INTERROGATING THE POLITICS OF FISCAL FEDERALISM AND PERFORMANCE OF LOCAL GOVERNMENT: A FOCUS ON UDI LOCAL GOVERNMENT COUNCIL NIGERIA

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ABSTRACT

The study examined fiscal federalism and th performance of Udi Local Governmen Council. The study adopted survey design specifically descriptive research was adopted Data were collected using questionnaire, focu group discussion. Secondary data wa generated from government records an Central Bank of Nigeria. The findings reveale among other things that lopsidedness i revenue sharing affects the performance of Ud Local Government Council. Udi loca government, due to lack of adequate funding d not meet its constitutional responsibilities. Th undue interference by the state government ha an adverse effect on the performance of Ud Local Government. The delay in release o statutory allocation affects the performance o Udi Local Government. Also the imperfection i 1999 constitution has hampered fiscal relatio among the three tiers of government in Nigeria The study recommends among other things tha the1999 constitution should be reviewed t address the problems of the local government The local Government authorities shoul participate in order for their opinion to be take into consideration while formulating policie affecting the LG in Nigeria.. In order to put stop to the causes of conflicts among the level of government in Nigeria, government shoul

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provide a strategy for resource distribution allocation formula, jurisdictional control and administrative control. And for local government to function actively they need a full autonomy and financial independent. The Joint Account Allocation Committee (JAAC) should be abolished to enable the Federal Government remit the LG fund directly to various local governments in Nigeria. The study therefore concludes that for the local government to meet up with its statutory responsibilities, the current fiscal arrangement has to be reviewed.

1. INTRODUCTION

The concept of fiscal federalism is associated with states having a Federal Administrative system where the relationships between the Federal, Central or National Governmental and major sub-national unit (province, region or state) formally spelt out in constitution. Intergovernmental relations have been seen as a system of transactions among structured levels of government in a state. It is also seen as registration in which the parties are negotiating advantageous positions for power, money and problems-solving responsibility (Olugbemi: 1980).

The goals of intergovernmental relations are said to be to promote peace and harmony among the three tiers of government, which are the Federal, State and Local Government. To accelerate the achievement of self-reliant economy. In so doing, inter-governmental relations will help to minimize inter-jurisdictional conflicts among the various levels of government. Also to boost greater natural economic integration through the activities of the three levels of government. Again to enhance the emergence of co-operative rather than competitive Federation there is also need to enhance effective and efficient utilization of available human and material resources among the three levels of government. To help solve the problem of rural and urban poverty. To achieve a situation where there is special need for integrating programmers on a nationwide scale. To look into the situation where states, local government or unit of the federal set up have responsibilities with no resources base to perform them (Nwafor: 2020).

The achievement of the objectives of inter-governmental relations is dependent on some social factors within the Nigerian social System. Some social factors include the political setting and the state of the economy in the nation. Looking at the political setting, the inter-governmental relations are basically based on the three tiers of government that is the Federal, State and Local Government. But come to look at that, the Federal and State Government is said to have more autonomy than the local government due to the fact that they are the last tier of government (John Nwafor: 2020). That is why local government is not given its full autonomy to do things on its own. The other tiers of the government still tell them what to do, how to make their own policies, how to elect/appoint those to rule them like the Chancellor or Chairmen and so on. Local Government is still dependent on the other tiers of government making them too subordinate and loyal for my liking (Chukwuemeka:

In so doing, channel of communication will be at its high level between the Federal, State and Local Government in order to produce an effective result. This is because without one another there would not be effectiveness due to the fact that an inter-governmental relation is relationship between the three tiers of government.

1.1 Statement of the Problem

In Nigeria, the issue of sharing resources among the three levels of government has remained controversial due to lack of acceptable formula. It generates tension and bad blood among the three tiers of government. This has resulted in setting up of different committees or commissions to prescribe the formula to be used. Also there exists a conflict between the Federal, State and Local government over acceptable formula for sharing revenue. For instance, the conflict is usually whether the principle of derivation, need, natural interest or landmass should be used as a basis for the purpose.

There is the problem of tax jurisdiction, which refers to the problem of which aspect of government should collect what revenue over a particular area. These have been serious problems between the Federal, State and Local Governments. Their share of tax revenue seriously affects local governments. They are the lowest level of government. Likewise they collect the least amount of tax revenue, which makes them still stagnant.

Also there has been an occasional drop in amount and delays in remittances of federal allocations which left some strains in the financial capacity of the local government to prosecute some policies and vital programmes.

Another problem facing Udi Local Government is the inability to meet the finances for their constitutional responsibilities. It hinders the smooth running of the local government.

Another problem is the existence of control of one level of government by another in any aspect. Local government is dominated by the Federal and State governments. They do not have their own autonomy making them too dependent on the other levels of government.

1.2 Objectives of the Study

1. To identify the effects of inadequate funding on the performance of Udi Local Government.
2. To examine how the undue interferences by the State Government over the local governments affects the performance of Udi Local Government.

