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LOCAL GOVERNMENT ADMINISTRATION AND THE CRISIS OF INTERGOVERNMENTAL FISCAL RELATIONS IN NIGERIA

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ABSTRACT

This paper analysed the effectiveness of local government administration vis-à-vis lopsided intergovernmental fiscal arrangement in the Nigerian federation and investigated the fiscal measures used by local government to curb administrative crisis during tussle for power and control of revenue allocation sharing. The study made use of secondary data and adopted descriptive method of analysis based on argumentation, logical presentation and critical interpretation of data. The paper found among others that the goals of intergovernmental fiscal relations were aimed at promoting peace and harmony among the three tiers of government: federal, state and local governments to accelerate the development though collaborative financial interaction. Intergovernmental fiscal relations enhanced the emergence of co-operative rather than competitive federation as well as for the need to enhance effective and efficient utilization of available human and material resources among the three levels of government. The study concluded that as long as local government operates within the ambit of the existing fiscal arrangement in the Federation, the crisis of inequitable and unfair resources sharing will continue to be the albatross of Nigeria's intergovernmental fiscal relations. The paper recommends therefore, that administrative techniques for collaboration such as regular intergovernmental consultations and negotiations through certain institutions like Revenue Mobilization Allocation and Fiscal Commission should be encouraged. The constitution should be the determinant of intergovernmental functions as well as intergovernmental fiscal relations in the country without one tier of government being allowed to play the big brother role because ideally, local government is the actual place where the real indigenous people live.

Keywords: Local government, intergovernmental fiscal relations, intergovernmental relations, political conflict, derivation, tax jurisdiction.

1. Introduction

The evolution of federalism in Nigeria derives from economic, political, constitutional, social and cultural developments, which have influenced the nature and character of inter-governmental (power) relations (Ekpo, 2004).Fiscal and power arrangements are usually properly worked out among the various levels of government stating the power configuration in federal states with the exclusive, concurrent and residual legislative functions among the

three tiers of government: the national (federal), state and local levels of government (Chiamogu&Onwughalu, 2013).

Intergovernmental relations among the levels of government in the Fourth Republic have been in disarray due to several unhealthy rivalry among which are unfair distribution formula, interference in tax jurisdiction, usurpation of constitutional functions among others. In other words, the problem is not unconnected to the dissatisfaction in the distribution of functions among the levels of government and lack of adequate tax powers allocated to the states and local governments in relation to their functions, undue removal of local government chairmen by the State Governors through their audit powers, joint state-local government account, and shortening of the tenure of local government chairmen, among other factors (Adedire, 2014).

The concept of Intergovernmental relations is associated with states having a federal administration system where the relationships between the federal, central or national governmental and major sub-national unit (province, region or state) are formally spelt out in the constitution. Intergovernmental relations have been seen as a system of transactions among structured levels of government in a state. It is also seen as registration in which the parties are negotiating advantageous positions for power, money and problems-solving responsibility (Olugbemi, 1980).

To appreciate the depth of crisis in the federal system in Nigeria, one has to follow the trend of controversy between the federal and state governments over the exercise of power and control of revenue resources of local government on how not to have assumed the undue Prominence given to it as a constitutional question if Nigerian Leaders, particularly the federal level had adhered strictly to the norms of federalism and followed the precedents established by the past democratic governments in Nigerian federation. The advent of civilian rule cum democracy in Nigeria in 1999 has occasioned recurrent problems of inter-governmental socio-political and economic wrangling and crises amongst the different levels of government. The problems of revenue allocation/sharing formulae, resources control; internal security and terrorism; creation of states; wage fixing; establishment of the sovereign wealth fund; structure, composition and funding of local government councils among others have generated intense debates that have at various times touched negatively on the foundations of the federation (Chiamogu and Onwughalu, 2013).

In Nigeria, the problem of sharing resources among the three levels of government has remained controversial due to lack of acceptable formula. It generates tension and bad blood among the three tiers of government. This has resulted in setting up of different committees to prescribe the formula to be used. Moreover, there exist conflicts between the Federal, State and Local governments over acceptable formula for sharing revenue. For instance, the conflict is usually whether the principle of derivation, need, natural interest or landmass should be used as a basis for the purpose. Even when these principles may be generally accepted as the main basis for working out revenue allocation formula, conflict might arise following which of the principles takes precedence over others as the main criteria for sharing the revenue.

This is the problem of tax jurisdiction, which refers to the problem of which aspect of government should collect what revenue over a particular area. These have been serious

problems between the federal, state and local governments. Their share of tax revenue seriously affects local governments. They are the lowest level of government. Likewise they collect the least amount of tax revenue, which makes them still stagnant. Another problem is the existence of control of one level of government by another in any aspect (Abonyi, 2005). Local governments are dominated by the federal and state governments. They do not have full autonomy of their own despite President Mohammadu Buhari's administration granting local government's financial autonomy. As it were, local governments are still dependent on the other levels of governments on the issues of structure and other functions they are to carry out. Mention must be made of the problem of finding the best method of channelling revenue from one level of government to another especially from the federal to the local government.

