Effects of Indirect Allocation To Local Governments In Nigeria

Alhaji Kawugana

Bursary Department,
Federal Polytechnic P.M.B 0231 Bauchi, Bauchi State, Nigeria
alhajikawugana@gmail.com ; +2348062530835

ABSTRACT
This study examines “Effects of Indirect Allocation to Local Governments in Nigeria”. The data for this study was obtained from both primary and secondary sources, while the primary data were derived through questionnaires. The secondary data were obtained from relevant textbooks, journals and government documents. The researchers adopted simple random sampling technique to determine the sample size for the study. The study revealed The Challenges facing local government system in Nigeria are no doubt enormous. The chief challenge has to do with the shortage of fund. The problem of inadequate funding has remained the biggest problem facing local government in Nigeria. For the management and control of local government finance, the 1999 Constitution of the Federal Republic of Nigeria provides for the establishment of State Joint Local Government Account (SJLGA) in each state of the federation where funds from the Federal Account are lodged before disbursement to the local government councils in the state. Findings from the study shows this arrangement has been hijacked by state governments to starve local governments in their jurisdiction the needed funds for project implementation and rural development. The situation is made worse by the constitutional right granted to states to conduct election into local councils. Most state governors have capitalized on this provision to reduce local government to mere extension of their political and administrative domain. in fact, since the governor and other top party leaders, in most cases “put them in office,” the governor believe that Chairmen/care taker of local government council owe them a duty to ‘deliver’ whatever their monthly subvention are to them to partake in how they are appropriated. The following recommendations will be important in solving the challenges of indirect allocation to Local Governments in Nigeria. 1999 Constitution of the federal republic of Nigeria should be reviewed and amended to allow for direct allocation to local council designated accounts in order to have full control for their finance function and debt profile. Local Government election should be conducted at the same time as other elections into various elective posts in the country. The power vested in the State to ensure existence of Local Government Executive has over the years being jeopardized by those powers to be. Constitutionally, Local Government should be removed from the control of the State to be a. State should only serve as a mechanism for check and balance to ensure efficiency and effectiveness in the discharge of constitutional duties. It is therefore obvious, that, for any meaningful development to take place at the local level, the States need to recognize the Local government as partners in progress

Keywords: Indirect, Allocation, Control, State Joint Local Government Account, Constitution

INTRODUCTION
The 1976 Local Government Reform Hand Book defined local government as: Government at the local level exercised through representative councils established by law to exercise specific powers within defined areas. These powers should give the council substantial control over local affairs as well as the staff and institutional and financial powers to initiate and direct provision of services and to determine and implement projects so as to complement the activities of the state and federal government 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 and conditions are maximized (Quadri, 2013). The above assertions necessitate the availability of financial resources for the local government to carry out various functions expected of her by the citizens. The principal aims of creating local governments were as follows:

- To serve as the third tier of government through which appropriate services and development are made in response to the wishes of local community through their representatives.
- To serve as an intermediary between government at the center and local communities.
- To mobilize and utilize both human and material resources by engaging the people at the local level in the government activities.
- To facilitate the exercise of democratic self-government closer to the grass root of the society and to exchange initiative and leadership potential.
- Mostly, all local governments in Nigeria do no longer perform their responsibilities simply because of poor finances arising from inadequate revenue generation drive. The bad financial situation is further aggravated by the prevailing inflationary situation in this country which erodes the value of funds available to render essential social services to the people.
- Development is highly associated with fund, much revenue is needed to plan, execute and maintain infrastructures and facilities at the local government level. The needed revenue generated for such developmental projects like construction of accessible roads, building of public schools, health care centers, construction of bridges among others are sources generated from taxes, royalties, haulages, fines and grants from states, national and international governments.

**Statement of the Research Problem**

Mostly, all local governments in Nigeria do no longer perform their responsibilities simply because of poor finances arises from indirect allocation of their share grants. The bad financial situation is further aggravated by the prevailing inflationary situation in this country which erodes the value of funds available to render essential social services to the people. Thus, the Local Government Areas are created to provide the services which the Federal and State Governments cannot easily undertake due to their remoteness from the local communities. Therefore, the concept of local government is to bring governance closer to the people at the grassroots, with the aim of caring for the socio-economic and development needs of local populace.

