

**GOOD GOVERNANCE AND STATE-LOCAL FISCAL
RELATIONS IN NIGERIA: A CASE STUDY OF OREDO LOCAL
GOVERNMENT EDO STATE**

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BENIN CITY

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**A PROJECT SUBMITTED TO THE DEPARTMENT OF PUBLIC
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CERTIFICATION

We the undersigned hereby, certify that this project work was carried out by JOHN FACADOS OGHALE with matriculation number SSC1913565 under our supervision and is adequate in scope and quality for partial fulfilment of the requirement for the ward of Bachelor of Science (B.Sc) in Public Administration.

Dr. W. Okotie
Project supervisor

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head of department

Date

Date

DEDICATE

This project work is dedicated to God Almighty for his mercies, grace and strength which led to the completion of this programme.

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ABSTRACT

This study examine good governance and state- local fiscal relations in Nigeria. In todays society, people focus a lot on being proud and achieving things on their own at work. Local government as a third tier of government are subordinate to the state and federal governments which are effectively the determinant level of government. So, this study wants to find out how working together. This development gradually transformed democratic administration into bureaucratic administration in which the centre looms large and therefore, changed the original federal form n which the legal and political competence of each unit of government is limited in relation to the legal and political competence of other unit of government. The objectives of the study was to examine the extent of cordiality, in terms of fiscal relations existing between Edo State Government and OREDO Local Government. Th methodology used was a survey research design through the use of a structure questionnaire in getting data form respondents.. the method of data analysis that was adopted is statistical package for social sciences (SPSS). The major findings form the study revealed that teamwork has a positive effect on the performance of the organization and the researcher made the following recommendations was that, organization who have discountd teamwork, must start employing in, by organizing training programms, and also organization should try to build teamwork within the workplace which will enable them patter their growth and development .

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF STUDY

The health of any federal state is a product of the relationship between or among the various component governments. Consequently, Inter Governmental Relations (IGR) has become a critical issue in federal studies. IGR is an important body of activities or interactions occurring between governmental units of all types and levels within the federal system in Nigeria. The assertiveness and boundary consciousness of the units are giving way to an operational concert of the integration of resources and the joint use of power to solve socio-political and economic problems mutually. For instance, the growing complexity of problems or more appropriately, the necessities of society created a sense of national purpose and growth of national programming characterized by the intellectual homogenization of the public sector. This development gradually transformed democratic administration into bureaucratic administration in which the centre looms large and therefore, changed the original federal form in which "the legal and political competence of each unit of government is limited in relation to the legal and political competence of other units of government. The 1999 constitution of Nigeria as the basic framework of government in Nigeria, under section 2(2) describes Nigeria as a federation consisting of states (36) and federal capital (i.e. Abuja), while section 3(1) lists the component states. In turn, part T to the first schedule of the constitution lists the local government areas in the states (774).

For an administration to function properly, there must be finance because it plays an important role in state and local government development. Without finance, the administrative machineries will not function properly even when there is the presence of human resources. If finance is not available, the accomplishment of the set goals and objectives of an organization will be minimal or greatly limited. Therefore, the importance of finance cannot be overemphasized. Problems often arise from state-local relations in Nigeria, largely because of the proximity between the two levels and the superiority that the state as the second tier of government is wont to claim.

Local government as a third tier of government are subordinate to the state and federal governments which are effectively the determinant level of government. The second component of section 7(1) of the 1999 constitution, makes the establishment, structure, composition, finance and functions of local government dependent on state law.

The constitution ensures cooperation between state and local governments by emphasizing the partnership model of local governance by creating concurrent joint policy areas. The central purpose of this project work is to assess the degree of state-local fiscal relations and its effect on local government's impact on accelerated growth and development in Nigeria a case study of Oredo local government, Edo State, Nigeria.

1.2 STATEMENT OF RESEARCH PROBLEM

There is no doubt that the founding fathers of our Nigerian State and the writers of the 1979, 1989 and 1999 constitution meant well in creating three tiers of government, i.e. federal, state and local government. State – local governments fiscal relation in Nigeria

is anything but smooth and smooth and full of avoidable frictions. Consequently, state-local governments fiscal relation has received considerable attention in the numerous tinkering to strength the autonomy and viability of the local government system in Nigeria. Problems often arise from state-local government fiscal relations in Nigeria. The intrusion and encroachment of the state government on local government functions and activities have actually hampered positive interactions and good fiscal relations between state and local government in Nigeria, especially in Edo State.

However, it is important to state that, local governments are also found wanting in the performance of their stipulated primary responsibilities and in the realization of their set objectives owing to the inadequacies inherent in te system of local government being operated.

The third tier being the closest to the people at the grass root specifically ought to have direct impact on the people's lives through development and provision of essential infrastructure. As it is seen in most local government areas throughout the country, the low level of development noticeable leaves a soar taste in the mouth, particularly against the backdrop of the huge releases to the local government from the federation's account.

