# INTERGOVERNMENTAL FISCAL RELATIONS AND LOCAL GOVERNMENT PERFORMANCE IN ABIA STATE

KALU, Peters
2007457002P

DEPARTMENT OF PUBLIC ADMINISTRATION, FACULTY OF MANAGEMENT SCIENCES, NNAMDI AZIKIWE UNIVERSITY AWKA

# INTERGOVERNMENTAL FISCAL RELATIONS AND LOCAL GOVERNMENT PERFORMANCE IN ABIA STATE

**KALU, Peters**
**2007457002P**

A dissertation presented to the Department of Public Administration, Faculty of Management Sciences, NnamdiAzikiwe University Awka, Anambra State in partial fulfillment of the requirements for the award of Doctor of Philosophy (PhD) degree in Public Administration.

Supervisor: Professor Emma Chukwuemeka PhD

September, 2016

## CERTIFICATION

I hereby declare that this work ‘intergovernmental fiscal relations and local government performance in Abia state’ is the product of my own research effort undertaken with the supervision of Professor Emma Chukwuemeka. This work has not been previously presented elsewhere for the award of certificate or degree. All sources have been duly distinguished and appropriately acknowledged.

## Approval Page

This dissertation has been read and approved as meeting the requirement of the Department of Public Administration, faculty of management sciences of NnamdiAzikiwe University, Awka, for the award of Doctor of Philosophy (PhD) degree in Public Administration.

Prof. Emma Chukwuemeka Ph.D. ------------------------- ---------------------
**Supervisor** Signature Date

Rev. Canon (Prof.) AnayoNkamnebe ------------------------- ---------------------
**Head of Department** Signature Date

------------------------------- ------------------------ ---------------------
**External Examiner** Signature Date

Rev. Canon (Prof.) AnayoNkamnebe ------------------------ ---------------------
**Dean, Faculty of Management Sciences** Signature Date

Prof. Ike Odimegwu -------------------------- ---------------------
**Dean, School of Post Graduate Studies** Signature Date

# Dedication

To

The House of Sir Kingsley and Lady Rebecca Kalu Oji Iwe (*KSM*)

*In the 3rd year of the pontificate of His Holiness Pope Francis 1*

**Acknowledgements**

I'd like to appreciate all the persons that helped in making a success of this enterprise. The support I received is most unquantifiable and yet my gratitude is imponderable for these kindest gestures. I therefore thank my supervisor Professor Emma Chukwuemeka for his diligence in guiding me through this research endeavour. Other faculty members that deserve special mention are former Heads of Department, Professor J. C. Okoye, the former Head of Department Dr. (Mrs) F. C. Agbodike, the PG Coordinator of the department, Dr. (Mrs) NgoziEwim. In addition, I thank all other staff of the department of public administration, academic and non-academic for their wonderful support. Further, my deepest appreciation goes to Dr. Frank Nwankwo, former, Sub-Dean, Faculty of Management Sciences for his support, assistance, suggestions and contributions in seeing to the successful completion of this critical assignment.

I thank my parents Chief (Sir) Kingsley and Lady Rebecca Kalu Oji Iwe who provided me support in more ways than can be described here and my amiable sister MrsIfeomaKalu-Udonsi whose prayers and encouragements know no bounds. In a special way, I appreciate my family who had to bear the brunt of my absence all of the time in the course of this pursuit, I cannot thank them enough, indeed, my debt is eternal. Let me also thank my research assistants for helping in gathering data especially during the field work that saw to the success of this thesis.

All of my effort would have come to naught if not that I derived strength …through Him, with Him, in Him; and so I pray that to the Father, King of ages who is immortal, who is invisible, the one and only God be all the glory and honour forever and ever, Amen.

Abstract

*The broad objective of this study is to examine the impact of Intergovernmental fiscal relations on the performance of local governments in Abia State. The methodology adopted is the descriptive survey while Taro Yamane formula was used to determine the sample size. Four hypotheses were formulated to guide the study and data collected were presented in tables and graphs by way of descriptive statistics and the Analysis of Variance (ANOVA)a parametric statistical tool, Regression analysis, Correlation together with other computer based statistical tools of excel, Statistical Package for Social Sciences (SPSS) version 20 and EViews 9 Student version were used to test the hypotheses. The doctrine of Separation of power is adopted as the theoretical framework. The study found out that there is usurpations of the functions of the sub national governments especially the local government and above all, intergovernmental fiscal relations in Nigeria assign more expenditure functions to local governments than can be financed from the revenue sources allocated to them thus bringing about mismatch of functions and finance. Some of the recommendations of the study include that the Federal government should provide sufficient funds to the local governments pursuant to their functions listed in the constitution as well as elimination of conflict among sub national governments by abolition of joint account.*

## TABLE OF CONTENTS

## List of Tables

## List of Tables (contd.)

## List of Figures

# CHAPTER ONE
# INTRODUCTION

## 1.1 Background of the Study

Nigeria's fiscal federalism arrangements continues to attract attention from both scholars and analysts. This is a reflection of the fact that longer term perspectives of economic policy reform in the country are critically dependent upon improvements in the organization of inter-governmental arrangements. Such arrangements have direct implications for achieving national growth including poverty reduction targets through the local government system. Simply put, there is a major need to strengthen the incentives of government agencies at all levels of authority to improve cooperation in designing of their policies and delivery of services, (Freinkman, 2013). At the same time, capacity need to be built to support such future intergovernmental cooperation for the improved performance of the local government.

Nigeria's model of fiscal federalism represents a fundamental legal and institutional framework for policy making. As in other federations, it defines the core rules for resource allocation, distribution of responsibilities for performance and service delivery, and mechanisms for interaction between different tiers of government. The relationship among the core groups according to Ujo (2010) and Odd-Helge (2011) has always been a thorny issue and is becoming increasingly more pronounced. The foundation of this problem-ridden relationship was built as far back as 1st May, 1906 when the colony and protectorate of Lagos and that of the Southern Nigeria were amalgamated by Sir Walter Egerton into the colony and protectorate of Southern Nigeria.

Most countries have tiers of government, in addition to the national level, many countries have two sub-national levels; i.e. provincial (or regional) and local governments and local authorities are often divided into sub-levels such as ward and village councils. Further, the lower levels of government undertake important fiscal functions, both on the expenditure side and with respect to revenues (Broadway, Roberts and Shah, 2012). In such federal systems various forms of fiscal arrangements between the national and lower levels determine the way in which taxes are levied and shared among the various levels of government, and how funds are transferred from one level to another. Thus, intergovernmental relations, both vertical (between levels of government) and horizontal (within levels) are important for the development and operation of an efficient and effective public sector. According to Bird (2012), it is the 'workings of the myriad of intergovernmental relations that constitute the essence of the public sector in all countries'.

As a matter of fact, federation according to Elekwa and Eme(2012) implies the existence in one country of more than one level of government, each with different expenditure responsibilities and taxing powers. In the Nigeria context, this consists of a Federal government, 36 states, Federal Capital Territory and 774 Local Governments. Among the different levels of government, fiscal arrangements must be worked out properly to ensure fiscal balance in the context of macroeconomic stability. The fiscal arrangement among the different tiers of government in a federal structure is often referred to as fiscal federalism; in other types of political structure it is known as intergovernmental fiscal relations. Most times, both terms are used interchangeably.

The degree of decentralization is the extent of independent decision-making by the various tiers of government in the provision of social and economic services. It connotes according to Orji (2013) the degree of autonomy of State and Local governments in carrying out various economic tasks. Nigeria's fiscal federalism has emanated from historical, economic, political, geographical, cultural and social factors. In all of these, fiscal arrangements remain a controversial issue since 1946 and there exist unresolved issues on this matter. When the country was under military rule, it was thought that type of governance exacerbated the fiscal arrangements among the three levels of government because during military rule, the federal structure was only on paper while the government was unitary. At any rate, Nwokedi(2012) agree with Bird and Vaillancourt (1998) that as a result of diversity some of which are complicated diversity, intergovernmental fiscal relations becomes useful 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.

The goals of intergovernmental fiscal relations are said to be to promote peace and harmony among the tiers of government, which are the Federal, State and Local Government; to accelerate the achievement of self-reliant economy and in so doing, intergovernmental fiscal relations will help to minimize inter-jurisdictional conflicts among the various levels of government and also to naturally boost greater economic integration through the activities of the three levels of government. Again, to enhance the emergence of co-operative rather than competitive Federalism as well as the need to enhance effective and efficient utilization of available human and material resources among the levels of government (Nwabueze, 2013). The performance of local government will remain limited unless the issues of fiscal relations among the tires of government are appropriately addressed in Nigeria generally and Abia state in particular. Hence the need to ascertain the effect of intergovernmental fiscal relations and local government performance in Abia State between 2006-2015.

## 1.2 Statement of the Problem

To appreciate and properly situate the issues that have necessitated this work, namely; intergovernmental fiscal relations and the performance of local government in Abia State 2007-2015, one has to follow the on-going debate and controversy between the Federal and State Governments about the exercise of power or control of revenue sources over the local government and how it has assumed undue prominence.

It would appear that the unilateral usurpation of functions of the local governments especially by the State governments and the use of unfair fiscal allocation criteria or principles have undermined the value of intergovernmental fiscal relations, thus impeding the performance of local governments. This relationship has brought about conflicts because of the arbitrariness and disrespect for constitutionality by the state government; the existence of control of one level of government by another resulting in the domination of the local government by State governments which certainly dispossess the local governments of their autonomy and thus makes them too dependent on the other levels of governments thereby bringing imbalance into the system. (Ugwu, 1998; Akume, 2014). This becomes a negation of thetwo important dimensions of fiscal federalism namely; assignment of responsibilities and fiscal allocation. Thisnegationfundamentally affects the major reason for the establishment of local government as the third tier of government which is to positively affect the lives of the people at the grassroots. But the system, unfortunately, has been 'hijacked' by politicians and senior bureaucrats in such a way that local government can be according to Agba, Akwara, and Idu(2013)sarcastically described as a place where the chairman and other key officials meet to share money monthly and where the provision of basic social services such as education, health, maintenance of roads, and other public utilities within their jurisdiction is both a myth and mirage as well as abysmal failure. These problems as identified have created gap in literature and that is what this study intends to fill.

Furthermore, intergovernmental fiscal relations encapsulates four distinct political decision making points namely; federal-state-local, state-state, extra-governmental and non-governmental bodies. These four areas so identified mirror and show both the vertical and horizontal pattern of interaction within a federal state with public interest objectives (Olugbemi, 1980; Zimmerman, 1996; Ayoade, 2009; Ikelegbe, 2010). In order to reduce conflict and engender peaceful cooperation that will facilitate the development of local subnational units to the benefit of the citizenry in Abia State and without compromising national progress, the actions of the local government measured by its performance becomes of paramount importance.

### 1.3 Objectives of the Study

The broad objective of this study is to assess the effect of Intergovernmental fiscal relations on the performance of local government in Abia State. More specifically, the study sought to:

i. Ascertain if there is usurpation of functions assigned to the local government by the state governments as a result of state-local government joint account.

ii. Determine if there is conflict as a result of the hijack from local government high yielding internal revenue sources like motor parks by the state government.

iii. Investigate the effect of the use of undemocratic means such as care-taker committee in running the affairs of the local government.

iv. Establish if there is tension and uneasiness owing to lack of expertise, professionalism and low morale on local government staff which can impede their performance.

**1.4 Research Questions**

In undertaking this endeavour, the following research questions are posed-

1. To what extent has the state-local government joint account impeded the functions assigned to the local government and their performance?

2. Does the usurpation of functions by state government affect local government performance?

3. Does the use of care-taker committee in running the affairs of the local government enhance local government performance?

4. To what extent has lack of expertise on the local government staff brought uneasiness that impede performance of the local government?

**1.5 Hypotheses**

The following hypotheses have been formulated to guide the study.

$H_{01}$ There is no relationship between State-Local government joint account and the performance of local government.

$H_{02}$ There is no relationship between usurpation of functions of local government by the
state government and their performance.

$H_{03}$ There is no relationship between using care-taker committee in running the affairs local government and their performance.

$H_{04}$ There is no relationship between lack of expertise on local government staff and the performance of the local government.

**1.6 Significance of the Study**

Theoretically, this study shall contribute to the ongoing debate on intergovernmental fiscal relations in a federal system like Nigeria and local government performance, a study of this nature is very useful especially to the various levels of government (federating or component units). The study would generate issues that would help provide a sufficiently articulated and appropriately elaborated theoretical platform intergovernmental fiscal relations and the performance of local governments in Nigeria and perhaps elsewhere. The study helped to bridge the gap in literature, thus helping to advance the frontiers of knowledge.

The findings of the study will help to establish the fact that the usurpation of functions as well as undue control or manipulation of the local governments leads to loss of autonomy and as such undermines their performance. Accordingly, the study will add to existing literature on intergovernmental fiscal relations and local government performance. Practically, the study when published in a journal and/or the internet will be very useful and beneficial to the various stakeholders, practitioners, other researchers and scholars interested in similar study.

**1.7 Scope of the Study**

This study focuses attention on intergovernmental fiscal relations and local government performance 2006-2015. Abia State is made up of 17 local government areas (primary sampling unit). The local governments have been divided into three (3) senatorial districts/zones of the state. One local government is selected from each of the three senatorial districts as follows Abia North Senatorial Zone (Ohafia Local

Government Area), Abia Central Senatorial Zone (Umuahia South Local Government Area) and Abia South Senatorial Zone (Aba North Local Government Area), these form the secondary sampling unit. From these three local governments inference can be drawn as to the performance of local governments in Abia State. This way, an assessment is made of the effect of Intergovernmental Fiscal Relations and Local Government Performance. Above all, the choice of the study period was informed by the reality that the period under review had the same political party running the affairs of both the state and federal governments and their manifesto and ideology was brought to bear on the activities of local governments and their performance.

## 1.8 Limitations of the Study

In the course of carrying out this study, the Researcher encountered a number of constraints. Initially, it was very difficult eliciting data from the Local Government service Commission with regards to the size of the local government staff and their demographic details as well as information on their budgetary allocation. However, it took persistence, repeated visits and pleas before some of the documents were released such as the 2013 fact sheet which is the most recent available.

Similarly, interviews were rebuffed by some of the staff that saw the interview as a subtle way of extracting information from them by what they termed 'opposition' (in apparent reference to opposition political parties). Apart from that, the researcher did not interview all in the commission and chances are that those who were not selected for interview would have given more information. Again, the secrecy rule of civil service and the fear that whatever they say may be used against them (i.e. protecting their office) proved to be more constraints.

Furthermore, the comprehensive revenue allocation to States and Local Governments for the period under study was not available on the Commission's website, this was mitigated by sourcing the information at a cost from a one-stop-shop online data vendor.

These problems notwithstanding, the study was undertaken with diligence and high sense of commitment. Thus, the above constraints did not invalidate the outcome of the study.

## 1.9 Definition of Terms

**Intergovernmental fiscal relations**: arrangement for the sharing of revenue and its allocation to the level of government.

**Local government**: the least or last of the subnational levels in a federal arrangement which is assigned constitutional responsibilities.

**Performance**: the act of carrying out or accomplishing a job or task judged by its effectiveness.

**Intergovernmental mechanism**: this is a complex balancing made possible by working within the framework of the Intergovernmental relations.

**Federal system**: political arrangement where component or federating units within a territory work together as a result of heterogeneity with its appendage of complexities and diversity.

**Conflict:** friction or disagreement arising from mostly usurpation of responsibility and fiscal disequilibrium without due recourse to the IGR and IGM mechanism.

**Decentralization:** this is the process of creating space or opportunity for the devolution of power to subnational units

# CHAPTER TWO
# LITERATURE REVIEW AND THEORETICAL FRAMEWORK

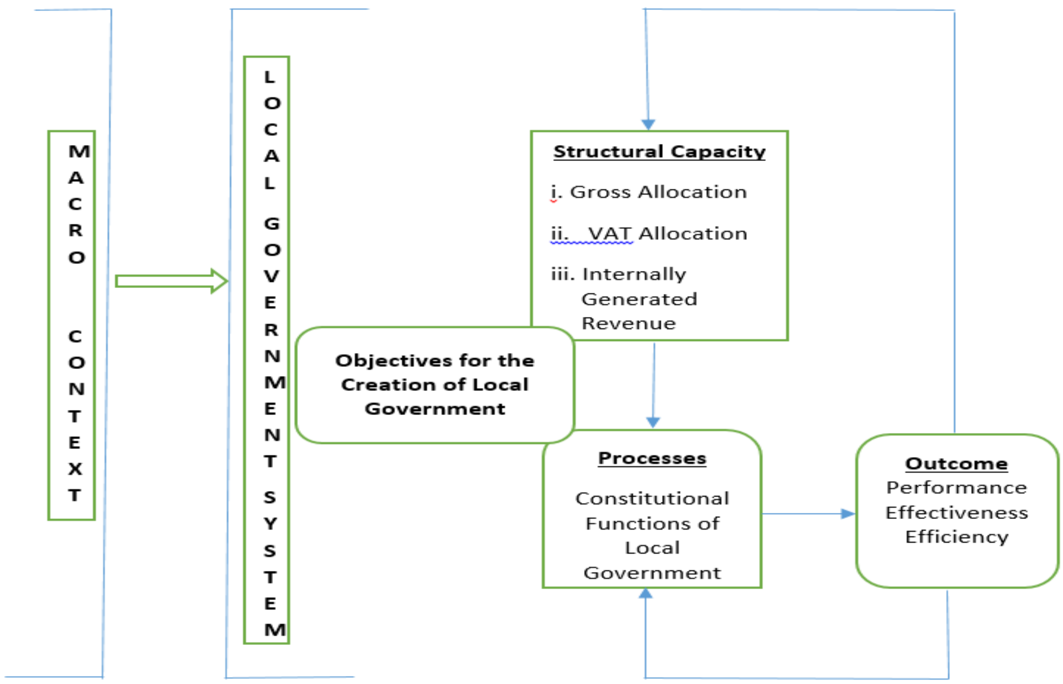
The subject matter of this chapter is the review of related literature. This section highlights discussion on the concepts and other issues related to Intergovernmental Fiscal Relations on the performance of local government. The literature review is structured as follows:

2.1 Conceptual Framework
2.2 Conceptual Review
2.2.1 Concept and Nature of Intergovernmental Relations
2.3 Concept and Nature of Local Government
2.4 Concept and Nature of Performance
2.5 Conceptualizing Local Government Performance
2.5.1 Administrative Efficiency
2.5.2 Administrative Effectiveness
2.5.3 Administrative Effectiveness as Strategy for Local Government
2.6 Revenue Allocation
2.7 Fiscal Federalism
2.8 Assessment of Fiscal Arrangement in the Pre and Post-Independence Era
2.9 Pre-Independence Era (1946-1958)
2.10 Post-Independence Era (1964-till date)
2.11 Revenue Allocation (1999-2007)
2.12 State-Local government joint account
2.13 State usurpation of local government functions
2.14 Care-taker committee and local government performance
2.15 Local government staff lack of expertise and performance
2.16 Intergovernmental Fiscal Relations and Local Government Performance: The Nexus
2.17 Local Government Performance
2.18 Empirical Literature
2.19 Summary/Gap in Literature

2.20 Theoretical Framework
2.20.1 The Relevance of the Theory to the Study
2.20.2 Application of the Theory to the Study

## 2.1 Conceptual Framework of Intergovernmental Fiscal Relations and Performance of local government

**Figure 2.1**




Source: Adapted from Handler, Issel and Turnock (2001, p.2356)

The schema in figure 2.1 shows Intergovernmental Fiscal Relations with respect to the receipts of the local government. The macro context here refer to the source of revenue allocation namely, the federal government from where monthly allocation is received as aggregate of gross allocation and VAT, the arrow depicts the direction from where monies in the federally collectible revenue are received. It is processed by means of executing the statutory functions assigned to the local government in the constitution such that the objectives for which local government is created is reached. This is expected to translate to effective and efficient performance as outcome of local government action.

## 2.2 Conceptual Review

### 2.2.1 Concept and Nature of Intergovernmental Relations

The concept of intergovernmental relations according to Oluwole (2013),describes "the gamut of activities or interactions that take place between and among the different levels of government within a state". In fact, it is arrangement for the sharing of revenue and its allocation to the levels of government. Further, it is essentially a practice that defines the patterns of interactions among the layers of government in a state. Even though, it is often used to describe interactions among governmental unit in a federal state, it is a practice that is common to other non-federal states (Nyemutu, 2012). This is because other forms of government do manage their affairs as well. In these forms of government such as the unitary system, government is structured into many divisions like counties, regions or local governments but these layers of government are not constitutionally empowered like the central government that created them. However, the reality is that interactions occur among them for the purpose of administrative convenience in realizing governmental objectives.

To understand the issue under discuss, it is important to note that the political entity called Nigeria today is known for its ethnic, linguistic and religious diversity. The reason being that it is made up of over 400 ethnic groups (Kirk-Greene, 1967) inhabiting an area of 923'768'000 square kilometres (Ujo, 2000). Avav and Uza

(2011) and Nwabueze (2010) agree with Ujo (2000) that there are three major and dominant ethnic groups; the Hausa-Fulani in the North, Yoruba in the West and Igbo in the East. Others are the Kanuri, Tiv and Nupe in the North, the Efik and Ijaw in the East, and the Edo in the Mid-West (Kirk-Greene, 1967). The northern part is almost predominantly Muslim while the eastern part is predominantly Christian. The West is part-Christian and part-Muslim, there are also pockets of animists scattered all over the place. The history of contriving Nigeria together is more succinctly captured by Oyediran, Nwosu, Takaya, Anifowoshe, Badejo, Ogboghodo and Agbaje (2012) when they pointed out that the British did not set out to govern the colonies in Africa with any well thought-out formula. They insisted that each British colony was administered on ad hoc basis.

In Nigeria, the first area occupied was Lagos; it was in the name of suppressing slave trade that Beecroft, British consul for the Bights of Benin and Biafra attacked Lagos under the instruction of the Secretary of State for the Colonies. The attack aftermath according to Oyediran, Nwosu, Takaya, Anifowoshe, Badejo, Ogboghodo and Agbaje (2012) was that by 27 December 1851, parts of Lagos was destroyed by fire and King Kosoko of Lagos was deposed and exiled while Akitoye who was willing to accept the British replaced him as King of Lagos. By January 1, 1852, a treaty was signed between Akitoye and the British for the abolition of slave trade, protection of Missionaries, and encouragement of legitimate trade. In 1853, a special consul was appointed for Lagos and the Bight of Benin and by August 6, 1861, Lagos was ceded as British possession and it became the Colony of Lagos in 1862.

Gradually, yet steadily, the British extended their sphere and area of influence all over Nigeria mostly by treaties and conquest until 1914. It was by 1914 that the northern and southern protectorates hitherto administered as separate entities were amalgamated. With the amalgamation came different forms of relationships between the territory and the colonizers. Whereas some parts were called crown colonies (where the Governor represented the British Crown), others were called protectorates. (Oyediran, Nwosu, Takaya, Anifowoshe, Badejo, Ogboghodo and Agbaje, 2012). The different forms of relationships between the colonizers and the territories formed the precursor to intergovernmental relations.

Similarly and more profoundly is the amalgamation of the administrations of Northern and Southern protectorates by Lord Frederick Lugard on 1st January, 1914 to form what today is known as NIGERIA. The sometimes cantankerous relationship is traceable to not only the amalgamation but also to such irreconcilable differences in vision, religion, ethnic traits, culture, resource endowment, character, linguistic, and development of the ethnic nationalities. Further, there is also the fact that the hallmark of such coexistence is the idea of a treaty and unfortunately the Nigerian state was built without one. In other words, the ethnic nationalities were not consulted and their agreement sought as to whether they would love to be part of a nation called Nigeria. Nevertheless, the Nigerian federation which is made up of over 400 ethnic groups appears to be a child of circumstance or a baby of necessity. (Oyediran, Nwosu, Takaya, Anifowoshe, Badejo, Ogboghodo and Agbaje, 2012).

Chiamogu, Onwughalu and Chiamogu (2012) opine that there has been a significant misconception that inter-governmental relations can be discussed only meaningfully in a federal arrangement. Indeed, William Anderson, one of the intellectual parent of the Intergovernmental relations field had at once claimed that Intergovernmental relations is a term indigenous to the United States and it is of relatively recent origin and still not widely used or understood. However, Intergovernmental, has experienced wider usage than could be imagined, but whether the term is clearly or adequately understood remains questionable. (Wright, 1975).

Nevertheless, it is pertinent to note that for a proper clarification of the concept, three schools of thought have developed. The first school contends that inter-governmental relations can only exist in a federal system, the second posits that inter-governmental relations can both exist within a federal structure and as well as in a unitary system of government, while the third school says that intergovernmental relations could as well include international relations (Chiamogu, Onwughalu and Chiamogu, 2012). The lesson we can draw from the above is that, inter-governmental relations exists both in the federal and unitary structures and in fact, the clamour that intergovernmental relations is only associated with the federal system should be discarded. Federal system on the other hand is that political arrangement where component or federating units within a territory work together as a result of heterogeneity with its appendage of complexities and diversity.

Accordingly, Akume, (2014) who agrees with Orji (2013) is of the view that Federalism capsules heterogeneity with its appendage of complexities. It is designed to accommodate different units of government, diversity of social institutions and cultural formation that do not suit in fittingly or are easily amenable to a unitary system. Although intergovernmental relations seems to favour federal system, it is probably to meet the demand for national unity for the whole, while at the same time allow individual communal groups to maintain their identity that is distinct from that of the whole. Evidently, federalism symbolizes a political philosophy of promoting unity in diversity with decentralization serving as its standing pillar.

Decentralization which is the process of creating space or opportunity for the devolution of power to subnational units creates space for the devolution of power to subnational units. It provides the space for continued adjustment, compromise, and integration of divergent groups interest for better policy making, implementation and fiscal allocation. This is a necessary yet challenging process. It is challenging because the needs of the various groups are diverse and conflicting but represents their individually preferred interest for which they are not willing to compromise. And if need be, these individual variegated group interest must be reflected in the national development agenda (Akume, 2014). Remolding and balancing those diverse interest into a single policy framework for national action without undermining any group's values requires adopting and utilizing the right mechanism that will confront, manage and resolve the challenges that do arise in the complex and challenging process of joint policy making, fiscal allocation and program implementation. The ability to capture diverse interests and balance appropriately into the national policy agenda makes federalism a distinctive paradigm of organization geared towards resolving the systemic contradiction of its distinct collectivities. (Bassey, 2012).

## 2.3 Concept and Nature of Local Government

In Nigeria, this refers to the third level of government besides the Federal and State governments. It operates at a level close to the people mostly residing in cosmopolitan and urban centres, town, communities and villages. It follows therefore that there are cosmopolitan, urban, semi-urban, and rural local governments all of them are however considered as the same in terms of structure and administrative mechanism. Local governments constitute the grass roots where the majority of the people live and engages in varying economic activities, occupation and vocations. There are 774 local governments in Nigeria and Abia State has 17. The essence of the local government is to provide services to the people by effectively and efficiently implementing policies, programmes and projects to improve the quality of life of citizens and to bring about development thus bringing about its expected performance.

Local governments in Nigeria according to Mbaya, Audu, and Aliyu (2014) have acquired renewed significance in the nation’s social, political and economic existence since the local government system was overhauled at the instance of the Federal Military government under the now famous 1976 Local Government Reforms. In addition, Garba (2000) has noted that the conference of world mayors held in Abuja lends credence to the global importance and acceptability of local government as a form of administration. The definition of local government according to Olowu (1991)as officially given in 1976 contained the central objectives of local government administration. Local Government was defined as:

> *Government at (the) local level exercised through representative councils established by law to exercise specific powers within defined areas. Thesepowers give the council substantial control over local affairs such as thestaff, institutional and financial powers to initiate and direct the provisionof services; and to determine and implement projects as to complement theactivities of the state and Federal Governments in their areas, and to ensurethrough*

> *devolution of function to these councils an active participation of thepeople and their traditional institutions, that local initiative and responseto local needs and conditions are maximized.* (Olowu, 1991)

The principal aims of local governments according to Orekoya and Agbugba (2001) are to:

a) make appropriate services and development activities responsible to local wishes and
initiatives by devolving or delegating them to local representative bodies;

b) to facilitate the exercise of democratic self-government to the local levels of our society, as well as encourage initiative and leadership potential;

c) to mobilize human and material resources through the involvement of members of the public in their local development; and

d) to provide a two-way channel of communication between local communities and government (both state and federal)

These objectives therefore become the parameter and benchmark with which the performance of the local government can be measured. It is certain that the objectives cannot be fulfilled unless and until the entity entrusted with the responsibility of governing is capable of mobilizing and utilizing prudently material, human and financial resources effectively and efficiently. (Dlakwa, 2010).

However, Local Governments in Abia State and perhaps other States are increasingly faced with the allegations of gross under performance in service delivery; and the dilemma of matching collective resources with community problems, needs, aspiration, desires, demands and expectations. Unfortunately, the magnitude and complexity of contemporary problems some of which include unemployment among young people, increased level of crime such as armed robbery, kidnapping, ritual killings, including high incidence of infant mortality, malnutrition among children, problem of lack of water supply, access roads, among others could be noticeable in the various communities. These problems are enlarging responsibilities of Local Government authorities and the corresponding growing expectations of the communities for better and enhanced services thus compounding the burden of most Local Governments. (Dlakwa, 2010). All of these have put the issue of local government performance in Abia state to the test.