Local government administration in Nigeria however, have been characterized by bazaar mentality, poor accounting systems, unavailability of reliable data required for planning, over-politicization, inadequate finance and poor revenue collection, greed, unnecessary government interference, lack of direction and corruption. Because of poor management the statutory allocations from the Federation Account to local governments are said to be inadequate to cover the financial obligations of local government councils in terms staff salaries, social services and serving of debts and local projects (Agba, Stephen &Nnamani, 2014). Local governments should control 50% of the tax revenue allocation in their areas without the Federal or State government interference. They should also receive grants and aids from outside and within the country, making them powerful and independent on their own They should be allowed to run their affairs especially when it comes to monetary matters (Okoli&Onah, 2002).

The main objective of the paper is to critically examine local government administration and the crisis of intergovernmental fiscal relations in Nigeria. Other objectives of the study are to analyse the effectiveness of local government administration vis-à-vislopsided intergovernmental fiscal arrangement in the Nigerian federation; and investigate the fiscal measures used by local government to curb theadministrative crisis during tussle for power and control of revenue allocation sharing among the three (3) tiers of government.

2. Conceptual Analysis

Ejeh and Orokpo (2014) conceptualized intergovernmental fiscal relations as the financial relationships that exist between tiers of government. The implication of their position is that tiers of government in a federal structure enter into financial relationships which are necessary for their survival. As powers are shared among tiers of government, responsibilities are shared and thus powers regarding to the sharing of the entire wealth and utilization of the funds of the country are equally shared among the tiers of government. Ejeh and Orokpo in their work went further to state that – specifically, intergovernmental fiscal relation is the system of transfers or grants by which the federal government shares the country's revenues with states and local governments. It implies the disposition of tax powers, retention of revenue and method adopted in sharing centrally collected revenue in accordance with the constitutional responsibilities of all the levels of government (Ejeh&Orokpo, 2014).

Okoli&Onah (2002) defined inter-governmental relations as a system of transactions among structured levels of government in a state. Inter-governmental relations are seen as negotiation in which the parties are negotiating advantageous positions for power, money

and problems-solving responsibility. The implication of the foregoing is that inter-governmental relations connote cordial or harmonious relationship among the various levels of government and their agencies, be it at the Federal, State or Local Government levels. If we reduce our analysis squarely to a Federal, State, we will at once see that inter-governmental relationship is dominated by the association between the Federal Government and its federating units and other agencies and parastatals of government at all levels. The sphere of authority is very often defined and enshrined in the Federal Constitution (Abonyi, 2007).

Usually, the concept is associated with states having a Federal administration system where the relationships between the Federal, Central or national Government and the major sub-national units (province, region or state) are formally spelt out in the constitution and any re-arrangement must be through a constitutional amendment involving all the levels of government. A major objective of the inter-governmental relations is bilateral or a multitude of pursuits of conflicting self-interest in the areas of first business undertakings, personnel and information exchanges, grants of extra-territorial rights in service delivery and the pooling and co-ordinations of resources and efforts, aimed at attaining greater economy and effectiveness in operations (Ofoeze, 2002).According to Adamolekun (1983), this is the interaction that takes place among the different levels of government within a country. Intergovernmental relations, however involves the while range of interactions among all types land levels of government (Bingham & Hedge, 1991).

To Olughemi (1980), IGR refers to a system of transactions among structured levels of government in a state. Intergovernmental relations is commonly associated with a federal system of Government, it is also applied in a unitary state where it refers to the interactions between the National Government units. In a unitary state, inter-governmental relations would be referred to as the interactions between the national government and the sub-national governments. However, the constitutional allocation of governmental functions between Federal and regional governments in a Federal system is absent. It is the central government that determines which functions to be allocated to the sub-national governments.

The central government can also decide to modify the functional allocations without consulting the lower units. Furthermore, the central government in a unitary state can unilaterally determine both the substance and the style of inter-governmental interactions (Adamolekun, 1983). This kind of jurisdictional interaction, separation of powers or constitutionalized mechanisms of checks and balances do not exist in a unitary or totalitarian system of government, because of in-built systematic contradictions. In such systems of government, the lower levels of government are glorified level of authority or mere rubber stamps. They lack actual jurisdictional powers and/or autonomy to determine what role to assign to the subordinate levels of government and the central government can decide to alter its decision without the consultation of the subordinate governments.

This does not mean that in a unitary system of government we do not have measures of inter-governmental relations but a basic point to note here is that such subordinate government does not have the same attitude of freedom as a Federal System would offer (Adamolekun, 1983). The more vital point to note is that inter-governmental relations are described for the overall efficient performance of the entire system, for the mechanisms of checks and balances and to avoid crisis of confidence in the process of governance. Again, there are numerous

variations in the nature, structure and/or patterns of inter-governmental relations from one country to another – a state of affairs which arises principally from the differences in culture, tradition, history, origin of the state, party system and system of state organization of the different societies. The transactional processes among units of government are not always smooth and co-operative. Indeed, an inter-jurisdictional conflict seems to be the rule rather than the exception (Ofoeze, 2002). In essence, inter-governmental relations can be seen as relationship between all levels of governments within a political system.