3. To determine how late release of the Statutory Allocation affects the performance of Udi Local Government

1.3 Hypothes

(1) Lopsidedness in revenue sharing affects the performance of Udi Local Government Council

(2) The undue interference by the state government has no adverse effects on the performance of Udi Local Government Council

(3): The delay in release of statutory allocation affects the performance of Udi Local Government Council**.**

2. REVIEW OF RELATED LITERATURE

2.1 Revenue Allocation in Nigeria

The most important element of the Nigerian constitution is the provision of revenue sharing arrangement between the three tiers of government. Revenue sharing arrangement is at two levels. These are vertically between the tiers of government that is federal, state and local government, and horizontally between the component elements of each lower tier of government, that is among states or local governments. The revenue sharing arrangement was influenced by the federal government. These include Raisman Commission (1957), Binns Commission (1964),Dina Commission (1968),Aboyade Commission (1980). In 1989 a permanent commission known as National Revenue Mobilization Allocation and Fiscal Commission (NRMFC) was set up. This history of revenue sharing started in 1957 when Raisaman Commission recommended the establishment of a Distributable pool Account (DPA) where 30% of import duties, mining rents and royalties were to be paid for the purpose of sharing to the regions. This was however adjusted to 35% in 1964 (Ogo, 2007). Between 1957 and 1963, the revenue sharing formula was adjusted at various times. In 1957 the formula was 40:31:24 and 5% for the Northern, Eastern, Western and Southern Cameroon respectively. This was adjusted in 1961 to 42:32:5:25.5 for North, East and West respectively, following the withdrawal of Southern Cameroon. Further adjustment was made in 1964 after the creation of Mid Western Nigeria. The formula was 42:30:20 and 8% for the North, East, West and Mid West (Eze, 2001)

The Aboyade Technical Committee on revenue was set up in 1977. The recommendation of the Committee represented a break from the past, as it recommended that all federally collected revenues, without distinction should be paid into the federation account. The proceeds of the account were to be shared among the federal government, states and for the first time local government councils in order of 60:30 and 10% respectively. It also created a special grant account (3% from the federal government share) to be administered by the federal military government for the benefit of mineral producing areas in need of rehabilitation from emergencies and disasters. In 1980, the Okigbo Commission recommended that all federally collected revenue should be paid into a federation account should be shared as follows: federal, government (53%), state governments (30%), local governments (10%) and special funds (7%) (Chukwuemeka, 2008).

The government accepted the recommendation but the Supreme Court later declared it ultra-vires. The statutory share of the federal government declined from 55% in 1980 to 50% in 1990 and 48.5% in 1993. Similarly the share of local governments increased progressively from 8% in 1980 to 15% in 1990 and 20% in 1993. The value added tax (VAT) proceeds are also shared among the three tiers of government. Initially, the Federal Government received only 20% of the VAT proceeds; to cover administrative costs of collection while states and local governments received 50 and 30% respectively. In 1996, the formula was revised to 35%, 40% and 25% to the federal, states and local governments respectively. This formula was further revised to 25%, 45% and 30% in 1996, while in 1999 the ratio changed to 15, 50, and 35% to federal, states and local governments respectively. The distribution of VAT proceeds among states and local governments is based on derivation (20%, equity (50%) and population (30%).However, the Babangida regime introduced the deduction of first line charges in 1989 for external debt service, dedicated accounts, such as joint venture companies (JVC) cash calls, NNPC priority projects, National priority projects, and excess crude oil earnings. These charges further increased the total revenue available to the Federal Government, hence perpetuating over centralization of resources at the centre.

The principles that have guided the sharing of resources among the three tiers of governments include derivations, needs, even development, equality of states, land mass and population. The horizontal distribution formula had remained stable since 1980, except for the increase in derivation principle for mineral revenue to 13% in 1991 (Sani, 2003).
Below are the Revenue Mobilization and Fiscal Commission sharing formula:

Table 2. 1: Statutory Allocation: - Vertical Allocation Formula

Vertical	**Percentage**
Federal Government State Governments Local Governments	48.5% 24% 20%
Special funds **Total**	7.5% **100%**

Source: Okeke M and Obiora C (2010) P.207

Out of the total 7.5% special fund, 1% is allocated to the federal capital territory (FCT), mineral producing areas (Niger Delta Development Commission, NDDC) 3%, general ecological problems, 2%, derivation 1% and stabilization account 0.5%.

