



Interrogating Local Government Financing and Community Development in Nigeria

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Abstract

Local Government Council as the third tier of government is created with the responsibility of developing the rural communities as the government closest to the people. These responsibilities can only be achieved if adequate financial support is given to these local government councils. This study therefore examines the local government financing with the objective of determining if local government is adequately funded, if they are living up to their responsibilities of developing the communities and as well determine if there are challenges hindering the local government from adequate funding for the discharge of these responsibilities. The research methodology adopted for this study is the contents analysis of the existing literature on the related subject while secondary source of data were used. This study adopted the decentralization theory as its framework of analysis through which the activities of those charged with these responsibilities were examined for accountability in relation to the abundant resources generated from the huge endowed resources in the country. The findings revealed that the local government Councils in Nigeria is underfunded, in addition to excess control from the State governments as well as corruption. The paper recommends that the federal government should adequately fund the local government to enable them discharge these responsibilities, while some sections of the constitution that gave state government the control of the local government should be reviewed to allowed some level of independence to the local government, while those charged with day to day running of the local government should be held to give account of their stewardship to the people from time to time.

Keywords: Local Government, Local Government finance, Community development, Nigeria.

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Introduction

Nigeria got independence from Britain on 1st October, 1960 and opted for federalism in consideration to its heterogeneous nature. This reflects a situation where power is constitutionally divided among the three tiers of government at the federal, state and local levels, with delimited self-governing authority. The believe that it is quite difficult for any government at the center to effectively and efficiently administer the various zones and localities through the civil servants located at the head office prompted the need for devolution of power to enable the central government reach out to the people at the local levels. Again, since every segment and local areas within the country has their peculiarities, it becomes necessary to bring governance to the people through those who are familiar to the needs of the people at the local levels for the provision of the needed services geared towards meeting their peculiar needs at the grass roots (Ugwu, 2010).

Although local government system was in existence before the coming of the British master, what was in existence was the traditional administrative system which was practiced differently as various regions were practicing their local government system in accordance with their peculiarities. The local government was unified and made a corporate body in 1976 when the military administration of General Olusegun Obasanjo reorganized the system. This reform modernized the system and it became a veritable instrument for grassroots development. The unification of the local government system made it to operate uniformly throughout the country thereby bringing in a multi-purpose single-tier local government system in Nigeria (Anikeze, 2014). This was entrenched into the 1979, 1989 and 1999 constitution as amended which made it clear that although local government in Nigeria has some functional and structural relationship with state and federal government, its existence is a constitutional issue.

Local government system has gone through various reforms in Nigeria, aimed at repositioning it for the achievement of its constitutional responsibilities, especially in the areas of community development. The existence and functions of local government which was captured in the 1999 constitution of the Federal republic of Nigeria, section 7(1 &2) as amended, guarantees its constitutional existence, while the fourth schedule equally captures further functions which



center on the development of the communities as the government at the grass roots. The constitution as well captures the sources of local government finance which is one of the bed rock for the actualization of its mandate. Section 7 (6a) guarantees provision for statutory allocation from the federal government, while sub section 6b guarantees provisions for statutory allocation of public revenue within the state. Schedule 4 captures the functions of local government council through which it could generate its internal revenue.

However, despite these clear needs for the creation of local government, the system has been bedevilled by total neglect of its principal role of bringing government closer to the people at the grassroots level, by developing the communities thereby leaving the system with high level of inefficiency where productivity is almost non-existent. This situation in addition to the present predicament has been made worse by poor financing of the local government as internally generated revenue seems to be non-existent, while the state instead of allocating resources to local government as contained in the constitution, resort to collecting the few that come from federal allocation through the joint account system, which prompted the recent federal government policy of sending local government allocation direct to its account.

The abysmal development of the communities by local government councils in Nigeria has continued to generate mixed feeling, hence the need to appraise local government financing and community development in Nigeria.

