

Local Government Financial Autonomy And Challenges Of Intergovernmental Relations In Nigeria From 1999-2017

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Abstract: *The existence of intergovernmental relations between the tiers of government in Nigeria does not reflect the principles of true federalism. It is more or less a master-servant relationship in which the local government subsists at the mercy of the state government. This observed intergovernmental strained relationship exist within the administrative fabric of government agencies and have been necessitated by the lapses of the 1999 constitution as amended, hence this study. The study employed descriptive research design in analysing data sourced mainly from secondary data generation. Structural functionalist theory was used to show the roles of the various governmental institutions of government in determining the relations between the tiers of government. Thus, the paper discovered that issues on financial autonomy have serious impact on the nature of intergovernmental relations in Nigeria and that almost all state governments are in the business exploiting the allocation of Local Governments. Against this backdrop, the paper recommends that there is a serious need to consider a revisit on the revenue allocation formulae advocated by the government of the day and empower it with the principles of equality and equity.*

Keywords: Local Government, Financial Autonomy, Intergovernmental Relations, Nigeria

1. INTRODUCTION

Local government is not only imperative to Nigerian federation and democracy, it is constitutionally entrenched as the third tier of government, alongside the federal and State governments. The existence of intergovernmental relations between the tiers of government does not reflect the principles of true federalism. It is more or less a master-servant relationship in which the local government subsists at the mercy of the state government. This observed intergovernmental strained relationship exist within the administrative fabric of government agencies and have been necessitated by the lapses of the 1999 constitution as amended. Most of the crises of intergovernmental relations bedevilling the local government effectiveness are the aftermath of the inherent loopholes and ambiguities in the constitution. These ambiguities ranges from derivation principle, state joint local government account, etc.

The concept of intergovernmental relations is associated with states having a federal administrative system where the relationships between the federal, or central and major sub-national units formally specified in the constitution. Intergovernmental relations have been seen as a system of transactions among structured levels of government in a state (Olugbemi, 1980). The question of control revolves around finance. Meanwhile, section 162 of the 1999 constitution of the Federal Republic of Nigeria, subsections (4-6) provides that amount standing to the credit of local government councils in the federation account shall be allocated to the state for the benefit of their local government councils on such terms and in such manner as may be prescribed by the National Assembly (1999 constitution of the federal Republic of Nigeria).

However, local government institution in Nigeria has long been in serious financial crisis, to the extent that, it has almost become impossible to provide the basic essential services needed by the people in their localities without friction. Local government in Nigeria is a product of decentralization and is established by law. As a federal state, Nigeria has three tiers of government (Federal, State and Local) whose intergovernmental relations which includes; political, financial, judicial and administrative are mainly established by the constitution.

Each tier is required to operate within its area of jurisdiction and any action to the contrary is null and void, to the extent of its inconsistency with the law. This is meant to guarantee the autonomy of each tier (Okafor, 2010). He further avers that the level of development in a given state tends to be determined by the quality of its intergovernmental relations. Therefore, the study seeks to examine critically the contending issues confronting intergovernmental fiscal relations in Nigeria as it affects its local government system.

Government exists essentially to serve the people. In order to do this, various structures and levels are empowered to perform different functions in various spheres. In recent times, the federal government championed the course of local government autonomy in Nigeria. More so, in the forward to the guidelines of 1976 local government reforms, it was remarked that “the state governments have continued to encroach upon what would have been the exclusive reserve of local government”. With this reform, the federal government granted to local government, the power of grassroots governance. Thus, became the “third tier of government” in the country.

In spite of this inclusion and recognition, since the return of civilian government and of democracy in 1999 till date, local government has seriously been undermined and cash starved of funds. More frustrating, the introduction of the state joint local government account by the 1999 constitution has deepened the financial crisis of the local governments. The local government cannot engage in any meaningful developmental project because of lack of funds.

2. CONCEPTUAL REVIEW

2.1 Local Government

The concept of local government has enjoyed some level of scholarly and intellectual appreciation. Writers and practitioners alike have been posed with the problem of definition of local government because of their inadequate differentiation in the use of or understanding of local government and local administration. We shall therefore, engage in the review of some of those definitions and objectively observe as well as point out the extent of extremes in vagueness with respect to the concept of local government and the level of deviation.

Olisa (1990) sees local government as a unit of government between the central, regional or state government, established by law to exercise political authority, through a representative council within a defined area. Olisa's view is such an interesting one, despite the fact that as Ezeani (2014) argued, it simply defined local government by parallel characteristics without proper incorporation of global realities as seen in Third World countries, especially in some instances where caretaker committees or sole administrators are mandated to handle local government affairs temporarily.

On the other hand, the United Nations Office for Public Administration (1976) sees local government as a political sub-division 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 exert labour for prescribed purpose. The governing body of such an entity is elected or otherwise, locally selected. This definition, just like that of Olisa, has some flaws. First, the authority of the local government to exert labour gives an impression of forced labour, which is often a lie in contemporary practice. And the assumption that local government can be selected locally makes it difficult to differentiate between an appointed caretaker committee systems of management, instituted by that of a dictatorial government. However, Rondimelli (1981), conceptualized local government as a form of deconcentration, in which all the subordinate levels of government within a country are agents of the central authority, usually the executive branch, regions, provinces, districts, municipalities, and other units of government, headed by or are responsible directly to a central government agency and heads of the local administration serve at the pleasure of the nation's chief executive.

According to Adeyeye (2000), local government is a non-sovereign community, possessing the legal right but which are essentially administrative agents of the central government. Campbell in Adamolekun, Olowu and Laleye (1988), so seems to be in agreement with Adeyeye and Rondimelli when he said "I would define local government on the possible roles of local government:

- a) As a service agency only.
- b) As a local agent of stability, law and order.
- c) As an extension of the central government.
- d) As an agent of development.
- e) As a combination of any of the above?

The conceptuality of local government by the above scholars is not completely out of line. This is based on the fact that they recognize the legality of local government. That is, they stipulated that local government is established by law, especially in the definition of Adeyeye. They also explained that the local government is restricted to unitary and or social state where the local government is directly answerable to the central government and is seen as an appendage of the central government.