This deplorable and intractable situation into which the local government s have found itself perhaps informed the crux of President Obasanjo's national address on Wednesday June 18, 2003, on restructuring of the democratic local government system in the country. Obasanjo advocated the scrapping of the democratic local government as established by the constitution of the federal republic of Nigeria. For him, the need for the review of the present structure of governance at local government level was informed by three disturbing trends, which had been identified since the inception of the democratic dispensation as follows;

i) The non-performance or gross under-performance of the local government;

ii) The high cost of governments and near prohibitive cost of electioneering campaigns to individual political contestants in Nigeria; and

iii) Atomization and continual fragmentation of local Government councils including impractical division of towns and cities into unworkable mini-Local Government. (Analysis, August 2003)

Consequently, the need for administrative efficiency and effectiveness cannot be over–emphasized. The allegations against the local government can adequately be addressed with good governance, proper diagnosis of community's socio-economic problems, studies prescriptions, policy implementation and proper management of local government resources.

## 2.4 Concept and Nature of Performance

Performance according to businessdictionary.com is the accomplishment of a given task measured against preset known standards of accuracy, completeness, cost and speed. In a contract, performance is deemed to be the fulfillment of an obligation, in a manner that releases the performer from all liabilities under the contract.

Sonnentag and Frese (2012) citing several authorities, opine that authors agree that when conceptualizing performance, one has to differentiate between an action (i.e., behavioral) aspect and an outcome aspect of performance (Campbell, 1990; Campbell, McCloy, Oppler, & Sager, 1993; Kanfer, 1990; Roe, 1999). The behavioral aspect refers to what an individual does in the work situation. It encompasses behaviours such as assembling parts of a car engine, selling personal computers, teaching basic reading skills to elementary school children, or performing heart surgery. Not every behaviour is subsumed under the performance concept, but only behaviour which is relevant for the organizational goals; therefore, “Performance is what the organization hires one to do, and do well” (Campbell et al., 1993, p. 40). Thus, performance is not defined by the action itself but by judgemental and evaluative processes (Ilgen& Schneider, 1991; Motowidlo, Borman, &Schmit, 1997). Moreover, only actions which can be scaled, i.e., measured, are considered to constitute performance (Campbell et al., 1993).

According to the National Performance Management Advisory Commission (2010), performance is a multi-dimensional concept. On the most basic level, Borman and Motowidlo (1993) in Sonnentag and Frese (2012)distinguish between task and contextual performance. Task performance refers to an individual’s proficiency with which he or she performs activities which contribute to the organization's 'technical core'. This contribution can be both direct (e.g., in the case of production workers), or indirect (e.g., in the case of managers or staff personnel). Contextual performance refers to activities which do not contribute to the technical core but which support the organizational, social, and psychological environment in which organizational goals are pursued. Contextual performance includes not only behaviours such as helping coworkers or being a reliable member of the organization, but also making suggestions about how to improve work procedures.

According to Blackman, Buick, O'Donnell, O'Flynn and West (2012), we have developed this Performance Management Framework for State and Local Government to help public-sector organizations address these challenges. The primary motive driving the commission and public-sector performance management in general is the conviction that governments must improve their focus on producing results that benefit the public, and also give the public confidence that government has produced those results. The emphasis on process and compliance that has typified traditional public sector management has not been sufficient to make this happen. Therefore, governments must change their approach. Public-sector management must become synonymous with performance management.

Sonnentag (2000) observed that researchers have adopted various perspectives for studying performance. On the most general level one can differentiate between three different perspectives: (1) an individual differences perspective which searches for individual characteristics (e.g., general mental ability, personality) as sources for variation in performance, (2) a situational perspective which focuses on situational aspects as facilitators and impediments for performance, and (3) a performance regulation perspective which describes the performance process. These perspectives are not mutually exclusive but approach the performance phenomenon from different angles which complement one another.

Nevertheless, at no time in modern history have state, local, and provincial governments according to Handler, Issel and Turnock (2001) been under greater pressure to provide results that matter to the public, often within severe resource constraints. At the same time, government officials and managers are challenged to overcome the lack of public trust in government at all levels.

## 2.5 Conceptualizing Local Government Performance

Local government performance is here conceptualized within the framework of administrative efficiency and effectiveness.

### 2.5.1 Administrative Efficiency

Orekoya and Agbugba (2001) have noted that Administrative Efficiency is the judicious utilization of local government resources, proper conduct and management of governmental affairs at the local government level to facilitate administrative effectiveness. It therefore connotes the following:

i) Proper utilization of the monthly federal allocation of funds
ii) Mobilization and utilization of internally generated revenue
iii) Complying with the operation of local government financial memoranda
iv) No waste of both human and material resources
v) Complying with check and balances in line with the presidential system
vi) Financial instructions in writings
vii) Probe/inquiry
viii) Utilization of public accounts committee
ix) Expenditure within approved limit
x) Complying with due process

xi) Responsiveness to local needs
xii) Transparency
xiii) Probity
xiv) Accountability
xv) Leaders being servants of the people
xvi) Adhering to budget provisions
xvii) Undertaking viable projects
xviii) Adequate motivation of staff
xix) Communication by file not by emotions or primordial sentiments

If these qualities are found among the local government leaders and the workers in the day- to-day operations of the 17 local government areas of Abia State then, we should only expect to see administrative effectiveness.

### 2.5.2 Administrative Effectiveness

Administrative Effectiveness according to Mbaya, Audu, and Aliyu (2014) is the successful delivery of service or good governance exhibited by local government leaders and workers to the local communities in the following areas:

i) Provision of adequate, available and accessible social services to the peoples
ii) Available and accessible health facilities
iii) Road construction to link rural areas
iv) Provision of safe and potable water supply
v) Sanitation services
vi) Rural electrification services
vii) Adequate and accessible schools
viii) Undertaking community development projects
ix) Facilitating rural development
x) Provision of credit facilities
xi) Motor park construction to generate revenue for local government
xii) Market stalls construction to stimulate rural economy
xiii) Mass transit project such as: Purchasing of buses and taxis
xiv) Construction of earth dams for irrigation and farming purposes
xv) Building of skills acquisition centers
xvi) Establishment of adult literacy centers, etc.

### 2.5.3 Administrative Efficiency as Strategy for Local Government Performance

Mbaya, Audu, and Aliyu (2014) agree with Analysis (2003) that the performance of local government is most appropriately evaluated in line with its main functions. The main functions of the local government are as specified in the fourth schedule of 1999 constitution of the Federal Republic as amended in 2011, they include:

a) The consideration and the making of recommendation to the state commission on economic planning or any similar body on; the economic development of the state, particularly in so far as the areas of authority of the council and of the state are affected, and proposals made by the said commission or body.

b) The 1999 constitution further listed these following functions for local governments:

i) Collection of rates, taxes, radio and television licenses;

ii) Establishment and maintenance of cemeteries, burial grounds and homes for the destitute or infirm;

iii) Licensing of bicycle, truck (other than mechanically propelled truck), canoes, wheel barrows and carts;

iv) Establishment, maintenance and regulation of slaughter houses, markets, motor parks and public conveniences;

v) Construction and maintenance of roads, streets, streets lightings, drains and other public highways, parks, gardens, open spaces or such public facilities as may be describe from time to time by the house assembly of a state;

vi) Naming of streets, roads and numbering of houses;

vii) Provision and maintenance of public conveniences, sewages and refuse disposal;

viii) Registration of all births, death and marriages;

ix) Assessment of privately owned houses or tenements for the purpose of levying such rates as may be prescribed by the house of assembly of the state;

x) Control and regulation of: outdoor advertising and hoarding;

xi) Movement and keeping of pets of all description;

xii) Shops, kiosks and laundries**;**

xiii)Restaurants, bakeries and other places for the sale of food to the public, and

xiv) Licensing, regulation and control of the sale of liquor.

xv) Provision and maintenance of primary, adult and vocational education;

xvi) Development of agriculture and natural resources other than the exploitation of minerals;

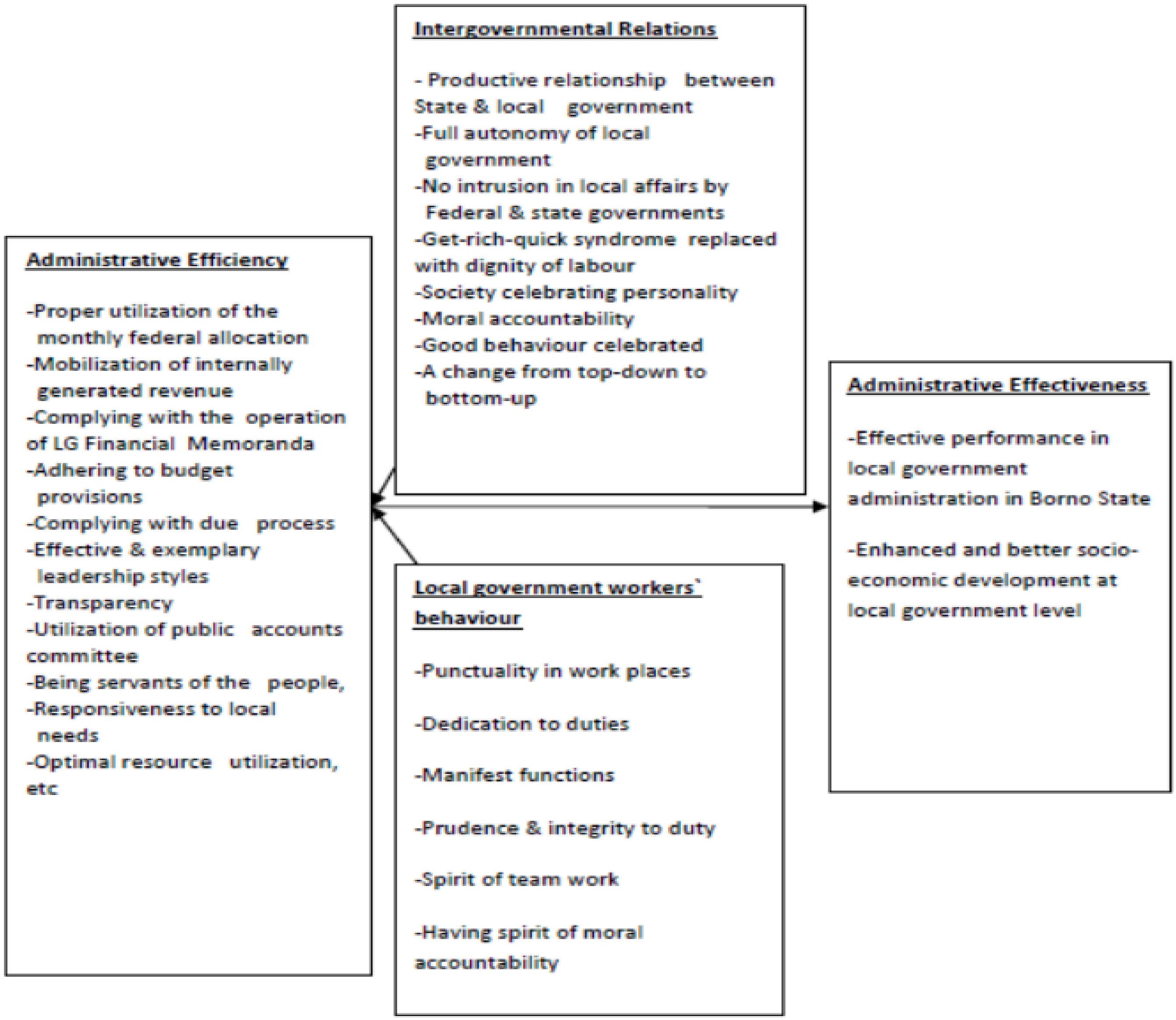
xvii) Provision and maintenance of health services; and

xviii) Such other functions as may be conferred on a local government by the house of assembly of a state.

The execution of the above functions by local government in terms of quality and quantity depend upon administrative efficiency. Therefore, adhering with the items listed from i-xviii under administrative efficiency above)**.** It is therefore appropriate that efficient and effective local administration is necessary that will aggressively facilitate local government performance and justify the necessity for the creation of local government anywhere in the world stems from the need to facilitate development at the grassroots (Ibeanu, 1999).

Accordingly, ifadministrative efficiency in Abia State local government system must be enhanced, the behavioral patterns of State and Local Government leaders must change from pursuing latent functions to manifest functions. If this is done the generally misplaced values and the attitude of the local government officials will certainly change toward pursuing the manifest functions. (See fig.2.2)

Fig.2.2 Institutional Behaviour Model




Source: Mbaya (2009) p.14

Local government performance must be timely and relevant thus making and providing local government the opportunity to be easily understood by the public such that citizens can assess the results their government is producing and fulfill their role as collective owners of their governments.

This means that performance provides better ways to:

a. understand public needs;
b. identify and implement programs and services that will meet those needs;
c. assure that policies, strategies, and services are in alignment;
d. collect and analyze performance information;
e. apply information to continuously improve results and become more efficient;
f. use data more effectively to inform policy decisions;
g. support accountability, both within the organization and to the public;
h. provide understandable information on performance to the public; and encourage citizens to provide feedback and get involved in the government's decision-making processes. (Bambang, Abdul, Wijaya and Pratiwi, 2015)

## 2.6 Revenue Allocation

There are basically two components of the revenue allocation formula used for the disbursement of the Federation Account.

1. Vertical Allocation Formula (VAF)
2. Horizontal Allocation Formula (HAF)

**1. The Vertical Allocation Formula:**This shows the percentage of funds made available and allocated to the three tiers of government viz. federal, states and local governments. This formula is applied vertically to the total volume of disbursable or distributable revenue in the Federation Account at a particular point in time. The VAF allows every tier of government to know what is due to it; the Federal Government on one hand and the 36 States and 774 Local Governments on the other (Lukpata, 2013).

**2. The Horizontal Allocation Formula*:*** The formula is applicable to States and Local Governments only. It provides the basis for sharing of the volume of revenue already allocated enbloc to the 36 States and 774 Local Governments. Through the application of the principles of horizontal allocation formula, the allocation due to each State or Local Government is determined. Thus, it can conveniently be concluded that the vertical allocation formula is for inter-tier sharing between the three tiers of government while the horizontal allocation formula is for intra tier sharing amongst the 36 States and the 774 Local Governments in Nigeria. (Lukpata, 2013).

The general nature of intergovernmental fiscal relations is surprisingly similar across a wide range of countries. Almost without exception countries assign more expenditure functions to sub-national governments than can be financed from the revenue sources allocated to them. The result of this mismatching of functions and finances often referred to as 'vertical imbalances' is that sub- national governments are generally dependent upon transfers from higher levels of government. Thus, Bird (1990) argues that 'money is at the heart of intergovernmental matters'. Indeed, vertical fiscal imbalance exists because none of the lower level government raises sufficient revenue to match expenditure responsibilities. The basic rationale for a system of transfers is the existence of a fiscal gap at the local government level arising out of own-revenue and own-expenditure assignments.

The problem of 'horizontal balance' has to do with the fact that geographical areas usually differ with respect to resource capacity and needs. For instance, the tax base per capita often differ substantially between urban municipalities and district councils. Furthermore, the needs for public services may differ because some areas, for example, have a higher percentage of school children and/or elderly people than others (Wolman, 1990). Designing fiscal institutions to cope with this complex reality is often problematic, and may be further exacerbated by political imperatives of treating even the most unequal jurisdictions uniformly, and by historically rooted conflicts and rivalries between regions and population groups (Bird, 1990).

Whether fiscal decentralisation aggravates income differences among sub-national jurisdictions or becomes a positive force in efforts to alleviate poverty depends on two factors (World Bank, 2000): The first is horizontal equity, which is the extent to which sub-national governments have the fiscal capacity to deliver an equivalent level of services to their population. The second can be described as within-state equity, which is the ability or willingness of sub-national governments to improve income distribution within their borders.

## 2.7 Fiscal Federalism

In all federal systems, there is usually 'resource sharing' among the three levels of government- the federal, states and local government called intergovernmental fiscal relations. Intergovernmental fiscal relations imply fiscal federalism. Fiscal federalism is essentially about the allocation of government spending and resources to the various tiers of government. The evolution of Nigerian fiscal federalism derives from economic, political/constitutional, social and cultural developments which have influenced the nature and character of intergovernmental relations (Ugwu, Eme, and Emeh (2012).

Anyadike (2013) is of the view that fiscal federalism is a set of guiding principles or a guiding concept that helps in designing financial relations between the national and sub-national levels of the government, fiscal decentralization on the other hand as a process of applying such principles. This is perhaps why Ekpo (2005) in (Anyadike, 2013) averred that in practice, there exist some degree of decentralization in what is discernable in a federal state hence among the different levels of government, fiscal arrangement must be worked out to ensure fiscal balance in the context of macro-economic stability, and this fiscal arrangement is referred to, in a federal structure as fiscal federalism or intergovernmental fiscal relations both of which can be used interchangeably used.

The fiscal relationships between and among the constituents of the federation can be explained in terms of three theories, namely, the theory of fiscal location which concerns the functions expected to be performed by each level of government in the fiscal allocation; the theory of inter-jurisdictional cooperation which refers to areas of shared responsibility by the national, state and local governments; and the theory of multi-jurisdictional community. In this case, each jurisdiction (state, region or zone) will provide services whose benefits will accrue to people within its boundaries and so, should use only such sources of finance as will internalize the costs. The revenue sources of most control governments are limited but cover a range of taxes and levies. These include personal income tax, tariffs, company or corporate income tax, excise duties, custom duties, and royalties or levies on natural resources. The contributions of each of these to the total revenue depend on a number of factors which include efficiency of tax collection method, enforcement of violation penalties, the size of the economy itself with respect to the level of employment, industrialization and income, the level of integration of the informal sector with the formal, and a host of other economic and socio-cultural factors.

State and local governments (or their equivalents) derive their revenues from more limited and more austere services. These include personal income tax, poll tax, sales tax, property tax, licenses, permits etc. These are supplemented by transfers from the central or federal government. In most cases, a revenue sharing formula is adopted for determining how much of the federally collectible revenue goes to each level of government. The proportion of transfers that goes to the lower tiers of government depend largely on the system or structure of governance, availability of revenue base and ability to generate revenue internally.

Figure 2.3 **Allocation of some responsibilities in Nigeria**

| *Level of Government* | *Responsibilities* |
|---|---|
| Federal only | Defence<br>Foreign Affairs<br>International trade (including export marketing)<br>Currency, banking, borrowing, exchange control<br>Use of water resources<br>Shipping, federal trunk roads<br>Elections<br>Aviation, railways, postal services<br>Police and other security services<br>Regulation of labour, interstate commerce, telecommunication, immigration<br>Mines and minerals, nuclear energy, citizenship and Naturalisation rights<br>Social Security, Insurance, national statistical system (census, births, deaths etc)<br>Guidelines and basis for minimum education<br>Business Registration<br>Price control |
| Federal-State (shared) | Health, social welfare<br>Education (post primary/ technology)<br>Culture<br>Antiquities<br>Monuments, archives<br>Statistics, Stamp duties<br>Commerce, industry<br>Electricity (generation, transmission and distribution)<br>Research surveys. |
| State Only | Residual power, i.e any subject not assigned to federal or local government level by the constitution. |
| Local Government | Economic planning and development<br>Health services<br>Land use<br>Control and regulation of advertisements, pets, small businesses<br>Market, public conveniences<br>Social welfare, sewage and refuse disposal, registration of births, deaths, marriage, etc.<br>Primary, adult and vocational education<br>Development of agriculture and natural resources. |

*Source:* J.C. Anyanwu (1997) P.164

**2.8 Assessment of Fiscal Arrangement in the Pre and Post-Independence Era**

Extant literature according to Oluwole (2013)agrees that it has been problematic to work out a generally acceptable formula for sharing revenues between and among the different levels of government in pre-independent Nigeria. The problem continues to characterize fiscal relations in Nigeria up to the present time. As a result, the approach adopted to solve the age-long problem is the distribution of national revenue on the basis of recommendations made by revenue allocation commission or committee appointed by the central/federal government from time to time. It is worthy of note that the adoption of federalism in Nigeria since 1954 (apart from the 1966 unitary system of Gen. Aguiyi-Ironsi) has ensured the continuous decentralization of governmental structures, power and responsibilities hence the periodic changes in fiscal arrangements. For there to be any incisive analysis of fiscal relations in Nigeria, it will require periodization as follows:

1) Pre-Independence era and

2) Post-Independence era.

**2.9 Pre-Independence Era (1946-1958)**

Elekwa, Mathew, Akume, (2011) contend that Nigeria's fiscal relations have been characterized by bias, distrust and contention in the setting of principles or formula for revenue sharing between and among the various units of governments. The consequence of this misnomer is the habitual conflicting pattern of relations it has brought about in Nigeria. This conflict is friction or disagreement arising from mostly usurpation of responsibility and fiscal disequilibrium without due recourse to the IGR and IGM mechanism. This unsavoury situation had informed the decision by successive governments to appoint commissions with the mandate to evolve sets of criteria or principles for revenue sharing that will be adjudged fair and just in order to allay the growing internal contentions. This situation according to Oni (2013) started in the colonial Nigerian state where fiscal arrangements was largely influenced by political and constitutional factors before the 1960 and 1963 independence and Republican Constitutions were introduced. These commissions made far reaching recommendations that helped in sustaining fiscal relations in Nigeria. The commissions created are listed as follows:

### 2.9.1 The Phillipson Commission (1946-1951)

As pointed out byElekwa, Mathew and Akume (2011) the creation of regional assemblies in the Western and Eastern regions as well as the establishment of a Northern regional council under the 1946 Richards constitution necessitated the allocation of a degree of financial responsibilities to these new bodies. Consequently, the Financial Secretary to the Nigerian Government Sydney Phillipson was appointed sole commissioner charged with the duties of preparing financial arrangement under the new constitution. The Phillipson Commission, as it was later known, according to Ejeh and Orokpo (2014) was mandated to study and make useful recommendations regarding the problems of the administrative and financial procedure to be adopted under the new constitution. The commission was pre-occupied with attempts to resolve three fundamental problems namely:

i) The criteria to be used in declaring revenue as regional revenue include
ii) How to determine the size of the grants from the central revenue and
iii) The formula for allocating grants among the regions

The problems are fundamental problems of the sub-national governments which would define the extent of their freedom and relevance in the federation (Adamolekun, 2005). However, the onerous challenge faced by the Phillipson Commission was how to derive a formula for distributing grants among the regions. Two principles were considered by the commission in the light of its task:

a) Derivation and

b) Even Progress or Even Development.

The commission according to Oni (2013) suggested that the sharing of the grants be based solely on the principle of derivation. The shares, as distributed among the three regions into which the federation was divided were as follows: East 24%, West 30% and North 46%. Instructively, the implementation of the Phillipson Commission recommendations marked a watershed in the adoption of the principle of derivation in sharing revenue among the regions in Nigeria. The derivation principle, as rightly observed by Ekpo (2004) has since become a thorny issue in Nigeria's inter-governmental fiscal relations.

### 2.9.2 The Hicks-Phillipson Commission (1952-1954)

The discordant cries as observed byElekwa, Mathew and Akume (2011) that trailed the Phillipson's recommendations, particularly that of revenue sharing formula had necessitated the setting up of the Hicks-Phillipson commission whose recommendation will be incorporated into the new McPherson constitution of 1951. The Hicks- Phillipson commission was set up in that year to develop a revenue sharing formula that would over a five year period, achieve a progressively and more equitable division of powers. Faced with this task, the new commission recommended that independent sources of revenue (taxation) be granted to the three regions.

The Hicks-Philipson commission according to Chiamogu, Onwughalu and Chiamogu (2012) recommended that more powers be given to the regions to raise, regulate and appropriate certain tax revenues. Further, relating to the criteria to be adopted, Akume (2014) noted that the Hicks-Phillipson commission of 1951, while retaining the principle of derivation, included needs and national interest as well as made provision for the fiscal autonomy of the regions. There was also provision for special grants to the regions for education, police and capitation. These recommendations were adopted by government and given constitutional approval resulting in Nigerian Revenue Allocation Order in council of 1951.

Consequent upon this legislative sanction, three patterns of revenue collection and allocation in Nigeria evolved. These are:

1) revenue collected and retained by the central government;

2) revenue collected by the central government but assigned wholly or partly to the regions according to consumption within each region, and

3) revenue collected and retained by the regions.

The Hicks-Phillipson recommendation presented one set of criteria intended to please all the three regions, sadly, it succeeded in pleasing none. This fact was reflected in the intensified regional friction the recommendation generated. The West argued and quite vehemently too against the deemphasize of the principle of derivation, the North criticized the inadequate emphasis on the principle of need, while the East thought that national interest should have been the dominant principles. (Elekwa, Mathew and Akume, 2011)

Nevertheless, Ejeh and Orokpo (2014) agree with Oni (2013), Adesopo, Agboola and Akinlo (2013) and Ekpo (2004) that it was the inability of the Hicks-Phillipson recommendation to meet regional consensus and the lack of regional agreement on the new revenue sharing criteria, that led the Hicks-Phillipson report to, what might be described as fiscal federalism in Nigeria for the first time. Similarly, for Elekwa, Mathew and Akume (2011) the contribution of the commission towards the development of fiscal federalism in Nigeria, in a nutshell are:

a) The rejection of the derivation principle as the sole or as the most important basis for allocating revenue among the regions.

b) The discussion of some of the general principles of federal finance and their application in Nigeria, and;

c) The endorsement of a system of revenue allocation based on the adoption of not just one but a number of criteria which together would ensure justice, fairness and efficiency in revenue allocation in Nigeria.

### 2.9.3 The Louis-Chick Commission (1953-1957)

As the nationalist struggle persisted, Oni (2013) observed that two constitutional conferences were held, the first in August 1953, and the second in January and February of 1954, this was in the wake of another round of constitutional change. The conference created the Louis-Chick Commission (LCC). Its terms of reference included:

1) to assess the cost of central services and those of the regions;

2) to recommend how best revenue should be collected and distributed having regard to the need to provide the center and the regions and adequate measure of fiscal autonomy and the importance of applying the principle of derivation to the fullest degree compatible with meeting the reasonable needs of the center and the regions; and

3) to examine the financial ramifications of the southern part of the Cameroons becoming a separate region. (Elekwa, Mathew, Akume, 2011)

The commission's report was accepted by government and became operational in October 1954. The report provided that:

1. The federal government should retain the revenue from the following: company income tax and 50% of the duties on exports, tobacco, excise, imports (except those on motor spirit and tobacco).

2. 50% of import duties except those on tobacco and motor spirits should be shared thus: 40% for the West; 30% for the North; 29% for the East; and 1% for the Southern Cameroons.

3. Regions should collect and retain revenue from personal income tax, produce sales tax, license and service feeds, interest on loans and earnings on surplus funds invested, revenue from regional departments, etc.

4. Revenue from the following sources should be shared among the regions in accordance with regional consumptions: 50% of tobacco, export and excise duties; 100% of the duty on motor spirit, all mining rents and royalties; and fees from small craft licenses. Personal income tax revenues collected by the federal government from Africans were returned to the regions where the Africans who paid the tax were resident. (Adesopo, Agboola and Akinlo, 2013)

Inferring from the mandate given to Chicks Commission, and from all indication it would appear that the government had already decided on the particular type of revenue sharing formula it wanted even before appointing the commission. Sir Chick was merely appointed to provide some blending propriety or to anoint the formula already decided upon by government. The implication was that the criteria that will be used for revenue sharing at the submission of the commission report had already been known. The now “scared” derivation principle and fiscal autonomy were rolled out as the basis for sharing centrally collected revenue. The bulk of the nation’s revenue derived from excise tax and import duties went to the regions on the basis of derivation and consumption. (Adesopo, Agboola and Akinlo, 2013).

The recommendation of the Chick Commission was notable for the fiscal autonomy and powers it gave to the regions over the central government. The annual share of the regional government rose from 22% 1952–1954 to over 40% in 1955–1958. Summarily, the 1954 commission’s recommendations on tax revenue are as follows that:

i) the federal government should keep 50% of the general import duties while 50% will go to the regions,

ii) the federal government should keep 50% of import and excise duties on tobacco while the remaining should go to the regions and;

iii) both levels should share the export duty on hides and skin on a 50–50 basis

Without doubts, the emphasis on derivation as the sole principle for revenue sharing surely had the effect of widening the existing gulf among the regions. This outcome punched severely on regions that were then not naturally endowed by further reducing their share of funds from centrally collected revenue. (Elekwa, Mathew, Akume, 2011)

The application of the principle of derivation generated considerable fiscal rumpus among the regions as Ejeh and Orokpo (2014) aptly noted; During the four financial years that Chicks system of revenue allocation was operated the regions became disenchanted with the derivation principle; The North with the way it was applied; the

West felt that it did not go far enough in its application; while the East felt that it should not be applied at all. The resentment that greeted the recommendation of Sir Chicks, given the already tensed existing regional rivalry in the country did render his recommendations unpopular and by 1958, they were only good for the trash-can.

### 2.9.4 The Raisman-Tress Commission (1958)

The Commission according to Oni (2013) was inaugurated as a result of the shortcomings of the Louis Chick Commission. The disaffection with the Chick's commission was based on three grounds:

1) Insufficient independent revenue to the regions,

2) The utilization of the principle of derivation in revenue allocation and;

3) The rejection of the principle of need and national interest in revenue allocation.

In a bid to strengthen the fiscal autonomy of the regions, Raisman commission recommended a complete regional Jurisdiction over personal income tax, product sale tax and marketing board. According to Elekwa, Mathew and Akume (2011) the Raisman- Tress commission recommendation received wide support and was seen as the most rational and objective revenue sharing plan for the country, judging from the path of its past experience of fiscal federalism.

Oni (2013) further noted that in its recommendations, the Commission divided each type of revenue into three parts to be paid to states of origin, federal government and the newly introduced Distributable Pool Account (DPA). These included for the states of origin 50% of mining rents, royalties and import duties; for the distributable pool account 30% of mining rents and royalties as well as 40% of import duties. The sharing of the DPA was thus: North 40%, West 31%, East 24% and Southern Cameroon 5%.

