EFFECT OF STATE AND LOCAL GOVERNMENT FISCAL RELATIONS ON RURAL DEVELOPMENT IN EBONYI STATE NIGERIA (2015-2021).

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ABSTRACT
This study examined the effect of state and local government fiscal relations with a view to ascertaining the extent to which such interactions have enhanced provision of rural electrification, road networks and quality primary healthcare services in Ebonyi State (2015-2021). The study was content analyzed as there was heavy reliance on secondary data obtained from articles in ranked journals, official publications, peer reviewed texts, etc. The following findings were made – that the operations of state joint local government account have not improved provision of rural electrification projects for rural dwellers in Ebonyi State; that the joint funding of projects have not enhanced provision of rural road networks in Ebonyi State and that the approval of local government estimates by state dominated committee has not encouraged provision of quality healthcare services for rural dwellers

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in Ebonyi State. The implication of the findings is that if local governments are not granted financial autonomy, development will continue to elude rural areas in the state. The study recommended as follows – that the sections of the constitution that hinder financial autonomy of local government like the state joint local government account should be scrapped; that state government should jointly fund construction of rural road networks and that local governments should be given free hand to moderate their annual estimates without external influence so as to do more in healthcare delivery.

1. INTRODUCTION

Nigeria from the colonial period has comfortably settled for federalism given her heterogeneous nature. It is unarguable that Nigeria is a federation with three tiers of government viz – federal, states and local governments. Wheare (1963) credited as the father of federalism viewed federalism as the method of sharing power so that central and regional governments are each within a sphere, co-ordinate and independent. At the heart of a federation is power sharing among levels of government so as to reduce to the barest minimum jurisdictional conflicts and overlap that could adversely affect their performance. Although powers and areas of jurisdictions are legally delineated among the levels of government in a federation, rooms are created for each of them to interact or cooperate with a view to bringing about good governance within the polity (Nwokwu & Ajah, 2018). Nwokwu (2020) contends that the tiers of government achieve appreciable progress via the interactions. This interaction is technically referred to as intergovernmental relations.

Intergovernmental relations imply the level of positive or negative interactions among the various levels and units of government (Ahmad, Abubakar & Mohammed, 2013). Ahmad et al (2013) went further to argue that expansion of government functions has made it a near impossibility for different tiers of government to act in isolation. Corroborating the foregoing, Erunke & Mbumega (2014:29) maintained that "no sole government could deliver radical improvements in service delivery on its own, which means that co-ordination, cooperation and collaboration are essential prerequisites". Ogunna (1996) averred that intergovernmental relations revolve around legal, functional, administrative and financial interactions among the tiers of government.

It is important to state that fiscal relations remain central to the performance of the levels of government in a federation. This is so because the pattern and method of financial relations could either make or mar achievement of their respective constitutional mandates. Financial relations entail the allocation of responsibilities for expenditure and powers to raise revenue by different levels of government (Nchuchuwe & Adejuwon, 2015). However, Adegbami and Osungboye (2019) argued that fiscal relations have been problematic mainly due to a mismatch between assigned responsibilities and tax-raising powers as well as resource allocation among the tiers of government in Nigeria. They maintained that fiscal relations have been skewed in favour of the central government to the detriment of the other levels of government.

There is no gain saying the fact that the nature of fiscal federalism in Nigeria has continued to pose a serious challenge to the revenue available to local government. Akindele and Olaopa (2002) argued that of all the problems faced by the local government in Nigeria, the most recurrent ones are finance and sizeable mismatch between their statutory functions and responsibilities.

Akani (2017) opined that local government is seen as the government that expresses governance at the primary level of the society. He went further to aver that local government serves as a device that extends the frontiers and processes of government to the people at the periphery who may be far from receiving the impact of the centre. In the same vein Okoli (2000) submitted that local government exists to fill a gap that national government is too remote to fill. It is the government set up to minister to the peculiar needs, yearnings and aspirations of the local people. Ikelegbe (2005:5) defined local government as "government under the responsibility of the local people and in the interest of the local population by local representative bodies".