- a. This study is devoted to finding solutions to the under listed questions:
- b. Is the fiscal, relation between state and local government enhancing good governance in Nigeria?
- c. What are the prospects of the state and local government joint account for good governance in Nigeria?

- d. C. Does local government have enough power and resources to operate as a distinct and responsible government without going “cap-in-hand” to other tiers of government for funding if granted autonomy?
- e. What are the major problems that confront Oredo local government?

1.3 OBJECTIVES OF STUDY

The purpose of this study is to examine state-local fiscal relations and its effect on good governance in Nigeria, using Oredo local government as a case study.

- a. To examine the extent of cordiality, in terms of fiscal relations existing between Edo State Government and Oredo Local Government.
- b. To ascertain the fiscal problems or factors contributing to the moribund nature of local government in Nigeria and particularly in Oredo Local Government.
- c. To find explanations to what the local government constraints are in their movement towards the achievement of set goals and objectives.
- d. The assessment of the impact of oredo local government council activities on the local inhabitants of the council area. And also to identify areas of deficiencies.
- e. To seek explanations and solutions to the reasons for the reoccurring crisis on the issue of local government fiscal autonomy.
- f. To make appropriate recommendations for further study by prospective researchers.
- g. And above all, this study will no doubt contribute to the expansion of knowledge and promote further researchers in the study of state-local fiscal relations.

1.4 HYPOTHESIS

The formulated hypothesis for the study are as follows:

- a. Will the fiscal relations between state and local government further enhance good governance (and democracy) in Nigeria.
- b. That the joint account between the state and local government is an impediment to development and the good performance impact of the local government on the lives of its people.
- c. C. That local government have enough power and resources to operate a distinct and responsible government without going to other tiers of government for funding if granted autonomy

1.5 SCOPE AND LIMITATIONS

This research work focuses on Oredo Local Government and its territorial area of jurisdiction. The basic concept behind this phenomenon is to use Oredo as a model of all local government councils in Nigeria and consequently from a reliable basis of generalization for all local councils in Nigeria. The subject matter of the study covers the fiscal relationship between Oredo Local Government and Edo State Government. There were lots of limitations in the course of gathering data for this research. Financial constraint was a major problem: therefore, the researcher was restricted to Oredo Local Government Council area.

Secondly, the collection of data by oral interview and questionnaires moving from place to place. The researcher found this to be a tedious task, time consuming and exorbitant.

Thirdly, most of the officials that were scheduled to be interviewed or given questionnaires were found not on seat; this resulted in many unsuccessful attempts to meet the officials at the local government secretariat. And some of the council workers available exhibited non-cooperative attitude. These officials hinged their excuse on bureaucratic bottleneck. They stated that they were not competent to divulge information about the local government to strangers.

The fourth major problem encountered was the scarcity of literature on the subject matter, particularly those connected with the locality under study. Hence, the researcher have to rely extremely on the information from oral interviews and questionnaires as well as personal observations.

1.6 SIGNIFICANCE OF STUDY

In recent times, the issue of state-local fiscal relations and its effect on good governance (delivery) in Nigeria has assumed front burner in the nation's political history. Even among political scientists or practitioners and non-practitioners, the issue has assumed an important discourse, generation or creating divergent views and comments. This study will help the researcher to get acquainted with the common problems associated with state-local fiscal relations in Nigeria.

Also, the study is significant because it will help to put in its proper perspective, the full meaning of the concepts of intergovernmental relations, federal-state-local relations, state-local relations, and to find explanations to what the constraints on the local governments are and how they affect their contribution to governance (delivery) in Nigeria.

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAME WORK

Every organization, whether private or public needs finance to survive and accomplish its set objectives. The existing literature on state-local fiscal relation is an extensive as well as interestingly controversial and diverse. Most of the early studies were focused on the identification of financial problems of the local government, the sources of finance available to local governments, other issues including management of revenues allocated to local government, and highlight of the following factors as hindrances to local governments and their contribution to good governance.

a. Inadequate financial capacity

b. Lack of technical man power and

C. The erosion of functions of local government authorities, particularly the revenue yielding areas, most especially by the state government.

Some studies, researches, observations, opinions, recommendations, etc. have been carried out on state-local fiscal relations, so many schools of thought have their cooperate views as well as contrary views on the issue. For proper articulation, this chapter will be grouped into the following:

1. The concept of inter-governmental relation.

2. Origin of inter-governmental relation
3. Scope of inter-governmental relations.
4. Federal-state-local relations
5. State-local relations
6. State-local fiscal relations.

Federal-State-Local Government Relation

In every country operating a federal system of government, like Nigeria, there are three constitutionally recognized orders of government, namely the federal, state, and local governments. Both the national government and the component state are constitutionally, autonomous and coordinate. Frequent governments in Nigeria conflicts of authority, contests for supremacy and violent protests over usurpation of authority, have characterized the relationship of national and state governments. There exist constitutional provisions for a final recourse to judicial settlement for the determination of jurisdiction when dispute arise.

