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Local Government Funding And Service Delivery In The Imo State Local Government System: Analysis Of The Fourth Republic, 1999 - 2023

Chukwudi Cosmas Otunne and Basil Chukwuemeka Nwankwo (PhD)

Department of Public Administration, Faculty of Management Sciences
Nnamdi Azikiwe University, Awka Anambra State, Nigeria
chukwudiotunne@gmail.com

Abstract: *Service delivery and local government finance in Imo state were the subjects of this investigation. I wanted to take a closer look at the fundamental problems that are hindering the capacity of the local government to do its duty as the government closest to the people, therefore I decided to conduct this research. Two aims, together with two research questions and two hypotheses, served to direct the investigation. Fiscal federalism served as the theoretical foundation for the research, which included a comprehensive literature analysis. For this study, we used the Taro Yamane method to choose 386 respondents from a total population of 11,524. We used the Pearson correlation statistical tool to evaluate our hypothesis, and we displayed the findings using simple percentages and mean scores. One of the many things uncovered by the research is the strong correlation between taxation and the provision of public services within the local government system in Imo state. According to the study's conclusions, local governments should be incentivized to engage in lucrative business ventures that increase their revenue profile. This would help them establish the necessary economic framework to better meet the needs of their communities.*

Keywords: Local Government, Funding, Service Delivery

INTRODUCTION

The Nigerian public sector, similar to public sectors in other regions, encompasses all organizations and institutions that exist primarily to serve the interests of the general public. The definition and extent of the public sector have been continuously expanding over time. The public sector, which originally focused on government entities such as Ministries, Departments, and Agencies (MDAs), Commissions, Parastatals, and public institutions, has now broadened its scope to include different types of Non-Governmental Organisations (NGOs) - both local and international, international governmental organizations, as well as the media and civil society organizations.

To conduct our inquiry effectively, it is necessary to clearly define the specific area of interest, which in this case is the public sector. We concur with Igbokwe-Ibeto's (2019) perspective that the term "public" used to describe the "sector" distinguishes it from the private sectors, which encompass organizations and institutions. Thus, our analysis specifically targets the economic, social, and service units that are under government ownership and control. It omits other elements of our previous definitions of the public sector, such as Non-Governmental Organisations (NGOs) - both local and international, international governmental organizations, as well as the media and civil society organizations.

Every organization, regardless of whether it operates in the public or private sector, has the purpose of fulfilling various human needs. This can take the form of offering physical items or intangible items referred to as services. Therefore, while food, clothes, and shelter are considered essential items that are fundamental to human needs, intangible services such as education, healthcare, financial advising services, and security fall under the category of essential services. The achievement of organizational goals and objectives relies on the utilization of both human and material resources, regardless of their nature. Human resources encompass the endeavors and contributions of the organization's staff, whether working alone or collaboratively, to coordinate and utilize the material resources of the organization toward its objectives. On the contrary, material resources refer to tangible assets such as land, equipment, and other necessary items that may be purchased with money.

Public goods and services are the fundamental goals of public sector institutions, and their provision is a measure of the government's performance. When the government provides citizens with necessities and public goods, the goal is to ensure their maximum happiness and well-being (Akhakpe, 2014). The widely accepted principle that asserts the primary objective of government is to ensure the safety and well-being of its citizens carries a connotation of assisting. Many societies design their governance framework to efficiently address the many demands of the majority of the people, including political, administrative, social, and economic needs. This guarantees that every section of the community is taken into account. This acknowledges the presence of diverse systems of governance in different countries. Various countries throughout the world establish

their government systems, such as federalism, unitary, or confederation, based on their historical background, unique circumstances, culture, customs, and traditions.
There are 36 states and 774 LGUs that make up Nigeria's federal government. It marks the third tier of government and the expectation of autonomy for the local level in carrying out its duties. The 1976 local government reform, according to Nwadike (2016), was a watershed moment because it officially acknowledged the council as a separate tier of government and gave it the power to handle certain tasks. The fundamental goal of the 1976 reform was to provide more authority to the local government so that they could improve the development of rural infrastructure and increase social services. There is a general agreement, according to Orewa and Adewumi (2003), that the capital alone, with only the civil or public authorities stationed there, cannot handle all administrative duties. Given this, some kind of decentralization is required so that the government may better interact with the local populace by establishing a more personal relationship with them. One way to achieve this goal is to tailor one's role and duties to meet the unique requirements of the area.