The importance of local government in advancing development at the local communities cannot be overemphasized. It is the government that is very close to the grassroots and its proximity makes it very suitable to provide certain responsibilities far more efficiently and in a more cost effective manner than the remote government at the higher level (Ola, 1984). Since the 1976 local government reforms and subsequent incorporation of its recommendations into the 1979 Constitution as well as the 1999 Constitution of the Federal Republic of Nigeria as amended, landmark legal provisions have been made to position local government as a third tier of government within the Nigerian federal structure in order to define its autonomy and improve its stakes in intergovernmental relations (Ikeanyibe, Chukwu & Ibietan, 2019). The administration of General Ibrahim Babangida took some important steps to enhance the relative autonomy of local government. In January 1988, the regime scrapped the state ministries of local government, ensured direct allocation of fund to local government. The administration went a step further to increase the statutory allocation of local government from ten percent (10%) to twenty percent (20%). The foregoing measures were instrumental to the visibility of local government in the provision of essential amenities at the primary level of the society such as construction of feeder roads, rural electrification projects, provision of primary healthcare facilities, maintenance of primary education, job creation through establishment of markets and motor parks etc which were necessary to better the lots of the people. Therefore, local government was viewed as an agent of rural development.

Edeh, Nwakamma and Ugbala (2017) viewed rural development as revolving around resource mobilization, community participation and efficient utilization of financial and material resources to improve the socio-economic wellbeing of the rural dwellers. Ezeah (2005) conceived rural development as that aspect of development that seeks to enhance the quality of life at the periphery of the society through provision of basic infrastructure facilities. Rural development is measured by existence of good road networks, employment creation, quality primary healthcare facilities, rural electrification projects, increase in per capita income, general standard of living etc.However, following the disadvantageous position of local government in the Nigerian fiscal federalism, the makers of the 1999 Constitution of the Federal Republic of Nigeria deemed it fit to create a platform where both the federal and state governments could play some roles in funding and monitoring the local government earnings and expenditure in order to achieve huge success in rural development (Onuigbo, 2015). Thus, section 162 (5) of the 1999 Constitution as amended states that,

> The amount standing to the credit of local government councils in the federation account shall be allocated to the states for the benefits of their local government councils on such terms and in such manner as may be prescribed by the National Assembly.

> Subsection 6 empowered each state to create a state joint local government account into which shall be paid allocations to the local government councils of the state from the federation account and from the state government. Section 7(3) of the 1999 Constitution empowers the state houses of assemblies to establish Economic Planning Board to encourage participation of local government in economic planning and development of the state especially in areas of mutual benefits. Given the lean resources at the disposal of the local government, some viable projects that could be beneficial to local government council could be jointly funded by the local government and the state. Grant, which is a financial aid, is equally given to the local government by either the central or state government to enable it provide some essential services to better the lots of the people at the localities. It is believed that this kind of financial collaboration between the state and local governments within her domain could engender rapid development at the localities. All these modes of financial interactions between the two levels (state and local governments) are known as state and local government financial relations.

> Unfortunately, the foregoing financial relations between the state and local governments appear to be responsible for the poor situation of development across the local government in the Nigeria federation. Fatile, Fajonyomi and Adejuwon (2017) stated that majority of the state governments were engaged in unnecessary deductions and often diverted the funds in the state joint local government account to areas of personal interest thereby slowing

the pace of development at the local government levels. In the area of joint funding of projects, the state governments have been accused of compelling local government councils to part with their funds from source (joint account) to embark on state government projects instead of projects that are beneficial to residents at the local government areas. Grants from state governments to local governments hardly come by. Nevertheless, whenever it is given to the councils, the aids enable the states to penetrate into the local government thereby dictating development plans and policy directions (Sasaki, 1984 cited in Amah, 2018).

The financial relations between the Ebonyi State government and local governments within its domain appear to follow same trajectory as painted in the preceding paragraph. There are still issues surrounding the operations of state joint local government account as it had been alleged that the state government had subjected it to various deductions or diversion with little or nothing left for local government councils to engage in rural developmental projects as electrification to light up their domains. There are still cases of local government councils in the state being compelled to jointly fund state government projects to the neglect of construction and maintenance of road networks at the localities to aid evacuation of farm produce to areas where they could be disposed at profitable prices. Poor infrastructure at the localities could be blamed for mad rush of young people to urban areas where there is availability of such amenities, which in the long run result to urban congestion, squalor and overstretching of available infrastructure. There is still the issue of local government submitting their annual financial estimates to the state for approval. This appears to provide veritable opportunity for the state to influence the overall content of the annual estimates and in the process neglect the provision of primary healthcare services to rural dwellers. It is against the above backdrop that this study became expedient to examine the effects of state and local government financial relations on rural development in Ebonyi State, Nigeria.