Nevertheless and quite significantly too, fiscal federalism in pre-independent Nigeria was characterized by agitations for autonomy, frequent alterations in revenue allocation formula as a result of rapid political and constitutional developments, including inter-ethnic misunderstandings and misgivings. It was summarily an era of teleguided fiscal arrangements. However, irrespective of how well the commission's report was received, it only lasted for five years (1959-1964) when another commission was setup.

## 2.10 Post-Independence Era (1964-till date)

In this period, intergovernmental fiscal relation was conditioned by significant economic, social and political changes that included a 30-month old fratricidal war (July 1967-January 1970). This war and its attendant consequences coupled with the frequency of military rule and the bourgeoning oil economy largely affected government expenditure and revenue patterns. Elekwa, Mathew, Akume, (2011) and Oni (2013) noted that the political structure was also significantly altered as the form of government was decentralized in 1967 with the creation of 12 states out of the erstwhile four regions. Similar exercise followed in 1976, 1987, 1991 and 1996 bringing the total number of states to thirty six (36) with Abuja as the Federal Capital Territory, which received full governmental status and thus are also entitled to federal allocation. Some of the fiscal arrangements that reflected vertical and horizontal patterns of fiscal relations, as well as the tension and uneasiness that arise among the federating units owing to revenue allocation formula. These will be according to reviews of fiscal arrangements in the post-independence era.

### 2.10.1 The Binns Commission (1964)

In spite of the general euphoria and acceptance that greeted the recommendation of Raisman-Tress commission by 1963, it was according to Oni (2013) jettisoned on two grounds; first, was the creation of the Mid-Western region out of the then Western region thus altering the old regional structure. This development required also financial adjustment to meet with the new changes, and secondly, the need to replace the 1960 Independence Constitution with the 1963 Republican Constitution. These factors informed the setting up of the Binn's Commission of 1963. Unlike previous commissions, the Binns commission had its legal basis in section 164 of the Republican Constitution. Indeed, the commission's terms of reference was to review and make recommendations with respect to the allocation of mining rent and royalties as well as distribution of funds in the DPA among the regions.

Elekwa, Mathew, Akume, (2011) noted that by 1965 the Binns' commission introduced for the first time the principle of financial comparability for intra tier revenue sharing, alongside, minimum responsibility and continuity of government. This principle of financial comparability has been interpreted to be somewhat of a hybrid between need and development principles. The application of the new formula was to be determined by the cash position of each region, its tax effort and standard of seriousness. Furthermore, Adesopo, Agboola and Akinlo, (2013) pointed out that the commission refocused on the recurring problem of how to share revenue credited to the DPA by recommending the following; 65% of the totally generated import duty went to the central government, with 35% to the region. In respect of rent and royalty, 15% was allocated to the federal government and 85% to the regions. However, the regions were excluded from sharing in the excise duties.

Drawing from the above, Oni (2013) observed that the Binns commission increased the share of revenue from import duties, mining rents and royalties paid into the Distributable Pools Account (DPA) and consequently changed the proportional share of the regions as follows; Northern Region 42%; Eastern Region 30%, Western Region 20% and Midwestern Region 8%. However, no change was recommended for federal or regional government jurisdiction over taxes in 1964.

### 2.10.2 The Dina Interim Allocation Review Committee (1968)

By 1966, the experiments with the west minster model of democratic rule grinded to an abrupt halt as a result of the military coup d'état that saw General Aguiyi-Ironsi rise to power. This change was followed by an administrative restructuring in 1967. The hitherto 4 regional structures was further broken down into a twelve state structure. The implication of these changes was that it became imperative to redesign the old revenue sharing arrangement to meet up with the realities brought about by the twelve states. This change systematically gave to birth a new era in intergovernmental fiscal relations in Nigeria. Tensed as the situation was according to Adesopo, Agboola and Akinlo, (2013), the government tried to resolve the issue of revenue allocation through the enactment of Decree #15 of 1967. This Decree in its simplicity shared the 42% allocated to the North equally among the new states that emerged out of that region, while, the East and the West allocated their portion to the ten newly created states on the basis of population.

Despite the simplicity and audacity of Decree #15 of 1967 promulgated by the military government, it clearly could not stand the test of time and a year later it gave way to another committee known as the Dina Committee of 1968. This committee according to Elekwa, Mathew, Akume, (2011) was required to among others identify new sources of revenue for both the federal and state governments and to examine the existing system of revenue allocation and suggest any modification to it. Four principles for interstate revenue sharing were put forward, these are;

a) basic need

b) minimum national standards

c) balance development and,

d) derivation

Derivation was however given less attention whereas the principle of fiscal need was given overriding emphasis. Similarly, the sharing formula for the following revenue sources was recommended thus; import duties on all commodities should be shared equally among the two levels of government, rents in respect of offshore mining operation should accrue wholly to the national (federal) government, while rents and royalties from on-shore mining operation should be shared between the federal, the regions and special account at a ratio of 15%, 80% and 5% respectively.

Other recommendations of the 1968 commission according to Oluwole (2013)included the setting up of special grants accounts to be shared upon the application to the Planning and Fiscal Commission. Disbursement was to be made based on the principles of balance development and national interest. There was also the adoption of a uniform tax law for the whole country and the harmonization of marketing boards. Indeed, during the period under review, the federal government took over the financing of higher education in the country.

In the final analysis, the federal government rejected the 1968 commission’s recommendation and in relation to this ObafemiAwolowo, who was the Federal Commissioner of Finance had this to say; “Since 1949 discussion on allocation of revenue in Nigeria has been excessively confused by sectional sentiments and unhealthy partisan political considerations, various non-objective and non-quantifiable principles have been provided and propounded over the years. The high watermark of this protracted exercise in objective muddle was reached recently when a body of Nigeria experts the Interim Revenue Allocation Committee appointed by me in 1968 agreed in their report to temper their objective analysis by some practical non-quantifiable commonsense. We must not allow this kind of unscientific method which is only a pedantic variant of this sectional approach of yester years, to continue to bedevil and becloud our effort and thinking on revenue allocation”. (Elekwa, Mathew, Akume, 2011).

The crux of the matter as noted by Adesopo, Agboola and Akinlo, (2013) is that, the main cause for the rejection of the 1968 commission’s recommendation was not what was said about the federal/state relation but about the sharing of revenue among the units but rather that the Dina’s committee was not sufficiently objective. Be that as it may, the 1968- committee outcomes were radically at variance with the mood and direction of the government at that point in time. Or more appropriately, the political situation at that period played a great part in the rejection of the report. In fact, that the fiscal relations in Nigeria after the Civil War in 1970 took a new dimension was amply reflected in the fiscal allocation arrangements of 1970, 1971 and 1975 respectively.

### 2.10.3 The 1970 Fiscal Changes

According to Ejeh and Orokpo (2014) the evolution and application of Decree #13 of 1970 with respect from 1st April, 1969 created two principal effects in revenue allocation in Nigeria. First, it shifted the bulk of centrally collected revenue to the federal government, petroleum profit tax at that time solely accounted for 40% of government revenue, company income tax and excise duties also accrued entirely to the federal government. Secondly, the Decree changed the percentage share used for allocating revenue accruing to the DPA among the state, it precisely made the central government gave up 10% of mining rents and royalties to the DPA while derivation share was reduced from 60%-45%.

Consequently, Oluwole (2013) noted that the revenue percentage credited to the DPA increased to 50% from 30%. Although import duties were left untouched, those of tobacco and petroleum products where given to the states 100% on the basis of derivation, 35% of the generated import duties were paid into the DPA. Meanwhile, 60% of surcharges on export were shared based on derivation, as well as all duties at pre-war-rate. Other significant changes were, 50% of excise duties on tobacco and petroleum products were paid to the federal government and the balance of 50% were retained by the DPA. That aside, 50% of revenue in the DPA were to be shared among the states equally, the balance of 50% was shared according to the principle of population. However, emphasis was placed on population principle.

The implication of Decree #13 of 1970 was that it marked the first step toward fiscal centralization in this country. In the sense that, it strived in its entirety to strengthen the financial position of the central government (making the centre attractive) on the one hand while on the other, the states began to suffer from severe funds constraint. Perhaps this change could be explained away in the realization and need for resources by the central government to prosecute the post war reconstruction. (Elekwa, Mathew, Akume, 2011)

### 2.10.4 The 1971 Fiscal Amendment

The Federal Military government by Decree #9 of 1971 appropriated the (Nigeria) continental shelf to itself; accordingly too, all offshore mining rents and royalties were to be retained exclusively by it. The result of this singular acquisition was that; the already depleted revenue allocated on the basis of derivation, was made even more meager. This also applied to funds going into the DPA. (World Bank, 2012)

### 2.10.5 The 1975 Fiscal Adjustment

The 1975 fiscal adjustment was done under the instrumentality of Decree #6. There was little cushioning of the heat, that the previous amendment inflicted on states finances. Oluwole (2013) observed that under this framework, there was the remitting of the whole percentage of the revenue derivable from mining, rents and royalties, offshore production to the DPA. Similarly, the 5% on onshore rents and royalties which were hitherto credited to the federal government accounts went into the DPA.

The principle for sharing revenue remained the same as those of the previous decrees. Going by the provisions of Decree #6 of 1975, 50% of all excise duties were to be assigned to the DPA; 35% on all import duties except for motor spirit, diesel, oil, tobacco, wine, portable spirit and beer were to go to the DPA. As an exception, 20% of mining rents and royalties were shared on the basis of derivation, while 80% went to the DPA.

On the surface, there was no arguing that, the situation above presupposed a dramatic increase in the revenue accruable to states; this was however to the contrary. As Oyovbaire (1985) argued that not only did the state governments, became largely dependent upon federally collected taxes, as a matter of fact, they had always been, but the new dependence of the state was different in its political significance; the significance lay in the fact that the internal economic and social structure of the states could be influenced much more than before by payment channeled through the DPA.

Furthermore, Oyovbaire (1985) noted that the thunderbolt that wrecked the very root of state independent revenue lay in the harmonization of personal income tax throughout the country by the federal government. Though it had its economic significance, it was retrogressive to state independent revenue especially in a decentralized federal structure. In three quick successions, the Decrees #13 of 1970, #9 of 1971 and #6 of 1975 were the cannonballs the federal military government needed to win the war over revenue acquisition and control in the federation.

In line with the dictate of the time as clearly stated by the report of the fiscal commission of 1965; there must be a growing dependency of regional government (in order) to maintain the strength and unity of the federation (and that) it was misleading and unreal to speak of achieving and maintaining regional fiscal autonomy. The immediate economic advantage of a region must be subordinate to the welfare of Nigeria. The effect of these Decrees on state revenue did not mean a decrease in their statutory allocation from the federal government but enabled the dependence on the federal government. (Oyovbaire, 1985)

### 2.10.6 The 1977 Aboyade Technical Committee on Revenue Allocation (TCRA)

The Aboyade TCRA was inaugurated as part of the transition programme that preceded the Second Republic of 1979. The Committee according to Adesopo, Agboola and Akinlo, (2013) was charged with the following responsibilities; to take into consideration the need to ensure that each government of the federation has adequate revenue to enable it to discharge its responsibilities; having regards to the factors of population, equality of status among states, derivation, geographical peculiarities, even development, national interest and any other factors bearing on the problem.

Similarly, Oyovbaire (1985) and Elekwa, Mathew, Akume (2011) pointed out that in addition, the committee should also;

i) examine the present formula with a view to determining its adequacy in the light of factors mentioned above and representation from the federal, states government and any other interested parties,

ii) following from the findings in (i) recommend new proposals as necessary for allocation of revenue between the federal, states and as well as the local governments;

iii) make whatever recommendations necessary for the effective collection and distribution of federal and state revenue.

Unlike the Chicks Commission, this committee was not confined within the circumference of an already predetermined principle. Nevertheless, the Aboyade Committee came out with certain recommendations that were to be incorporated into the new constitution. Among these recommendations were: that all federally collected revenue (except personal income tax of armed forces, external affairs officers and FCT) should be paid into one account to be shared by the federal-50%, state-30%, local government-10% and special fund-3%, thus totaling 100%. By this development, there was an only change in the total amount of federally collected revenues and not in its composition that could affect how much and in what way the states obtained their statutory revenue. Thereafter, the division of revenue among the three levels of government became a matter of deliberate decision and not an accidental byproduct of particular taxes. (World Bank, 2012).

The committee according to Ekpo (2004) andAkume (2014) also recommended the setting aside of 10% by state government of their total revenue to be allocated to local governments. This was not only in recognition of the role government will play for socio-economic and political development, but to help them in the actual performance of these responsibilities. It should be noted that the local government reforms of 1976 brought this new tiers of government into the mainstream vertical revenue sharing arrangement. A special grant account was also recommended to take care of adverse effect of natural disasters and the subsequent rehabilitation of those areas so affected. This account was to also cater for the needs of the oil producing areas.

A sum of 3% was to be allocated to this account, though to be administered by the federal government. The lump sum of 30% allocated to the states was to be shared among them using the principles of equality of states and access to development opportunities, national minimum standard for national interest, absorptive capacity, independent revenue and minimum tax effort, and fiscal efficiency with the following weight of 25%, 22%, 20%, 18% and 15% respectively (Ekpo, 2004).

Oyovbaire (1985) and World Bank (2012) agree that with respect to the assignment of taxing power, each tier of government was assigned tax jurisdiction according to its area of influence. Sadly though, the Aboyade Committee report was rejected on the grounds that it was too technical and inoperable. However, beneath this reason lay the more important reason for setting aside of the Aboyade report. This is succinctly captured in this allegory of ShehuShagari.

> *I would liken this committee to an arrogant architect whohas been commissioned to design a house, but would notaccept the instructions or the wishes of the owner of thehouse because he considered them either outdated, outof fashion, not good enough or not original… then he morethan an architect-then he is something nearer to ProfessorAboyade Committee of intellectual arrogance.* Oyovbaire (1985)

The rejection of the 1977 committees report paved the way for the adoption of a make shift arrangement which was engrafted in section 272 of the 1979 constitution.

### 2.10.7 The 1980 Okigbo Commission

The rejection of the Aboyade report, before the assumption of office of the civilian regime of 1979, left the nation with the following vertical revenue sharing arrangement:

**Federal- 75%,**

**States- 22% and;**

**Local Government- 3%**

In 1980 the new administration according to Oyovbaire (1985) and Chiamogu, Onwughalu, Chiamogu (2010) setup the Okigbo Commission with the following terms of reference; to inter alia examine the existing formula for revenue allocation between the federal, state and local councils, having regards for the need to ensure that each tier of government in the federation had adequate revenue to enable it to discharge its functions. The Okigbo commission used the total current and capital expenditure of each tier of government. From this background, the Okigbo commission came out with the following vertical and horizontal revenue allocation formula reflected in the below tables.

**Table 2.1:** Vertical Revenue Allocation

| Sector | Okigbo % | GWP % | 1982 % |
|---|---|---|---|
| Federal Government | 53.0 | 55.0 | 55.0 |
| State Government | 30.0 | 30.0 | 30.0 |
| Local Government | 10.0 | 8.0 | 10.0 |
| Development of the F. C. T | 2.5 | 2.5 | - |
| Mineral Producing Area | 2.0 | 3.5 | 3.5 |
| General Ecological Problem | 1.0 | 1.0 | 1.0 |
| Revenue Equalization | 100% | 100% | 100% |

**Source:** 1980 Revenue Allocation Government White Paper (GWP)

**Table 2.2:** Horizontal Revenue Scheme

| SECTOR | Okigbo % | GWP % | 1982 Act % |
|---|---|---|---|
| Minimum responsibilities of government | 40.00 | 40.00 | 14.00 |
| | 40.0 | 40.00 | 14.00 |
| Social development factor; direct primary school enrolment. | | | |
| | 11.25 | 11.25 | 11.25 |
| In verse primary school enrolment. | | | |
| | 3.75 | 3.75 | 3.75 |
| Internal revenue effort. | 5.00 | 5.00 | 5.00 |

**Source:** 1980 Revenue Allocation Government White Paper (GWP)

Elekwa, Mathew and Akume (2011) is of the view that the proposition submitted by Okigbo was to satisfy the twin good of equity and efficiency, as well as strengthen the ability of the federal government to direct the national economy. It was also to ensure that adequate financial flow to the states and localities sustained to meet with their ever-increasing expenditure demand and to be able to adjust to changing fiscal circumstances.

Unfortunately, the lampoon from the states that followed the Okigbo's recommendations led to its being set aside. Moreover, its invalidation by the Supreme Court rendered the Okigbo propositions inapplicable. The Okigbo report was certainly controversial as evident by the latter submission of two other minority reports by two members of the Okigbo committee. (Elekwa, Mathew and Akume, 2011)

**2.10.7.1 The 1980 Leton Minority Report**

The plank of the argument of the Leton report according Ekpo (2004) and Elekwa, Mathew and Akume (2011) was predicated on the premise that all mining rents and royalties, which before now constituted 30% of the federation account, be set aside on a yearly base and shared wholly using the derivation principle with no differentiation between offshore and onshore production. The remaining 70% should be allocated, using the recommendation of the majority report. He opined that the 7% allocated to special fund be shared as follows; Federal Capital Territory-2.5%, mineral producing area-3.0% and ecological problem-1.5%.

### 2.10.7.2 The 1980 Phillips Minority Report

This is another of the minority report arising from the Okigbo Committee. Phillips according to according Ekpo (2004) and Elekwa, Mathew and Akume (2011) in his minority report contended that the allocation of 60% of the federation account to the federal government was too high; and thus, recommended the rescheduling of the revenue sharing percentage as reflected in the Vertical Revenue Allocation Formula between the various tiers of government was as follows; Federal Government- 50%, State Government-35%, Local Government-10% and Special Funds- 5%. He further proposed that revenue going to the states and local government should be shared in accordance with the principle of Expenditure Responsibilities-50%, Internal Revenue Effort- 35% and Fiscal Equalization- 25%. Similarly, on the issue of sharing of the 5% Special Fund; 2.5% was to be given to the special problem of Mineral Producing Areas and the remaining 2.5% was to take care of other Ecological Problems.

Chiamogu, Onwughalu, Chiamogu (2012) noted that the ouster of the civilian administration of ShehuShagari on the 31st December 1983 opened yet another era of reshaping the country’s fiscal structure by the use of military decree. The first of it came via decree #35 of 1984. The decree modified the makeshift arrangement of 1982. In the 1984 Vertical Revenue Allocation, the federal government retained 55.0%, State governments 30.0%, Local Government 10.0%, Mineral Producing Area

(Derivation) 1.5% and General Ecological Problems 1.0%. According to the 2012 World Bank Report, 2.5% of the state's share is for the development of mineral producing areas, while, 1.5% of the revenue should accrue to the federation account from the mineral producing areas. Except for the abolishing of the federation account allocation committee, the horizontal revenue sharing formula remained as it were in the 1981 act.

### 2.10.8 The National Revenue Mobilization Allocation and Fiscal Commission (NRMAFC)

Although inaugurated on June 6, 1988 the enabling act came with Decree #49 of 1989, thus setting up a permanent fiscal commission in Nigeria. (see Third Schedule, section 31 of the 1999 constitution for the composition of National Revenue Mobilization Accounts and Fiscal Commission). Shortly after its inauguration in 1988, the commission under took a comprehensive review of the existing revenue allocation. True to its mandate, the commission in 1990 rolled out its first vertical and horizontal revenue sharing proposal, which was modified and approved by the military government.

**Table 2.3:** Vertical Revenue Allocation Formula as proposed by NRMAFC and approved by Federal Military Government in 1990.

| S/NO | SECTORS | NRMA&FC (%) | A.F. R. C. Approved (%) |
|---|---|---|---|
| A | Federal Government | 47.F. A | 50 fg |
| B | States Government | 30.F. A | 30 |
| C | Local Government | 15. F. A | 15 |
| D | Special Funds: | 8. F. A | 3.5 fg |
| i. | Federal Capital Territory | 1. F. A | 1. F. A. fg |
| ii. | Stabilization | 10.5 F. A | 10. 5 F. A fg |
| iii. | Savings | 2.0. F. A | 12. 5 F. A fg |
| iv. | Deprivation | 2.0 M. R. | - |
| v. | Oil Producing Areas | 1. 5. M. R | 1. F. A fg |
| vi. | Non Oil Producing Areas | 0.5 N. O. M. R | - |
| vii. | General Ecology | 0.5 F. A | 1. 0 F. A fg |

**Source:**Danjuma, T. Y. (1994) The Journal of Nigerian Federalism.
***Note:*** *FA= Federation Account, MR=Mineral Revenue and NOMR=Non-Oil Mineral Revenue*

**Table 2.4:** Horizontal Revenue Allocation Formula as proposed by NRMAFC and approved by Federal Military Government in 1990

| | Principles | NRMA&FC(%) | AFRC (%) |
|---|---|---|---|
| 1 | Equality of state | 40.0 | 40.0 |
| 2 | Population | 30.0 | 30.0 |
| 3 | Social development factor | - | - |
| 5 | Education | - | - |
| 6 | Direct Enrolment | 8.0 | 8.0 |
| 7 | Indirect Enrolment | 2.0 | 2.0 |
| 8 | Land mass and terrain | - | 10.0 |
| 9 | Internal revenue effort | 20.0 | 10.0 |

**Source:**Danjuma, T. Y. (1994) The Journal of Nigerian Federalism.

In line with its responsibilities, the commission also proposed the setting aside of a stabilization funds to serve as a buffer against the wide spread fluctuation in government finances and the country's economy. Other recommendations include the need to set aside a certain percentage of yearly revenue to be invested abroad on income yielding assets it was however rejected. There was also the proposal that 2% of mineral oil revenue be set aside from the federation account and to be shared among the oil mineral producing areas on the basis of derivation. This proposal was later modified and allocated one percent of the entire federation account and shared on derivation basis. Similarly, the federal government increased the ecological fund from 0.5%-1.0% to be shared on the vertical revenue allocation arena due to the inadequacy of the initial amount in combating those problems.

It is pertinent to note that the entire exercise of finding a suitable and a most acceptable fiscal arrangement is at the heart of the rather frequent changes in Nigeria's fiscal federalism. The usurpation of functions and responsibilities especially of the local government by other tiers has remained intractable with respect to revenue allocation. Ekpo and Ndebbio (2002) insist that though the revenue allocation system mandates that a certain fraction of the federation account be allocated to local governments, these funds are never enough to meet expenditure requirements sometimes as result of situations beyond the control of the central government such as the accounts being related to revenue from crude oil sales, which is subject to fluctuations, and the expectations of local governments far exceed the available resources.

More importantly, in a system characterized by ethnic and clan conflicts, state governments have attempted for political reasons to frustrate the existence and effectiveness of local governments. Indeed, most state governments default on their statutory allocations to local governments, rendering local governments financially and politically impotent. To further capture more vividly the issue of friction and usurpation the Local Government Reform of 1976 notes that Local governments have over the years suffered from the continued whittling down of their powers, and state governments had continued to encroach upon what would normally have been the exclusive preserves of local governments and consequently there has been a divorce between the people and government at their most basic levels. (Ekpo and Ndebbio, 2002)

At the out-set or start of the current democratic dispensation which started with the administration of OlusegunObasanjo of the People's Democratic Party (PDP), the following was allocation pattern.

### 2.11 Revenue Allocation (1999-2007)

The proposed formula by Revenue Mobilization, Allocation and Fiscal commission gives:

**Federal Government – 41.3%**

**State Government – 31%**

**Local Government – 16%**

Lukpata (2013) observed that apparently not satisfied with what it considered an upside formula, the Southern Governors insist that only equal revenue sharing between the federal government and the states in Nigeria will be considered fair and realistic by the Southern States. They therefore requested for the adoption of the following formula for revenue allocation in Nigeria:

**Federal Government – 36%**

**State Government – 36%**

**Local Government – 25%**

**Federal Capital – 1%**

**Ecology – 2%**

Howbeit, this formula which the Southern Governors requested was never to be implemented.

### 2.11.1 Revenue Allocation (2000 – 2010)

Lukpata (2013) pointed out that whereas the vertical allocation formula within this period which was based on Presidential Executive orders is as follows:

**Federal Government – 52.68%**
**State Government – 26.72%**
**Local Government – 20.60%**

The horizontal allocation formula which captures factors/principles and percentage was shared thus:

**Equality – 40%**
**Population – 30%**
**Landmass/Terrain – 10%**
**Internally Generated Revenue – 10%**
**Social Development Factor – 10% (comprised of Education 4%, Health 3% and water 3%).**

Nevertheless, Oni (2013) points to the fact that the domino theory of intergovernmental relations has extremely granted the power of the purse to the federal government with respect to the collections and distributions of the most lucrative revenues. The overbearing tendencies of the federal structure has continued to generate demands from state governments and other relevant stakeholders in Nigeria's federal project for restructuring the country's federal system to clearly give space for sub-national governments to demonstrate their true powers in an ideal federation since, according to Adamolekun (2005), the role of sub-national governments in raising revenues and their actual spending powers are regarded as good indicators of the degree of decentralization in a given state.

Another issue that has generated unprecedented hitch in the fiscal finance discourse relates to the agitation for local government autonomy with concomitant financial independence. No previous era in Nigeria's history of political and constitutional development has witnessed tensed face-off between the federal government and the state governments over who controls local governments than between 2001 and 2007, the tensed nature of the face-off has been demonstrated in the many legal tussles instituted at the Supreme Court.

Proponents of local government autonomy like Freinkman (2013), see local government as a full-fledged tier of government as provided by the 1979 constitution consequent upon the 1976 local government reform. Another re-organization carried out at the local government level by the Ibrahim Babangida military regime in 1987 further increased the posture of local government in Nigeria's tripartite governmental arrangements with improved responsibilities and financial allocation. However, so far under the present fourth republic democratic dispensation, State governments have consistently argued that local governments are appendages of the state and therefore should be treated as such.

The question often raised by the state governments begging for answer is what constitutes federating units in Nigeria? According to Odd-Helge, (2011) the answer to this question would simply lay to rest the agitation for local government autonomy. From all intent and purposes, the provisions of the 1999 constitution are clear on what constitutes the federating units. For instance, Section 2 (2) of chapter 1 of the General provision of 1999 constitution provides that: “Nigeria shall be a federation consisting of states and a Federal Capital Territory”.The provisions in this section implicitly surrendered the power of control and supervision of local governments to state governments.

In fact, a cursory look at the provision disempowers local governments from accessing funds from the federation account since it is not a federating unit constitutionally. But the practice of federalism in Nigeria, an aberration of classical theory and practice of fiscal federalism has continued to sustain local governments‟ access to federally collected revenue. The present political dispensation has witnessed stiffened relationship between the federal government and state governments over local government system.

The desire of states according to Oni (2013) to create additional local governments for effective local governance and service delivery has been constantly hampered by the federal might as witnessed between the federal government and the Lagos State Government in 2003. The lopsided federal arrangement that skewed power towards the center unwittingly allowed the federal government to deny Lagos State Government of federal allocations to its local governments unless it was ready to revert its decision on creation of additional local governments. It was simply a daring political robbery and gang rape of the 1999 constitution by the hegemonic federal government. Clearly, section 7 (1) of part 2 of the 1999 constitution expressly provides that:

> *the system of local government by democratically electedlocal government councils is under this constitutionguaranteed; and accordingly the Government of everystate shall subject to section 8 of this constitution, ensuretheir existence under a law which provides for the establishment,structure, composition, finance and functions of such councils.*

The foregoing has instructively fore-closed the autonomy of local government in terms of financial independence but architects of local government autonomy movement have only exacerbated the loopholes exploited by the centrifugal forces in transitional politics of the fourth republic. This is because the horizontal and vertical relations on resource mobilizations and allocation have been severely constrained. (Bello-Imam, 1990).

At another level, the resource control and/or deviation imbroglio that has thrown the country's fiscal federalism into political and economic crises and fueling in its process inter and intra-ethnic conflicts has occasioned the sudden uprising of different insurgent groups within the Niger Delta region of the country. The most contentious issue has been the demand for resource control particularly by oil producing states that constitute the Niger-Delta region. The demand for resource control became unattainable as the federal government resisted the agitation by all means.

However, the agitations have taken several violent dimensions bordering according to Adefulu (2011) "on willful sabotage, kidnapping of foreigners working in the oil exploration (upstream) sector, assassination of security agents and vandalization of oil pipelines all of which have meant a substantial loss of revenue to the Nigerian state which depends on oil export earnings to finance its varied development projects and alleviate circle of poverty afflicting its teeming population".

The agitations for resource control were founded on the obvious long years of neglect of the region despite the nation tapping almost 95% of its revenue earnings from the region. Socio-economic activities of the people of the zone have suffered abruptly while environmental degradation and health hazards have attended oil exploration activities of multinational companies without adequate infrastructure, qualitative education and human capital development, accessible health care system and environmental renewal as compensations for the immeasurable losses suffered over years. (Adefulu, 2012).

It was within this context according to Oni (2013) that the Yar' Adua Administration granted the Niger-Delta militants who took to violent protest Amnesty as a panacea for restoring peace within the region and apparently for the federal government to continue to reap from the largesse of oil revenue from the region. However, how much of peace the Amnesty Programme has brought to the Niger-Delta is another issue for a stimulating debate but that is outside the purview of this paper. The derivation principle which grew out of the agitation for resource control does not go without controversies. For instance, the contestation for the distinction between offshore and on-shore oil in the implementation of the 13% derivation allocation to oil producing state generated a lot of heat until the omnibus judgment of the supreme court on 5 April 2002 which declared that the littoral states could not seek control of natural resources located beyond their sea ward boundary legally.

The on-shore/offshore dichotomy according to Ikein, Alamieyeseigha and Azaiki (2012) has implication for revenue accruable from derivation on oil hence the fierce and partisan politics it generated at the outset of this political dispensation. It is in this sense that the oil producing States are demanding for the restructuring of the Nigerian federation to allow for the practice of true federalism which guarantees states control of resources located within their boundaries.