Pertaining to the issue of the national-local relations, the federal government especially during the military era is so favourably disposed to a strong local government system. Consequently, national-local relations do not seem to harbor too much anxiety for local rulers. That is not to say that there are no problems but at least, one can safely

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Consequently, national-local relations do not seem to harbor so much anxiety for local rulers. That is not to say that there are no problems but at least, one can safely say there are no serious tension along political administrative lines at these two levels. Due perhaps to the constitutional and administrative distance between the federal and local levels, relations between them are yet to degenerate into rivalry under present partisan arrangements.

2.1 DEFINITION OF INTER-GOVERNMENTAL RELATIONS

Many scholars in political science and public administration have been able to formulate their own concepts and definitions in concepts and definitions of inter- Governmental Relations. In the course of this study, some of them would be identified to enable us to comprehend what the Inter-Governmental Relations" actually stand for. According to Reagan and Sazone (1981) Inter-Governmental Relations is a complete web of inter-relationships that exist among public officials in the different levels of governmental activities in a political system. William Anderson defined Inter -Governmental Relations

as an important body of activities or inter-actions occurring between governmental units of all types and all levels within the U.S. federal system.

Eleazar D. J. sees Intergovernmental Relations as the series of financial, legal, political and administrative relationship established among all units of government, which possess varying degree of authority and jurisdictional autonomy.

Olugbemi (1980) defined the term as a system of transactions among structured levels of government in a state. In other words, it is about the patterns of behaviour among officials or managers of a hierarchically structured organization. D. S. Wright on his part saw Inter-governmental Relations as a complex network of transactions and inter-actions among the constituent governments of a political system or state.

The researcher of this study would like to define the concept, inter-governmental Relations as, "the network of political forces instituted legitimately according to constitutional provisions to harmonize and coordinate the basic functions of the three levels of government in a political system"

From the foregoing, one can deduce that inter-governmental Relations attempt to connect the political, economic and social-cultural pattern existing between levels of government in a polity.

The common characteristic inherent in the definitions could be outlined below.

1. As long as there is more than one government in operation within particular polity be it federal, confederal, or Unitary system, Inter-governmental Relations will be a common feature
2. It is also prevalent in all forms of government be it presidential, parliamentary, anarchical, or triarchical system.
3. Inter-governmental Relations are patterns of behaviour existing among government officials characterized by a complex political systems.
4. It is a function of the interdependency of levels of governments.
5. Both private citizens and public officials including government entities of all deeply involved in inter-governmental activities within a shapes and types are given polity.
6. It takes place both at the official and unofficial levels

2.2 ORIGIN OF INTER-GOVERNMENTAL RELATIONS

Inter-governmental relations which evolved in the United States of America during the economic depression in the early thirties has now virtually spread to most nations of the world.

The intension of the U.S. government was to address the economic recession at the time by instituting a policy known as the New Deal. A programme of massive economic and social consequences of the great depression experienced during this period. The United state Government discovered that it was imperative to solicit the assistance of the lower levels of government in order to reap the advantages of the unification of differences.

Most governments in the world have now firmly established intergovernmental relations as an element of government. At this juncture, it should be underscored that federalism and intergovernmental relations are inseparable. This had earlier been stated in the introductory part of this study.

According to Michael D. Reagan, Federalism is Inter-Government Relations because Federalism old style is dead: yet federalism new style is alive and well and living in the United States. Its name is intergovernmental Relations". This assertions was elaborately explained under the introduction section of this study.

AS ACADEMIC DISCIPLINE

In 1937, Professor C.F, Snider became the first academician to use the term Inter-governmental Relations in an article he titled "Country and Township government".

Another scholar who has also been appreciated for making useful contributions to the evolvement of the concepts is Professor⁹ William Anderson. He contributed to the development of the concepts in the 1930s. at these stages, IGR was studied within the concept of federalism as comparative federalism. Consequently, studies of Inter-governmental Relations cover Federal-State; Federal-Local Relationships.

Today, Inter-governmental Relations have come of age and is being studied as a source of discipline. The United States Government in the 1951 (ie the congress) formally established the Advisory commission on inter-governmental Relations.

Though, it was first established by the congress as a temporary body, by 1959 it became a permanent organ of government.

In Nigeria, Inter-governmental relations has now been established formally and recognized officially as an element of government. It should be emphasized here that since 1914 there has been element of Inter-governmental Relations as evidenced in public administration. This assertion premised on the fact that revenue sharing among the component units of the nation commenced in the colonial era. At this juncture, one should recall that the need to utilize the generated revenue in the South in favour of the North was the cause and effect of the 1914 amalgamation of the northern and southern protectorate.