2. CONCEPTUAL CLARIFICATIONS

2.1 Concept of Local Government

Local government has received various definitions from scholars leading to a situation where there is no universally acceptable definition of the concept. However, it is important to note that all the definitions and interpretations of the concept point to a given direction – a government established at the local level, which is constituted by law with its council consisting of individuals who are either elected or selected to primarily address the peculiar development challenges of people at the periphery of the society. As the academic tradition demands, we will x-ray definitions advanced by scholars on the concept. Ogunna (1996:1) views local government as “a political authority which is purposely created by law or constitution of a state for local communities by which they manage their local public affairs within the law/constitution.” From the definition we could comprehend the fact that local government is created for people at the local communities to manage their own peculiar affairs within the armbit of the law or constitution that sets it up. Okolie

(2003) views it as a unit of government existing below the central, regional or state government set up by law to exercise political authority through a representative council within a specified area. It could be perceived that local government creates room for people within its domain to either elect or select those that pilot the affairs of the council in their best interest. The Guidelines for Reform of Local Government in Nigeria (1976:15) defines local government as:

> Government at the local level exercised through representative councils established by law to exercise specific powers within defined areas. These powers should give the council substantial control over affairs as well as the staff and institutional and financial powers to initiate and direct the provision of services and to determine and implement projects so as to complement the activities of the state and federal governments in their areas and to ensure, through devolution of functions to these councils and through the active participation of the people … that local initiative and responses to local needs and conditions are maximized.

The points that the above definition raised include - the fact that local government should be seen to be autonomous in order to take charge over its staff, institution and financial resources which are necessary to initiate people oriented policies to address the yearnings and aspirations of the people thereby complementing the activities of the high levels of government. It equally stressed the importance of participation of people in governance at the grassroots as it is very central for local government to maximally satisfy their peculiar needs. In the same vein Okoli (2000) argued that for local government to be so-called, the people within its jurisdiction must be in a position to elect its functionaries freely and fairly, participate fully in the course of taking decisions affecting their lives, initiate and carryout projects and programmes they deem necessary for purpose of enhancing their overall wellbeing.It could be observed that some important points are discernable from the foregoing definitions. Local government is set up by law to carry out functions of local concerns within a given geographical area. It is a tier of government that is closer to the rural people with mandates to address the variegated perculiar needs of rural dwellers. The leadership of the local council could either be elected or appointed to direct its affairs. Local government is simply conceived as grassroots government.

2.2 Rural Development

There are variegated definitions of the concept as there are several experts who show interest in development administration. Abah and Nwokwu (2017) posit that development denotes positive changes and transformation in the socio-economic and political conditions of the society. In the words of Nnadi (1999), it is viewed as the totality of the process of economic and social transformation, which brings about broader outlook, higher standard and quality of life, political awareness, economic opportunities and self confidence in a people. We could decipher that at the centre of any development efforts is man; hence environments that make life more meaningful to him.

Ebong (1973) conceived rural development as the process of enhancing capacities of society as manifested by positive increase in the living conditions of rural people and self-actualization. Kiguwa & Odioogenyi (1990) cited in Ohagwu (2010) viewed it in two ways. Firstly, it is seen as improvement on the geographical environment of the rural areas to make them more attractive to live in. This implies tremendous changes in the physical conditions of the rural areas through provision of such infrastructure facilities such as roads, railways, water, electricity, education, healthcare services, recreation centres. Secondly, it is perceived as changes in cultural practices, attitudes and general behaviour of the people in the rural areas through acquisition of new social values guaranteed by efficiently run educational programmes at both formal and informal level. In the same vein, the United Nations Development Programme citied in Ohagwu (2010) conceptualized rural development as a process of socio-economic change which involves the transformation of agrarian society so as to attain a common set of development goals based on the capacities and the needs of the people.It important to argue that rural development efforts could be meaningful if the population becomes the vehicle through which they achieve their development objectives. Rural development is measured using some indicators such as per capita income, human development index, access to quality education and healthcare services, infrastructure provision, population quality, etc.

2.3 State and Local Government Financial Relations

Financial relations cover the gamut of issues relating to revenue generation and spending responsibilities, intergovernmental transfers and administrative aspects of fiscal decentralization (Akindele, Olaopa & Obiyan, 2002). According to Nkwede and Nkwede (2018) financial relations is the division of government functions and financial interactions/cooperation between different levels of government. However, state and local government financial relations mean the interactions that exist between the state and local government in areas of revenue generation, transfers and expenditure. It could equally be perceived as the series of financial interactions between the state and local governments. Onwusi (2011) identified the areas of financial relations between state and local government to include – state joint local government account, economic planning and development, joint funding of projects, grants-in-aids, approval of local government estimates by agents of state government, etc.