Ikein, Alamieyeseigha and Azaiki (2012) insists further that the structural imbalance in wealth distribution coupled with the damage to the ecosystem in the areas make the demand more compelling. Indeed, a July 24, 2000 editorial in the Guardian newspaper sums up the Niger Delta situation thus:

> *The states of the region provide the nation with about95% of its income to the extent that Nigeria runs amono-cultural economy that is dependent on crude oil resources extracted from Niger-Delta region. In return for its being the wealth basin of the country, however, the Niger Delta suffers much neglect. Its peoples are impoverished in the midst of so much wealth; their lives are constantly endangered on account of oilexploration activities resulting in perpetual damages to the eco-system and the environment.* (Adefulu, 2012)

It is therefore not out of place to demand restructuring of the fiscal arrangements in favour of the region that lays the 'Golden egg' considering the unsalutory effect oil exploration activities have had on the economic life of the people in the Niger Delta region and the danger of oil pollution and spillage, environmental degradation etc to which they are exposed. (Bello-Imam, 1990).

Relating to the resource control/derivation palaver according to Adefulu (2012)is the issue of resource allocation which has generated a lot of heat in the polity. Resource allocation which ordinarily is an economic issue has turned into a political agenda owing to what may be described as its rather high ''political content" namely, arriving at an acceptable formula for sharing federally collected revenue among the three tiers of government. This is because each governmental structure raises argument of mismatch between responsibilities and revenue. The experimented formula and the sharing principles have witnessed high content of intrigues, power play, and sectional interest including partisan politics. For instance, Chiamogu, Onwughalu and Chiamogu (2012) opined that sharing revenue on the basis of land-mass does not only depict sectional interest but also erroneously shifts development away from the people, thereby making development land-focused instead of being people oriented.

According to Ejeh and Orokpo (2014), the formula in use presently is allocated in the ratio of federal-52%, states-26.7% and local governments-20.60%. This again depicts the ubiquity and dominance of the federal government in the allocation of responsibilities and revenue, subjecting other sub-national governments in the process to the whims and caprices of the over bloated federal government. The domino tendencies of the federal government became apparent when it unilaterally created the excess crude account from which it draws revenue without appropriate legal frameworks and the approval of other federating units (States) in a system that should ordinarily be both independent and co-ordinate. This has been succinctly captured in the national mirror newspaper by Bola Ahmed Tinubu when he observed that:

> *the excess crude oil account is illegal and I thereforeurge the governors of the 36 states of the federation tochallenge it at the courts because the constitution states that all revenues from the nation's resources must bepaid into the federation account.* (National Mirror 2013)

This scenario has reinforced the superordinate-subordinate relations in the intergovernmental fiscal relations of Nigeria and it has also had profound and unsalutory effect particularly at the vertical level.

In like manner, the Nigeria Governor's forum which is another instrument that is currently being used to conduct intergovernmental fiscal relations, has come to challenge the ubiquity and the overbearing powers of the federal government particularly on matters affecting other levels of government. The forum strongly advocates a significant cut in federal government's powers of the purse in favour of states and local governments who arguably are more visible in state-citizen relation, suggesting therefore that federal revenue should be allocated in the ratio of federal-35%, states-42% and local governments-23% on the basis of geographical configuration, demographic spread, social development and regional revenue drive (www.transformation.com).

The different contortions Nigeria has witnessed in revenue allocation debate, resource control agitations and jurisdictional allocation of responsibilities and power between the different levels of government have been responsible for a static fiscal relations in the Nigerian federalism and the underdevelopment syndrome of the naturally endowed but artificially incoherent and managerially deficient country. This has unprecedentedly increased the demand for political restructuring that can guarantee a true Nigerian federation.

**2.12 State-Local Government Joint Account**

Local government relates with other levels of government in three ways, that is, Federal-Local government relations, State-Local government relations and Local–Local government relations. The first two are vertical relations while the last is regarded as horizontal relations. Our major concern in this study is State Joint local government Account.

The Nigerian constitution under section 162(6) provided for the establishment of State joint local account (SJLGA). The Account according to Sanusi, Tabi'u and Ahmad (2013) is meant to be a mechanism that can implement the notion of 'fiscal federalism' at the local government level. However, majority of the state governments made some unnecessary deductions and more often diverted the funds to other areas of personal interest while the money is meant for development of local government areas, and this contributed significantly to the abysmal performance of local governments in providing good governance for the community. This practical operation of the SJLGA has denied local government councils their financial autonomy. Over the years, the Nigerian Local government administration has been faced with series of developmental and economic challenges where different policies have rendered the councils incapacitated to discharge their constitutional mandates. This has been traced to the unjust treatment and annexation of local government revenues by state governors in the name of State Joint Local government Accounts.

Ojugbeli and Ojoh (2014) opine that the introduction and the subsequent implementation of the state joint Local Government account system in Nigeria following the restoration of civil rule in 1999 had largely constituted and generated a lot of controversies in the polity such as the allegation of indiscriminate deductions from the statutory allocation of the Local Government by the State Government and its concomitant effect on Local Councils productivity and performance. All these had in the main painted an ugly, hideous and parlous picture of the system of financial administration as it affects the local council's administration in Nigeria.

It is, however, to be noted that the State Government interferes tremendously with the allocation of the local councils thereby depriving them of a vital financial position. This, however, affects the performance and development of the local government. Onah (2004) observed “that the Local Governments are heavily deprived of funds which they could use in developments pursuits is no longer news. The skewed administration of the State Local Government account in favour of the state totally explains the deprivation. The Local Government due of the federal allocation are tampered with by the State, and in some states the revenue yielding resources of the local government are also taken over by the State”.

The above assertion indicates to a very reasonable extent that the joint account remains a conduitpipe for the draining of Local Government allocation by the State Government. The State Government statutory allocation is highly parasitic. This parasitic relations manifest in the deduction of local council’s allocation. These deductions are made in connivance with local government chairpersons most of whom are the appointees of the executive or the governor’s choice of party’s candidate in places where there are elections. All of these have resulted in avalanche of allegations especially in the media over the parlous, dangerous and perniciousdeduction of local government fund by State Governments.

### 2.13 State Usurpation of Local Government Functions

Autonomy simply refers to freedom, independent, free from external and remote control but in Nigeria the reverse is the case, Local Government are totally independent, they are managed by the federal and state governments who dominate over the local government administration through the state government offices of local government affairs, the ministry of local government, and the local government service commission. All these government agencies are denying the autonomy of self-dependent administration of Local Government in Nigeria.

Local governments in Nigeria according to Okafor (2010) are known to suffer from inadequate and poor budgetary allocation. This is done by deliberate cut-offs of budgetary allocation to the local government by some States Governors either for political reasons or absolute corruption. The siphoning of funds through frivolous activities and fictitious contracts to their party members and friends greatly affects the financial needs of local governments. This is one of the major reasons why local government in Nigeria usually performs below expectation, thereby making the third tiers of governmentmeaningless and lacking the diffidence of democracy.

Onah (2004) observed “that the Local Governments are heavily deprived of funds which they could use in developments pursuits for instance, the Local Government due of the federal allocation are tampered with by the State, and in some cases the revenue yielding resources of the local government are also taken over by the State”.

In addition, Stuti (2001) observed that basic services such as primary education, primary health, water and sanitation, and local roads or trunk C roads are assigned as the responsibility of the state and local governments, with no clear legal delineation between the relative roles of these two sub-national tiers of government. As things stand now, the state-level discretion with regard to the powers of the LGAs has led to wide variation in the extent of autonomy afforded to LGAs both within and across states, in many cases they function as mere administrative extensions of state governments.

The usurpation of Local Government functions according to Nwogwugwu and Olusesi (2015) by State Government is another serious areas of eroding the autonomy of the Local Government. More often than not, parallel revenue boards, through the states unwittingly usurp and erode the revenue yielding areas of the Local Government. It is not uncommon to see such Boards to include market, motor parks, building plan approvals and forest royalty collection fund etc.Asaju (2010) further noted that the 1999 Constitution empowers the State government to scrutinise and approve Local government budgets, and expenditure through the State House of Assembly. Most of the state governments capitalize on this to exercise arbitrary and undue control over Local government finance.

## 2.14 Care-Taker Committee and Local Government Performance

Nwogwugwu and Olusesi (2015) opine that in most states in Nigeria, the governor appoints and endorses the candidate who must run for election as chairman at the local government level. Without the governor’s ‘blessings’, such candidates cannot win the election. The various state governments also appoint caretaker chairmen for the Local Government Council, who are mostly stooges, cronies and acolytes of the state governor. Even when elections are held, the ruling party in the state and the state government, in particular, rigs and manipulates the election process to favour their preferred candidates. It is a clear case of who pays the piper dictates the tune. This again creates inefficiency and poor performance of local government functions.

Okafor (2010) posits that the Political class often deviate from their campaign promises through scheming of ways to remain in office and swell their private finances with public funds from the local government. They abandon principles of good governance and democratic ideals that are fundamental in promoting administrative efficiency in order to satisfy their selfish desires.

The trio of Teresa, Lonti, and Isabelle (2007) that adopted a historical and exploratory analytical technique in their study observed that public sector agencies are faced with the problem of political patronage and prebendalism, corruption etc. Asaju (2010) posits that the primary responsibility of the public service is to deliver services that the private sector may not deliver at all, or to deliver services to those who cannot afford the market price of the product. He further stated that the ability of government to legitimately levy taxes and govern the people is premised on its capacity to deliver a range of services required by its population which no other player will provide. For Adamolekun (2011), government owes its existence and legitimacy to the fact that there are services in which the possibility of market failure is great.

## 2.15 Local Government Staff Lack of Expertise and Performance

Olowo (2011) observed that local government in Nigeria are faced with the problem of inadequate skilled workers such as engineers, accountants, medical doctors, town planners, statisticians, etc. Reasons for this unfortunate development are that, there is a very low image of local government in the minds of these professionals. Again, Stuti(2001), has noted that there is lack of job satisfaction that can keep them in the local government. Most skilled and qualified personnel’s and professionals prepare to gamble their luck either in private organisations or establish their own firms rather than risk staying at the local government where there are no incentives, and they may be wasted away. This has forced local governments to depend on unskilled labour. For example, some are diploma and certificate holders who cannot defend the certificates they hold. These circumstances are a great challenge to local government efficiency. People who don't know their left from their right in what they do can hardly be productive and effective.

Low educational qualifications of staff, poor motivation, autocratic leadership, poor work environment, etc. The management and control of finances according to Ojugbeli and Ojoh (2014) is a central factor in the management of local governments. Therefore, the quality and promptness and effectiveness of local government services depend on the quality of workers in the system.

Similarly, Ojugbeli and Ojoh (2014) opine that political patronage which is also referred to as political interference plays out in the sense that the appointing authority usually the executive branch will often meddle with appointments of staff most of whom are either their relations or friends some of whom are without requisite qualifications. This is usually one way the political class lay claims to being important and relevant since they provide job opportunities for their acolytes and cronies regardless of how qualified they are with respect to holding such office. The implication of this for the local government is that with such calibre of persons, those without requisite qualifications and those who did not make any genuine effort to get the job, their output can only be imagined and in the end, performance is seriously impeded.

**2.16 Intergovernmental Fiscal Relations and Local Government Performance: The Nexus**

The issue of intergovernmental relation according to Oni (2013)has received apt attention from scholars over time in Nigeria and the world over. This attention becomes imperative as there are increasing levels of interaction among the different tiers of government in every country. The concept of intergovernmental relations describes "the gamut of activities or interactions that take place between and among the different levels of government within a state" (Nyemutu, 2012). It is essentially a practice that defines the patterns of interactions among the layers of government in a state. Even though, it is often used to describe interactions among governmental unit in a federal state, it is nevertheless a practice common to other non-federal states as other forms of government do manage their affairs as well. In other forms of government such as the Westminster and unitary systems according to Ojukwu, Okeke and Obiora (2014) government is structured into many divisions like counties, boroughs, districts, regions and parishes but these layers of government are not constitutionally empowered like the central government that created them.

The reality however, is that interactions occur among them for the purpose of administrative convenience in realizing governmental objectives. As a machinery of operating federal structures, intergovernmental relation according to Aiyede (2013) dates back to the Greek civilization when concerted efforts were made to describe the legal relationships between the leagues and the city-states. These legal relationships are codified as principles that find expressions in a constitution for the purpose of managing intergovernmental relation. A basic defining feature of federalism in the distribution of powers between the centre and the constituent units by constitutional means (Aiyede, 2013). At any rate, the only area that has received unending attention in the distribution of such powers and responsibilities is the fiscal arrangement.

Fundamentally, fiscal finance has according to Oni (2013)dominated public discourse in Nigeria's federal arrangement more than any other issue even before independence. This is simply because the process of distribution of power and responsibilities has financial implications hence the struggle by the federating units to influence the fiscal arrangements. Finance has therefore emerged as the most critical policy issue in Nigeria's colonial and post-colonial political economy with its attendant crises.

Oni (2013)agree withElekwa, Mathew, Akume, (2011) that the evolution of fiscal federalism in Nigeria can be properly situated within the different political and constitutional, social, cultural and economic developments which have in turn influenced the nature and character as well as the pattern of intergovernmental relations in Nigeria before and after independence. It is more expedient to properly work out fiscal arrangements among the different levels of government. This is for the purpose of ensuring fiscal balance within the content and context of macro-economic stability. Fiscal federalism therefore suggests a legal arrangement describing the distribution of revenue among the different levels of government in a federal structure. This is essentially to enable government at all levels to fulfil its constitutional responsibilities of maintaining law and order and providing social amenities that promote the happiness and well-being citizens. It is the distribution of such revenues that forms the crux of fiscal federalism in Nigeria.

Indeed, Osisioma and Chukwuemeka (2007) identified 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, 2009). It should be noted that 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%. 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).

Furthermore, 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 ₦6’781.4 million in 1978 to ₦267’703.0million 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).

Chukwuemeka and Amobi (2011) posit that 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 N103’657million 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%, respectively. The Federal Government on the other hand, received N7’121.6, N13’358.9 and N15’479.7 million in 1999, 2001 and 2002 respectively (Sani, 2009).

The implications of the judgment on Nigeria’s Fiscal Federalism according to Chukwuemeka and Amobi (2011) are multifarious: They include:

1. 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.

2. 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.

3. 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).

## 2.17 Local Government Performance

Local Government generally, has long been recognized as a veritable instrument for the development of the local communities. This is because as a tier of government nearest to the grassroots, it is in a better position to known and addresses the problems of its residents. Indeed, the objectives of the government according to the 1976 “Guidelines for local government Reform” in Nigeria is to make appropriate services and development activities responsive to local wishes and initiative by devolving or delegating them to local representatives bodies; to facilitate the exercise of democratic self-government close to the grassroots of our society, and to encourage initiative and leadership potential; and mobilization of human and material resources through the involvement of members of the Public in their development.

Regrettably, the realization of these objectives according to Egberi and Madubueze (2014) has been constrained mostly by extreme corruption which is in the form of fraud and embezzlement of funds; it has constrained local government especially in Nigeria from contributing meaningfully to the upliftment of the standard of living of the local people. This problem is manifest in almost every local government area in Nigeria, thus impeding their performance.

Nwizu (2016) opine that corruption permeates practically all layers of administration thus forming hindrance and obstruction to the welfare of the citizens. To capture it more succinctly, El-Rufai (2012), commenting on Corruption in Local governments posit that, in the year 2011, the 774 Local Governments and the 6 Area Councils of Abuja (FCT) in Nigeria received almost ₦1trillion (about $7billion) from the Federation Account, which is equivalent to the entire annual budgets of Burkina Faso, Rwanda, Burundi and Togo combined. These transfers were to enable them carry out their functions, which include the administration of primary education and primary health care, construction of markets and boreholes, and rural development in general. Most Nigerians would agreethat there is little or nothing to show for this huge transfer of free cash to the LGAs.

Although Lawal and Oladunjoye (2010) concurs with Ezeani (2004) who view local governments generally as veritable agent of development and grassroots participation in the democratic process, local governments appear to be the opposite of what it represents. According to Egberi and Madubueze (2014) the general agreement of most scholars and professionals that local governments in Nigeria have not justified the reasons for their creation through the delivery of cutting edge services to the people.

Infact, Agba, Akwara, and Idu (2013), maintaine that, instead of bringing government and development closer to the people, local governments have produced absentee local government Chairmen who are seen at council headquarters when the monthly ‘Abuja Allocations’ arrives and vamoose with their standby jeeps and mobile police escorts after superintending over the sharing of the local governments share of the national cake among relevant stakeholder.

Also, Adeyemi (2012) opines that this culture of corruption which is rampart at the National level constitutes a threatening force to development at the grassroots level. It has been a significant factor leading to the general failure of local government performance. Furthermore, Adeyemi (2012) maintains that, hard earned and limited resources accrued to and raised by local government are always mismanaged. Priorities are misplaced; projects are done not according to or as demanded by the people but regrettable in tune with the selfish end and aggrandizement of the political elite in collaboration with senior bureaucrats at the local government level of Administration. Generally, wide-scale embezzlement by officials of the grassroots has made the needed development of grassroots a tall dream and has rendered them financially incapable to discharge their constitutionally assigned responsibility.

Oviasuyi, Idada, and Isiraojie (2010) observed that “as in all levels of government in Nigeria, corruption is predominately widespread, undiluted and unambiguous in the local government”. It is a fact that in the local government system, corruption has become all pervading, unabashed, uncontrolled and persistent. This perhaps explains the ineffectiveness in local governance Administration in Nigeria. The system has virtually become superfluous and redundant.

Lawal and Oladunjoye (2010) stated that the effect of corruption on the polity could lead to destruction of democratic value: All values of democracy, such as responsiveness, accountability, participation and human development, are either subdued or neglected where corruption thrives. Development is hindered in a regime of corruption. Rather than utilizing the available resources for the upliftment and development of the council, they are directed to private use.

It is apparent that most local government authorities are not functional. With the exception of few local governments in the country, others are mere shadow of themselves. In terms of meeting their core mandate they have been largely ineffective and inefficient. This explains why after many years of comprehensive and democratically minded local government reform of 1976, little social dividends can be found in most local government. There is no doubt that the high rate of corruption in the local government has great implication on service delivery. It is rather unfortunate that the citizens that are supposed to enjoy the benefits of these services are rather subjected to all forms of ridicule and frustration.

## 2.18 Empirical Literature

Several aspects of intergovernmental fiscal relations have been investigated in literature using different and varying methodologies. Among the earliest in this wise is a study using exploratory technique by William Anderson (1960). The study conducted in the United States concluded that not only is intergovernmental relations indigenous to the United States, it is also of recent origin and not widely used or understood. The study pointed out that there is no intergovernmental relations, there are only relations among officials in different governing units and that individual interactions among public officials is at the core of intergovernmental relations. In this sense Wright (1975) argues that federalism deals with the anatomy of the system whereas intergovernmental relations treats its physiology.

If the foregoing is anything to go by, then it is important to mention that Federalism and Intergovernmental Relations (IGR) are two different but inseparable concepts in the course of governance. Therefore, any conversation on and about federalism will be incomplete without making reference to the concept of IGR (Adesopo, Agboola and Akinlo, 2013). This is so because intergovernmental relations is an important feature and/or ingredient of a federal state, wherein the relationships between the federal, central or national government and other tiers or levels usually referred to as sub-national governments are formally spelt out in the constitution.

Entwistle, Guarneros-Meza, Martin, and Downe (2015) examined the relationships between central and local government in United Kingdom using a descriptive survey technique. They used a seven point Likert scale data collected from 488 local government senior managers across England, Scotland and Wales. The analysis is based on the grid-group theoretical framework of Douglas (1982) which combines two extreme theories of intergovernmental relations, namely; strong-centre and weak-centre theories. The strong-centre theory implies usurpation of functions where local government revenue and expenditure decisions are highly determined and controlled by the superior government. The weak-centre theory, on the other hand, suggest that local government income and expenditure decisions are negotiated between local and superior governments. Although, the findings are mixed, the results show more support for strong-centre theory. They however, conclude that intergovernmental relations are too complex for a grid-group type analysis.

Salahu (2015) examines local government fiscal management and intergovernmental fiscal relations in Nigeria using descriptive simple percentage technique. He uses a sample of 300 individuals who are local residents in three local governments in Kwara State that are purposively selected. The results show evidence that local governments have no autonomy, particularly as it relates to the intergovernmental fiscal relations, and this explains the observed low level of local government performance as measured by execution of projects.

Khemani (2005) who focusing on primary health which is a local government responsibility, examined the relationship between non-payment of salaries, accountability and service delivery in local governments in Nigeria using regression and correlation analysis. The study is based on a survey of 30 local governments, 252 public primary health facilities, and over 700 health care providers in Kogi and Lagos states, and the revenue and expenditure data are collected from local government financial records. A multi-stage sampling is used to select 15 local governments from each of Kogi and Lagosstates, while purposive sampling is used to select the 252 public primary health facilities, 100 from Lagos and 152 from Kogi. The results show evidence of limited accountability at local levels, specifically reflected in the non-payment of salaries of health workers, and that the variations in non-payment of salaries is not explained by lack of resources available to local governments. The study concludes that accountability and service delivery in local governments can effectively be achieved through some fundamental interventions rooted in political economy rather than mere allocation of resources.

Caulfield (2000) conducted a comparative analysis of local government finance of Organization for Economic Cooperation and Development (OECD) countries in Australia through a descriptive methodology in which he sought to know the relationship between patterns and trends in local financial arrangements and their performance. The analysis which follows used as its base data OECD country statistics which are collected in an annual publication of the OECD. The main aggregate indicator used by the OECD is the tax-to-GDP ratio, showing the share of tax revenues in Gross Domestic Product. The study found out that the tax share of local government revenue is a measure of its fiscal autonomy showing that fiscal autonomy of local governments hinges on the degree of discretion or control available to them over their revenue source. For example, while Norway and Finland had roughly the same percentage share of general government tax revenue in 1995 (at 20% and 22% respectively) local government in Finland can set its own tax rate whereas Norway must accept a centrally determined revenue split. Caulfield (2000) while concluding the study cited (Mathews, 1997; Watts, 1996) both of whom agree that fiscal autonomy has been the subject of long standing debate in the fiscal federalism literature where the problem of vertical fiscal imbalance between the centre and the states has received much attention while observing that Vertical Fiscal Imbalance (VFI) exists where sub-national governments depend for their expenditure needs on transfers from higher levels of government.

Furthermore, the study by Adesopo, Agboola and Akinlo (2013) on the fiscal challenges facing a federal state which adopted a historical and exploratory analytical technique, argued that in the context of the Nigerian economy, states and LGAs receive substantial amount of resources, with their total revenues amounting on average to over 5% of GDP between 1990 and 1999, and over 10% of GDP after the oil price increase in 1999. The study sought to know if there is significant relationship between financial and managerial capability and performance by way of delivering basic services. The analysis of the study was drawn upon fieldwork undertaken in six (6) states of Nigeria and 12 LGAs to determine the effect of the challenges facing a federal state mostly as it concerns basic service delivery in four key areas-primary education, primary health care, potable water and sanitation, and local roads linking communities to schools, health facilities, markets etc all of which are consistently identified as key performance indices of the local government for improving the well-being of the local people; and what institutional arrangements would enable better performance in the delivery of these essential services. The study found out that responsibilities assigned to different tiers of government must carry with it substantial revenue for easy of service delivery and by correspondingly creating institutions of accountability and tackle issues of capacity for performance. The study concluded citing a World Bank study on fiscal decentralization in Mexico which notes that creating institutional capacity for accountability in the local government will enable them to be more responsive to their responsibilities as the sub-national government can be trusted with substantial revenue to carry out its functions.

There is no doubt that a federal state is often a problematic one due to its diverse nature and it is IGR that serves as a mechanism for dealing with the complexities arising from it. The complexities must not be left to chance as the division of power and/or functional tasks among different levels of government is a perennial source of tension and uncertainty which result into conflict and most times lead to usurpation of functions especially of the local government by the state government.

Oseni (2013) conducted a study on internally generated revenue as a panacea for state development with specific reference to services provided by the sub-national governments especially the local government. The study relying on data in respect of states governments' finances in the annual reports of Central Bank of Nigeria (CBN) from 2007 to 2011 in which the proportions of internally generated revenues to the total revenues for states were evaluated. The study using descriptive techniques such as summary statistics and trend plot for analysis of the five year trend, observed that it is not surprising that local governments are characterized by weak capacity to implement their expenditure assignments, since many of them were created out of political exigencies and are too small to be economically viable. A case in point is rural water and sanitation services for which LGAs are responsible; however only a few actually have the resources and the skills to address these problems. Hence the state government intervention to provide these services. Further, none of the LGAs responded affirmatively to a question about whether they collaborate with neighbouring LGAs to pool resources and talents in order to improve performance.

Oseni (2013) while concluding the study cited Asobie (1998), Olaniyi (1999) and Odd-Helge (2011) all of whom are in agreement with the a survey carried out by the United Nations Development Programme (UNDP) and the States and Local Government Affairs department of the Presidency in 1998 which found out that of the 750 respondent Local Government Authorities only 151 had planning boards, and even amongst these there was no representation on the board of professionals like economists, medical doctors, or engineers. With regard to the basic educational background of the members of such boards, about 33% were secondary school certificate holders, and another 23% had Ordinary National Diploma (OND) as their highest qualification; less than 10% had university degrees. This appears to be one of the reasons that necessitate states to usurp certain functions of local governments since they lack capacity for service delivery in those areas.

The above scenario is in line with the investigation on local government fiscal operations in Nigeria with specific reference to service delivery and carried out by Ekpo and Ndebbio (2002) which adopted macroeconomic paradigm methodology and sought to find out if there is a significant relationship between fiscal operations at the Local Government (LG) level and macroeconomic stability. The study analyzed data collected from CBN annual reports using Harrod-Domar supply side model. The findings of the study showed that there is significant relationship between fiscal operation of the local government and macroeconomic stability in the wider economy. Ekpo and Ndebbio(2002) concluded that if fiscal imbalance appears rampant at the local level, it could pose problems for macroeconomic management of the economy. They added that the situation will be even more complex when local governments depend exclusively on transfers from the central government; and to this extent, local government will face more challenges in terms of struggling to be less dependent on the federal and the state for financial resources.

The struggle by sub-national governments to be less dependent on the centre in Nigeria seem to be more challenging than can be imagined. This has been made manifest in the study on a historical review of fiscal restructuring in Nigeria by Elekwa, Mathew and Akume (2011) who in using historical and exploratory analytical technique, found out that Nigeria’s fiscal relations has been characterized by bias, distrust and contention in the setting of principles or formula for revenue sharing between and among the various units of governments. The consequence of this misnomer is the habitual conflicting pattern of relations it has brought about in Nigeria. The findings arrived at show that the unsavory situation had informed the decision by successive governments to set-up commission with the mandate to evolve sets of criteria or principles for revenue sharing that will be adjudged fair and just in order to allay the growing internal contentions, part of which is to identify whether their effort has responded to the demand for fairness and justice in both the vertical and horizontal revenue sharing formula.

Similarly, Akume (2014) examined the effect of intergovernmental relations (IGR) on Nigerian federalism with specific reference to intergovernmental management (IGM) for the period 1999-2007. The study whose finding is in agreement with Elekwa, Mathew and Akume (2011), utilized the documentary method and found out that intergovernmental relations seems not to have facilitated the right harmonious interactions between and among the various units of government, and among groups that have interface in Nigeria's federal system. This has resulted in continued conflict and disharmony in some important areas of federal relations including revenue sharing formula.

Indeed, Odd-Helge (2011) in his study of sub-national governments and their performance capability in Latin America found out that countries such as Colombia, Chile, Brazil, and the Bolivarian Republic of Venezuela, have had to return to incremental decentralization when they discovered that sub-national government capacity to perform was severely constrained at local government levels because of conflict arising from increasing resources. The study which adopted exploratory and comparative analytical method concluded that assignment of functions and finances to different levels of government is a key issue in the core of intergovernmental fiscal relations. This according to him can also be described as the allocation of the authority and responsibility for the public sector decisions among different power centres. This is corroborated in the traditional theory study of fiscal federalism which identifies three major functions for the public sector: macroeconomic stabilization, income distribution and resource allocation (Oates, 2013). The theory assigns the stabilization and redistribution functions to the national government, while it assigns a significant role to sub-national governments.

Similarly, Ekpo (2004) conducted a study on financial responsibilities in a federal arrangement in Nigeria relying on data collected from CBN annual reports for a 5-year period. The data as analyzed using macroeconomic methodology, found out that fiscal operations of any economy can be viewed from two extreme forms of the public sector. On the one hand, there exists a highly decentralized fiscal system in which the government at the center has no economic responsibilities. The other tiers of government performs virtually all economic functions. The other extreme is a case of total centralization where the central government takes total responsibility for all economic activities of the public sector and therefore no other tiers of government participate in the economic life of the nation. The study revealed that decentralization refer to the portion of total revenue collected and expenditures allocated to both State and Local governments and that the degree of decentralization is the extent of independent decision-making by the various arms of the government in the provision of social and economic services. It connotes the degree of autonomy of State and Local governments in carrying out various economic tasks. It is in achieving this various economic tasks that it becomes imperative to do so with minimal rancor and conflict thus employing the concept of intergovernmental management mechanism.

