

## ASSESSING THE IMPACT OF LOCAL GOVERNMENT FINANCIAL AUTONOMY ON INFRASTRUCTURAL DEVELOPMENT IN NIGERIA: CASE STUDY OF IMO STATE

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### **Abstract**

The study represents a circumspective view of intergovernmental relations between the state and local governments in Nigeria with particular reference to Imo State. It investigated the place of financial autonomy of L.G.As of Imo State visa-vise rural development. Regrettably, plundering proclivity of the State Government on the finances of the L.G.As has made it difficult for the rural dwellers to escape the shores of disproportionate poverty. Relying on qualitative approach and secondary sources of data, the study adopted two theories; the Power theory and Efficiency Services School of Thought. The analysis was predicated on content analysis technique. It was a major finding that the cause of poor state of infrastructure and social amenities in the local governments of Imo State is paucity of funds to the council areas due to the infraction of State Government on L.G.A funds. It was our finding that the loopholes in the 1999 constitution gave the Imo State the leeway to besides diverting their funds, treats Imo L.G.As as appendages. The study, however, recommends that the federal government amends the 1999 Constitution to accommodate the Ibrahim Babagida's local government reform, where financial autonomy was granted to the L.G.As in Nigeria; achieved by increasing their statutory allocation to 20%, direct remittance of their allocation to their account, and State Government honoring the payment of 10% internally generated revenue to the L.G.As (Adeyemo,2005).

**Keyword:** financial autonomy, local government autonomy, rural development, infrastructural development, constitution.

### **Introduction**

In the Nigerian federal system, just as we have in older federal democracies like the United States of America and India, it is quite obvious that the existence of the three tiers or levels of government is to reflect the features of federalism. Financial Autonomy of Local Government in Nigeria is a direct result of the practice of federalism and fiscal federalism, which equally explains the concept of Intergovernmental Relations. As federalism deals with devolution of power to the federating units, fiscal federalism deals with empowering the constituent units of the federation to exercise the financial

autonomy which will if judiciously handled, ensure development at the grassroots. According to Oates (1999:1) the United States and the central government has turned back significant portions of federal authority to the states and local governments for a wide range of major programs, including welfare, Medicaid, legal services, housing, and job training with the hope that state and local governments, being closer to the people, will be more responsive to the particular preferences of their constituencies and will be able to find new and better ways to provide these services. Thus, the essence of financial autonomy is to provide the developmental needs (social infrastructure and human capital development) of the population living in the vast areas of the federating units. According to Musgrave and Oates in Oates (ibid), the traditional theory of fiscal federalism lays a general normative framework for the assignment of functions to the different levels of government and the appropriate fiscal instruments for carrying out these functions. The clarity of function distribution does not stop the federal government from taking the responsibility for the macroeconomic stabilization function and income redistribution in the form of assistance to the poor units of the federation. Fiscal federalism is informed by the intergovernmental relations that exist among the federating units and the quest for even development. The Federal, State and Local governments in Nigeria need effective and efficient implementation of fiscal federalism in order to achieve tangible development in various parts of the Federation. Basically, fiscal federalism, akin to fiscal decentralization, deals with the division of government functions and financial relations among levels of government.

Financial autonomy to the Local Government Councils places them in a better position to ensure the “Efficiency Services” functions of the Local Government to the rural people according to Mackenzie, cited in Adeyemo (2012:2). The concept of local government financial autonomy has largely been misapplied in Nigeria, same way federalism is affected. According to Chapman(1999:3) Local Government Financial autonomy relates to the ability of the jurisdiction both to raise enough revenue from the local economy and then to determine how to spend those revenues. The State and Local Governments in Nigeria have always been at daggers drawn on the account of whose right it is to collect stall, market, Motor Park and sundry taxes. Financial autonomy is seen to be exercised by the Local Government when its functions of raising funds within its jurisdiction through taxes, levies, fines, and access to its statutory allocation from the Federal Government, and the right to determine how to allocate the funds are not unduly interfered with by the superior level of Government. The devolution and decentralization of power in the centre to the localities are salient features of federalism .According to the European Union (2014) Local Government financial autonomy is defined as the combination of the following three elements; local expenditure autonomy, local revenue autonomy and local budgetary autonomy. Local Government financial autonomy cannot be confirmed to exist, when Imo State Government, controls the overhead, recurrent and capital expenditures, revenue generation, and the budgetary activities of the Twenty-Seven (27) Local Government Areas through the State institutions.

