IRASS Journal of Economics and Business Management
https://irasspublisher.com/journal-details/IRASSJEBM
ISSN *(Online) 3049-1320*

An Assessment of Financial Autonomy and Local Government Councils' Performance in Selected Local Government Councils in South-south, Nigeria

AGIRI, Eseoghene James[1*], MUKORO, Akpomuvire[2] & OKEREKA, Onofere Princewill[3]

[*1-2-3]Department of Public Administration, Faculty of Management Science, Delta State University, Abraka, Nigeria

Corresponding Author: AGIRI, Eseoghene James

Department of Public Administration, Faculty of Management Science, Delta State University, Abraka, Nigeria

Article History

Received: 09 / 05 / 2026

Accepted: 21 / 06 / 2026

Published: 08 / 07 / 2026

Abstract: Historically speaking there have always been agitations for the autonomy of local government in Nigeria. Fiscal autonomy in local government administration is generally accepted to be the instrument for effective and efficient service delivery for the grassroots. Local government fiscal autonomy is the independence of the local government to impose local taxation, generate revenue within its constitutional powers, allocates its financial and material resources determines and authorizes its own annual budget without external interferences. It is somewhat worrisome to observe that various literature reveals that in Nigeria, the rural areas are under developed and local government councils do not have sufficient resources to discharge their constitutional responsibilities because the state governors in Nigeria take charge of the local government council's funds. The major objective of this study is to assess financial autonomy and local government performance in the fourth republic in selected local government councils in south/south states in Nigeria. This study employed secondary method to source of data. The adopted public finance theory. The study will enrich existing literature in Public Administration and will be used as a policy instrument for government and policy makers. The study made some recommendations that financial Autonomy should be granted to democratically elected Local Government councils for effective and efficient service delivery at the grassroots levels in Nigeria, among others.

Keywords: *Financial Autonomy, Local Government, Local Government Councils Performance, Federal Government.*

How to Cite in APA format: AGIRI, E. J., MUKORO, A. & OKEREKA, O. P. (2026). An Assessment of Financial Autonomy and Local Government Councils' Performance in Selected Local Government Councils in South-south, Nigeria. *IRASS Journal of Economics and Business Management. 3(7), 10-20.*

Introduction

Historically speaking, there have always been the demands for the autonomy of local government in Nigeria. This demand particularly affects the financial autonomy of local government in Nigeria. Arising from this sustained demand, the Federal Government of Nigeria got judgment on the 11th day of July, 2024 in the case of Attorney-General of the Federation vs Attorney-Generals of Abia State and 35 others wherein, the Supreme Court of Nigeria granted financial autonomy to democratically elected local government councils in Nigeria. (Vanguard Editional, 2024).

Imhanlahimi (2019), posited that fiscal Autonomy in local government administration is generally believed to be the best machinery for effective and efficient service delivery for the grassroots. Local government financial autonomy is the independence of the local government to impose local taxation, generate revenue within its assigned sources, allocates its financial and material resources, determines and authorizes its own annual budget without external interferences. Local government autonomy is not absolute, it is the third tier of government that retains functional and fiscal relations with the higher tiers of government. Ogunna (1996), advanced that local government autonomy is the freedom of the local government to recruit and manage its own staff raised and manage its own finance; make bye-laws and policies and discharge its functions as provided by law without interference from the higher governments. This includes political, financial and administrative autonomy.

It is however worrisome to know that in Nigeria, the rural areas are under developed and local government councils do not have sufficient resources to discharge their constitutional responsibilities because the State Governors take charge of local government councils' funds. Before 2001, local government councils in Nigeria received their statutory allocation from the Federation Account directly through the Federal Accountant General's office. The states agitated that State Joint Local Government Account be activated as provided by the extant constitution. Against this backdrop, the Act establishing the Joint Account Allocation Committee (JAAC) was enacted in 2001. The law was published in Gazette No. 6 of 2001 under the caption "State Joint Local Account/Distribution of Revenue and other Related Law, 2001". Studies have shown that this law brought about frustration in the performance of local governments.

Agbakoba (2021), contended that local government is a political administrative unit that is empowered by law to administer a specific locality. He also averred that it involves a philosophical commitment to the idea of community participation as well as involvement in the government at the grassroots level will also endanger the much desired socio-economic development of the rural areas in Nigeria. Again, Mukoro (2019), posited that if politics is distinct as authoritative allocation of scare resources in the society, there should be same institutional structures at the grassroots level to authoritatively allocate these value, hence local government. Mukoro further posited that local government administration can be simply be defined as government at the grassroots. He also said that there is no universally accepted definition of local government.

The interference in the local government statutory allocation by the state government reasonably accounts for the inability of the local governments to initiate and execute development programmes or projects. The effect of this is the inadequate of financial base of most local governments in Nigeria, which makes it practically difficult to carry out their constitutional functions in Nigeria. Financial autonomy would stand the test of time where each level of government is not forced to take directives from another. Financial autonomy would be reasonable in a situation where in each level of government is not legally bound to take directives from another. In fiscal federalism, each tier of government is required to operate within its area of jurisdiction, and any action of the contrary is declared null and void to the extent of its inconsistency with the extant constitution. The inefficiency and ineffectiveness of local government in service delivery over the years has made the grassroots to develop a moral right to insist on local government financial autonomy. This is the crux of the matter that has inspired a thorough research why local governments have consistently suffered from financial autonomy, which in the final analysis has deprived them from performing optimally. It is very unfortunate that local government in Nigeria do not have financial autonomy. This is the crux of the matter that has ignited the research effort.