In the exploratory study on an appraisal of the politics of inter-governmental relations in Nigeria by Chiamogu, Onwughalu and Chiamogu (2012), the research which is a critical explication of the dynamics of horizontal and vertical power relations in administration and governance, observed in its analysis that there obtains conflict between and among the organs and levels of government in the making and implementation of public policies. This indeed, supports another effort of Ekpo (2004) on the Nigerian experience of intergovernmental fiscal relations using qualitative analysis revealed that the impact of the centralization of intergovernmental fiscal power in Nigerian federation has been enormous, especially on the two lower levels of government. First and foremost is that the centralization of fiscal power to the centre prevents the two lower levels from enjoying the principle of self-determination that usually goes with the concept of federalism. Naturally, states are created in a federation to enable the people to be free and independent and have access to rights and privileges within the state to which they belong. These are almost, if not totally, impossible in a situation existing in Nigeria whereby the fiscal power is highly centralized to the federal level. Hardly can any state or local government plan on its own to prosecute a project without federal financial support by way of allocation. The results show evidence that local governments have no autonomy.

Adesopo, Agboola and Akinlo (2013) examined fiscal arrangement in Nigeria and local government fiscal management using descriptive simple percentage technique noted in their analytical study that in the ratio of internally generated revenue to the external or federal sources for the period 1990 and 2001, the states revenue structure shows that the ratio of independent or internally generated revenue of the total revenue received is averagely 18.3% while the ratio of the local governments' independent or internally generated revenue of the total revenue received is at about 16.2% annually within the same period under review. The study revealed that the dependency rate of state and local governments on external or federal sources is to the tune of about 82% and 84% respectively and this evidently cannot support or permit self-determination in a federation. The heavy dependence on federal funding tends to lead to lack of direction and utter neglect of important projects. The study concluded that local governments have no autonomy.

In fact, from the documentary study in the United States by Orji (2013) on theory and techniques of applied economics of development with specific reference on practice i.e. performance, lends credence to the above scenario when the study revealed that age fulfils itself most when it serves itself. The study concludes that when a person does what he considers to be right or necessary, desirable or pleasurable, he fulfils himself. The same applies to an organized group of persons such as in a federal system with sub-national governments, that please themselves, help themselves, advance their own interest, materialize their ideals, and lastly attempt their own dreams. These are unachievable in a situation where the fiscal power is centralized to the centre.

As a matter of fact, the conclusions drawn in the study of Ekpo (2004) show that evolution of federalism in Nigeria derives from economic, political or constitutional, social and cultural developments which have influenced the nature and character of inter-governmental fiscal and power relations. The study maintained that arrangements are usually properly worked out among the various levels of government which invariably establishes the power configuration in federal states with the exclusive, concurrent and residual legislative lists clinically enumerated and delineated with the national (federal), state and local levels of government all have defined power allotments with the national government wielding overriding status and functions.

The outcome of the research by Odd-Helge (2011) who conducted a study on intergovernmental fiscal relations in developing countries with specific reference to performance of local governments using comparative analysis methodology in some advanced and less developed federal fiscal arrangements like Canada and Nigeria respectively. The findings of the study which is in agreement with Ekpo (2004), show that Nigeria's model of fiscal federalism represents a fundamental legal and institutional framework for policymaking in the country. As in other federations, it defines the core rules for resource allocation, distribution of responsibilities for service delivery, and mechanisms for interaction between different tiers of government. This is a reflection of the fact that longer term perspectives of economic policy in the country are critically dependent upon improvements in the organization of inter-governmental arrangements. Such arrangements have direct implications for achieving national growth, poverty reduction, including meeting the wishes, desires and aspirations of the local peoples.

Oni (2013) while studying the issues and challenges of intergovernmental fiscal relations in Nigeria's Fourth Republic points to the need for stronger cooperation such that responsibilities are split across various government levels as no sole government could deliver radical improvements in service delivery on its own, which means that coordination and cooperationare pre-requisites. The study using a descriptive methodology contended that although fiscal federalism in Nigeria can be properly situated within the different political and constitutional, social, cultural and economic developments, it is rather more expedient to properly work out fiscal arrangements among the different levels of government as this is for the purpose of ensuring fiscal balance in the content of macro-economic stability. The study obtains that the crux of the matter is for there to be a fiscal federalism of legal arrangement describing the distribution of revenue among the different levels of government for the fulfillment of its constitutional responsibilities of maintaining law and order and providing social amenities that promote citizens' well-being.

Freinkman (2013) in a World Bank policy coordination study through a descriptive simple percentage technique sought to know the relationship between intergovernmental relations in Nigeria and the trend of improving service delivery in the core sectors. The study observed that a much larger portion of public funds is spent on the basis of independent, non-coordinated decisions of individual state and local governments. The analysis which follows used as its base data, country statistics which were collected in the annual publication of the national bureau of statistics, Freinkman (2013) concluded that the share of sub-national budget spending in the consolidated budget doubled, especially when the figures of 1999 are compared with those of 2005. The figures showed an increase from 23% in 1999 to 46% in 2005 showing therefore that total sub-national budget expenditure in 2005 was almost four times higher in real terms than the 1999 level. Conclusively, the study revealed, that although spending by local government authorities has been growing even faster than state government spending, which suggests that sub-national budget systems have become increasingly decentralized, yet this has not sufficiently reflected on the activities of local governments thereby casting doubts on their performance and also suggesting the manipulation of local government by the state government for selfish purposes.

While supporting the above assertion in his study on emerging issues in Nigeria fiscal federalism, Sanni (2009) using a historical and exploratory analytical technique as methodology pointed out that given that Nigeria's sub-national governments are mainly responsible for financing basic public services such as primary health and education, decentralization creates the potential for further improvements in the financing of these priority sectors. The study concluded that this expansion in financing, creates a substantial risk of a decline in spending efficiency and increases the risk of misuse of funds due to slower pace of public finance management in states. Therefore, fiscal decentralization in Nigeria has not been accompanied by strengthened accountability of sub-national governments particularly the local government for efficient utilization of resources now available at their disposal.

Ahmad, Devarajan, Khemani and Shah (2005) in a World Bank Policy research working paper on decentralization and service delivery with specific reference to local government performance observed that the combination of the lopsidedness in the share of federation account, tax jurisdiction and other federal fund support has indeed reflected on the revenue and expenditure structures of the two lower levels. This is evident in the increasing call for resource control by some section of the country. The study which adopted descriptive methodology provided evidence that fiscal relations have remained the most contentious in Nigeria as it has come to be the driving force for measuring the performance of the sub-national governments particularly, local government.

Jega (2007) in his study on democracy, good governance and development in Nigeria which adopted a historical and exploratory analytical technique as methodology noted that it is fundamentally clear and a necessity for devising creative political solutions, as a complement to the resolution of some of the most persistent problems associated with the Nigeria brand of federal system of government. The study showed that the inability of the Supreme Court judgment of April 5, 2002, to mitigate the heightened fiscal discontent was such that a political negotiation was instituted between the federal government and the oil-producing states to correct the legal complication that the judgment had generated. This clearly demonstrates that revenue sharing formula is skewed mostly in favour of the federal and state levels of government to the detriment of the local government.

Ibeanu and Egwu (2007) in their study on democracy and political governance in Nigeria with specific reference to performance of sub-national governments observed that the whole essence of fiscal relations in Nigeria's intergovernmental arrangement will be negated if the performance of the local government continues to be marred by conflicts arising from among the levels of government. The study which adopted a historical and exploratory analytical technique as methodology and relying on data in respect of states allocation concluded that adopting and maximizing the utility of the intergovernmental mechanism (IGM) methodology is to breed healthier federal relations. Although it's full application does not necessarily eradicate conflict but it really does minimize it. Through the use of negotiation, dialogue and consensus building as means of handling political conflict there is the acceptance of opposing dissent voices that often emerge in intergovernmental relations. Such acceptance generates openness, and openness engenders understanding and public acceptability thus legitimizes government. The IGM is to engender understanding as matters are at least brought to the table for open deliberation and consensus-building by parties concerned. The capacity of all concerned to go through the motion of participating in deciding on issue of public relevance enhances better understanding and collaboration for development thereby eliminating among other things usurpation of local government functions and appropriately making revenue adequate and readily available as at and when due.

## 2.19 Summary/Gap in Literature

The literature reviewed above clearly shows that different theories, approaches and methodologies have been used over the years to examine intergovernmental fiscal relations and local government performance. This is a clear evidence that intergovernmental fiscal relations is a widely debated concept at both academic and political levels and also proves that enormous research has been undertaken in this regards. However, the motivating factors, arguments, assumptions, variables, evidences and limitations in relation to each theory, argument and method are discussed. In line with the view of this dissertation, the literature clearly suggests that the major issue of debate namely; whether the vertical and horizontal patterns of fiscal interaction within the Nigerian federal state enhance local government performance especially as concerns Abia State, has not been resolved. There is therefore good reason a priori to hypothesize that there is no significant relationship between intergovernmental fiscal relations and local government performance. In addition, there is evidence in the literature that some local government responsibilities are carried out by the state government. Thus, there is good reason to consider the hypothesis that there is no significant relationship between usurpation of functions of local government and their performance. There is also evidence from the literature reviewed that descriptive statistics were used as data model with time series analysis as tool for analysis. There is therefore good reason to use analysis of variance (ANOVA), regression and correlation as tools of analysis since none of the reviewed studies on intergovernmental fiscal relations used any these tools and models.

**2.20 Theoretical Framework**

This work will be anchored on the theory of Separation of Powers. It would appear according to Westt (2012) that this doctrine grew from the observations of the 17$^{th}$ century conditions in England of that time-honoured English philosopher and jurist, John Locke (1632-1704), who founded the school of empiricism. Nevertheless, the doctrine of separation of powers according to Lieberman (2011)developed over many centuries. Its practice can be traced to the British Parliament’s gradual assertion of power and resistance to royal decrees during the 14th century. English scholar James Harrington was one of the first modern philosophers to analyze the doctrine. In his 1656 essay Commonwealth of Oceana built on the work of earlier philosophers such as Aristotle, Plato, and Niccolò Machiavelli, he described an utopian political system that included a separation of powers. However, English political theorist John Locke gave articulation to the concept of separation of powers in a more refined treatment in his 1690 Second Treatise of Government. When Locke according to Lieberman (2009) argued that legislative and executive powers were conceptually different.

However, Lieberman (2009) points out that the modern idea of the separation of powers was explored in more depth in a 1748 study *The Spirit of the Laws* by French historian, political philosopher and political writer Baron Montesquieu (1689-1755) who outlined a three-way division of powers in England among the Parliament, the king, and the courts. Montesquieu essentially followed earlier thinkers in arguing that there was a necessary relationship between social divisions and these different powers. Further, Montesquieu contended that executive power could be exercised only by a monarch (executive). Above all, Montesquieu like other writers saw the concept of the separation of powers as a way to reduce or eliminate the arbitrary use of power.

As a framework of analysis, the doctrine of separation of power contained that political power should be shared among government organs or bodies as precaution against tyranny and despotism because man by his nature has innate tendency to keep accumulating power and if allowed to gain absolutely and exclusive control of political power, is very likely to raise this absolutely held control of political power to oppress his fellow men. Therefore, in order to check against possible authoritative, dictatorial or tyrannical uses of power, governmental power should be shared among the various bodies into which the government system should be divided.

More specifically, Montesquieu actually developed the rationalization into fully blown doctrine known as separation of government power in legislation (law making), executive (law execution) and judiciary (law interpretation). He also emphasized that each of these powers be confirmed or assigned to each of the three arms of government into which the government business is divided legislature, executive and judiciary. Today, the idea of separation of power has gained popularity in a form of system based on the doctrine of checks and balances which served well to check any possible excesses on the part of any of the three organs of government, hence, the study adopted this theory to study intergovernmental fiscal relations and the local government performance in Abia State.

### 2.20.1 Application of the Theory to the Study

Following the principle of separation of power, the 1999 constitution of the federal republic of Nigeria provided for the legislature to make laws only; these include laws on appropriation. Our political tradition demands not only that Nigerians participate in the governmental process through periodic elections but also that we know what our 'representatives' do; this is necessary to enable us at all times evaluate their performance. Surely, one of the most important duties of the legislature is making laws for the welfare and wellbeing of the society. According to Westt (2012), the national assembly has power to make laws with respect to any matter on the exclusive legislative list set out in the first column of part 11 of the second schedule to the 1999 constitution. It also has power to make laws in any other matter in the concurrent list with respect to which it is empowered to make laws in accordance with the provisions of the constitution. However, in order to reduce the area of conflict to a minimum between the national assembly and state houses of assembly, the constitution determines to what extent each level of government can go in the common area of jurisdiction which affects the interest of the common man in society. Above all, it is the executive branch of the federal government that constitutes the revenue mobilization, accounts, allocation and fiscal commission for the purpose of determining revenue formula while the judiciary adjudicates any problem areas dealing with resource control, onshore-offshore dichotomy, 13% derivation etc.

**2.20.2 The Relevance of the Theory to the Study**

The theory considered is relevant to the study. First, it identifies and examines the responsibilities and function of the three organs of government and their impacts for the overall performance in business of government. Its emphasis is on the functions performed by each organ of government in their interdependent manner for the continuous survival and sustenance of government as an institution.

The theory also explains the relationship between the legislature, executive and judiciary as structural in the sense that each one has constitutional responsibilities assigned to it with some level of interdependence and mutuality in the performance of its statutory duties, yet there are checks and balances to avoid power usurpation by any of the organs of government.

# CHAPTER THREE
# RESEARCH METHODOLOGY

This chapter is aimed at discussing the major methodological issues in the phenomenon under study. The following procedures involved in survey research will be discussed: Research design, population of the study, sample size and sampling technique, data collection and method of data analysis as well as the field or empirical investigations carried on with respect to Intergovernmental Fiscal Relations and Local Government Performance.

## 3.1 Research Design

The design adopted for this study is the survey method and it is aimed at making an assessment of Intergovernmental Fiscal Relations and Local Government Performance in Abia State. The design is chosen because it will help to gather relevant data that are appropriate to the study and will be helpful towards data analysis of the study. Further, the researcher infers information about the study population on the basis of the responses of a sample drawn from the study population. It involves using a self-designed questionnaire in collecting data from the respondents. This method is chosen in order to make reference to the phenomena as they actually exist in real life.

### 3.2 Area of the Study

This investigation was carried out in the Abia state local government system. Abia State according to Wikipedia.org (2016) was created on August 27, 1991 with its capital at Umuahia is one of the constituent states of the Niger Delta region. It has seventeen (17) Local Government Areas viz- Aba-North, Aba-South, Arochukwu, Bende, Ikwuano, Isiala-Ngwa North, Isiala-Ngwa South, Isiukwuato, Obingwa, Ohafia, Osisioma-Ngwa, Ugwunagbo, Ukwa-East, Ukwa-West, Umuahia-North, Umuahia-South, Umunneochi. It occupies about 6’320 square kilometers and is bounded on the North and North-East by the States of Anambra, Enugu and Ebonyi. To the West is Imo State, to the East and South-East are Cross River State and AkwaIbom State and to the South is Rivers State. Its urban centers of Aba, Umuahia and Ohafia thriving in farming, commerce, industry and manufacturing. It has a highly and exceptionally enterprising, very hard working and intelligent high population of more than 2.8million based on the 2006 population census.

Sociologically, Abians as people from Abia state are fondly called are known for their egalitarian society and republican nature. Geographically, the area is in the rainforest region with average heavy rainfall, it has rivers, plains, hills and undulating topography. Its river basin is sufficiently fertile for agricultural activities as her main crops are yam, cocoyam, cassava, maize, palm fruits for palm oil, rubber, vegetables, rice and soy beans including livestock. Mineral deposits such as salt, lime stone, as well as crude oil and gas are bound in Abia. The Abia State Local Government Service Commission functions within the ambit of its enabling law and the Constitution of the Federal Republic of Nigeria.

### 3.3 Sources of Data

This study type according to Onyeizugbe (2013) who agrees with Chukwuemeka (2002) and Ezejelue, Ogwo and Nkamnebe (2008) basically rely on the combination of primary and secondary data. The structured questionnaire was a major instrument in gathering primary data for the study; in addition, interview schedule, observation and discussions with local government officials and other stake holders in the local government service commission are expected to prove useful. The structured questionnaire is a pre-coded type of questionnaire in which responses are elicited from respondents by way of listed options to questions. Already-made options provide the only choice from which respondents can make choices. This is aimed at eliciting written responses from respondents on facts, opinions, beliefs, attitudes, practices and it is often used in gathering information or data where respondents are not of easy or physical reach of the researcher.

Therefore, certain categories of staff will be interviewed to determine the effect of intergovernmental fiscal relations on local government performance. Such interview schedule will however involve face to face, verbal and non-verbal communication between the researcher and the respondents. This enables the interviewer to have deeper understanding and knowledge of the issues of concern through verbal and non-verbal responses gathered from the interviewee through face to face interaction and by telephone or a combination of both; this is considered very appropriate instrument for gathering data on people's knowledge, values, preferences, attitudes, beliefs and life experiences. Similarly, the productivity actions of the staff will be observed, it will involve direct observation of the staff at work. Direct observation is a systematic and careful observation which is situation based, straight forward way of collecting data about human behaviour and attitude.

On the other hand, secondary data refers to any written materials that were already in existence, which was produced for some other purposes other than the benefit of the researcher. Such data from the secondary sources will be collected from periodicals/journals, statistical records, gazettes of the government, conference papers, internet or web based resources, legal records, published and unpublished works of other researchers in related fields of study etc.

### 3.4 Methods of Data Collection

The questionnaire as stated earlier formed the major research instrument for generating data for the study. The questionnaire was divided into two (2) sections of personal information/demographic items and 3 clusters each of 8 questions respectively. The Likert scale type questionnaire comprising of five response ratings of: Strongly Agree (5); Agree (4); Neither agree nor disagree (3); Disagree (2); Strongly Disagree (1) was adopted. The respondents were requested to indicate their level of agreement with each of the items in the various sections.

## 3.5 Population of the Study

The target population of this study consists of the entire population of Abia state which is the beneficiary of the services of the local government. According to the 2006 census population figures Abia state has a population of 2’833’999. However, opinion and community leaders as well as staff of the Seventeen (17) local government areas in the Abia state local government system formed the target population giving a total figure of eighteen thousand, eight hundred and one (18’801).

### 3.5.1 Composition of the Study Population

**Table 3.1 Abia State Local Government Staff Strength according to Senatorial District**

| S/N | Local Government | Population | % |
|---|---|---|---|
| **Abia North** | | | |
| 1. | Arochukwu | 908 | 4.82 |
| 2. | Bende | 1’004 | 5.34 |
| 3. | Isiukwuato | 903 | 4.80 |
| 4. | Ohafia | 1’170 | 6.22 |
| 5. | Umunneochi | 1’000 | 5.31 |
| | **Abia Central** | | |
| 6. | Ikwuano | 1’083 | 5.76 |

| | | |
|---|---|---|
| 7. IsialaNgwa North | 1’221 | 6.49 |
| 8. IsialaNgwa South | 1’372 | 7.29 |
| 9. Umuahia North | 1’219 | 6.48 |
| 10. Umuahia South | 1’233 | 6.55 |
| 11. Osisioma | 1’112 | 5.91 |
| **Abia South** | | |
| 12. Aba North | 1’027 | 5.46 |
| 13. Aba South | 1’897 | 10.08 |
| 14. Obingwa | 1’113 | 5.91 |
| 15. Ugwunagbo | 784 | 4.16 |
| 16. Ukwa East | 773 | 4.11 |
| 17. Ukwa West | 982 | 5.22 |
| **Total** | **18’801** | **99.91** |

*Source: i. Abia State Local Government Service Commission, 2013*
*ii. Field Work 2015*

### 3.6 Sample Size

To determine the sample size, the Taro Yamane formula was employed (Yamane 1964). The formula states that;

$$n = \frac{N}{1 + N(e)^2}$$

Where
n=sample size
N=Number of population
e=random error
1=a constant
Calculating the sample size

$$n = \frac{18'801}{1 + 18'801(0.005)^2}$$

$$n = \frac{18'801}{1 + 18'801(0.0025)}$$

$$n = \frac{18'801}{1 + 47.0025}$$

$$n = \frac{18'801}{48.0025}$$

$$n = 391.6671$$

$$n \approx 392$$

Accordingly, a sample size of 392 staff/officials of various departments in the selected Local Governments from each of the 3 Senatorial zones was arrived at for the distribution of questionnaire.

### 3.7 Sampling Technique

The sample was obtained using a non-probability technique. Specifically, convenience sampling technique was used. This technique allows the researcher to obtain some useful information in a relatively convenient, fast and cost effective way. Accordingly, since there are three senatorial zones that are made up of the 17 LGAs in Abia State, one local government was conveniently selected from each senatorial zone. Thus, Ohafia LGA was selected from Abia North, Umuahia-South LGA from Abia Central and Aba-North LGA from Abia South senatorial zones respectively. These local governments were selected because of their convenient accessibility and proximity to the researcher.

**Table 3.2a: Staff Strength of Ohafia LGA (Abia North Senatorial Zone)**

| S/N | Department | J | S | T | % |
|---|---|---|---|---|---|
| 1. | Administration | 93 | 54 | 147 | 12.5 |
| 2. | Finance | 94 | 52 | 146 | 12.4 |
| 3. | Health | 96 | 53 | 149 | 12.7 |
| 4. | Works | 91 | 52 | 143 | 12.2 |
| 5. | Social Development | 98 | 52 | 150 | 12.8 |
| 6. | Agriculture | 91 | 51 | 142 | 12.1 |
| 7. | Environmental Health | 97 | 52 | 149 | 12.7 |
| 8. | Budget and Planning | 94 | 51 | 145 | 12.3 |

| | | | | | |
|---|---|---|---|---|---|
| | **Total** | **753** | **417** | **1'170** | **99.7** |

*Source: i. Abia State Local Government Service Commission, 2013*
*ii. Field work 2015*

**Table 3.2b: Staff Strength of Umuahia-South LGA (Abia Central Senatorial Zone)**

| S/N | Department | J | S | T | % |
|---|---|---|---|---|---|
| **1.** | **Administration** | **95** | **64** | **159** | **12.8** |
| **2.** | **Finance** | **91** | **63** | **154** | **12.4** |
| **3.** | **Health** | **90** | **61** | **151** | **12.2** |
| **4.** | **Works** | **94** | **63** | **157** | **12.7** |
| 5. | **Social Development** | **92** | **60** | **152** | **12.3** |
| 6. | **Agriculture** | **90** | **61** | **151** | **12.2** |
| 7. | **Environmental Health** | **91** | **64** | **155** | **12.5** |
| 8. | **Budget and Planning** | **92** | **62** | **154** | **12.4** |
| | **Total** | **735** | **498** | **1'233** | **99.5** |

*Source: i. Abia State Local Government Service Commission, 2013*
*ii. Field work 2015*

**Table 3.2c: Staff Strength of Aba-North LGA (Abia South Senatorial Zone)**

| S/N | Department | J | S | T | % |
|---|---|---|---|---|---|
| **1.** | **Administration** | **71** | **61** | **132** | **12.8** |
| **2.** | **Finance** | **71** | **54** | **125** | **12.1** |
| **3.** | **Health** | **70** | **58** | **128** | **12.4** |
| **4.** | **Works** | **73** | **56** | **129** | **12.5** |
| **5.** | **Social Development** | **65** | **64** | **129** | **12.5** |
| **6.** | **Agriculture** | **72** | **52** | **124** | **12.0** |
| **7.** | **Environmental Health** | **71** | **61** | **132** | **12.8** |
| **8.** | **Budget and Planning** | **70** | **58** | **128** | **12.4** |

| Total | 563 | 464 | 1'027 | 99.5 |
|---|---|---|---|---|

*Source: i. Abia State Local Government Service Commission, 2013*
*ii. Field work 2015*

### 3.7.1 Calculating the Sample Size

1. Ohafia- Abia North (SubTotal , $N_h$ = 4985), $n_1$ = (392/18801)*4985 = 104
2. Umuahia South- Abia Central (Subtotal, $N_h$ = 7240), $n_2$ = (392/18801)*7240 = 151
3. Aba North- Abia South (Subtotal, $N_h$ = 6576), $n_3$ = (392/18801)*6576 = 137

The resulting sample allocations are presented in Table 3.3.

**Table 3.3: Sample Size**

| S/N | Senatorial Zone | Size |
|---|---|---|
| **1.** | **Abia North** | **104** |
| **2.** | **Abia Central** | **151** |
| **3.** | **Abia South** | **137** |
| | **Total** | **392** |

*Source: Field Work 2015*

### 3.8 Validation of the Research Instruments

Some copies of the structured questionnaire were given to experts in scale measurement in the Faculty of Management Sciences at the NnamdiAzikiwe University, Awka to obtain their opinion on face validity of the instrument. The opinion of these experts enabled us to restructure or modify the instrument to suit the research objectives. The purpose of the validation is to remove any obscure or ambiguous questions in the instrument and to ensure that the instrument actually measures what it is intended and expected to measure which is the phenomenon under study.

## 3.9 Reliability of the Research Instruments

The reliability of a research instrument is the degree to which the instrument can be trusted because it produces similar outcomes upon repeated applications or trials. The Alpha method of Cronbach (1951) is a widely used method of measuring the internal consistency reliability of an instrument and its value ranges between 0 and 1. The closer this value is to one, the more the instrument is reliable and can be trusted. The widely used alpha cut-off point or threshold is 0.70, implying that a scale or subscale can be relied upon or trusted if the value of Cronbach Alpha is $\geq$ 0.70 or 70%.

This thesis follows three steps in determining the reliability of the LOGPUF questionnaire instrument. First, all the 24- 5point Likert type questions or items in the LOGPUF Questionnaire were combined to form a composite (overall) scale. The LOGPUF composite questionnaire was administered to 50 respondents who participated in a trial testing that was earlier conducted by the researcher. The 50 respondents were conveniently and randomly selected from different departments with varying educational level and number of years in service; they were not allowed to participate in the main study since internal consistency Alpha reliability method is used. Their responses were retrieved and coded using Excel Spreadsheet and SPSS version 20. The second step involves dividing the LOGPUF composite scale into three subscales, namely; Performance (PERF scale), Usurpation of functions (Usurp scale), and Fiscal Relations (IGFR scale). Each of the subscales consists of a set of 8 questions or items which the researcher considered uni-dimensional and sufficiently probing or measuring the same variable construct. Third, Cronbach Alpha Reliability coefficient was computed for the overall composite scale and each of the subscales, and the results are reported in table 3.4. As we can see, the composite scale and all the subscales are above the Alpha threshold ($\alpha \geq 0.70$); hence, they are all reliable.

**Table 3.4: Cronbach Alpha Reliability Test**

| Scale ID | Dimension | No of items | Cronbach's alpha ($\alpha$) |
|---|---|---|---|
| **PERF** | Performance Subscale | 8 | 0.803 |
| **USURP** | Usurpation of Functions Subscale | 8 | 0.812 |
| **IGFR** | Fiscal Relations Subscale | 8 | 0.757 |
| **LOGPUF** | Composite (Overall) Scale | 24 | 0.731 |

## 3.10 Method of Data Analysis

The data generated from the administered and returned Likert 5-point rating scale questionnaire was collated and presented in tables, frequency distribution, simple percentage, mean, standard deviation all of which are used for descriptive analysis while ANOVA, regression analysis and correlation analysis that are used for inferential analysis and hypotheses testing were also used. These parametric techniques (ANOVA, regression, and correlation) are used because of a growing body of evidence in the literature that suggest that they are suitable for analyzing a Likert scale data. The hypotheses formulated were tested at 0.05 level of significance. The data were coded and analyzed using statistical software packages of Excel, SPSS version 20 and EViews 9 Student version.

## 3.11 Administration of Research Instrument

A structured/close-ended questionnaire on intergovernmental fiscal relations and local government performance was administered personally to the respondents that participated in the survey with the help of some volunteer research assistants. The 392 completed questionnaire were all filled and retrieved on the spot to ensure maximum returns. Thus, the response rate is 100%.

# CHAPTER FOUR
# DATA PRESENTATION AND ANALYSES

This chapter presents and analyses the data generated from the empirical investigation carried out in the civil service of the South East states. The purpose of the empirical investigation was to generate the data needed to solve the problem raised in chapter one as well as to provide adequate information to test the four hypotheses as formulated also in chapter one to help generate information on the research problem.

## 4.1. Demographic Characterization of Respondents

The demographic profile of respondents are presented here with explanations.

**Table 4.I: Demographic Characterization of Respondents**

| Option | Frequency | Percentage |
|---|---|---|
| **Gender** | | |
| Male | 239 | 60.9 |
| Female | 153 | 39.0 |
| Total | 392 | 100 |
| **Age** | | |
| 20 | 11 | 2.8 |
| 21-30 | 77 | 19.6 |
| 31-40 | 119 | 30.3 |
| 41-50 | 137 | 34.9 |
| 51-60 | 27 | 6.8 |
| 61+ | 21 | 5.3 |
| Total | 392 | 100 |
| **Rank (Grade Level)** | | |
| 01-06 | 125 | 31.8 |
| 07-12 | 220 | 56.1 |
| 13+ | 47 | 11.9 |
| Total | 392 | 100 |
| **Educational Qualification** | | |
| FSLC | 19 | 4.8 |
| GCE/WASC | 64 | 16.3 |
| OND/NCE | 79 | 20.1 |
| BSC/BA/HND | 139 | 35.4 |
| MSC/ MA/Ph.D | 91 | 23.2 |
| Total | 392 | 100 |
| **Years in Service** | | |
| 1- 10 yrs | 59 | 15.0 |
| 11 - 20 yrs | 136 | 34.6 |
| 21 - 30 yrs | 113 | 28.8 |
| 31+years | 84 | 21.4 |
| Total | 392 | 100 |
| **Department** | | |
| Administration | 137 | 34.9 |
| Finance | 51 | 13.0 |
| Personnel | 46 | 11.7 |
| Works | 24 | 6.1 |

| | | |
|---|---|---|
| Research & Statistics | 44 | 11.2 |
| Health | 18 | 4.5 |
| Agriculture | 41 | 10.4 |
| Education | 31 | 7.9 |
| Total | 392 | 100 |

**Source: Field Survey 2015**

Table 4.1presents information on the demographic characterization of the respondents. Percentage analysis of the respondents by gender shows that 60.9% of the respondents are male while 39.0% are female. This table reflects male domination of the respondents. This is not unconnected with the fact that the public service has male dominance.

