirect funding and this confirms the extent of exploitation by the state government… practical denial of autonomy to local government councils affected local government resources and therefore created problems in the local government system in Nigeria as much of the resources from the central authority are siphoned by the state governors (pp. 89 & 94).

The frequency with which local governments' monthly allocations are illegally deducted by State governments, using the platform of the Joint Account, have continued to constrain efficient and effective social services to the grassroots (Ayogu, Okagu & Ogbe, 2018). The data in tables 1, 2 and 3 below are very instructive.

Table 1: FAAC Allocations for 2010, 2011 and 2012

State	LGAs	FAAC revenue for 2010 (in millions)	FAAC revenue 2011 (in millions)	FAAC revenue for 2012 (in millions)
Enugu	Uzo Uwani Nkanu East	1,372,88 1,430.24	1,566.68 1,632.79	1.718.03 1.790.08
Anambra	Ayamelu Nnewi South	1.428.21 1,662.26	1,646.34 1,918.91	1,789.44 2,080.21
Akwa Ibom	Ibiono Ibom Ini	1,603.43 1,311.04	1,830.01 1,473.87	1,991.99 1,628.48
Bayelsa	Ekeremor Nembe	1,906.46 1,450.24	2,205.55 1,678.26	2,399.64 1,841.14
Ekiti	Oye Efon	1,374.26 1,276,62	1,572.36 1,452.29	1,724.50 1,600.38
Lagos	Epe Badagry	2,701.79 2,764.49	3,013.87 3,078.55	3,388.42 3,448.22
Plateau	Bassa Pankshin	1,702.01 1,763.85	1,679.10 2,038.79	2,127.59 2,202.76
Kogi	Okehi Kogi	1,404.56 1,267.24	1,829.92 1,614.91	1,982.99 1,749.22
Borno	Danboa Chibok	2,035.28 1,262.36	2,334.25 1,442.59	2,537.92 1,582.17
Yobe	Nangere Yusufari	1,332.55 1,561.73	1,530.47 1,798.63	1,672.46 1,954.23
Bauchi	Toro Gade	2,592.97 1,458,51	2,927.18 1,656.92	3,232.67 1.822.08
Kano	Kunchi Bunkure	1,310.80 1,484.43	1,502.39 1,702.80	1,634.77 1,851.27

Source: Ayogu, *et al*, 2018, p. 3

Table 2: Total deductions at source from local government fund by Enugu State (2002 – 2007)

Month/LG	Net Allocation	Total Deduction at Source	Net Amount Received by LGs
April 2002			
Aninri	26,5741,156.86	17,143,484.5 (65%)	9,430,672.36 (35%)
Enugu North	27,870,859.44	24,423,553.59 (88%)	3,438,403.85 (12%)
Nsukka	33,359,005.33	33,359,005.33 (100%)	0.00 (0%)
May 2002			
Aninri	47,636,395.88	37,930,813.03 (79.6%)	9,705,580.85 (20.4%)
Enugu North	49,990,512.67	46,192,034.59 (54.7%)	3,798,403.83 (12%)
Nsukka	59,976,727.12	59,740,251.45 (99.1%)	236,475.69 (0.4%)