Objectives of the Study

The major objective of the study will be to assess financial autonomy and local government performance in the fourth Republic in selected local government councils in south/south states in Nigeria. The specific objectives are examined hereunder;

i. evaluate the impact of disbursement of funds to local government councils through the state governments by the federal government in the fourth Republic on performance in selected local government councils in south/south states in Nigeria;

ii. examine the impact of the refusal of the state governments at not sending the statutory 10% (ten percent) of their internally generated revenue in the fourth Republic to the selected local government councils in south/south states in Nigeria;

Research Questions

The following research questions were used to guide the study;

i. To what extent has the disbursement of funds to local government council through the state governments by the federal government affected local government performance in the fourth Republic in the selected local government councils in South/South states in Nigeria?

ii. Has the refusal of the state governments not sending the statutory 10% (ten percent) of their internally generated revenue to local government councils affected performance in the fourth Republic in the selected local government councils in south/south states in Nigeria?

Literature Review

Local Government

There is no universally accepted definition for local government. Various scholars of local government defined it from the angles they viewed it. Mawhood (2020), defined local government as a body separated by law and has grassroots representatives as well as formal authority to decide on a range of public issues. He further posited that the power of local government to make decisions is enshrined in law and could be altered by a new legislation and that local government have resources which subject to the stated limit are spent and invested at will or discretion.

Ogunna (2020), on his own part, defined local government as a political authority which is purposely established by law or Constitution for the grassroots. In addition, Mukoro (2019) Supra, posited that local government administration can simply be defined as government at the grassroots. He further posited that there is no universally accepted definition of local government. This postulation can be put forward putting into consideration the different views on local government. Ola and Tonwe (2019), saw local government as the selection of persons instead of election to constitute local government council.

Fundamentally, Akpan (2019), saw local government as a grassroots democratic process of breaking down of a country into small units of localities for the purpose of administration. Mgbachi, Ebiziem and Obi (2019), observed that local government is a political sub division of a nation which is established by law and has reasonable control of local issues including the power to impose taxes or exert labour for prescribed aims.

Agba (2018), posited that local government in Nigeria's third level of the administrative hierarchy, which is intended to decentralize governance, bring the government closer to the people and carry out the social duties required to further the country's development.

According to Abe and Omotosho (2018), local government is defined as the level of government with constitutionally defined rights and duties to regulate and manage public issues which are also constitutionally defined for the exclusive interest of the grassroots. Fatile and Adejuwon (2018), explained that local government is seen as the government at the local level. They further stated that it can be seen as non-sovereign entity having the legal rights but which are essentially administrative agents of the federal government.

Agagu (2017), submitted that local government is a third tier of government at the local level of administration designed for satisfying peculiar grassroots's yarning and aspirations. Emezi (2017), observed that local government is a system of local administration under the local areas that are designed to maintain law and order, provides some limited range of social amenities and enhance co-operation and participation of inhabitants towards the upliftment of the conditions of living.

For Bello-Imam (2017), local government is a public sector entity with functions and responsibilities, administrative structure and financial arrangement for maintaining both itself and rendering its statutory functions to the grassroots. In the words of Odalonu (2013), local government is a unit of government established by the constitution to discharge political authority through a representative council with a defined territory. Appadorai (2013), opined that the term local government is used to contrast with offices at state levels which are known as the federal government.

Local governments at within the authority delegated to them by legislation or instruction of the superior level of government.

Agbakoba and Ogbonna (2004), on their own parts defined local government as "… a political and administrative unit that is empowered by law to administer a specific locality". Besides, Agi (2002), identified local government administration as one of the contemporary issue to Nigerian government and politics which has received attention in the print media. Ottong (2002), noted that local government is by implication, both in theory and practice in a position to play a solid role in the development of the periphery in its domain.

Egwurube (1988), on his own part posited that local government is government at the grassroots level exercised through representative councils with the statutorily defined authority to manage resources allocation among a given range of prescribed (developed) function within delimitated jurisdiction boundaries. Again, King (1988), stated that the local government unit is almost universally found in modern politics in both developed and developing countries. He also posited that local government continues to be a vital political issue.

The New Colombia Encyclopedia (1975) Supra, states that local government is the political administration of the smallest sub division of a country's territory and population. He mentioned the characteristics of local government to includes the followings:

- continuing organization;
- the authority to undertake public activities;
- the ability to enter into contracts;
- the right to sue and be sued; and
- the ability to collect taxes and determine budget.

Whalen (1970), stated that salient characteristics of local government. He stated that local government is a given territory and population, an institutional structure, a separate legal identity, a range of powers and functions authorized by delegation from the appropriate central or inter-mediate legislation and lastly within the ambit of such delegation, autonomy subject always to the test of reasonableness. In the philosophy of Mackenzle (1964), he posited that there is no agreed and accepted theory from which testable hypothesis can be devised about what local government is.

Mukoro (2019) Supra, adumbrated that the 1976 local government reform marks a turning point in the history of local government reforms in Nigeria. The reform was through the promulgation of government edicts which provided unified laws in all the states in Nigeria. The reform regards local government as a third tier of government in Nigeria. It was as regards to the reforms that local government started to receive a fixed federal allocation. The local government reforms of 1976 is a reference point for further reforms in Nigeria local government administration. He further submitted that the reform provided for a system of democratically elected administrators of local government. That the 1976 local government reforms makes compulsory for the federal and state governments to make direct financial grants to the local government council. He further stated that the principal aims of local government as highlighted by the reforms are as follows:

- to make appropriate services and development activities responsive to the yearnings and aspirations of the grassroots by delegating them to representative authorities.
- to enhance participatory democracy in the grassroots and develop leadership potential in the grassroots
- to mobilize human and natural resources through participation of citizens in development.
- to provide a two way channel of communication between the grassroots, federal and state governments.

He submitted that the reform provides the functions which local government councils should perform. He also posited that functions which need detailed local knowledge for efficient and effective performance. He stated that the functions should be those in which success depends on grassroots responsiveness and participation and the function should be those which are of a personal nature requiring provision close to where the people affected habit, and in which significant use of discretion or understanding of grassroots is appreciated.