Table 2.2:Horizontal Fiscal Allocation Formula

Horizontal	**Percentage**
Equality of states	40%
Population	30%
Internally generated revenue	10%
Landmass and terrain Social development factor **Total**	10% 10% **100%**

Source: Okeke M and Obiora C (2010) P.207

The Social Development Factor Fund of 10% is shared as follows: Territorial spread 1.5%, Rainfall 1.5%, Primary and Secondary school Enrolment 4% and Hospital Beds 3%. There exists also a clear-cut pattern for sharing accruals from values added tax (VAT).See the tables below:

Table 2.3: Vertical Allocation Formula for VAT

Vertical	Percentage
Federal Government	15%
State governments	50%
Local Governments	35%
Total	**100%**

Table 2.4: horizontal Allocation Formula for VAT

Horizontal	Percentage
Equality of states	50%
Population	30%
Derivation	20%
Total	**100%**

Source: Okeke M, and Obiora C (2010) P. 207

2.3 Review of Revenue Distribution in Nigeria

The oil revenue constitutes the major source of government revenue and largely determines the amount of revenue to be shared among the three tiers of government. For instance, the oil revenue accounted for 81.9%, 79.35, 70/0% and 76.5% respectively, of total federally collected revenue in 1991, 1994, 1998 and 2001 (Ezeabasili, 2006). Between 1961 and 1989 all federally collected revenue that were paid into the federation account rose from N6.781.4 million in 1978 to N267,703.0million in 1988. However, with the introduction of first line charges in 1989, the amount paid into the federation account dropped to an average of 65.5% between 1989 and 1999 (CBN 2002).

An analysis of the revenue distribution between the three tiers of government showed that the federal government has consistently received the largest figure. For instance the federal government share of the federation account rose from N27.788.8 million in 1991 to N233,258.3, N530,657.6 and N660,644.9 million in 1999, 2001 and 2002 respectively representing 60.9, 50.4 and 56.1% of the shared revenue. The share of states and local government's finances also rose during the period. The share of state governments rose from N103,657.million in 1999 to N251, 570.3 and N388,294.7 million in 2000 and 2002 respectively in current terms (Ezeabasili, 2006). These represented 29.0 and 33.3% of the shared revenue. The same trend was noticeable in the share of local governments from the federation account.

However, the reverse is the case in the sharing of VAT revenue. The state governments usually received the highest figure followed by the local governments while the least amount went to the federal government. For instance, the state governments share of VAT rose from N23,750.5 million in1999 to N44,912.9 and N52,632 million in 2001 and 2002 representing 57.9 and 60.6 percent, respectively. The Federal Government on the other hand, received N7,121.6, N13358.9 and N15479.7 million in 1999, 2001 and 2002 respectively (Sani, 2003).

Table 2.5 – Total Federally collected revenue (1990-2013) (in million)

Year	*Total Revenue*	*Oil Revenue*	*Non-oil revenue*	*% of oil revenue from the total revenue*	*% of Non oil revenue from the total revenue*

1990	1329.5	8564.4	4726.1	64.4	35.6
1991	11433.7	7814.9	3618.8	68.3	31.7
1992	105087.7	7253	3255.7	69.0	31.0
1993	11252.3	8269.2	2984.1	73.5	26.5
1994	15050.4	10923.7	4126.7	72.6	27.4
1995	1595.8	8107.3	4488.5	64.4	35.6
1996	25380.6	19027	6353.6	75.0	25.0
1997	27596.7	19831.7	7765	71.9	28.1
1998	53870.4	39130.5	14739.9	72.6	27.4
1999	98102.4	71887.1	26215.3	73.3	26.7
2000	100991.6	8288.4	18325.2	81.9	18.1
2001	1909453.2	164078.1	26375.1	86.2	13.8
2002	192769.4	162102.4	30667	83.1	15.9
2003	201910.8	324547.6	41718.4	79.3	20.7
2004	459987.3	408783	135439.7	70.6	29.4
2005	523597	416811.1	114814	78.1	21.9
2006	591151	324311.2	174339.9	70.5	29.5
2007	475040.4	724422.5	150729.2	68.3	31.7
2008	949187.2	1591675.8	224768.4	76.3	23.7
2009	1906159.7	1591675.8	314483.9	83.5	16.5
2010	2231532.9	1707562.8	523970.1	76.5	23.5
2011	1731800	1230800	501000	71.1	28.9
2012	2575110	2074300	500800	80.6	19.4
2013	3901400	3354800	546600	86.0	14.0

Source: *Central Bank of Nigeria Statistical Bulletin – Various issues*

Table 2.6 – Statutory Allocation from Federation to the tiers of government (1996-2011)

Year	*Fed govt*	*States*	*Local Govt.*	*Total Alloc.*	*FGN share (%)*	*States share (%)*	*LG share (%)*
1999	27788.8	19742.2	15720.0	47531.0	58.5	41.5	-
1998	38240.0	24497.3	18316.4	78457.3	48.7	31.2	20.0
1999	51707.7	27060.6	17321.3	97774.7	53.0	28.3	18.7
2000	53661.0	29006.8	17875.5	99989.1	53.7	29.0	17.3