2.4 Overview of State and Local Government Financial Relations in Nigeria

The interaction existing among the levels of government with respect to income generation and expenditure is known as intergovernmental fiscal relations or fiscal federalism. Intergovernmental fiscal relations is very essential in that funds are important resources for effective running of any organization particularly public establishments to realize their mandates. Intergovernmental fiscal relations could be appreciated from the standpoint of the meaning of federalism with economic blending (Akindele et al., 2002). In this perspective, federalism is seen as a system of government where means of income generation and expenditure responsibilities are shared among the levels of government. However, it is not out of place to state that intergovernmental fiscal relations covers the gamut of issues relating to revenue generation and spending responsibilities, intergovernmental transfers, and the administrative aspects of fiscal decentralization (Akindele et al., 2002).

State and local government fiscal relations appear to be restrictive. This is because the scope of the financial relationships or interactions is limited to only two layers of government (i.e. state and local governments). State and local fiscal relations imply the interactions that exist between the state and local governments in areas of revenue generation, transfers and expenditure. In other words, it is the financial interactions that occur between the state and local government with the bottom line to improve the financial muscles and capability of the third-tier government.

Dauda and Nwogbaga (2018) argued that the 1999 Constitution of the Federal Republic of Nigeria as amended made it mandatory for the federal and state government to provide financial support through the National Assembly and State House of Assembly to local government councils. They revealed that the statutory allocations from the federal and state governments to local governments at present stand at 20.6 percent from the federation account and 10 percent of internally generated revenue of the state respectively. Section 7(6) of the 1999 Constitution provides that:

> Subject to the provision of this Constitution-
>
> (a) The National Assembly shall make provision for statutory allocation of the 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.

Moreso, section 162 (5, 6, 7 and 8) of the same constitution made clear provisions on the ways and manners funds should be allocated and in what formula to the local government councils through their respective states. However, Section 162 (6) of the 1999 Constitution stipulates that:

> Each state shall maintain a special account 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.

The constitution added that the total sum in the joint account should be shared among the local governments in the state in keeping with such terms and manner as may be prescribed by the House of Assembly of the state.There are other areas of financial relations between the state and local government according to Onwusi (2011). They are- participation of the local governments in the economic planning of the state, joint funding of projects, grants-in-aids, approval of local government estimates by state government, auditor general of local government, etc.The financial relations between the states and local governments have generated heated debates as there have been obvious lapses in the interactions thereby acting as clog in the wheel of progress at the local government level. Fatile et al. (2017) argued that the fiscal relations between the two levels of government have created a situation of a dependency than independence. It has been observed that funds that the state governments were supposed to share among the local governments were in practical terms diverted to state projects.

2.4 Modes of the State and Local Government Fiscal Relations

Onwusi (2011) identified the following as important legal modes of fiscal relations between the states and local governments in Nigeria. They include –

(i) Financial Relations - Section 162(6) and (7) of the 1999 Constitution of the Federal Republic of Nigeria as amended provide that each state shall create state joint local government account into which shall be paid money from both the federation account and 10 percent of the state internally generated revenue for the benefits of local governments with the state in line with the prescription of the State House of Assembly. The purpose of the above provision is to make funds adequately available for local government to undertake her statutory responsibilities. The framers of the constitution might have observed that the sources of internal revenue for local government are apparently inelastic and unviable, hence the desire to encourage fiscal federalism at the third tier of government. Unfortunately, the operations of the joint account have consistently derailed from the purpose for which it is established. Onwusi (2011) argued that a lot of states hide under the provision to manipulate the finances of the local governments thereby undermining the financial autonomy of the local government.

(ii) Economic Planning and Development- Section 7(3) of the same constitution empowers the State House of Assembly to pass a law establishing Economic Board to encourage the participation of the local government in the economic planning and development of the state particularly in areas of mutual benefits to both the state and local governments. Unfortunately, the economic planning at the board is usually focused on areas that are beneficial to the state government. In some cases, the board has been used by some state governments to encroach on some viable sources of internal revenue bases of local government. Some markets, parks, motorcycle emblems etc have been taken over by the state government citing some reasons such as lack of capacity to effectively exploit the internal revenue bases by local governments.

(iii) Joint Funding of Projects: Given the lean resources at the disposal of local governments, some viable projects that could be beneficial to the local governments could be jointly financed by both the local and state governments. The framers of the constitution believed that this kind of relationship could bring about rapid development to the concerned local government. Unfortunately, this has never been the case; most state governments coerce local governments to engage in joint funding of projects that are owned by the state governments. It is important to stress that some gigantic projects scattered around the urban areas are oftentimes executed through the joint project arrangement. The most agonizing aspect of the joint project is that sometimes such projects are initiated, executed and commissioned before notifying the concerned local government councils. The point we are making is that most state governors do not seek the consent of local government chairmen before using part of their local government statutory allocations to embark on state projects in the guise of joint project. Other legal bases of the fiscal relationship between the two levels of government include-

(iv) The local government is expected by law to lay its financial estimates to the state government for her inputs through the Local Government Estimates Advisory Committee (LGEAC). Expectedly, this committee is dominated by the state government so that any draft estimates that scale through the committee is as good as having been approved (Alu, 2006).