Conceptual Review

Concept of Local Government

The concept of local government involves a philosophical commitment to democratic participation in the governing process at the grassroots level. This implies legal and administrative decentralization of authority, power and personnel by a higher level of government to a community with a will of its own, performing specific functions within the wider national framework. A local government is a government at the grassroots level of administration meant for meeting peculiar grassroots need of the people (Adeyemi, 2013). It is seen as government by the popularly elected bodies charged with administrative and executive duties in matters concerning the inhabitants of a particular district or place (Udenta, 2007). Local



government can also be described as that tier of government closest to the people that is vested with constitutional powers to exercise control over the affairs of people in its area of jurisdiction (Abada, 2007). Okoli (2005) sees local government as the breaking down of a country into smaller units or localities for the purpose of administration in which the inhabitants of the different units or localities concerned play a direct and full role through their elected representatives who exercise power and undertake functions under the general authority of the national or state government. This prompted Nwobashi (2014) to describe local government as a system of government by the popularly elected bodies charged with administrative and executive duties in matters that concern the community dwellers of a particular place. Otinche (2014) on his contribution conceptualized local government as authority created to determine and execute matters within a restricted area.

The positions of scholars above indicate that the purpose of establishing local government is to ensure appropriate services and development activities responsive to local wishes and initiatives. Local government operates at the lowest level of society regarded as grassroots level, prompting Udentia (2007), to mirror local government as representative of local inhabitants, more or less autonomous in character instituted under state legislation, in a village, a district, a city or in urban areas to administer services as distinguished from state and central services. The jurisdiction of local government is limited to a specific area, a village or a city, and its functions relate to the provision of civic amenities to the population living within that area. Nworji (2004) maintains that local government appears to be that part of the government of a nation or state which deals mainly with such matters as concern the inhabitants of a particular district or place. In addition, local government is seen as that part of the government which deals mainly with local affairs, administered by authorities' subordinate to the state government, but elected independently of the state authority by the qualified residents with power to act independently of external control as well as the participation of the local community in the administration of its own affairs.



A local government is therefore expected to play the role of promoting the democratic ideals of a society and coordinating development programs at the local level. It is also expected to serve as the basis of socio-economic development in the locality.

Community Development

Community is seen as a place which constitutes of both rural and urban areas, referring to a social group occupying a defined geographical location with members sharing common interest, such as historical background, cultural values, economic activities and basic social institutions (Egwemi&Odo, 2013). While the rural community is associated with relatively lower population, homogeneity, lower income and agrarian base, the urban community is characterized by relatively higher population, heterogeneity, higher income and industrial economy associated with cities and towns (Okey 2010). Community is equally seen as a population that occupies a given area that shares common system of rules and regulations which control their relationship with others.

Development on the other hand entails gradual growth of something so that it becomes more advanced, stronger and better, and the process of producing or creating something new (Hornby 2000). Development involves progressive movement from what has been in existence to something new that is seen as better. Such changes as seen by Onwubiko (2010), should be multi-dimensional involving changes in structures, attitude and institutions as well as the acceleration of economic growth, the reduction of inequality and eradication of absolute poverty. He believes that development comprises economic growth, equality, social justice and socio-economic transformation.

In view of the above, community development therefore, constitutes both rural and urban development. Community development like other concepts in social sciences, has no precise and generally accepted definitions as noted by Egwemi&Odo (2013). However, in his contribution, he refers to community development as any action taken by any agency that is primarily designed to benefit the community in the improvement of their living condition with the active participation of the community. It is as well seen by Onwubiko (2010) as a process of action in which the people of the community organize themselves, come up with plans and execute such



plans relying on their resources and where necessary with help from government agencies. The United Nation's Economic and Social Council (2020) in its view, sees community development as a process by which the efforts of the people are brought together with those of government agencies to improve the economic, social and cultural conditions of communities to enable them contribute to national development.