In acknowledgment of these goals, the Federal Republic of Nigeria Constitution from 1979, specifically the Fourth Schedule, lays out in great detail the development responsibilities of Nigerian state and local governments. The creation and maintenance of rural roads and markets, primary healthcare, elementary and secondary education, primary care, agriculture, and natural resources are all responsibilities of local governments. The residual list of the 1999 Nigerian constitution assigns some responsibilities to the local government. The local government can't carry out its duties unless it receives sufficient funds and spends them prudently.

301 LGAs in Nigeria received a sum of N100 million from the Federal Military Government in 1976. They also named the Aboyade Technical Committee on Revenue Allocation in 1977 to come up with a revenue formula that would be a part of the 1979 Federal Republic of Nigeria Constitution (Ajayi, 2010).

Although this committee's recommendations were omitted from the 1979 Constitution, the Revenue Act of 1981 recognized and included local governments in Nigeria for the first time, by Section 149 of the 1979 Constitution. As a result, the following formula was adopted for the local governments: The local government's revenue is derived from three main sources: ten percent of the state's overall income, ten percent of funds earned inside the state, and ten percent of the Federation Account. Income from local government commercial ventures, rents on government properties, interest payments, dividends from investments in private or public companies, loans, gifts from private individuals and corporate bodies, fees, charges, licenses, and community taxes and rents are some of the sources of internally generated revenues (Atakpa, Ocheni & Nwankwo, 2012).

The previously described formula has undergone further revisions in subsequent iterations, all to enhance the capacity of local governments to raise funds, particularly from the Federation Account. Twenty percent of the funds in the Nigerian Federation Account flow to the state and regional administrations, according to Atakpa, Ocheni, and Nwankwo (2012). But corruption and a lack of local autonomy are only two of the many obstacles that have hampered efforts to support Nigeria's local government bodies.

Many local councils believe that state governments meddle in their political, fiscal, and administrative matters (Nwadike, 2016). This establishes a rigid power structure in which the central government is at the top and the subordinate governments are at the bottom. In addition to the councils being subordinate to the states, the state's Houses of Assembly have formed a Joint Allocation Account Committee (JAAC) to help carry out the provisions of Sections 162(6), (7), and (8) of the 1999 Constitution, as amended. To facilitate the distribution of federal and statutory monies among states and local governments, this provision created the State Joint Local Government Account. The state governors were believed to have stolen the councils' legitimately allotted funds. Because of budget constraints, the local government has been unable to fulfill its responsibilities. As said before, our study's primary objective is to inquire into the local government's financing and service delivery practices in the United States.

STATEMENT OF THE PROBLEM

The success and failure of organizations depend on how they generate, allocate, and utilize their financial resources. Finance is an essential component for organizations, comparable to the role of blood in the bodies of humans and animals. Companies can't stay in business if they don't have money. Numerous financing sources are available to the Nigerian state and local governments. State and federal statutory allocations are available to the local government. The specific percentage of these allocations has been previously mentioned in this discussion. The municipal government also has access to internal sources of revenue. Aside from many sorts of taxes and levies, the local government can also procure revenue from lucrative enterprises.

An investigative article released by Premium Times on Sunday, May 12, 2019, said that the thirty-six state governments, along with the Federal Capital Territory administration, have misappropriated local government funding amounting to 15.5 trillion naira since the restoration of democratic rule in 1999. Section 162 (6) of the Federal Republic of Nigeria's 1999 constitution partially allowed for the substantial misallocation of the statutory budgetary allocations to local governments by their respective state governments. To distribute all allocations to the state's local government councils, this section created the State Joint Local Government Account, which receives funds from both the federal account and the state government. This has led to a steady decline in the local government system's resources and its capability to provide essential services to the people living there.