3. Theoretical framework

The theoretical framework of the study is based on systems theory as pronounced by Quade in Ocheohe (1998). The interaction between a system and sub-systems within the holistic entity is seen in the interacting sub-systems. The system is the entity or the whole. Therefore, the essence of system theory is to emphasise the fact that the various sub-systems must not only be implied in the right order and sequence, but that they must interact harmoniously and in a symbolic relationship to make the whole or the system function satisfactorily. The system approach can be used in the diagnosis of organization and programmes. In that vein, a healthy organizational or governmental system is one in which the various sub-system interact in harmonious relationship towards the achievement of organizational objectives. An ailing or defective organization on the other hand is one in which the sub-systems are either not interacting at all or are interacting in a dysfunctional, antagonistic or antithetical relationship. Besides, if any of the sub-system is mal-functional, this has an adverse effect on the operation of the whole or entire systems, which then becomes an ailing system, because if this one or some of its sub-systems are defective. The emphasis here is on the vital need for co-operation and co-ordination in the management of organization and the need for the various parts of organization to be healthy, well traced and equipped and to work in close co-operation and harmony with all its members and departments in order to achieve the desired organizational objectives and goal.

Intergovernmental Relations is basically a mechanism for managing conflict and delivering services. Institutions and processes of Intergovernmental Relations services to -

1. Promote Co-operation among Governmental Units
2. Recognize and manage conflicts
3. Deliver services more efficiently and

Formal and constitutional institutions also exist for IGR in many Countries as well as ad-hoc meetings among members. There are institutions and processes of IGR and they include constitutional constitution, statutory institutions and Informal/ad-hoc institutions. There have changed over times, depending on the Constitution and the system of government in operation.

Looking at the constitutional institution, these are constitutionally provided institutions of IGR and they include the following.

A. The National Assembly – Section 4(1) of the 1979, 1989 and 1999 constitutions state clearly that 'there shall be a National Assembly for the Federation which shall consist of a Senate and a House of Representatives. Representing the whole Federation on the basis of population in the (House of Representatives – HOR) and on the basis of equality of states

(in the Senate), the National Assembly in an open legislative institution of IGR. Its powers of legislation over appropriation bills control over public funds, contingency fund and investigation all make the National Assembly an important inter-governmental institution in the constitutions.

B. The Supreme Court has the final power of arbitration in civil, criminal and constitutional matters. In Nigeria's Second Republic, State Governments took the Federal Government to court over revenue sharing formula and the Agricultural Development Basin Authorities. Individuals and Corporate groups also went to the court to seek redress.

C. The Council of States – This is essentially one of the advisory executive bodies contained in the constitutions of 1979, 1989 and 1999. Its functions include advising the President with regard to the conduct of national census, prerogatives of mercy, award of national honour, the Independent Electoral Commission, the National Judicial Commission, the National Population Commission and on public order. The membership of this body also reflects its intergovernmental nature.

D. The Federal Character Commission is another constitutionally guaranteed executive IGR's agency. The functions of this agency include working out equitable formula for the distribution of all cadres of posts in the Federal and State public services, promoting, monitoring and enforcing compliance of proportional sharing of public offices and taking measures to enforce such compliance. Given various complaints about injustices in the distribution of public services positions among components units of the Federation, the importance of this commission cannot be over emphasized. This agency is expected to carryout the constitutional provisions in Section 14(3-4) of 1979, 15(3-4) of 1989 and 14(3-4) of 1999 constitutions which states that the composition of the government of the Federation or any of its agencies and the conduct of its affairs shall be carried out in such manner as to reflect the Federal Character and the need to promote national unity.

E. The Independent Electoral Commission (INEC) has the functions of organizing, undertaking and supervising all elections. There is a provision for State Electoral Commission in each state of the Federation. It also has the function of registering political parties, monitoring the organization and operation of political parties and annually examining and auditing of the funds and accounts of political parties. This Commission registered the three political parties. The Peoples Democratic Party (PDP), the All Peoples Party (APP); and the Alliance for Democracy (AD) which formed the crux of Nigerian's Fourth Republic from May 29, 1999.

F. The National Economic Council (NEC) has the powers to advise the President concerning economic affairs of the Federation and in particular on measures necessary for the coordination of the economic planning efforts or economic programmes of the various governments of the Federation.

G. The National Judicial Council has the power to recommend appointments to the bench at Federal and State levels and FCT. It can also recommend the removal from office of the judicial officers and exercise disciplinary control over members of the judiciary.

H. The National Population Commission has the functions of undertaking periodic enumeration of population through sample surveys, census among others, continues registration of births, deaths, advising the president on population matters and providing data/information on population for National Planning and development.

I. The Revenue Mobilization Allocation and Fiscal Commission is responsible for monitoring accruals to and disbursement of revenue from the Federation account. The Commission periodically reviews the revenue allocation formula and principles in operation to ensure conformity with changing reality advising federal and state government on fiscal efficiency and methods by which their revenue can be increased and determining the remuneration of the President and Vice President.

All these executive IGR institutions are constitutional. The long period of military rule rendered the activities of some of these agencies comatose but they are again operational. Ironically, many of these agencies were created by various military administration but they are now operating fully to carry out their mandates. The National Council on Inter-governmental Relations (NCIR) was established July 1992 to closely monitor the operation of the Federal System, giving continuing attention to inter-governmental relations in the Nigerian Federal System, study, conduct research and maintain data, recommend solution to problems of inter-governmental relations and necessary forms of improvement, play mandatory roles in resolving conflicts and establish contacts with other organizations with similar objectives. A major problem of NCIR was bureaucratic suffocation, which even starved it of funds. In addition, NCIR had no independent source of funds that was necessary if it was to mediate among tiers of government and to remain neutral.