He posited that the list of functions designed for local government council has been classified into two:

- the exclusive responsibility of local government except in exceptional cases; and
- local government responsibilities that state governments or other corporations may perform.

Fundamentally, the 1976 local government reform is a departure from the former reform efforts made to improve governance at the grassroots. Also, the 1976 local government reform introduced unified multi-purpose single-tier institution known as local government with full and self-contained budgets.

Moreover, local government was known as a level of government and as a third tier of government needs to have its own identity, powers and sources of revenue established under the state law. In addition, he stated that local government population should be between 150,000 and 800,000 inhabitants. The reform recognizes the importance of traditional institutions, provides for political structure of local government and provides that membership of local government councils should be elected either direct or indirect elections from the grassroots under the laws made by state governments.

Also, about 25% of the membership of each council be reserved for members nominated by the state governor. The reform provides that local government have two main standing committees. They are as follows:

- the finance and general purposes committee; and
- the education committee.

It is expressly stated in the reform that political control of local government departments should be exercised through a small number of councilors not more than four. The 1976 reform also states that each state, through its local government service board should set up a combined local government service for the senior staff. The board should be charged with the responsibility of employing, posting and disciplining of all members of the combined local government service and should give internal posting within local governments and minor disciplinary issues to the establishment committee of the local governments.

The 1976 local government reform also appreciates the reason for the creation of the ministry for local government at the state level. It should be charged with the duties formerly been carried out by other ministries like community development, and other support facilities to local government services boards, and the activities of a revolving loan funds. The reform also provided for the abolition of divisional administration which was generally colonial. As regard sources of revenue to the local government, he posited that the reform suggested that properly rating should be extended and extruded to all local governments, and progressively starting that the urban centres. The reform is a landmark in the structure charges it introduced.

Mukoro (2019). Supra adumbrated that after the 1976 local government reform, the next reform is the Dasuki report and the subsequent 1985 white paper on it. It is interesting to note that the Alhaji Shehu Shagari's regime of between 1st October, 1979 and 31st December, 1983 rubbished and bastardized local government administration. It is on record that Shagari's regime released 10% statutory allocation to the local governments, as at when due, some states Governors misappropriated and embezzled the resources meant for local government and it distorted all development projects at the local level.

Also, the Buhari's military regime revived the local government administration in Nigeria. On the 29th day of May, 1984, the chief of staff, Supreme Headquarters, as he then was, Major-General Tunde Idiagbon inaugurated a 20-man committee on the revenue of 1976 local government reform. The terms of reference given by Major-General Tunde Idiagbon was to evolve the most suitable style of managing the local government with context of the Buhari's regime among others.

The committee discussed on all the issues raised in the terms of reference and could not find anything wrong with the 1976 reform for local government administration, but indicted the operators of the reform. Against this backdrop, Aborisade (1989), submitted that some suggestions put forward by the 20-man committee was more or less in line with the 1976 reform. He further said that the Dasuki report placed importance on the followings:

- manpower planning at the grassroots level;
- training and re-training of staff for effective and efficient management; and
- the place of local government service commission in local government administration.

Generally, the Dasuki report issues was on attempt to examine the issues inherent in 1976 reform and introduce new style with a view to improving the local government administration and make suggestions as appropriate. Mukoro (2019) Supra, adumbrated that each of the reform therefore is an attempt to being a change in the practice of democracy in local government administration in Nigeria.

Haven, reasoned from the above various definitions given by local government scholars on local government, in the hierarchy of federal system of government, local government is at the bottom of the pyramid, state government at the intermediary and federal government is at the apex. Local governments have the power and authority to raise revenue through taxes for the performance of their duties and it is government selected bodies charged with legislative and executive duties in a particular territory. It is in light of the foregoing that we will assess financial autonomy and local government performance in the Fourth Republic in selected local government councils in south/south states in Nigeria.

The Sources of Local Government Finance in Nigeria

The various sources of local government finance in Nigeria are stipulated in the 1976 guidelines for local government reform and other reforms, thereafter the Constitution of the Federal Republic of Nigeria, 1999 as amended and Revenue Edicts and Laws of various states of the federation can be classified into two subdivisions: internal and external.

Internal sources of revenue;

These are the sources through which local government internally generate its revenue. Revenue from these sources are generated from within the local government area and are collected through the efforts of the local government council (Mukoro, 2021 Supra). They include the following:

- revenue derived from community/poll tax. This is a kind of flat levy imposed across board by the local government authority on every taxable adult whose income does not exceed a specified amount;
- revenue from property taxes/rates. This involves the rates payable on commercial house, fees on motor parks and market stalls.
- revenue payable to a local government under the provision of any other enactment.
- revenue derived from licences, permits, dues and charges on such items as bicycles, televisions, radios, wheelbarrows, canoes, carts and trucks (excluding mechanically propelled ones) as specified by any bye-law or rule made by a local government.
- receipt derived from any public utility concern or any service of undertaking belonging to or maintained by a local government either in whole or in part. This is referred to as user-fees and charges;
- rent derived from the letting or leasing of any building or land belonging to a local government;
- any sums of money which may lawfully be assigned to a local government by any public corporation.
- interest on investment funds and revenue from other investments made by a local government in such areas as agriculture, transportation etc.
- such sums of money as may be granted to a local government by other local government(s); and
- such sums of money as may be paid to a local government by a joint board.

Taxes and Levies to be collected by the Federal, State and Local Government

1. Taxes and Levies to be collected by the federal government;

- companies income tax;

- withholding tax on companies, residents of the Federal Capital Territory, Abuja and non-resident individuals;
- petroleum profit tax;
- values added tax;
- education tax;
- capital gains tax on residents of the Federal Capital Territory, Abuja, bodies corporate and non resident individuals;
- stamp duties on bodies corporate and residents of the Federal Capital Territory, Abuia;
- personal income tax in respect of:

i) member of the Armed Forces of the Federation

ii) members of the Nigeria police

iii) residents of the Federal Capital territory, Abuja; and

iv) staff of the ministry of Foreign Affairs and non-resident individuals.