(v) Establishment of the office of the State's Auditor General for local governments for purpose of ensuring public probity and accountability at the local government level by means of regular auditing of the accounts of all the local governments within the state.

(vi) The state government to offer advice, assistance and guidance (but not control) as and when necessary to local governments within the domain of the state (Shiyanbade, 2020).

(vii) The state government is required to offer grants-in-aids to local governments. Such grants include – specific, matching and equalization grants. Ayoade (1978) argued that poor allocation commonly experienced by the urban local governments (zero allocation) is expected to be compensated by the state in the form of 'equalization' transfers to the affected local governments.

2.5 State and Local Government Financial Relations and Rural Development

The financial relations between the state and local governments have continued to have profound effects on the third tier of government in terms of its rural development efforts. It has been argued that it is mainly responsible for the sorry situation of development at the grassroots. It is quite unfortunate that the fiscal relations designed to enhance fiscal federalism and/or availability of sufficient funds at the local governments have remained a thorn in the flesh of the tier. However, the discussions that follow will beam sufficient searchlight on the effects of the financial relations on rural development.

Firstly, the constitutional provisions with respect to the state joint local government account have been subjected to various misinterpretations and abuses in the course of implementation by state government and its agents thereby undermining the relative autonomy of the local government. There is no gain saying the fact that the fiscal relations between the state and local governments with respect to joint account have robbed the councils of requisite funds to carryout developmental programmes in the rural areas. Allegations abound to the fact that state governments oftentimes deduct funds unilaterally from the joint account even as they divert some to areas, which are not beneficial to the rural development drives of the local governments. Affirming the foregoing anomaly, Okafor (2010) disclosed that the state government has always diverted and deducted funds meant for development of local areas via the joint account thereby contributing significantly to the abysmal performance of local government in providing good governance to the communities. Similarly, Ahmad et al. (2013) submitted that the state joint local government account has made the Nigerian local governments unable to defray their recurrent expenditure not to talk of embarking on developmental projects. In the words of Nkwede, Moliki, Dauda and Orija (2018) the state joint local government account is often manipulated and abused by the operators including governors, state ministries for local governments, state-local government joint account allocation committee and officials of local government councils. They argued that the states, which are supposed to function as a funnel through which federal allocation trickle down to the local governments are known for diversion of these grants and allocations to other areas. In specific terms, they accused the state government of making illegal and sundry deductions from the joint account. According to Shiyanbade (2020) instead of the state governments acting as checks to efficient management of the funds accruing to the local government councils from the federation account, they are rather deducting local government funds with reckless abandon through the Joint Allocation Committee (JAAC) system. In another development, NULGE (2012) cited in Shiyanbade (2020) revealed that the states plunder and tamper with the statutory allocations due to local governments from the federation account to the extent that only 20-25 percent of the statutory allocation gets to the local government councils. Moreso, the operation of the joint account has been responsible for some delays and withholding of local government funds by the state. In most cases, the delays or withholding of the funds occur may be the local government chairman steps on the toes of the executive governor or any of his agents. In other words, it is usually effected to trim the powers of the local government chief executive to size (Nwokwu, 2022). The implications of the foregoing is that local government finds it a herculean task to carryout any buoyant developmental projects in their localities (Dauda & Nwogbaga, 2018).

The foregoing might have motivated Tolu (2014) to lament that the rural areas in Nigeria are in a pathetic situation with respect to infrastructure. He averred that local roads/feeder roads are left unrepaired, rural electricity are in a state of comatose, rural/primary health centres are dilapidated with absence of drugs and needed personnel; there is no potable drinking water, etc. He argued that the only visible things in the rural areas are sign posts and structures which indicate that the seats of the third tier of government are located there.

Secondly, the state governments have failed to remit 10 percent of their internally generated revenues to the state joint local government account thereby denying them enough funds to undertake developmental projects at the grassroots. Little wonder Onuigbo (2015) submitted that there is no visible development in practically all the 774 local government areas in Nigeria. He argued that their physical infrastructure facilities are still as dilapidated as ever even as the standard of living of rural dwellers has continued to nose dive. Adeyeye (2016) averred that local government has continued to suffer from inability to properly administer and deliver basic social services relevant for rural development due to poor funding particularly from the state government.