2.3 SCOPE OF INTERGOVERNMENTAL RELATIONS

As observed in our definitions, Inter-governmental Relations premised on how the various levels of government, or units of the same government, through their officials, deal and interact with each other with definite aims. It includes the cross interactions existing among all types and levels of government. There are two modes of inter-actions; these are the horizontal or vertical relations.

1. Horizontal Interactions: These are the inter-actions that take place between equals, for instance, when states interact with other states or when Local government inter-relate with other local governments within a particular polity.

2. Vertical Relations: These inter-relationships occurs when the central and other smaller constituent units of government within political system, comes to interact with each other.

In this way, vertical inter-governmental relations result when the National Government inter-acts with the State or Local Governments OR when the states interact with Local Governments. Empirical studies has been able to clarify the fact that vertical Inter-governmental Relations are more complex and diverse than horizontal relations in any political system.

The scope of IGR could be discerned by using levels government according to political system. Let's examine the classifications below:

A. Federal System e.g. U.S. OR Nigeria

In a Federal system the following scopes are discernable:

Federal-State Relations

i. Federal-Local Relations

ii. Federal-State-Local Relations

iii. State-State (i.e. Interstate) Relations

iv. State-Local Relations

V. Local-Local (inter local) Relations

vi.

B. Unitary System (e.g. Britain)

are discerned:

Under a parliamentary arrangement the following scopes

National-Local

i. Local-Local

ii. Unitary (regional) System (e.g. Britain)

Under the French political system the following scopes are obvious:

i. National-Regional

ii. National-Local

iii. National-Regional-Local

iv. Regional-Regional (Inter-Regional) Regional-Local

vi. Local-Local (Inter-Local)

Inter-governmental Relations is a complex phenomena in public administration. It sees

all combinations and manipulations of relations among the units of government in any

political system. These relations are wide ranging consider forms of government such as

Parliamentary, or Presidential system, inter-actions takes place at Legislative, executive,

ministerial, Judicial, administrative and conference stages; These occurs through formal

channels of organization.

Thus the structure and scope of Inter-governmental Relations could be deduced from the components of governmental powers. These of course are the executive, the legislature, the judiciary and lastly the party system. The structure impose a paradox of an assumed equality of States, communication and individuals under the law as against well known inequality of economy opportunities which often hinder cooperation between the various units government and consequent!ly culminating in conflicts. Ihus, inter-governmental relations is principally aimed at broadening areas of cooperation and simultaneously minimizing areas of conflicts and devising appropriate mechanisms to resolve such conflicts whenever it arises within a particular policy.

Local-State-Federal Constitutional Relations

But for the efforts that culminated in the 1976 local government reform and the adoption of the draft 19790 constitution, the examinations of constitutional relations between local government with the other two levels of government particularly from the perspective of local federal relations, would not been of much signifance prior to 1979, local government had no clear status and had no constitutional recognition or backing whatsoever.

The first schedule of the Nigerian Constitution of 1954 which was not significantly different from the provisions contained in the 1960 Constitution (as they relate to Local Government). For example, made no reference to Local government either in the exclusive list or the concurrent list.

Since local government was not mentioned anywhere in the constitution, it implied that the sphere of Local Government may be regarded as essentially a residual subject. This arrangement clearly indicated that the sphere of Local Government was not given any importance in the constitution and it was entirely the responsibility of the Regional Governments to carry out a place for Local Governments in the scheme of things in the country. The Federal Government was effectively and conspicuously kept aloof in the sphere of governance at local level by the constitution.

This position has substantially changed since the 1976 reform and the adoption of the 1979 Constitution as well as the 1989 and 1999 Constitutions. The relevant aspects of the constitution in the sphere of local-state-federal relations are now examined below:

1. Provisions Relating to Level of Government

The 1979, 1989 and 1999 Constitutions recognize three levels of government. The sphere of jurisdiction of the federal government is spelt out in the exclusive list and is contained in part 1 of the second schedule of the 1979, 1989 and 1999 Constitutions.

Part II of the second schedule contains the concurrent legislative list over which both the federal and state governments have concurrent powers, where there is conflict between the laws made by the federal government and that of any state government, the law made by the federal government prevails.

Besides spelling out the sphere of jurisdiction of the three (3) levels of government the 1999 constitution like the 1979 and the 1989 Constitution emphatically guaranteed a

system of local government by democratically elected government councils and empowers the House of Assembly of a state to enact relevant laws providing for the structure, composition, revenue, expenditure and other financial matters, staff and other relevant matters for the Local Government in the state. Thus, in the sphere of state-local government relations from the institutional point of view, local government is especially a state subject.

2. Provisions Relating to Revenue Allocation

Prior to the 1976, issues relating to revenues or finance were essentially limited to States and local government and these were extra constitutional. The federal government before this time has not involved in the financing of local government in the country.