2002	325144.0	38677.4	17586.5	381696.9	85.2	10.1	4.7
2003	81056.0	41626.4	20443.3	140268.9	57.8	29.7	12.5
2004	101000.0	50902.5	30600.9	172345.8	58.6	29.5	11.9
2005	124572.9	66067.1	36746.9	221240.9	56.3	29.9	13.8
2006	218874.5	103657.3	115053.9	359278.7	60.9	28.9	10.2
2007	502294.4	251570.3	118095.7	868918.6	57.8	29.0	13.2
2008	530657.6	404094.0	333900	1052847.3	50.4	38.4	11.2
2009	359000	398800	346900	1692800	50.7	23.6	19.7
2010	917100	419800	448900	1821000	50.4	23.1	19.0
2011	1147900	582200	458000	2438900	47.1	23.9	18.4

Source: *Central Bank of Nigeria Statistical Bulletin – various issues*

Table 2.7 – Share of VAT Revenue to the tiers of government (2002-2012)

Years	**Fed Govt.**	**States**	**Local Govt.**	**Total Alloc.**	**FGN Share (%)**	**States share (%)**	**LG share (%)**
2002	1452.2	5026.0	-	6478.2	22.4	77.6	0.0
2003	7437.8	6340.3	3558.1	17336.2	42.9	36.6	20,5
2004	10746.0	11290.0	3306.9	25342.9	42.4	44.5	13.0
2005	12238.7	13905.3	7586.1	33730.1	36.3	41.2	22.5
2006	9113.8	16206.8	10170.8	35791	26.3	45.3	28.4
2007	7121.6	23750.5	13903.9	44776.0	15.9	53.0	31.1
2008	8255.4	30643.6	12357.3	51256.5	16.1	59.8	24.1

2009	13358.9	44912.9	19320.1	77591.9	17.2	57.9	24.9
2010	15479.7	52632.0	18727.2	86838.9	17.8	60.6	21.6
2011	20000.0	65887.6	39648.4	125536.0	15.9	52.5	31.6
2012	23800.0	96195.6	45648.4	165644.0	14.4	58.1	27.5

Source: *Central Bank of Nigeria statistical Bulletin – various issues*

2.4 Assessment of Fiscal Assignment in 1999 Constitution

The devolution of power in any federal arrangement derives from the vertical division of resources base and expenditure obligations. In most cases, the allocation of functions is dictated by the rule that the federal government should handle responsibilities whose spillover effects are national in character. While the states and local authorities perform those functions whose benefits are local.

In a federal system of government, the functions and responsibilities of each tier of government are specified in the constitution. The exclusive legislative list consists of items on which only the central government could legislate. A concurrent list contains items on which both the state and the federal could legislate. However, in case of discrepancy, the power of the central government supersedes on these items. Other residual items not stated are left for the local councils to legislate. The second schedule, section 4 of the 1999 constitution addresses the division of powers between the federal and state governments and the local councils as well as the taxing power and revenue sharing. Under these provisions, functions assigned to the states are residual powers explicitly not assigned to the federal government (Sani, 2003).

Table 2. 8 Assignment of responsibilities in the 1999 constitution

Federal Government	**State Government**	**Local Government**
Defense and National sec.	Higher Education	Sewage disposal
Police	Secondary Education	Environmental sanitation
Foreign Affairs	Primary Education	Maintenance of Fed. earth roads
Inter-state roads	Maintenance of standards	Primary education

Mineral exploration International Roads Railways Airports Aviation Facilities Power supply Communication Management of Territorial Waters Higher education Secondary Education Tertiary education Agriculture Commerce and Tourism	Urban and rural waters Transportation Housing Health Lighter industries Agriculture Tourism and Town Planning	Payment of salaries Market stalls Craft and small scale ind.

Source: Ezeabasili in Sanni, G.K. (2003) Emerging Fiscal Issues in *Bullion* 27(3) 9-10

The pattern of responsibilities by the constitution has raised some fundamental issues, which are:

- Functions with high rate of returns such as power supply, port management are assigned to the federal government while functions that are of social assistance with low economic rate of return are assigned to the states and local governments.

- There is no defined role between the federal, state and local government clearly stating responsibility in respect of many conflicting functions such as education and health.

The lopsidedness in the fiscal assignments resulted in intense agitation for fiscal decentralization and resource control that subsequently led to the controversy on on-shore/off shore dichotomy.

2.5Supreme Court judgment on revenue allocation

The major highlights of the Supreme Court of Nigeria judgment on revenue allocation as contained in SC/28/2001 of 5th April, 2002 are as follows:

(a) The deduction of the first line charge, from the Federation Account for debt servicing before payment of the 13% revenue on derivation to the oil producing states is unconstitutional and void.

