

Chapter One

Introduction

1.1 Background to the Study

Nigeria is a federal republic with 36 state assemblies and a bicameral national assembly. While development regions and autonomous communities are established by state law and democratically elected local government is protected by the constitution, elected local government is absent in around half of the states. Nigeria is a federation made up of a federal government, 36 states, a federal capital territory, and 774 local governments. To ensure fiscal balance in the context of macroeconomic development and stability, it is important to appropriately coordinate fiscal arrangements among the various levels of administration.

Fiscal federalism is the term used to describe the fiscal relationship between the various levels of government in a federal structure; in other types of political structures, it is known as inter-tier or intergovernmental fiscal relations¹. The balance between decentralization of revenues and decentralization of government spending determines the ability of the federal, provincial, and territory governments to carry out their duties. The amount of overall revenue and expenditures that is distributed to state and local governments is referred to as decentralization. The extent to which the various branches of the government can make independent decisions regarding the delivery of social and economic services is known as the degree of decentralization.

It refers to how autonomous state and municipal governments are when doing various economic activities. The 1999 Nigerian constitution lays out the duties and authority of the various levels of government in such a way that no one level of government is able to

carry out the duties of providing services to the populace on its own. Nigerians and, in fact, all supporters of development in the nation are gravely concerned about the dismal performance of local governments in the nation. Undisputed is the reality that this government's ability to bring about development for the people in their various locations is hampered by a lack of funding at the local level.

Evidence from accounting and finance literature has shown that state governments are being compelled to pursue strategies that will boost internally generated revenue (IGR) in order to survive the challenging times due to the negative effects of falling global oil prices on the Nigerian economy². For instance, it was reported that the price of crude oil fell below the \$79 and \$65 per barrel federal budget proposals for 2004 and 2005, respectively³. Additionally, it was noted that the federal income provided to the states had drastically decreased and that all three tiers of government are experiencing a financial crisis⁴.

As a result, since the start of the crisis in July 2004, the amount of money available for distribution among the three tiers of government in the Federation Account has decreased due to the recent reduction in the price of oil⁴. States that do not produce oil are disproportionately affected, especially those with low internal growth rates (IGR) and non-industrialized states. Such States are often months behind on paying suppliers, contractors, and civil officials' salaries and pensions. Therefore, it has become extremely urgent and crucial for state and local governments to earn sufficient revenue from domestic sources.

Therefore, it has become extremely urgent and crucial for state and local governments to earn sufficient revenue from domestic sources. This requirement highlights the eagerness of the federal, state, and local governments to adopt a more aggressive and creative approach to generating money from the sources that already exist⁵. Additionally, it was suggested that IGR is produced from a variety of sources, including taxes, borrowing, fines, and fees⁶. Scholars further argued that the state's revenue includes both tax-related revenues and non-tax related ones, such as profits from the sale of government assets or other interests, as well as returns on loans and investment earnings.

For instance, public revenue was originally defined as all sources of income for the government, including taxes, rates, fees, fines, charges, penalties, rents, dues, profits, and any other government receipts that the legislature has the authority to appropriate⁷. Revenues that are derived within the State from a variety of sources, including motor vehicle licenses, direct assessments, capital gains taxes, and pay as you earn taxes, are referred to as internally generated revenue. The State governments must make sure that enough revenue is generated from domestic sources. This is due to the fact that Internally Generated Revenue (IGR) strength does affect how far the subnational government may go in carrying out its budgetary commitments⁸.

The enthusiasm of the State and Federal governments to be proactive in exploiting the numerous revenue sources at their disposal and also devise creative ways to collect revenue from existing sources serve to highlight this necessity. Due to the distinctive nature of the government's ability to levy taxes, the government feels confident in its IGR under all conditions⁹. IGR does not cause hyperinflation or anything similar, nor does it incur any tax-related debt or interest costs like domestic borrowing and loans do.

Evidence abounds that 90% of Nigerian state governments rely only on statutory funding from the federal government to cover expenses. The degree to which this has been described as worrying a state government can go in accomplishing its goal will largely depend on its IGR strength, because of the reduction in the price of crude oil, which has necessitated reduction in the Federal allocation.

In Nigeria, fiscal federalism has resulted in the duplication of governmental duties and the misappropriation of public monies. The 1976 Guidelines for Local Government Reforms established local government as a subnational level of the federal framework. 774 local governments in Nigeria have been given duties and powers by the constitution.

Nigerian LGAs are obligated to fulfil the following duties despite the financial crisis and difficulties they encounter in raising the funds needed for their approved budgets. The availability and upkeep of elementary, adult, and vocational education. The expansion of natural resources other than mineral extraction and agriculture. The delivery and upkeep of healthcare services. Any additional obligations that may be delegated to a local government council by the state's House of Assembly. Nigerian local governments are struggling to carry out its responsibilities, which is reducing the level of government's importance in society. This is inappropriate and goes against what can be expected of them in terms of democratic grassroots engagement and development. The LGAs face financing issues from both the State and Federal governments, in addition to a general inability to raise the necessary cash inside their own borders. The failure of local governments is a problem caused by an overreliance on statutory allocations from the State and Federal governments, who do not send money to the LGAs as required by law.

The often subvert and divert those resources into other sectors hence making administration difficult at the local level.

1.2 Statement of the Problem

In Nigeria, inadequate revenue and constrained fiscal jurisdiction have distanced local government administrations from the populace to the point where, despite the enormous potential for growth they hold, people are now doubting the significance of local government leadership. The willful tax avoidance by citizens caused by the ruling class's lack of accountability and transparency is a factor in the difficulties local administrations face. One of the issues preventing the efficient operation of local government areas in Nigeria has been recognized as the arbitrary formation of unprofitable local governments. Some locations where local governments are in place lack the local economy needed to support the administration. They should be a part of a more effective local administration, which when combined with other factors will accelerate sociopolitical development.

Many local government areas lack the professional employees needed to carry out their obligations because they lack the human capability to carry out their statutory and shared responsibilities. People who lack the necessary administrative and leadership abilities to bring the benefits of government to the people are hired because of their connections, family ties, and capacity for bribery. Inefficiency and low production are frequently the results of this issue, which is compounded by employee indiscipline and a shortage of working materials. Nigerian leaders also lack consistency due to frequent changes to policies and organizational structures and consecutive governments. When a new

administration takes office in Nigeria, it is customary for people to disregard or forget about it. They then begin new programs that may or may not be completed before the end of the tenure and such incentives will also be abandoned by the next administration after them. This leads to a challenge that affects the efficiency or effectiveness of Local Governance in Nigeria.

One of the issues with effective tax payment in Nigerian local government administrations continues to be the lack of adequate information on taxpayers. In Nigeria, taxpayers can simply avoid informing the State or local government of their income. Because the administrations are constantly short on money, their capacity to perform their leadership duties is being negatively impacted by the Taxpayers' lack of cooperation. Many Nigerian taxpayers do not view paying taxes as a civic duty and a duty to the government. This is due to their perception that the government is not adequately providing the public goods and services that the people depend on as a consequence of paying taxes.