The only financial commitment made by the federal government before 1976, having a bearing on Local government finance worth mentioning was in 1973/74 when at the instance of the federal government, state governments were required to establish a local government fund to provide capital loans to local authorities. In pursuance of this objective, the state government were given one million naira (1,000,000) each by the federal government. The state government was expected to match the contribution from the federal government. (Gboyega 1987:170). Many state governments did not provide matching funds as required by the federal government as the administration of local government loans fund left much to be desired. In spite of this, the federal government in 1974/75 increased the subvention to each state on one and half million naira (N1,500,000)

(Gboyega 1987: 170). It was in furtherance of the 1976 reform, that the federal government for the first time took the spectacular decision of granting- aids local government. On a permanent basis through the state government, thus bringing the federal government into mainstream of local government financing in the country.

Perhaps, more significant is the fact that the 1979 constitution for the first time in the history of constitutional development in Nigeria, provided for the sharing or public revenue between the three levels of government. Section 162 of the constitution of 1999 provides for the distribution pool account in respect of the three levels of governments states that:

(a) The federal shall maintain a special account to be called by the government of the federation, except the proceeds from the personal income tax as the personnel of the armed forces of the federal, the Nigeria police force, the ministry of department of government charged with responsibility to foreign affairs and the residents of the federal territory, Abuja)

(b) Any amount standing to the credit of the federation Account shall be distributed. Among the federal and state governments and the local government councils in each state on such terms and such manner as may be prescribed by the National Assembly.

(c) Each state shall maintain a special account to be called state joint (local Government account into which shall be paid all allocations to the local government councils of the state from the federal account and from the government of the state.

(d) Each state shall pay to local government councils in its areas of jurisdiction such proportion of its total revenue on such terms and in such manner as may be prescribed by the National Assembly'

(e) The amount standing to the credit of local government councils of a state shall be distributed among the local government councils of that state on such terms and in such manner as may be prescribed by the House of Assembly of the state.

(1) Any amount standing to the credit of the judiciary on the Federqan Account shall be paid directly to the National Judicial Council for disbursement to the heads of courts established for the federation and the states under section 6 of this Constitution.

(g) For the purpose of this research, revenue means any income or return accruing to derived by the Government of the Federation from any source and includes:

Any receipt, however described, arising from the operation of any law;

ii. Any return by way of interest on loans and dividends in respect of shares held or interest held by the government of the federation in any company or statutory body.

In pursuance of the provisions under the 1979 constitution, the National Assembly passed a bill on the allocation of public revenue between the three levels of government.

In 1981, the amount accruing to the federation account should be disbursed to the state government for the benefit of their local governments. The Act further provides that ten percent (10%) of the total revenue of the state government should be allocated to their local government councils.

For reasons connected with pressures from the state governments regarding what they claim was the enormous burden of their financial responsibility to the local government, the federal government in 1985 modified the financial commitment of state government to ten percent (10%) of their internally generated revenue against the earlier provision of ten percent (10%) of their total revenue.

Under the present dispensation, the federal government is entitled to 48.5% of the amount accruing to the federal account, the state 24% and local government 20% while the remaining 7.5% is for mineral producing areas and other ecological and related matters

3. Provision Relating to Collection of Taxes

In the sphere of collection that the exercise of its power to impose tax or duty on:

Capital gains, income, profits of persons other than companies and

i. Document or transaction by way of stamp duties, the National Assembly

ii. may subject to such condition as it may prescribe, provide that the collection

of any such tax or the administration of the law imposing it all, shall be carried out by government of a state or other authority of a state.

Furthermore, a House of Assembly, subject to such condition as it may prescribe, make provisions for the collection of any tax, fee or rate or for the administration of the law providing for such collection by a local government council.

4. Provisions Relating to conduct of elections at the local government level On the conduct of elections at the local government level, the 1979 constitution provides that the National Assembly may make laws for the federal with respect to the registration of voters and procedure relating to election to a local government council. The House of Assembly of a state is also empowered under the constitution to make laws with respect to elections to a local government council in addition to, but not inconsistent with any law made by National Assembly, because the federal government and the state government responsibility of legislating in respect of elections at the local level.

(through the federal government has over-riding powers over state laws in this

regard) the constitution excludes issues relating to election to a local

government council or any office in such council from the exclusive legislative

list.

Under the 1999 constitution, the state governments are empowered to set up state Independent Election Commissions for the purpose of conducting local government elections. The Independent National Electoral Commission however reserve the right to arrange and conduct the registration of persons qualified to vote and prepare and maintain and revise the register of voters for the purpose of election in any part of the country.

State-Local Relations

State-local relations problems often arise from state-local relations in Nigeria, largely because of the proximity between the two levels and the superiority that the state as the

second tier of government is wont to claim. Although the provisions for 744 local government areas in Nigeria and definition of their functions in the 1999 constitution suggest that it may be correct to regard local governments as a third order of government, they are subordinate to the state (and federal) governments which are effectively the determinate levels of government.