Thirdly, the joint projects are still being executed in favour of the state government at the expense of local government. Onwusi (2011) revealed that the relationships between the states and local governments in terms of joint projects have consistently been in favour of the states as they embark on projects that best serve their interest not minding the appalling state of infrastructure at the rural areas. Corroborating the foregoing submission, Okolie and Eze (2004) stated that local governments were directed by the higher authorities to provide vehicles for police operations in their areas. These vehicles according to them were provided by the Association of Local Governments in Nigeria (ALGON). The police vehicles usually have inscriptions of ALGON on them. Moreso, they maintained that the local governments spend their funds on immigration programmes, demographic matters, the Armed Forces, etc.

Fourthly, Okolie and Eze (2004) lamented that the local governments have been denied powers to construct and build markets, undertake sanitation matters, raise funds via sale of vehicle emblems and other activities by the state governments through undue interference and usurpation of the councils' powers. President Buhari in 2017 decried the relationship between the states and local governments, arguing that it was not friendly. The president stated that the state governments feel that they own local government, if they are of the same party adding that it is usually worse if they are not. He contended that it was a very serious constitutional problem and unless there is absolute clarity and transparency, the relationship will continue to be exploited against the interest of the ordinary people of the country (Agunyai & Etembo, 2017).

Fifthly, the presentation of local government financial estimates for state government approval has been blamed for somewhat directive approach which has since been in use by the state governments to dictate projects to be sited in rural areas. This idea of uniformity in addressing the needs of the rural dwellers runs counter to the essence of local government which is the government established to adequately provide for the local concerns or peculiar needs and aspirations of rural dwellers.

2.6 Empirical review

Azu (2017) undertook a research on the topic "Impact of State – Local Government Fiscal Relations on Primary Healthcare Delivery in Abia State, Nigeria (1999-2014)". The main objective of the study was to determine the impact of state – local government financial relations on delivery of primary healthcare in Abia State between 1999 and 2014. A descriptive survey research design was adopted with a sample size of 572. Data were generated from structured questionnaire and subsequently analyzed using Chi-Square inferential statistics. Findings showed that the Abia State government controlled federal allocations of local governments within its jurisdiction; that there was non-remittance of the 10% of internally generated revenue of the state into the joint account and that the takeover of the internal revenue points of local governments by the Abia State government has undermined the capacity of the local government councils to deliver primary healthcare services to people within their domains. Arising from the foregoing, the study recommended as follows - that there should be grant of financial autonomy to local government through abolition of the joint account; that the monitoring function of the Revenue Mobilization, Allocation and Fiscal Commission (RMAFC) be extended to cover state – local fiscal relations. Finally, tax powers should be re-assigned to make property tax and rating an entirely local tax.

Fatile et al. (2017) carried out a study entitled "State - Local Government Fiscal Relations and Grassroots Development: An Empirical Review of Selected Local Governments in Lagos State". The study was undertaken to examine the effect of state-local government fiscal relations on grassroots development in selected local governments in Lagos State. The study adopted a survey research design with a sample size of 303. The main instrument for data collection was questionnaire. Data obtained were analyzed using descriptive statistics while Pearson Product Moment Correlation Analysis was deployed to test the hypotheses. The study found among others - that the state joint local government account has significantly eroded financial autonomy of local government; that state's utilization of local government financial resources has significant adverse effect on infrastructural development at the grassroots of Lagos State. The study recommended that local governments should be proactive and more serious with their internally generated revenue drives and that the 1999 Constitution of the Federal Republic of Nigeria should be amended to grant financial autonomy to the local government.

Nyewusira (2011) in a study entitled "State – Local Government Relations in Rivers State, Nigeria (1999-2007)", sought to investigate the legal, political, administrative and fiscal relationship between the state and local governments in Rivers State, in the current democratic dispensation. The methodology adopted was descriptive survey design with a sample size of 40 drawn from political office holders and career local government staff. Data collected were subjected to critical analysis using Chi-Square and the following findings were made - that the legal framework guiding state – local relations is not only skewed in favour of the state but also subjugates the local governments to the state; that state institutions are used by the state government to exercise stringent control over local government functionaries and that provision for joint account is a huge impediment to financial autonomy of local government councils. The study recommended that the joint account should be scrapped; that an intergovernmental relations commission be re-established to check state government excesses in relation with local governments and that there should be attitudinal change in the behaviour of those who run government institutions at both the state and local government levels.