Odenigwe (1997), conceptualize local government as a system of local administration under which communities and towns are organized to maintain law and order, provide some limited range of social services and public amenities and encourage the cooperation and participation of the inhabitants in joint endeavours towards the improvement of their condition of living. An underlying loophole in Odenigwe's view of local government is that of the fact that he did not clearly spell out the legal entrenchment of local government system.

Orewa (1983) defined local government as a relatively small geographical area, by a corporate body, which has functions within the framework of the laws of a central or state government. Adelokun and Adeyemo (1999), in line with Orewa's definition of local government that it is subordinate government, which derives its powers from law, enacted by a superior government although Orewa's definition and that of Adelokun and Adeyemo have fully observed some basic features of local government, what they failed to appreciate is a contemporary question of local government on which constitution, formulated by who, ensures the entrenchment of local government? This is to the fact that the constitution is not an exclusive reserve of both the central or state government and if to be referred to as the nomenclature or should rather be the national constitution, not that of the state or central government. This is so not to create a misconception of a relative monopoly.

However, in the view of Ogunna (1996), Abba and Nwanne (2007), local government is a political authority, which is purposely created by law or constitution, for local communities by which they manage their local public affairs, within the ambits of the law or constitution. This

definition has its own share of weakness at such that the entrenchment of local government by locally made law or constitution is a democratic dispensation is wrong and rather suggests an idea of a separationist government or entity in a federal, unitary or con-federal state, which presupposes a secessionist nation.

Ugwu (2000), defined local government as the third tier of government created for the purpose of efficient and effective administration of localities. These definitions align in the same direction with that of Ogunna but have rather particularized the idea of local administration. Karanga and Pattabliran in Abba and Nwanne (2007) see local government as the administration of a locality, a village, a town, a city or any other area, smaller than the state by a body representing local inhabitants, possessing a fairly large amount of authority, raising at least a part of its income on services, which are regarded as local and therefore, distinct from state and central services. The definition does not only clearly stand at par with the United Nations' stipulation of the characteristic of a local government system as cited in Ezeani (2004).

Okoli (2005) defines local government as a unit of government, established by act of law, to administer the functions of government and see to the welfare the functions of government and to see to the welfare and interest of the local government system. However, in due consideration of the Nigerian factor, this research work wishes to analyze and critically present some of the military impact and influence to the practice of local government system in Nigeria. The immediate post-colonial era in Nigeria witnessed what Obi (2004) sees as the regionalization of local government in Nigeria. According to him, local governments were essentially the responsibility of the regions. Thus, there existed far-fetching disparities in their structures, functions and compositions. This also reflected on their power and influence in the three (3) regions.

In the same vein, Gboyega (2003) has argued that this multinational composition of the federation at the onset affected the local government, reflecting the regional elites' perception of the appropriate pattern of decentralization of political authority. Second, the rich cultural diversity of the people grouped together in a region for administrative convenience by the colonial authorities shaped the local government system. The coming of the military in 1966 also affected the local government system in the country. Thus, Obi (2004) argues that "the nature of military regimes, which are usually centralized and authoritarian, affected the councils, since the various regional governments made no pretence of allowing the councils a semblance of autonomy". In his analysis of local government during the early military era, Egurube (1991) has argued that; To the extent that local government policy act derived their legitimacy from the people but from state governors during the period, the conclusion that these served more as watch dogs for their

military bosses at the state level can hardly be faulted. Local government institutions were thus, from all intent and purposes governed by predominantly instrumentally and penetrative objectives.

The 1976 local government reforms initiated by the Murtala Mohamed regime changed the face of the Nigerian local government system. According to the government, the objectives of the reforms were to bring about an even and rapid development at local levels throughout the country to appropriate serious development activities responsive to local wishes and initiatives by developing or delegating them to local representative bodies (Obi and Nwankwo, 2014).

1. To facilitate the exercise of democratic self-government close to the local level of our society and to encourage initiative and leadership potentials.
2. To mobilize human and natural resources through the involvement of members of public in their local development.
3. To provide a two way channels for communication between the local communities and the government (guidelines for local government reforms 1976) cited n Obi and Nwankwo (2014).

In the pursuit of the above objectives, the guidelines stipulated a demographic size of 150,000 to 800,000 people as the minimum and maximum population of councils whereby the political actors at this level were no longer appointed but elected by the people. The reform also established a uniform simple tier structure of local government all over the country Obi and Nwankwo (2014).

Finally, the new system also provided for statutory allocation to the local governments. Through the reform, 299 local governments were established but later increased to 301. Further reforms of the local government were introduced by the Babangida regime, between 1987 and 1992, Obi and Nwankwo (2014). The most significant changes made during this period according to Obikezie and Obi (2014) were:

- a. State ministers of local governments were abolished and state governments were directed to terminate their joint services with local governments. Thus, it was believed that this would end the friction in the state.
- b. Taking into consonance, the discrepancy in the size of local government areas in the country, as well as logistic and ethnic barriers involved and in order to accelerate rural development efforts and forestall the controversy over, the number of local government areas, the federal government increased the number of local governments in the country to 458 in 1988 and to 500 in 1991.
- c. For the enormous tasks of grassroots development, the federal government reviewed the grants

allocated to local governments from 10 to 15% in 1989 and 20% in 1992.

- d. The release of national schemes of service for local government employees in 1988 afforded to local government the chance to promote their staff up to grade level 15. This created opportunities for the employment of professionals such as engineers, architects, legal officers, health officers, health officials etc.
- e. The power given to elected local government chairman to appoint their own government secretaries have made them real chief executives while the creation of local legislative assemblies made the separation of powers complete as to make local government a distinct third tier level of government in the country.
- f. The remitting to states of annual local government grants was stopped. Local governments started getting their grants directly from the Federal Government. This helped a great deal in ending the financial strangulation which many local governments suffered from the state governments.
- g. The scrapping of local government services commission in January, 1992 made the local government autonomous with regards to issue of discipline, promotion and even development. The channel through which the state government controlled and influenced local governments was thus, terminated. Obi and Nwankwo (2014).

However, there were some shortcomings in the reforms; first, staff of local governments were not prepared for the reforms as they were no induction courses to familiarize them with the new system. Secondly, most local governments lacked financial base to sustain the autonomy as many of them could not generate more than 5-10% of their need from local revenue sources, there was too much dependence on the direct subvention from the Federal Government for their financial survival Minna (1993).