Some other institutions of IGR under Statutory institutions include: Boundaries Commission - The National Directorate of Employment (NDE); The National Planning Commission and the National Primary Education Commission. Under the Ad-hoc or Informal bodies and Agencies; they are useful in bringing together Federal, State and Local Officials in a particular policy area. They also help to smoothen intergovernmental relations and encourage co-operation among component units of the Federation. The various National Councils in Education, Agriculture, Health, Industry, Information, Tourism and Finance are usually meetings among Ministers at Federal and State levels to bring State and Federal political executives together to harmonize policies in the interest of the Federation.

All the above institutions of IGR are important in managing conflict and responding to changing circumstances in the Nigerian Federation. While IGR institutions are useful, they also carry with them the baggage of their own problem, which need careful attention. Some of the tension, which arise in the Nigerian Federal, emanate from the overlap of functions among tiers of government. The conflicts are derivable from the kind of pulls, the tension arising from attempts at delicately striking a balance between the centripetal and centrifugal forces. These become very evident in the relations between Federal and State governments, State and Local Governments and even in the relations among state governments (Isawa, 2005).

There is provision in the 1976 Constitution of the Federal Republic of Nigeria in the Second Schedule of the Constitution stating the formal division of power between the Federal and

State government with defined functions in section 7th and 4thSchedule of the Constitution respectively. The independent form given to these levels therefore did not mean that there should be no relations among the levels of government in Federal Republic of Nigeria. Since 1976 when the Nigerian Local Government Reform come into force, local Councils have acquired a uniform posture and the Constitution that came subsequently (in 1979) recognized it as the third-tier system of government, the story had remained the same.

In the present democracy as at 2019, local governments are assigned roles and functions partakers in the inter-governmental relations involving the central and state or regional government alone. At the end of the reform of the local government, annual conferences of chairmen of Local Government in Nigeria started off. This was followed by the bi-annual conference of Commissioners for Local Governments and there was the creation of an executive office of special Assistant to the Governor on Local Government matters etc. these are all avenues for inter-governmental relations between the local government levels and other levels or among local governments.

Inter-Governmental Fiscal Relations

The financial relationship among the different tiers of government in a federal structure is often referred to as intergovernmental fiscal relations (Nchuchuwe&Adejuwon, 2015). Nigeria's fiscal Federalism is anchored on economic, political, constitutional, and local and cultural developments. The country runs a federal structure but during the period of military rule, the structure of government was more unitary than federal in practice. The country's federal structure grew from three regions in 1060 to four regions in 1963. Between 1967 and 1970, twelve states were created and by 1976 the number of states stood at nineteen. It increased to twenty-one in 1987 and further increased to thirty in 1991 with a separate Federal Capital Territory Abuja. Presently there are thirty-six States, a Federal Capital Territory and seven hundred and seventy-four (774) Local Governments. Consequently, the structure is a three tier level of Government; the centre (Federal), States and Local Governments, within a presidential system of government (Isawa, 2005).

The increased number of sub-national governments (state and local government has been driven more by agitation and attempt to reduce ethnic tension rather than economic viability. Ironically, the lower centres of government, particularly the local governments, have been centres of economic development. This is not to suggest that development was not considered as a variable desired achievement but it was a secondary consideration (Isawa, 2005).The Fiscal inter-relationship among the three tiers of government has been contentious over the years. In recent times, the revenue allocation matter became heated when minority States (of South-South Zone) at the National Political Conference staged a walk-out as a result of disagreements over the derivation principle. The crisis in the Niger Delta area of the country hinges on the revenue-sharing issue.

Hence, the next decade will pose challenges for the leadership of the Nigerian State and her policy-makers as they tackle the fiscal relationship among the three level of government. Nigeria operates a federal structure of government under the 1999 Constitution. The functions of the Federal Government are contained in the exclusive list, that of States on the concurrent list where conflicts exist; the exclusive functions of the federal government are untouchable.

The Constitution spells out the assignment of functions and areas of fiscal jurisdiction among the various units of the federal system (Ralph, 2008).

The 1990 Constitution, section 4 (Second Schedule), shows the Exclusive Legislative list comprising the responsibilities on which only the Federal Government can act. In addition, section 4 (7a) assigns the so-called residual functions to State governments. There are functions not indicated either in the Exclusive list of the concurrent legislative list. Section 7 (5) of the Constitution provides for the creation of local government Councils with responsibilities set out in the fourth schedule of the Constitution. The federal units often give up sovereignty in certain aspects of their operations in order to achieve the benefits of natural unity in some areas of government activities while retaining some measure of autonomy in other areas.

Inter-governmental fiscal relations can be situated within the concept of federalism. Therefore, federalism connotes a system of government where revenue and expenditure functions are divided among the different levels of government. This is done to enhance the delivery of services at all levels of government. It is generally agreed that revenue generation and spending responsibilities, inter-governmental transfer and the administrative aspects of fiscal decentralization remain the real issues in inter-governmental fiscal relations or fiscal federalism. Therefore, Nigeria's fiscal federalism involves the allocation of expenditure and tax-raising powers among the federal, state and local governments. The argument is that fiscal federalism or decentralization is good for any economy since it enhances better service delivery, which stimulates growth and development. It is important to state that contrary views do exist (Isawa, 2005).