In line with the purpose of this chapter, we can simply state that community development is the transformation of the living standard and quality of life of people living in a community by providing them with socio-economic and infrastructural services such as; roads, bridges, culverts, electricity, pipe-borne water, agricultural inputs, market stalls, health facilities, education, security, transport system among other that would improve their living condition.

Local Government Financing

Local government finance is concerned with the income and expenditure of local governments. This embraces all sources of revenue that accrue to the local government from various sources. It covers such areas as allocation from both federal and state, taxes such as property tax, income tax, sales tax and user fees (Nwobashi, 2014). Local Government finance is by Eboh&Diejomaoh (2010) from the perspective of revenue allocation which he broadly associated with such terms as fiscal federalism, resource control, and fiscal decentralization. He explains fiscal federalism to mean a system of taxation and public expenditure in which revenue raising powers and control over expenditure are vested in the various tiers of government within a nation, ranging from the national government to the smallest unit the local government. This position was corroborated by (Nwobahi, 2014).

Theoretical Framework

Nigeria's federalism is anchored on three tiers of government which includes; the central or federal government, State government and Local government, thus Nigeria operates political and fiscal federalism based on the principles of decentralization of responsibilities. This study seeks to understand local government financing as one of the major tools, to be able to carry out its responsibilities of developing the communities. It is based on this body of the work within the area of analysis of the issues discussed here and arising from the position of other theories of



local government as third tier of government in a federal system that this study adopted decentralization theory.

The development of decentralization theory started slowly in the 1960s and has become one of the broad movements and most contentious issues in development as noted by Nwobashi, (2014). He notes equally that around the 1970s, the theory seized the imaginations of policy reformers, and by 1991 & 1993, Donaldson and Davis developed what stand today as Decentralization theory. In 1996, David Osborne and Ted Gaebler had the bestselling book, *Reinventing Government*, proposing decentralist public administration theories which became labeled the New Public Management, and by 1980s decentralization became a revolutionary megatrend (Jean-Paul, 2012). The adoption of decentralization theory to this study is seen as most suitable as Nigeria operates political and fiscal federalism, which shows the system of government that tends to decentralize some aspect of their public finance which is the concern of this study. The philosophy behind decentralization is that sub-national government which local government council is one of them in Nigeria must be given power over their own activities and development (Ndubuisi&Onuba, 2016).

This implies that in decentralization, the tiers of governments including local government take over some assigned functions from federal and state governments as a result, should be able to manage their own financial resources including the monthly federal allocation and the 10% from state government to enable them carry out these assigned responsibilities of developing the communities. Since it has become evident that federal and state governments alone cannot guarantee development in the local areas which necessitate the transfer of responsibilities to the local government, it becomes necessary that these responsibilities should equally have corresponding financial base through proper financing and autonomy to be able to live up to these responsibilities.

Schedule four of the Nigeria's Constitution of 1999 as amended, outlined the functions of local government council as well as the sources of local government revenue. This is in addition to federal allocation and the 10% internally generated revenue from state Government. A closer look at the sources of local government revenue will show that most local government will not



be able to survive without the federal allocation (Okey, 2010). Therefore, at this level, it become important that the federal and state government, should consider adequate financing of the local government council to enable them carry out those responsibilities assigned to them as a tier of government closest to the grassroots for socio- economic and infrastructural development of the communities. In real sense of community development, the bulk of finances required for development are needed more in the local government than the state and federal government as noted by Egwemie&Odo (2013).

The present revenue sharing formula that allocates 52.68% to federal government, 26.72 % to states and 20.60% to local government councils only, may not be adequate to carry out these responsibilities of local government councils as third tier of government in a decentralized system. Odo (2014) noted that one of the major objectives of the 1976 local government reform was the decentralization of some significant functions of the state and federal government at local level in order to harness local resources for accelerated development, and as such it becomes important that there should be adequate financial backing to carry out these functions as the success or otherwise of local government as third tier of government in Nigeria's federalism depends of adequate financing. It is when this is done that the decentralization policy of federalism can be achieved which is the anchor of decentralization theory of analysis adopted for this study.

