

Grubstaking and Performance of Local Government Authorities in Delta State; A Study of Oshimili South Local Government Area, Delta State - Nigeria

Nwobi, Fidelia Obuteaku Ph.D¹; Obijuru, Johnny Ugochukwu²; Chukwurah, Daniel Chi Junior Ph.D³

1 & 3 Department Of Public Administration; Chukwuemeka Odumegwu Ojukwu University,
Igbariam – Anambra State, Nigeria

2 Dept. Of Public Administration; Ken Soro Wiwa Polytechnic Bori (Former: River State Polytechnic Bori)
Correspondence: Nwobi, Fidelia Obuteaku - fnwobi@yahoo.com

Abstract: *The study examined Grubstaking and Performance of Local Government Authorities in Delta State; a study of Oshimili South Local Government Area, Delta State – Nigeria. The work has two specific objectives, two research questions and two hypotheses. It adopted a survey method of research. The researcher used the "Efficiency theory" that was propounded by Mill in the year (1975). The population of the study is 149,603 while the sample size is 399.9. Moreover, both primary and secondary sources of data were employed in the course of the work. The statistical tools used were both simple percentage and chi-square for the tests of hypotheses. However, the researcher found out that Funding has affected performance in Oshimili South Local Government Authority. Oshimili South Local Government Authority depends on the statutory allocation as their major source of revenue. Based on these findings, the major recommendation is Since funding has affected performance in Oshimili South Local Government Authorities, the federal government should see to it that local government are directly supported by constitutionally removing the states from control of local governments funds.*

Keyword: Efficiency theory, Employee. Grubstaking, Local Government Authority, Oshimili, Performance.

Background to the Study

The performance of any local government administration is subject to the availability of adequate funds which it can use to finance its ever increasing responsibilities, face with the challenges of managing available local government finance. Finance remains vital in the realization of the developmental road map of every government in a polity (Ugwu, 2000). Local government finance is deals with the income and expenditure of local government in relation to planning the income, financial record keeping and budgeting for economic, social and political development (Njoku, 2009). It entails budgeting for the general growth and development of the local government. Thus an effective management of local government finance will enhance rural development thereby ensuring progressive socio-political development.

Since 1976, the role of local government as a necessary instrument to ensure rapid development of the rural area has taken a central theme without necessary corresponding access to prerequisite financial resources to meet their expectation. Interestingly, the sources of fund these tiers of government have continued to divinely over the years with the ascendancy of both the federal and state governments as the key actors in Nigeria political economy (Ademolekun, 2001). Orena and Adewuimi (1992), clearly made this situation evident by observing that the federal structure of Nigeria constraints local government ability to mobilize and use revenue to meet their obligation in a sustainable manner. He opines that one of the recurrent problems of the three tier system in the country is the dividing revenue generation as characterized by annual deficits and insufficient fund for meaningful growth and viable project development. Local governments are the nearest government to the people at the grassroots in Nigeria and such, and as such, if the meager financial resources could be properly and effectively harnessed, it would enable the local government implement their constitutionally assigned discharge its statutory functions effectively in order to attain great developmental strides it, should not only be adequately funded but such fund should be efficiently applied.

It is against the backdrop that the research embarked on the study of funding and performance of local government authorities in Delta State: A study of Oshimili South Local Government Area between 2007 - 2017. Over the years, there have been a lot of controversies as regards to the inadequate funding and its effects on the performance of local government in the country. While some view the poor performances of local authorities as being the direct outcome of lack of finances and low revenue capacity, others have also argued that the problem of the local government is inadequate funding.

It has been argued that most council especially in the rural area relies on the statutory allocation

as their major source of revenue. They are viewed as not being viable in the sense that they cannot generate revenue internally to enable them execute some of their projects and policies. The revenue yielding machinery and system of revenue allocation have been flawed on the ground of availability of qualified manpower, lack of public enlightenment over ambitious and corrupt revenue officers. In addition is lack of proper planning and budgeting which would have helped councils to operate sound financial system.

The above factors have always resulted to lack of finance as there is not appropriate procedures to collect revenue from various source, thereby leading to a situation whereby the bulk of internally generated revenue is usually been wasted.

Research Questions

The following questions have been formulated to guide the study.