The importance of funds to the Local Government Areas of Imo State cannot be over-emphasized. The federal structure in Nigeria clearly set out three tiers of government with well-spelt out functions. The local government is one of the tiers of government with among other functions, to provide the needed infrastructure and social amenities to

enhance the quality of life of the people of Imo State in the rural areas. These functions of the local government are provided in the Fourth Schedule of the 1999 Constitution of Nigeria. It is obviously worrisome that the L.G.As in Imo State is underperforming, thanks to the persistent infractions on their funds by the State Government. Unfortunately, rather than get better, the rural dwellers across the Local Government in Nigeria are still under the scourge of disproportionate poverty, with many living well below the United Nations poverty line. Unfortunately too and more specifically, this has negatively affected the provision of basic amenities such as; hospitals, schools, pipe-borne water, good roads, modern and decent market, electricity; causing abject poverty and sustained fall in the standard of living of the rural people. Furthermore, the poor standard of living has caused high mortality rate, high level of illiteracy, high health risk, and general threat to the general wellbeing of the rural dwellers. The role of L.G.As as agents of rural economic development at the rural areas which could be through the establishment of cottage industries, offering skill acquisition/training opportunities to the people and the granting of credit facilities to the people have stalled owing to perpetual plundering of L.G.A funds. The *raison d'être* for establishment of local government seeing that the Federal and State Governments are far from the rural people appear to have been defeated. Though the 1999 constitution is basically blamed for the haze surrounding the financial autonomy of L.G.As in Nigeria, it should not have been an alibi for the State government to plunder the economy of the L.G.As which is seen to have been the cause of poor state of infrastructural and social amenities in the rural areas. The study aims to establish the indispensability of local government financial autonomy towards rural development. Secondary source remains our major source of data while content analytical tool suffices for data analysis. Guided by efficiency services approach and the power theory, the study explains that power (financial autonomy) as expressed by Robert Dahl is needed for the L.G.As in Imo State to exercise their constitutional right, the absence of which constitutes their weakness. State government is on top in its relations with the L.G.As because of its power position which helped it to place the L.G.As on appendage status. Furthermore, L.G.A's ability to carry out efficiency services school of thought by Mackenzie (1954) depends largely on the extent to which they exercise financial freedom which unfortunately was not clearly provided by the constitution. Mackenzie as cited in Adeyemo (2012:1-2), establishes that; "Service delivery to the local people should preoccupy the resources, power, and attention of local government"

### **The Concept of Local Government**

In the Nigerian context, Local Government is the third tier of government, statutorily empowered to take charge of administering the local areas. This will include the attraction of development to the rural clientele. At present, Nigeria has 774 L.G.As that constitute the state of Nigeria. It is apt to emphasize that the development of these L.G.As simply translate to the development of Nigeria. According to Wanjohi, cited in Khalil, (2011:3), "Local Government is an institution whose operation addresses the needs and aspirations of the citizenry and also extends the administrative and political control to the community". The responsibility of building the local people is directly that of the local government. This includes political control and enlightenment, serving as a ground for training future leaders for the Nation. Ogunna (1996:1) opines that: "local government is

a political authority which is purposely created by law or constitution for local communities by which they manage their local public affairs within the limits of the law/constitution". This by implication emphasizes that the law establishing the local government has guaranteed its structure, sources of revenue, functions, powers etc. This status of local government is expected to be allowed to exist for the local government to be able to discharge its constitutional responsibilities.

The United Nations Division of Public Administration defines local government as;

A political sub-division of a nation (or in a federal system, a state) which is constituted by law and has substantial control of local affairs, including the power to impose taxes or to exact labour for prescribed purposes. The governing body of such an entity is elected or otherwise selected (Onyishi, 2011:535, Agi 2002:85).