Fiscal arrangement is a logical consequence of a federal structure albeit some patches of some intergovernmental relations exist in unitary arrangements. The types of fiscal arrangements ought to affect the nature of the federal structure. The main problem centres on how to put in place a federal structure that would be conducive to national and equitable allocation of the country's resources among the different sub-national governments in order to reduce intergovernmental and inter-group tensions. In addition, other problems in Nigeria's fiscal arrangement include power sharing and the apparent imbalance between the expenditure responsibilities assigned to the different levels of government and the tax power available to them. The allocation of functions among federating units is more of a political than an economic exercise and there may be no stated principles underlying such allocations in the Nigerian Federation (Okoli&Onah, 2000).The financial aspect of the affairs of the various levels of government could be said to be the cord that hold them together. This is why Okoli and Onah (2002) add that financial transaction are important areas where the various levels of government must come to agreement if development is to be achieved. Revenue allocation as aspect of finance, dominated inter-governmental relations in Nigeria since 1954.

Ugwu (1998) acknowledging these facts maintain that the argument over the fiscal policy in Nigeria has been hinged on the thorny issues of revenue allocations and the criteria upon which distribution of revenue should be based. There have been conflicts and disagreements over the most acceptable formula or principle which should determine allocation and the relative weight to be attached to each criterion. The disagreement of the subsequent revenue allocation formulae hindered inter-governmental relations in Nigeria. For example, the first

Commission set up for this assignment (known as) the Philipson Commission recommended derivation and even development in 1946 as the most feasible platform for the distribution of national resources, but the state did not find it comfortable as Eastern and Western regions expected greater allocation since more derivations came from those two while the North, from where less derivation was made did not find the formula acceptable either (Abonyi, 2005).

In 1951, the Hick Philipson Commission in lieu of the Philipson recommendation recommended independent revenue derivation and need. However, it became difficult to determine what constituted need and even at that, all the formula could not stand the best of time. It therefore, had to be changed (Abonyi 2005). Consequent upon the unworkability and non-feasibility of the formula, the Hicks Commission was set in 1953 and it recommended derivation and fiscal autonomy. Again, the meaning of fiscal autonomy remained elusive in relation to the fundamental of Colonial Economic Policy of Monopoly, Marginalization and Exploitation (Okoli and Onah, 2002).In 1958, the Riesman's Commission recommended continuity of existing levels of service, basic responsibility of each regional government, population, balanced development and derivation. Consequently upon independence, politics that occupied almost all the available time of the component parts of the government, much agitation was not made but at worst, some of those criteria were found inappropriate as there were conspicuous disparity among them as they existed in the various regions. Such were existing services, responsibility of each regional government, population and the unpredictable issues of balanced development (Okoli and Onah, 2002).

Other revenue allocation formulae according to Gboyega (1988) include the one by Aboyade in 1978 and other by Okigbo in 1980 which identified areas of rivalry among the various tiers of government over resources. The Aboyade Commission proposed the ratio of 60:30:10 percent as a basis for sharing revenue among the Federal, State and Local Government tiers. This was rejected for its high technicality and insufficiency. The Okigbo Commission in trying to remedy the situation came with the following formula:

Federal Government	-53 percent
State Government	- 30 percent
Local Government	- 10 percent
Special Fund	-7 percent

Though this recommendation created a considerable conflict in the National Assembly, it was accepted with a little modification thus:

Federal Government	-50 percent
State Government	-30 percent
Local Government	-13 percent
Special Fund	-7 percent

All these while, the issue relating to derivation has been fading out. Hence, Gboyega (1998) contended that: the issues of derivation were only emphasized in the period of agricultural export boom, by 1978 when oil exports had all but disappeared, the derivation principle was accorded insufficient importance. The creation of the Distributive Pool Account, (DPA) in 1959 marked an early turning point. The derivation principle was slowly phased out by

increasing emphasis on the needs principle. Although the population criterion was also introduced later, the difficulties surrounding the reliability of census figures made its use as a basis for revenue allocation difficult. In the politics of revenue sharing, various state in anticipation of potential benefits from presenting a high population figures, inflated their population sizes (Gboyega, 1988).

As time went on, precisely in 1982, the allocation of the government revenue changed:

Federal Government -55 percent
State Government - 35 percent
Local Government - 10 percent

The formula has to be changed, once again in 1985 by the regime General Ibrahim Babangida to take the form of:

Federal Government -55 percent
State Government -30 percent
Local Government -10 percent
Mineral producing states and amelioration of ecological problems - 5 percent

The remaining little (5) percentage was to be left for the mineral producing areas, the development of mineral producing state and for the amelioration of ecological problems. Abacha's regime later had to change the formula in favour of the State and Local Governments and at the expense of the Federal Government. Hence, the formula was then adjusted to:

45 percent for the Federal Government
35 percent for the State Government
20 percent for the Local Government

From the foregoing, it is clear that what keeps the government together borders on the allocation of the common fund. However, it is obvious, just as it was stated earlier that the Inter-Governmental Relations in Nigeria, is almost, if not all, has assumed a master-servant posture. The Federal Government has always been taking the lion's share of the revenue allocation among the other levels of government which shows dominance. Be that as it may, the amount allocated to each level is relative to the functions to be performed by each. It therefore, follows that the functions of the Federal Government will exceed that of state and local governments, hence, higher revenue allocation. The ultimate point should be that for smooth inter-governmental relations to be ensured, a cordial relationship and not control (as is obtainable between State and local governments) should be enthroned (Abonyi, 2005).