Greater percentage of the respondents were between the ages of 41-50 and this is about 34.9% of the respondents; 30% were between the age range of 31-40; 19.6% were between 21-30years. Respondents of 20 years of age is only 2.8%; those of between 51-60 years constituted 6.8% whereas those of 60 years and more formed 5.3%. The implication of this to the study is that since greater percentage of the respondents are within the age of active workforce, they will be occupied with issues relating to the subject of study as against an insignificant number that are headed for retirement from service and as such will be occupied with retirement issues or benefits. The younger ones will be more forceful sometimes because of youthful zeal. Older ones may prefer to either feign ignorance or simply let the status quo remain.

With respect to the distribution of respondents by rank/grade level, the table 4.1 shows that higher percentages of the respondents were between levels 07-12. This is about 56.1% of the respondents; for level 01-06, it represents 31.8% whereas 11.9% were above level 13. A greater percentage of the respondents are found within the middle management cadre, however, an approximately 12% of the respondents are within the managerial level. The upper (managerial) class appear to be more docile and perhaps conservative as they are not so much bothered about how much allocation is given to the local government of their posting. This is not unconnected to the fact that at certain level workers are more careful and fearful, treading softly and cautiously on issues because of their status. The percentage of those outside the managerial level thus enables us to get the true position of issues relating to the subject under investigation in this study.

As could be seen from the table above, 35.4% of the respondents have HND, BA or B.Sc.; 20.1% have OND/NCE, 16.3% are holders of WASC/GCE; and 23.2% have MA/MSc, PhD and just about 4.8% of the respondents hold FSLC. In all, only about 21.1% had qualifications below OND/NCE while majority of the respondents attained higher educational qualifications. The implication of this to the study is that the respondents are sufficiently literate and as such are capable of discussing issues relating to inter-government fiscal relations in Nigeria particularly as it affects local government performance in Abia State. This has also revealed the fact that the civil service is staffed with qualified personnel who have the competence to execute their jobs as appropriate.

The table revealed that higher percentage of respondents have served in the civil service for many years. About 34.6% of the respondents as shown in the table have served for between 11-20 years; 28.8% of the respondents have served for between 21-30 years; 21.4% are in the range of more than 30 years of service whereas 1while

9% have served for above 30 years whereas 15% has of the respondents have put in 1-10 years of service. This implies that about 84.8% of the respondents have been in the service for 11 years and above. This is an indication that majority of the respondents have witnessed the trend and behavior of allocation and indeed fiscal relations between and among the tiers of government in especially as it concerns the 17 local governments of Abia State and as such can competently discuss the issues revolving around the phenomenon under investigation.

With respect to the departments of the various respondents, the table revealed that 34.9% of them are in Administration, 13% of them in Finance department, 11.7% in Personnel and another 11.2% in Research and Statistics department. Respondents in the Agriculture department constituted 10.4% while Education and Health departments have 7.9% and 4.5% of the respondents respectively. The implication of these is that the respondents actually cut across the various local governments and departments of the local government service commission.

Further inference that we can draw on these variables from the table above is that the respondents were drawn to cover all the different and various background features of the target population and as such there should be a balanced opinion on the subject matter.

## 4.2. Data Analysis and Hypothesis Testing

### 4.2.1 Analysis of the Mean Differences in the Monthly Gross Revenue and VAT Allocations

Figures 4.1and 4.2 plot the mean of gross monthly revenue and VAT allocations for the 17 local governments under study over the sample period.

**Figure 4.1: The Mean Plot (LGA Monthly Allocation)**

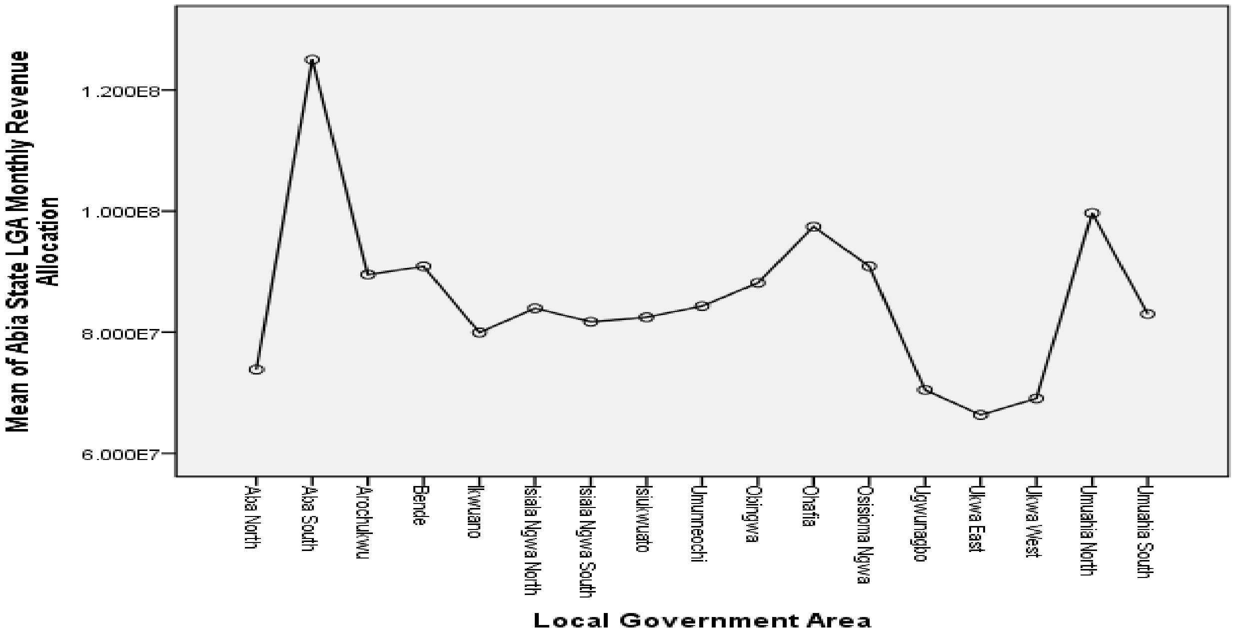



**Figure 4.2: The Mean Plot (LGA VAT Allocation)**

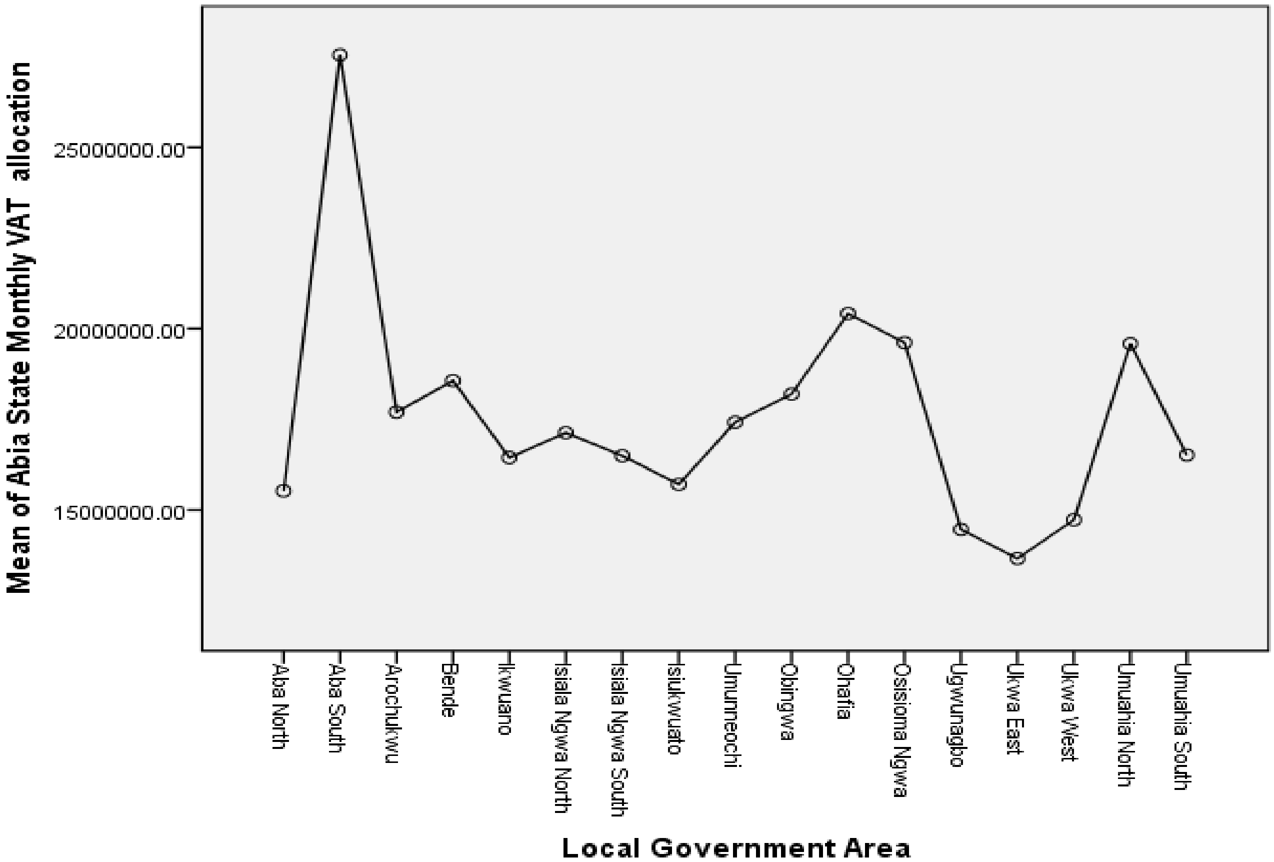



Figure 4.1 indicates thatthere are differences in the mean monthly gross revenue allocation between the 17 local government areas, with Aba South LGA receiving the highest revenue allocation (Mean = ₦125,031,133.08) andUkwa East receiving the lowest allocation (Mean = ₦66,340,865.27). The difference between the highest and the lowest mean gross revenue allocations is quite substantial (₦58,690,267.81 = ₦125031133.08 – ₦66,340,865.27), suggesting that differences in local government areas may have significant in revenue allocation in Abia State.

Figure 4.2 indicates thatthere are differences in the mean VAT allocation between the 17 local government areas, with Aba South LGA receiving the highest revenue allocation (Mean = ₦27,549,676) andUkwa East receiving the lowest allocation (Mean = ₦13,661,397). The difference between the highest and the lowest mean VAT allocations is also substantial (₦13,888,279 = ₦27,549,676 – ₦13,661,397), suggesting that differences in local government areas may have significant in VAT allocation in Abia State.

**4.2.2Relationship between Gross Revenue and VAT Allocations**

Figure 4.3 is a pictorial which shows the relationship between the gross revenue and VAT allocations.

**Figure 4.3: graph of the relationship between gross revenue and VAT allocations**

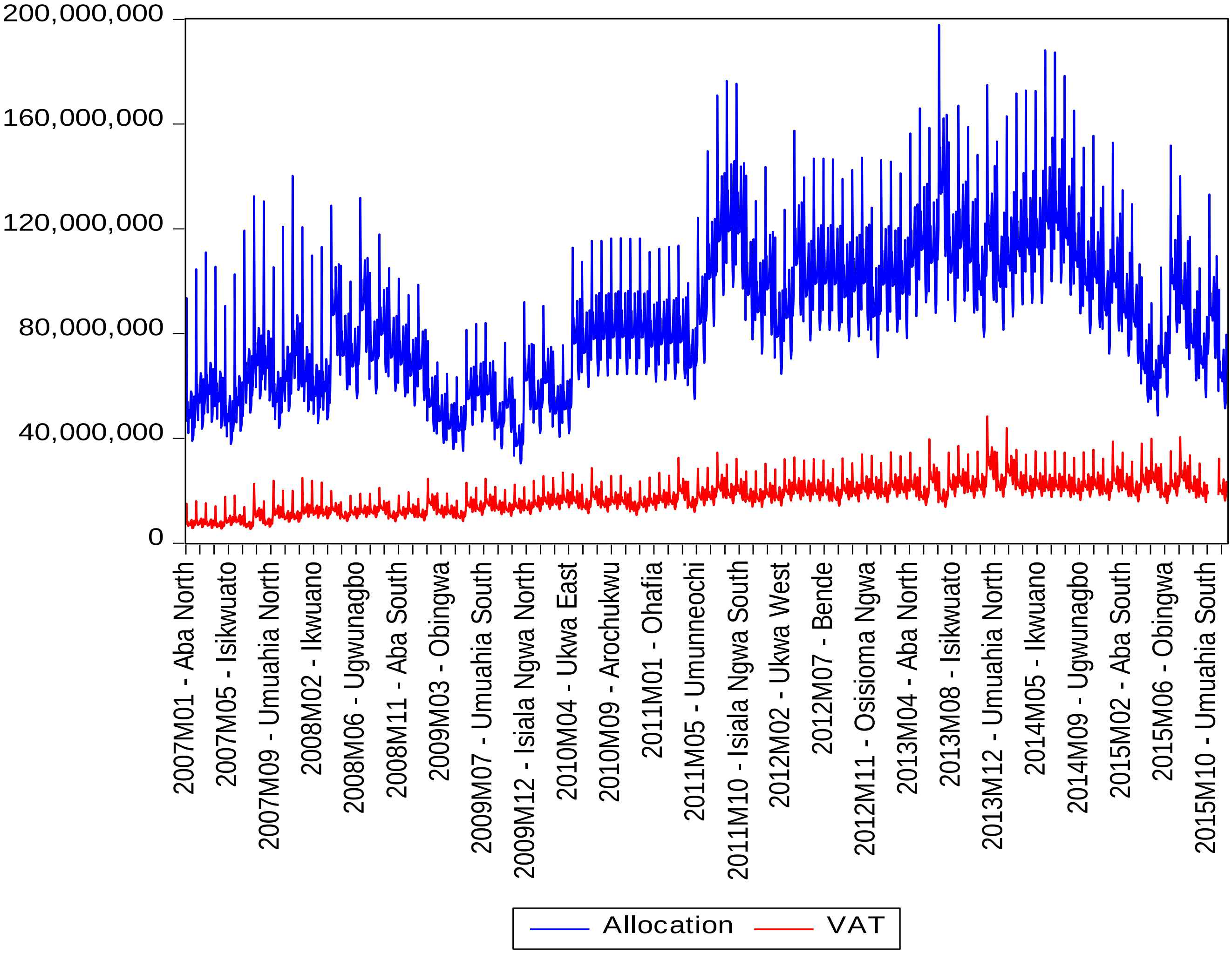



Table 4.3shows the bivariate correlation between gross revenue and VAT allocations.

**Table 4.3: Bivariate Correlation between Gross Revenue and VAT Allocations**

| | | Abia State LGA Monthly Revenue Allocation | Abia State Monthly VAT allocation |
|---|---|---|---|
| **Abia State LGA Monthly Revenue Allocation** | Pearson Correlation | 1 | .773** |
| | Sig. (2-tailed) | – | .000 |
| | N | 1836 | 1819 |
| **Abia State Monthly VAT allocation** | Pearson Correlation | .773** | 1 |
| | Sig. (2-tailed) | .000 | – |
| | N | 1819 | 1819 |

From figure 4.3, it appears that there is a similar pattern in the behaviour of the gross revenue and VAT variables, suggesting a positive relationship between them. From table 4.3, there is a strong positive correlation between gross revenue and VAT allocations ($r = 0.773$). The test of significance also indicates that this linear association is highly significant ($p < .01$).

## 4.3 Analysis based on Likert Scale Data

### 4.3.1 Local Government Performance (LPF)

Table 4.4 reports the perception of respondents on the local government performance in Abia State. The respondents were asked to respond to 8 questionnaire items on statutory functions of local governments which include provision of social amenities, payment of staff salaries, empowerment of local citizens and lack of expertise on administrators amongst others. As this table indicates, more than half (51.5 percent) of the respondents disagree (Mean = 2.23, Standard deviation = 0.878) that the local governments have effectively performed their statutory functions while 54.1 percent agree (Mean = 3.67, Standard deviation = 0.836) that the poor performance of the local governments is due to poor revenue base. The variable (Grand) mean is 2.25 (Standard deviation = 0.567), indicating that on balance, the respondents agree that local governments have not significantly improved the lives and wellbeing of the people at the grass root level.

**Table 4.4: Local Government Performance**

| **Variable: Performance**<br>**No of Items = 8**<br>**Valid Response = 392** | | **Percent of Respondents** | | | | | **Mean** | **Standard deviation** | **Interpretation/Decision** |
|---|---|---|---|---|---|---|---|---|---|
| | | **SD** | **D** | **N** | **A** | **SA** | | | |
| **PF1** | The Local government administration has effectively performed its statutory functions in Abia State | 17.9 | 51.5 | 21.9 | 7.1 | 1.5 | 2.23 | 0.878 | Disagree |
| **PF2** | The Local government administration has brought democracy closer to the people by providing education, primary health services and other social amenities | 10.2 | 52.6 | 28.3 | 7.7 | 1.3 | 2.37 | 0.818 | Disagree |
| **PF3** | The Local government administration has performed well in terms of prompt payment of staff salaries and Pensions | 7.7 | 55.9 | 28.3 | 7.1 | 1.0 | 2.28 | 0.771 | Disagree |
| **PF4** | The Local government administration has empowered the local citizens through skill acquisition programmes using their IGRs | 15.6 | 51.5 | 26.8 | 4.8 | 1.3 | 2.25 | 0.820 | Disagree |
| **PF5** | Poor revenue base of local governments has affected their efforts to carry out their statutory functions of providing social amenities for the grass root people | 1.8 | 6.9 | 25.8 | 54.1 | 11.5 | 3.67 | 0.836 | Agree |
| **PF6** | The local government administrators lack necessary skills and expertise and this has impeded the performance of the council areas | 1.3 | 43.4 | 23.5 | 13.3 | 18.6 | 3.05 | 1.168 | Neither Agree nor Disagree |
| **PF7** | Overall, the local citizens' perception on the performance of local governments in Abia State is very good | 15.1 | 52.6 | 25.0 | 6.9 | 0.5 | 2.25 | 0.812 | Disagree |
| **PF8** | The local government administration has significantly improved the lives and wellbeing of the people at the grass root level | 16.6 | 52.0 | 23.7 | 6.9 | 0.8 | 2.23 | 0.834 | Disagree |
| **LPF: Variable (Grand) Mean and Standard deviation** | | | | | | | 2.55 | 0.567 | **Disagree** |

## 4.3.2 Local Government Autonomy and Usurpation of Functions

Table 4.5 reports the perception of respondents on the local government Autonomy and Usurpation of functions in Abia State. The respondents were asked to respond to 8 questionnaire items on manipulation and usurpation of functions of local governments by the state government. The questionnaire items include local government autonomy, manipulation by states, and constitutional division of functions amongst others. As this table reveals, the majority (75.8 percent) of the respondents either agree or strongly agree (Mean = 4.00, Standard deviation = 0.699) that there is clear distinction of functions and responsibilities among the three levels of government. Almost 75% of the respondents either agree or strongly agree (Mean = 3.96, Standard deviation = 0.735) that the state government has unduly taken over most of the functions of the local governments. The variable (Grand) mean = 3.72 (Standard deviation = 0.494) indicating that overall, the respondents agree that there is significant impact of usurpation of functions of local governments and their performance.

**Table 4.5: Autonomy and Usurpation of Functions**

| Variable: Usurpation of Functions<br>No of Items = 8<br>Valid Response = 392 | | Percent of Respondents | | | | | Mean | Standard deviation | Interpretation/Decision |
|---|---|---|---|---|---|---|---|---|---|
| | | SD | D | N | A | SA | | | |
| AU1 | There is clear distinction of functions and responsibilities among the three levels of governments as stipulated by the constitution | 0.0 | 0.0 | 24.2 | 51.3 | 24.5 | 4.00 | 0.699 | Agree |
| AU2 | State government manipulates local government authorities for personal and selfish political gains through the use of caretaker committees | 0.0 | 0.0 | 31.6 | 48.0 | 20.4 | 3.89 | 0.714 | Agree |
| AU3 | There is general tendency for state to suppress local government authorities that are progressive and uncompromising | 0.0 | 0.0 | 25.0 | 49.7 | 25.3 | 4.00 | 0.710 | Agree |
| AU4 | Most of the functions of the local governments are unduly performed by the state government | 0.0 | 1.8 | 23.5 | 51.3 | 23.5 | 3.96 | 0.735 | Agree |
| AU 5 | In practice, local governments have not enjoyed full autonomy right from the inception of the fourth republic | 0.0 | 4.1 | 25.0 | 46.9 | 24.0 | 3.91 | 0.804 | Agree |
| AU6 | By constitutional provisions, there is clear division of functions and responsibilities among the three levels of government but in practice, local governments operate at the mercy of the state government almost in all aspects. | 0.0 | 3.1 | 25.0 | 48.7 | 23.2 | 3.92 | 0.775 | Agree |
| AU7 | There is excessive intervention and interference of both federal and state governments on the affairs of the local governments which are most times counter-productive | 0.0 | 1.8 | 26.8 | 50.3 | 21.2 | 3.91 | 0.778 | Agree |
| AU8 | Usurpation of functions/excessive manipulation of local governments by the state government has no significant impact on local government performance | 22.7 | 52.0 | 15.8 | 8.7 | 0.8 | 2.13 | 0.887 | Disagree |
| **USURP: Variable (Grand) Mean and Standard deviation** | | | | | | | 3.72 | 0.494 | **Agree** |

### 4.3.3 Intergovernmental Fiscal Relations

Table 4.6 reports the perception of respondents on the intergovernmental fiscal relations in Abia State. The respondents were asked to respond to 8 questionnaire items on various aspects of intergovernmental fiscal relations among the three tiers of government. As this table reveals, 58.2 percent of the respondents neither agree nor disagree (Mean = 3.00, Standard deviation = 0.731) that intergovernmental fiscal relations have been in accordance with constitutional provisions, while 75.6 percent either agree or strongly agree (Mean = 4.05, Standard deviation = 0.755) that conflict in the Fiscal allocation formula has significant effect on local government performance. Approximately 73% of the respondents either agree or strongly agree (Mean = 4.02, Standard deviation = 0.760) that local governments receive monthly allocations that are  sometimes not enough to pay salaries from the state government rather than the full allocation as distributed by FAAC. The variable (Grand) mean = 3.72 (Standard deviation = 0.494), indicating that on balance, the respondents perceive that intergovernmental fiscal relations among the three levels of government have a significant impact on the performance of the local governments.

**Table 4.6: Intergovernmental Fiscal Relations**

| Variable: Fiscal Relations<br>No of Items = 8<br>Valid Response = 392 | | Percent of Respondents | | | | | Mean | Standard deviation | Interpretation /Decision |
|---|---|---|---|---|---|---|---|---|---|
| | | SD | D | N | A | SA | | | |
| FR1 | Intergovernmental fiscal relations among the three levels of government have been in accordance with constitutional provisions | 3.8 | 15.1 | 58.2 | 23.0 | 0.0 | 3.00 | 0.731 | Neither Agree nor disagree |
| FR2 | The state government has taken over most of the juicy sources of internally generated revenue that are within the jurisdiction of local governments | 0.0 | 22.2 | 16.1 | 29.8 | 31.9 | 3.71 | 1.135 | Agree |
| FR3 | Conflict in the Fiscal allocation formula has significant effect on local government performance | 0.0 | 0.8 | 23.7 | 45.2 | 30.4 | 4.05 | 0.755 | Agree |
| FR4 | Local governments make minimal or no input in the decisions on resource allocations at both the federal and state levels | 0.0 | 0.8 | 24.2 | 41.3 | 33.7 | 4.08 | 0.778 | Agree |
| FR5 | The State-local government joint account has given the state government the advantage to divert part of local governments' allocations to other paltry projects thereby denying them the capacity to perform their statutory functions. | 0.0 | 17.9 | 23.0 | 34.4 | 24.7 | 3.66 | 1.039 | Agree |
| FR6 | Against the contemplation of the 1999 constitution, the state government has consistently starved local governments of funds that are meant for grassroot development | 0.0 | 0.8 | 22.4 | 42.1 | 34.7 | 4.11 | 0.769 | Agree |
| FR7 | Local governments receive monthly allocations that are sometimes not enough to pay salaries from the state government rather than the full allocation as distributed by FAAC | 0.0 | 0.8 | 25.8 | 44.6 | 28.8 | 4.02 | 0.760 | Agree |
| FR8 | Vertical and Horizontal allocations have significant effects on local government performance | 1.8 | 15.6 | 58.4 | 24.2 | 0.0 | 3.05 | 0.684 | Neither Agree nor Disagree |
| **IGFR: Variable (Grand) Mean and Standard deviation** | | | | | | | 3.72 | 0.494 | **Agree** |

### 4.3.4Caretaker Committee and Performance

Table 4.7 reports the perception of respondents on the use of caretaker committee to administer local governments in Abia State. The respondents were asked to respond to 8 questionnaire items on whether the use of caretaker committee has affected local governments in terms of their performance in terms of accountability, better working condition, service delivery, prompt payment of salaries, people oriented programmes and policies, efficiency and effectiveness. As this table reveals, the responses are largely the same for all the items, with more than 75% of the respondents either disagree or strongly disagree that the use of caretaker committee to administer the local governments has resulted into timely and quality project executions, accountability and prompt payment of salaries, improved working conditions and staff welfare, people oriented policies and programmes, service delivery and efficiency and effectiveness. Further, approximately 79% of the respondents either disagree or strongly disagree that caretaker committee has significantly performed better than their elected counterparts in terms of quality projects, staff welfare and the general wellbeing of the people. The variable grand mean of 1.85 indicates that on balance, the use of caretaker committee to administer local governments has not yielded the desired results and expectations as perceived by the respondents.

**Table 4.7: Caretaker Committee**

| Variable CARECOM<br>No of Items = 8<br>Valid Response = 392<br>Alpha = 0.984 | | Percent of Respondents | | | | | Mean | Std. dev. | Interpretation /Decision |
|---|---|---|---|---|---|---|---|---|---|
| | | SD | D | N | A | SA | | | |
| CC1 | The use of caretaker committee to run the affairs of local governments is consistent with constitutional provisions | 38.3 | 50.3 | 11.5 | 0.0 | 0.0 | 1.73 | 0.653 | Disagree |
| CC2 | The use of caretaker committee to administer the local governments has resulted into timely and quality project executions across the 17 council areas | 37.5 | 43.6 | 18.9 | 0.0 | 0.0 | 1.81 | 0.728 | Disagree |
| CC3 | The caretaker committee, in most cases, perform better than the elected local government officials in terms of project execution, prompt salary payment and accountability | 37.2 | 42.9 | 19.6 | 0.3 | 0.0 | 1.83 | 0.742 | Disagree |
| CC4 | Compared to elected officials, caretaker committee has so far formulated and implemented people oriented policies and programmes, with developmental projects being timely executed. | 37.5 | 43.9 | 18.6 | 0.0 | 0.0 | 1.81 | 0.726 | Disagree |
| CC5 | Local government workers generally prefer appointed caretaker committee to elected administrators because the former ensure better working conditions and welfare of staff than the latter | 39.0 | 41.1 | 19.9 | 0.0 | 0.0 | 1.81 | 0.744 | Disagree |
| CC6 | Caretaker committee comprises people with good reputation and high educational qualification and their term in office is always characterized by promptness, efficiency and effectiveness | 38.3 | 43.1 | 18.6 | 0.0 | 0.0 | 1.80 | 0.729 | Disagree |
| CC7 | The state government considers and serves the interest of the people whenever it appoints caretaker committee to administer and manage the council areas. | 38.8 | 42.3 | 18.6 | 0.3 | 0.0 | 1.80 | 0.740 | Disagree |
| CC8 | In terms of quality projects, staff welfare and the general wellbeing of the people, caretaker committee has significantly performed better than their elected counterparts | 39.8 | 39.3 | 17.3 | 3.6 | 0.0 | 2.22 | 0.805 | Disagree |
| **CARECOM: Variable (Grand) Mean and Standard deviation** | | | | | | | 1.85 | 0.657 | **Disagree** |

### 4.3.5State-Local Government Joint Account

Table 4.8 reports the perception of respondents on the implementation of state-local government joint account in Abia State. The respondents were asked to respond to 8 questionnaire items on various aspects of the implementation of state-local government joint account including fiscal federalism, fairness, consistency with constitutional provisions, self-reliance and financial independence of local governments, developmental projects in council areas, lack of manipulation and corruption, and improved performance of local governments. As this table shows, the responses are largely similar for all the items, with the variable mean score and the mean score for all items ranging between 1.84 and 1.87, indicating that the respondents generally disagree that the implementation of state-local government joint account has so far been fair, consistent with constitutional provisions, facilitated fiscal federalism, devoid of manipulation and corruption, led to self-reliance and financial independence of local governments, and improved local government performance.