Taxes and Levies to be collected by the state government

1. personal income tax in respect of

- pay as you earn (PAYE); and
- direct taxation (self assessment).

1. withholding tax (individuals only);
2. capital gain tax (individual only);
3. stamp duties on instruments executed by individuals;
4. pools betting and lotteries, gaming and casino taxes;
5. road taxes;
6. business premises registration fee in respect of:
7. Urban areas as defined by each state, maximum of:

- N10,000.00 for registration and
- N5,000.00 per annum for renewal of registration; and
- rural areas
- N2,000.00 for registration and
- N1,000.00 per annum for renewal of registration
- development levy (individuals only) not more than N100 per annum on all taxable individuals.
- naming of street registration fees in the state capital;
- right of occupancy fees on lands owned by the state government in urban areas of the state;
- market taxes and levies where state finance is involved.

Taxes and levies to be collected by local government

- shops and kiosks rate;
- tenement rates;
- on and off liquor license fees;
- slaughter slab fees;
- marriage, birth and death registration fees;
- naming of streets registration fee, excluding and street in the state capital;
- right of occupancy fees on land in rural areas, excluding those collectable by the federal and state governments;
- market taxes and levies excluding any market where state finance is involved
- motor park levies;
- domestic animal licence fees;
- bicycle, truck canoe, wheelbarrows and cart fees, other than mechanically propelled truck;
- cattle tax payable by cattle farmers only;
- merriment and road closure levy;
- radio and television license fees (other than radio and television transmitter);
- vehicle radio license fees (to be imposed be the local government of the state in which the car is registered);
- wrong parking charges;
- public convenience, savage and refuse disposal fees;
- customary burial ground permit fees;
- religious places establishment permit fees;
- signboard and advertisement permit fees;

External Sources of Revenue to Local Government

These are sources through which local government externally generate its revenue. The revenue derived from these sources are external because the amount as well as when and how they are generated are neither directly determined nor influence by the local government. The bulk of revenue from these sources are obtained in accordance with the extant constitutional provisions for revenue sharing among the different tiers of government (federal, state and local governments) (Mukoro, 2021 Supra). The sources include the followings:

- federal statutory allocation, the percentage varies based on the various reforms and/or revenue laws/edict;
- state statutory allocation which is ten percent of total internally generated revenue of state government;
- loans, bonds and debentures;
- grants and aid grants come under different sub-heading such as bloc, unit, percentage or equalization grants. Each of them is related to a particular purpose for which it is offered such as works, education, health etc; and
- revenue from the sharing of revenue accruing from the excess crude oil Account among the three tiers of government. The excess crude oil account has since 1999 become one of the major sources of revenue for the three tiers of government in Nigeria.

Hearts Ofoeze (2006) in his work "Finance Autonomy and Politics of Revenue Allocation to local government in Nigeria "in Akpan, et al., (2006), advanced that"

In Nigeria, the revenue element has about five principle sources; finance transfer, loan, property rate/taxes, user –fees and charges of these, financial transfer and loans constitute external sources while the rest are internal sources.

He further explained and classified the external sources into financial transfers which consists of funds from the federation account and central government's borrowing; and loans which are funds raised from the capital market. While the internal sources consist of property taxes/rates, poll/community tax, user-fees and revenue from previous investments. It depends so much on internally generated revenue before the 1976 local government reform. Many local government councils before the 1976 local government reform managed to discharge their constitutional responsibilities but after the 1976 local reform more especially in the second Republic, most local government in Nigeria lost most of the lucrative sources of revenue to the state governments.

Particularly affected were the flat rate (community or poll tax) and property taxes. This affected the revenue base of local governments. Against the backdrop of the weak revenue base and lack of viable sources of income for local governments operations, local governments now settled solely on statutory allocation from other tiers of government especially funds from the federal accounts as their major source of revenue.

Presently, resources from the federal account is the most viable sources of revenue to local governments in Nigeria. As a result of over reliance on funds from the federal accounts, local governments have abandoned a good numbers of viable sources of revenue within their domain; which can be exploited to boost their revenue base. This has impinged on the constitutional status of financial autonomy of local government.

Issues that are Inherent in Local Government Administration in Nigeria Financial Autonomy

One of the fundamental issues affecting local government administration in Nigeria is the problem of financial autonomy which this study set out to assess. The extant constitution made it cumbersome for local governments in Nigeria to function as autonomous tier because of its provisions that relates to local government in the federal arrangements. Financially, the extant constitution provides for a joint state – local government account which all revenues accrued are pooled there. This made the state governors to be very powerful with a view to declining to give local governments what is due to them.

Caretaker Committee

Appointment of caretaker committees as a result of the extant constitution's lacuna. Caretaker committees are mostly appointed in most of the states in Nigeria instead of elected council members. Even when local government elections are held in some states the existence of the state Independent Electoral commissions help to manipulate the local elections and pave way for planting stooges of the state governors. This undemocratic practice disenfranchises the citizens at the grassroots and made the chairman of the local government council subservient to the state governors instead of the grassroots. This creates political apathy in the minds of the grassroots and denying them the political right to vote and be voted for. This has caused political apathy in the minds of the grassroots and denying them their political rights. Politicians perceive local government as a window for settling the boys (political patronage), hence, most state governors prefer using caretaker committees to elected councils' officers in managing the local government.

Powers should be given to the local government councils to have substantial control over local affairs as well as the staff, institutional and financial powers to initiate and direct provision of services and determine and implement projects so as to complement the activities of the state and federal governments in their areas and to ensure and through devolution of functions to these councils and through the active participation of the people and their traditional institutions that local initiatives and responses to local needs ad conditions are maximized.