Literature Review

Philosophy for Local Government Creation.

The philosophy for the creation of local government council as noted by Okpata (2004) includes;

1. Fill the gap in remote areas which the national or state government is unable to fill
2. Complement and extend the national government closer to the people
3. Implement the ideals, objectives, programs and aspirations of the national government at the local level
4. Bring the ideology, needs, objectives, programs and aspirations, constitution, crucial determinant of the structure and functions of the national government to the local people
5. To address the basic and unique needs of the people within a particular locality
6. To serve a two-way channel of communication between the local population and the upper tiers of government



7. To permit the officials of the state at the center, the time to concentrate on vital and complex national issues, living local issues with local officials
8. Mobilizes the local people and resources for national development
9. To encourage greater public participation in government activities
10. To bring government to the grassroots level thus, encouraging sense of belonging among local populace.

Functions of Local Government Council

In order to achieve the above reasons for its creation, the 1976 guidelines to the local government reform specified those functions that should be devolved to local government. These functions can be categorized into two; namely,

1. Exclusive functions
2. Concurrent functions

Exclusive Functions

Exclusive functions of local government council are those functions which under constitutional provisions are solely to be performed by the local government council. These functions are contained in the Fourth schedule of the 1999 constitution as amended, as well as the laws of each state that the constitution empowered to guarantee its existence and functions.

The Exclusive functions include;

1. Formulation of economic planning and development scheme for local government
2. Establishment, maintenance and regulation of market and motor parks
3. Collection of property rates
4. Maintenance of slaughter houses, slaughter slabs
5. Licensing of bicycle, trucks (other than mechanical propelled trucks), canoes, wheel barrows and carts
6. Construction, naming and maintenance of roads, streets, drains, parks, gardens, open spaces and numbering of plots/buildings
7. Registration of births, deaths and marriages
8. Control of Vermin (small animals or insects that are pests) e.g. cockroaches, rats etc. to protect cereals.
9. Establishment and maintenance of public conveniences, sanitary inspection, sewage refuse and night soil disposal
10. Control and keeping of animals e.g. goats, dogs, cattle etc.
11. Licensing, supervision and regulation of bake houses, restaurants and other places for sale of food to the public
12. Shops and kiosk
13. Licensing, regulation and control of the sales of liquor



14. Control of hoarding (large outdoor signpost), advertisements, use of loud speakers in or near public places, drums
15. Control and collection of revenue from forestry outside the forest estate or Gazette forest resources
16. Collection of vehicle parking charges
17. Establishment and maintenance of cemeteries, burial grounds and homes for the destitute and in firm maintenance of grazing grounds
18. Collection of community tax and other designated revenue sources.

Concurrent Functions

Concurrent functions are those functions which the local government council performs singly but in conjunction with the state or federal government of Nigeria. They are functions which the state or federal can perform on behalf of local government until local government is in position to carry out such functions.

They include;

1. Health center, maternity center, dispensaries and health clinics, ambulance services, leprosy clinic and preventive health services
2. Abattoir, meat inspection
3. Nursery, primary, adult education and vocational education
4. Information and public enlightenment
5. Provision of scholarships and bursaries
6. Provision of public libraries and reading rooms
7. Agricultural extension, animal health services and veterinary clinic
8. Rural and semi-urban water supply
9. Fire services
10. Provision of roads and street lightening and drainage (other than trunk roads)
11. Control of water and atmosphere pollution
12. Control of prostitutes and repatriation of destitute
13. Provision of homes of destitute, the infirm and orphans
14. Provision of public utilities except where restricted by other legislation, specifically including provision of roads and inland water transport
15. Public housing program operation of commercial undertakings, control of traffic and parking
16. Regulation and control of buildings, towns and country planning
17. Piped sewage systems.