1. To what extent has funding affected performance Oshimili South local government area of Delta State?
2. To what extent does a local government authority depend on statutory allocation as their major source of revenue?
3. To what extent does unqualified manpower affect)? performance at the local government authorities (Oshimili South

Concept Explanations

Funding

Local governments are the third tier of government /administrative structure created in Nigeria to decentralize governance, bring government closer to the people at the grassroots and render social service (Agba, Ogwu and Chukwurah, 2013) pivotal in engendering national development.

Local government administration in Nigeria have been characterized by Bazaar mentality, poor accounting system, unavailability of reliable data required for planning, over-politicization, inadequate finance and poor revenue collection, greed, unnecessary government interference, lack of direction and corruption (Ajayi, 2000). The statutory allocations from the federation account because of poor management are said to be inadequate to cover the financial obligation of local government councils in terms of staff salaries social services and serving of debts. This shows that finance is vital to the affairs of both public and private organizations to enhance good governance. It involves plan and control of financial resources as a separate activity (Husband and Dockery, 2007). Acknowledging this Aborisade (2001) cited in Onah (2005:131) notes:

Finance is like a thread that runs round the cloth. If the thread is pulled wrongly at one end, it will affect the design of the cloth and destroy its beauty. That is finance. It must be disbursed absolutely according to the financial regulations.

The 1999 constitution of the federal republic of Nigeria in the spirit of 1976 local government reforms strategically position local governments as third level of government to provide public goods and services whose benefits and impacts are localized in nature (Egwaikhide, 2004:2) the point was made clear by Mbam (2012) he notes that local government councils in Nigeria being the closest to the people occupy a peculiar position as promoters of grassroot mobilization and participation in governance, and catalyst for rural transformation and development. This, a well managed and administered local government system is essential to national transformation and development. However, certain provisions of the constitution under reference constitute a hindrance in the performance of local governments in the country. They by implications turn local government as appendages of state governments. For instance, section 7 (1) of the 1999 constitution of the federal republic of Nigeria (as amended) provides that:

The system of local government by democratically elected local government is under the constitution guaranteed, and accordingly, the government of every state shall be subject to section 8 of this constitution, ensure their existence, under a law which

provides for the establishment, structure, composition finance and function of such council.

The above provision implies that the autonomy of local government councils in Nigeria is at the mercy of the federal and state governments. In most cases, state governors are known to act as centre referees while the state legislators act as linemen at the expense of the rural dwellers. They solely depend on federal allocations and state governors through the release of funds from State Joint Local Government Accounts (SJLGAs) and grants to satisfy their felt need. The result and effect of this is the inadequate financial base of most local governments in Nigeria, which makes it practically difficult to carry out their constitutional functions effectively (Okoli, 1999). This raises the need to revisit the issue of local government finance in Nigeria, as its viability approach or what Atakpa, Ocheni and Nwankwo (2012) collectively captioned "options for maximizing local government internally generated revenue in Nigeria".

Performance of Local Government Authorities

For many years, the financial resources available to the local governments throughout Nigeria have not been related directly enough to the functions for which such bodies have been made responsible by the law. This unsatisfactory situation was commented upon by the third national conference on local government, which was held in December, 1970. In line with the conference resolution, the functions and responsibilities of local authorities must be clearly determined by the state government before firm decisions can be taken on the pattern and level of local taxation and local revenue. In other words, the financial resources made available to local authorities must be adequate to enable minimum acceptable standard of services to be provided (Aborisade, 2008). It is worthy of note at this juncture, to state that the 1976 reforms had as its building blocks, the recommendations of the third national conference on local government which stated what type of relationship should exist between the state and local governments fiscally of equal note is the fact that the vital aspects of issues relating to local government revenue are largely located within the concept of federalism, fiscal federalism and local government finances in Nigeria. According to Aiyede (2004), the reason for the adoption of the federal formula is often times attributed to pressures for larger political units, capable of fostering economic development and improved security, while at the same time providing for smaller political units that hold the expression of local distinctions. In other instance, the adoption of a federal state is informed by the need to strike a balance between unity and diversity. Note that the Nigeria purpose and style of federalism corresponds to the latter than the former assertion (Mikhelovba, 2011).

In support of this position, Fatile (2009), describe federalism as a common feature of contemporary nation state. It is the division of powers so that the general and regional government is each within a sphere coordinate and independent as defined by K.C where (1940). This suggests that federalism involves contractual non-centralization and structural dispersion of powers among centers who authorities are constitutionally guaranteed. Invariable federalism involves cooperation, bargain and conflict.