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April 2003			
Aninri	42,563,411.82	20,971,204.74 (42.3%)	21,592,207.08 (7.6%)
Enugu North	48,557,799.86	26,554,763.59 (34.7%)	19,003,036.27 (39.1%)
Nsukka	53,523,763.46	36,190,424.6 (67.6%)	17, 33, 338.86 (32.1%)
December 2003			
Aninri	46,155,568.48	16,153,504.56(55%)	30,003,055.92 (65%)
Enugu North	59,660,428.33	27,708,233.88 (46.4%)	31,952,194.45 (53.6%)
Nsukka	71,469,961.60	38,725,960.99 (34.2%)	32,744,000.61 (45.8%)
August 2004			
Aninri	51,398,352.33	24,784,053.8 (48.2%)	26,611,298.53 (51.8%)
Enugu North	52,188,601.52	32,172,620.43 (61.6%)	29,115,786.76 (39.4%)
Nsukka	63,659,072.40	43,640,375.21 (68.6%)	20,018,697.19 (31.4%)
October 2004			
Aninri	50,032,361.87	20,242,031.96 (40.5%)	29,790,329.91 (59.5%)
Enugu North	56,561,345.01	32,607,600.62 (54.6%)	23,953,744.39 (42.4%)
Nsukka	69,078,339.97	26,361,596.66 (38.2%)	23,920,059.18 (61.8%)
January 2005			
Aninri	59,293,081.01	26,361,596.66 (44.5%)	32,931,484.55 (53.5%)
Enugu North	67,085,540.66	40,774,125.73 (60.8%)	26,988,492.17 (32.9%)
Nsukka	82,036,667.9	55,048,175.73 (67%)	26,988,492.17 (32.9%)
April 2006			
Aninri	65,542,358.89	30,399.503.15 (46.4%)	35,142,855.74 (53.6%)
Enugu North	74,732,214.04	57,283,437.29 (76.7%)	17,448,776.75 (23.3%)
Nsukka	91,030,521.80	58,720,759.03 (64.5%)	32,309,762.77 (35.5%)
Sept. 2006			
Aninri	126,209,181.64	94,153,278.66 (74.6%)	32,055,902.94 (25.4%)
Enugu North	142,827,289.56	118,610,011.4 (83%)	24,217,278.12 (17%)
Nsukka	174,478,179.81	150,430,810.7 (86.2%)	24,047,369.07 (13.8%)
January 2007			
Aninri	62,323,331.39	28,687,073.25 (46%)	33,636,258.18 (54%)
Enugu North	70,576,416.47	43,150,893.87 (61.1%)	27,425,522.60 (38.9%)
Nsukka	86,203,716.22	58,189,229.87 (67.5%)	28,014,486.35 (32.5%)
April 2007			
Aninri	69,172,119.84	48,091,829.69 (69.5%)	21,080,292.15 (30.5%)
Enugu North	79,037,418.26	65,049,565.09 (82.3%)	13,987,853.17 (17.7%)
Nsukka	97,842,037.42	86,068,494.51 (86.9%)	12,773,542.91 (13.1%)

Source: Ogban & Chukwu, 2011, pp. 529 – 530 cited in Ayogu, et al, 2018, p. 32

Table 1 shows the yearly allocations to some selected local governments in some states from the federation account in the year 2010, 2011 and 2012. The total deductions made by Enugu State government from the three local governments in Enugu State - Aninri, Nsukka and Enugu North, which were used as a point of analysis, were shown in table 2; while in table 3, the annual deductions from the twenty-three local governments of Rivers State, between 2007 and 2013 was shown. Data in the tables suggests that funds allocated to local governments in Nigeria from the Federation Account were relatively capable of enhancing efficient service delivery at the grassroots. As can be seen in tables 2, the huge amount of funds deducted by Enugu State government from the local governments selected for analysis is a clear demonstration of how the State-Local Government Joint Account system is being used as a platform for the illegal deduction of funds meant for local governments by state governments. This development leads to fiscal autonomy deficit in Nigeria local governments, and for this reason, there is near-absence of development at the grassroots in Nigeria.

ii. Unnecessary delay/withholding and diversion of local governments allocations by parent-state governments

State governments use the apparatus of Joint Account system to delay unnecessarily and sometimes, withhold the release of allocations meant for local governments in Nigeria. Such delay in the release of funds meant for local government impedes service delivery at the grassroots level. Regrettably, even the ten percent (10%) of the states' internally generated revenue that it should pay to the local governments under its jurisdiction (see section 149, sub 1996). The State governments also divert funds meant for local governments (Aghayere, 1997). That aside, even the state governments' statutory contributions to local governments (see section 149, sub section 6 of the 1999 Constitution of Nigeria) are rarely paid.

iii. Reluctance towards the establishment of democratic governance in Nigeria local governments