Although the Constitution enjoined states to pay 10 percent of the statutory revenues to local government councils (LGCs), in Nigeria, very few states honoured the provision. The failure of the Constitution to articulate a clear line of authorities to both the state and local authorities and the continuing debate over the involvement of state governments in distributing local government allocation from the Federation Account until 2019 has affected the capacity of local governments to provide essential services at the grassroots (Fatile, Fajonyomi&Adejumo, 2017).

This issue according to Wheare (1953) is the best way of ensuring inter-governmental relations in a Federal State as he posits that if government authorities in a federation are to be really co-

ordinate with one another in actual practice as well as in law, it is essential that these should be available to each of them under its own unfettered controlled, financial resources sufficient for the performance of the functions assigned to it under the Constitution. The judiciary is the third arm of the government and its major function is the interpretation of laws and application of existing laws to particular cases. In other words, its basic responsibility is to adjudicate in disputes between the citizens and government or among citizens.

Ranney(1975) contends that in any modern society, the judiciary is regarded as sacrosanct and the trustee of individual liberty and freedom from the weight of property and establishment. Ideally, the judiciary is supposed to be totally independent of other organs or arms of government if it is to perform its functions without fear or favour. The men and women who are saddled with the onerous task of dispensing justice must be above board, honest, incorruptible, independent, impartial and well-versed in legal principles and practice. Fairness in the performance of its duties is very essential. It is expected to be a judiciary with honest, knowledgeable and impartial bodies such as a credible judicial service commission. The tenure must be secure, remuneration must be from the consolidated fund not from any executive appropriation and judges must be made reasonably comfortable. The functions of the judiciary includes: settlement of disputes between levels of government and among citizens, preventions of illegal acts, assurance of declaratory judgments, judiciary review, interpreting the Constitution, protection of individual rights by constituting a check on the arbitrary use of power by government. The legislature holds the financial key of any democratic government. In other words, the legislature has the exclusive right to control and approve the appropriation of public funds to all the other arms of government (Abanyi, 2005). Section 159) Sub (16) of the 1999 Constitution states:

An appropriation bill or a supplementary appropriation bills, including and other bill for payment, issue or withdrawal from the Consolidated Revenue Fund or any other public fund of the Federation of any money charged thereon or any payment, issue or withdrawal and (1b), a bill for the imposition of or increase in any of or increase in any reduction, withdrawal or cancellation thereof. Section 59(a) also stipulates that where one house of the National Assembly fails to pass an appropriation bill, two months from the commencement of a fiscal year, after the same has been passed by one house, the Senate President shall within fourteen (14) days following, arrange and convene differences. Where this fails, the bill is presented to enlarged committee of all members of the National Assembly whose decision is final. The point being made is that government cannot spend any money without the authorization of the legislature. However, section 81 of the 1999 Constitution authorized the president to incur expenses in the running of government from the consolidated Revenue Fund not exceeding a period of six months within which it is expected that the appropriation bill will come into effect. Even the appointment of Auditor-General, Accountant-General etc. is subject to legislative approval (Abonyi, 2005).

However, the Constitution requires the central parliament to grant financial assistance to any state on such terms and conditions as the parliament thinks fit. Furthermore, there exists a grants policy whereby the central government can grant financial assistance to the states and the local authorities. The grants made to local authorities are paid to the states but with a very clear prior that the moneys so paid are distributed in a prescribed manner to the local authorities within each state (Nwatu 2004). In general the Central Government makes two

types of grants to the states. First, there are the tax reimbursement grants that are made unconditionally to each state. Second, there are the conditional grants, which are financial assistance grants made upon conditions set down by the central government. Over the years, there has been a serious controversy over the tendency of the central government to exceed its legislative powers through a deliberate manipulation of the conditional grants. The most notable period in recent times was between 1972 and 1975 when the labour government used conditional grants to implement nationwide policies in the areas of education, urban development, community health, legal aid and urban transportation. The objective of the government was to achieve a measure of reform and uniformity throughout the states including the areas of the local authorities.

Although the scope of conditional grants has been somewhat reduced since 1976, what remains is still considerable and several states still accuse the central government of exceeding its legislative powers. The only important development of the late 1970s has been the fashioning out of a fixed revenue-sharing formula in respect of personal income tax revenue which is shared as follows 64:78 percent to central government, 33:6 percent to the state government and 1.52 percent to the local governments. (Ralph 2004). While the federal government enjoys considerable latitude as a lender, state and local government's power to borrow is highly restricted. This favours federal dominance of the inter-governmental relations system. Federal grants-in-aid have been defined as the payment of funds by one level of government to be expended by another level for a specified purpose, usually on a matching basis and in accordance with prescribed standards or requirements. It is impossible to one and for all, device a fiscal system that perfectly aligns financial power with assigned or constitutional responsibilities. This is particularly so in a federal system. Meanwhile, the federal and state have more financial sources and generating capacity than the state and local government respectively. Invariably, fiscal transfer through the grants practice represents a good device for adjusting the inelastic revenues of the states and local governments to their continually expanding responsibilities (Nzete, 2009). In this connection, in a federation where more often than not, in spite of the quest for the achievement of certain national minimum standard as well as the equalization of opportunities, the problem of fiscal imbalance always stands around; the conditional grants practice provides a good survival and development strategy.