The second component of section 7(1) of the 1999 constitution makes the establishment, structure, composition, finance and functions of local governments dependent on state-law.

The constitution ensures cooperation between state and local governments by emphasizing the partnership model of local governance by creating concurrent/joint policy areas. The concurrent or joint functions assigned to a local government are both novel and interesting. The 1999 constitution (fourth schedule novel 1, section 2) states that: the functions of a local government shall include participation of such local government in the government of a state as regards the following matters, namely:

- a. The provision and maintenance of primary adult and vocational education
- b. The development of agriculture and natural resources;
- c. The provision and maintenance of health services; and
- d. Such other functions as may be conferred upon a local government by the House of Assembly of a state.

Section 7(3) of the constitution also expands the concurrent policy-making areas of local government by stipulating that: it shall be the duty of local government within the state to participate in economic planning and development of the area.

State-local government's relation in Nigeria is anything but smooth and full of avoidable frictions. Consequently, state-local governments' relation has received considerable attention in the numerous tinkering to strengthen the autonomy and Viability of the local government system in Nigeria.

Political linkages which emanate from the party system have a number of implications, For instance, experience in the first republic (1960-1966) revealed that for a state-local relations. harmony of interests and cooperation existed where the same political party was in power at the state and local levels of government; while political disharmony and lack of cooperation prevailed where the ruling political party at the state level was at variance with that at the local level. The position would have been the same during the second republic, but for the fact that elections were not held throughout the second republic.

The realization by the ruling state/national elites, of the fact that, no formidable superstructure can be built with local assistance many a times motivate them to suspend or dissolve local councils that are governed by rival political parties to consolidate their position without any plausible justification; while the non-ruling political parties put up an unusual effort to capture and control local bodies as they perceive that success at the local level if consolidated could be used as a springboard to unseat the incumbent macro-

level ruling party. Thus, consolidation of power at the local level is crucial to both ruling and non-ruling political parties.

Even though, the macro-party politics prevented elections from being held into the local government councils during the second republic (1979-1983), political parties still had organization at the three levels of the polity because they realized they could not build their superstructure without having base level party network. It is worth stressing that in so much as interests are articulated by nationally organized and functionally specific associations, local chapters and regional branches can more directly and efficiently serve as interest groups in relations to local than central government. But where interests are articulated selectively through cliques whose ethics or communal compositions typically vary greatly from region to region, decentralization can have quite paradoxical consequences." To avoid such paradoxical implication in a modernizing federal polity, it is essential to ensure that national political parties participate in local government affairs. If the conduct of elections into local government bodies with two nationally recognized political parties is adopted just as in third republic, the evolution of local government with democratic orientation which would subserve the social, economic and political aims of the nation will be strengthened.

The political and administrative reasons, responsible for failure to make the desired impact at the local level include; the continued erosion of the powers of the local governments by state governments; government is still far from the rural dwellers because of the self-centredness of the local government functionaries. Human and material

resources are still grossly inadequate; excessive pettiness and partisanship are rendering modest progress difficult and almost impossible. Consequently, a clear divorce between the public and the government institutions, which obstructed growth and development in the old local government system still exist today. Violation of financial and monetary ethics by local government functionaries in the conduct of their duties are still prevalent today in the fourth republic.

Statements made by the current president of Nigeria, President Olusegun Obasanjo, on the corrupt practices of these local chieftains do support these allegations. The time has come for these moribund councils to develop their strategies into one of assuring the public that they are fully alive to their responsibilities and is capable of looking after resources and assets entrusted to them. There is no merit in mindless award of contract but there is merit in self-respect and the prudent management of public resources.

The study research focuses on the fiscal relationship between Oredo and State Government because this fiscal relation constitute a most crucial ingredients for the social, economic and political advancement of any local government. The mode of fiscal relations that existed in the colonial, independence and post independence (prior to 1976 reforms) era. The original sources of local administrations revenue were community tax, cattle tax (Jangali in the North) court fees and fines. As time went on such items as market fees, palm wine license fees, liquor license fees, forest fees, and bicycle fees were added. Again, up to the late 40's the emphasis was still on maintenance of law and order rather than on the provision of infrastructures and social amenities. The regional

government then exercised general supervisory control over native authority finances through the DO'S and residents. The financial memorandum supplemented from time to time by policy circulars issued by government, was like the native authority financial Koran or Bible. Estimate of annual revenue and expenditure were prepared in accordance with the laid down procedure in the financial memorandum. Later on, specific grants were made available to Native Authorities for certain essential services Such as public health, education and agriculture. Such grants included those meant for trained medical staff, trained N.A, police, trained teachers, trained works and agricultural staff, etc.