The Challenges facing local government system in Nigeria are no doubt enormous. The chief challenge has to do with the shortage of fund. The problem of inadequate funding has remained the biggest problem facing local government in Nigeria. For the management and control of local government finance, the 1999 Constitution of the Federal Republic of Nigeria provides for the establishment of State Joint Local Government Account (SJLGA) in each state of the federation where funds from the Federal Account are lodged before disbursement to the local government councils in the state. This arrangement has been hijacked by state governments to starve local governments in their jurisdiction the needed funds for project implementation, adequate security, provision of social amenities and rural development

**Objectives of the Study**

The objectives of the study were to:

1. Examine the negative effect of indirect allocation on the development of the Nigerian local governments.
2. Ascertain if proper supervision is given to the policy implementation in order to reduce financial problems in the Nigeria local governments.
3. To know whether if financial problems has positive influence on the development of the Nigerian local governments.
4. To examine if corrupt practice has strong influence in the development of the Nigerian local governments.
Literature Review

The Challenges facing local government system in Nigeria are no doubt enormous. The chief challenge has to do with the shortage of fund. The problem of inadequate funding has remained the biggest problem facing local government in Nigeria. For the management and control of local government finance, the 1999 Constitution of the Federal Republic of Nigeria provides for the establishment of State Joint Local Government Account (SJLGA) in each state of the federation where funds from the Federal Account are lodged before disbursement to the local government councils in the state. This arrangement has been hijacked by state governments to starve local governments in their jurisdiction the needed funds for project implementation and rural development (Agba et al, 2014).

This point is aptly acknowledged by Mbam, the Chairman of the Revenue Mobilization Allocation and Fiscal Commission (RMAFC) when he observed that information at the disposal of the Commission show unethical practice in the disbursement of funds from the State Joint Local Government Account in various states of the federation. As he maintained, allocations from the Federation Account, most times do not actually reach the Local Government Councils. There are numerous allegations of manipulation of the Account at the point of disbursement. States hardly make their own contributions as stipulated by Section 162 (7) of the Constitution of the Federal Republic of Nigeria. In view of the above challenges, it is the position of the RMAFC that Local Governments should be granted fiscal autonomy by paying statutory allocations from the Federation Account directly to their coffers in which case the State Joint Local Government Account should be abolished through appropriate reforms (Agba et al, 2014). The situation is made worse by the constitutional right granted to states to conduct election into local councils. Most state governors have capitalized on this provision to reduce local government to mere extension of their political and administrative domain.

in fact, since the governor and other top party leaders, in most cases “put them in office,” the governor believe that Chairmen of local government council owe them a duty to ‘deliver’ whatever their monthly subvention are to them to partake in how they are appropriated (Abe and Omotosho, 2014). Furthermore, the incidence of corruption, misappropriation and misapplication of funds that has become rampant and endemic at local level is also another critical challenge that the local government is confronted with. The local government staffs have been alleged to generally exploit every opportunity in the name of official functions to embezzle government funds (Abe and Omotosho, 2014).

Control Of Local Government By State Governments

As it is, Local Government is not in the Exclusive Legislative List as being with Federal Legislative competence neither is it in the Concurrent Legislative List to be shared by both Federal and State Legislatures. It is therefore relegated to a residual matter and therefore within the legislative competence of the State Governments. It is expressly provided in the Constitution that the System of Local Government Councils is guaranteed and that Government of every State shall, subject to provision of Section Eight of the Constitution (which deals with constitutional amendment on creation of State and boundary adjustment) ensure their existence under a law which provides for the establishment structure and finance and functions of such councils. A similar provision was made in 1979 Constitution and the 1989 Unutilized Constitution. It is further provided that the person authorized by law to prescribe the area over which a Local Government Council may exercise authority shall

(a) Define such area as clearly as practicable and
(b) Ensure to the extent to which it may be reasonably justifiable that in defining such area regard is to:
   i. The common interest of the community in the area;
   ii. Traditional association of the community; and
   iii. Administrative Convenience.

It is with respect that we observe the ambiguity, unclarity and vagueness of this Sub-Section 2 of Section 7 of the Constitution. It is not understood at all what the authors of this Sub-Section have in mind. They made room for future uncertainty. For instance, it started with “the person authorized by law” who is the person? Can such a person not be safely named and cleared? Then it went further to say in paragraph (a) “define such area….” area of what? And
(b) “ensure the extent to which it may be reasonably justified and defined.
(i) “Common interest …community”
(ii) “Traditional association .Community:
(iii) “Administrative convenience.”

We strongly dare to say that this Sub-Section of the Constitution be expunged and be replaced with its counterpart in the 1989 Unutilized Constitution which clearly stated “There shall be 449 Local Government Areas in Nigeria as named in Second Column of Part One of the First Schedule to this Constitution and each Local Government Areas shall be the only unit in respect of which the government of a State is empowered to establish an authority for the purpose of Local Government”. We do not need to hold any degree or diploma in law or any humanity to understand the clear intention of the draftsman in the Sub-Section 2 of the 1989 unutilized Constitution because it is elementarily clear and we commend the authors.