An issue with local governments' capacity to create impressive internal revenue is the incompetence of tax inspectors. Most tax officers lack the necessary training and interpersonal abilities. They are not motivated to make payments on time or honestly because of how uncivilised they interact with citizens or tax payers. They approach their work with aggression and self-interest, allowing a taxpayer the chance to defend his civic duty.

1.3 Aim and Objectives of the Study

The aim of this study is to examine the influence of internally generated revenue on the economic profile of Local Government Areas in Osun State, Nigeria. Specifically, the objective of this research is to:

- i. ascertain the extent to which internally generated revenue (IGR) influence the finances of Local Government Areas in Osun State.
- ii. assess the impact of local government internally generated revenue (IGR) on the level of infrastructural development of Local Government Areas in Osun State.
- iii. identify the internally generated revenue (IGR) opportunities that exist and how such potentials can be exploited by the Local Government Areas in Osun State.
- iv. proffer strategies to boost internally generated revenue (IGR) in Local Government Areas in Osun State

1.4 Research Questions

The following are the research questions for the study:

1. What are the internally generated revenue (IGR) opportunities that exist within the Local Government Areas of Osun State.
2. What is the influence of internally generated revenue on the finances of Local Government Areas in Osun State?
3. What is the impact of internally generated revenue (IGR) on the level of infrastructural development in Local Government Areas in Osun State?
4. Which strategies can be used to boost internally generated revenue (IGR) among the Local Government Areas of Osun State?

1.5 Significance of the Study

The Local Government Areas in Osun State gained a lot from this study. The study provided tactics and suggestions on how Osun State's local government areas might reclaim their place in the administration of their region. It made suggestions to help Local Government Council improve on service delivery and better meet the needs of the voters. The study included recommendations for the specific capacity building that people, businesses, and local government departments need. IGR collection by local government councils in Nigeria has been hampered by problems. The difficulties examined using Ilesa West LGA, Orolu LGA, Isokan LGA, Ife South LGA, Osogbo LGA, and recommendations on how to improved IGR collection and service delivery will be provided based on field research.

Finding the potential for true autonomy of the Local Government Areas under examination is the relevance of this study. The researcher was able to pinpoint areas of macroeconomic deficit or surplus in the context if they have correct understanding of internally generated revenue and public expenditure patterns of the Local Government Areas.

1.6 Scope of the Study

This research work concentrated on the influence of Internally Generated Revenue on revenue profile of Osun State, Nigeria. The scope of the study covered local government areas in Osun State. An understanding of the realities there, in terms of the relationship between Internally Generated Revenue and public expenditure, provided a model through which the subject matter can be understood in other parts of the country.

The scope of this research work was between 2012 and 2022. The reason for this scope is the opportunity it provides for the researcher to review the study interest within the Federal Administration of President Muhammadu Buhari, who won the 2015 Presidential elections and also won the 2019 presidential elections. This gives us an opportunity to carry out the analysis under an overhauling stable condition.

1.7 Limitation of the Study

The problems encountered during this research has to do with gaining access to government documents particularly from the Ministry of Finance, Budget and Planning. It was said that such documents are classified which posed some problem at the start of the work. Also, the personnel to be interviewed were not cooperative in sharing necessary data with the researcher.

1.8 Operational Definition of Terms

Internally Generated Revenue: Internally generated revenues (IGR) are sums of money that the Nigerian federation's States produce independently of how much of those sums they get from the federation account. In other words, they represent the income that state governments produce in the spheres under their control. Taxes, fines and fees, licenses, earnings and sales, rent on government property, interests and dividends are only a few of the internal revenue sources available to state governments. To cover payroll bills and other ongoing expenses, the majority of the States were forced to rely on federal bailout funding.

Administration: An approach to caring for or managing the affairs of a group of people is referred to as administration. In other terms, it is a group of people who are in charge of establishing and upholding rules and regulations, or it is people in positions of authority who carry out crucial activities. "Administration is deliberate action carried out in support of a deliberate goal. It is the methodical arrangement of events and the deliberate application of resources with the goal of bringing about the outcomes we desire while also halting advances that do not line up with our aims.

Local Government: Local government is a county or district's administration, with officials chosen by the local populace. The public administration of towns, cities, counties, and districts is known as local government. County and municipal governments are both considered to be part of local governance. Municipal ordinances are laws, rules, or regulations that are created and upheld by the local government in municipalities.

Government: A government is the system or group of people governing an organized community, often a state. Government is a means by which organizational policies are enforced, as well as a mechanism for determining policy. The Columbia Encyclopedia defines government as "a system of social control under which the right to make laws, and the right to enforce them, is vested in a particular group in society.

Revenue: In ordinary meaning, a revenue is an income, especially when of an organization and of a substantial nature. A state's annual income from which public expenses are met. Revenue is the income or increase in net assets that an entity has from its normal activities.

Endnotes

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Chapter Two

Literature Review

2.1 Conceptual Review

2.1.1 Local Government

The local government system was introduced as the government of the people for grass root development. This Nigeria through indirect rule system that was established guideline for Local government reforms in a nutshell in 1900 by Lord Lugard. The term local government in a unitary state means organs which, though completely subordinate to the central legislature, are independent of the central executive in appointment, and, to some extent, in their decisions and exercise a partially independent control over certain parts of public finance. The term local government is applied to those organs which exist at the will of the central government, and which, while they exist have certain definite powers of making regulation, of controlling certain parts of public finance, and of executing their own laws or the laws of the central legislature, over a given area¹.

The government of the people and by the people as visualized by Lincoln is obviously not possible in the modern nation states. It existed in ancient Greek city-states where people used to govern themselves due to smallness of area and population. In modern states, it is not possible for entire population to have a direct share in the government. In such situation, the national or central governments have created small self-governing units at the local level where the representatives of the people can sit to settle their problems and suggest measures for the welfare and development of the local areas. These small self-governing units viewed together form the local government in the country². The local government in modern times is a combination of small self-governing non-sovereign units with maximum authority devolved on them by the central government to manage the local affairs with local resources without any interference from the center.

A scholar in his book "Outlines of the Local Government" defined local government as that part of the government of a nation which deals mainly with such matters as concern the inhabitants of a particular district or place and which it is thought desirable should be administered by local authority subordinate to the central government.

Local government in any country is needed, as it is impossible for a single authority directly to undertake the performance of all those duties adequately, effectively and efficiently. In fact, the central government has neither the time nor the requisite knowledge of all the diverse problems, which are peculiar to different areas. According to some scholars there cannot be full benefit of democratic government, unless we begin by the admission that all problems are not central problems and that the result of problems in their incidence requires decision at the place, and by the persons, where and by whom the

incidence is most deeply felt. This constitutes the real problem of local government and from this emerges the need for decentralization.

Decentralizing governance enables people to participate more directly in governance processes and can empower people previously excluded from decision making³. By allowing local communities and regional entities to manage their own affairs and through facilitating closer contacts between central and local authorities, decentralization enable more response to people's needs and priorities and makes development more sustainable through genuine ownership. Decentralization is a global trend and local governments have been empowered in many countries in Latin America, Asia, and the Middle East and Africa, Europe and North America. A scholar gives four reasons for strengthening local government.