From these various definitions above, there exists an intersectional fact which suggests an existence of interactions among governmental units of all types and levels within a system. These interactions are intergovernmental. It is therefore imperative to submit here that an intergovernmental relation is the central idea of federalism. With respect to this type of constitutional arrangement, Olugbemi (2008), argues that the objectives of the intergovernmental relations is the achievement of the purpose of the state through the division of work relationship among levels of public. However, on the pattern of relationship, Aiyede (2004) submits that this intergovernmental relationship can assume varying permutation or patterns such as federal/state, federal-local, state-local, federal-state-local, inter-state, inter-local depression on the existing tiers of government.

Nevertheless, the relationship between the federal and local government either in a federal or unitary state, is always a subject of debate, negotiation and in most cases tension. This could have accounted for Pritchard (2002) observation that intergovernmental relations are in fact intergovernmental negotiations in which the parties are negotiating in dead earnest for power, money and problem solving responsibility.

Souza (2002) argued that a stronger commitment local government performance can be attained with a meaningful fiscal decentralization of the higher tiers of government as well as stronger efforts from constitutional provisions can create the enabling fiscal environment for local government. It is important to state at this point that performance of local governments as perceived by Nigerians, always has to do with on what and how the local government spends money, which thus means that revenue is very crucial to local government performance and as such, it is also important for Nigerian constitution to give or expand the fiscal jurisdiction of local government. However, the issue as it concerns local government performance is not

that of a restricted fiscal jurisdiction but also relating to the problems of corruption among politicians and local government career officers (Mikhelovba, 2011; Salahu, 2012).

The Relationship between Funding and Performance of Local Government Authorities

Local government finance is described to deal with the income and expenditure of local government in relation to planning the income, financial record keeping and budgeting for economic, social and political development (Njoku, 2009). It entails budgeting for the general growth and development of the local government. Thus, an effective management of the local government finance will enhance rural development thereby ensuring progressive socio-political government as a necessary instrument to ensure rapid development of the rural area has taken a central theme without necessary corresponding access to prerequisite financial resources to meet their expectation. Interestingly, the sources of fund for this tier of government have continued to dwindle over years with the ascendancy of both the federal and state governments as the key actors in Nigeria political economy (Ademolekun, 2003). Arena and Adewumi (1992), clearly made this situation evident by observing that the federal structure of Nigeria constraint local government ability to mobilize and use revenue to meet their obligation in a sustainable manner. He opines that one of the recurrent problems of the three tier systems in the country is the dwindling revenue generation as characterized by annual deficit and insufficient fund for meaning growth viable project development local governments are the dearest government to the people at the grassroots in Nigeria and as such, if the meager financial resource could be properly and effectively harnessed, it would enable the local government implement their constitutionally assigned functions and responsibilities. Local government has performed below expectation as a result inadequate finance and poor management; this has remained obvious with the continuous poor administration noticeable. Undoubtedly, finance and its prudent management are the bedrock of the effective functioning of the local government.

Furthermore, Njoku (2009) noted that one of the cardinal aims of the local government system is to make appropriate service and development activities and responds to local demands and need through effective representation. The citizens expect the council to excel in developmental activities while the council administration complains of inadequate finance to meet up with their numerous responsibilities yearning for attention. The quagmire confronting local government system in Nigeria is that of paucity of fund and ineffective utilization of available fund. Without the availability of revenue, a local government council will not only be incapable of serving the people, but will undoubtedly crumble (Ofoezo, 2011). It therefore follows that for the local government to discharge its statutory functions effectively in order to attain great developmental strides, it should not only be adequately funded, but such fund should be efficiently applied.

The Extent to which Local Government Authorities Depend on the Statutory Allocation

In Nigeria, it has been largely established that local government depends heavily on external source of funding especially from the federation account. This must informed submission by Mbanefo and Bello-Imam (2010:180) submission that, -if the instability in federal government revenue as a result of the changing fortunes of oil price in the international market is not to be allowed to introduce greater instability in the budgetary process of the local governments, then there is an urgent need for the local governments to explore and exploit their own independent revenue sources.