Sources of Local Government Financing

Anikeze (2014) notes that the success or failure and the effectiveness or ineffectiveness of local government in living up to its constitutional responsibilities depends on the financial resources available to the individual local authorities and the way these resources are utilized. The fourth schedule of the 1999 constitution of the Federal Republic of Nigeria as amended, signed the functions of local government council as well as its sources of generating its internal revenue, while section 7 (6a & b) of the constitution made provision for its sources of external revenue from the federal and state allocation respectively.

This entails that local government council has two major sources of revenue namely;

1. Internal Revenue Sources
2. External Revenue Sources

Internal Revenue Sources

Internal Revenue Sources of the local government are those sources or means through which the local government council generates its revenue within its area of operation. The sources of local government internal revenue as outlined by Ndubuisi&Onumba (2016) include;

1. Property taxation such as tenement rate
2. Licenses such as liquor, bicycle, television etc.
3. Fees and fines
4. Markets, shops, kiosks, motor parks and tower operations
5. Outdoor advertisement
6. Restaurants and laundries
7. Revenue from commercial undertakings such as mass transit
8. Identification certificates
9. Rent on local government property.

External Revenue Sources

External revenue sources are the revenue which the local government get outside its council area of jurisdiction. This includes;

1. Statutory Allocation from federal and state governments
2. Grants in Aid



3. Loans and overdraft.

Local Government and Community Development in Nigeria

The creation of local government councils in Nigeria is expected to accelerate socio-economic and infrastructural development of the communities in these areas, prompting Alao, Osakede&Owolabi(2015) to assert that local government is created to fill the gap between the people and the communities and the state as well as the federal government, thus the local government provides such services the other tiers of government cannot provide due to the remoteness of those communities as well as their peculiar needs only known to the government at the grassroots. Despite these responsibilities, a close look at the 774 local government areas in Nigeria, lives one in doubt if local government is still aware of its constitutional responsibilities. The state of development in Nigeria especially in both rural and urban communities is unacceptably grim with slow overall socio-economic growth. The indices of this sordid situation include poor agricultural productivity, gross infrastructural deficit and poor road network system. Others include; lack of health care facilities, electricity, employment and lack of social amenities, among others, which had culminated in dehumanizing community poverty and under development in all areas. The people live on the fringe of starvation, destitution and ignorance, which undermined their immunity and natural resistance to diseases, such that epidemic continued to kill thousands every year (Eboh&Diejomaoh 2010).

A close look at the communities in Nigeria would live one with the question if the local government is still operational in Nigeria, especially in some cure areas such as agriculture, health care facilities, education, roads, culverts and bridges among others.

Agriculture

In Nigeria, agriculture is the major occupation of the people especially those in the rural communities where over 70 percent of the population resides as noted by Adeyemi (2013). The responsibilities of local government as contained in the Fourth schedule, (2b)indicates its responsibility in the development of agriculture and natural resources. This includes; agricultural extension, animal health services and veterinary clinic, as well as rural and semi-urban water supply. This is where the local government council through its staff in agriculture extension, is expected to guide the farmers and educate them about the right seasons to cultivate different



types of crops, and the types of soil that would be good for different crops. They are equally expected to give the farmers information concerning new breeds of seedling, animal feeds and how to take care of their weeds through the use of insecticides and pesticides. They are equally expected to educate the farmers on the types of fertilizers and how to apply them for different types of crops and soil.

The essence of this is to enlighten the illiterate farmers and encourage them in their major sources of livelihood which contributes immensely to the development of Gross Domestic Product (GPD), as well as providing jobs, income and food for families. However, a close look at what is happening in the local government in Nigeria today will testify to the fact that apart from the distribution of fertilizers to political supporters during electioneering period at subsidized rate by the government in power using the local government chairmen, everything about agriculture is left to the farmers. In some occasions where these fertilizers are given to the political supporters many of whom are not farmers, they turn around to sale them at exorbitant prices to the real farmers at the communities. No one advises the farmers on what to do concerning their crops, prompting Stock (2005) to lament that the neglect of agriculture at the community level has forced Nigeria to import farm products to feed its citizens.