A local government is a government at the grassroots level of administration meant for meeting peculiar grassroots need of the people. It is defined as “government by the popularly elected bodies charged with administrative and executive duties in matters concerning the inhabitants of a particular district or place. Local government can also be defined as that tier of government closest to the people, “which is vested with certain powers to exercise control over the affairs of people in its domain”. Local government structures typify the breaking down of a country into smaller units or localities for the purpose of administration in which the inhabitants of the different units or localities concerned play a direct and full role through their elected representatives who exercise power and undertake functions under the general authority of the national or state government”⁴.

The jurisdiction of a local government is limited to a specific area, a village or a city, and its functions relate to the provision of civic amenities to the population living within that area. Local government is that part of the government which deals mainly with local affairs, administered by authorities subordinate to the state government, but elected independently of the state authority by the qualified residents. A local government is expected to play the role of promoting the democratic ideals of a society and coordinating development programme at the local level. It is also expected to serve as the basis of socio-economic development in the locality⁵.

Development whether social, political or economic becomes meaningful and real only when it stems from the lowest societies level, the so-called grass-roots level. Democracy can be established in the country if the local government institutions are strengthened. Local government provides a means whereby citizens can exercise some control over their local affairs and express their will especially when they are disaffected with the policies of the central government.

Local government is not a sovereign government. It has nothing to do with security, defence, bank rates, taxation, international trade and so on a national level, rather it acts as the representative body which makes the surroundings fit to live in, keeps the streets clean, imparts education to children, build houses and paves the way to enable the inhabitants to lead a civilized life. Thus, local government is an agent of social change.

While taxes constitute the major source of internal revenue, other sources such as earnings and sales, rent, interests, dividends, and so on are under-exploited by the state

governments. The non-performance of other sources of internal revenue has more to do with a faulty IGR management system than it has with availability of such sources.

There is no local government administration globally without its inherent challenges. Local government councils in Nigeria were given 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. This is in view of complimenting the activities of the state and federal government in their areas and to ensure through devolution of functions to this council and through the active participation of the people. The constitution provided and protected local initiatives and response to local needs but that is an aberration from the realities in Nigerian Local Government Administrations⁵.

Managing budgetary demands in the face of revenue decreases and increased service demands, costs of unfunded state and federal mandates as well as meeting the demands of infrastructure and its associated costs are huge burdens for Local Government council. The response to this challenge reflects effectiveness of the systems in service delivery. LG in Nigeria has not been able to perform optimally because of the overbearing nature of the state government who continue to render the autonomy of the system relatively paralyzed. Resources accruing to LGAs from the federated account were considered too juicy to be ignored by the state government so different strategies of subversions have been designed and implemented by various state governments⁶.

State governments even go as far as stage managing elections into the council to ensure their party and handpicked candidates' victory at the polls. Many Local Government chairmen, directors and secretaries are not responsive to the electorates but to their state

governors. Over politicization of developmental programmes is another challenge in local government administration in Nigeria. The maxim that politics ends with election has not found a place in Nigeria's political system. In effect, allocation of projects often may not reflect the needs of the society but for political patronage. All over Nigeria, there had been over concentration of developmental projects in particular communities at the expense of others⁷.

Disproportionate funds often released by the state government to meet the needs of LGs frequently falls short of paying staff salaries in full and for efficient administrative management. Over bloated personnel structure has to a large extent expanded the financial burden of the LG though it may be argued that creation of employment opportunities is an essential attribute of a good government. However, when such employees were not properly engaged, they turned out to be cogs in the wheel of progress. Over reliance on federated fund or statutory allocation constitute a challenge to LG administration in Nigeria. Hardly could any LG in Nigeria function effectively without receiving monthly allocation⁸.

By critically appraising the local economy and LGA personnel engagements at the grassroots, we can assist the LGAs, like tax consultants would, by identifying and recommending opportunities for earning a higher IGR than the current figure. Fiscal sufficiency will reduce the incursion of other levels of government in Local affairs and will make the Local Councils focus more on service delivery. Efficient and effective service delivery as a result of a strong financial base will make grass roots development faster and that will complement the growth rate at the state and federal level.

Since local government is regarded as a means of fostering democracy, development, and service delivery. There has been a rise in academic curiosity about it⁹. Local government has been conceptualized in a variety of ways by various academics. The United Nations Division of Public Administration defines the local government as a legally created political subdivision of a nation (or, in a federal system, a state) that has extensive control over local affairs, including the power to charge taxes or demand labour for particular purposes. Such an organization has a locally elected or other selected governing body¹⁰.

Many academics who have additionally elaborated on it have supported this definition. One scholar wrote, for example, "Each unit of local government in any system is assumed to possess the following characteristics, a given territory and population, an institutional structure, a separate legal identity, a range of powers and functions authorized by delegation from the appropriate central or intermediate legislature, and finally, within the ambit of such delegation, autonomy subject always to the test of reasonableness¹¹."

In line with the aforementioned ideas, a scholar underlines the need to distinguish between local government and local administration. He defines "local administration" as the control of local communities primarily by means of local representatives chosen by and answerable to the central government. Although he acknowledges the supremacy of the central government and that local bodies are capable and willing to accept responsibility for their decisions, he defines local government as the type of government in which the public participates both in the selection of decision makers and in the actual decision-making process¹².

According to some academics, local government is an outcome of decentralized management. As a result, they discussed the different types of decentralization, including deconcentration, delegation, and devolution. One scholar also added fiscal decentralization, which refers to the specific transfer of budgetary and financial decision-making authority from higher to lower levels of government¹³. This latter sort of decentralization is mostly discussed under intergovernmental fiscal relations because it is the foundation of the relationship between the central government and subnational government units.

Another researcher defined local government as a territorially delineated, non-sovereign community whose members share a common interest and feel connected to one another, who have the legal right and capacity to sue and could be sued, who have governmental apparatus for the area's day-to-day administration, who are in charge of the development and transportation of their area of jurisdiction, and who are subordinate to the central government¹⁴. From his definition of local government, he further deduced that it has area, a population, and administrative infrastructure. However, this conception implies more than that; it also denotes the importance of locality, legal personality, subordination to the federal government, and service delivery that is focused on the growth and transformation of the locality's surrounding area.

A system of territorial units with clearly defined borders, legal identities, institutionally structured powers and obligations outlined in general and specific statutes, as well as a degree of financial and other autonomy, constitutes local government. This idea seems to emphasize the core ideas behind Nigeria's subsequent local government reforms, and more significantly, it emphasizes the fourth schedule of the country's 1999 constitution¹⁵.

Another academic made an effort to overcome the contradictions in the federal practice's logic of centralization and decentralization¹⁶. A researcher who created the concept of federalism has called for exposing the flaws in state institutions in order to examine federal practice¹⁷. Local government can also refer to the political tool used by the populace to take part in power-sharing, resource distribution, and resource allocation. This entails a desire to involve local residents in the management of their community and efficient service delivery to guarantee that the citizens' most pressing needs are handled as soon as feasible. To efficiently mobilize local resources, both human and material, a framework for resource mobilization is needed¹⁸.