The use of force to ambush local government revenue base by state governments is another way of dismantling the financial autonomy of local government. Imhanlahimi (Supra), explained that fiscal autonomy in local government is generally believed to be the best tool for effective and efficient services delivering in rural areas. The extant constitution mistakenly empower the Governor to control over local councils through the State and Local Government Joint Account which makes it impossible for the realization of full fiscal autonomy of the local government thereby making development and good service delivery at the local level unrealizable. Funds allocated to local government through revenue sharing have consistently been hijacked by the various state governments through the idea of State-Local Government joint Account (SLGJA).

Also, the Revenue Mobilization Allocation and Fiscal Commission (RMAFC), in 2009 noted that the state governors are deserting their statutory responsibilities in respect of the State/Local Government Joint Account. Besides, autonomy of the local government envisages the political, financial and administrative aspects of its existence. Financial autonomy of local government entails the freedom to impose local taxation, generate revenue within its assigned sources, allocate its financial and material resources, determine and authorize its annual budgets without external interferences.

Osakwe (1999) Supra, saw local government autonomy as the relative discretion which local government enjoys in the regulation of their own affairs. Moreover, autonomy of local government implies the extent to which local government are free from the control of the state and federal government in the management of their local affairs. The autonomy under the federal system as each tier of government enjoying a separate existence and independence from the control of the other governments. It is an autonomy which requires not just the legal and physical existence of an apparatus of government such as a legislative assembly, government, court etc but that each government must exist not as an adjunct of another government but as autonomous entity in the sense of being able to exercise its own will in the conduct of its affairs free from direction of another government.

Local government fiscal autonomy is derived from the fiscal federalism as it is operated in the Nigerian federation. Fiscal federalism is the transfer of functions, resources and authority to peripheral level of government. This also relates to the "disposition of tax powers", retention of revenue and methods adopted in sharing centrally collected revenue in accordance with the constitutional responsibilities of all levels of government.

Adeyomo (2005) (Supra), advanced that financial autonomy under a federal system of government is that each government enjoys a separate existence and financial independence from the control of the other governments. He further maintained that it is an autonomy which requires not just the legal and physical existence of an apparatus of government such as financial autonomy enjoyed by legislative assembly, Governor, court etc.

Local government should be autonomous having freedom to recruit and manage its own staff, raise and manage its own finances, make policies, laws and provide services within the limits of its resources and functions without interferences, the local government system in Nigeria still have some constraints that have impeded its autonomy. This means states where the local government has the full bureaucratic autonomy of hiring, managing and servicing its human resources without the interferences of the state government. To enhance the efficiency and effectiveness of the local government system, there is an urgent need to review the extant constitution and delimit areas of inter-governmental functions especially in financial matters. The extant constitution has fundamental flaws, practices and uncertainty often subjugated to devastate the local government and thereafter made them adjuncts to the state governments. To this extent, local governments in some states function as a mere extension of the state ministry.

Section 7(1) of the extant constitution should be amended and that the structure, finance, establishment, composition and functions of the local government council should not be vested in the constitution rather than State House of Assembly. Local government should intensify efforts towards ensuring its autonomy through an improved internal revenue generation and clear development influence in the localities, so as to ensure proper democratic consolidation and reduced corruption.

There should be full autonomy of local government disregarding the meddling of state governors and that the people at the grassroots should be empowered to seek their representatives either through recall or by denying them the opportunity for another term of office through free and fair election. Local governments in Nigeria lack fiscal autonomy in Nigeria and that it thwarts effective and efficient service delivery at the grassroots. Also, excessive interference of state government in local government affairs, corruption among local government officials, unfavourably affected the delivery of effective service to the grassroots.

Conclusively, financial autonomy should be granted to local government councils on issues statutorily assigned to local government. The State/Local Government Joint Account should be rescinded and transparent officials should be put at the helm of affairs of local government councils in Nigeria. There is undue political interference by both the federal and state governments in the activities of local government. This has led to the erratic dissolution of elected local government councils before the expiration of their tenure. Besides, another fundamental problem that have ravaged local government administration beyond revamp is the problems of bribery, corruption, financial misappropriation, lack of probity, accountability and operation of local administration.

The elected office holders and career staff of local government service commission in Nigeria see official position as an opportunity to enrich themselves and get rich. One of the effects of corruption in local government council is that it has denied many local government councils the required resources for socio-economic development in Nigeria.

Inflated and irresponsible contracts are awarded to political loyalists, which may either or not executed and in some case jettisoned immediately the contractor is paid abnormal mobilization fees. Pseudo expenses in form of irresponsible claims, hospitality allowances, among others are collected at the treasury of the local government councils. Local government resources are embezzled through these windows by both career and elected officers of the local government. Local government fund designed for socio-economic development are squandered while the grassroots live in abject poverty. Money designed for socio-economic development of local governments are shared by the state governors in Nigeria.

Furthermore, there is wastage of local government resources by their officials by embarking on white elephant projects which are motivated by undue political consideration. At local government councils in Nigeria, feasibility studies are not done before embarking on projects which in most cases, projects are abandoned by local government council. Sometime money is diverted to another council to settle debts at the detriment of the real local government council.

Scarcity of Skilled Manpower:

Most local governments in Nigeria lack qualified staff. Most local government councils are staffed with mere generalists than professionals. The local governments lack professionals such as Medical Doctors, Engineers, Accountants and Agriculturists etc.

Weak Revenue Base of Local Government:

Weak revenue base has affected the development of most local government councils in Nigeria. One of the pre-requisite for establishment of local government as provided in the 1976 local government reforms guidelines is the issue of viability of the prospective local government council. Most local government councils in Nigeria since inception depends on only on their monthly statutory allocations from the federation to administer the affairs of their local government. It is pertinent to state that even when the revenue accruing to the local governments from the federal account has been increasing recently, the cash flow has not been simultaneously constant against the backdrop of the federal government revenue is fully depended on the sales of crude oil at the Organization of Petroleum Exporting Countries (OPEC). The fluctuations of the country’s earning from sales of oil unfavouraly affect local government performance in services delivery to the grassroots.