The regional government continued to be the watchdog of Local government finance through the residents and DO'S who had the financial memorandum as their Native authority treasuries were graded according to their financial strength weapon.

and this affected the degree of government control of native Treasuries vis-à-vis the native authorities. When 12 states were created in Nigeria in 1967, some states undertook the review of the operations of the local government system within their borders. For instance, in Benue, Plateau State, provincial administration was abolished. This made the DOS and LA'S to deal directly with the State Government in Jos. Financial powers exercised by the provincial authorities under the various laws were either transferred to the DO'S or to the governor as appropriate. The governor then had responsibility for local government in his office.

The defunct Mid-West State with capital situated in Benin, had similar review of its operations with local areas termed division, Between 1967-71, both the state and local

governments took over direct control of certain functions of the NA, most notable of these were the courts, police and prisons. There was lack of uniformity in terms of fiscal policy measures adopted by all the states during this era. This necessitated the need for major reforms.

2.4 1976 LOCAL GOVERNMENT FISCAL REFORMS

Under the 1976 local government reforms local government was conducted through the Ministry of Local Governments. Apart from bringing the government closer to the governed by involving the local communities in development process, the increased responsibilities of these councils called for increased financial resources. Both the federal and the state governments were quite aware of the important role played by the local government in fostering rapid, social and economic development in the country before introducing statutory financial allocation to local government. In the then Bendel State., to ensure that the financial resources available to Oredo Local council and all other local governments were properly utilized, the state government provided for the strict management of the local governments finances in the edicts. The edicts empowered the commissioner of local governments to issue financial memoranda for the management and control of finances and for the regulation of the procedure of the finance and general purposes committee, The financial memoranda the basis upon which the local government operates their financial transactions.

Although, some insignificant alterations are made from time to time, the financial memoranda remained unaltered throughout the years.

Since financial management imply the proper handling fo the property of the local governments, it is the responsibility of every council member and official to be seriously concerned with how this is achieved. The council should require an up to date information on how it's funds are being administered: how its financial affairs are being transacted and how its investments are accounted for. Financial management is also the means by which the local governments progress and development are assessed and also the means by which the revenue collections can be improved. This reform underscored the facts that since sufficient funds are being made available to local government, stringent measures should be introduced to ensure effective system of financial management and control. Local governments restricted the control and management of their finances by means of annual estimates.

For Oredo local government to ensure the effective management of its financial resources, a trained treasurer is employed. The treasurer must be capable of interpreting financial trends. He will be required to feed the council with an up to date information on its finances. The treasurer must always be vigilant on how Heads of Council departments spend funds allocated to htem. He should be able to withstand all pressures that are capable of encouraging mismanagement of funds.

Another aspect of Oredo Local Government management of its finances is the budget (Annual Estimate) which expresses in financial terms,

CHAPTER THREE

RESEARCH METHODOLOGY

The purpose of the research methodology is to explain the procedure and methods applied in the collection of data for this research. It explains the sources of data, population, sampling techniques, instrument of data collection and techniques of data analysis.

3.1 RESEARCH DESIGN

The survey research design was used in this study. Survey research design entails a situation in which human characters/subjects are questioned to elicit responses that will describe their opinion or general state of mind concerning the topic. By the use of this design, the researcher was engaged in an accurate assessment of the phenomena being researched through the study of a sample considered to be representative of the population to which questionnaires were administered.

3.2 POPULATION OF STUDY

The population of this study is made up of the employees of Oredo Local Government Council. At the time of this research, the total population of Oredo Local Government was 339,899. (National Population Commission of Nigeria, web).

3.3 SAMPLING SIZE/SAMPLING TECHNIQUE

The initial size of the sample for this study was made up of 120 respondents. In the course of administering the questionnaire, a total of 106 106 respondents returned their questionnaire successfully. So our sample size is now reduced to 106 based on the return rate. 106 respondents, comprising employees of Oredo Local Council. The simple random sampling technique will be adopted in selecting the study sample because it ensures that every member of he population has a known and equal chance of being selected.

3.4 SOURCES OF DATA

Data or information for this research was sourced from both primary and secondary sources.

Primary Data

This is data sourced by the researcher and his agents by a social survey, which involved gathering of data through the administration of questionnaires.

Secondary Data

This is data gathered by the researcher from textbooks, newspapers, magazines, journals, the internet and other official publications.

3.5 INSTRUMENT OF DATA COLLECTION

As this study uses a survey research design, the instrument used in collecting was the use of questionnaire. Questionnaire is data was t one of the most reliable instruments for gathering data. Questionnaire is simply extracting information in a survey or census through questions. The close-ended (structured questions) type of questionnaire was used in which respondents is provided with alternative answers from which is expected to select the one he feels is more appropriate.