On Local Government, the 1999 Constitution further provides that “it shall be the duty of a Local Government within the State to participate in economic planning and “development of the area referred to in Sub Section 2 of the Section 7 and to this end an Economic Planning Board shall be established by a law enacted by the House of Assembly of the State. This provision has all the evil attributes that are possessed by Sub-Section 2 above. For instance, how can Local Governments which are puppet extension of our various State Governors — some of them party loyalists called “transition committee,” etc? How can they form economic board? Since 1999 until date, how many State Governments have formed such Economic Board?

Thus, the Local government cannot embark, execute and possibly carry out the maintenance of these projects and other responsibilities without adequate revenue generation. This is the basic reason why development is skeletal at some Local Government councils in Nigeria

Effects of indirect allocation to local governments include
1. Increase in Debt Profile: For the management and control of local government finance, the 1999 Constitution of the Federal Republic of Nigeria provides for the establishment of State Joint Local Government Account (SJLGA) in each state of the federation where funds from the Federal Account are lodged before disbursement to the local government councils in the state. This arrangement has been hijacked by state governments to starve local governments in their jurisdiction the needed funds for project implementation and rural development. But most of the state governors were contributing the amount prescribed by law to contribute and disburse to various council instead use the account as collateral to obtain loans from deposit money banks which makes Mostly, all local governments in Nigeria do no longer perform their responsibilities simply because of poor finances arises from indirect allocation of their share grants.

2. Violation of Rule of law: On Local Government, the 1999 Constitution further provides that “it shall be the duty of a Local Government within the State to participate in economic planning and “development of the area referred to in Sub Section 2 of the Section 7 and to this end an Economic Planning Board shall be established by a law enacted by the House of Assembly of the State. This provision has all the evil attributes that are possessed by Sub-Section 2 above. For instance, how can Local Governments which are puppet extension of our various State Governors — some of them party loyalists called “transition committee,” etc

How can they form economic board? Since 1999 until date, how many State Governments have formed such Economic Board?

3. Money Laundering: Most state governors are anxious to exploit the constitutional provision on the Joint State Local Government Account to control local government finance; they hijack local government elections to produce their devotees as council chairmen, who pay their political dues by accepting every deduction made on the joint account. This trend in the management of local government finance has encouraged financial corruption and embezzlement of public funds thereby incapacitating local council chairmen with an excuse to meet up with the constitutional and administrative obligations to its citizenry in their jurisdiction.
4. **Increase of mortality rates:** An indirect allocation to Local governments makes it difficult for the local government chairmen/caretakers to maintain the existing maternities, dispensaries and general hospital or build new ones lead to the closure of some them. The populace living in such communities finds it difficult to health facilities most especially pregnant women during their delivery which lead to their death and inaccessibility of first aids to patients.

5. **Unemployment:** Indirect allocation to local government as prescribed by in sharing allocation makes it difficult for the council chairmen/caretakers to make any employments or any humanitarian development since there is no finance to execute such functions

6. **Increase in School Drop-outs:** The foregoing evaluation of local government and challenges of indirect allocation clearly shows that councils we’re not be able to exercise their finance functions of paying staff benefits/salaries which forces parents not to pay school fees to their children and makes it difficult to continue with their education

7. **Non execution of projects:** Thus, the Local government cannot embark, execute and possibly carryout the maintenance of these projects and other responsibilities without adequate revenue generation. This is the basic reason why development is skeletal at some Local Government councils in Nigeria

8. **Dis Franchise:** The situation is made worse by the constitutional right granted to states to conduct election into local councils. Most state governors have capitalized on this provision to reduce local government to mere extension of their political and administrative domain. in fact, since the governor and other top party leaders, in most cases “put them in office,” the governor believe that Chairman/caretaker of local government council owe them a duty to ‘deliver’ whatever their monthly subvention are to them to partake in how they are appropriated (Abe and Omotosho, 2014).

9. **Embezzlements:** Loans are often sorted from financial institutions by local governments for short and long-term projects and programmes. Local government councils could source for funds through loans to invest in capital projects such as construction of markets, roads, transportation, building of shopping malls and financing budget deficits. However, in some cases, loans are discouraged because of the possibility of mismanagement and embezzlement by corrupt local government officials who perceived the loans as personal funds. More so, local government chairmen obtain series of loans from financial institutions and passed the burden to the incoming administration which weakens the financial base of the local government council, thus, hinder performance in carrying out their constitutional responsibilities.