Additionally, state governments seldom provide the necessary amount of their own money to the local councils that are under their control, in addition to taking local government appropriations out of the federal coffers. Furthermore, they infringe upon these local authorities' revenue bases. In every civilization, taxation is the most common and generally acknowledged way for governments to collect money. Any or all of the following taxing mechanisms are available to the local government: Community Tax, Property (Tenement) Rates, General, Development, or Capitation Rates, Licences, Fees, and Charges are among the many relevant tax and rate kinds. It is common for state governments to take local councils' financial sources.

Conversely, local council administrations have been accused of being inefficient administrators of the few resources they have. Considering the widespread occurrence of misappropriation of public funds in both federal and state governments, it would be impractical to expect that local government regions would be exempt from this issue. Development project and program funds are significantly underutilized and frequently embezzled. Contracts are granted but not carried out, and in many instances, these contracts are granted at excessively high costs, which goes against the concepts of effectiveness, cost-effectiveness, and obtaining value for money.
All of these things make it harder for the government to do its job of providing the people with public goods and services. Thus, an empirical study on the financing and service provision of the Imo state's local government system is required.

OBJECTIVES OF THE STUDY

The overarching goal of this research is to analyze the relationship between local government financing and service provision in the state of Imo. To be more precise, the research will aim to:
1. Learn how the local government system in Imo state generates income and how it relates to the provision of services.
2. Determine how the local government system in Imo state uses its funds to provide services.

RESEARCH QUESTIONS

To direct our investigation, we asked the following questions:
1. How does the local government system in Imo state generate income and how does it relate to the delivery of services?
2. In the local government system of the Imo state, how does the utilization of income relate to the delivery of services?

HYPOTHESES

The research will be based on these theories.

1. **Ho:** In the local government system of Imo state, there is no substantial correlation between the production of local government money and the delivery of services.
2. **Ho:** As far as the local government system in Imo state is concerned, there is no correlation between the use of tax revenues and the provision of services.

REVIEW OF RELATED LITERATURE

Local Government Funding and Intergovernmental Fiscal Relations
Since it is an independent governing body, the local government's ability to collect taxes and other funds depends on its relationships with higher levels of government. In Nigeria, the federal system involves the local government, which interacts with other tiers of government on fiscal, administrative, and political issues. Fiscal federalism and intergovernmental fiscal relations are terms that describe the relationship between governments when it comes to money. According to Ekpo (2013), fiscal federalism is the process by which the government handles conflicts that come up as a result of devolving power. Resource allocation among the three tiers of government and the agencies tasked with carrying out their respective responsibilities is what this term refers to.

One may say that the most basic part of government-to-government relationships is budgetary relations. The primary institution in almost every Western nation responsible for tax collection and subsequent distribution of funds is the central government. Also, whether these schemes are run at the national or subnational level, in most nations controlling income transfers is a primary obligation. Fiscal federalism is defined as a framework for taxes and public expenditure, which is in line with Anyafo's views (as quoted in Dang, 2013). money entails dividing up the power to collect taxes and spend money among many tiers of government in a nation, from the federal to the state and even the municipal levels. The core tenet of fiscal federalism is the equitable distribution of development funding among the many tiers of government (Dang, 2013).

Since its inception in 1914, the issue of income generation, increase, allocation, and expansion has had a prominent place in Nigerian politics and government. However, the question of income distribution and sharing would not start to spark major national discussion until 1946, with the Richards Constitution's introduction. There was a genuine merging of fiscal operations in Nigeria as a result of this constitution's establishment of a National Legislative Council and Regional Councils with significant devolution of authority and responsibility. Therefore, at various periods in time, several Revenue Allocation Commissions looked into and ultimately resolved the issue of how to divide up tax dollars among the federal, state, and local levels of government (Onwioduokit, 2012). So, it's true that the Richards Constitution came into effect in 1946 and Nigeria adopted the concept of fiscal federalism. The period from 1947 to 1952 was a watershed moment in the development of regional administrations, as the North, West, and East were each assigned separate budgetary responsibilities.