Oftentimes, state governments have shown reluctance towards the establishment of democratic governance in the local governments, thanks to the Joint Account system. Nowadays, the appointment of caretakers in the place of democratically elected Chairmen of local government is commonplace in Nigeria (Okechukwu, 2014, p. 564). This development is not in consonance with the stipulations of the law (see section 7, subsection 1 of the 1999 Constitution of Nigeria). Worrisomely, most of the constitutional powers and responsibilities of local governments have been taken over by their respective State governments due to the undemocratic style of governance at the grassroots (Aliyu, Afolabi & Akinwande, 2013, p. 77). There have been instances of state governors dissolving democratically elected local government chairmen (Eboh & Diejomaoh, 2010). In Enugu State, Governor Ifeanyi Ugwuanyi made use of appointed administrators in the local government councils for about two years. Such non-conformist attitude of State Governors in terms of instituting democratic governance at the local governments is driven by personal desires (Aliyu, *et al*, 2013, p. 77), which avails them the opportunity to create pathways to steal funds (Kunle, 2004). In the light of the foregoing, some scholars note thus:

> The state Governors hold the axe to 'exercise' control over the local governments when there is no elected council officials in place. Conversely, the nominated council officials do not have much to say or contend with the directives of State Governors that put them in office. This lack of democratic legitimacy upon which the 'hand - picked' council officials could lean easily erodes and impairs their performances (Aliyu, *et al*, 2013, p. 78).

Even the current President of Nigeria, Muhammadu Buhari, while reacting over the undue influence of State governments towards local government councils under their jurisdiction, notes:

> The States feel that they own local government, if they are of the same party. It is worse if they are not. This is a very serious constitutional problem and unless there is absolute clarity and transparency, the relationship will continue to be exploited against the interest of the ordinary people of the country (The Nation, 2016: 32 cited in Agunyai, & Chukwudi, 2017, p. 2).

It is pertinent to note that the near-absence of democratic governance at the grassroots leads to misuse of local governments' finances by state governments. This largely explains the reason majority of the local governments in Nigeria are mostly neglected, abused, politicized and marginalized (Obikeze and Obi, 2004). All these, and many more, impede development at the grassroots in Nigeria (Tonwe, 2014).

iv. Ambiguities of the 1999 Constitution towards the powers and responsibilities of local governments in Nigeria

The ambiguous nature of the 1999 Constitution towards the powers and responsibilities of local governments in Nigeria is another factor that has continued to erode the fiscal autonomy of local governments in Nigeria. Even though, local governments in Nigeria are created with specific constitutional responsibilities such as making of bye-laws, licensing, maintenance of laws and order, collection of rates, registration of births, deaths and marriages, etc (Mark, 2010; Zebudin, 2011); they are somewhat subordinate to their parent-State governments. For example, the 1999 constitution, in section 7, recognizes the local government system and also guarantees its existence. However, that same constitution empowers the State government to finance, staff, and democratically constitute the executive council of the local government (Eze, 2014). Due to the lacuna created by the constitution with respect to the powers and functions of local governments; State governments, oftentimes, determine the nature, content and direction of local government elections and political activities using their discretion. They decide when elections would be held, who wins in elections, when to dissolve elected council, and the alternative framework to administer the affairs of the local governments (Chukwuemeka *et al.*, 2014). It is important to note that the lacuna created by the constitutional provision created a lacuna that allows fiscal autonomy deficit of local governments in Nigeria

There is a general consensus among scholars that the local government system has not enhanced grassroots development in Nigeria, due to the operation of the Joint Account which has continued to erode the fiscal autonomy of local governments. The operation of the Joint Account has manifested in various forms such as illegal deduction of local government funds; diversion of funds statutorily allocated to local governments by their parent-State governments; delay in the remittance of local governments' funds; deliberate withholding of local government funds by the state, etc. (Togun, 2010). Though the joint account system is not entirely bad, the manner with which State governors spend the monies from the Joint Account as if it is exclusively for them, is fundamentally wrong (Sesan, 2004).