Roads, Bridges and Culverts

The construction of roads, bridges and culverts which is part of the responsibilities of local government council is meant to create access roads to different parts of the communities in the council areas. This would enable the local farmers bring out their farm produce from the remote villages to where they could sale them. However, the issue of construction of roads, bridges and culverts has been completely abandoned by local government council, as every community has gone back to the era of community help project through which each community build bridges using bamboo and woods. Most of the community link roads are not passable even by bicycle. A typical example was the situation in Ikwo local government council in Ebonyi state where the road from the local government headquarters at Onuebonyi Echara to about four major communities out of the five communities that made up the local government area were not passable in build up to 2019 general election. If the road from the local government headquarters could be in that state, one would imagine what happens to other roads within the local



government council. It took the intervention of the state government to fix the road after the general election, while the local government watched as if it was not concerned.

It is the same situation in different local government areas across the country. Lack of bridges across rivers in some areas force residents to trek for hour to farm, while some pupils have been drowned severally in some community rivers due to lack of bridges and culvert, a situation that have forced many parents to stop their children from attending school. While these things happen, the local government council watch hopelessly as if they are not empowered to tackle the situation.

Market Stalls

The development of market being part of the responsibility of local government is meant to bring both the sellers and buyers together in the communities. The local government in this respect, is expected to develop the market through the building of stalls, access roads, sanitation, drainages, slaughter houses, slaughter slabs among others. However, a close look at the markets in Nigeria, apart from the few in the urban areas built by the state governments, the local government has shown no interest in developing the market, yet they regularly collect rents from the marketers

Education:

Education is in the concurrent list, which shows that it should be a joint responsibility of both the federal, state and local government. The local government is responsible for provision and maintenance of primary, adult and vocational education. While the Local governments is responsible for the construction, maintenance and staffing of primary schools in their respective areas, it is the responsibility of the state and federal government through the statutory allocation, to pay the staff. However, evidence on ground shows that local governments are no more building schools, as the building and maintaining of school buildings lie on the shoulders of the community or village that needs the school. The only thing the local government councils do is to post teachers and other staff to the school. The inspection for which local government is expected to carry out on schools from time to time to ascertain the effectiveness of teaching in primary schools, are no more in practice. The teachers in primary schools are left unmonitored, forcing many of them to be coming to school only once a while.



The situation in Nigeria's primary schools has gone so bad that teachers at public primary schools send their children to private schools. The situation is made worse when the present administration started warning every public and civil servant to find other things doing and not to rely on salary. A situation the teachers capitalized to abandon their teaching, especially when promotions and other entitlements have been put on hold. The local government became so helpless that they can't even repair any school building that winds removed its roof. The repair and building of class room blocks at primary schools shifted to state government through some World Bank assisted projects, while the remaining efforts are allowed for the community that owns such schools.

The adult and vocational education at the local government level is almost non-existent. Some buildings constructed for vocational education in some local government by World Bank assisted projects are wasting away in the bushes where they were constructed, with no one caring about them.

Health Services

Health care services being in concurrent list, the local government is responsible for the provision and maintenance of health services. This includes; the provision, maintenance and administration of dispensaries, maternity and health centers. However, apart from the ones built and maintained by the state, the local government dispensaries, maternity and health centers where available, are without health workers, hospital equipment, drugs and other facilities needed in a functional health care centers. This has forced the people at the communities to resort to patronizing the quark medical attendants and some native birth attendants which has continued to result in increased infant and maternal mortality in these communities. Those who are bent on visiting hospitals, trek several kilometers to get to cottage or general hospitals built by state government, while others travel to the city to seek health care services. This made Dalhatu(2012) to note that some eighty percent of the population in the communities either had no medical services or made to do with rudimentary facilities scattered over wide distances.