Nkwagu and Adedoyin (2016) carried out a study entitled "State Joint Local Government Account Practices and the Performance of Local Government Councils in Ebonyi State". The main objective of the study was to ascertain the effect of state joint local government account practices on the performance of local government councils in Ebonyi State. The study adopted descriptive survey design as data were collected from primary sources particularly through a structured questionnaire. The formulated hypotheses were tested using the binary logistic regression technique. The findings of the study revealed that the timely release of monies from the state joint local government account to local government significantly affect the performance of local government councils in Ebonyi State; that non-interference of the state government on the monies at the credit of the state joint local government account significantly affect the performance of local government councils in Ebonyi State; that fair distribution of monies at the credit of the state joint local government account significantly affect the performance of local government council in Ebonyi State. On the strength of the foregoing findings, the study recommended as follows – that there should be timely release of monies from the state joint local government account to local government councils if local government areas must witness positive performance; that government should not only ensure equitable and fair distribution of monies at the credit of the state joint local government account but also ensure strict and proper implementation of such laws if it is actually interested in the performance of local government councils in Ebonyi State. The study differs from our current study because its emphasis was on state joint local government account practices such as timely release, fair distribution of monies in the joint account and non-interference of the state government in the operations of the joint account as they affect local government councils' performance in the state.

2.7 Theoretical Framework

This study is anchored on Distributive theory of Fiscal Federalism propounded by Musgrave (1989). The theory posits that policies and decisions in a federation are directed towards achieving a particular aim – the allocation and distribution of values which are controlled by power holders in a political system. In other words, it places much premium on authoritative allocation of resources as well as determination of those that could enjoy the allotted values. The foundation of the theory could be traced to Samuelson's (1954 & 1955) 'Papers on the theory of public goods' and Arrow's (1970) work, 'The roles of the public and private sectors'.The above postulations agreed with the main essence of federalism, which is power sharing among levels of government in the polity. It is important to posit that fiscal decentralization and financial autonomy are very central to sustainability of the federation. Fiscal federalism could be conceived as devolution of decision making and tax raising powers to lower levels of government as against over concentration at the centre. It is a known fact that fiscal decentralization empowers each tier of government to exercise some level of liberty in taking decisions and allocating resources in line with its own preferences/priorities in her areas of jurisdiction. Wheare (1963:5) argued in the following lines that:

> If the governmental authorities in a federation are to be co-ordinate with each other, in actual practice as in law it is essential there should be available to each of them, under its control financial resources sufficient for the performance of the functions assigned to it under the constitution… For if state authorities, for example find that the services allotted to them are too expensive for them to perform and if they call upon the federal authorities for grants and subsidies to assist them, they are no longer co-ordinate with the federal government but subordinate to it. Financial subordination makes an end of federalism. Infact, no matter how carefully the legal forms may be preserved.

In the words of Onuigbo (2015) fiscal federalism covers the transfer of functions, resources and authority to lower levels of government. It has been argued that a tier of government must be sufficiently self-reliant to be qualified to be called a government otherwise it could be perceived as an extension of the sponsoring government.There is no gain saying the fact that fiscal arrangement in Nigeria is skewed in favour of the central government to the disadvantage of the lower levels of government (state and local governments). However, the worst hit is the local government which has continued to suffer from mismatch between tax raising powers and assigned responsibilities. It has been observed overtime that the Nigerian fiscal system grants minimal fiscal autonomy to the lowest level of government. For instance, all broad based, lucrative and elastic tax bases such as Company Income Tax, Value Added Tax, Custom and Excise duties, tax on petroleum products, education tax, etc are given to the central government while the local governments raise their independent revenues from pool tax, rates, fines, fees, radio and television licenses which are non viable and inelastic and hardly enough for local governments to carryout their assigned responsibilities.This theory is very relevant to this study in that local governments require sufficient financial resources to be able to effectively attend to the peculiar needs and aspirations of people at the localities. Unfortunately, the financial relations between the state and local government appear to further deny local government of funds due to it from the federation account as well as 10% of the state internally generated revenue. This situation seems to be responsible for inability of local government councils to rise to the occasion of advancing rural development at their various domains. Currently, it worrisome that local governments' presence is noticeable through sign posts and structures located within their headquarters.

3. DISCUSSION

The financial relations between the state and local governments have generated heated debates. This is due to the fact that the spirit and letters of the constitution regarding the financial relations have not been observed. As we pointed out earlier, the essence of the state joint local government account as provided for in the constitution is far from being realized. The state government has serially manipulated the joint account to achieve her inordinate selfish interests. Buttressing this fact, Fatile et al. (2017) revealed that majority of the states have been in the habit of making unnecessary deductions and more often than not diverted the funds to other areas that are not beneficial to rural dwellers, hence the abysmal performance of local government in terms of promotion of standard of living of rural dwellers and entrenching good governance. In most states of Nigerian federation, Ebonyi State inclusive, the joint accounts do not allow the leaderships of local government councils full access to the total federal allocations that are due to them as they are controlled and managed by state dominated committee (Joint Account Allocation Committee), which in most cases tend to do the bidding of their pay masters (state governors). Any local government chairman that dares to question the operations of the account is treated as a scapegoat to serve as deterrence to those who might toe the same line.

