



States and local government's joints account: implications for grassroots development in Nigeria

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Abstract

There is no doubt that the role of local government in engineering grassroots development in all ramifications remains germane. As third tier of the government, local governments serve as most close and proximate to the people. Generally, there are three functions associated with the local government which also constitutes the needs for its existence in the running or administration of the nation. These are: Political functions, administrative functions, development functions. In spite of all these constitutional stipulated functions, local government has been criticized for being in-efficient and un responsive. This paper was designed to assess the State-Local Government joints accounts in Nigeria and its implications for grassroots development. The paper argued that the magnanimous failure of local government in meeting up with its expected goals is as a result of the introduction and the subsequent implementation of the State joint Local Government account system in Nigeria. This had largely constituted and generated a lot of controversies in the polity such as the allegation of indiscriminate deductions from the statutory allocation of the Local Government by the State Government and its concomitant effect on Local Councils productivity. The paper proffered many solutions which among others included local government autonomy, strict supervision of local government finance through federal body etc. The paper was conducted using secondary source while content analyses was used in analyzing the source materials.

Keywords: account, development, government, grassroots, local and state

1. Introduction

Local government administration in Nigeria is an off-shoot of the federal political arrangement which is basically characterized by decentralization of functions. Decentralization in this context is regarded as a process through which powers, functions, responsibilities and resources are transferred from central to local governments and/or to other decentralized entities (United Nations 2006). In a federal system like Nigeria, decentralization shares both political and economic justifications (Diejomaoh and Eboh, 2010). The economic-side argument emphasizes the advantages in terms of promoting inclusive and broad-based growth, optimal use of local and national resources for economic development while on the political-side, it is a valid tool for managing in-country heterogeneities, reduce power-sharing tensions and cater for divergent needs of the different nationalities/societies within a country (Olasupo, 2013) [21]. As such, by devolving functions to local governments, peculiar socio-political and economic needs in the localities are identified and appropriate responses sought.

It is generally acknowledged that no central government can effectively conduct administration from the centre through the civil servants based at the headquarters. This has naturally necessitated the need for some forms of decentralization to enable the central government reach out to the people at the local level. This underscores the rationale for the creation of local governments to provide services aimed at meeting the peculiar needs of people at the most basic level of society. In other words, the major reason for the existence of local government in Nigeria and elsewhere in the world is to facilitate grassroots development. The objectives of grassroots development in Nigeria include:

Reducing the level of rural poverty and rural unemployment; Integration of the grassroots communities into the national socio-economic and political development through effective participation in their own affairs; Improve incomes of the rural people whose major economic activity is agriculture and non-farm activities such as craft, petty trading, among others; and Improve the quality of life of the people through the provision of basic necessities such as food, potable water, electricity supply, health-care services, schools (Diejomaoh and Eboh, 2010). The local governments are therefore, saddled with the responsibility of raising rural productivity and income, diversify rural economy and enhance the welfare of rural dwellers. (Zoaka *et al.* (2010) [28].

The introduction and the subsequent implementation of the state joint Local Government account system in Nigeria following the restoration of civil rule in 1999 had largely constituted a clog to the expected aims of all local government in Nigeria. The polity is painted with allegation of indiscriminate deductions from the statutory allocation of the Local Government by the State Government and its concomitant effect on Local Councils productivity. All these had in the main painted an ugly, hideous and parlous picture of the system as it affects the local council's administration in Nigeria. Onah (2004:12) [23] observed "that the Local Governments are heavily deprived of funds which they could use in developments pursuits. The local population presently faces high incidence of poverty, unemployment, lack of social services, and very low economic activities. All these are traced to the fact that local government at the grassroots have failed wholeheartedly to provide all the necessary needs and

infrastructural development for the local people and these have caused hopelessness and discontentment within the local population.