In this regard a disproportional imbalance in the tax burden across the country cannot but encourage population and resources movement away from those power states/regions where the burden is not only comparatively onerous, but also where the expenditure capacity of government in such that growth and development continue to be hampered, thus further aggravating the situation in those states/regions. Grants may, therefore be disbursed in favour of comparatively poorer states/regions in order to improve the capacity of these states. Government also provides better services and equally lessens the burden of taxation on the citizens they serve. Hence, conditional grants are used to redistribute national resources in pursuit of balanced and even development. In addition, each state shall maintain a special account to be called state Joint Local Government Accounts" into which shall be paid all allocations to local governments of the State from the Federation Account as well as from the government of the state. In reality, most states are reluctant in releasing funds due to local government Councils; state governments found all sorts of excuses not to channel funds to local governments. It would be more interesting if the refusal to channel funds in based on

lack of satisfactory performance by local government Councils. Under this scenario, it would be necessary to devise benchmarks for measuring performance. Otherwise, State Governments ought to implement the constitutional requirements of transferring funds from the Federation Account and from State Government to Local Government Councils. It is important to state that most local government has used the non-receipt of funds as the reason for lack of adequate development projects in their jurisdictions (Elaiw 2007).

It is not doubtful that the intention of those who formulated the joint account system as a financial policy for the local government was good. The joint account system was established to avoid any possible manipulation of the account by the state government. The system would have assisted in no small measure to extenuating the incessant corruption inherent in the local government system aptly perpetuated by the council's executives. Bringing the supervision of the account under the state government was a plan well made to check and instil fear in mind and mentality of the council executives (Ojugbeli& James, 2014). Practically and in true sense, local governments in Nigeria still lacks autonomous financial power and are largely considered as an extension of state's ministry. The inherent nature of this problem has caused subservience, a situation where local government waits for the next directives from state government before the former could think of, let alone embark on developmental projects. This has made local government an object of control and directives (Mbaya; Audu&Aliyu, 2014).

4. Empirical Review

Administrative Mechanism for Managing Inter-Governmental Relations

Nwogwugwu&Olusesi (2015) in their study noted that the usurpation of local government functions and revenue sources by State Government is another serious area of eroding the autonomy of the local government. Aliyu, Afolabi&Akinwande (2013) in their study cited several cases of abuse of the Joint Account by different state governments across Nigeria, to substantiate their argument that the Account has been subjected to severe abuses by the state governments to the detriment of the local governments thereby undermining the financial autonomy of the local government as well as their ability to deliver on their statutory responsibilities. Okoli&Onah (2002) however, brought the issues home to Nigeria, when they asserted that inter-governmental administrative relations are constitutional machineries established in Nigeria for the maintenance of inter-governmental relations. Some of these institutions include the National Economic Council, the National Council of States, the Liaison Offices, the State Local Government staff etc. There have also been series of conferences organized for leaders and officials of the various levels of government. Virtually, every aspect of government activities has been covered by either, Federal-State or inter-State conferences or combination of the two.

Conferences have continued to be the greatest avenues for inter-governmental relations in the Nigerian context. In other words, conferences as mentioned above constitute the major tool for managing inter-governmental relations. Hence, Okoli and Onah (2002) observed that between 1989 and 1981, there were over two hundred conferences and meetings held at both the Federal, State and Inter-State levels. Some of these conferences they continued include:

1. The Bi-annual conference of Commissioners for Local Governments
2. The National conference of the Ministers and Commissioners for Finance.

3. Meetings of Secretaries to Governments of the Federation.
4. The National Conference of Ministers and Commissioners
5. Meeting of Accountants-General of the Federation
6. Meetings of Civil Service Commissioners of Oyo, Ondo, Ogun, Lagos, Bendal States

An interesting question is the extent to which officials at the Federal, State and Local levels engage in hierarchical (meaning superior subordinate) and bargaining – negotiating patterns of relationship. The dominant pattern is likely to change from time to time and the crucial factors at any given time will most certainly include: the relative position of each level of government in the intergovernmental relations system, the behavioural pattern of the political actors and the quality of staff available at each level of government (Ralph, 2002).

5. Local Government Administration and Intergovernmental Fiscal Relations in Nigeria

Intergovernmental relations in Nigeria with respect to local Government Administration can be considered under the following points:

1. Resource Distribution – Government decision as to who gets what, where, when and how thus becomes a distribution issue. Equity in the distribution of resources becomes necessary if conflicts are to be avoided. As individuals or groups compete to maximize their share of scare both allocatable resources, conflicts easily emanate, requiring urgent attention to ensure the smooth operation of the system. Distribution of resources however must address two issues:

(a) The increase in the production of allocatable resources (the supply side)
(b) The nature or basis of the distribution of these resources among groups (the demand side).