Moreover, Ajayi (2000), argues that the 1999 constitution of the federal republic of Nigeria provides for statutory allocations of public revenue to local government councils within the state. For instance sections 7 (6a-b) of the constitution provides that the federal and state governments are requires by law to provide funds to local governments for developmental purpose and administration of good governance. To Ajayi (2000), the local governance. To Ajayi (200), the local government still performs poorly despite their receipt of N3, 313, 534, 856,541.8 from the federation account from 1999-2007 to provide social service to the people in their jurisdiction.

According to Obasanjo (2003), statutory allocations have always been a major source of political debate as they have been persistent agitations for more allocations from the federation account. The federal government on its own part has always fulfilled its obligation of releasing funds to local governments through statutory allocations.

Funding and Performance of Local Government Authority

For local government to serve as a powerful instrument for rapid community and rural development it must possess a solid and sound financial base. To ensure that local government performs the

numerous functions assigned to it (Section 7, Schedule 4, 1999 Constitution of Nigeria), the Constitution makes provision for funding of local government. Specifically, Section 7(1) mandates the government of every state to make provisions for the financing of local government councils in the state. Key provisions of this section are:

- (a) The National Assembly shall make provisions for statutory allocation of public revenue to local government councils in the Federation; and
- (b) The House of Assembly of a state shall make provisions for statutory allocation of public revenue to local government councils within the state.

In addition, section 162 states that:

(3) Any amount standing to the credit of the Federation Account shall be distributed among the Federal and State Governments and the local government councils in each state on such terms and in such manner as may be prescribed by the National Assembly.

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

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

To give effect to the above provisions for funding of local governments, 20% of the amount standing in the Federation Account is paid to them on a monthly basis, while 10% of each state's internally generated revenue is also paid to the local government councils in the state. It must be noted that the percentage allocations to local government councils are not quantitatively certain. They depend at any given time on the amount standing in the Federation Account and the amount internally generated by each state respectively.

The bulk of the revenues of most local government councils in Nigeria come from the federal government. In some cases, especially in rural local governments, the grant constitutes as much as 80% of their revenue (Obi, 2001). The state statutory allocation to local government councils is usually small and in most cases unreliable. 2.3 Empirical Review

Alo (2012), did a study on local government funding and their performance in Anambra east local government area of Anambra State. The population of the study was 313,000,

where the sample size was drawn to be 400. Taro Yamane was used to determine the sample size of the population. The instrument used for data analysis was chi-square for testing the hypotheses. Simple percentages. It was a descriptive survey research. To Alor, there are two sources of local government revenue or finance in Nigeria. Namely internally generated revenue and externally generated revenue. However, Alor had three major objectives from which the study was based, and was able to find out through the results of the tested hypotheses that: the local government of Anambra east local government area is poorly funded which resultantly ushered a recommendation that the federal and state governments should intensify their efforts towards assisting the local government in terms of finance

In another investigation by Nwali (2005) where Njikoka local government area of Anambra state was the case study; Nwali (the researcher) used a total population of 126,000 from where the sample size of 400 were draw. The design adopted for the study was a survey research. Three objectives were specifically guide the study. Moreover, the researchers found out that the state infringes on the local governments financial right. Also, the recommendation was that there should be full autonomy for the local government if they are to develop according to expectation.

Application of Theory

This study relies on a number of relevant theories, developed by different schools of thought in examining the functional responsibilities local government perform. It is quite imperative to state that these theories remain very central to the understanding of this work. The researcher used the efficiency theory because it was found more relevant to the study.

Which is $n = n$

$$1 + (e)^2$$

Where N = population of the study n = Sample size e = Level of significance I = Unit (a constant value) E = 0.05

Since the population of the study = 149,603

Substituting from n (sample size), it becomes:

$$n = \frac{n}{1 + (e)^2} = \frac{149,603}{1 + (0.05)^2} = \frac{149,603}{1.01} = 149,603$$

$$149,603 \times 0.0025 = 366.74$$

$$366.74 \times n = 399.9$$

it fit to employ simple percentage method in analyzing the collected data and chi-square was used in testing the hypotheses.

Summary of Findings

Based on the research objectives and tested hypotheses, the following findings were made:

1. Funding has affected performance in Nkanu West Local Government Authorities
2. Nkanu West Local Government Authorities depend on the statutory allocation as their major source of revenue.
3. Unqualified manpower affects performance at Oshimili South local government area of Delta State.