The concept of local governments essentially revolves around the necessity to bring development to the grassroots and to create a base where the populace may experience the effects of government and take part in the governance process¹⁹.

The aforementioned notions lead us to the conclusion that local government is the lower level of government in a modern state, that it is legally distinct, that it has the authority to raise money and carry out designated duties, and that its leadership is elected by and accountable to the local population. It can also be stated that local government exercises power that is decentralized in the form of devolution. Even though, local government may be seen generally as a legally constituted body for development at the grassroots level, there are different types of local government based on their geographical locations. Thus, we have the traditional, the English, the French and the communist types²⁰.

According to Nigeria's 1976 National Guidelines for Local Government Reforms, local government is defined as "government at local levels implemented through representative councils created by law to exercise specified authorities within defined territories"²¹.

These should give the council significant control over local affairs as well as staff, institutional, and financial authority to initiate and direct the delivery of services, in order to decide on and carry out projects that complement the local, state, and federal governments' operations, and to guarantee that local initiatives are supported through the devolution of functions in these councils, as well as through public participation, before traditional institutions.

The 1976 reform, which defined local government as "government at the local level administered through representative Councils created by law to exercise certain powers within defined Areas," provided further clarification of the idea. These authorities should give the Councils significant control over local affairs as well as the staff, institutional, and financial authority to direct the provision of services and determine and carry out projects in order to complement the activities of the state and federal governments in their areas. By delegating these authorities to the Councils and encouraging the participation of the people and their traditional institutions, it will be ensured that local initiative will be supported.

The sociopolitical and legal structure of local government, according to some academic contributions, has the following features: "A given territory and population, an institutional and administrative purpose, a separate legal entity, a range of power and functions authorized by delegation from appropriate central or intermediate legislative, and finally, within the ambit of such delegation, autonomy subject always to the limitation of common law such as the Threshold Clause"²².

The idea of local government administration in Nigeria has drawn a lot of interest on a national and international level since the major reform of 1976. In actuality, it was this modification that made it possible for any substantial rural growth.

The two reasons why local governments are necessary in Nigeria are for political development and for sociocultural and economic development. The Fourth Schedule of the 1999 Constitution does a good job of capturing the Local Governments' responsibilities in providing the former, whereas the latter were generally ignored²³. As a result, strengthening local government is necessary to promote political growth in Nigeria. Furthermore, it was argued that a range of viewpoints, including social, economic, geographical, legal, political, and administrative ones, might be used to analyze local administration²⁴.

In a similar vein, it was asserted that combining the political-economic, constitutional-legal, demographic-geographical, and other functional elements of local government provides a useful framework from which to view local government²⁵. In Nigeria, local governance has some colonial roots. A scholar claims that the current local government system is run on the original principle of using local government to uphold law and order and provide basic necessities, which was first put forth during the colonial era²⁶. He made the observation that the modern world largely uses the same nomenclature of non-sovereign entity of native administration of the colonies.

This explains how local governments can enforce their authority and power within their territorial boundaries thanks to the fourth schedule of the 1999 constitution. It is expected that you will carry out your responsibilities in a way that ensures local effectiveness, and

this should help the country grow and develop overall. Some of the main demands made on local governments were listed as follows:

a) Raising the standard of living for the subsistence population by mobilizing and allocating resources to eventually strike a desirable balance between the welfare and useful services provided to the rural subsistence populations.

b) Ensuring widespread involvement with a goal of achieving both equity and redistributive efficiency with allocative rationality.

c) Making the process self-sustaining: To enable the best possible use of the resources at hand and the development of the rural areas, it is necessary to acquire and develop the appropriate skills, build capacity, and have functional institutions available or present at local, state, and federal levels.

The federal government, the state governments, and the local governments make up Nigeria's three levels of government²⁷. This nation operates on a federal structure with scant attempts at democracy. It is important to note that the military has regularly interfered with Nigeria's federalist structure by introducing their unitary command system into politics. A semblance of this unitary command still remains in the modern democratic era as a result of the concentration of power in the hands of the federal government, hindering the full adoption of federalism as devolution seems unstable.

According to a scholar, federalism is not practiced in Nigeria in accordance with its text or spirit. Furthermore, it was said that the reasoning behind federal practice is illogical, particularly in Nigeria, where each level or tier of government—intended to be coordinated and independent in its field—becomes submissive. A researcher later

confirmed that the flaws in state institutions also contribute to some limitations for federal practice²⁸. Therefore, he issued a warning about the flaw in debating federalism without providing "an appropriate theory of state" (which is the infrastructure) as a foundation. As a result, a solid method for ensuring durable federal arrangements is to have the two variables support one another²⁹. Effective federal practices provide for the right deconcentration of authority and devolution of responsibility to subnational governments, enabling them to carry out their mandates.

The local government can exist as the third level of government in Nigeria thanks to its federal structure. The Federal Republic of Nigeria's 1999 constitution, in Section 7(1), expressly guarantees the existence of a system of locally elected officials who are democratically elected. Similar definitions of the functions of local governments are found in the fourth schedule of the same constitution (Federal Republic of Nigeria, 1999). The Nigerian federation now has 774 local government units formed for grassroots administration, service delivery to the public at various local levels, and relationship building so the local population can be engaged in the decision-making process. Additionally, local governments exist to ensure effective political participation of the local population in the formulation of policies³⁰.

For instance, a researcher identified three crucial stages in the development of Nigeria's local government system: (i) colonial rule, which was founded on the conventional administrative structure and existed from 1903 to the 1950s, when the native authority system was rendered obsolete; (ii) the more liberal and participative local governance approach introduced in the 1950s; and (iii) the advent of military rule, which replaced the model of grassroots participatory democracy with a more authoritarian system. However,

in the 1979 and 1999 Constitutions as revised, especially with the Local Government Reform, the provisions for local government were carefully studied.

The 1999 Constitution, which guaranteed the Constitution of government of Nigeria Local Governments by democratically elected government and acknowledged the electoral principle at the local level in Section 7, appears to get this unchangeable fact right as we stand on the threshold of another democratic experiment. According to Section 7(4), "the Government shall ensure that every individual who is entitled to vote or be voted should have the right to vote or be voted for at an election for a Local Government Council in any locality." A local government council within the state has a duty to take part in economic planning and development of the region, according to Section 7(3) of the law.

The two elements should typically encourage effective performance in the community: the people's mandate and the development plan. The Constitution's Section 7(6) makes investments in the National Assembly and the Houses of Assembly to make sure that the government of the Federation and the governments of the states, respectively, pay revenue from statutory accounts to Local Government Councils. A necessary takeaway from these is that the Nigeria Local Government is prepared to advance the nation by organizing and funding grassroots activities and resources, at least on paper.

On the other hand, the constitutional sections that ensure a federal system in which the 36 States of the federation are granted autonomy are not supported by the essential provisions. It is such Constitutional defection that have rendered Local Government administration in the country ineffective and thereby depriving the people at the grassroots the required political and economic dividends³¹.