**Table 4.8: State-Local Government Joint Account**

| Variable SLJAC<br>No of Items = 8<br>Valid Response = 392<br>Alpha = 0.996 | | Percent of Respondents | | | | | Mean | Std. dev. | Interpretation /Decision |
|---|---|---|---|---|---|---|---|---|---|
| | | SD | D | N | A | SA | | | |
| SL1 | The creation of the State-Local Government joint account has so far facilitated the implementation of fiscal federalism at the local government level | 39.5 | 38.8 | 18.1 | 3.6 | 0.0 | 1.86 | 0.837 | Disagree |
| SL2 | The implementation of State-Local Government joint accounts has been consistent with constitutional provisions | 39.8 | 39.5 | 17.1 | 3.6 | 0.0 | 1.84 | 0.830 | Disagree |
| SL3 | The administration of the State-Local Government joint account has been fair and in favour of local governments in Nigeria | 38.8 | 39.3 | 17.9 | 4.1 | 0.0 | 1.87 | 0.846 | Disagree |
| SL4 | There have been developmental projects successfully executed in all the 17 local governments courtesy of State-Local Government joint account | 39.8 | 39.0 | 17.6 | 3.6 | 0.0 | 1.85 | 0.834 | Disagree |
| SL5 | The State-Local government joint account has given the local governments the opportunity to be self-reliant and financially independent in all ramifications | 40.1 | 39.0 | 17.3 | 3.6 | 0.0 | 1.84 | 0.833 | Disagree |
| SL6 | The administration of the State-Local Government joint account has been devoid of undue manipulation and corruption | 39.3 | 40.1 | 17.1 | 3.6 | 0.0 | 1.85 | 0.828 | Disagree |
| SL7 | It appears that the federal government has consistently insisted and ensured that State-Local Government joint account is implemented in accordance with the provisions of the law | 39.5 | 39.3 | 17.3 | 3.8 | 0.0 | 1.85 | 0.838 | Disagree |
| SL8 | Overall, the State-Local Government joint account has enhanced the performance of the local governments in the state | 39.8 | 39.3 | 17.3 | 3.6 | 0.0 | 1.85 | 0.832 | Disagree |
| **SLJAC: Variable (Grand) Mean and Standard deviation** | | | | | | | 1.85 | 0.823 | **Disagree** |

## 4.4 Hypothesis Testing

### 4.4.1 Differences in Monthly Revenue and VAT Allocations

***$H_{01}$***: Differences in local government have no significant impact on their monthly gross revenue and VAT allocations

Table 4.9 shows the analysis of the differences in revenue allocation between local governments areas while table 4.10 shows the analysis of the differences in VAT allocation.

**Table 4.9: ANOVA (Test of differences in gross allocation between L.G.A.s)**

| | **Sum of Squares** | **DF** | **Mean Square** | **F ratio** | **Sig** |
|---|---|---|---|---|---|
| **Between groups** | 3.295E+17 | 16 | 2.060E+16 | 35.904 | .000 |
| **Within groups** | 1.043E+18 | 1819 | 5.736E+14 | | |
| **Total** | 1.373E+18 | 1835 | | | |

**Table 4.10: ANOVA (Test of differences in VAT between L.G.A.s)**

| | **Sum of Squares** | **DF** | **Mean Square** | **F ratio** | **Sig** |
|---|---|---|---|---|---|
| **Between groups** | 1.730E+16 | 16 | 1.081E+15 | 38.753 | .000 |
| **Within groups** | 5.029E+16 | 1802 | 2.791E+13 | | |
| **Total** | 6.759E+16 | 1818 | | | |

From table 4.9, the differences in the mean of log monthly revenue allocation between the 17 local government areas of Abia State is significant at less than 1% level of significance [F (16, 1819) = 29.771, p < 0.1]. Similarly, from table 4.10, the differences in the mean of log VAT allocation between the 17 local government areas of Abia State is significant at less than 1% level [F (16, 1802) = 38.753, p < 0.1]. The null hypothesis that differences in local government have no significant impact on their monthly gross revenue and VAT allocationsis therefore rejected.

### 4.4.2 Usurpation of Functions and Local Government Performance

Table 4.11 reports the results of the regression of local government performance on usurpation of functions

$\boldsymbol{H_{02}}$: There is no significant relationship between usurpation of functions of local governments and their performance

$$\text{Perf} = \beta_0 + \beta_1 \text{Usurp} + \varepsilon_i$$

$$\text{H}_0\text{: } \beta_1 = 0 \quad \text{vs} \quad \text{H}_1\text{: } \beta_1 \neq 0$$

**Table 4.11: Regression Analysis on the relationship between Usurpation of functions of Local Governments and their Performance**

| Variable | Beta Coefficient | Std. Error | t-statistic | Prob (sig) |
|---|---|---|---|---|
| **Constant** | 2.604 | 0.218 | 11.930 | 0.000 |
| **Usurp** | –0.013 | 0.058 | 0.227 | 0.821 |
| $\boldsymbol{R^2}$ | 0.000132 | | | |
| **F-statistic** | 0.051 | | | |
| **Durbin-Watson** ($\boldsymbol{DW}$) | 1.71 | | | |

From table 4.11, the beta coefficient corresponding to Usurp is negative (–0.013), suggesting a negative relationship between usurpation of functions of local governments and their performance. However, the t-statistic is too low and its associated probability is well above 0.05 (t = 0.227, p = 0.821), indicating that the relationship between usurpation of functions and performance is not significant. The table also indicates that the regression line is very poorly fitted ($R^2 = 0.000132$) and positive autocorrelation ($DW < 2$) may be present in the model. The null hypothesis is thereforenot rejected. Further, the value of $R^2$ $(0.000132)$is less than the value DW (1.71) which indicates that the regression result is not spurious and as such are valid and meaningful. According to Granger and Newbold (1974), a spurious regression is one whose $R^2$ is greater than Durbin-Watson statistic.

### 4.4.3Intergovernmental Fiscal Relations and Performance

Table 4.12 reports the results of the regression of local government performance on intergovernmental fiscal relations

$\boldsymbol{H_{03}}$: There is no significant relationship between intergovernmental fiscal relations and local government performance

$$\text{Perf} = \beta_0 + \beta_1 \text{IGFR} + \varepsilon_i$$

$$\text{H}_0\text{: } \beta_1 = 0 \quad \text{vs} \quad \text{H}_1\text{: } \beta_1 \neq 0$$

**Table 4.12: Regression Analysis on the relationship between Intergovernmental Fiscal relations and Local Government Performance**

| Variable | Beta Coefficient | Std. Error | t-statistic | Prob (sig) |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| **Constant** | 2.472 | 0.222 | 11.145 | 0.000 |
| **IGFR** | 0.022 | 0.060 | 0.385 | 0.700 |
| $R^2$ | 0.000409 | | | |
| **F-statistic** | 0.160 | | | |
| **Durbin-Watson** $(DW)$ | 1.71 | | | |

From table 4.12, the beta coefficient corresponding to IGFR is positive (0.022), suggesting a positive relationship between intergovernmental fiscal relations and local government performance. However, the t-statistic is too low and its associated probability is well above 0.05 (t = 0.385, p = 0.700), indicating the relationship between intergovernmental fiscal relations and local government performance is not significant. The table also indicates that the regression line is very poorly fitted ($R^2 = 0.000409$) and positive autocorrelation ($DW < 2$) may be present in the model. The null hypothesis is therefore not rejected.

### 4.4.4 Bivariate Correlation between Intergovernmental Fiscal Relations and Usurpation of Functions

Figure 4.4 plots the relationship between intergovernmental fiscal relations and usurpation of functions.Table 4.13 reports the results of the bivariate correlationanalysis betweenthe two variables

$H_{04}$: There is no significant relationship between intergovernmental fiscal relations and usurpation of functions

**Figure 4.4: Correlation of Intergovernmental Fiscal Relations and Usurpation of functions**

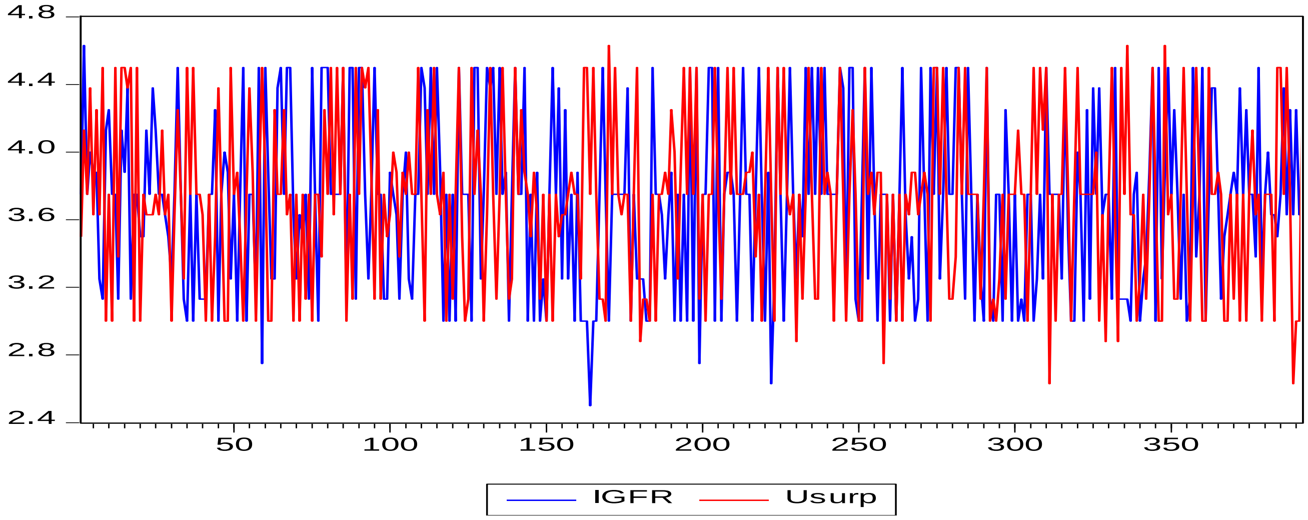



**Table 4.13: Bivariate Correlation between Intergovernmental Fiscal Relations and Usurpation of functions**

| | | Intergovernmental Fiscal Relations | Usurpation of functions |
|---|---|---|---|
| **Intergovernmental Fiscal Relations** | Pearson Correlation | 1 | 0.048 |
| | Sig. (2-tailed) | – | 0.346 |
| | N | 392 | 392 |
| **Usurpation of functions** | Pearson Correlation | 0.048 | 1 |
| | Sig. (2-tailed) | 0.346 | – |
| | N | 392 | 392 |

As figure 4.4 shows, there is similar pattern in the behaviour of the two variables, suggesting a positive correlation between them. From table 4.13, the Pearson Correlation Coefficient (r) is 0.048, indicating a weak positive association between intergovernmental fiscal relations and usurpation of functions. The associated probability of t-test is 0.346 indicating that the test is not significant at conventional levels ($p > 0.1$). The null hypothesis is therefore not rejected.

### 4.4.5Caretaker Committee and Local Government Performance

Table 4.14 reports the results of the regression of local government performance on caretaker committee

$\boldsymbol{H_{02}}$: There is no significant relationship between the use of caretaker committee for local government administration and their performance

$$\text{Perf} = \beta_0 + \beta_1 \text{CARECOMM} + \varepsilon_i$$

$$\text{H}_0\text{: } \beta_1 = 0 \quad \text{vs} \quad \text{H}_1\text{: } \beta_1 \neq 0$$

**Table 4.14: Regression Analysis on the relationship between the use of caretaker committee for local government administration and their performance**

| Variable | Beta Coefficient | Std. Error | t-statistic | Prob (sig) |
|---|---|---|---|---|
| **Constant** | 2.689 | 0.080 | 33.546 | 0.000 |
| **CARECOMM** | -0.075 | 0.042 | -1.809 | 0.071 |
| $\boldsymbol{R^2}$ | 0.008 | | | |
| **F-statistic** | 3.272 | | | |
| **Durbin-Watson** ($\boldsymbol{DW}$) | 1.725 | | | |

From table 4.14, the beta coefficient corresponding to CARECOMM is negative (-0.075), indicating a negative relationship between caretaker committee and local government performance. Although, the regression has a poor fit($R^2 = 0.008$) and positive autocorrelation ($DW < 2$) may be present in the model, the t-statistic is however, significant at 10% level (t = -1.809, p = 0.071), indicating that the relationship between the two variablesis significant. The null hypothesis is therefore rejected.

### 4.4.6State-Local Government Joint Account and Local Government Performance

Table 4.15 reports the results of the regression of local government performance on state local government joint account

$\boldsymbol{H_{02}}$: There is no significant relationship between state-local government joint account and local government performance

$$\text{Perf} = \beta_0 + \beta_1\text{SLJAC} + \varepsilon_i$$

$$\text{H}_0: \beta_1 = 0 \quad \text{vs} \quad \text{H}_1: \beta_1 \neq 0$$

**Table 4.15: Regression Analysis on the relationship between state-local government joint account and local government performance**

| Variable | Beta Coefficient | Std. Error | t-statistic | Prob (sig) |
|---|---|---|---|---|
| **Constant** | 2.634 | 0.071 | 37.316 | 0.000 |
| **SLJAC** | -0.044 | 0.035 | -1.257 | 0.209 |
| $\boldsymbol{R^2}$ | 0.004 | | | |
| **F-statistic** | 1.581 | | | |
| **Durbin-Watson** $(\boldsymbol{DW})$ | 1.718 | | | |

From table 4.15, the beta coefficient corresponding to SLJAC is negative (-0.044), indicating a negative relationship between caretaker committee and local government performance. The t-statistic is however, not significant at conventional levels (t = -1.257, p = 0.209), indicating that the relationship between the two variablesis not significant. The regression also has a poor fit($R^2 = 0.004$) and also positive autocorrelation $(DW < 2)$ may be present in the model. The null hypothesis is therefore, notrejected.

## 4.5 Discussion of Findings

This section discusses the major findings of this research work and the implications in the context of study objectives and the findings of other studies as reviewed in the literature review section.

### 4.5.1 Differences in Local Governments and Revenue/VAT Allocations

The Mean plot in Figure 4.1 indicates that there are differences in the mean monthly statutory allocations across the 17 local governments in Abia State, with Aba South Local Government Area (Mean = ₦125,031,133) having the highest mean gross allocation over the period under study. Umuahia North Local Government Area (Mean = ₦99,669,656) has the second highest mean gross allocation while Ukwa East Local Government Area (Mean = ₦66,340,865) has the lowest mean gross allocation. The differences in the mean gross allocation across the 17 Local Governments can be linked to the differences in their population figures. For example, while Aba South and Umuahia North Areas are the largest and second largest populated LGAs based on 2006 population census, Ukwa East Local Government Area is the least populated LGA in Abia State. The magnitude of the differences in the mean gross allocation is considerably high, suggesting that these differences are significant. From table 4.9, the ANOVA F-test clearly rejects the null hypothesis [$F(16, 1819) = 35.904$, $p < .01$] that the differences in the local governments have no significant impact on their monthly gross allocations at less than 1% level. Thus, there is very clear evidence of significant relationship between differences in local government area and their monthly statutory allocations.

Like the gross statutory allocation, the Mean plot in Figure 4.2 indicates that there are differences in the mean monthly VAT allocations across the 17 Local Governments in Abia State, with Aba South Council Area (Mean = ₦27,549,676) having the highest VAT allocation over the sampled period. Ohafia Local Governments Area (Mean = ₦20,417,700) has the second highest mean VAT allocation while Ukwa East Local

Governments Area (Mean = ₦13,661,397) has the lowest mean VAT allocation. Also, the magnitude of the differences in the mean gross allocation is considerably high, suggesting that these differences are significant. From table 4.10, the ANOVA F-test rejects the null hypothesis [$F(16, 1802) = 38.753$, $p < .01$] that the differences in the local governments have no significant impact on their monthly VAT allocations at less than 1% level. Thus, there is very clear evidence of significant relationship between local government area and VAT allocation. This is in line with Elekwa, Mathew, and Akume (2011) who citing (Awolowo, 1976, p. 72) and (Awa, 1976, p. 72) observed that the truth of the matter is that the relationship with respect to the sharing of revenue among the units which are based on the geographical size of the area has nothing to do with how well the local government executed its functions.

### 4.5.2 Usurpation of Functions and Local Government Performance

From table 4.5, the overall perception of the respondents (Variable Mean = 3.72, Standard deviation = 0.494) is that usurpation of functions of local governments has a significant impact on their performance. Approximately 68% perceive (either agree or strongly agree) that the excessive manipulation of local governments by the state government is mostly for selfish political considerations and are perpetuated through the use of care-taker committees. When subjected to statistical test, the t-statistic in table 4.11failed to reject the null hypothesis ($t = 0.227$, $p > 0.05, 0.1$) that there is no significant relationship between usurpation of local governments functions and their performance. However, the model diagnostic tests indicate that the regression line is poorly fitted ($R^2 = 0.000132$) and there may be positive autocorrelation in the model ($DW < 2$). According to Gujarati (2003), in the present of autocorrelation, the

OLS estimators are not efficient and the statistically insignificant coefficients that are reported may actually be significant. However, whether this condition should hold for a Likert Scale data is a matter for future research. In the light of this, it is the view of this thesis that the regression results be interpreted with caution especially, since the model is very poorly fitted as there may be important explanatory variables that were omitted from the model. Thus, this thesis draws inference based on the overall perception of the respondents. There is therefore, significant relationship between usurpation of functions of local governments and their performance. This is amply demonstrated in Akume (2014) who citing (Radin, 2007, p.367) opines that the IGR interactions that crisscross horizontally-across multi-issues and vertically-down the intergovernmental chain does not eliminate major social problems nor do they lead to any substantial realignment in the federal system.

### 4.5.3 Intergovernmental Fiscal Relations and Local Government Performance

From table 4.6, the overall perception of the respondents (Variable Mean = 3.72, Standard deviation = 0.494) is that intergovernmental relations among the three levels of government have significant impact on the performance of local governments. About 59% perceive (either agree or strongly agree) that the state-local government joint account has given the state government the advantage to divert part of local governments' allocations to other paltry projects thereby denying them the capacity to perform their statutory functions. When subjected to statistical test, the t-statistic in table 4.12failed to reject the null hypothesis ($t = 0.385$, $p > 0.05, 0.1$) that the relationship between intergovernmental fiscal relations and local government performance is not significant at conventional levels.However, the model diagnostic tests indicate that the regression line is poorly fitted ($R^2 = 0.000409$) and there may be positive autocorrelation in the model ($DW < 2$). As argued in the previous section, the regression results should be interpreted with caution especially, since the regression line is very poorly fitted, as there may be specification error in the model due to important explanatory variables that may have been omitted. Thus, the inference is based on the overall perception of the respondents. There is therefore, significant relationship intergovernmental fiscal relations and local government performance in Abia State. Egberi and Madubueze (2014) agree with this position and insist that this situation breeds corruption, and while citing the objectives of the 1976 'Guidelines for local government Reform' in Nigeria which is to make appropriate services and development activities responsive to local wishes and initiative by devolving or delegating them to local representatives bodies; to facilitate the exercise of democratic self-government close to the grassroots of our society, and to encourage initiative and leadership potential; and mobilization of human and material resources through the involvement of members of the Public in their development. Regrettably, the realization of these objectives has been constrained by extreme corruption in Local Government which remains a major problem that has constrained local government from contributing meaningfully to the upliftment of the standard of living of the local people. This problem is manifest in almost every local government area in Nigeria.

### 4.5.4 Intergovernmental Fiscal Relations and Usurpation of Functions

From table 4.5, the respondents generally agree (Mean = 4.00, standard deviation = 0.699) that there is clear distinction of functions among the three levels of government, and from table 4.6 the respondents neither agree nor disagree (Mean =

3.00, Standard deviation = 0.731) that intergovernmental fiscal relations among the three levels of government have been in accordance with constitutional provisions. However, the Pearson correlation coefficient (r) in table 4.13 indicates that there is weak positive and insignificant correlation ($r = 0.048$, $p > 0.05$, 0.1) and as such the null hypothesis that there is no significant association between intergovernmental fiscal relations and usurpation of functions of local government by both federal and state governments at conventional levels is not rejected. Thus, intergovernmental fiscal relations among the three levels of government have nothing to do with usurpation of functions of local governments. This finding is consistent with the general belief that local governments are being manipulated for selfish political reasons. Egberi and Madubueze (2014) agrees with (Zakari, 2010) as cited in Agba, Akwara, and Idu(2013) that the founding fathers of the Nigerian local government system had good intentions. Their major aim was for this third tier of government to positively affect the lives of the people at the grassroots. But the system, unfortunately, has been 'hijacked' by politicians and senior bureaucrats for personal enrichment. Thus, local governments can be sarcastically described as a place where the chairman and other key officials meet to share money monthly. They further opined that the provision of basic social services such as education, health, maintenance of roads, and other public utilities within their jurisdiction is both a myth and mirage as well as abysmal failure.

### 4.5.5 Caretaker Committee and Local Government Performance

From table 4.7, the overall perception of the respondents (Mean = 1.85, std. dev. = 0.657) is that the use of caretaker committee to administer local governments has not yielded the desired results and expectations in terms of accountability, better working condition, service delivery, prompt payment of salaries, people oriented programmes and policies, efficiency and effectiveness. When subjected to statistical test, the t-statistic in table 4.14rejects the null hypothesis ($t = -1.809$, $p < 0.1$) that the use of caretaker committee in running the affairs of local governments has no significant negative impact on their performance at 10% level of significant. This provides empirical evidence that rather than elected representatives, using caretaker committee to administer the affairs of local government has significant negative impact on their performance. This finding is consistent with the general belief that state governments appoint caretaker committee for the local government council who are mostly stooges, cronies and acolytes of the state governor, and this has generally lead to poor performance in terms of desired results and expectations in terms of accountability, better working condition, service delivery, prompt payment of salaries, people oriented programmes and policies, efficiency and effectiveness.

### 4.5.6 State-Local Government Joint Account and Local Government Performance

From table 4.8, the overall perception of the respondents (Mean = 1.85, std. dev. = 0.657) is that the implementation of state-local government joint account has so far not been fair, consistent with constitutional provisions, facilitated fiscal federalism, devoid of manipulation and corruption, led to self-reliance and financial independence of local governments, and improved local government performance. When subjected to statistical test, the t-statistic in table 4.15fails to reject the null hypothesis ($t = -1.257$, $p > 0.1$) that the state-local government account has no significant negative impact on their performance at conventional levels. This is evidence that state-local government joint account has no significant impact on local government performance. This is consistent with the overall perception of the respondentsand also consistent with the general belief that the implementation of state-local government joint account has been subject to undue manipulation and corruption which has resulted into poor performance of the local governments.

# CHAPTER FIVE
# SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

## 5.1. Summary of Findings

The study sought to assess the impact of Intergovernmental Fiscal Relations on the performance of the 17 Local Governments of Abia State. With the aid of the 392 staff of the local government who are the respondents the study found the following:

1. That intergovernmental relations among the three levels of government have significant impact on the performance of local governments. About 59% of respondents perceive (either agree or strongly agree) that the state-local government joint account has given the state government the advantage to divert part of local governments' allocations to other uses other than what it is originally designed for thereby denying them (local governments) the capacity to perform their statutory functions.

2. That usurpation of functions of local governments has a significant impact on their performance. Approximately 68% perceive (either agree or strongly agree) that the excessive manipulation of local governments by the state government is mostly for selfish political considerations and are perpetuated through the use of care-taker committees.

3. That one of the most important elements of the Nigerian constitution is the provision of revenue sharing arrangement between the three tiers or levels of

government which are vertically (between the tiers of government; federal, state and local government) and horizontally (between the component elements of each lower tier of government, that is among states or local governments). This revenue sharing arrangement was influenced by the federal government such that there is undue interference in the running of the local government by the states thus making the local governments to technically cease to be 'autonomous' as they rely basically on the receipts from the state-local government joint account which the local government has no control over for practically all their needs. The resultant effect is that performance becomes a mirage.

4. Fiscal allocation formula has not been steady, it varies from time to time, this is made worse by the fact that there is no defined role between the federal, state and local government clearly stating responsibility with respect to many conflicting functions. Similarly, functions of high rate of returns such as ports, energy supply etc are assigned to the federal government while functions that are of social assistance with low rate of returns are assigned states and local governments. This makes it easily justifiable for the manipulation of revenue allocation formula to be skewed against the local government and in favour of the federal government and sometimes the state government; this has subsequently led to the controversy of intense agitation for fiscal decentralization and resource control.

## 5.2 Conclusion

The intended objectives of Intergovernmental Fiscal Relations is to ensure effectiveness and efficiency of the local government with a view to making them achieve the responsibilities they are saddled with especially as enunciated in the Constitution of the Federal Republic of Nigeria which is the bench mark for determining their responsibilities and measuring their performance. The study has further shown from the results of analysis that the functions of the local government is usurped by other levels of government notably the state government and above all, that the funds due to the local government does not reach the local government as it is held up in the state-local government joint account which the local government has no control over. As such the performance of their statutory functions is deeply impeded. It is therefore the contention of this study that efforts should be intensified to free the local government from the shackles and fetters of the state government such that it concentrates on its functions so as to satisfy the needs, desires and aspirations of the local peoples and thus impact positively on the development of both the local people and the local government in terms of improved economic benefit.

## 5.3. Recommendations

In view of the findings arising from this thesis, it is obvious that the government of Abia State has a great role to play by restoring the confidence of the people in the local government, this has become necessary because the local people only know local government as that agency which does not support them in any way. The local government can become a lot more functional if they are allowed to perform the responsibilities assigned them in the constitution which is to the benefit of the people. Accordingly, the study makes the following recommendations:

1. The Federal government should directly make allocation of funds to the local governments taking into account the functions enumerated and assigned to the local government in the constitution. This will help to bring out the best in them and as such ensure maximum performance. This will in no small measure boost the confidence of people in the local government system and more importantly local government will have a sense of responsibility in terms of productivity and service delivery/performance. As has been found in the study, local government has failed to improve lives and wellbeing of the people because of lack of funds with which to do so.

2. The study further recommends that those statutory functions of the local government like Motor Park, market, abattoir from where substantial revenues is generated but is being collected by the state without commensurate services for monies paid by the citizens should be reverted such that those services are delivered more appropriately to the citizens for them to get value for the monies the pay, that way, local government functions are not usurped and the revenue will correspondingly accrue to them for improved performance.

3. Again, this study recommends that all revenue received by the local government from the federation account should all be passed to them by the state government. The more state government retain most of the monthly revenue received by the local government, the more likely it makes for frosty fiscal relationship between them especially the elected local government, which is why the state government has continued the use of caretaker committee for

running the affairs of local government and this situation breeds corruption. Worse still, the expenditure functions assigned to the local government like payment of staff salary are not met because there is mismatch between functions and finances that is often referred to as 'vertical imbalances', it naturally puts the local government in a difficult position.

4. This study revealed that local government has clearly lost it autonomy as demonstrated in the usurpation of some of their functions by the state government and more importantly by having the joint state-local government account which has made local government to lose control of its monthly allocation. This study therefore recommends that such encumbrances and practices as mentioned here that bring about loss of autonomy of the local should be discontinued.

5. This study also recommends that since state government has continuously made it difficult for local government to function truly as the third tier of government in Nigeria, local government should be scrapped since their performance has been characterized by poor service delivery. It should therefore be designated as an administrative arm of the state government rather than leaving it in the current situation where even to execute their functions has become either impossible or near impossible as they will need to receive funds from the state government to take any tangible or meaningful action.

## 5.4 Contribution to Knowledge

Governmental functions and finances between the Federal (national) and other levels of government (State and Local) has entered the core of the fiscal debate. A general conclusion emerging from this review of theoretical and empirical literature on intergovernmental fiscal relations in this study is that the local government as a sub-national government need to be given access to adequate resources to do the job with which they are officially and constitutionally entrusted and at the same time, they must also be accountable for what they do with these resources that has been made available to them. It is the position of this study that this has implications for the doctrine and principle of separation of powers in both political science and public administration.

## 5.5 Suggestion for Further Studies

Considering the fact that so much of the activities with respect to intergovernmental fiscal relations are constitutional based, this work suggests that further studies should be in the area of constitutional amendment that will provide sufficient autonomy for local governments from the states to make for improved performance.

## References

### Books

Adefulu, R. A. (2012). 'The context of politics and governance in post-colonial Nigeria'. Adefulu, R. A. and Olaitan, W. A. (Eds) *Issues in Nigerian Government and Politics*. Ijebu-Ode: Rad Consultancy

Ademolekun, Ladipo (2011). Public administration in Africa-main issues and selected country studies. Ibadan: Evans Brothers (Nigeria Publishers) Limited

Aiyede, E. Remi (2013) "Intergovernmental Relations and the Strengthening of the Nigerian Federation" EbereOnwudiwe and Rotimi, T. Suberu (Eds), *Nigerian Federalism in Crisis: Critical Perspectives and Political Options*. Programme on Ethnic and Federal Studies (PEFS), Department of Political Science, University of Ibadan.

Anderson, William (1960). *Intergovernmental relations in review* Minneapolis: University of Minnesota Press.

Anyanwu, J.C. (1997). *Nigerian public finance*, First Edition, Nigeria, Onitsha. Joanee Educational Publishers Ltd. pp.159-179

Asika, N. (2009). *Research methodology in the behavioural sciences.* Lagos: Longman.

Asobie, H.A. (1998). "Centralising trends in Nigerian federalism" in Babawale and Adewumi (Eds.) *Re-inventing federalism in Nigeria: issues and perspectives* Friedrich Ebert Foundation, Ch. 2 pp 14-56.

Avav, Ter-Rumun and Uza Daniel (2011). 'Agriculture' *African atlases*. Paris: Les Editions J.A.

Bassey, C. O. (2012). Federalism and conflict resolution. *Nigerian federalism in crisis: critical perspectives and political options*. Ebere, O. and Suberu, R. (Eds). Ibadan: PEFS.

Bello-Imman, I. B. (1995). 'IGR with reference to local government in Nigeria'.

*The political economy of local government reforms and transition to the third republic.* EkokoAghayere and Mowah, O. (Ed). Ekpoma: Dept. of Political Science, AAU.

Biereenu-Nnabugwu, M. (2006). *Methodology of political inquiry. issues and techniques of research methods in political science.* Enugu: Quintagon Publishers.

Bird, R. and Vaillancourt, F. (1998). *Fiscal decentralization in developing countries.* Cambridge: Cambridge University Press.