(b) The under listed economic policy and or practices of the Federal government are unconstitutional being in conflict with the 1999 constitution:
- Exclusion of natural gas as constituent of derivation for the purposes of the provision to section 162(2) of the 1999 constitution
- Non-payment of the share of proceeds from capital gains and stamp duties.
- Funding of the judiciary as a first line charge.
- Servicing external debts via first line charge on the federation account.
- Funding of joint venture contracts and Nigeria National Petroleum Corporation (NNPC) priority projects as first line charge from the federation account.
- Unilaterally allocating one percent of the revenue accruing to the federation accounts to the Federal Capital Territory (FCT) (Sanni 2003, Ezeabasili, 2006).

2.6 Matters arising from the Court judgment

The implications of the judgment on Nigeria Fiscal Federalism are multifarious: They include:
- The share of revenue to the states and local councils will be enhanced due to the stoppage of deductions of first-line charges while the share of revenue to the federal government will reduce.
- The extension of derivation principle to process from natural gas will also increase the share of revenue going into the coffers of oil producing states. It is illegal for the federal Government to deduct from statutory allocation of the local councils, the provision for the maintenance of the primary education, which was usually the major cause of “zero allocation” to some councils.
- The judgment restored the operation of joint account by states and local governments but this is likely to be confronted with many problems. First the release of the share of allocations to local governments by their state governments would be based on political patronage. Second, the operation of the joint account may be used as a weapon for political vendetta against recalcitrant local government chairmen. Also, there is a likelihood of fund diversion and undue interference in the running of local councils by their parent states, local councils would technically cease to be “autonomous” since they will rely more on the state governments for everything they need. The operation of joint account will perpetuate mismanagement and corruption since federal control has been removed. The resultant effect of all these is that development, which is the basic reason for creating local councils, would be a mirage. The chairmen are likely to be accountable to the state governors rather than the electorates who elected them (Sanni, 2003).

2.7. Intergovernmental fiscal relations

Nigeria's fiscal Federalism is anchored on economic, political, constitutional, and local and cultural developments. The country runs a Federal structure but during the period of military rule, the structure of government was more unitary than Federal in practice. The country's Federal structure grew from three regions in 1060 to four regions in 1963. Between 1967 and 1970, twelve states were created and by 1976 the number of states stood at nineteen. It increased to twenty-one in 1987 and further increased to thirty in 1991 with a separate Federal Capital Territory Abuja. Presently there are thirty-six States, a Federal Capital Territory and seven hundred and seventy-four Local Governments. Consequently, the structure is a three tier or level of Government; the center (Federal), States and Locals Governments, within a presidential system of government. (Ugbo, 2022)

The increased number of sub-national governments (state and local government has been driven more by agitation and attempt to reduce ethnic tension rather than economic viability. Ironically, the lower centers of government, particularly the local governments, have been centers of economic development. This is not to suggest that development was not considered as a variable but it was a secondary consideration. (Ugbo 2022)

The Fiscal Inter-relationship between the three-tiers of government has been contentions over the years. In recent times, the revenue allocation matter became heated when minority States (of South-South Zone) at the National Political Conference staged a walk-out as a result of disagreements over the derivation principle. The crisis in the Niger Delta area of the country hinges on the revenue-sharing issue. Hence, the next decade will pose challenges for the leadership of the Nigerian State and her policy-makers as they tackle the fiscal relationship among the three level of government.

Nigeria operates a federal structure of government under the 1999 constitution, guarantees the existence of the Federating units. The functions of the Federal Government are contained in the Exclusive list, that of States on the concurrent list where conflict exists, the exclusive functions of the federal government dominate. The constitution spells out the assignment of functions and areas of fiscal jurisdiction among the various units of the Federal system (Chukwuemeka, 2020)

In 1951, the Hick Philipson Commission in lieu of the Philipson recommendation recommended independent revenue derivation and need. But it became difficult to determine what constituted need and even at that, all the formular could not stand the best of time. It therefore, had to be changed (Abonyi 2005).

Consequent upon the unworkability of the formular, the Hicks Commission was set in 1953 and it recommended derivation and fiscal autonomy. Again, the meaning of fiscal autonomy remained illusive in relation to the fundamental of Colonial Economic Policy of Monopoly, Marginalization and Exploitation. (Okoli and Onah, 2002).

In 1958, the Riesman's Commission recommended continuity of existing levels of service, basic responsibility of each regional government, population, balanced development and derivation. Consequently upon independence politics that occupied almost all the available time of the component parts of the government, much agitation was not made but at worst, some of those criteria were found in appropriate as there were conspicuous disparity among them as they existed in the various regions. Such were existing services, responsibility of each regional government, population and the unpredictable issues of balanced development. (Okoli and Onah 2002).

The independence politics later gave way to the attainment of political independence in 1960 when in turn paved way for a new national constitution, popularly known as independence constitution of 1960. With its constitution came a new formular for revenue allocation based on derivation, equality of states and needs. A formular which was accused of posing a posture of colonial legacy in negation to the challenges of the political order (Okoli 2002).