The definition pinpointed two salient points about local government. First, it is a political and legal entity. Second, it is to be in charge of the financial matters of the jurisdiction since it should have powers to impose taxes. The financial aspect of the Local Government is obviously where we have issues in Nigeria. According to Olisa *et al* (1990:93, cited in Iheanacho *et.al* 2013:1) local government is a "Unit of government below the central, regional or state government, established by law to exercise political authority through a representative council within a defined area". The definition clearly positions the local government as a third tier government expected to be a channel of service delivery to the local areas. Local government is the third tier of government deliberately created to bring government to the grassroot population, as well as give its members a sense of involvement in the political process that controls their daily lives (Njoku 2009:2). It is extremely important to ensure that the forces that control the affairs of local governments be endogenously based, rather than being exposed to external forces which may not expertly appreciate the strategic and urgent need to effect development, and participative management at the local government level.

Wraith (1984) defines local government as "the act of decentralizing power which may take the form of devolution of power". Wraith's definition of local government has also been explained as "the transfer of responsibilities of planning, management, and resource raising and allocation from the central government and its agencies to (a) field units of central government ministries or agencies, (b) subordinate units or levels of government (c) semi-autonomous public authorities or corporations (d) area-wide, regional or functional authorities or (e) Non-government private or voluntary organizations (Rondinelli, Nellis, Cheema: 1983:9). The creation of local government or the decentralization/devolution of power and authority to the local government is a mark of shifting responsibility for effective management of the affairs of the local people to a corporate body called local government. It will however, be a difficult situation whereby such important responsibility is given to the local government without adequate funds to support the execution of such projects. The Guideline for Local Government Reform, (FGN, 1976) explains Local Government as;

Government of local level exercised through representative councils established by law to exercise specific powers in defined areas. These

powers should give the council substantial control over local affairs as well as the staff and institutional and financial power to initiate and direct the provision of services and to determine and implement projects so as to complement the activities of the state and federal governments in their areas, and to ensure through devolution of functions to these councils and through the active participation of the people and their traditional institutes, that local initiative and responses to local needs and conditions are maximized (FGN, 1976; Guideline for Local Government Reform).

The local government is practically the closest level of government to the rural people. As such, it knows the needs of the people and is in the better position to provide them. In the Nigerian scenario, the most difficult problem facing the rural people is the inability of the local government to perform the development role. A local government is an institution whose operations address the needs and aspiration of the citizenry and also extends the administrative and political control to the community (Wanjohi, 2003 cited in Samihah K and Salihu A.A, 2011). Furthermore, local government exists to provide essential services and serve as a vehicle for rural development (Ola, 1984, Ademolekun, 1983).

Local government is therefore the lowest tier of government created by law with autonomous status,(including financial) responsible for the daily administration, management and development of the rural communities within its jurisdiction, in tandem with the law that established it.

### **Concept of Local Government Autonomy**

According to Wolman and Goldsmith, cited in Chapman (1999:1) local government autonomy is defined as the government's ability to have an independent impact on the welfare of the residents of the local jurisdiction. This situation suggests that for a local government to be autonomous, it has to be empowered to assume responsibilities and carry out programmes that will bring development to the rural people. Adeyemo (2005) maintains that "local government autonomy is perceived as local self government or grassroot democracy". Adeyemo, however holds a little different opinion on the autonomy of local government. While he emphasizes that "this grassroot democracy is primarily aimed at giving the vast majority of the people the fullest opportunity to participate in determining their own destiny", he was quick to reiterate that "we cannot have a complete autonomy or complete local self-government within sovereign state", citing that in a situation where a local government is completely autonomous, it would amount to it being a "sovereign state". However, it may be inconceivable that full autonomy to local government in a federal system will translate to "a sovereign state". Besides, there are many characteristics of a state and many elements that qualify a particular geographical entity for statehood which obviously a local government does not possess, and will never have as long as it remains a local government irrespective of the level of financial autonomy it exercises. According to Akinoyemi (2014), an autonomous local government will be a situation where the local government has very little to do with the supervising state authority. Akinoyemi's submission created a space to accommodate the real place of the local government as provided by the constitution. That is to say, the

local government is never created to exist exclusive of other tiers of government in the Nigeria Federation, while the State “ought not” to hijack the funds for the Local Governments.