Weak Service Delivery:

Basic essential services such as primary health care and primary education which constitutes the core of constitutional responsibilities of local governments are jettisoned. Resources which ought to be allocated to primary health care and primary education are diverted to establishing state universities and tertiary institutions neglecting these areas which ought to be bedrock of education.

Dearth of Qualified Politicians:

Most highly educated politicians do not vie for positions in the local government councils in Nigeria. Because of this, unqualified individuals are elected to become chairman of the councils and councilors of local government councils. Ganduje (2018), averred that it is not uncommon to find in some local government councils school dropouts elected as councilors and chairmen of local government councils. These set of people do not knew how to formulate and initiate development plans that will enhance socio-economic development in local government councils in Nigeria.

Over Bloated Manpower

Local government councils in Nigeria are faced with over employment. They do not have power and control over employment. This has increased the wage bill and many staff of local government council are redundant. The state governors use this tactics to empower their loyalist whom are not fit and proper to be employed in state civil service. The effects of this political patronage is using all the resources on payment of wages and salary instead of socio-economic development in the local government area.

State-Local Government Joint Project

State governors compelled local government councils to engage in joint a project which has little or no relevance to the grassroots of the local government areas. The local government ought to be allowed to generate projects that are needed by them.

In most cases, these projects are either abandoned or left without commissioning resulting into a waste of resources or challenging a huge sum that may be used to execute a number of projects in the local government area. Although, such joint projects are being done with the consent of the councils, but sometimes the local government councils lacked the power and authority to reject the project because they are stooges of the state governors who did not win election to their offices. The result is that the grassroots are not carried along and they have no confidence in the local government councils.

Inadequate Funding:

Some local government projects are so bogus and without defined sources of funding. Example, Universal Basic Education (UBE) was initiated before sourcing for fund which might not come and state government reluctantly fund local government projects from the state's purse.

Armed Conflict, Religious and Ethnic Issues:

Armed conflicts, religious, ethnic and communal clashes help to slow down implementation of sustainable development programme in local government areas. Expatriates and government workers in some riverine local government areas are kidnapped and ransom are paid before they are released. This affects socio-economic development in some local government area.

Struggle for Supremacy among Local government Personnel:

There are undue wrangling and struggles for supremacy between local government councils personnel especially between core local government councils staff and political class. There are unhealthy rivalry between local government council political office holders and the traditional institutions. This issue had its roots from colonial period, when through the provisions of the indirect rule/native authority system traditional rulers were used by the colonial authority to administer the grassroots.

Policy Instability and Insufficient Involvement of the Grassroots

Most of the local government projects died with the government that started them. For instance, Operation Feed the Nation (OFN), Green Revolution, Free and Compulsory Primary Education, Low Cost Housing Schemes which impact positively on the grassroots could not be sustained. Onibokein (2019), sees rural development to be failed with the paradox that production oriented rural economy relies heavily on nonproductive people who are well productive equipped with outdated tools, technical information, scientific and cultural training and whose traditional roles and access to resources pose problems for their effective incorporation into modern economic systems, whereas, the consumption oriented urban economy is flooded with people many of who are either unemployed or employable or marginally employed or underemployed in the urban centres where they choose to lives. Against the backdrop of this mass drift from the rural areas to urban areas have been seriously depopulate and are progressively less attractive for socio-economic development as the urban areas are becoming fully congested, socially unhealthy and generally economical to maintain.

Theoretical Framework

The study adopted public finance theory. Public finance is the managing, controlling, planning, directing and supervising of a government's revenue, expenditure and debt. It also involves the financial activities of the government, including how it collects money (revenue, how it spends money, expenditure, and how it manages it. Public Finance is a crucial aspect of economics as it influences the overall economy and the wellbeing of the citizens. The various sources of income for the government, such as taxes (income tax, sales tax, property tax e.t.c.) fees, fines and revenue from government owned enterprises. Fiscal policy is the use of public expenditure and tax policies to influence economic conditions, especially macro-economic condition.

In Economics and Public Administration, fiscal policy is the use of government revenue collection and expenditure to influence a country's is economy. Also, International Monetary Fund (IMF) defined fiscal policy as the use of government spending and taxation to influence the economy. Nigeria's fiscal policy is the use of government expenditure and taxation to direct the economy with a view to stabilizing it. Fundamentally, it means including adjusting tax rates, government expenditures, both recurrent, capital, and managing debt. The National Fiscal Policy means promotion of fair taxation, responsible borrowing and sustainable spending. Public Finance is the manner in which the state through, the government, raises and spends the resources required. Public Finance is generally concerned with the fiscal policies of the state. Again, Public Finance is concerned with income and expenditure of the state and with the adjustment of one with the other. Mukoro (2019) adumbrated that Public finance is the involvement of government in the management of nation's economy. He also averred that it all embracing because it involves every aspect of government even if it is in the area of Public Private Partnership, or even if it concerns transactions between states and nations.

Salawu (2015) posited that Public Finance is the share of government participation in the activities of a nation's economy based on the philosophy of the state and the economic direction of the government in power. For the purpose of this research effort, Public Finance will be viewed from the point of involvement of the government at the national, state and local government levels. Anyanuwu (1997) advanced that Public Finance looks into financial problem and policies of the government at different levels and studies the intergovernmental financial relations. He further opined that a fiscal system means the kind of arrangement or institutional framework, which exists in a society for making budgetary decisions of raising revenue incurring expenditure and engaging in debt/borrowing operation.