Conclusion

Finance, whether from internal or external sources is important in local government administration. There is no meaningful project that can be executed without adequate finance. The external revenue generation is a major source of local government finance. In fact, no local government can survive without external revenue generation, particularly from the statutory allocations. It is important for local government to be more active in developing avenue for generating revenue such as investment in capital building aimed at generating returns on investment made. The idea of local governments being to tide to monthly statutory allocations should be dropped. They must explore the innovative approach of generating revenue internally.

Recommendations

The following recommendations were stipulated based on the findings to guide the study.

1. Since funding has affected performance in Oshimili South Local Government Authorities, the federal government should see to it that local government are directly supported by constitutionally removing the states from control of local governments. The statutory allocation should come directly to the local governments. Aside this, there should be full autonomy for the local government to shield it from interference in managing its affairs and developing at its own pace.
2. Oshimili Local Government Authorities depend on the statutory allocation as their major source of revenue. Based on this the local government should endeavor to diversify their efforts towards the means of revenue. They should look into those avenues like fine, rate, license, taxes, barrow taxes, rent and what have you. This will help to supplement the statutory allocation.
3. The government should ensure that the right method of recruitment is embraced. There should be fairness in employment.

References

- Aborisade, O. (2008). *Financial management of Local Government in Nigeria*, Obafemi Awolowo University press: Ile-Ife.
- Ademolekun, L. (2001). *Public Administration: A Nigerian and Comparative Perspective*, Lagos: Longman Nigerian Ltd.
- Agba, M.S., Ogwu, S.O & Chukwurah, D.C (2013). An Empirical Assessment of Service Delivery Mechanism in Idah Local Government Area of Kogi State, Nigeria (2003-2010). *Mediterranean. Journal of Social Sciences*, 4(2): 621-635.
- Aiyede, R. (2004). *Constitutional and Institutional Basis of Intergovernmental Relations in Nigeria*. John Atcher Publishers: Ibadan
- Ajayi, K. (2000): *Theory and Practice of Local Government*. Ado-Ekiti: University of Ado-Ekiti.
- Bello-Imarn, I.B (2010). *Expenditure Pattern of Nigerian Local Government* in Bello-Imam (ed) Local Government Finance in Nigeria, College Press. Ibadan.
- Ezeani, E.O. and B.C Nwakwo's (2007) *Human Resource Management in the Local Government System in Nigeria* (eds) Nsukka: A.P Express Publishers.
- Fatile, J.O and Adejuon, K.D (2009). Local Government and Intergovernmental Relations in Akharine (ed) in Local Government and Intergovernmental Relations in Akharine (ed) in Local Government Administration in Nigeria: Old and New Vision. A Publication of the Centre for Constitutionalism and Demilitarization, CENCOD, Lagos.
- Sewell, J.P. (1995) The UN at Fifty Utopia Lost International Journal: Canada's Journal of Global Policy Analysis. Vol 50, Issue 4, Pp421. Singh, J., I. Hewawazam, and D. Moffat. 1995. Nigeria strategic options for redressing industrial pollution. Industry and Energy Division, West Central Africa Department. Vol. 1, 45pp. World Bank. Sub-Sahara Africa: From Crisis to Sustainable Growth. Washington DC: The World Bank, 1989.
- Nwaokobia, K. 1, Ogboru R.O., and Okolie P.L. (2018) Solid Waste Management: Efficient Approach towards Sustainable Development in Nigeria. *Greener Journal of Environmental Management and Public Safety* Vol. 7(2), pp. 035-042.
- ASESA (Anambra State Environmental Sanitation Agency). 1991. ASES Report, 5 pp.
- ESESA (Enugu State Environmental Sanitation Agency). 1991. Report, 10 pp.
- FEPA (Federal Environmental Protection Agency). 1989. National policy on the environment, 22 pp.
- Federal Military Government. 1988. Federal Environmental Protection Agency Decree No. 58:A911–A932.
- FRN (Federal Republic of Nigeria). 1991. Official Gazette 78(42):B15–B37.
- DAVID P. and MANFRED D. (2007) On the History of Ludwig von Bertalanffy's "General Systemology", and on its relationship to cybernetics. *International Journal of General Systems* Vol. 36, No. 3, June 2007, 281–337
- Henrik P. Bang (1998) David Easton's Postmodern Images: Political Theory, Vol. 26, No. 3 pp. 281-316