Nwabueze (1983) focused his attempt on autonomy, paying particular attention to a federal system of government which in our opinion is very appropriate because the Nigeria we are focusing on is a federal state. He therefore, sees autonomy under a federal system to mean that “each government enjoys a separate existence and independence from the control of the other government”. He ingeminated that the said autonomy must be in the direction of each government existing not as an “appendage of another government but as autonomous entity in the sense of being able to exercise its own will in the conduct of its affairs from direction of another government”. Nwabueze’s insistence that autonomy must include government freedom from direction of another government may not rule out the existence of intergovernmental relations which is a major characteristic of a federal system of government. Davey (1991) asserts that: “local autonomy is primarily concerned with the question of responsibilities, resources and discretion conferred on the local authorities. As such discretion and responsibility are core component of local government autonomy. Strengthening Davey’s submission, Adeyemo (2005) opines that; local government autonomy includes a situation where local government “must garner efficient resources particularly of finance to meet their responsibilities, adding that local autonomy is the freedom of independence in clearly defined issue areas, as well as separate legal identity from other levels of government.

Ogunna (1996:209) stresses that;

Local government autonomy refers to the freedom of the local government to recruit and manage its own staff, raise and manage its own finances, make policies, laws and provide services within the limit of its allocated functions and powers, award contracts within the limit of its resources and functions without interference.

The erstwhile Center for Democratic Studies of the Ibrahim B. Babangida junta opines that local government autonomy refers to “The relative discretion which local governments enjoy in regulating their own affairs”. Further clarification by Omoruyi (1992) strongly emphasizes that “Local communities can only be meaningfully autonomous when popular structures, organizations and supportive values have been created to sustain, propagate and perpetuate fair representation, constant dialogue, and openness of policy making, public accountability and collective self-defense. Local government autonomy therefore shall be construed as the tangible and practical devolution of power and authority to the local government to tap the human, financial, political, and administrative resources in its jurisdiction and use them in such a legally prescribed manner that will bring development in the rural areas without being unduly checked. Autonomy connotes being empowered to take full charge of administering a location without intimidation from any quarters. It is however necessary to state that no constitution in Nigeria has ever granted Nigerian local government either administrative or financial independence. The current constitution did not grant such autonomy to the local government. This is why the state governments are handling the local government issues with discretion. With the current constitution, the local governments are more

under State government control than independence of them. This status quo will persist until a constitutional amendment is effect to give the local people the desired local autonomy. Two major areas the local government seek independence are financial and administrative independence. In terms of financial independence, it is provided in section 7(6) of 1999 constitution that; the House of Assembly of a state shall make provision for statutory allocation of public revenue to local government councils within the state". Furthermore, it provides:"Each State shall maintain a special account to be called State Joint Local Government Account into which shall be paid all allocation to the local government councils of the state from the Federation Account and from the government of the state". This provision simply clarifies that the constitution has never granted such autonomy status to the local government that will make it operate entirely independent of the state.Chikedu and Nwanegbo (2005:199) described the provision as;" literally entrusting unto the state government, the guardianship of the local government"

### **Local Government Financial Autonomy**

The importance of local government financial autonomy cannot be overemphasized. The ability of a local government to provide infrastructure and social amenities to its citizens depends largely on the availability of funds at its disposal. Thus, the state of infrastructural decay in the local government of Imo State is blamed on the poor funding of the local government areas. According to Chapman (1999) "local government financial autonomy is important because it is a necessary condition for three council roles that local government plays: a value maximizer, an institution that potentially allows citizens to reveal their preferences for public expenditures; and, as a competitor with other jurisdiction so that efficiency conditions are satisfied". The implication of Chapman's submission is that financial autonomy to the local government is actually the driving force that stabilizes the dynamics of good governance at the local areas.

According to the European Union Local Government financial autonomy is defined as the combination of the following three elements; **local expenditure autonomy, local revenue autonomy and local budgetary autonomy.**

Faseyi (2015) opines that; "financial autonomy for local governments in the country would remain a pipe dream so long as governors continue to maintain their strong hold on the States' Houses of Assembly". Faseyi further opines that, "allowing the governors to continue to appoint caretaker committee would jeopardize efforts at fighting poverty at the grassroot .Abatemi-Usman (2012) very strongly maintains that "financial autonomy for local governments areas in the country will give room for rapid growth and development at the grassroot level. Abatemi-Usman, a Senator representing Kogi Central, while presenting the local debate on the bill seeking to alter the provisions of the 1999 constitution to provide for financial autonomy for local government councils maintains that;

Local governments have over the years suffered from the continued whittling down of their power, and state governments had continued to encroach upon what would normally have been the exclusive preserves of local governments and consequently there has been a divorce between the people and government at their most basic levels. The state/local government joint account must be discontinued and

eradicated to substantially check delay in states' release of funds to the respective local government areas, and arbitrary deductions by states. It would also ensure for local government areas the facilitation of project execution, enhance effective service delivery, and quick response to the needs of the citizenry whose peculiar internal affairs the local government directly oversee.