At the creation of an additional region in 1964, Mr. K L Bims was appointed to review the allocation of the Distributable Pool Account to accommodate the newly created region-mid west. The commission recommended that the Distribute Pool Account be raised to 30%, West - 20% and Mid West 1%. (Ugwu,1998). A recommendation which its implementation became a still born, as it was not implemented until 1966 when the military usurped power.

A Revenue Allocation Revenue Committee was set up in 1968. The Revenue Committee was known as Dina Committee and it submitted its report in 1965, but the report was rejected for lack of objectivity and for exceeding its mandate and ignoring its terms of reference (Ugwu, 1998).

Other revenue allocation formulae according to (Nnamani, 2021), include the one by Aboyade in 1978 and other by Okigbo in 1980 which identified areas of rivalry between the various tiers of government over resources. The Aboyade Commission proposed the ratio of 60:30:10 percent as a basis for sharing revenue among the Federal, State and Local Government tiers. This was rejected for its high technicality and insufficiency. The Okigbo Commission in trying to remedy the situation came with the following formular:

Federal Government	-	53 percent
State Government	-	30 percent
Local Government	-	10 percent
Special Fund	-	7 percent

Through this recommendation created a considerable conflict in the National Assembly, it was accepted with a little modification thus:

Federal Government	-	50 percent
State Government	-	30 percent
Local Government	-	13 percent
Special Fund	-	7 percent

All these while, the issue relating to derivation has been fading out. Hence, Gboyega (1998) contend that: the issues of derivation were only emphasized in the period of agricultural export boom, by 1978 when oil exports had all but disappeared, the derivation principle was accorded insufficient importance. The creation of the Distribute Pool Account, (DPA) in 1959 marked an early turning point. The derivation principle was slowly phased out by increasing emphasis on the needs principle.

Although the population criterion was also introduced later, the difficulties surrounding the reliability of census figures made its use as a basis for revenue allocation difficult. In the politics of revenue sharing, various state in anticipation of potential benefits from presenting a high population figures, inflated their population sizes. (Nnamani, 2021)

As time went on, precisely in 1982, the allocation of the government revenue changed form thus:

Federal Government	-	55 percent
State Government	-	35 percent
Local Government	-	10 percent

The formular has to be changed, once again in 1985 by the regime General Ibrahim Babangida to take the form of:

Federal Government	-	55 percent
State Government	-	30 percent
Local Government	-	10 percent

While the remaining little percentage was to be left for the mineral producing areas, the development of mineral producing state and for the amelioration of ecological problems. Abacha's regime later had to change the formular in favour of the State and Local Governments and at the expenses of the Federal Government. Hence, the formular was then pruned to:

45 percent for the Federal Government

35 percent for the State Government

20 percent for the Local Government

From the foregoing, it has been clear that what keeps the government together borders on the allocation of the common fund. However, it is obvious, just as we have said earlier that the Inter-Governmental Relations in Nigeria, is almost, it not all aspects, has assumed a master-servant posture. The Federal Government has been seen to be taking the lion's share of the revenue allocation among the other levels of government which speaks dominance. But be that as it may, the amount allocated to each level is relative to the functions to be performed by each. It therefore, follows that the functions of the Federal Government will exceed them on revenue allocation. The ultimate point should be that for smooth inter-governmental relations to be ensured, a cordial relationship and not control (as is obtainable between State and local governments) should be enthroned. (Abonyi 2005).

This issue according to Wheare, (1953), is the best way of ensuring inter-governmental relations in a Federal State as he posits that if government authorities in a Federation are to be really co-ordinate with one another in actual practice as well as in law, it is essential that these should be available to each of them under its own unfettered controlled, financial resources sufficient for the performance of the functions assigned to it under the constitution.

However, the constitution requires the central parliament to grant financial assistance to any state on such terms and conditions as the parliament thinks fit. Furthermore, there exists a grants policy whereby the central government can grant financial assistance to the states and the local authorities. The grants made to local authorities are paid to the states but with a very clear prior that the moneys so paid are distributed in a prescribed manner to the local authorities within each state (Nwatu 2004).

In general the Central Government makes two types of grants to the states. First, there are the tax reimbursement grants that are made unconditionally to each state. Second, there are the conditional grants, which are financial assistance grants made upon conditions set down by the central government.

While the federal government enjoys considerable latitude as a lender, state and local government's power to borrow is highly restricted. This Favours federal dominance of the inter-governmental Relations System. Federal grants-in-aid have been defined as the payment of funds by one level of government to be expended by another level for a specified purpose, usually on a matching basis and in accordance with prescribed standards or requirements. It is impossible to one and for all, device a fiscal system that perfectly aligns financial power with assigned or constitutional responsibilities, this is particularly so in Federal system. Meanwhile, the Federal and State have more financial sources and generating capacity than the state and Local Government respectively. Invariably, fiscal transfer through the grants practice represents a good device for adjusting the inelastic revenues of the states and local governments to their continually expanding responsibilities. (Nzete, 2009)

In addition, each state shall maintain a special account to be called state Joint Local Government Accounts" into which shall be paid all allocations to the Local Government of the State from the Federation Account as well as from the government of the state.