Fiscal Autonomy Deficit and Poor Service Delivery at the Grassroots in Nigeria

Fiscal autonomy of local governments is necessary for efficient service delivery at the grassroots. However, local governments have been inactive towards the promotion of grassroots development in Nigeria (Ola, 1988). The decline in the provision of basic physical and social infrastructure necessary for grassroots development (Ovaga, 2009), is largely a function of the way and manner the Joint Account is being run (Odoh, 2004 cited in Lawal, 2014, p. 143). The decline in basic physical and social infrastructure necessary for grassroots development abound (Agba, 2006, p. 68; Olusola, 2011, p. 17). Take for instance the education sector; it is evident that most of the primary schools are faced with lack of classroom accommodations, instructional materials, improper supervision and inspection of primary schools, lack of library facilities, as well as lack of qualified teaching staff (Ejeh, *et al*, 2016, p. 39). Another critical area is in the provision of portable water to the people at the grassroots. Regardless of the fact that water is critical to human existence, it has continued to pose a serious threat in Nigeria, where most of the populace are faced with a pathetic state of water infrastructure. This is mostly manifest in the rural areas, where there is conspicuous absence of portable drinking water, or where, when available is very insufficient. According to Hall (2006), about 90% of rural dwellers lack access to portable drinking water, and as a result, large proportions of Nigerian households resort to drawing water from unhygienic sources. This implies that local governments in Nigeria have been unable to respond effectively in the area of providing portable water to the people at the grassroots (Lawa, 2014).

Furthermore, it is also important to note that local governments have a tremendous role to play in the economic development of a State (Diejomaoh & Eboh, 2012), through the provision of enabling environment for the sustenance of economic empowerment programmes capable of reducing poverty minimally. However, the rate of poverty in Nigeria is worrisome, particularly in the rural areas (Ajulor, 2008, p. 9).

Table 3: Incidence of poverty in Nigeria (%), 1988 - 2004

	1980	**1985**	**1992**	**1996**	**2004**
All households	27.2	46.3	42.7	65.6	54.4
Rural	28.3	51.4	46.0	69.8	63.3
Urban	17.2	37.8	37.5	58.2	43.2

Source: National Consumer Survey, 1980, 1985, 1992, 1996 and 2004; NBS, 2005, pp. 22-24; p.9.

Table 4: Poverty indicators in Nigeria in 2019

	Poverty headcount rate, in percent of population in strata	**Poverty gap index, in percent of poverty line**
Nigeria	40.1	12.9
Urban	18	4.5
Rural	52.1	17.4

Source: Nigeria Living Standards Survey, 2018-19 cited in (NBS, 2019, p. 5).
Note: The estimates exclude Borno state.

The evidence in tables 3 and 4 shows the prevalence of poverty among rural dwellers in Nigeria. This therefore, shows that local governments have performed abysmally in terms of grassroots development in Nigeria. Evidences of the poor performance of local governments in service delivery were aptly captured by former President Obasanjo thus:

> What we have witnessed is the abysmal failure of the local government system. It is on record that at no time in the history of the country has there been the current level of funding to local governments from federation account, yet the hope for rapid and sustained development has been a mirage as successive councils have grossly under-performed in almost all areas of their mandate... (Ukertor, 2009, p. 34).

Summary and Conclusion

The Joint account system was introduced in Nigeria to enhance State-local government fiscal relations. It was also to encourage effective supervision of local governments spending by the State, in order to ensure that funds from the joint account are judiciously expended on grassroots development. However, the lacuna created by the Constitutional provision gave room for a lopsided relation between the State and local governments in Nigeria. This is the reason States have continued to exercise overbearing influence towards the fiscal business of the local governments under them.

Findings from the paper reveal that the operation of the State-local government joint account are characterized by a lot of sharp practices like illegal deduction of the allocations meant for local governments by State governments; unnecessary delay or withholding and diversion of local governments allocations by State governments; reluctance of the State governments towards the establishment of democratic governance in Nigeria local governments, etc.

The position of the paper, based on its observations, is that the operation of the joint account system leads to fiscal autonomy deficit of local governments; and fiscal autonomy deficit of local governments undermines grassroots development in Nigeria. The physical and social infrastructure in the rural areas is in a very pathetic state, and this speaks volume of the inefficiency of local governments in the development of the grassroots. Again, there is prevalence of poverty among rural dwellers, and the delivery of public goods and services at the grassroots is almost non-existent. All these are indications that local governments have performed abysmally in Nigeria.

Recommendations

In the light of the findings from the paper, the following recommendations were made:

- There is the need for the federal government, through the National Assembly, to abolish the Joint Account system in Nigeria.
- Government should make a clear-cut Constitutional provision that would enhance inter-governmental relations, and in turn strengthen the fiscal autonomy of local governments.
- The advocacy for the direct allocation of local governments' funds from the federation account should be backed up by the law of the land.

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