Several groups have contested constitutional provisions that they see as anti-democratic since the return to civil government in 1999. These organizations expressed optimism that "real federalism" would once again be practiced in Nigeria and that the administration would become notably more open and transparent. True federalism was outlined as a return to a fairer division of legislative authority among the three tiers of government (but especially between the federal and state levels), as well as a greater regard for the constitutional separation of powers. For instance, according to a researcher, the major local government clause of the 1999 Constitution grants states the authority to ensure that these organizations continue to exist as democratic ones by passing laws that address their establishment, structure, composition, budget, and other aspects.

Local governments will also get a portion of the federation account under conditions set forth by the National Assembly. Although the National Assembly must agree to change the schedule listing the names of local governments to incorporate the newly constituted ones, even if the states theoretically have the ability to create new local governments. This is so because the constitution has an annex with the names of current local governments³².

Contrarily, some academics believe that local governments have not served as agents of development but rather have come into disrepute due to corruption, financial disorder, and general irresponsibility. The wellbeing of typical Nigerians is severely harmed by the lack of integrity, openness, and accountability at the local level of government³³. The government that was founded specifically for the goal of directly governing the local population is known as local government, as the name suggests. This means that the local level of government is supposed to be open and accountable to the community for which

it was established, and that the constitution's requirements should be reflected in how it is operated.

The Local Administration in Nigeria is the level of administration closest to the people, although its citizens are not allowed to benefit from it. Clear indicators of this include the state of the environment, the state of the public schools, the quality of the market facilities, and the lack of health centres. Due to local governments' shortcomings in providing services, citizens no longer have faith in the institution of government. Council members are sometimes more well-known for intimidating locals than for offering services. Many Nigerians wish for changes to be made to the local government system in order to make it more adaptable to the requirements of the public and consistent with contemporary reality.

The three tiers of government all have corruption, which is an aberration from good governance. Local governments in Nigeria are frequently viewed as breeding grounds for overt corruption and have almost no transparency or accountability in the way they carry out their governance. Further, it was suggested that because there are so many instances of theft, embezzlement, and poor financial management in Nigerian administrations, corruption has become a common problem. "Thieving has grown to be a major passion and pastime for powerful Nigerians. It now takes up most of my time. The local government is not excluded and all branches of government are impacted³⁴.

Due to the fact that local governments lack the resources necessary to design and fully implement programmes that are advantageous to the communities they are responsible for, there are also significant issues with autonomy and the ability to pay for and retain talented employees. The state governments' ongoing meddling and obstructions in the

operations of local governments are largely to blame for this lack of autonomy³⁵. According to one opinion, local government is the level of government that is closest to the people and is endowed with certain powers to exert control over the affairs of people within its jurisdiction. As a result, a local government council is supposed to serve the duties of advancing society's democratic principles and organizing local development initiatives.

Local government is essentially a pathway to and a patron of national integration, organization, and development despite the many difficulties it faces. Local governments do exist in Nigeria, according to a scholar, but their residents are not allowed to take advantage of them³⁶. However, many local residents in different regions of Nigeria have criticized local governments for failing to live up to expectations and fulfil the reason they were established. The different definitions of local government as a notion reflect the fact that it is a multi-dimensional idea. The idea of social science is difficult to understand, much like every other topic in the realm of social sciences.

The concept of local government has suffered as a victim of definitional diversity, it was noted³⁷. In addition to this, the definition crisis has been made worse by the variety of titles given to local governments around the world. However, Local Government, also known as Municipal Council, County Council, District Council, or Divisional Council, or by any other name given to it, can be thought of as a miniature government that serves a specific political unit or administrative division, ordinarily at the local level in a given nation. The majority of the time, clearly outlined statutory and/or constitutional provisions are used to establish local governments. The Nigerian Constitution of 1999,

Section 8, grants the federal and state legislatures the authority to establish local governments.

Effective local government administration is the main goal of its creation. This concurs with the prior viewpoint that local government is the branch of government that is closest to the people and has the authority to "exercise control over the affairs of individuals under its jurisdiction." The United Nations Office for Public Administration also described local government as a legal political entity with the authority to oversee local matters and solicit funding from the populace to carry them out³⁸. In essence, local residents are brought closer to the grassroots administration, which causes them to get more profoundly involved in the day-to-day operations of their political environment.

Others see local government as a political force operating under the devolution of political power. To uphold law and order based on a variety of social amenities and to foster grassroots collaboration and participation in improving living conditions, local committees serve as the administration for each area³⁹. As a result, local government administration places a strong emphasis on maintaining law and order.

According to Chief Obafemi Awolowo, local governments are accountable to both the general populace and a higher level of (democratically elected) government. He argued that local councils make, take responsibility for, and carry out decisions under local government, with proper consideration for "just such control as may be exercised by the people through their own means."

The 1999 constitution was entirely influenced by the military, just as the earlier constitutions of 1979 and 1989. One criticism levelled at it by those who opposed it was

that it was not a constitution that the people had inspired. It is safe to say that the aforementioned constitution carried the germ of its own demise.

However, one can assert that the constitution upholds the tripartite system of local government in Nigeria in relation to its relationship to the federal, state, and local governments. the legislative, executive, and judicial branches. The chairman, vice-chairman, supervisor or supervisory councillors, and the entire apparatus of local government bureaucracy are invested with the executive. The councillors are supposed to carry out the legislative duties. The judiciary on the other hand is streamlined with the federal and state and local government can avail itself of the judicial process available to it. One crucial point should be made clear right away is that Nigeria's local government system is now an established political entity. This is due to the constitution's recognition of its existence in 1999.

Accordingly, the government of every state must, subject to Section 8 of this constitution, ensure their existence under a law that provides for the establishment, structure, composition, finance, and functions of such councils⁴⁰. The system of local government by democratically elected government councils is guaranteed by this constitution.

According to the constitution, this federation must import. In addition, like with the political institutions of the federal and state governments, there must be regular elections for the councils of these local governments. This becomes even more important when local governments are increasingly considered as training grounds for roles with more authority within the federation. Every local government in the federation is required to carry out a number of duties under the 1999 constitution.

This is stated as follows in the Fourth Schedule of the Constitution:

1. A local government council's primary duties are as follows:

(a) Thinking through and recommending to a State Commission on Economic Planning or other comparable body:

(i) the state's economic growth, particularly inasmuch as it affects the council's and the state's areas of authority; and

(ii) Suggestions from the aforementioned committee or body;

(b) The collection of fees and licenses for radio and television;

(c) The creation and upkeep of cemeteries, burial sites, and homes for the poor or the ill;

(d) Issuing licenses for bicycles, carts, canoes, vehicles (other than mechanically powered trucks), and bicycles;

Construction and maintenance of roads, streets, street lighting, drains and other public highways, parks, gardens, open spaces or such public facilities as may be periodically prescribed by the House of Assembly of a state; (e) Establishment, maintenance and regulation of slaughterhouses, slaughter slabs, markets, motor parks and public conveniences; and (f) construction and maintenance of roads, streets, street lighting, drains and other public highways;

(g) Naming streets and roads and assigning house numbers;

(h) Maintenance of public restrooms, sewage systems, and garbage disposal;

(i) Enrolling all weddings, deaths, and births;

(j) Assessing privately owned homes or tenements in order to collect fees as determined by the House of Assembly of a State; and

(k) Controlling and regulating hoarding and outdoor advertising;

(ii) The movement and care of all kinds of pets;

- (iii) Shops and kiosks;
- (iv) Eateries, bakeries, and other establishments where food is sold to the general public; laundry services; and
- (vi) Licensing, control, and regulation of the sale of alcoholic beverages.