Distribution of resources is important because it is a determinant of the pattern and the nature of development among sub-national units. Efforts must be made to avoid over-concentration of resources in few "poles of growth or centres" of strength of maximize short run capacity in order to avoid crisis (Isawa, 2007). Resource distribution issues in a federation give rise to a conflict between capacity and equality among the various units which form the federation. As (Elaigwu 2007) explained the situation, the conflict may be seen as the overall development of a country on the one hand and even development among sub-national units of a federation for purpose of political stability. In this case, with the financial autonomy granted to local government in November, 2018 by the National Assembly, the development will help local governments to develop rapidly. Equity in the distributive process calls for equalization of income through transfer. This implies that it is the obligation of the federation to see to it that the citizens of each state can enjoy a given minimum level of public services. If any state or local government is too poor to provide this minimum level even though a required minimum degree of tax effort is made, the Federation steps in. These have had a positive effect on local government administration in Nigeria leading to its growth and development.

Grants – Grants are also made where there is no intention to interfere with local choice, the objective being one of fiscal equalization. Some jurisdiction (State or Local) enjoy a high taxable capacity (i.e. the tax rate needed to obtain a given level of revenue is low) and have a relatively low level of need (i.e. the amount required to provide certain service levels is small). They are thus in a fiscally strong position, as measured by the ratio of capacity to need, others

are in the reverse position. The central government may then wish to equalize fiscal position through various ways. The central government may wish to secure common minimum levels and adjust its grant ;policy to secure this objectives, the central government on the other hand may wish to equalize actual service levels and for this purpose impose such matching grants (where to levels) or taxes (where needed to lower levels) as are required to secure equalization (Nzue, 2009).

Again, due to inter-relationship between the three tiers of government, local governments receive grants from the State Government, Federal government, Banks and other Financial institutions that will help develop local government administration as a whole (Unpublished work, 2008).

6. Discussion of Findings

This study investigated the local government administration and the crisis of intergovernmental fiscal relations in Nigeria. The choice to embark on this study was to investigate if local government administration has any significant influence on crisis of intergovernmental fiscal relations in Nigeria. Based on analysis in the preceding pages, there is no impact of local government administration on the crisis of intergovernmental fiscal relations in Nigeria. The paper also confirmed that intergovernmental relations have significant influence on local government fiscal administration. The outcome of this study was supported by Olugbemi (1980) who affirmed that intergovernmental relations is associated with states having a federal administration system where the relationships between the federal, central or national governmental and major sub-national unit (province, region or state) are formally spelt out in Constitution. Intergovernmental relations have been seen as a system of transactions among structured levels of government in a state. It is also seen as a relationship in which the parties are negotiating advantageous positions for power, money and problems-solving responsibilities. Nwokedi, (2010) added that the goals of intergovernmental relations is to promote peace and harmony among the three tiers of government to accelerate the achievement of self-reliant economy.

In so doing, inter-governmental relations will help to minimize inter-jurisdictional conflicts among the various levels of government. It is also to boost greater natural economic integration through the activities of the three levels of government. Again, it is to enhance the emergence of co-operative rather than competitive federalism as well as for the need to enhance effective and efficient utilization of available human and material resources among the three levels of government.

7. Conclusion

From the research, the paper observes a precarious political imbalance in the federal system based on power politics, ethnic politics, unjust fiscal allocation formula, and constitutional frailties. As long as these problems are not addressed, intergovernmental fiscal crises will never end and the survival of the political entity called Nigerian will remained..

8. Recommendations

Based on the findings, the following recommendations have been made knowing fully well that the Constitution made provisions for inter-governmental relations in Nigeria, a more specific one should be provided in order for local government authorities to know how to

relate among the levels of government and know to what extent their relationship among other levels of government is expected to be. In so doing, all the levels of government should be part and parcel of policy formulation relating to the issues at hand. The Federal and State governments should therefore, include local government authorities in their programmes that affect rural development.

In order words, decision making should not exclude local governments. In order to maintain that the main areas of inter-government relations in Nigeria and financial relations, administrative relations and jurisdictional relations, the government should consider the local government while formulating allocation formula, it will be in order for the local governments to be carried along in the country's planning process through the national association of all local government chairmen.

In other words, while formulating policies, it is apposite that local government authorities should participate in order for their opinion to be heard. Efforts must be made to avoid over-concentration of resources in few peoples or centres of strength to maximize short run capacity in order to avoid crisis. Resources sharing must address the necessity for rapid development at the grassroots levels. As development gets entrenched at the grassroots levels, the Federal level will invariably relinquish some of her powers.

It is necessary to reorganise the resource sharing structure. For development to take place at the grassroots levels, horizontal distribution is very crucial, increasingly monitored and effective in order to move the nation forward. In order to put a stop to the causes of conflicts among the levels of government in Nigeria, government should provide a strategy for resource distribution, allocation formula, jurisdictional control and administrative control. Moreover, administrative techniques for collaboration such as regular intergovernmental consultations and negotiations through certain institutions such as Revenue Mobilization Allocation and Fiscal Commission should be encouraged.

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