Transportation:

The provision of transportation system by local government council is expected to enhance the status of Nigerian local governments. Some local government councils as means of easing transport problem and as a source of revenue generation for local governments have set up diverse mass urban transit scheme. However, a close watch of what is being operated as local government mass transit would show that such transport systems were owned by private individuals who used the local government name in their operation. These registered transporters connive with local government officials who are paid some agreed fees on either monthly basis or as may be agreed, to float the mass transit using the name of the local government. This has defeated the major reasons for embarking on some program which is to ease the transport system of both the staff and the people, as the private owners are solely bent on maximizing profit, and as such hike the fares. Equally, the resources which would have been coming to the local government coffer have been reduced or diverted to individual purse.

Local government council is equally charged with the responsibility of maintaining good hygienic culture. They ought to embark on the construction of public toilet for their people and as well as the inspection of house to house on waste disposal system, yet the local government has abandoned all these responsibility, hence the frequent outbreak of epidemics in these communities. In the areas of water supply which includes digging of borehole, information dissemination to the people on the policies of government both at the center and at the state level, public libraries, care of the destitute, scholarship awards, among others have been completely abandoned by the local government level. It is only in the area of bursary award that the local governments still make efforts in giving stipends to students of tertiary institutions which they do occasionally, especially during the period of electioneering campaign.

Local Government Finance and the Challenges of Community Development in Nigeria

Funding is a crucial matter that requires the interest of all in any organization, institution or government as it is the life wire for successful operation and existence. Like any other institution or government, local government needs financial resources for it to succeed in its mandate, especially in the development of the communities. The importance of finance to local



government existence propelled Eboh&Diejomaoh (2010) to state that adequate financial resources are *sin-qua-non* for a virile local government system. The federal government is aware of the importance of finance in the local government, prompting its capture in Section 162, (5-8). This is in addition to the Fourth Schedule that specified the areas of local government internal revenue generation, thereby creating both external and internal sources of revenue to the local government council.

Despite this, the local government system in Nigeria is still bedeviled with a legion of financial problems, which tend to weaken their capacity and ability to achieve developmental goals and objectives. They have thus, failed to respond positively to local needs despite various sources of venue, both internal and external as provided in the constitution. Several reasons have been adduced for the poor performance of the local governments which includes the following:

Over Dependence on Statutory Allocation

The local government receives statutory allocation from federal government as captured in Section 162 (3) of the 1999 constitution (as amended) which states that any amount standing to the credit of the federation account shall be distributed among the federal, state governments and the local government in such manner as may be prescribed by the National Assembly. The Local government equally collects money from the state government as the constitution mandates the states to pay local governments such proportion of their revenue (excluding the sums received from the federation account) on such terms and in such manner as may be prescribed by the National Assembly, as contained in Section 162 (7).Following this provisions, local government tends to rely on these statutory allocation, thereby neglecting other sources of income in their areas, and as such limiting the amount of revenue that would have accrued to the local government.

Non Remittance of State Fund to Local Government Council

The state government is mandated by section 162 (7) to 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. The state government is required to pay 10% of their internally generated revenue into the State joint local government account which would be



shared among the local governments within the state in such terms as may be prescribed by the state House of Assembly as prescribed by section 7 (6 a & b).

However, evidence have shown that the states government do not remit the 10% percentage of internally generated revenue of the state to the local government through the joint account as prescribed by the constitution. This has been a serious setback to the revenue of local government which has affected its developmental responsibilities.