According to Chinenye (2015), "Financial autonomy for local government chairmen is a necessary first step in improving service delivery at the local levels. However, financial autonomy alone cannot improve service delivery in local communities. It should be accompanied by accountability measures (both upward and downward) to ensure the effective provision of local goods and services. These accountability measures can only be effective with the cooperation from state governments." Apart from the negative influence of the state government on the local government funds, there are other political elements in the local government areas who see themselves as the godfathers of the local government that deserve to be settled financially every month from the federal allocations of their local governments. A typical case study is Oguta local government, when Senator Author Nzeribe dictated who became the TC chairman of Oguta L.G.A. This translated to huge monthly financial settlement to the senator. This set of people also constitute nuisance to the financial autonomy of the local government. Ofoeze (1997 and 2003) opines that "local government areas are created to solve rural development problems" and with the Local Government financial autonomy largely unclear, the development responsibility of the rural areas by the Local Government will stall. According to Shehu Musa Yar'Adua (N.D) "local governments are created to harness local resources for rapid development and to enshrine the principle of participatory democracy.

According to Ogunna (1996:210) and Ogunna (2003:324), Ibrahim Babangida military junta carried out the finest reform towards creating and institutionalizing the financial autonomy of Nigerian local governments. Among other reform actions of IBB were;

- (1) The abolition of ministries of local government throughout the federation.
- (2) The direct payment of the share of the federation account to the local government devoid of state interference. By implication, this feat obstructed the functionality and existence of State Local Government joint account and others (Iheanacho C, Iheanacho N and Igbokwe: 2013:182)
- (3) Realizing the immediate and strategic need to reposition local government for rural development through financial empowerment and autonomy coupled with the understanding that the bedrock of local government autonomy is financial autonomy, Babangida regime in 1989 increased the local government share of revenue from the federation account from 10% to 15% and finally 20%. Further, the government directed the state governments to meet their financial obligation to the local governments. This is the closest any government in Nigeria had gone towards granting financial autonomy to the local government. Unfortunately for Local Governments today, it was by a military decree, not by the Acts of Parliament.

It is a basic observation that many literatures blame the lack of local government financial autonomy on the nefarious activities of the State Government at the local

government areas. While this may be true to an extent, it is important to notice the position and provision of 1999 constitution as touching L.G. financial autonomy. We may read of real financial autonomy for local governments in the USA, India, and Canada etc, where their constitutions actually provided for it in clear terms. The case of Nigeria is quite different and can only be resolved by amending relevant sections of the 1999 constitution. For this reason, we made extraction from the 1999 constitution on the subject matter, as could be seen below;

“(5) The amount standing to the credit of local government councils in the Federation Account shall

also be allocated to the States for the benefit of their local government councils on such terms and

in such manner as may be prescribed by the National Assembly.

(6) 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 Federation Account and from the Government of the state.

(7) Each state shall pay to local government councils in its area of jurisdiction such proportion of

its total revenue on such terms and in such manner as may be prescribed by the National Assembly.

(8) 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.

Section 162, 1999 Constitution of Nigeria [extract]”.

Financial autonomy of local government simply means that each local government in Nigeria has the power to independently conduct its financial affairs, from the point of sourcing it to that of expenditure. This is the call of most of the literature consulted for this subject. Most of the calls do come as if the constitution did clearly make provision for local government financial autonomy. However, a critical look at the extract above, from the relevant section of the constitution establishing the local government points to the fact that never has the local government been empowered to operate independent of the State government. Sub-section 5 as quoted above provided the involvement of both the state and federal government in the finances of the local government, as both of them will determine who disburses and the mode of disbursement. Furthermore, the State Joint Local Government Account, being sorely criticized is also a provision of the law which it called a “special account” into which the federal allocation for both the state and local government will be lodged. This account is a joint account owned by both the state and local government. However, it is commonsensical that the State has the upper hand in determining what happens to the account from time to time. Sub-section 8 of this section empowered the House of Assembly of the State to determine the sharing formula of the amount standing to the credit of the local government. This could be interpreted to mean that the State’s application of that section of the law is to allocate certain per-cent of the