3.6 TECHNIQUE OF DATA ANALYSIS

The chi-square (x^2) method was used in analyzing the primary data obtained for this research with a view to testing the research hypothesis so as to prove or reject them. (The computation of chi-square (x^2) are situated in the appendix.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

This chapter examine the demographic variables of the respondent to enable us have an insight into the characteristics of the population of study and testing of the hypothesis

4.1 Frequency Distribution of Variables

The frequency distribution of variables as used in this research are as follows in simple percentage

Section A:

Frequency distribution of demographic data (Bio-data) of respondent

Table 1: frequency distribution of respondents by gender

Sex	Frequency	Percentage
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Males	65	61.4
Female	41	38.6
total	106	100

From the above table, 65% of the respondents are males, while 41% are females. In this respect, there are more male staffs than female staffs working in Egor Local Government Council.

Table 2: frequency distribution of respondent age

Age	Frequency	percentage
Below 30 years	45	42.4
30-49 years	50	47.2
50 years and above	11	10.4
Total	106	100

The age distribution of the table above revealed that the respondents belong to different age group. The table shows that 45 respondents who represent 42.4% are below 30 years, while 50 respondents who represent 47.2% are within the age group of 30-49 years, while 11% falls within the age group of 50 years and above. The impression that can be derived from the analysis is that respondents within the age group of 30-49 years constitute the highest population of employees from different department in Oredo local government secretariate.

Note: perhaps this might not be statistically true, because in the course of distributing this questionnaire, the researcher realized that majority of the older respondents in Oredo

local government secretariat exhibited a nonchalant attitude towards answering the questionnaire. Most of the respondents that were willing to attend to the researcher were younger employees in lower grade levels, but the older employees in higher grade level showed little concern toward answering to questionnaire. This was the researcher's observation.

Table 3 Frequency Distribution of Respondents by Marital Status

Marital status	Frequency	Percentage
Single	42	39.6
Married	64	60.4
Others	-	-
Total	106	100

The table above indicates that 39.6% of respondents are single, while 60.4% are married and 0% others. The conclusion can be drawn from this analysis is that married respondents are more than single respondents in Oredo Local government council.

Table 4: Frequency Distribution of Respondents by Religion

Religion	Frequency	Percentage
Christianity	101	95.3

Muslim	5	4.7
ATR		-
Total	106	100

The analysis on religion shows that 5.3% respondents are Christians, 4.7% are Muslims and none of the respondents practices African tradition religion (ATR). The analysis above shows that majority of employees in Oredo Local Government council are Christians.

Table 5: frequency distribution of respondents by present salary

Present salary	Frequency	Percentage
Grade level 01-07	56	52.8
Grade level 08-14	47	44.4
Grade level 15 and above	3	2.8
total	106	100

The table above shows 52.8% of respondents in grade level 01-07 44.4% of the respondent are in grade level 08-14 and the lowest 2.8% of respondents are in grade level 15 and above. This analysis reveals that respondents in grade level 01-07 constitute the vast majority of our population of study

Table 6. can state exercise some power or influence over local government staffing?

Response		
Yes	78	73.6
No	28	26.4
total	106	100

Source: field work, 2024

The table above show that 73.6% of respondents said the state government can exercise some power or influence over local governance staffing while 26.4% disagree to this effect

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY

It is clear that the intended independent status of the local government councils the 1999 Constitution is more theoretical than as a Third tier government within the 1999 Constitution practical as the councils are under serious attack from such extraneous sources. The government should therefore move beyond mere window dressing and that turiner modifications, alterations and introductions be made to the 1988 reforms as contained in the 1999 constitution in order5 to achieve the goal of sustainable development and total autonomy of the local government.

The government needs to refocus their attention on the administration of our local government area with a view to re-engineering the constitutional instruments need for establishing them. This Is the first important step needed to the overall developing the council area. This will make the local government council s the primary government councils to the country and of our people. In the course of carrying out this research work, councils worker s in Oredo local government are agitating for not only fiscal autonomy but both, legislative , administrative and total autonomy of local governments.

5.2 CONCLUSION

The local governments in Nigeria need to be saved from the clutches of the state authorities. The running of joint accounts between state governments and local councils has messed up the much-needed pace of development which it was expected to hasten at the rural level.

For effective operation of local government in Nigeria, there is need for peaceful coexistence and harmonious relationship between the State and local government in Nigeria and this is only possible when there is cooperative administration, accountability and transparency in local governance within the principle of separation of powers and the rule of law.

5.3 RECOMMENDATIONS

From the above discussion, the study suggests that there is a need for local government financial autonomy in Nigeria. The enabling instrument that gave birth to the third tier of

government is fundamentally faulty. To achieve sustainable development at the grassroots level, there is an urgent need to free the local government council from the hook of the state government through autonomy. There is need for constitutional amendment so that the statutory allocations from the federation account should go directly to local governments so as to prevent unnecessary state interference.

The study advocates the abolition of the State Joint Local Government Account in order to put an end to the political slavery associated with it. The regular auditing of local government accounts, as well as the strict enforcement of the rules and regulations governing fiscal policy at the local government by independent auditors, is recommended to promote fiscal discipline.

Not only that adequate provision should be made in the constitution to give local government more tax powers which will allow them to generate more resources within their spheres of authority.

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