Poor Dependable Revenue Base of Local Government:

Lack of dependable revenue base is a critical factor that has constrained the efforts of most local governments in community development. Odo (2014) notes that even though one of the criteria for creating local governments as provided by the 1976 local government reforms guidelines was the issue of viability, that most local governments created since then have come to be solely dependent on their statutory allocations from the federation account to run their affairs as a result of poor dependable revenue base in such local government councils. Apart from few local government councils in Nigeria, especially those in the urban areas in some states, others lack sources of internal revenue generation. The poor dependable revenue base will seriously affect the revenue of such local government councils and force them to depend solely on the statutory allocation for all their financial needs, which will never be enough to carry out its mandates.

Lack of Autonomy on Revenue Jurisdiction:

The local governments suffer from constant whittling down of their internal revenue sources by the state governments. The excessive control and determination of local government source of internally generated revenue is based on Section 7 (1) which empowers the states to determine the existence and finance of local government council. Some states neglect the Fourth schedule to the constitution that specified some source of internal revenue to local government and take over some viable revenue sources from them. Some of these areas include the management of markets, naming of roads and streets and numbering of houses, out-door advertising and hoarding, motor parks, among others have been taken over by states government, thereby leaving the local government with little or nothing to fall back to in generating revenue. This has



seriously affected the revenue sources of the local government which invariably affects the discharge of its responsibilities of community development.

Dearth of Highly Skilled Manpower in Revenue Generation

Most local governments in Nigeria suffer from dearth of highly skilled manpower in the areas of revenue generation. The paucity of experts in revenue generation in the local government service undermines the effective performance of the councils in generating revenue to the council areas. The available staff in most local governments across the country are dominated by the generalists such as administrative/executive officers; clerks; artisans; office assistants (messengers); typists; among others. In areas of critical service such as financial experts, most local governments are lacking. This is a huge set back to local government finance, since those available are incapable of initiating strategies of revenue generation in the council areas, thereby denying the local government the revenue that would have accrued to them, which go a long way in affecting their performance in community development.

Corruption

Corruption is one of the greatest problems in Nigerian public service and poses a very big threat to local government finance. Corruption which Dalhatu (2012) sees as abuse of public office for private gain, manifest in various forms such as bribery, inflation of contracts rate, extortion, nepotism, kickbacks and gratification. When these occur, there is lack of integrity, accountability and transparency on the part of people who are supposed to manage the financial resources of the local government councils. Eboh and Diejomaoh (2010) lament that public funds (meant for community projects) are stashed away into private accounts while an overwhelming proportion of the population live in abject poverty. In some cases, as noted by Dalhatu (2012), monies meant for the execution of mapped out developmental projects are shared by local government officials in connivance with states officials without executing such projects, while the few ones executed are not done to specifications despite the inflated rates due to kickbacks and gratification. All these pose a lot of serious challenge to financial resources of local government in community development in Nigeria.



Conclusion

The 1999 constitution of Nigeria as amended, vested the responsibilities of grassroots development to the local government council. This is supported by various sources of revenues which includes both external and internal sources. However, the inability of local government council to discharge its responsibilities to the people has been attributed to poor financing among other factors. While the local government gets its federal allocations regularly from the federal government, the state government which supposed to compliment the efforts of the federal government by releasing to them the proportion accrued to the state through its internally generated revenue, decided to ignore this provision, to the detriment of the local government. As if that was not enough, the state through various provisions in the constitution controls the local government and infringe on its sources of internal revenue generation, thereby taking away their other means of revenue.

In addition to denying the local government of its share of the state resources, and encroaching into their sources of internally generated revenue, the state government as well, divert the allocations given to local government by the federal government through the State Joint Local Government Account. The recent decision of the federal government to be paying the local government federal allocation direct to the local government account, testifies to the level of financial deprivation the local government councils have been passing through in the hands of the states government. These deprivations and denial of internal sources of revenue generation by states governments coupled with corruption, inadequate skilled manpower among others, have seriously affected local government financing, which have invariably undermined their developmental strides in the communities. This has been a major problem of democratization at the grassroots as noted by Bahir&Muhammed (2012).



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