The central concern of this paper was an assessment of the state-local government joint account and its implication toward grassroots development in Nigeria. The paper is divided into four sub-related parts. Part one is the introductory session, part two is concern with conceptual clarifications and historical development of state-local government joint account in Nigeria. Part three is the state-local government joint account and its implication for national development in Nigeria. Part four is the conclusion and recommendations for the study.

2. Conceptual Clarification

The United Nations Office for Public Administration cited in Adetoritse (2011) defines local government as the political subdivision of a nation or in a federal system, which is constituted by law and has substantial control of local affairs, including the powers to impose taxes or to exact labour for prescribed purposes. Adetoritse (2011), views this definition shows that, local government is a multi-dimensional concept. These dimensions are socially, economically, geographically, legally, politically, and administratively. The key parameters here are that local governments exist for the purpose of delivering goods and services to the people; and to mobilize local resources and identify specific areas of needs and how they can be solved. Bayat and Meyer (1997) ^[8] write in similar vein that local governments exist for both utilitarian (service rendering) and democracy (civic) considerations. According to Ahmad (2012) ^[6], the function of local government involves the philosophical commitment to participation in the growing process at the grassroots level. The closeness of local governments to the grassroots enables it to perform specific functions and services which bother on the concerns, interests and aspirations of the people in the respective domains. The 1976 local government reforms in Nigeria in its Guidelines defined local government as:

Government at the local level exercised through representative councils established by law to exercise specific powers within defined areas. These powers should give the councils substantial control over local affairs as well as the staff and institutional and financial powers 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 institutions, that local initiatives and response to local needs and conditions are maximized (FRN, 1976).

In the simplest language, local government means management of the local affairs by the people of a locality. Locality stands for a restricted area like a village, a group of villages' district, town or cities that are allowed by law to administer themselves through their own direct efforts or local authority in a manner suiting local need peculiarities and wishes. Emezi (1984) ^[9] on the other hand perceived local government as a "system of local administration under local communities that are organize to maintain law and order, provide some limited range of social amenities, and

encourage cooperation and participation of inhabitants towards the improvement of their conditions of living, It provides the community with formal organizational framework which enables them to tackle the problem locally.

3. Grassroots Development

The most critical reason for the creation of local governments in Nigeria is grassroots development otherwise known as rural development, which embraces a host of economic, social and political activities aimed at improving the standard and living conditions of the rural dwellers. It is a process in which the people are key participants or ought to be key participants in their own development. Grassroots development is also viewed as a self-generating process of socio-economic and political development in which the rural inhabitants themselves are actively involved and share in the cost and benefits of such development. The essential elements of grassroots development include poverty reduction; rising incomes; increase in health and nutrition status of the people; provision of quantitative and qualitative basic education; improved agricultural activities; provision of infrastructural facilities; amongst others. Grassroots development is the responsibility of the local government with the active co-operation of the state and federal governments; aimed at improving the welfare of the masses within its areas of jurisdiction.

Ibrahim (1980) ^[15] defined grassroots development as the process by which the standard of living at the grassroots level is enhanced politically, socially and economically. This definition views grassroots development as a multi-dimensional process involving important changes in social structures, conditions of life, as well as the involvement of the rural dwellers in decisions that affect their lives. Grassroots development, in this wise, is regarded as an effective strategy of addressing the basic needs of the rural population. Adegboye (1973) cited in Egwemi and Odo (2013) sees grassroots development as the development of rural people in such a continuous manner as to enable them to effectively and efficiently utilize their intellect, technology and other resources for further development of themselves and others. Grassroots development is a process of bringing improved level of living to the inhabitants with notable and reasonable changes in all ramifications. According to Gana (1990) ^[12] cited in Egwemi and Odo (2013), grassroots development is the re-structuring of the rural economy in order to grow it from a dependent peasant and largely agricultural economy to one capable of sustaining an improved quality of life at the local level. Whatever, the conceptualization of grassroots development, the bottom-line is that it is about improving the standard and living conditions of the rural people.