2. A local government council's duties must involve participation in the state's government with regard to the following issues:

Elementary, adult, and vocational education provision and maintenance; development of agriculture and other natural resources, excluding the mining of minerals;

(c) The delivery and upkeep of medical services; and

(d) Any additional duties that a local government council may be given by the state's House of Assembly.

In general, local governments are given two sets of tasks: the first set pertains to the tasks that are solely their responsibility, and the second set is concerned with the tasks that they are required to carry out concurrently with the state governments as partners in progress.

The 1999 Constitution has been fundamentally faulty since the start of the fourth republic, and several groups have challenged its provisions that are detrimental to local development since the return to civil government. All of these difficulties are pertinent to Nigeria's decentralisation process.

The 1999 Constitution's key local government provision grant states the authority to ensure local governments' continued existence as democratic institutions by passing laws that outline their formation, organization, composition, finance, and functions. The document also specifies that local governments will receive a portion of the federation account in accordance with rules set forth by the National Assembly⁴¹. Although the

National Assembly must agree to change the schedule listing the names of local governments to incorporate the newly constituted ones, even if the states theoretically have the ability to create new local governments. This is so because the constitution has an annex with the names of the current local administrations.

It is crucial to remember that the constitution does not explicitly demand that local governments carry out critical local duties including local development planning, primary education, health care, and the advancement of agriculture and natural resources. In terms of primary education, health care, and agricultural development, their duty is defined as "participation in the Government of a State with respect to" these activities. Their role in economic development planning is to provide suggestions to a state's agency for economic planning. With such hazy objectives, local governments have struggled to fend off state meddling in their affairs.

How to acquire sufficient funding for local governments has been a challenge in local government administration since 1999, as already mentioned. Local authorities anticipated that after democracy was restored in 1999, arbitrary deductions from local finances and purchases made on their behalf would end, bringing them more money. Additionally, it was anticipated that elected municipal authorities would work harder to generate income since they needed to gain the public's trust by providing better services if they were to stand a chance of winning the following election. Local revenues did rise as a consequence of transfers from the "stabilization and general ecology fund," increases in the federation account, and value-added tax⁴².

This is likely the reason why local administrations in Nigeria are still viewed as little more than the pawns of higher governments in the nation. One organisation that has

resisted the concept of removing local governments from the constitution is the National Union of Local Government Employees (NULGE). An amendment to the constitution should be supported by the majority of Nigerians at a national conference where the proposed amendments shall be discussed⁴³.

Based on the aforementioned premise, it was proposed that local government in Nigeria has not been able to solidify their position despite efforts by successive governments to strengthen local government administration through the introduction of many reforms. As posited local government in Nigeria since 1999 exist as mere political expediency than the welfare, progress and interests of the grassroots⁴⁴.

With a retort to the ongoing academic debate. Since the unresolved contradictions, confusion, and ambiguity created by the 1999 constitution, this study has been used to thwart every progressive and patriotic action of the people at the local level, rather than just corroborate the underlying argument about local government in Nigeria since 1999. Thus, by lucidly establishing the identified constitutional fault-lines underpinning and sustaining the in capabilities of Nigerian local government, this study expands the frontier of scholarly works in light of the constitutional intricacies related to issues critical to the effective functioning, finances, administrative and management autonomy, and efficient service delivery capacity of local governments in Nigeria.

2.1.2 Historical Background of Local Government in Nigeria

The native administration established by the colonial administration was a fore-runner to local government in Nigeria. As one of its principal authors posited, Native Administration was: Designed to adapt to purposes of local government the tribal institutions which the native people have evolved for themselves so that the latter may

develop in a constitutional manner from their own past, guided and restrained by the traditions and sanctions which they have inherited, molded or modified as they may be on the advice of the British officers. It is an essential feature of the system, within the limitations, the British Government rules through these native institutions which are regarded as an integral part of the machinery of Government with well-defined powers and functions recognized by Government and by law and not dependent on the caprice of an executive officer⁴⁵.

The development of Nigeria's local government system can be traced to the Native Authority Ordinance of 1916, which was passed by the British colonial government ostensibly to leverage the existing traditional administrative systems in the different regions of the area now known as Nigeria. The ordinance was the first legal framework to operationalize a system of indirect rule⁴⁶. However, this attempt to unify the system of local government met informed resistance from the East and West regions, both because of its anti-democratic thrust and because the system did not fit well with the existing traditional administrative systems in those regions. Nonetheless, the ordinance endured until 1946, when the Richard constitution introduced the new regional assemblies. By 1949, the Eastern house of assembly provided a platform for debates that eventually led to the Local Government Ordinance of 1950, which set the scene for a democratic system of local government⁴⁷.

The Native Administration was charged with the collection of taxes, maintenance of law and order, road construction and maintenance, and sanitary inspection, especially in township areas. This system of government, which was modeled after the Milesian ideal of local representation, generated two types of conflicts among the fledging ethnic groups

in Nigeria. The first arose in cases where two or more ethnic groups were ‘lumped together’ in one native administration. Given what have been aptly called the ‘differential incorporation’ of Nigerian peoples into Nigeria, some groups who had earlier access to the British and had acquired some education tended to dominate the Native Administration⁴⁸. If such domination could be justified, as the British did, on the grounds of the opportunity it afforded the privileged group to groom others in the art of governance, the superimposition of the paramount ruler of one group as permanent native authority even when there was no pre-colonial history of dependent relations, encouraged local separatism. Most of the groups joined in such non-consensual matrimony agitated for separation and independence.

Local government is a creation of British colonial rule in Nigeria. It has overtime experienced change in name, structure and composition. Between 1930s and 1940s, for instance, local government was known as chief-in-council and chief-and-council, where traditional rulers were given pride of place in the scheme of things. In the 1950s, election was introduced according to the British model in the western and eastern parts of the country with some measure of autonomy in personnel, financial and general administration. It was on this premise that the rising tide of progress, growth and development experienced in the local governments in these areas was based. The pace of this development was more noticeable in the south than in the north.

By 1954, democratic values had permeated the local government system in the three regions of East, West and Northern Nigeria, with each region having absolute control over the type, structure and functions of local government *ibid*. However, although the 1950 ordinance started to introduce democratic values in local governance, it also marked

the beginning of federal/regional dominance over local government administration, which was evident throughout colonial rule and has endured through the post-colonial era to contemporary Nigeria.

During this period, heterogeneity was the hallmark of local government as there was no uniformity in the system and the level of development was also remarkably different. The introduction of 1976 reforms by military administration of General Obasanjo brought about uniformity in the administrative structure of the system. The reforms introduced a multi-purpose single-tier local government system⁴⁹.