Again, Mukoro (Supra) submitted that the fiscal system of a country may be decentralized or centralized, depending on whether the political constitution and structure of federalism or unitary. He further stated that fiscal policy means a part of government policy concerning the raising of revenue through taxation, other means and deciding on the level and pattern of expenditure for the purpose of influencing economic activities or attaining some desirable macroeconomic goal. Mukoro also advanced that Nigeria operates federalism with federal, 36 state and 774 local governments. That, in Nigeria, fiscal responsibilities are vested in both the federal, state and local governments. Nigeria operates a decentralized fiscal system federalism. He said that federalism means a series of legal and administrative relationships established among layers of government possessing varying degree of genuine authority and jurisdictional autonomy. He further said that this means the co-existence of both federal, state and local governments which perform the economic functions required by the people of a society or country. In this arrangement, each layer of government has its own expenditure responsibilities and taxing powers. It is the division of fiscal powers between or among sovereign levels of government in a federation. In addition, Komolafe (1999) averred that fiscal policy is used to achieve the desired objectives of allocation, redistribution, stabilization and economic growth. He posited that it is a useful tool employed in the pursuit of social and political objectives especially those who aim to reduce inequalities of wealth and opportunity.

Ashutosh (2024), posited that fiscal policy is like the government’s strategy to boost or control the economy. It involves making changes to taxes and government spending to promote economic development. The financial ministry taxes charge, deciding how much money the government earns and spends. He further averred that fiscal policy affects things like government loans and budgets. The tool they use including debt rate and public spending. Ola Vincent (2002) adumbrated that democratic societies practicing federalism have somehow managed to evolve to a satisfactory balance among the federal, state and local governments and the sharing of the available resources among them to fulfill the respective functions prescribed for each tier in their country’s constitution.

According to him, this exercise operates in the spirit of equity, justice and fairness in a polity that aspires for progress, stability, peace and egalitarianism within human community. Eme Awa (1976) submitted that a general problem amongst federating units in a nation is that of how to allocate revenue between the levels of government and among the units so that each government may have the financial capacity to perform the functions assigned to it.

Before 2001, local government councils in Nigeria received their statutory allocation from the Federation Account directly through the Federal Accountant General’s office. The state governments in Nigeria agitated that state Joint Local Government Account be activated as provided by the Constitution of the Federal Republic of Nigeria, 1999, as Amended. Against this backdrop, the Act establishing the Joint Account Allocation Committee (JAAC) was enacted in 2001. The Act was published in Gazehe No. 6 of 2001 under the caption State Joint Account / Distribution of Revenue and Other Related Law 2011.

This law brought about hardship and frustration in the performance of local government councils in Nigeria. Section 162 (6) of the Constitution of the Federal Republic of Nigeria, 1999 as Amended provides for State Joint Local Government Account (SJLGA), a special account maintained by each state government into which shall be paid allocation to the local government councils of the state from the federal account and the government of the states. Also, the allocation from the federation account are most time and in some reasonable measure, siphoned by the state government through the instrumentality of the State Local Government Joint Account into which allocation from the federal account is paid. In addition, the state government only gives the local government councils peanuts from statutory allocation with a view to paying wages and salaries of workers and in most cases over deduction in respect of certain expenses made by the state governments on behalf of the local governments through the Joint Account continues to dictate projects to the Local Government Councils of interest and this has led to uneven development and has affected the performance of local government at the grassroots level. Local governments have not discharged their constitutional responsibilities as third tier of government because the constitution empowers the state governments to exercise undue fiscal control over local government which has affected development at the grassroots level.

General Assessment of the Fiscal Policy Theory

Firstly, in Nigeria, the fiscal system is decentralized such that there is a division or sharing of fiscal powers and responsibilities among the federal, state and local governments. Besides, the inchoate state of democratic government in Nigeria makes the operation of fiscal federalism to be characterized with a lot of qualms. Again, fiscal policy in Nigeria has been used in discriminately to alter the allocation of resources which has resulted into promotion of inequality of wealth, opportunities, injustice and lack of fairness among federating units. Also, the nascent democracy in Nigeria makes the execution of fiscal federalism to be characterized with plethora of issues. In addition, fiscal policy is a good parameter in measuring social and political objectives, especially those which seek to ameliorate inequalities of wealth and opportunity.

One of the fundamental issues that is facing a federal state as Nigeria is the issues of how to allocate value among the layers of government so that each layer of government may have the fiscal capacity to discharge their constitutional responsibilities. Also, public finance helps the government in managing, directing, controlling and supervising a nation’s economic. Fiscal policy is used to achieve the desired objectives of allocation, distribution, stabilization and economic growth. Public finance deals with the allocation of public goods. The government has to perform various functions such as maintaining law and order, defence against foreign attacks, providing health care and education, building infrastructural etc., the list is endless. The performance of these functions requires large scale expenditure and it is important to allocate the expenditure efficiently and effectively. The allocation function studies how to allocate public expenditures most efficient to reap maximum benefit with the available public wealth. There is always mismatch between the expenditure obligations and revenue sources of the layers of government. This is the reason revenue allocation has been evolved as a mechanism for redressing this unbalance or mismatch between expenditure obligation and revenue resources.

Summary

This study utilized secondary sources of data. The data was gotten from journal, internet, magazine, newspaper and textbooks. Disbursement of funds to Local Government Councils through the State Governments affects Local government councils' performance in selected Local Government Councils in South-South, Nigeria. Furthermore, the refusal of the State government for not sending the statutory 10% (Ten Percent) of their internally generated councils' performance in selected Local government councils in South-South, Nigeria. The establishment of State Joint Local government account/distribution revenue committee affects Local government councils in South-South, Nigeria. Operational guidelines for Local government councils do not affect Local government councils' performance in selected Local government councils in South-South, Nigeria.