Using the three theories of fiscal location, inter-jurisdictional cooperation, and multi-jurisdictional community, we can understand the fiscal relationships within the federation. The fiscal location explains how the various levels of government are responsible for allocating funds, while inter-jurisdictional cooperation and multi-jurisdictional community deal with areas of shared responsibility among each level of government. The individuals living inside the borders of any given authority—be it a state, region, or zone—deserve to have access to the services that those boundaries offer. To make sure this happens, they should only use funding mechanisms that completely cover all costs. While local governments do collect a wide range of taxes and levies, their funding sources are often limited. Taxes on royalties or levies on natural resources, as well as personal and corporate income taxes, tariffs, excise charges, and customs duties, are all part of the tax system. An assortment of economic and socio-cultural factors, including the efficiency of tax collection, the severity of penalties for noncompliance, the size of the economy in terms of employment, industrialization, and income, the level of integration between the formal and informal sectors, and a plethora of other variables, determine the overall impact of each of these on revenue (Dang, 2013).

Less expansive and regulated services are the main source of revenue for state and local governments. This includes a wide range of levies, including those on individual income, polls, sales, property, licenses, permits, and more. The federal or national government provides additional funding to supplement these. The distribution of receivable funds from the federal government is usually determined using a revenue-sharing formula. When deciding how much money goes to lower levels of government, factors including the administrative structure, the size of the tax base, and the ability to generate internal income are the most important (Onwioduokit, 2012).

The fiscal connection between various levels of government in Nigeria is complicated, especially at the local government level, even though the constitution provides some provisions. The amount of money that will go into the federation account is sure to be there, but nobody can say for sure how much. Meanwhile, local authorities regularly get limited domestically produced money due to several challenges. The following are examples of issues of this kind:

1. By holding on to activities that provide substantial financial returns, the federal and state governments—the macro level of government—are impeding the development of internal income. In the case of water distribution, car licensing, and construction project clearance, for instance, the State Government is unable to delegate these lucrative tasks to local governments.
2. The fact that state governments do not return 10% to local governments is another problem with how local governments generate income. According to Ola and Tonwe (2009), state governments have failed to pay local government councils a significant amount of money, or even nothing at all, even though the constitution mandates that states should distribute 10% of their total revenue to these bodies. This stance has not altered since then. Even without receiving 10% in state money, many local councils have a hard enough time getting their statutory allocation from their respective state governments that goes into the State Joint Local Government Account (SJLGA).
3. The third issue is the misuse of state power over the State Joint Local Government Account (SJLGA). As stated in the constitution, it is the responsibility of the state government to oversee the management of funds allocated from the federation account to the State and Local government accounts. Governments at the state level sometimes use their discretion to distribute cash to local councils after deducting certain expenditures, such as project counterpart financing and upfront

income tax (PAYE) from government workers. Chairs of transition committees for local government agencies are making matters worse. In most states, the transition committee chair doesn't have the guts to stand up to the governor who so kindly nominated them. Unfortunately, this is only the latest development that has hurt the budgets of local governments throughout the nation.

4. Community members are reluctant to pay taxes because local government revenue collectors have embezzled monies. There have been cases when revenue collectors have embezzled funds meant for the councils, discouraging would-be taxpayers from doing their civic duty. As a result, evading taxes becomes common.
5. Another major concern is the Local Government chairman's embezzlement of council funds. Some heads of local governments embezzled funds meant for the local government and put them in their own unapproved savings accounts or lending enterprises. The objective is to save up until the maturity date so that you may enjoy the interest that has been collected on that money. According to Ugwu (2009), who gives a detailed account of these embarrassing actions, attracting foreign development aid is difficult because of incompetent leadership and bad administration at all levels of government. The widespread corruption among the local government officials in charge of handling the local government's budget only makes matters worse.
6. There is also the issue of some tax collectors being dishonest and lacking devotion. Some fail to collect taxes and fees because they get tips from those who pay them. The local authorities lose out on much-needed revenues because some tax collectors produce their receipt booklets. Government officials at the local level end up spending more money on salaries while receiving less in return. The source is Doyugbo (2012).