For the first time in history of local government in Nigeria a uniform system was developed for the whole country. According to the then chief of staff, supreme headquarters, Brigadiers Shehu Yar'dua in his forward to the reform stated thus, "was essentially motivated by the necessity to stabilize and nationalize government at the local level. Unlike the previous reform measures which were restricted in scope and range. The 1976 local government reform conceptualized local government as the third tier of government operating within common institutional framework. The intentions of 1976 reforms were debated by the constitution drafting committee (CDC) and the constituent assembly in 1978 and were enshrined in the 1979 constitutions. The Dasuki reform of 1984 and 1988 reform further consolidated the position of local government in the country. Hence, they have all been incorporated in the constitution of the federal republic of Nigeria 1999. The reform went further to enshrine the principle of participatory democracy and of political responsibility to every Nigerian.

The reforms also introduced population criterion under which a local government could be created. Consequently, a population of 150,000 to 800,000 was considered feasible for

a local government. This was done to avoid the creation of non-viable local council and for easy accessibility. There was provision for elective positions having the chairmen as executive head of local government with supervisory councillors constituting the cabinet. This was complemented by the bureaucrats and professionals, such as Doctors, Engineers, etc., who were charged with the responsibility of implementing policies (1976, Guidelines).

Despite this colonial history, Nigeria's modern local government system started with the reform of local government in 1976. This reform aimed to restructure and modernize local government administration, and to make it one of the best in Africa. The good intentions of the 1976 reform included the desire to extend the principle of federation by bringing government to the grassroots level, and to achieve uniformity of local government administration across the federation⁵⁰.

The reform represented a fundamental change, because for the first time a single system of local government was attained in Nigeria. The financial system was also restructured, introducing statutory allocations of revenue from the Federation Account, with fixed proportions of federal and each state's revenue given to local government⁵¹. The reform also ring-fenced revenue to protect local government revenue from state encroachment. It also defined a number of potential sources of internally generated revenue for local governments, e.g rates, including property rates, education rates and street lighting; taxes such as community, flat rate and poll tax; and fines and fees, including court fines and fees, motor park fees, forest fees, public advertisement fees, market fees, regulated premises fees, birth registrations etc. In order to make the reforms work, local government officers and local politicians were given a free hand to operate with little or

no interference in their daily affairs. State ministries for local government only had responsibility to advise, assist and guide – not to control the local governments under their jurisdiction. Traditional rulers were also protected from party politics under the 1976 reforms.

Local government was reformed again in 1988, when the federal military government introduced civil service reforms. These aimed to professionalize the local government service, by creating mandatory departments (personnel, finance, supply, e.t.c) and officers (councilors, secretary, treasurer, auditor-general for local government). The 1988 reform also clearly defined the functions of the Local Government Service Commission, which sets guidelines for staffing and monitoring local governments. All these provisions sought to institute responsible local government in the Nigerian federation.

In 1991, a major landmark reform was introduced as the system had legislative arm. In addition, the Babangida administration increased the number of local governments from 301 in 1976 to 453 in 1989 and 589 in 1991. The Abacha regime also increased the number to 774 local councils that we have today and the administrative structure also underwent some changes. Thus, it can be said that no public institution in Nigeria has been so subjected to frequent reforms than local government. Nearly every successive administration introduces one administrative change or the other. Apart from the celebrated 1976 reforms, state government officials have also introduced various manipulations.

2.1.3 Constitutional Foundation of Local Government Administration in Nigeria

Local government councils did not have definitive constitutional recognition until local government was enshrined in the 1979 constitution, which provided the legal framework to implement the 1976 reforms. The primary goal was to ensure that every state government should, by law, provide for the establishment, structure, composition, finance and functions of local councils⁵². However, this means that the degree of autonomy local councils enjoy in decision-making, strength and relevance is determined by their respective state governments, and state governments have always taken advantage of the lacuna created by this constitutional framework to dictate the financial and operational structures of local governments

The 1979 constitution did spell out the functions and responsibilities of local government. Functions fall into three categories: areas for which local governments have full responsibility, areas where local government shares responsibility with higher levels of government, and areas of responsibility that the state or federal government may from time to time assign to local authorities⁵³. Additionally, the constitution guaranteed democratically elected government councils all over the country: “The system of local government by democratically elected government council is under this constitution guarantee” (Chapter 1, Part 2, Section 7(1)). The 1979 constitution allowed for local government to receive federal allocations, and in Section 149 prescribed that states should provide funds for local governments in their areas⁵⁴.

The 1999 constitution takes almost the same position on local government as the 1979 constitution, with some modifications. In its fourth schedule, Section 7(2), the 1999 constitution sets out the functions of local government in Nigeria. In theory, therefore, local government is a unit of government with defined powers and authority, and relative

autonomy. The functional areas for local government included in the constitution are: provision and maintenance of health services; agricultural and national resource development; provision and maintenance of primary, adult and vocational education; and other functions as may be conferred on it by the state house of assembly. Section 7(1) also guarantees democratically elected governments in Nigeria. On the strength of these provisions, the 1999 constitution acknowledged the powers of local government councils as articulated in the 1976 local government reform to the effect that:

These powers should give the council substantial authority 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 government⁵⁵.

Section 162 (5, 6, 7, 8) also provides for the funding of local councils through the Federation Account. Paragraph 6 specifically provides that “each state shall maintain a special account to be called the State Joint Local Government Account” into which should be paid all allocations made to local government councils from the Federation Account and from the government of the state. This is, of course, a reversal of the reform introduced by the federal government in 1988⁵⁶. The 1999 constitution, as noted in Section 4 also provides that: “The government of a state shall ensure that every person who is entitled to vote or be voted for at an election to the House of Assembly shall have the right to vote or be voted for at an election to a local government council.” The 1999 constitution further empowers the Revenue Mobilization Allocation and Fiscal Commission (RMAFC) to allocate revenue to the three tiers of government. The constitutional basis for this allocation of revenue is set out in Section 160, sub-sections (2)

to (8). Thus: “Any amount standing to the credit of the Federation Account shall be distributed among the federal, state and local government councils in each state, on such terms and on such manner as may be prescribed by the National Assembly of Nigeria.” In addition, the 1999 constitution states that “the government of every state shall, subject to Section 8 of the constitution, ensure their existence under a law which provides for the establishment, structure, composition, finance and functions of such council”. These provisions, among others, constitute the legal framework for local government administration in Nigeria.