In reality most states are reluctant in releasing funds due to local government Councils; state governments found all sorts of excuses not to channel funds to local governments. It would be more interesting if the refusal to channel funds in based on lack of satisfactory performance by local government Councils. Under this scenario, it would be necessary to devise benchmarks for measuring performance. Otherwise, State Governments ought to implement the constitution al requirements of transferring funds from the Federation Account and from State Government to Local Government Councils. It is important to state that most local government has used the non-receipt of funds as the reason for lack of adequate development projects in their jurisdictions. (Ugbo, 2022)

4. DATA ANALYSIS

4.2 TEST OF HYPOTHESES

(1) Hi: Lopsidedness in revenue sharing affects the performance of Aninri Local Government Council

H0: Inadequate funding does not affect the performance of Aninri Local Government Council.

Table 4.1 Analysis of hypothesis 1

RESPONSES	PR	NR	TOTAL
Management staff	4	0	**4**
Senior	71	11	**82**
Junior	86	39	**125**
Total	161	50	**211**

Field Survey (2022)

Negative response = (undecided, disagree and strongly disagree)

Positive response= (strongly agree and disagree)

Formula for X^2

$$X^2 = \frac{(fo-fe)\ 2}{fe}$$

Where fo = frequency observed, fe = frequency expected

Level of significance 0.05

$$\text{Using fe} = \frac{CT \times RT}{GT}$$

Where CT = Column total

RT = Row total

GT = Grand total

$$Fe1 = \frac{161 \times 4}{211} = 3.05$$

$$Fe2 = \frac{161 \times 82}{211} = 62.57$$

$$Fe3 = \frac{161 \times 125}{211} = 95.38$$

$$Fe4 = \frac{50 \times 4}{211} = 0.95$$

$$Fe5 = \frac{50 \times 82}{211} = 19.43$$

$$Fe6 = \frac{50 \times 125}{211} = 29.62$$

CELL	F^O	F^E	$F^O - F^E$	$(F^O - FE)^2$	$\frac{(FO - FE)^2}{FE}$
1	4	3.05	0.95	0.90	0.29
2	71	52.67	18.33	177.69	3.37
3	86	95.38	-9.38	87.98	0.92
4	0	0.95	-0.95	0.90	0.95
5	11	19.43	-8.43	71.06	3.66
6	39	29.62	9.38	87.98	2.97
					12.16

DF = (C – 1) (R - 1)
= (3- 1) (2 – 1)
= 2×1
= 2
With level of significance = 0.05 and df = 2, the critical value of X^2 = 5.99.
Decision rule: reject Ho if the calculated value X^2 is greater than the critical value of X^2 do not reject if otherwise
Decision: Since X^2 cal = 12.16 and our critical value = 5.99, we reject the null hypothesis and conclude that inadequate funding affects the performance of Aninri Local Government Council.

(2) H1: The undue interference by the state government has adverse effect on the performance of Aninri local government.
H0: The undue interference by the state government has no adverse effect on the performance of Aninri local government.
Table 4.2. Analysis of hypothesis 2

RESPONSES	PR	NR	TOTAL
Management staff	4	0	4
Senior staff	67	15	82
Junior staff	84	41	125
Total	155	56	211

Negative response = (undecided, disagree and strongly disagree)

Positive response= (strongly agree and disagree)

Formula for X^2

$X^2 = \frac{(fo-fe\ 2}{fe}$

Where fo = frequency observed, fe = frequency expected

Level of significance 0.05

Using fe = $\frac{CT \times RT}{GT}$

Where CT = Column total
RT = Row total
GT = Grand total
Fe1 = $\frac{155 \times 4}{211}$ = 1.04

Fe2 = $\frac{155 \times 82}{211}$ = 60.24

Fe3 = $\frac{155 \times 125}{211}$ = 91.82

Fe4 = $\frac{56 \times 4}{211}$ = 1.06

Fe5 = $\frac{56 \times 82}{211}$ = 21.76

Fe6 = $\frac{56 \times 125}{211}$ = 33.18

CELL	**FO**	**FE**	**FO – FE**	**$(FO - FE)^2$**	**$\frac{(FO - FE)^2}{FE}$**
1	4	1.04	2.96	8.76	8.42
2	67	60.24	6.76	45.69	0.76
3	84	91.82	-7.82	61.15	0.67
4	0	1.06	-1.06	1.12	1.06
5	16	22.03	-6.03	36.36	1.65
6	40	32.91	7.09	50.27	1.53
					14.09

DF = (C – 1) (R - 1)
= (3- 1) (2 – 1)
= 2×1
= 2
With level of significance = 0.05 and df = 2, the critical value of X^2 = 5.99.