2.2 Intergovernmental Relations

Perhaps, an appropriate position is to embark on the clarification of the concept of Intergovernmental Relations because of the attendant confusion that has clouded the concept. For instance, there has been an erroneous misconception that intergovernmental relations can only be discussed meaningfully only in a federal system of arrangement Ayodele (1980). For a proper clarification of the concept, three (3) schools of thought have evolved: The first school of thought contends that intergovernmental relations can only exist in a federal system; the second posits that intergovernmental relations can both exist within a federal structure, as well include unitary system of government, whereas the third school is of the opinion that intergovernmental relations could as well include international relations (Barnghose, 2008).

The lesson we can learn from the above is that, intergovernmental relations exist both in federal and unitary structures and in fact, the clamour that intergovernmental relations is only associated with the federal system should be discarded when we remember the Livingstonian definition of federalism, which says that federalism is not an absolute but a relative term; there is no identifiable point at which a society ceases to be unified and becomes diversified. All communities fall somewhere in a spectrum, this runs from what we may call a theoretically wholly integrated society at one extreme to a theoretically wholly diversified society at the other (Rhodes, 1983).

Further still, Wright, while alluding to the work of Bognador, pointed out that the features of intergovernmental relations that set it apart from federalism included:

1. Prominence of policy (rather than mainly legal) issues.
2. Inclusion of all governmental entities – local units in addition to national – state federal) relations.
3. Importance of official's attitudes and actions.
4. Regular, continuous day to day interactions among officials and
5. Inclusion of all types of public officials, especially administrators in addition to elected officials. (Wright, 1995).

Intergovernmental Relations (IGRS) do not just imply relationship between different government organs but rather, it also involves the citizens and government institutions, agencies and officials. It takes into account, the said agencies and officials at various levels of government operations. It is very difficult for the policy formulators to make any policy by keeping it isolated from the effect and impact of the other government agencies in existence at different levels.

The term, "Intergovernmental Relations" is commonly used to refer to relations between central, regional and local governments, as well as governments between any sphere (level,), that facilitate the attainment of common goals through cooperation. For Waldt & Du Toit (1997), intergovernmental relations refer to the mutual relations and interactions between government institutions at horizontal and vertical levels. Thornhill (2012) notes that intergovernmental relations consist of all the actions and transactions of politicians and officials in national, sub-national units of government and organs of the state. The foregoing is in line with Ademolekun (1999) position that it deals with the relationships between government and sub-national units, hence, Ademolekun (1980), defines intergovernmental relations as the interactions that take place among the levels of government within a state. Crucial to this relation among spheres of government are statutory bodies (with legislative backing) and non-statutory bodies (constituted by government for a specific reason/task) as this can promote intergovernmental relations in the form of

committees, boards or a range of other bodies (Kuje, Thornhill and Fourier, 2002).

Wright (1988), defines intergovernmental relations as an interacting network of institutions at national, provincial and local levels, created and refined to enable the various parts of government to cooperate in a manner which is appropriate to its institutional arrangements. In his own view, Obi (2004), sees intergovernmental relations to mean the complex patterns of interactions, co-operations and interdependence between two or more levels of governments. It is further described as a plethora of formal and informal relationships and transactions that develop among levels of governments within a nation-state. In Nigeria for instance, it refers to the interactions that exists among the federal (central or national), states or local governments, states interactions, state and local interactions or local interactions.

According to Okpata (2008), intergovernmental relations deal with an important body of activities, or interactions, occurring between government units of all types and levels within a federal system. It is the manner in which the units or the agents of the state associate with each other, whether civilian or otherwise, especially under the federal structure.

On the other hand, Abonyi (2006) avers that intergovernmental relation is concerned with both vertical and horizontal relations, which exist between the various levels of government, and within the sovereign government of a particular country. This concurs with the assertion that intergovernmental relation is a series of legal, political and administrative relationships, established among units of government and which poses a varying degree of authority and jurisdictional autonomy.

Amitai (1975), as captured in (Okpata, 2008), sees intergovernmental relations as the interaction that takes place among the different levels of government within given state. with view of intergovernmental practices in Nigeria, Bello (1995), maintained that intergovernmental relations have its root in Nigeria and America and as such, is traceable back to early 1930s to late 1950s with the establishment of advisory body in Intergovernmental relations. Ayodele (1988), in his special classification, opined that Nigerian federal structure with a multiple decision of relational activities and political structure, identified six (6) levels of intergovernmental transactions within the levels.

1. Federal- state-local relations.
2. Federal-state relations.
3. Federal-local relations.
4. State-local relations
5. Inter-local relations
6. State-Local Relations.

From these definitions, it can be inferred that intergovernmental Relations refers to the gamut of activities,

or interactions, which takes place between and among the different levels of government within a country. Also covered by Intergovernmental Relations are the combinations and permutations of relations among the levels of government within a country. It is important to state that in intergovernmental relations, each level of government has an independent and a unique role to play; for example, the local level has an independent role to play with the view to achieving common goals to the benefit and well-being of the entire country.

2.3 Intergovernmental Fiscal Relations

Scholars and writers on federalism agree that finance or fiscal relations in any (federal) system, if not properly conceived and managed is bound to generate several reverberations (disagreements and conflicts) that could eventually define not only the nature and style of IGR, but the continued and corporate existence of that nation-state. A major burden of the Nigerian state in this regard was and still remains how to fashion an equitable and just revenue sharing arrangement among constituent tiers of government and parts of the federation. Therefore, fiscal autonomy via appropriate revenue allocating mechanism seem to be the most contentious aspect of Nigeria federalism, and has enjoyed dominance in IGR debates in view of its allocative inefficiency and distributive inequities. The turnover in Revenue Allocation commissions/committees from 1946 till date brings this to the fore.

Section 162 (1) of the 1999 constitution provides for maintenance of federation account. Section 162 (3) stipulates that any amount standing to the credit of this account shall be distributed to all tiers of government on such terms and in such manner as may be prescribed by the National Assembly. Section 164 mandates the federal government to make grants to supplement the revenue of states in such sums and subject to terms and conditions prescribed by the National Assembly.

Section 162 (8) provides for state-local fiscal relations; and stipulates that amounts standing to the credit of local governments councils of a state shall be distributed among the local councils on such terms and manner to be prescribed by the state House of Assembly. Acrimony and squabbles have always greeted these relationships because of executive autocracy and several inequities and malpractices.