Revenue Allocation and Local Government Revenue in Nigeria

The term "revenue allocation" describes the process by which a company, government agency, or nonprofit divides up its overall revenues. In most cases, a complex procedure is involved in deciding how and where to distribute funds so that an organization may continue to function. The imprecision of income distribution, which leads to disputes, is a major problem. Finding two people who can agree on how to distribute money is challenging since money is a very divisive topic. Many incidents of people purposefully abusing their money have been well-documented. In addition, many people bring up the topic of financial corruption, which is associated with some part of the careless handling of money.

The distribution of tax revenues is a major topic in any discussion of Nigerian local government budgets. Common synonyms for "revenue allocation" include "fiscal decentralization," "resource control," and "fiscal federalism." It is often believed that the phrase refers to the procedures for sharing income and the allocation of tax powers among the three branches of the federal government as well as the individual states (Olowononi, 2010). According to Anyafo, quoted in Dang (2013), fiscal federalism is a form of governance in which many levels of government, from the federal to the state and even the municipal, share the power to collect taxes and manage public expenditures. One tenet of fiscal federalism is the idea that different levels of government should be responsible for collecting and distributing tax dollars to fund different types of development (Dang, 2013).

In response to the dynamics brought about by the devolution of political authority within the public sector, Ekpo (2013) outlines fiscal federalism as a procedure. This term refers to the allocation of funds among the three branches of government and the organizations entrusted with the responsibilities of each branch. For federal systems to endure, it is crucial to set up and manage budgetary ties well. The existence of a central government is essential to the functioning of federalism, which rests on the principle that lower levels of government are subservient to higher ones. An essential aspect of federalism is:

(i) The separation of powers within the federal government; and
(ii) The establishment of clear hierarchies among the several branches.
(iii) The independence of the states' budgets

Local Government Finances and Revenue Utilization

Mobilizing public funds is a hotly contested topic in Nigeria. The federal and state governments of Nigeria provide statutory money to the local governments. Twenty percent of the federal account goes to state and regional governments under the current revenue allocation mechanism. Their rightful share of the states' domestically produced income is 10%. A third of the Value Added Tax in 1998 went to state and regional governments. Distribution to local governments was based on three criteria: population (30%), equality (50%), and derivation (20%). Ekpo (2013) states that in 1999, local governments received 35% of the VAT earnings.

Several important revenue streams fall within the purview of the federal government. These include, but are not limited to, mining rents and royalties, petroleum sales tax, petroleum profit tax, company income tax, and excise and import charges. They can't make enough money on their own since the taxes collected by the local government are so little. Because of this, they depend totally on the federation account allocation.

By the vertical revenue allocation formula, the federation account is the primary source of federal money that is then dispersed to the other levels of government. When it comes to allocating funds, however, it seems like the federal government has too much say. A multitude of deductions are subtracted from the total revenue collected before its distribution by the sharing formula.

The revenue streams created by local governments include taxes, rates, fines, fees, and licenses. This analysis demonstrates that taxes remain the primary source of internal revenue, with fines and fees following closely after. Additionally, there is a compilation of charges, royalties, and profits from investments in stocks and shares, which are classified under the category of "others". Value Added Tax (VAT) serves as an extra means of generating income for local governments. There is a maximum threshold for levying taxes on individuals to fund infrastructure projects. It is important to find a middle ground between implementing more aggressive methods of generating money through higher taxes and the necessity of avoiding issues related to governance (Ekpo, 2013).

The sustainability of local governments has ramifications for the administration of the broader economy. Local budget deficits can lead to or worsen issues in generating public revenue. In Nigeria, the federal government retains control over the primary sources of tax revenue. Certain taxes, such as property taxes and rates, are jointly levied by state and local governments. On the other side, television and wireless radio licensing and fees is a shared duty between the federal and state levels of government. However, the Federal government can adjust tax rates to address macro-economic issues, without considering the lower levels of government, as they do not have significant tax revenues allocated to them.