4. State-Local government joint account in historical development

This is an account specially opened and maintained by every state government for the payment of statutory allocation to local government from federation account and for the payment of their own (state's) 10% internally generated revenue. This account is maintained on behalf of the local governments by the state. Specifically, section 162 (6) stipulates that every state shall maintain a specific 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". This section though does not allow the direct payment of statutory allocation to the local governments but recognizes the state as the supervising agent that oversees the distribution and the spending of the funds by the local government.

The 1976 local government reform advocated for state-local government joint account to enable the state maintain fiscal relations with its local governments. In a similar vein, Ojugbeli and Ojoh (2014) ^[20] averred that the issue of Joint Account was clearly mentioned first by the technical committee set up by the Federal Government on revenue allocation in 1976. The technical committee however discovered that local governments are not well funded and that the state governments are not initially providing any funds to local governments. It is in the light of these problems that the committees recommend that special joint account be opened so that statutory allocation from federation account and that of the state's (10%) internally generated revenue can be paid for the benefit of the local governments while the state distributes and supervises the spending of the funds by local governments. The articulation of all the financial problems of the Local Government precipitated the idea of having a Joint Account System for the Unified Local Government system in Nigeria under the supervision of the State Government (Ojugbeli and Ojoh, 2014) ^[20].

Corroborating this view, Omoruyi (1985) ^[22] avers that Joint Account System and its subsequent inclusion in the 1979 constitution was to enable the state government oversee, monitors and guides local government finances. A critical analysis of the foregoing show that the Joint Account System was established because of the following reasons; to make funds available to the coffers of the local governments, to enhance state-local fiscal relations, to encourage effective supervision of local governments spending by the state, and finally the account is established to see that funds in this account were judiciously expended on service delivery which in turn promotes grassroots development. This, if effectively done is expected to drive Nigeria economy towards the achievements of her Vision 2020 (Agbani and Ugwuoke, 2014).

We have to agree with the fact that the formulators of the state joint local government account system have good intention for its establishment. However, it is worthy to note that contrary to the protection of Local Government allocation as envisaged by the constitution, it was still embarrassingly subjected to various kinds of manipulation by the State Governments. The illegal deduction, diversions and delay in the release of council's allocation from the Joint Account System attest adequately to this. This deduction made its abolition in 1985 possible. Agu (2007) ^[5] writes

In 1985, General Badamosi Babangida took over power from Buhari Tunde Idiagbon. He funded Local Government directly. He gave allocation direct to the Chairmen and not through the State Joint Account.

Agbayere (1997), given credence to the above information said the financial relationship between all the levels of Government finds expression under section 160 of the 1989 Nigerian constitution. The constitution provides that share of Local Government be allocated directly to Local Governments whereas it has to pass through the state in the past. The Joint Account System was surely abrogated in 1989 due to its defectiveness. The

Joint Account System was reintroduced into the constitution of the Federal Republic of Nigeria in 1999. Agu (2007) ^[5] observed "In 1999, Abdusalami Abubakar came into power and drafted the 1999 constitution, the process of direct funding to local government was changed and it was incorporated into state joint account. This therefore leads us to the problems of the joint account system in Nigeria.

4. Implication for grassroots development in Nigeria

The central objective of the reforms as stated earlier is for the recognition of local government as an independent third tier of government with the constitutional powers to initiate and direct the provision of services and also to determine and implement projects. However, subsequent Constitutional provisions and administrative practices from both the Federal and State governments sidetrack these provisions to the extent that most of the powers and functions are relegated. Asaju (2010) argues that since the Constitutional power to create local governments and define structure and functions belong to the States, it then follows that local governments are mere State agencies or creation of the State governments. The implication is that the status of local governments as the third tier of government with space and autonomy to initiate and drive grassroots socio-economic development is rather lean and undermined. This usurpation of powers and finances has resulted in local governments lacking the muscle to stimulate meaningful growth and development within the localities. This is to the extent that most of the local governments only exist for the purpose of payment of salaries which come from Federal Allocations (Adeyemo, 2005).