fund to the local government and keep the rest in the coffers of the state. However hazy the constitution may be on this subject, a critical analysis will prove the State governments may not be entirely wrong the way they have been going with the issue of financial autonomy of the Local Government Areas in the Nigerian Federation. The constitution, not the State Governments, is culpable. Therefore, it requires the political will to carry out constitutional amendment that will accommodate local government financial autonomy in Nigeria. It is however sad, the way the States have cashed in on the constitutional lapses on the subject to misappropriate the funds for the operations of the local governments in Nigeria. Therefore, impliedly and in clear terms, the scenario explains why Chikendu and Nwanegbo (2005:199) opine that the constitutional provision literally entrusts unto the State government, the guardianship of the local government fund.

### **Conceptualizing Rural Development**

Rural development is as important as development at the other levels of government. It has been the major concern shared by development scholars because the rural areas accommodate the greater population of the country who are poor and needy Onyenchere (2010)

Rural development is said to have set into a particular locality when efforts towards providing and sustaining basic needs of life like job opportunities (by way of cottage industries or support programmes by the government to enable the people to get established and be independent) pipe borne water, rural electrification, schools that command adequate teaching and learning, good roads and good transportation system, hospitals with required drugs and medical personnel are sustained. With these and the likes available in the rural areas, the concept of rural development could be said to have commenced. This is likely to reduce rural –urban migration.

According to Lele (1975), rural development is;

Improving the living standards of the mass of low-income population residing in the rural areas and making the process of their development self-sustaining.

Lele has an impression to correct about the way certain governments go about the issue of rural development. When a development apparatus is set up, it must be made to continue to run without stopping for effective result to be achieved. The short term approach to rural development is completely dissuaded by Lele. Thus, she opines that the attempts to improve the standard of living of the rural people must be made to be self-sustaining, so that such effort will not at anytime fizzle out. Furthermore, the government or development agency must institutionalize a structure comprising the beneficiaries of such project who will consider the project worthy of existence because they earn or benefit from it. With this, according to Lele, the project of rural development will be self-sustaining. According to Shortall and Shucksmith, (1998:75) rural development is not just about increasing goods and services provided and consumed by society; it also involves enabling communities to have greater control over their relationship with the environment and other communities. Rural development refers to a “distinct approach to interventions by the state in the economies of underdeveloped countries, and one which is

at once broader and more specific than “agricultural development”. It could also express a process of change in rural societies, not all of which involve action by government”.

The urgent need for rural transformation becomes necessary given the daily increase in poverty among the rural dwellers. Onyenchere (2010) insists that “about 70% of Africa’s poor are rural and Nigeria’s population is predominantly rural with rural communities’ dwellers making up 70% of the total population. This statistic causes more fear and trepidation on the account that nothing is done to declare state emergency on rural development.

It is very important for us to also see rural development as an aspect of attitudinal or institutional change.

The study raised a pertinent broad question like;

Would financial autonomy to local governments in Imo State strengthen its Internally Generated Revenue base and facilitate its capacity to develop and provide infrastructure and social amenities to the people?

Every local government in Imo State and anywhere in the world is created for strategic reason.

This purposes anchor on the provision of live-sustaining facilities, almost equal to what could be found in the cities for the well being of the rural population. Furthermore, local governments are created to bridge the gaps between the infrastructural facilities in the urban areas and those of the rural area to drastically reduce penchant for rural- urban migration. In an ideal (carefully planned) and real (practical and proactive) local government, whose financial autonomy is not in tatters, the people of the council areas will expect, as a matter of right, a comparatively good standard of living through the provision of infrastructural facilities. Data sourced through secondary means proved that financial autonomy to the local government in Imo State will not only place them in full control of their funds, but will amongst others, empower it to be in charge of the process of Internally Generated Revenue (IGR). The autonomous financial status of the local government places it in a vintage position to provide social amenities to the people. Hence, Ajayi (2002) opines; as agent of rural development, local governments are to use the funds made available to the local government by both central and state governments and their internally generated revenue to improve on the lives of the people within the council area of operation. It is therefore important to state that the exercise of financial autonomy by the L.G. of Imo State can ensure the achievement of the following: initiating and attracting developmental projects to the local government such as provision of access roads, water, and rural electricity; communal services such as the construction of roads, bridges , water ways; and personal welfare in such areas as education, housing and healthcare service delivery system, sustaining livelihood through the provision of credit facilities for agriculture ,arts, craft and small scale business ;and encouraging the formation of cooperative societies and other economic groupings. Besides, the following needs of the Local Government population could have been met.