Contributing on a related theme, Onah and Ibietan (2010) posited that the fiscal practice in Nigeria lacks equity and fairness as epitomized by the incessant manipulation of revenue allocation criteria and tax regimes or policies by the governing elite. This may have precipitated agitation for resource control and other forms of demand for self-determination among ethnic nationalities, especially the Niger Delta.

In corroborating the above, the de-emphasis on the application of derivation principle in revenue allocation underscores agitations for resource control. The first five revenue allocating commissions for instance placed heavy emphasis on the application of “derivation” among several criteria recommended in the allocation of revenues (Agu, 2004). This period coincided with the growth of agricultural products as export items and major revenue earner. Mbanefoh and Egwaikhide (1998) argued that this principle was put to optimal use and benefit by the three dominant ethnic regions, and it gradually became deemphasized with the discovery of oil (in the Niger Delta) as a revenue earner. The scholars expatiated that “the principle may have been replaced by landmass/terrain, a principle whose introduction was not thrown to public debate or whose acceptance has not officially been tested”. They also averred that the principle of “equality of states” and subjective criteria like landmass were devices to divert resource to some parts of the country especially the non-oil bearing areas. The above is supported by net allocation figures to local government councils in the country between June 1999 and July 2004, which gave local government councils in Kano state for instance, the sum of N82,798,315,441.78 compared to Bayelsa state (local government councils) at N15,835,646,722.05 (Federal Ministry of Finance, 2004)

What could have explained this yawning gap except subjective criteria in horizontal allocation such as landmass and perhaps population, which sometimes are unweighted, hence they are not only unreliable, but contribute to the inequity and unfairness in the Nigerian fiscal federalism. It is also observable that vertical allocation has been revised several and manipulated to the advantage of the central government; contrary to the “true practice” of federalism. This action circumscribed the independence of other tiers of government. For instance, through decrees number 15 of 1967, 13 of 1970, 9 of 1971 and 6 of 1975, the balance of control and access to revenue tilted towards fiscal centralism at the federal level (Obi, 1998:265). Decree 13 of 1970 gave the federal government 100% tax power over mining (sole power to collect and distribute oil revenue). It broadened this power through Decree 9 of 1971 under which it assumed exclusive right to revenue accruing from offshore oil. Decree 6 of 1975 replaced the Distributable pool account with federation account and also introduced State-Local Government Joint Account (Fadahunsi, 1998:97-98).

The Aboyade technical committee report which was rejected for its technical or rather esoteric approach recommended vertical allocation thus: federal government (57%); state governments (30%); local government (10%); special grant account (3%) (Adesina, 1998: 232). The Okigbo report which was nullified by a Supreme Court judgment of October 2, 1981 is hardly different from the 1981 Revenue Act that replaced it. The Act gave the vertical allocation formula as follows: Federal Government (55%); State

Governments (32.5%); Local Governments (10%); Special Funds (2.5%).

Decree 36 of 1984 retained the criteria in the 1981 Revenue Act and also altered vertical allocation as: Federal Government (47%); State Government (30%); Local Governments (15%); Special Fund (8%) (Agu, 2004:268). The Danjuma report modified vertical allocation as: Federal Government (50%) State Governments (30%) Local Governments (15%) Special Funds (5%). In January 1992 the Armed Forces Ruling Council (AFRC) altered the vertical allocation arrangements, in favour of Local Governments to 20% and reduced State Governments share to 25%. In June 1992, by military fiat again, the AFRC revised vertical allocation as follows: Federal Government (48.5%); State Governments (24%); local Governments (20%); Special Fund (7.5%) (Agu, 2004). Apart from pressure in the 1994/95 constitutional conference which created the 13% derivation fund which was later incorporated into section 162, subsection 2b of the 1999 constitution, the above formula is currently operational for vertical allocation.

The proliferation of special accounts (other than the federation account) including the First Line Deduction System had short-changed other tiers of government in revenue allocation, and this partly explains the acrimonious nature of intergovernmental relations. Such discriminatory fiscal practices were replete in the military era of Babangida and Abacha characterized by the operation of special accounts like the Petroleum Trust Fund (PTF), Dedicated account, Stabilization and External Loans Debt Servicing Account. The practice was to make deductions into these account first, the balance in the federation account are then allocated vertically and horizontally (Aiyede, 2005).

The above state of affairs pervaded until the re-emergence of democracy in 1999 and thereafter. Practices like these accentuated bitterness and squabbles among tiers of government. The States in the Niger Delta region, which contribute bulk of the federal revenue and also bear the brunt of negative activities of oil production were not left out. It was this situation that gave rise to the celebrated Supreme Court battle of April 2002 between the Niger Delta State in alliance with some Southern states on the one hand and the Federal Government joined by some Northern states on resource control and the seaward boundary of littoral states. The Supreme Court in a landmark judgment of 5th April 2002 abolished the First Line Deduction System (FLDS) and other discriminatory financial practices by the federal government.

3. THEORETICAL FRAMEWORK

The study adopted structural functional theory as its framework of analysis. Talcot Parson, Gabriel Almond and Powell, opined that structural functionalism is an offshoot of

system theory; Almond who is the major proponent of this theory looked at the Eastonian system and identified the missing links and made addition to the input and output structures. Structural functionalism originated in the work of social anthropologists like Radcliffe and Malinowski (1959). Later it was imported to Political Science through Sociologists like Talcott Parsons, Robert Merton and Marion Levy in Mbah, (2006).

Gabriel Almond and James S. Coleman in Mbah (2006) developed it as a tool of political Analysis in their book "Introduction to the politics of the Developing Areas 1960s, the proponents of this theory argued that in every political system, there are structures and functions". This means that every structure in each political system performs some basic functions. For any system to be effective therefore, each structure must know its role and perform its functions therein. According to Almond in (Mbah, 2006), this is the only way any political system can survive. This theory helps us to appreciate the workings of every society particularly in knowing why one advances while others do not. Hence, it lays emphasis on system maintenance and as such it advocates for status-quo maintenance rather than change.