10. **Increase in Rural –Urban Migration:** Due to the non remittance of direct allocation to local government makes the local populace to migrate to urban cities for survival since there are no much socio-economic activities in their community

11. **Terrorism:** Indirect allocation to local governments causes youths in such areas to engage in terrorism and other related crimes because of the amount given to them to carry out such activities and makes it difficult for the local government chairman/caretaker to stay in their jurisdiction since no finance to carry out any project and other responsibilities

12. **Increase in Insecurities/related crimes:** Absence of the local councils makes those perpetrators to carry out their activities easily, because their borders are porous and vigilante or any traditional institution has no any power to stop them since no finance and authority to report to

13. **Decreases in revenue collection:** Absence of Local government chairmen/caretakers encourage revenue officers in engaging fraud by remitting any amount to their superior as total revenue collected since there is no record of such collection

14. **Reduction of provision of Health facilities:** An indirect allocation to Local governments makes it difficult for the local government chairmen/caretakers to provided adequate health service to the citizens due to the shortage of finance

15. **Poor maintenances of government buildings:** The concept of local government is to bring governance closer to the people at the grassroots, with the aim of caring for the socio-economic and development needs of local populace.

But due to the indirect allocation to local councils makes it difficult execute any developmental projects not to talk of maintaining the existing ones
16. Closure of Bank branches: Mostly, banks opened branches in local government because of the existing of local council to ease its finances activities like revenue collection, payment of staff salaries, and payment to contractors and even help their staff to have their staff to open salary account for savings and loans to meet their urgent need. But to the indirect allocations makes difficult for bank to continue operating at lose which lead to their closure and makes it difficult to move to urban to open their account which is very risky to them and to the local government treasurer.

17. Increase in robbery: Absence of Deposit money banks branch in local council makes it difficult for the treasurer to move to urban cities to cash their cheques for salaries and other finance functions which is very risky in his movements and staff withdrawing their salaries which resulted to increase in arm robbery.

18. Increase in Arm bandits and related crimes: When there is direct allocation the populace (youths) will be very busy in their working place or business activities but in the absence of direct allocation which makes it difficult for local councils to discharge their finance functions lead to unemployment’s, redundancy, drug abuse and finally will make the youths to engaged in evils act for their survival.

19. Hijacked of Local Council salaries: Most state governors are anxious to exploit the constitutional provision on the Joint State Local Government Account to control local government finance; they hijack local government salaries to state treasury which makes staff (accounts/finance) in the local government to be redundant and unable to discharge their finance function of proper records keeping.

CONCLUSION
The provisions in the Constitution that dictate the power and financial relationship between the various tiers of government, especially the State and the local government are deliberate. They are made to serve as checks and balances; and ensure transparency and accountability, and ensure equitable distribution of national wealth to the federating units, among others, thereby, bringing even development to the federation.

Since the 1976 reforms, however, the councils have been grappling with a plethora of problems, relating, in large measure, to the delimitation of their fiscal jurisdiction and protection of their revenue rights.

It is therefore obvious, that, for any meaningful development to take place at the local level, the States need to recognize the Local government as partners in progress. That is partners in enhancing sustainable rural development through the provision of essential services to improve the Standard of living of the rural populace. And this cannot be without adequate financial resources at the disposal of Local Government.

The paper concludes that undoubtedly, for Local Governments to be able to perform these functions creditably, they need sufficient funds.

RECOMMENDATION
Based on the foregoing evaluation of local government and challenges of indirect allocation in Local Governments of state, the following recommendations will be important solving the challenges of indirect allocation in Local Governments and Nigeria in general.

1. 1999 Constitution of the federal republic of Nigeria should be reviewed and amended to allow for direct allocation to local council designated accounts in order to have full control for their finance function and debt profile. State Joint Local Government Account should be abolished as it gives the state Governor/Government absolute control over Local Government fund/autonomy.

2. Independent National Electoral Commission Should conducts the local government elections to allow each political party to participate actively and allow the populace to exercise their franchise to elect their leaders and will reduce the governor’s selection of caretakers.

3. Local Government election should be conducted at the same time as other elections into various elective posts in the country. The power vested in the State to ensure existence of Local Government Executive has over the years being jeopardized by those powers to be. Constitutionally, Local Government should be removed from the control of the State. State should only serve as a mechanism for check and balance to ensure efficiency and effectiveness in the discharge of constitutional duties.
4. Diversification of Nigerian economy should be encouraged in order to reduce the contentions over revenue allocation since majority of the states will attain a high degree of self-reliance. There should be a judicious application of the Revenues accruing to the states from the Federation account. The Northern regions are to look inwards for improvement of their socio-economic status since higher amount of Revenue allocations has not guaranteed higher socioeconomic status. It is therefore obvious, that, for any meaningful development to take place at the local level, the States need to recognize the Local government as partners in progress. That is partners in enhancing sustainable rural development through the provision of essential services to improve the Standard of living of the rural populace. And this cannot be without adequate financial resources at the disposal of Local Government

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