### **Maintenance of Law and Order in the Local Government**

Security and peace appear to be the greatest assets of every human environment. It is fundamental as well as strategic in the peaceful existence of every polity as no progress

and development can be achieved in an environment bedeviled by chaos, insecurity and anarchy. Every local government authority is expected to maintain law and order in its area of jurisdiction through the enactment of bye-laws which will spell out offences and penalties in such jurisdiction. These sanctions and penalties are both of positive and negative impacts on the people. It is of positive impact when a person engages in acts that promote the bye-law of the local government or actions that improve the condition of life of the people. To such person, the bye-law will award credit but if the opposite is the case, such person will suffer the penalty for such misconduct as provided by the bye-law. This will keep the local government reasonably lawful, peaceful and good place for development.

### **Provision of Schools and Libraries**

One of the primary functions of local government is the provision of schools and educational facilities to the people of the area. This will be achieved without hitches if the local government enjoys financial autonomy from the state government. The local government can effectively undertake the payment of staff of the schools, libraries in order to make teaching and learning hitch free. These educational facilities will impact academically on the rural people and thus drastically reduce illiteracy which appears to be higher in the localities.

### **Health Facilities**

Healthy local government is a productive local government. The health of every local government depends on the pro-activeness of the council in delivering health services to the people. The ability of the council to procure health facilities like cottage hospitals, drugs, immunization exercises, medical personnel and the general health requirement for the people depends amongst other factor, on adequate fund at its disposal. With the monthly federal allocation, the faithful remittance of the 10% of the state internally generated revenue to the local government, and the local government Internally Generated Revenue (IGR), K.I Ohaebo (Oguta, March 18, 2016) opines that; Oguta Local Government Area is capable of establishing healthcare centers that can compete favorably with those Federal Medical Centres (FMCs) across the state capitals of Nigeria.

### **Construction and Maintenance of Access Roads**

Good road construction work is usually capital intensive. However, the size of local government usually makes it a little less expensive. Construction and maintenance of rural road is practically the duty of the local government. Most of the local government roads (Trunk C) Oguta, Owerri West and Okigwe Local Government Councils are not accessible. Some of the groups interviewed stated that the local governments started the construction with good intention to complete the projects but lack of funds frustrated the efforts. The provision of good roads will facilitate mobility, transportation and commerce in the local levels. Again, when these roads are constructed, there will be hitch free entry and exit both by foreigners who will come for commercial and other ventures in the area. Besides, the people of the area too will have access to roads that could link them with other local government areas, thus promoting inter-local government trade relations.

How has lack of financial autonomy of Local Government Areas in Imo State affected the delivery of infrastructural development to the rural populace?

The knowledge of Economics tells us that, it is not possible for viable investment to be made without adequate funds. According to Ohaebosim (Personal Communication, February 8<sup>th</sup> 2016); the reason people are suffering the lack of basic social amenities and infrastructure in the local areas is because their local government areas do not have adequate funding for such projects. Many of the projects embarked on by the local government could not be completed owing to poor funding. For example, The Nkwoegbuoma Water Project in Egbuoma Autonomous Community in Oguta Local Government, (in Orlu Senatorial Zone) remains uncompleted till date because of lack of funds. It is however, not better in other local governments that make up the three Senatorial Zones in Imo State. Information made available by the relevant authorities of the contacted three local governments in Imo State; Oguta representing Orlu Senatorial Zone, Owerri Municipal – representing Owerri Senatorial Zone, and Okigwe, representing Okigwe Senatorial Zone ( Owerri, March 9, 2016, Oguta, March 18, 2016 and Okigwe, March 26, 2016) has it that “the local governments in Imo State are doing nothing in terms of living up to their constitutional responsibilities of providing social amenities to the people of the areas. Therefore, the rural people are living below poverty level because the funds meant for their rural development are being held back by the State Government. The local government is widely acknowledged as a viable instrument for rural transformation and for the delivery of social services to the people (Political Bureau, 1987) However, when this function is not supported with adequate finance, the people will suffer degradation of life at the rural areas because social amenities and infrastructural facilities like pipe-borne water, rural electrification, access road, healthcare services, educational facilities, security of life and property remain a mirage, thus dropping significantly the standard of living of the people .