In reconciling the theory with the study, we can infer the following, that a federated nation is made up of several levels or units which contributed to the success or survival of the entire polity. From the organism point of view, the entire polity maintains its existence from the interdependence of the levels of the polity (Federal, state and local, that is various units or parts of the polity or system have certain needs for the survival of the polity. Secondly, the three levels of government existing in the federated state exist and work-together to satisfy the needs of each other. In the light of this view, the three levels of government in Nigeria can exist successfully if each cohabit or interdependent with each other and through this method, satisfy each other's need so.

In the discussion of intergovernmental fiscal relations, both state, federal and local government interdependent with each other. As Radcliff Brown postulates, each structure in the society combine and function in social relations to meet the aspirations of the entire social system. The federal, state and local government have their functions to contribute to the harmony of Nigeria polity. Whatever happens to each of the structure will invariably affect the entire structures. This is because, each of the levels of government interdependent with each other. The functionality of each of the structures gives credence to the entire polity.

4. LOCAL GOVERNMENT FINANCIAL CONSTRAINTS, CONSTITUTIONAL PROVISIONS AND INTERGOVERNMENTAL RELATIONS IN NIGERIA

4.1 Issues on Local Government Financial Autonomy

Quite a number of challenges have confronted LGs in Nigeria, in their bid to utilize their autonomy in the task of developing the localities. These include structural, operational, financial, patron/godfather pressure, unstable democracy and corruption Since they have been discussed in sections of this paper, they are presented briefly below.

Worried by the poor performance of the LGs, in spite of their empowerment through what Ikelegbe (2005: 48) called 'increasing autonomy' since the 1976 LG reforms, the government set up the Dasuki Committee in 1984. Its report expressed confidence in government's structural, financial and personnel arrangements for the LGs, among other matters. It however noted that the problems of the LGs were basically operational, 'arising directly from the behaviour and attitudes of the persons who operated the system' (Nigeria, 1987: 120). Yet there is quite some agreement in the literature that LGs in Nigeria encounter all the above problems.

Structural – Structurally, Nigerian LGs encounter some kinds of inferior recognition by the Federal and State governments. It appears that LGs, by virtue of the recognition of a federation as being generally governed by the Central and State governments, are barely recognized as a tier of government in Nigeria. Thus, in spite of the legal and constitutional provisions, LGs have been scrapped by both democratic and military regimes. The apparent structural inferiority of the LGs *vis – a – vis* the Federal and State governments, in spite of constitutional provisions, is a reality of disturbing importance. These belittling attitudinal relationships of the higher level governments to the LGs actually, to a degree, erode LGs' autonomy. Interactions are bound to be skewed against the LGs.

Finance – LGs' financial problems appear to be more of their making as well as those of the State governments. LGs' finances are largely sourced from the federation account, which accounts for not less than 80 per cent. The State governments also contribute a little, below one per cent, to the LGs' financial needs. LGs have vast opportunities to increase their financial standing and hence autonomy through aggressive financial mobilization. But they hardly do, especially as they shy away from the collection of personal income tax from the citizenry and tenement rates. One of the reasons for the LGs' failure to collect such tax and rates appears to be the onerous task in the collection. Another reason seems to be the avoidance of harsh criticisms from the people who might ply much more closely into the deployment of the funds at the LGs' disposal. In other words, LGs realize that people are more critical of the government if they pay taxes and rates whose impact is very little on ground.

Another aspect of the financial matter which affects LGs' autonomy is the deployment of the funds at their disposal for development. Table 3 reveals that LGs, except in about three

out of 14 years, 1993 –2006, spent vast proportion of their funds, on the average of 70 per cent, on recurrent expenditures. This left small proportion of the funds for capital projects which normally earn LGs praise and autonomy enhancement. As the popular saying goes, by thy fruits ye shall be known. LGs' fruit, that is development impact in the localities, have not made them to be well known.

Personnel Problems – The virtual centralization of the personnel administration function of the LGSCs all over the country is not only now old fashioned but out of mood. This is in spite of the said values of the LGSCs. Some of them are uniform personnel administration and less politicization. But the problems include depreciation of autonomy and structural appendage of LGs to the State governments. LGs are not allowed to exercise their discretion and undertake competitive personnel administration. In this scenario, LG staff could actually give more service loyalty to the LGSC than the LGs and get away with it, to the detriment of the localities.

Patron/godfather - The problem of patron/godfather in the LGs affects LGs' autonomy and hence the ability to make the desired development impact. The concept of political godfather is well known in Nigerian political scene (Ikelegbe, 2005). A political patron/godfather is the sponsor of the political office holder, for example, the LG Chairman. The latter has little autonomy before his patron/godfather. He takes dictates from the godfather and acts accordingly, especially if he wants a second term or peace in his office tenure. The sponsorship by the godfather is usually financially based, and so he has to recoup his expenditures from his political stooge. While the political office holder meets the demands of the godfather and his personal political interests, the funds left for development are lean. The localities suffer and LG autonomy is questioned.

Governmental Policies - There exists ample evidence of statutory policies introduced by successive governments over the years to curb local government autonomy in spite of the fact that the Constitution officially recognizes local government as the third tier of government. These measures make it impossible for local government to operate independent of both federal and state governments. The policies are the institution of Ministry of Local Government, Local Government Service Commission, Caretaker Committee and appointment of a Sole Administrator to oversee the activities of local government .Others include Office of the Special Adviser to the President on local government matters, Office of the Special Adviser to the Governor on local government matters, the Senate and House of Representative Committees on local government matters, the State Houses of Assembly Committee on local government matters. Closely following the foregoing are the hijacking of local government statutory allocations from the federation account by some state Governors and none

remittance of 10% internally generated revenues to local governments by some state governors as stipulated by section 162 of the 1999 constitution. A recent survey by authors on the financial subversion of local governments by state Governors shows that in Cross River state, as a rule, the allocation from the federation account is controlled by the state Governor such that in a local government where the monthly allocation is 80 million naira, the Chairman of the local government is given 4 million naira by the state Governor and is required to spend out of pocket, and submit receipt for refund. These measures contribute significantly to the non-performance of local government and the erosion of local government autonomy.