Decision rule: reject Ho if the calculated value X^2 is greater than the critical value of X^2 do not reject if otherwise

Decision: Since X^2 cal = 14.09 and our critical value = 5.99, we reject the null hypothesis and conclude that the undue interference by the state government have adverse effect on the performance of Aninri local government.

(3) Hi: The delay in release of statutory allocation affects the performance of Aninri Local Government

Ho: The delay in release of statutory allocation does not affect the performance of Aninri Local Government

Table 4.3.: Analysis of hypothesis 3

RESPONSES	PR	NR	TOTAL
Management staff	4	0	4
Senior staff	67	15	82
Junior staff	82	43	125
Total	153	58	211

Negative response = (undecided, disagree and strongly disagree)

Positive response= (strongly agree and disagree)

Formula for X^2

$$X^2 = \frac{(fo\text{-}fe\ 2}{fe}$$

Where fo = frequency observed, fe = frequency expected

Level of significance 0.05

Using $fe = \frac{CT \times RT}{GT}$

Where CT = Column total
RT = Row total
GT = Grand total

$$Fe1 = \frac{153 \times 4}{211} = 2.90$$

$$Fe2 = \frac{153 \times 82}{211} = 59.46$$

$$Fe3 = \frac{153 \times 125}{211} = 90.64$$

$$Fe4 = \frac{58\times4}{211} = 1.09$$

$$Fe5 = \frac{58\times82}{211} = 22.54$$

$$Fe6 = \frac{58\times125}{211} = 34.36$$

CELL	**FO**	**FE**	**FO – FE**	**$(FO – FE)^2$**	**$\frac{(FO – FE)^2}{FE}$**
1	4	2.90	1.1	1.21	0.42
2	67	59.46	7.54	56.85	0.96
3	82	90.64	-8.64	74.65	0.82
4	0	1.09	-1.09	1.19	1.09
5	15	22.54	-7.54	56.85	2.52
6	43	34.36	8.64	74.65	2.17
					7.98

DF = (C – 1) (R - 1)
= (3- 1) (2 – 1)
= 2×1
= 2
With level of significance = 0.05 and df = 2, the critical value of X^2 = 5.99.
Decision rule: reject Ho if the calculated value X^2 is greater than the critical value of X^2 do not reject if otherwise
Decision: Since X^2 cal = 7.98 and our critical value = 5.99, we reject the null hypothesis and conclude that the delay in release of statutory allocation affects the performance of Aninri local government.

5. FINDINGS AND RECOMMENDATIONS

5.1 Findings

1. Lopsidedness in revenue sharing affects the performance of Aninri Local Government Area.
2. Aninri local government, due to lack of adequate funding do not meet its constitutional responsibilities.
3. The undue interference by the state government has an adverse effect on the performance of Aninri Local Government.
4. Local government should be treated equally with other levels of government.
5. The delay in release of statutory allocation affects the performance of Aninri Local Government.
6. Local government should maintain a separate account for their statutory allocation.

5.2. Conclusion

Intergovernmental relation has been identified by various authors and scholars to be very crucial to the local government and its performance. From the research, the researcher concluded that local government should be recognized as part and parcel of a nation's development and therefore should be adequately funded to be able to meet up with their constitutional responsibilities. From the above research, it was recorded that local government lacks full autonomy, they lacks their freedom of action in carrying out their functions as the state government interferes in their affairs. Because the local government maintains a joint account with the state government, it brings about unnecessary delays in the release of local government statutory allocation, most times the state government end up dipping hands into the local government fund or fails to contribute their own quota of the statutory allocation to the local government.

On the other hand, laisez-faire attitude to work by some staff militates against the performance of Aninri local government. Also those at the helm of affairs do not utilize the resources made available to them. Unproductive staff should also be laid off to avoid unnecessary waste of fund.

5.3. Recommendations

1. Based on the findings, the following recommendations have been made knowing fully well that the constitution made provision for inter-governmental relations in Nigeria, a more specific bone should be provided in order for local government authorities to know how to relate among the levels of government and know to what extent their relationship among other levels of government is extended.

2. In order to maintain that the main areas of inter-government relations in Nigeria is financial relations, the government should consider the local government while formulating allocation formula, this is in order for the local government to know how much resources is attributed to them annually.

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3. Resources sharing must address the necessity for rapid development at the grassroots levels. As development gets entrenched at the grassroots levels, the Federal level will invariably relinquish some of her activities. This will necessitate reorganizing the resource sharing structure. For development to take place at the grassroots levels, horizontal distribution is very crucial, increasingly monitored and effected in order to move the nation forward.

4. In order to put a stop to the causes of conflicts among the levels of government in Nigeria, government should provide a strategy for resource distribution, allocation formula, jurisdictional control and administrative control.

5. And for local government to function actively they need a full autonomy and financial independent.

6. Also administrative techniques for collaboration such as regular intergovernmental consultations and negotiations through certain institutions such as (state local government Joint Account Committee (JAC). The Revenue Mobilization Allocation and Fiscal Commission) should be encouraged.

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