Recommendations

- Financial Autonomy should be granted to democratically elected Local Government councils for effective and efficient service delivery at the grassroots levels in Nigeria.
- Any State Government that refuses to send the stationary 10% (Ten Percent) of her internally generated revenue to Local Government councils in Nigeria should be sanctioned by the Federal Government of Nigeria.
- The State Joint Local Government Account/Distribution Revenue committee as provided by the constitution of the Federal Republic of Nigeria, 1999, as amended should be expunged.

References

1. Abe, T. and Omotosho, F. (2018). Local government/governance system in Nigeria: In Ajayi R. and Fashagba, J. O. Understanding government and politics in Nigeria (Pp. 183 – 213. Kwara State, Nigeria: Landmark University.
2. Aborisade, O. (1989) "*The 1984 Da Suki report and its impact on the 1976 local government reforms" in Aborisade, O. (eds) Nigeria local government Reforms*, Ile-Ife, O.A.U. press.
3. Agagu, A. A. (2017). Local government in Kola, D. (ed) Reading in political service. Ibadan: Dekeal Publishing Company.
4. Agba. M. S. (2018). Human resources management and effective service delivery in Nigeria. A content analysis. Academic Journal of Interdisciplinary Studies. Vol. 2(2): 455 – 462.
5. Agbakoba, O. (2021). Is devolution of powers the solution to Nigeria's problem? www.theplatformnigeria.com
6. Akpan, N. S. (2019). Rural development in Nigeria: A review of rural development policies in pre and post-independence practice. A Journal of Sociological Research, Macrothink Institute.
7. Appodorai, A. (2013). The substance of politics. New Delhi: Oxford University Press.
8. Bello imam, I.B. (1996), Local Government in Nigeria: Evolving a third tier of government. Ibadan: Heinemann Educational Books Nig. Plc.
9. Egwurube, J. O. (1988). Traditional rulers and modern local government in Nigeria. Adamolekun, L. D. Olowu and M. Laleye (eds): Lagos: University of Lagos.
10. Eme, O. Awa (1976). Issues in Federalism. Benin-City, Ethiope Publishing House
11. Emezi, C. (2017). Local government in historical perspective. Nigeria Journal of Public Administration and Local Government. 2(2): 50.
12. Imhanlahimi, J. (2019). Local government autonomy and development of localities in Nigeria: Issues, Problems and suggestions. Journal of Humanities and social Sciences. Vol. 3, No1.
13. Mawhood, P. C. ed, (2020). Local government in the third world: Experiment of decentralization in tropical Africa, South Africa: Africa Institute of South Africa.
14. Mgbachi, G. Ebiziem, J. and obi, U. F. (2019). Foundation, realities and challenges of local government administration in Nigeria, Owerri, Ambix Publisher.
15. Mukoro, A, Sanubi F. A., Hiveh and Okereka, O. P. (2010). Statistics and Research Methods in the Social Sciences, Faculty of the Social Sciences, Faculty of the Social Science, Delta State University, Abraka.
16. Mukoro, A, Sanubi F. A., Hiveh and Okereka, O. P. (2010). Statistics and Research Methods in the Social Sciences, Faculty of the Social Sciences, Faculty of the Social Science, Delta State University, Abraka.
17. Mukoro, A. (2000), Institutional Administration: A Contemporary Local Government Perspective from Nigeria. Lagos, Malthouse Press Limited.
18. Mukoro, A. (2001). Local government and rural development in Nigeria in Ife Social Sciences Review. 19(1).
19. Mukoro, A. (2011). Philosophy of the Social Sciences. A Publication of the Faculty of the Social Sciences, DELSU, Abraka.
20. Mukoro, A. (2013). Local government in federal state – local relations: 1999 – 2006 in Obiyan, S. A. and Awuwo, K. (ed). Nigerian democratic experience in the fourth republic since 1999, Maryland University Press of America, Inc.
21. Mukoro, A. (2019), Public Administration, Practice and Theory in Nigeria. Ibadan, Ababa Press Ltd.
22. Mukoro, A. (2019), Public Administration, Practice and Theory in Nigeria. Ibadan, Ababa Press Ltd.
23. Mukoro, A. and Jeroh, (eds.) (2023). The Philosophy of Management Sciences. A Publication of the Faculty of Management Sciences, DELSU, Abraka.
24. Mukoro, A. and Jeroh, E. (eds) (2023). Statistics and Research Methodology for the Management Sciences. A

Publication of the Faculty of Management Sciences, DELSU, Abraka.

25. Nchuchuwe, F. F. and Adejuwon, K. D. (2015). Intergovernmental fiscal relation and local government in Nigeria: Issues and prospects. Scientific Research Journal (SCIIRJ) 3(10).
26. Odalonu, H. B. (2015). Challenges confronting local government administration in efficient and effective social service delivery: The Nigeria Experience. 2 (5): 21 – 22.
27. Ofoeze, H. G. A. (2006). Financial autonomy and politics of revenue allocation to local government in Nigeria: in Akpan, O. F. U. Oborgu and R. I. Gowfen (eds). Politics and grassroots administration in Nigeria: Issue, challenges and prospects. Uyo: Diamond Villa Digital and Publishing.
28. Ogunna, A. E. C. (1996). A handbook on local government in Nigeria. Owerri, Nigeria, Versatile publishers.
29. Okereka, O. P. (2013). Fundamentals of research methodology and methods for management and social sciences: An introductory Approach.
30. Ola, R. O. F. and Tonwe, D. A. (2019). Local administration and local government in Nigeria. Lagos: Amfitop Books.
31. Vanguard (2024). “S’ Court Verdict on LG Autonomy: We’ve taken judgment in good faith – Govs Soludo, OUT”. Friday, July 12, 2024: 5.
32. Whalen, H. (1970). Idedogy, democracy and the foundation of local self-government, in Feldman, L. M. Goldrick (eds) politics and government of urban. Canada: Toronto, Met. Fuen.