It is important to note that with the exception of the Babangida reforms, all other reforms that have been made in the local government system over the years consistently decreased local government autonomy and increased the interferences of both federal and state governments in the activities of local government (Onah & Ibieta 2010). The Babangida administration as earlier stated, introduced direct federal allocation to local government abolished the Ministry of local government and established executive and legislative arms in local government. The administration also increased local government statutory allocation from 15% to 20% with effect from 1992. Rather than consolidate the gains made during the Babangida administration, subsequent governments have disrupted the floundering local government autonomy and democratic processes at the grass root, which were earlier initiated by the Babangida administration. As a result, there has been a significant reduction in the capacity of the local government in meeting its mandatory objectives (Onah & Ibieta 2010).

Protagonists of the policies earlier mentioned believed it is their duty to exercise close oversight over the operation of local governments. The symbolism of their argument is in line with our submission on the relationship between the nature and character of state politics and local government autonomy. It is important to note that most of these measures that impede local government autonomy were initiated based on the patronage system, which is the dominant nature of state politics in Nigeria. Political patronage pervades all levels of governance in Nigeria (federal, state and local). However, the local government suffers the most. The ruling elites at state and federal levels use local government to distribute all kinds of patronage to their supporters. In part, this explains why the ruling elites are literally at war to control the local government system in the country. It is in connection with this that it is not difficult to understand why the ruling elites at state and federal levels favour measures that will not allow local government operate as an independent third tier of government.

4.2 The Nature of Local Government Relations and Autonomy in Nigeria

The 1999 Nigeria constitution stipulates the functions and powers of the levels of government in such a way that no one level of government can singlehandedly performed the functions of service delivery to the people. Therefore, cooperation has become an important prerequisite for governance (Fatile & Adejuwon, 2009:10). Nigerian federalism, like other federal systems of government, is characterized with diverse ethnic groups, languages, culture, political affiliation as well as struggle for political power. The need to cater for these diverse elements and ensure service delivery at the grass root level necessitated the creation of local government (Fadeyi, 2009). Local government was therefore made to be the third tier of administration with its autonomy. This autonomous nature of local government still allows for interaction with the central and state governments.

It will be germane to note that the characteristics of the federal government are inter alia the separateness and independence of each level of government, mutual non-interference in the distribution of power, the existence of a supreme court and a court of law to act as an arbiter in intergovernmental dispute (Fatile & Adejuwon, 2009 in Okafor 2010). Intergovernmental relations (IGR) provide a platform for series of legal, political and administrative relationships between levels of government with varying degrees of autonomy. It is generally referred to as the transaction between levels of government of either national or regional or among federal, state and local governments (Ajulor & Okewale, 2011). Commenting on the tension and conflict among the three levels of government, Jinadu in Okafor (2010) points out that: The dynamics of federal-state relations within the federalist constitutional framework is one of a see-saw between interdependence and cooperation on one hand and conflict on the other hand, between the centre and the units and between the units themselves. The fourth republic witnessed unhealthy relationships between the states and local governments. During this period, about ten local government Chairmen were either removed or suspended from office. It was this that infuriated the Local Government Chairmen which made them to sue the thirty-six governors and their state assemblies (Fadeyi, 2001).

Also, the stoppage of the monthly revenue allocations to the states that conducted elections into newly created local governments made the federal and state governments to be at loggerhead. Under the distribution of powers in the 1999 constitution, Nigeria is a centralized federation with strong unitary elements. Currently, there are complaints about the overconcentration of power in the federal government (the product of long period of military rule), This school of thought has argued that, if Nigeria wants to practice —true federalism, then it should go back to its 1963 constitution. Yet there are centrists who continue to support a very strong federal government in order to counter Nigeria's history of political instability (Adamolekun, 1983, Olopade, 1984 & Okafor 2010). This unhealthy rivalry and cold war between

local government and other levels of government arises as a result of undue interference of the state government, unconstitutional removal of the local government Chairmen by some state governments, for instant, in 2014 Ekiti State governor Fayose dissolved the elected local government council and replaced them with his own appointees (Osakede and Ijimakinwa, 2014), shortening the Local Government Chairmen's tenure of office, joint state-local government account and what the states perceived to be an attempt by the federal government to relate directly to local governments. These need to be addressed if we are to sustain federalism that has been put in place.

The nature of interaction between local government and other levels of government in Nigeria according to Okafor (2010) are in different folds. These include:

a. Constitutional relationship:

There is no local government that is totally autonomous. Each is part of the interdependent and inter-related political and administrative structures of a country (Enemuo, 1999). In spite of the autonomous powers granted to the local government, section 7(1) provides that the state government shall ensure their existence under a law which provides for the establishment, structure, composition, finance and functions of such councils. Section 4(5) of the constitution also provides that if any law enacted by the House of Assembly of the state is inconsistent with any law validly made by the National Assembly, the law made by the National Assembly shall prevail, and that other law shall, to the extent of inconsistency, be void.

b. Political Relationship:

The central government reserves the right to establish new local government units, change the boundaries of the existing ones, amalgamate them or terminate them (Enemuo, 1999). Section 8 provides that the government of every state shall ensure their existence under a law which provides for the establishment, structure, composition, finance and function of such council (FRN, 1999). Financial Relationship The fiscal and monetary powers of each tier of government have been delineated by Decree No. 21 of 1998, which has become the Act of National Assembly. The constitution expects local government councils to generate their revenues (Eliagwu, 2011). Section 162(1) provides that all revenues from the federation shall go into the federation account and that Revenue Mobilization, Allocation and Fiscal Commission (RMAFC) shall present a revenue formula to the President to be placed before the National Assembly for the purpose of distribution. The distribution is both vertical (in terms of federal-state-local) and horizontal (in terms of allocation among states). Also, the maintenance of special account called Joint-State-Local Government Account by the state, through which local government funds are paid, allows for interaction between the two levels of government.

c. Administrative Relationship

Again, agencies and ministries of the central government usually have the power to regulate, supervise and mentor local councils in their respective fields of concern. For example, both the federal and state Ministries of Health in Nigeria work closely with the local councils to ensure that they provide primary health services in accordance with the national standards and policies (Enemu, 1999). Other administrative relations occur among officials at all levels of government during meetings and conferences. Such conferences as noted by Adamoleku in Awofeso (2014) include the Biannual Conference of Commissioners of Local Government, Meetings of Secretaries of Government of the Federation, the National Conference of Minister and Commissioners for Works etc. At the local government level, Awofeso (2014:20) concludes: apart from the three major areas of transactional interactions among levels of government there also exist intergovernmental social service delivery which may cut across issues such as the protection of life and property to be provided by the police, community and rural development efforts and health services delivery all of which have greater implication of federal-state-local government collaboration. There is also the need for development project which in our past experience has made federal agencies such as the DFRRRI, Better Life for Rural Dwellers most relevant in Federal-State-Local collaboration

d. Judicial Relationship:

Through its power of judicial review, the judiciary can declare as null and void, ultra-verse, unconstitutional and with no affect any law made by the federal or state government which is contrary to constitutional provision. Also, local government as a legal entity can sue and be sued by other levels of government. Local Government and Intergovernmental Relations in Nigeria Fourth Republic: Cooperation or Conflict? Intergovernmental relations in Nigeria have been characterized by reluctant cooperation and competition among the levels and arms of government. Areas that have generated intense competition between the federal and state governments are revenue allocation and the allocation of jurisdictional powers between federal and state governments (Eliagwu, 2011). Diamond in Obiadi (2016: 45) also remarks that: It is not an exaggeration to say that from 1914 when the colony of Lagos, the Southern Protectorate and the Northern Protectorate were amalgamated to form the country now known as Nigeria, the relationship among its diverse units have been marked by tensions of different degrees of severity. Conflict is a universal phenomenon in a federal set up. Jinadu (1998) stressed that Nigeria's federation cannot be an exception in areas of conflict when the oldest federation in the world, US, also experienced conflict. According to him, the dynamics of federal-state relations within the federalist constitutional framework is one of a see-saw between interdependence and cooperation on one hand and conflict on the other hand, between the centre and the units and between the units themselves. The fourth republic has witnessed unhealthy

relationships among the levels of government. Ugwu (1998) points to several problems of IGR in Nigeria. Revenue Sharing Conflicts have arisen over issues of tax jurisdiction, revenue sharing and IGR fiscal transfers. The federal government has control over income from customs and excise taxes on oil.

However, most of Nigeria's states and local governments are not able to raise more than 10% of their annual budget from these internal sources and they are therefore heavily reliant on federal aid (Ugwu, 1998). Diamond (2001:15) argues that centralization of control over revenue flows has —virtually erased a fundamental principle of federalism—that lower levels of government have some areas of autonomous authority that cannot be overridden by the centre and robbed subordinate units of any significant incentive to generate revenue of their own. In addition, there are often delays in the disbursement of funds by the state to the local governments. This unnecessary delay has made service delivery at the local level to suffer. The stoppage of the monthly revenue allocations to the state that conducted elections into newly created local development councils made the federal and state governments to be at loggerhead (The issue between FGN and Lagos State under former President Olusegun Obasanjo V Asiwaju Ahmed Bola Tinubu). Overconcentration of Political Power under the distribution of powers in the 1999 constitution, Nigeria is a centralized federation with strong unitary elements. Currently, there are complaints about the overconcentration of power in the federal government. This school of thought has argued that, if Nigeria wants to practice a true federalism, then it should go back to its 1963 constitution.

4.3 Removal of Local Government Officials

The illegal removal of local government chairmen by some state governors has constituted serious acrimony. Between 1999 and 2003 about 10 local government Chairmen were removed and suspended from office. It was this -153-that infuriated the local government Chairmen which made them to sue the thirty-six governors and their State Assemblies such as Edo, Rivers, Enugu (Fadaye, 2000). Constitutional Status of Local Government Some of the provisions of the constitution are ambiguous and contradictory. Therefore, the jurisdiction of local government cannot be determined. Ajulor and Okewale (2011: 306) pointed out that there is still an unresolved issue about the constitutional status of local government, which contexts the clarity of the provision of section 7 of the constitution. The provision has made local governments to become an appendage of federal and state governments and has resulted to excessive control over the local governments.

4.4 The Nature of Intergovernmental Relations in Nigeria

Local government in Nigeria is a product of decentralization and is established by law. As a federal state, Nigeria has three tiers of government (federal, state and local) whose

intergovernmental relations (which include political, financial, judicial and administrative) are mainly established by the constitution. Each tier is required to operate within its area of jurisdiction, and any action to the contrary is null and void to the extent of its inconsistency with the law. This is meant to guarantee the autonomy of each tier. Intergovernmental relations may be defined as “the complex pattern of interactions, co-operations and inter-dependence between two or more levels of government” (Ogunna 1996: 350). According to Adamolekun (2002:60), intergovernmental relation is the term commonly used to describe the interactions between the different levels of government within the state. It can also be seen as “important interactions occurring between governmental institutions of all types and in all spheres” (Anderson 1960:3). It exists in all types of state but is more pronounced, complex, controversial and contentious in federal states. The level of development in a given state tends to be determined by the quality of its intergovernmental relations.

4.5 The State-Local Joint Government Account

A look at the Constitution of Nigeria, it is worthy of note that the SJLGA 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” (Section 162 [6], 1999 Constitution of Nigeria). Okafor stated that the Account was meant to be a mechanism that can implement the notion of ‘fiscal federalism’ at the local government level in Nigeria. Section 162 of the Constitution also provides for how public revenue shall be collected and distributed among the three tiers of government in the country. The following extract outlines the key elements of section 162:

(1) The Federation shall maintain a special account to be called “the Federation Account” into which shall be paid all revenues collected by the Government of the Federation,”

(2) The President, upon the receipt of advice from the Revenue Mobilisation Allocation and Fiscal Commission, shall table before the National Assembly proposals from the Federation Account, and in determining the formula, the National Assembly shall take into account, the allocation principles especially those of population, equality of states, internal revenue generation, land mass, terrain as well as population density, provided that the principle of derivation shall be constantly reflected in any approved formula as being not less than thirteen percent of the revenue accruing to the Federation Account directly from any natural resources.

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

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

(5) The amount standing to 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.

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

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

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

4.6 Local Government Financial Autonomy in Nigeria
Local government autonomy can be defined as “the freedom of the local government to recruit and manage its own staff, raise and manage its own finances, make by-laws and policies, and discharge its functions as provided by law without interference from the higher governments” (Ogunna 1996: 350). This includes political, financial and administrative autonomy. Financial autonomy of local government is 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. It must be noted that local government autonomy is not absolute; the third tier of government retains functional and fiscal relations with the higher tiers of government, however, the relationship must function within the relevant law.