Today, the tragedy of State-LG joints account has rendered virtually most of the local governments economically inactive. Inactive in the sense lies in the inability to initiate and implement economic activities to boast internal revenue and also benefit the people in terms of employment and household income and poverty reduction. As such, most of the local governments especially, the rural ones that constitute 80 percent majority play very little roles in the socio-economic wellbeing of the people within their areas. This lackluster performance of local government administration has resulted in persistent and aggravated poverty in the Local Government Areas where more than 80 per cent of the people reside. Poverty in this context is assessed in terms of household income, consumption, access to physical infrastructure (both social amenities and means of production). Basically, the local government areas are characterized by lack of access to the basic infrastructures such as electricity, hospitals, education, access roads, water supply etc. As regards the economy, these areas are characterized by low investment of resources and apparent low activities in industry especially in the manufacturing, construction and extractive sectors (Ugwuanyi and Chukwuemeka 2013).

According to Owajioboro (2009) ^[24], state-local government joint accounts have cumulated into Poor Revenue Base for most Local Governments in Nigeria. As Odo (2014) ^[18] observed, even though one of the criteria for creating local governments as provided by the 1976 local government reforms guidelines was the issue of viability, most local governments created since then have come to be solely dependent on their statutory allocations from the federation account to run their affairs. Although the revenue accruing to the local governments from the federation account has been increasing over time, the cash flow has not been

correspondingly constant. This is because the federal government revenue is exclusively dependent on the sales of crude oil at the international market. Since most local governments depend entirely on federal allocations to run their affairs, the fluctuations in the country's earning from oil has adversely affected their performance in services delivery to the people at the grassroots level.

Owajiobero (2009) ^[24] argued that, Lack of Autonomy for local governments make them suffer from constant whittling down of their powers by the state governments. The excessive control of some local governments by the states has reduced them to local administration or local arms of state administration. This has greatly impeded the performance of the local governments in grassroots development as they have to work according to the dictates of the state governments. The practice is contrary to the spirit and letter of the 1976 local government reforms, which stipulated in its Guidelines that local governments should do precisely what the word government, implies i.e. governing at the grassroots or local level (FRN, 1976). Also, despite the efforts of the 1976 local government reforms and the 1999 constitution to confer more powers on the local government to participate in wider areas of the economic life of their communities, their activities are still largely confined to narrow functional competence areas. They are left out of the basic health scheme, major agricultural programmes, housing programmes among others, which are of high government priority. In the area of primary education, for instance, local governments in most states of the federation, participate only in the financing but not in the administration. The administration of primary schools is under state School Boards, which are established by state governments, hence responsible to them. The overbearing powers of the state visibly seen in the way and manner the state deducts, diverts and delays the remittance of the money to the local government.

In a bid to show the spate of overbearing powers of the state, Aliyu, Afolabi and Akinwande (2013) ^[7] aver that between 1999 and 2012, there have been accusations against most State Governors that the policy priorities of some of them are sometimes at variance with, and do not always take into consideration the peculiar needs of local governments under them. In a similar vein, Togun (2010) ^[25] submits that most governors are not always mindful of the policy focus of local governments because they control the 'purse' of the local councils under them. The local governments like the states also follow the pattern of the state by diverting the funds for private use.

It is imperative to note that, it is not in all cases that the states do not remit funds to local governments. Though state has been the object of blame and criticism in the operation of the joint account system, but evidence from the documentary analysis of local government monthly allocation records shows that local governments sometimes do divert remaining funds after payment of staff salaries, leaving service provision unattended to. This view had earlier been supported by the work of Ibietan and Ndukwe (2014) ^[14] who submit that leaders at the grassroots primarily seek means to enrich themselves as quickly as they can and ultimately run the budgets of their various localities aground without any visible developmental projects to show for it.