### **Research Findings**

The study made the following important findings;

One, the major reason for the poor financial state of the Nigerian Local Government, Imo State in particular is the lack of access to their share of Federal and State Allocations and inability to secure the backing of the State for internal generation of funds within the council areas.

Two, the study reveals that the 1999 Constitution of Nigeria is the main source of confusion surrounding the lack of both financial and administrative autonomy to the local government, because in practice, it placed the local government under the state, an appendage of the State, not a real tier of government.

Three, it was found ,contrary to popular perception that the State is not usurping the financial powers of the local government ,given the provision of the 1999 constitution that established both tiers of government. The State as a power seeker, which is politically understandable is merely acting on the powers the constitution granted it in the state-local government relations. Besides, the States cash in on the ambiguity and haze surrounding the existence of local government in Nigeria to tamper with their funds. Four, it was found that if nothing is done to amend the 1999 Constitution in order to accommodate full financial autonomy to the Nigerian Local Governments, they will

continue to experience fiscal stress. This scenario will automatically paralyze developmental activities in the Council areas.

### **Recommendation**

In view of the findings made by the study, the following recommendations become necessary;

**One**, political will is needed from the Executive and National Assembly, State Governors and their State Houses of Assembly and the Civil Society to amend the relevant section of the constitution in order to make local governments in Nigeria financially autonomous. This will raise hope for improved standard of living for the rural dwellers. **Two**, the federal government should implement the reforms of Babangida regime where the Ministry of Local Government and State Joint Local Government account (SJLGA) were abolished. These are conduits through which the State tampers with the funds of the local governments. **Three**, the constitution has pronounced the local government as the third tier of government in the Nigerian Federation but in practice, the opposite is the case. The government should create changes that will make the local government de facto third tier, not just administrative unit or appendage of the State Government. **Finally**, the state governments have accused the local governments of financial recklessness and corruption, citing that they (state governments) do not see developmental progress at the local governments to justify the huge sums of many they earn. The study therefore, recommends that the federal and state governments should set up a Project Regulatory Committee (PRC) at the local government areas, which must involve the local representatives (the tax payers), State and Federal government agents to always assess and document projects by the local government so that at anytime accountability is required, their reports could be looked into vis-a-vis that of the local government authorities. These checks and balances will reduce financial recklessness and forgery. Hopefully, accountability, probity and prudence will tower among the local governments.

### **Conclusion**

The absence of local government financial autonomy in Imo State has been the bane of the local governments as institutions and as provider of basic infrastructural and social amenities to the local clientele. The 27 Local Government Areas of Imo State are clearly far from seeing the presence of infrastructural and social amenities. The public primary and secondary schools are not well staffed. Teaching and learning are not done in appropriate environment and certain laboratory equipment that will provide for quality teaching and learning are clearly lacking. The road network in the areas is in horrible condition. The Healthcare centers are without qualified medical staff and supply of drugs is always in the minus. Most often, the local people resort to local self help to carry out some developmental projects in their communities, only for the State Government to crave to commission them on completion. As part of our contribution to national development from the academia, it is the responsibility of all particularly the social scientists to be vociferously against a status quo that has impacted negatively on the wellbeing of the people.

The local government areas remain the only most effective tier of government that can effectively tackle development issues in the rural areas. This is obvious, because, it is

closer to the local people than the State and Central Governments. However, the only way to achieve it is by proper funding of the local governments. It behooves on the State and Central Governments to articulate on how to achieve it so that the interest of the rural dwellers will be accommodated in Imo State. Finally, lack of constitutional clarity on L.G. financial autonomy is no justification for State's diversion of their funds.

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