4.7 Transfer of Revenue Resources in Nigeria

There are reasons why transfers of revenue resources from higher to lower levels of government occur in a federation. Firstly, this relates to the nature of the functions and revenue resources of the three tiers of government. These may be determined either traditionally, constitutionally or administratively, and may exhibit an imbalance between responsibility and revenue which requires the higher tier of government to ‘make good’ such imbalance by executing transfers of financial resources. These are referred to as ‘deficiency’ transfers (Okafor 2010:49). Secondly, lower levels of government may have variations in revenue raising capacities. Due to the fact that it is desirable for every state or locality to attain given levels of service delivery, states or localities whose revenue raising capacities are low need to impose a heavier tax burden than those with higher revenue-

raising capacities. In order to eliminate this burden in the former, the latter (more well-resourced states or localities) make transfers of resources to them. This type of transfer is called an 'equalization' transfer (Graham 1964: 8). These two types of resource transfers are commonly referred to as 'unconditional intergovernmental grants-in-aid'. We can now turn to the processes of statutory funding of local government in Nigeria.

4.8 Statutory Funding of Local Government in Nigeria
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 statutory 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 statutory 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, 2004:89). The state

statutory allocation to local government councils is usually small and in most cases unreliable.

4.9 The Operations of the State Joint Local Government Account

To distribute the amount standing in the SJLGA to the local government councils in each state, section 162 (8) of the Constitution directs that: The amount standing to the credit of local government councils of a state shall be distributed among the local government councils of that state on such terms and in such manner as may be prescribed by the House of Assembly of the state. State Houses of Assembly have passed SJLGA laws to give effect to the above constitutional provisions, however, evidence has shown that such laws are usually tend to further compound the already distressed financial position of local government councils. This results from various forms of deductions and diversions of funds intended for local government. State governments that are constitutionally required to fund local government councils have instead used the SJLGA mechanism (or Account) to hold local governments hostage and make them appendages of the state. In practice, the operation of the SJLGA has denied local government councils their financial autonomy.

It should be noted that the state government is not intended to be a beneficiary of the SJLGA, rather, it is a trustee of the Account. It is required to maintain the Account for the benefit of the local governments by ensuring that the amount allocated for this third tier of government is equitably and fairly shared among the councils, adhering strictly to constitutionally stipulated criteria. However, reports across the country indicate that most state governments are using SJLGA laws contrary to this intention.

4.10 The Need for Local Government Financial Autonomy in Nigeria

Several reasons have been advocated for local government financial autonomy in Nigeria. The essence is to pave the local government specific powers to perform a range of financial functions assigned it by law to implement its functions, plan, formulate and execute its own policies, programmes and projects, and its own rules and regulations as deemed for its local needs. The financial autonomy includes power to control its finance, manage it, and allocate the resources to strategic place. It is premised on the ground that when local government has power to take decisions on its own as regarding its finance, services to the local people in grassroots politics then a sense of belonging is likely to be evoked from the local people (Agunyai, Ebirim and Odeyemi, 2013). It also sought for, and designed to lessen, if not avert, the belligerent state encroachment and the use of unelected leaders (care-taker committee) to govern the local government that has characterised Nigeria's democratic systems. This was deliberated in the last year constitutional amendment/adjustment in the country (Agunyai et al, 2013). However, it is imperative at this juncture to state that local government financial autonomy is speculated in the various

legal documents reveals that it is not foreseen to have under its realm total removal of state control over local government finance as the constitution specifically gave the power to create local government according to established laws to the state. This accentuated by the fact that the issue of allowing unelected leaders to govern the local government, for the purpose of relegating to the background the utility of local government autonomy, has always been on such areas as “finance”, “corruption” and “conflicting sources of revenue between state and local government”. It is further reinforced by the fact that, in its implementation, some of these form the basis of the objections and oppositions to the approval of local government financial autonomy in past constitutional amendment at the National Assembly (Osakede & Ijimakinwa, 2014). Another reason for local government financial autonomy is rural development, local government is closer to the people at the grassroots and when local councils have the powers to receive it allocation directly from the federal without any overbearing interference from the state, they could implement decisions or policies that will enhance rural transformation without having to wait for the state which in most cases focus mainly on the state development and undermine the grassroots areas. In Nigeria, there are conspicuous cases by observations according to IDI (2016) that the money meant for rural development and provision of social services for people at the grassroots have been diverted and mismanaged by the State Governors. Local government financial autonomy will make local councils to have direct access to their finance with which to implement policies and decisions that will promote grassroots development in Nigeria.

Summarily, this chapter tested the three hypotheses raised in the study. Firstly, it examined the whether financial constraints have negatively affected inter-governmental fiscal relations among local governments in Nigeria. It did not stop there as it tried to look at other variable affecting the autonomy of local government towards bring about development in the region. It went further to query whether there has not been strict adherence to the constitutional provisions of inter governmental fiscal relations in Nigeria. That was given in-depth explanations to drive the point home. It also looked at the possibility of financial autonomy guaranteeing development in the local government system in Nigeria. All the above captured the dynamics and major issues affecting the autonomy of local government and as such looked at some awkward policies of government that have over time remained retrogressive to the major requirement of the study.

5. CONCLUSION AND RECOMMENDATIONS

Form the analysis of data, the paper discovered that issues on financial autonomy have serious impact on the nature of intergovernmental relations in Nigeria. The implication is that almost all state governments are in the business exploiting the allocation of Local Governments. This explains why most states are finding it difficult to conduct

Local government election in other to install chairmen who will superintend over the allocations of Local government. Instead, they are bent on hijacking the allocations meant for the development of local communities for their personal consumption. Furthermore, there is no serious constitutional provision to conduct a strict adherence to the study. Instead the constitution has aided the violation of the constitution design to protect the Nigerian political space.

Against this backdrop, the paper recommends that:

1. there is a serious need to consider a revisit on the revenue allocation formulae advocated by the government of the day and empower it with the principles of equality and equity;
2. the constitution of the Federal republic of Nigeria is too weak in protecting local governments as such, it calls for a revisit to protect the Local Government from unnecessary encroach from the state government;
3. the nation has failed to practice federalism, instead opted for unitary government ion a federal toga. As such, the study recommends that the visible principle of federalism should be adopted to empower each have direct access to exploiting their own resources.

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