In Ebonyi State, the consequences are out there for all to see. The local governments currently lack the capacity to discharge their constitutional mandates such as provision of rural electrification to bring about total turnaround in the rural economy thereby leading to legitimacy crisis as people no longer have confidence in the local government councils' ability to meet their day-to-day needs. The deterioration in the basic necessities of life in the rural areas has undoubtedly vitiated the living conditions of rural dwellers. In the rural areas, the poverty level has remained very high as the per capita income is abysmally low; maternal mortality and infant morbidity have continued to be on the high side.

The reason for the joint funding of projects may possibly be occasioned by infrastructural decay that stares various local government councils in the face. In Ebonyi State for instance, most local government areas cannot boast of good road networks, electricity, potable drinking water functional primary healthcare facilities etc. The infrastructures are expected to be made available to the rural dwellers to better their lots via joint funding of the projects by both the state and local government councils. Unfortunately, state governments in recent time go into joint projects with local governments to provide infrastructure that serves the taste of urban dwellers at the expense of rural dwellers. In Ebonyi State, it has been established that some projects that dot the landscape of the state capital were realized through joint project arrangements. A tour of the hinterlands of the state always bring to the fore the deterioration of the road infrastructure. Several communities lack good rural road networks that link them together, even as feeder roads leading to farmlands have remained in very poor state, making it extremely difficult for farm produce to be evacuated to markets where they are needed. The implication of the foregoing is that able bodied men move from the rural areas to urban areas leaving only the elderly to engage in agricultural activities. In addition, urban problems have continued to be on the increase owing to activities of unscrupulous elements that moved to the cities in search of the golden fleece,

The annual estimates of local governments are expected to be vetted by the Local Government Estimate Advisory Committee (LGEAC). The role of the LGEAC is advisory. It is to vet the estimates to ensure that they conform with state and national budget appropriation limit set for the fiscal year and to ensure that the estimate proposals are feasible and practicable given the level of local rates and other sources of revenue. However, the LGEAC with majority of membership from the state government underscores the dominance of state government in the financial life of local government. In other words, the local government estimates are oftentimes adjusted in favour of the state government in her desire to ensure uniform level of development across the local governments in her domain. This makes mockery of the fact that local government exists to address the perculiar needs of people at the grassroots especially their health related challenges through provision of quality primary healthcare facilities. It is important to note that some communities have no functional health centres and where they exist, there is usually lack of requisite health personnel, equipment and drugs, etc for effective operation. The situation has to a large extent worsened the health conditions of the rural dwellers so that in this twenty-first century, rural people still die from preventable and curable diseases.

4. CONCLUSION

There is no doubt that interactions among the levels of government are essential in achieving success in any administration. This is due to the realization that no tier of government could succeed while existing as an island. It is not out of place to argue that fiscal relations between the state and local governments are designed to serve as vehicle through which the state government ensures that the amount allocated to the third tier of government is equitably and fairly shared among the councils. This is basically to enable local government drive rural development. Other areas of financial relations between the state and local government such as joint funding of projects and moderation of local government annual financial estimates are equally geared towards enhancing the capacity of local government to carry out its constitutionally assigned functions which is bringing development to the door steps of rural dwellers. Unfortunately, these modes of fiscal relations have undoubtedly remained a cog in the wheel of progress in the local government particularly as it concerns rural development. Therefore, fiscal relations between the state and local governments have been established as the major factor that induces underdevelopment which has remained the hallmark of our rural areas.

4.1 Recommendations
In view of the foregoing analysis, the following are recommended –

(1) There should be immediate scrapping of the joint account through amendments to sections of the 1999 Constitution of the Federal Republic of Nigeria to give enough room for local government councils to have full access to their federal allocations.
(2) The state government should always engage in joint projects with local governments to provide critical infrastructure such as rural electrification, feeder roads, etc.
(3) Since the local governments are located very close to rural dwellers, they should be allowed free hands to articulate, debate and pass their annual financial estimates without external influence in order to adequately address the health challenges of rural dwellers.
(4) Local governments in Ebonyi State should intensify efforts in tapping the internal sources of revenue allotted to them by the constitution so as not to depend wholly on the federal allocation in the course of carrying out their statutory responsibilities.
(5) The anti-graft agencies should be given a green light to monitor the financial relations between the state and local governments so as to reduce corruption at that level of administration.

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