There are several off-budget accounts that the federal government has run. It all started in 1990, when the Gulf War broke out, with the establishment of the oil surplus account. A specialized debt account is another option, and its only goal is to help pay off the country's outstanding foreign debt. The federal government's exercise of discretionary powers has led to an excessive concentration of public resources in the center (Kalu, 2011).

Furthermore, local governments are prohibited from seeking foreign loans to finance any feasible project, although they are permitted to borrow locally. Given the importance of local governments in national growth, revenue and spending decentralization must go hand in hand. Hence, it is imperative to reorganize Nigeria's process of collecting and utilizing public money, ensuring that the authority to impose taxes, determine tax rates, and borrow funds is delegated to the appropriate level of government. An uncomfortable scenario arises when the federal government is significantly distant from the general population while simultaneously accumulating nearly all sources of income.

THEORETICAL FRAMEWORK

The notion of fiscal federalism serves as the theoretical underpinning for this investigation. The field that studies the best ways to divide up duties among the federal, state, and municipal levels is known as fiscal federalism. The goal is to enhance economic efficiency and accomplish the diverse public policy objectives of the government as a whole. Establishing the most effective allocation of tasks is challenging due to differing subjective perspectives on the ideal function of government. Consequently, research on fiscal federalism typically refrains from deciding regarding the appropriate extent of government engagement or the specific services that governments should offer. The research examines the allocation of tasks across several levels of government after policymakers have made the decision to execute a specific policy, and explores the potential trade-offs associated with its administration.

The "theory of fiscal federalism," first proposed by Musgrave (1959) and Oates (1972), concerns the division of public sector duties and funds among different levels of government in a methodical manner. Ekpo (2014) defines fiscal federalism as "the fiscal arrangement" that describes how different levels of government in a federal system are responsible for handling different types of finances. At first, the primary focus of the federal setup was on stabilization and distribution. The primary concern of federalism at that time was the allocation of functions among the constituent units to prevent any duplication or conflicts in their roles. Lately, the focus on federalism has turned towards the mobilization and allocation of resources among various levels of government. This is because it is recognized that sufficient funding is a requirement for the efficient provision of services by the constituent units. Finance is identified as the most prominent domain of intergovernmental relations, as stated by Bello-Iman (1990). This is because every level of government requires a robust financial foundation to carry out its duties effectively. From this viewpoint, the primary analytical objective of fiscal federalism is to determine the suitable roles and funding of the various levels of government in the most effective manner, to maximise the well-being of the community.

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Application of the Fiscal Federalism theory to the study

Both metropolitan area LSUs and individual states within a federation may benefit from fiscal federalism. When comparing federal state concerns with local metropolitan ones, there are substantial analytical and policy differences. These differences are also present between federations with a high degree of integration, such as Germany, and those with a lower degree of integration, such as Canada, with the US occupying a medium ground. Part of the reason for these differences is the peculiarities and rigidity of the constraints imposed by political institutions. The emergence of new "federal institutions," especially in developing countries, has sparked a lot of interest in the topic in recent years. Laws in Nigeria establish who gets what money and how much, and they also specify which sources of income are acceptable to various agencies. The Federal Republic of Nigeria's Constitution from 1999 laid out the intricate financial relationships between the several branches of government. For example, the distribution of funds in the Federation Account among the federal government, state governments, and local government councils in each state is mandated by sections 149(2) of the 1979 Constitution and 162(3) of the 1999 Constitution, respectively. The guidelines for this distribution are established by the National Assembly.

Section 162, subsection 8, of the Constitution of 1999 further addressed the subject of state and municipal governments' financial interactions. A state's local government councils are required to receive a certain amount of money as per the conditions and processes set by the state's House of Assembly, as stated in this clause. Both the 1999 Constitution and the Model Financial Memoranda for Local Government (1991) outline internal sources of revenue generation for Nigerian local governments. Section 45 of Decree No. 36 of 1998 further establishes these sources, in addition to the constitutional provisions for external revenue to local government. Despite constitutional limitations, local governments often depend on funding from federal or state governments to provide the services for which they are accountable (Owens and Panella, 2011). A unique kind of rivalry develops between various levels of government to acquire money, which is a common occurrence in many nations regardless of their official federal system. This is where this phenomenon originates. The main reason for this rivalry is that local governments usually have access to money that the federal government does not prioritize.