In the same vein, Lawal (2001) ^[16] reveals that Developmental projects, if any, are in place after being thoroughly inflated. The half salary policy of some State Government has further aggravated the problem inherent in the State-Local Joint

Account. It has left the account empty as staff was not paid full salary *let al* one financing the delivery of social service. The continual uses of the care-taker committee and now council manager have further denied many Local Government its allocation of funds from the joint account. This system hinders accountability and financial control at the local government level. Analysing the effect of the use of committee system to run local councils (Kunle, 2004).

Hickey (1990) ^[13] contend that the reluctance of State Governors to conduct council polls has been argued elsewhere as a pathway to steal funds. The effect of care-taker committee on state-local joint account is that it prohibits prompt accountability by those in public offices in local government. As we can see, local government-state joint account has only succeeded in strangulating the local areas grassroots developments.

5. Conclusion

The paper was designed to assess the state-local government joints account and its implications for grassroots development in Nigeria. The paper was divided into four sub-related parts. Part one is the introductory session which dealt with the background information. Part two dealt with conceptual clarification as well as the historical emergence of the state-local government joints account in Nigeria. Part three subjected the paper to the crux of the subject matter, that is, state-local government joint account and its implication for grassroots development in Nigeria. The paper argued that though state-local government joints account was initiated with a good intent, however, the joint accounts system has contributed extensively in downgrading the ability and capacity of Nigeria local government in performing its grassroots expectations. The local governments were subjected to unnecessary delay of financial backing, lacks monopoly of financial authority among others.

6. Recommendations

Based on the foregoing discussion about the issue of States and Local governments in Nigeria, its social, economic and developmental implications to rural communities; and possible solutions to the problem, the paper therefore recommends as follows:

1. The State Joint Account System should be abolished: The abrogation is important as a result of the problem it has caused to local councils. These problems are deduction, diversion and delay in the statutory allocations of the local councils.
2. Direct allocation from the federation account to the local government should be instituted: This plan will assist in no small measure to improving the sorry financial position of the councils. It will also emancipate the local councils from manipulation by the state.
3. Local Government Autonomy: The state governments should lose their grip of control over local governments including arbitrary dissolution of elected local government councils by state fiat for varying political reasons. The local governments should be granted meaningful autonomy in the conduct of their affairs. This will strengthen the local governments to respond effectively to the demands for efficient services delivery at the grassroots level and make the people feel the positive impact of governance.

4. Strong and strict supervision and monitoring of the local government financial expenditure should be given utmost priority: Since the anti-corruption outfits have been compromised and since the statutory allocation of the local government does not belong to the chairman of the local government, the chairman should, therefore, be made accountable to the electorate in the local government. The chairman should be made to convene a congress of the electorate at the beginning of every new month to give account of the usage of the previous month's allocations. This congress can be convened by any indigene of the local government through a letter written to the chairman of the local government, the leader of the legislative arm through the clerk, prominent chiefs from every community making up the local government, two persons from every community in the local government appointed or elected by the head of those communities, the police and where there is a paramount traditional ruler, the traditional ruler presides over the congress. Any chairman who corruptly diverts public fund into private pocket can be removed by the congress after ordering the arrest of the chairman, reporting the chairman to the state governor and the state House of Assembly. In all, the decision of the congress supersedes any other decision as they are the ones whose money was stolen. This will bring probity and accountability by the chairman.
5. Executive Capacity: Local governments need human and material resources to execute their functions and responsibilities, which are intended to engender grassroots development. Considering the strategic role expected of the local government in grassroots development, it would be unwise to leave its affairs in the hands of illiterate chairmen and councilors as well as unqualified career staff. The local governments must take advantage of the federal government's gesture of designating some universities as centre for the training of higher-level manpower for local governments; to recruit highly qualified and skilled personnel. In the same vein, people at the local level should be enlightened to elect candidates who have the requisite competencies into the local government councils as chairmen and councilors; who could initiate and implement development programmes to develop the rural areas.

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