Chukwuemeka, Emma (2002). *Research methods and thesis writing: a multi-disciplinary approach.* Enugu: HRV Publishers.

Dlakwa, H.D. 2004.'The Politics of Intergovernmental Relations in Nigeria: Perspectives of the North-East Geo-Political Zone.' Egwaikhide et al (Ed), *Intergovernmental Relations in Nigeria*, Ibadan: John Archers.

Egwemi, V., Wuam, Terhemba, Orngu, Chris S. (2014). Federalism, politics and minorities in Nigeria: essays in honour of professor G. N. Hembe. Lagos: Bahiti and Dalila Publishers

Elaigwu, J. Isawa (2011). *Fiscal federalism in Nigeria facing the challenges of the future*. Jos: Aha Publishing Limited.

Elekwa, N. and Eme, O. (2012). 'A new revenue allocation formula as a panacea for improved intergovernmental relations in Nigeria's fourth republic'. *Governance and Economic Development in the Fourth Republic*. Terhemba, W. and Talla N. (Eds) Abuja: Aboki Publisher.

Entwistle, T., Guarneros-Meza, V., Martin, S., &Downe, J. (2015). Reframing governance: Competition, fatalism and autonomy in central–local relations. *Public Administration,*

Ezejelue, A. C., Ogwo, E. O., Nkemnebe, A. D. (2008). *Basic principles in managing research projects*. Aba: Afritower Limited

Graziano, Anthony M. and Raulin, Michael L. (2010). *Research methods-a process of inquiry*. New York: Harper and Row Publishers

Gujarati, D. (2003). *Basic econometrics* (4th ed.) New Delhi: Tata McGraw-Hill

Henry, N. (2010) *Public administration and public practice* (11th ed.) New Delhi: Prentice Hall.

Ibeanu, O. and Egwu, S. (2007). *Democracy and political governance in Nigeria*. Abuja: Center for Democracy and Development.

Ikein, A., Alamieyeseigha, D. S. P., and Azaiki, S. (2012). *Oil, democracy and the promise of true federalism in Nigeria*. Maryland, US: University Press of America.

Ikelegbe, A. (2010). 'Intergovernmental relations governance and development in Nigeria'. *Intergovernmental relation in Nigeria.* Festus, O. (Ed). Ibadan: PEFS.

Jega, A. M. (2007). *Democracy, good governance and development in Nigeria.* Ibadan: Spectrum Books.

Marando, V. L., and Florestano, P. S. (2012). 'Intergovernmental management: the state of the discipline'. *Public administration: the state of the discipline.* Lynn,N. B. and Wildavskyn, A. (Ed). New Jersey: Chatham House Publishers, Inc.

Mbaya, P.Y. (2009). *Elements of comparative government and administration*, Kaduna: Global ComputeRay Publishing Co.

Nwabueze, Ben (2013). *Federalism: it's application in Africa as a constitutional device for creating a nation and furthering democracy*. Ibadan: Gold Press Limited

-------------- (2010) *Colonialism in Africa: ancient and modern, Africa's inheritance from colonialism Vol. 2* Ibadan: Gold Press Limited

Nwokedi, Ralph Chiemeka (2012). *Power sharing in Nigeria federation.* Enugu: Snaap Press.

Olowu, D, Ayo, S. B. and Akande, B. (1991). (Eds), *Local institutions and national development in Nigeria*, Ile-Ife: ObafemiAwolowo University Press.

Ojukwu, U. G., Okeke, V. O. S., Obiora, C. A. (2014). *Comparative local government: theory and practice*Nimo: Rex Charles & Patrick Limited

Onyeizugbe, C.U. (2013). *Practical guide to research methodology in management*. Onitsha: Good Success Press

Orekoya, T. and Agbugba, T. (2001). *Local government administration in Nigeria*, Lagos: Pure Language Communications Ltd.

Orji, Herbert O. (2013). *Platinum essays in the philosophy of applied economics of development: theory, techniques and practice.* Bloomington, Indiana, USA: AuthorHouse.

Oyediran, O., Nwosu, H., Takaya, B., Anifowoshe, R., Badejo, F., Ogboghodo, G. andAgbaje, A. (2012). *New approach government* Lagos: Longman

Oyovbaire, Sam (1985). *Federalism in Nigeria* London: Macmillan Press.

Radin, B. A. (2013). ‘The instruments of intergovernmental management’. *The handbook of public administration*. Guy, P. B and & Jon, P. (Ed), London: Sage Publications.

Nyemutu, Roberts (2012). “The 1999 constitution of the federal republic of Nigeria: implications for intergovernmental relations” OluAjakaiye and Solomon Benjamin (Eds) *Issues in the review of the 1999 constitution of the federal republic of Nigeria*. Ibadan: Nigerian Institute of Social and Economic Research.

Ugwu, Samuel C. (1998). *Federal system: the Nigeria experience*. Enugu: Mary Dan Publishers.

Ujo, A.A. (2010). *Understanding political parties in Nigeria*. Kaduna: Klamidas Communications Ltd.

West, Ranson. R. (2012). *Local government and service delivery in Nigeria*. Port Harcourt: UP Ulamba Publishers.

Yamane, Taro (1964). *Statistics: an introductory analysis* 3rd edition. New York: Harper and Row Publishing Limited

Zimmerman, J. F. (1992). *Contemporary American federalism: the growth of national power*. Liecester: Liecester Books.


**Journals**


Adesopo, A. A., Agboola, A. A. and Akinlo, O. O. (2013). ‘Centralization of intergovernmental fiscal power and the lower levels of government in a federation: the Nigerian experience’. Journal of Social Science. 8(3) 179-195

Adeyemi, O. (2012) “Corruption and Local Government Administration in Nigeria. A Discourse of Core Issues”. European Journal of Sustainable Development. 1 (2) pp.183-198

Agba, M.S; Akwara, A.F and Idu, A.Y (2013) “Local Government and Social Delivery

in Nigeria: A Content Analysis”. Academic Journal of Interdisciplinary Studies, MCSERCEMAS, Sapienza University of Rome. 2 (2) pp.455-462

Akume, Albert. T. (2014) ‘The Effect of Intergovernmental Relations (IGR) on Nigerian Federalism: An Examination Intergovernmental Management (IGM) 1999-2007’ Canadian Social Science 10(3), 171-180, Canadian Academy of Oriental and Occidental Culture

Analysis Vol. 3 No. 1 August, 2003.

Anyadike, Nkechi O. (2013) ‘New Revenue Sharing Formula Clamour by the Nigerian State Governors: Propelling Factors and Matters Arising’. Public Policy and Administration Research, 3 (2) 27-36

Asaju, K. (2010)‘Local Government Autonomy in Nigeria: Politics and challenges of the 1999 Constitution’. International Journal of Advanced Legal Studies and Governance (1) 1, Pp 98 – 113. April.

Ayoade, J. A. A. (2009) ‘Intergovernmental Relations’. The Quarterly Journal of Administration, XIV(2), 119-132.

Bambang, IbnuMarto, Abdul Hakim, Wijaya, Andy Fefta, Pratiwi, Ruth Nur (2015) ‘The Performance of Revenue Office in the Perspective of New Public Management - (Study on Performance of Local Tax Management in Makassar, Indonesia)’. International Journal of Applied Sociology, 5(1) 57-62

Bird, R. (2012) ‘Intergovernmental Finance and Local Taxation in Developing Countries: Some Basic Considerations for Reformers’. Public Administration and Development, 10, 277-288.

Broadway, R., Roberts, S. and Shah, A. (2012) ‘Fiscal Federalism Dimensions of Tax Reform in Developing Countries’, Perry, Whalley and McMahon (Eds.) *Fiscal Reform and Structural Change in Developing Countries.* Vol. 1. Basingstoke: Macmillan Press Ltd.

Caulfield, Janice (2000) ‘Local Government Finance in OECD Countries’. Paper at the International seminar in the University of New South Wales, Australia.

Chiamogu, Amobi P., Onwughalu, Vincent C., Chiamogu, Uchechukwu P. (2012) ‘Politics of Inter-Governmental Relations in Nigeria: An Appraisal of Current Issues’ International Journal of Asian Social Science 2(11), 1892-1905

Chukwuemeka, Emma and Amobi, Denis S.C. (2011) ‘The Politics of Fiscal Federalism in Nigeria: Diagnosing the Elephantine Problem’ International Journal of Business and Management 6 (1), 126. Available at www.ccsenet.org/ijbm (Retrieved on 08 March 2016)

Cronbach, L. J. (1951) Coefficient Alpha and the Internal Structure of Tests.*Psychometrika, 16* (3), 297-334.

Danjuma, T. Y. (1994) ‘Revenue Sharing and the Political Economy of Nigeria Federalism’. The Journal of Nigerian Federalism. 1(112), 94-96

Egberi, Anthony Ejue and Madubueze, Madumelu C. (2014) ‘Corruption and Service Delivery in Local Government System in Nigeria: A Content Analysis’. *International Journal of Business and Social Science Vol. 5, No. 10(1); September 2014* (retrieved July 10, 2016)

Ejeh, Adoyi Williams and Orokpo, Ogbole F.E. (2014) ‘Fiscal Federalism in

Nigeria: An Analysis of Issues and Challenges'. International Journal of Peace and Conflict Studies (IJPCS), *2(1):37-45* March, Available online @ http://www.rcmss.com (retrieved September 15, 2015)

Ekpo, Akpan H. (2004) 'Intergovernmental Fiscal Relations: The Nigerian Experience'. Paper presented at the 10th Year Anniversary of the Financial and Fiscal Commission of South Africa, Cape Town International Convention Centre.

Ekpo, Akpan H. and Ndebbio, John E.U. (2002) 'Local Government Fiscal Operations In Nigeria'. AERC Research Paper 73, March. Nairobi: African Economic Research Consortium.

Elekwa, N.N., Mathew, Bello F., Akume, Albert. T. (2011) 'Fiscal Restructuring in Nigeria: A Historical Review'. JORIND 9(2) December.

Garba, Y. U. (2000) "Problems and Challenges of Heads of Department and Key Functionaries in the Administration of Local Government councils under a democratic dispensation". Paper at the workshop for Local Government officers on December 20- 21, 2000 Yola, Adamawa State.

Khemani, S. (2006). Local government accountability for health service delivery in Nigeria. *Journal of African Economies, 15*(2), 285-312.

Kirk-Greene, A. H. M. (1967) 'The Peoples of Africa: The Cultural Background to the Crisis'. African Affairs (January).

Lawal, T and Oladunjoye, A (2010) 'Local Government Corruption and Democracy in Nigeria'. Journal of Sustainable Development in Africa, Clarion University of Pennysylvania, Clarion, Pennysylvania. 12 (5) pp.227-235

Lukpata, Victor I. (2013) 'Revenue Allocation Formulae in Nigeria: A Continuous Search' International Journal of Public Administration and Management Research (IJPAMR), 2 (1), 32-38, October.

Mbaya, Paul Y., Audu, Raphael Adole&Aliyu, Mampaa (2014) 'Administrative Efficiencyas a Strategyfor Improved Local Government Effectiveness IN Borno State, Nigeria'. Global Journal of Political Science and Administration 2 (2) 9-23, June.

National Mirror (2013) Lagos: National Mirror Newspaper

National Performance Management Advisory Commission (2010) 'A Performance Management Framework for State and Local Government: From Measurement and Reporting to Management and Improving'. Chicago, Illinois.

Nwogwugwu, Ngozi and Olusesi, TajudeenAlabi (2015) 'Operation of State-Local

Governments Joint Account and Financial Autonomy of Local Governments in Nigeria's Fourth Republic'.International Journal of Innovative Research & Development (4) 11, October

Nyemutu, Roberts (2012) 'The 1999 Constitution of the Federal Republic of Nigeria: Implications for Intergovernmental Relations' *Issues in the Review of the 1999 Constitution of the Federal Republic of Nigeria.*OluAjakaiye and Solomon Benjamin (Eds) Ibadan: Nigerian Institute of Social and Economic Research.

Oates, W., (2013) 'An Essay on Fiscal Federalism.' *Journal of Economic Literature*, 37 (3), 1120-1149

Obasanjo, M.A (2003)"Local Governments can perform better" Daily Trust Tuesday, 7 July.

Odd-Helge, Fjeldstad (2011) 'Intergovernmental Fiscal Relations in Developing Countries A Review of Issues'. CMI Working Papers, Chr. Michelsen Institute Development Studies and Human Rights WP: 11, Bergen, Norway

Ojugbeli, F.A. and Ojoh, James (2014)'The Joint Account System in Nigeria: Problems and Prospects'.Journal of Policy and Development Studies (9) 1, November.

Okafor, Jude (2010) 'Local government financial autonomy in Nigeria: The State Joint Local Government Account'. Commonwealth Journal of Local Governance, Issue 6, July.

Olugbemi, S. O. (1980). A System Approach to Intergovernmental Relations. *Quarterly Journal of Administration*, *XIV* (2), 111- 117.

Onah, F.O. (2004)"Inter-Governmental Relations and the Survival of the Local Governmentin the 21st Century, Nigeria". Nigeria Journal of Public Administration and LocalGovernment. (XII) 1, May.

Oni, Oluwole Ebenezer (2013) 'Intergovernmental Fiscal Relations in Nigeria's Fourth Republic: Issues and Challenges'. Covenant University Journal of Politics and International Affairs (CUJPIA) 1(2), December.

Osisioma, B. C. and Chukwuemeka, E.O. (2007). Intergovernmental Fiscal Relations In Nigeria: A compendium. *Nigerian Management Review,* 17(2): 15-24

Oviasuyi, P.O; Idada, W. and Isiraojie, L. (2010) 'Constraints of Local Government in Nigeria'. Journal of Social Science 24(2).pp.81-86

Salahu, M. O. (2015). Local government revenue and performance: A study of selected local governments in Kwara state, Nigeria. *African Journal of Politics and Society, 1*

Sanusi, Ahmad; Tabi'u, Abubakar and Ahmad, Martadha Mohamed (2013) **'**Governance in Nigeria: Assessing the Effects of the State Joint Local Government Account'.Journal of Governance and Development (9), pp. 151-164

Stuti, Khemani (2001) 'Fiscal Federalism and Service Delivery in Nigeria: The Role of States and Local Governments'.Prepared for the Nigerian PER Steering Committee. July 24.

Teresa, C; Lonti, Z. and Isabelle, J. (2007) Improving Public Sector Efficiency: Challenges and Opportunities OECD Journal of Budgeting (7) 1-41

Treisman, D. (2006). Fiscal decentralization, governance, and economic performance: A reconsideration. *Economics & Politics, 18*(2), 219-235.

Ugwu, S.C, Eme, O.I. and Emeh, I.E.J. (2012) 'Issues in Nigerian Fiscal Federalism; the Relationship between the Principle of Derivation and Resource Control'. Kuwait Chapter of Arabian Journal of Business and Management Review (AJBMR) 1 (5) 78-91, January.

Wright, Deil S. (1975) Intergovernmental Relations: An analytical overview. *The Annals of the American Academyof Political and Social Scienc*e, *416* (Nov) 1-16.

**Government Reports/Official Documents**

Ahmad, J. K., Devarajan, S., Khemani, S., & Shah, S. (2005). Decentralization and service delivery. *World Bank Policy Research Working Paper,* (3603)

Central Bank of Nigeria Statistical Abstract. (2001). 1 (2): 4-5

Constitution of the Federal Republic of Nigeria 1999. Abuja: Government Printer.

Dlakwa, H.D (2010) "Strategies for Enhancing Revenue Generation and collection at the Local Government Level" paper read at a workshop for Local Government officials at Yola, Adamawa State on January 22-25, 2001.

Freinkman, Lev (2013) Intergovernmental Relations in Nigeria: Improving Service Delivery in Core Sectors. The World Bank, April. MPRA Paper.

Nwizu, G. C. (2016). 'What is good administration? Lessons for Nigeria'. Inaugural Lecture. Abia State University, Uturu. September 21.

Sani, G.K. (2009). Emerging issues in Nigeria Fiscal Federalism. *Bullion*, 7(3): 10-22

Tanzi, V. (1996). Macroeconomic aspects. *Annual World Bank Conference on Development Economics,* 295-317.

World Bank (2012) *Study on the Evaluation of the Revenue Powers and Responsibilities of the Three Tiers of Government in Nigeria.* Report submitted to the National Revenue Mobilization Allocation and Fiscal Commission. The Presidency, Abuja

**Unpublished Materials**

Ezeabasili, V. (2006). *Fiscal Responsibility Bill, 2004- A Critical Analysis, APh.D Seminar in Banking and Finance.* Awka: NnamdiAzikiwe University

**Internet Resource**

Abia state, Wikipedia encyclopedia. Available @ https://en.m.wikipedia.org(retrieved August 14, 2016)

Blackman, Deborah; Buick, Fiona; O'Donnell, Michael; O'Flynn, Janine; West, Damian (2012) Developing High Performance: Performance Management in the Australian Public Service. Research Paper Prepared For: The 'Strengthening the Performance Framework Project': a joint research program of The Australian National University, The Australian Public Service Commission, The University of Canberra and The University of New South Wales @ ADFA. June 25. Available @ www.apsc.gov.au(retrieved September 2, 2016)

El-Rufai, N. A. (2012) "Local Government: The Missing Tier of Government" online Newspaper available @ http://www.thenigerianvoice.com (retrieved July 12, 2016)

Fiscal Restructuring in Nigeria: A Historical Review (2012) www.ajol.info/journals/jorind(Retrieved - November 21, 2015)

Handler, Arden; Issel, Michele and Turnock, Bernard (2001) 'A Conceptual Framework to Measure Performance of the Public Health System'. American Journal of Public Health. 91 (8), pp. 1235-1239, August. Available @ http://ajph.aphapublications.org(retrieved - September 2, 2016)

Intergovernmental Relations In Federal Systems (2012) http://www.bca.com.au Business Council of Australia (retrieved – October 14, 2015)

Lieberman, Jethro K. (2011) "Separation of Powers" Encarta 2009. Redmond, WA: Microsoft Corporation. (Retrieved – October 10, 2015)

National Performance Management Advisory Commission (2010) 'A Performance Management Framework for State and Local Government: From Measurement and Reporting to Management and Improving'. Chicago: National Performance Management Advisory Commission. Available @ www.pmcommission.org(retrieved - September 2, 2016)

Nigeria Governors Forum (2015) www.transformation.com(retrieved - September 10, 2015)

Oseni, Michael (2013) 'Internally Generated Revenue (IGR) in Nigeria: A Panacea for State Development'. European Journal of Humanities and Social Sciences. 21(1). Available @ journalbank.com (retrieved September 4, 2016)

Sonnentag, Sabine (2000). Expertise at work: Experience and excellent performance. In C. L. Cooper& I. T. Robertson (Eds.), *International Review of Industrial and Organizational Psychology* (pp. 223–264). Chichester: Wiley. Available @ www.wiley.com (retrieved September 2, 2016)

Sonnentag, Sabine and Frese, Michael (2012) 'Performance Concepts and Performance Theory'. *Psychological Management of Individual Performance.* Sabine, S. (Ed) Chichester: John Wiley & Sons, Ltd. Available @ www.wiley.com (retrieved September 2, 2016)

The Concept of Intergovernmental Relations in Nigeria Democratic Federalism (2013) http://www.articlesng.com/htm (retrieved - November 4, 2015)

Appendix 1

School of Postgraduate Studies,
Department of Public Administration,
Faculty of Management Sciences,
NnamdiAzikiwe University at Awka.

Sir,

I am a doctoral student of the above named department and university and I am undertaking a research work on **‘Intergovernmental Fiscal Relations and Local Government Performance in Abia State’**.

Kindly assist me by completing the attached questionnaire to the best of your knowledge.

Please take note that the information sought is purely for academic purposes and will be treated with utmost confidentiality.

Thank you for the favourable consideration.

Yours faithfully,

**KALU, Peters**

Appendix 1a

**Questionnaire**

***Direction-*** *Please mark ( X ) as appropriate and specify where necessary*

**Section A-Personal Information**

**1.** Gender a) Male b) Female

**2.** Age

a) 20 ( )
b) 21-30 ( )
c) 31-40 ( )
d) 41-50 ( )
e) 51-60 ( )
f) 61+ ( )

**3.** Carde/Rank (grade level)

a) 01-06 ( )
b) 07-12 ( )

c) 13+ ( )

**4.** Educational qualification

a) FSLC ( )
b) GCE/WASC ( )
c) OND/NCE ( )
d) B.Sc/BA/HND ( )
e) M.Sc/MA/Ph.D ( )

**5.** Years of Work Experience

a) 1-10years ( )
b) 11-20 ( )
c) 21-30 ( )
d) 31+ ( )

**6.** Department/Unit

Specify---------------------------------------------------------------------------

**7.** Others- (Indicate) --------------------------------------------------------------

Appendix 1b*i*

**Section B-**

Kindly indicate your opinion using the following scale

5= Strongly Agree - SA
4= Agree - A
3= Neutral - N
2= Disagree - D
1= Strongly Disagree - SD

***Direction***- *Please mark ( X ) to indicate your choice*

**Cluster One: LOCAL GOVERNMENT PERFORMANCE**

| | | **Responses** | | | | |
|---|---|---|---|---|---|---|
| | | **SD** | **D** | **N** | **A** | **SA** |
| **PF1** | The Local government administration has effectively performed its statutory functions in Abia State | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| **PF2** | The Local government administration has brought democracy closer to the people by providing education, primary health services and other social amenities | | | | | |
| **PF3** | The Local government administration has performed well in terms of prompt payment of staff salaries and Pensions | | | | | |
| **PF4** | The Local government administration has empowered the local citizens through skill acquisition programmes using their IGRs | | | | | |
| **PF5** | Poor revenue base of local governments has affected their efforts to carry out their statutory functions of providing social amenities for the grassroot people | | | | | |
| **PF6** | People are not often involved in the choice of local government leadership and this has resulted in dismal performance and poor service delivery | | | | | |
| **PF7** | Overall, the local citizens' perception on the performance of local governments in Abia State is very good | | | | | |
| **PF8** | The local government administration has significantly improved the lives and wellbeing of the people at the grass root level | | | | | |

## Appendix 1b*ii*

### Cluster Two:AUTONOMY AND USUPATION OF FUNCTIONS

| | | **Responses** | | | | |
|---|---|---|---|---|---|---|
| | | **SD** | **D** | **N** | **A** | **SA** |
| **AU1** | There is clear distinction of functions and responsibilities among the three levels of governments as stipulated by the constitution | | | | | |
| **AU2** | State government manipulates local government authorities for personal and selfish political gains through the use of caretaker committees | | | | | |
| **AU3** | There is general tendency for state to suppress local government authorities that are progressive and uncompromising | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| **AU4** | Most of the functions of the local governments are unduly performed by the state government | | | | | |
| **AU5** | In practice, local governments have not enjoyed full autonomy right from the inception of the fourth republic | | | | | |
| **AU6** | By constitutional provisions, there is clear division of functions and responsibilities among the three levels of government but in practice, local governments operate at the mercy of the state government almost in all aspects. | | | | | |
| **AU7** | There is excessive intervention and interference of both federal and state governments on the affairs of the local governments which are most times counter-productive | | | | | |
| **AU8** | Usurpation of functions/excessive manipulation of local governments by the state government has no significant impact on local government performance | | | | | |

Appendix 1b*iii*

**Cluster Three: INTERGOVERNMENTAL FISCAL RELATIONS**

| | | **Responses** | | | | |
|---|---|---|---|---|---|---|
| | | **SD** | **D** | **N** | **A** | **SA** |
| **FR1** | Intergovernmental fiscal relations among the three levels of government have been in accordance with constitutional provisions | | | | | |
| **FR2** | The state government has taken over most of the juicy sources of internally generated revenue that are within the jurisdiction of local governments | | | | | |
| **FR3** | Conflict in the Fiscal allocation formula has significant effect on local government performance | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| **FR4** | Local governments make minimal or no input in the decisions on resource allocations at both the federal and state levels | | | | | |
| **FR5** | The State-local government joint account has given the state government the advantage to divert part of local governments' allocations to other paltry projects thereby denying them the capacity to perform their statutory functions. | | | | | |
| **FR6** | Against the contemplation of the 1999 constitution, the state government has consistently starved local governments of funds that are meant for grass root development | | | | | |
| **FR7** | Local governments receive monthly allocations that are sometimes not enough to pay salaries from the state government rather than the full allocation as distributed by FAAC | | | | | |
| **FR8** | Vertical and Horizontal allocations have significant effects on local government performance | | | | | |

Appendix 1b*iv*

**Cluster Four: CARETAKER COMMITTEE**

| **Variable CARECOM**<br>**No of Items = 8**<br>**Valid Response = 392**<br>**Alpha = 0.984** | | **Percent of Respondents** | | | | | **Mean** | **Std. dev.** | **Interpretation /Decision** |
|---|---|---|---|---|---|---|---|---|---|
| | | **SD** | **D** | **N** | **A** | **SA** | | | |
| **CC1** | The use of caretaker committee to run the affairs of local governments is consistent with constitutional provisions | 38.3 | 50.3 | 11.5 | 0.0 | 0.0 | 1.73 | 0.653 | Disagree |
| **CC2** | The use of caretaker committee to administer the local governments has resulted into timely and quality project executions across the 17 council areas | 37.5 | 43.6 | 18.9 | 0.0 | 0.0 | 1.81 | 0.728 | Disagree |
| **CC3** | The caretaker committee, in most cases, perform better than the elected local government officials in terms of project execution, prompt salary payment and | 37.2 | 42.9 | 19.6 | 0.3 | 0.0 | 1.83 | 0.742 | Disagree |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | accountability | | | | | | | | |
| **CC4** | Compared to elected officials, caretaker committee has so far formulated and implemented people oriented policies and programmes, with developmental projects being timely executed. | 37.5 | 43.9 | 18.6 | 0.0 | 0.0 | 1.81 | 0.726 | Disagree |
| **CC5** | Local government workers generally prefer appointed caretaker committee to elected administrators because the former ensure better working conditions and welfare of staff than the latter | 39.0 | 41.1 | 19.9 | 0.0 | 0.0 | 1.81 | 0.744 | Disagree |
| **CC6** | Caretaker committee comprises people with good reputation and high educational qualification and their term in office is always characterized by promptness, efficiency and effectiveness | 38.3 | 43.1 | 18.6 | 0.0 | 0.0 | 1.80 | 0.729 | Disagree |
| **CC7** | The state government considers and serves the interest of the people whenever it appoints caretaker committee to administer and manage the council areas. | 38.8 | 42.3 | 18.6 | 0.3 | 0.0 | 1.80 | 0.740 | Disagree |
| **CC8** | In terms of quality projects, staff welfare and the general wellbeing of the people, caretaker committee has significantly performed better than their elected counterparts | 39.8 | 39.3 | 17.3 | 3.6 | 0.0 | 2.22 | 0.805 | Disagree |
| **CARECOM: Variable (Grand) Mean and Standard deviation** | | | | | | | 1.85 | 0.657 | **Disagree** |

Appendix 1b*v*

## Cluster Five: STATE-LOCAL GOVERNMENT JOINT ACCOUNT

| **Variable SLJAC**<br>**No of Items = 8**<br>**Valid Response = 392**<br>**Alpha = 0.996** | | **Percent of Respondents** | | | | | **Mean** | **Std. dev.** | **Interpretation /Decision** |
|---|---|---|---|---|---|---|---|---|---|
| | | **SD** | **D** | **N** | **A** | **SA** | | | |
| **SL1** | The creation of the State-Local Government joint account has so far facilitated the implementation of fiscal federalism at the local government level | 39.5 | 38.8 | 18.1 | 3.6 | 0.0 | 1.86 | 0.837 | Disagree |
| **SL2** | The implementation of State-Local Government joint accounts has been consistent with constitutional provisions | 39.8 | 39.5 | 17.1 | 3.6 | 0.0 | 1.84 | 0.830 | Disagree |
| **SL3** | The administration of the State-Local Government joint account has been fair and in favour of local governments in Nigeria | 38.8 | 39.3 | 17.9 | 4.1 | 0.0 | 1.87 | 0.846 | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | Disagree |
| **SL4** | There have been developmental projects successfully executed in all the 17 local governments courtesy of State-Local Government joint account | 39.8 | 39.0 | 17.6 | 3.6 | 0.0 | 1.85 | 0.834 | Disagree |
| **SL5** | The State-Local government joint account has given the local governments the opportunity to be self-reliant and financially independent in all ramifications | 40.1 | 39.0 | 17.3 | 3.6 | 0.0 | 1.84 | 0.833 | Disagree |
| **SL6** | The administration of the State-Local Government joint account has been devoid of undue manipulation and corruption | 39.3 | 40.1 | 17.1 | 3.6 | 0.0 | 1.85 | 0.828 | Disagree |
| **SL7** | It appears that the federal government has consistently insisted and ensured that State-Local Government joint account is implemented in accordance with the provisions of the law | 39.5 | 39.3 | 17.3 | 3.8 | 0.0 | 1.85 | 0.838 | Disagree |
| **SL8** | Overall, the State-Local Government joint account has enhanced the performance of the local governments in the state | 39.8 | 39.3 | 17.3 | 3.6 | 0.0 | 1.85 | 0.832 | Disagree |
| **SLJAC: Variable (Grand) Mean and Standard deviation** | | | | | | | 1.85 | 0.823 | **Disagree** |

# Appendix 2

## *a) Reliability Test for Performance Variable Scale*

*Reliability Statistics*

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|---|---|---|
| .803 | .812 | 8 |

## *b) Reliability Test for Usurpation Variable Scale*

*Reliability Statistics*

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|---|---|---|
| .805 | .841 | 8 |

### *c) Reliability Test for Fiscal Relations Variable Scale*

*Reliability Statistics*

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|---|---|---|
| .757 | .753 | 8 |