METHODOLOGY

Research Design: Survey research design

Population of Study: 11,524 staff from the 27 LG councils in Imo state, Nigeria

Sample Size Determination: Using the Taro Yamane formula, we obtained a sample of 386 of the 386 questionnaires sent out, 343 were filled up and sent back by the respondents. This represents 89 percent of the total respondents.

DATA ANALYSIS

Test of hypotheses using SPSS version 23

Decision rule*:* To reject the alternative hypothesis and accept the null hypothesis, the probability must be less than the alpha threshold. ***Level of significant = 0.05***

Hypotheses One

H_0: In the local government system of Imo state, there is no substantial correlation between the production of local government money and the delivery of services.

H_1: The local government system in Imo state is highly dependent on taxation for its funding and the provision of services to its citizens.

Correlations

		LG Revenue Generation	Service Delivery
LG Revenue Generation	Pearson Correlation	1	.721
	Sig. (2-tailed)		.041
	N	343	343
Service Delivery	Pearson Correlation	.721	1

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	Sig. (2-tailed)	.041	
	N	343	343

A Pearson product-moment correlation value of 0.721 indicates that hypothesis one is well-supported. There seems to be a correlation between the generation of local government money and the provision of services at the local level.

Decision Rule: The probability value of 0.041 is less than the significance threshold of 0.05, according to the analysis above. We conclude that there is a strong relationship between the local government's revenue generation and the provision of services in Imo state's local government system, therefore rejecting the null hypothesis.

Hypotheses Two

H_0: As far as the local government system in Imo state is concerned, there is no correlation between the use of tax revenues and the provision of services.

H_1: In the local government system of Imo state, there is a strong correlation between the utilization of local government money and the delivery of services.

Correlations

		Revenue Utilization	Service Delivery
Revenue Utilization	Pearson Correlation	1	. 522
	Sig. (2-tailed)		.035
	N	343	343
Service Delivery	Pearson Correlation	.522	1
	Sig. (2-tailed)	.035	
	N	343	343

The second hypothesis has a correlation value of 0.522, according to SPSS version 23. So, it seems like local governments are doing a good job of using their tax dollars to provide services to their constituents.

Decision Rule: The above computation indicates that the probability value of 0.035 is less than the 0.05 threshold of significance. We conclude that the local government system in Imo state does have a strong relationship between the allocation of funds and the provision of services, therefore rejecting the null hypothesis.

Summary of Findings

1. The local government system in Imo state has a significant link ($r = -0.721$, P value $= 0.041 < 0.05$) between the creation of local government income and the delivery of services.
2. The local government system in Imo state has a substantial link ($r = 0.522$, P value $= 0.035 < 0.05$) between the utilization of local government funds and the delivery of services.

Conclusion

The purpose of this research was to examine the local government's service delivery and budget distribution in the state of Imo from 1999 to 2021. Three separate goals served as the basis for the research. Further, it developed three research questions and conducted tests on three hypotheses. Money is extremely important when it comes to providing essential services in any organization, particularly the local government, according to the findings of this research. However, problems persist in Nigeria's local government system as a whole because of imbalances in the intergovernmental interaction between different levels of government. The local government is unable to manage and make good use of its funds because of these disparities. To achieve this objective, we suggest the following course of action.

Recommendations

1. The local government should be incentivized to engage in lucrative business endeavors to enhance their revenue profile, hence establishing the necessary economic framework to effectively address the needs of the people in their local areas. Agro-business is a lucrative endeavor to pursue in most local government districts of the Imo state.
2. Non-governmental organizations (NGOs) should step up their campaigns to bring attention to and demand change in how local governments handle their budgets. The purpose of this is to make sure that the local government is transparent and accountable when it comes to spending and allocating public funds. In addition, to avoid financial mismanagement, fraud, and diversion, it is essential to seal and avoid any loopholes in the income collection and usage process.

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