2. 1. 4 Organogram of Local Government in Nigeria

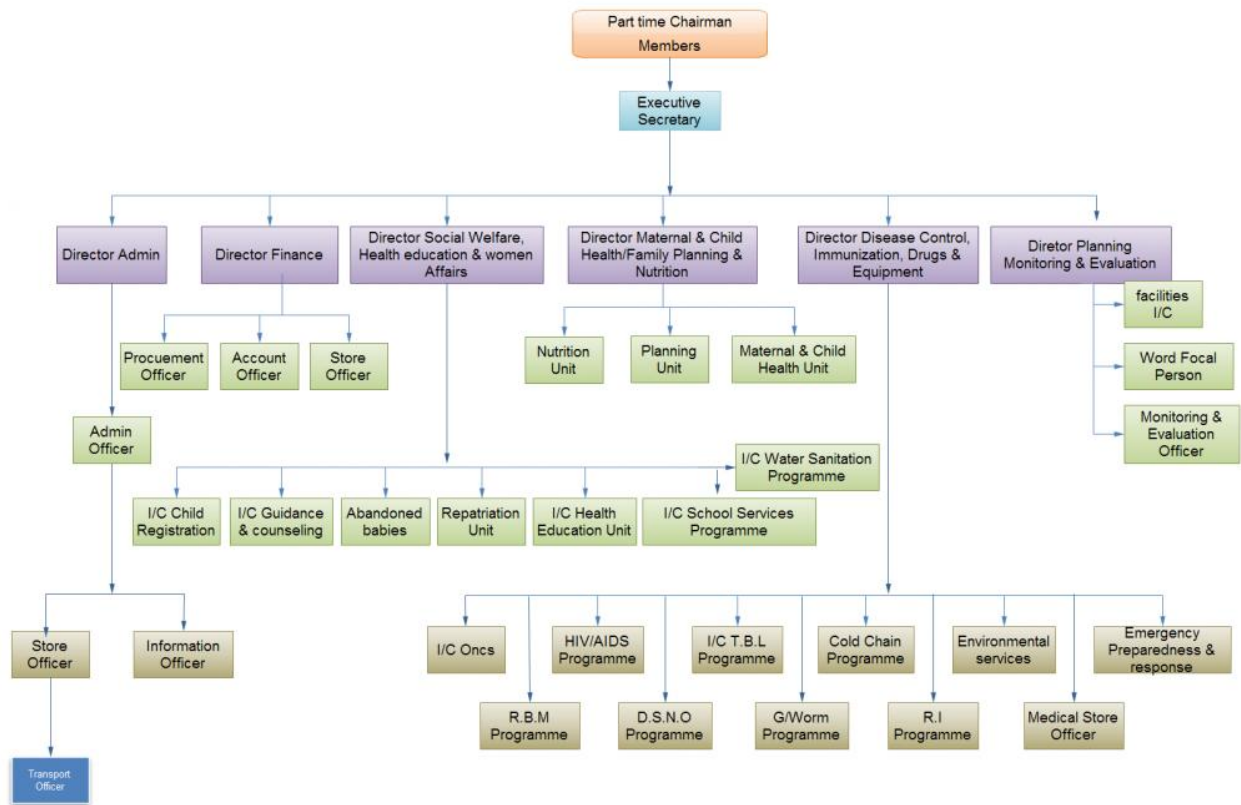


Fig 2.1 Organogram of local Government in Nigeria

Source: <https://projectstore.com.ng>⁵⁷

Here are few officers in charge of departments in the Local government secretariat.

- Local government chairman
- Executive Secretary
- Director Admin
- Director of Finance
- Director. Social Welfare, Health Education & Women affairs
- Director Maternal & Child Health/Family Planning & Nutrition
- Director of Disease Control, Immunization, Drugs & Equipment
- Director of Planning Monitoring & Evaluation
- Procurement Officer
- Account Officer
- Store Officer
- Admin Officer
- Word Focal Person
- Monitoring & Evaluation Officer

2.1.5 Evolution of Fiscal Federalism

Federalism as practiced in Nigeria today is a far cry from what true federalism represents.

As the nation awakens to the realities of its ethnic, religious, political diversities and corporate existence, the structure of her federalist claims has to be revisited and refocused.

True federalism in the real sense of the word promotes accelerated economic development, it unifies and binds people together, and this triggers intellectual dialogue

and provokes a healthy rivalry in revenue generation. These laudable goals are only achieved where the federating units are given free access in decision making and inputs into governance. Federalism, as practiced in Nigeria today is linked to a lion chasing an antelope and squeezing out life from it (the lion represents the federal government while the antelope represents the states government). The federal structure of Nigeria today is a gross anomaly, this present structure has positioned itself as an octopus firmly gripping the federating units with its poisonous clutch and constantly dictating its destiny.

The evolution of Nigeria's fiscal federalism emanated from historical, economic, political, constitutional, social and cultural factors. In view of this, fiscal federalism has been a central feature of intergovernmental relations in Nigeria. The construction of stable and acceptable revenue formula has been the subject of many commissions and committees since 1914⁵⁸. Fiscal federalism in Nigeria has its legal basis laid in the constitution. The 1999 constitution contains copious citations in the second and fourth schedule on the tax powers of the federal, state and local government and also on the system of revenue allocation and management of public funds in Nigeria. The details of these are contained in section 162-168, item 59 (part 1), items A 1a, b and 2(part II) D7-10 in the second schedule, item 32a-c in the 3rd schedule and item, 1b, section 7 of the 4th schedule.

Pre-independence Period: The process of federal structure was not smooth on the amalgamation of northern and southern protectorate in 1914; the Nigeria sub-national government and colony of Lagos enjoyed complete fiscal independence. The unified fiscal system was in place while a centralized budgeting system was introduced in 1926 before the amalgamation. However, the regionalism of 1946 evolved a decentralized fiscal structure. The Phillipson Commission of 1946 came as the first revenue

commission, and quasi-federal structure of 1951 followed by self-government from various regions in 1954. In the colonial era, four revenue commissions of Hicks-Phillipson commission (1951) and Chicks commission (1954) were established. Hicks-Phillipson recommends principles of derivation, even development and continuity of government services among the regions, need and national interest as revenue sharing principles⁵⁹.

Post-Independence/Military Period: The emergence of mid-western region brought the nation into four regions; in 1967 twelve states were created from the existing regions. In 1976 Nigeria has 19 states; 1987 additional two states were created thus bring the total to twenty one states, in 1991 the number rose to thirty states and Abuja. Since October 1996 till date, we have 36 states with 774 local councils. The Binns (1964), Aboyade (1977) and Okigbo (1979) commissions failed to give acceptable formula to Nigeria (Ozon-Eson, 2005). Post-Democratic Era: The inception of democracy in 1999 brought civil authority to power; the central government was accused by oil states of not adhering to derivation principles as enshrined in the 1999 constitution of Nigeria. The onshore-offshore dichotomy states that oil found in the sea cannot be ascribed to the adjoining state; invariably this was done to reduce huge revenue allocation to oil producing states by the Obasanjo government. The controversy surrounding the onshore-offshore dichotomy is a clarion call for oil states to agitate for “resource control” from oil proceeds; these culminated in some states suing the federal government. The Revenue Mobilization and Fiscal Commission (RMAFC) inaugurated in 1999 were effective because Mr. President with federal Ministry of Finance were barred from interfering in revenue sharing. In 2004, the Federal Ministry of Finance in a letter to the Commission requested 54.68 percent for

central government and they ignored their request for non-compliance with the provisions of section 164(1), 1999 constitution. The call for sub-national units and the central government to have more decentralized fiscal arrangement fell on deaf ears, fiscal commissions appointed by central government and national assembly formulate revenue principles centered on fiscal centralism, even when federal government attempted not to respect those formulas. The long incursion of the military into politics contributed to centrist fiscal federalism in Nigeria and this has distorted true federalism.

2.1.6 Fiscal Allocation

“Federalism” refers to the multifaceted political relationship that binds the state and national government. One aspect of that relationship centers on financial assistance that wends its way from federal coffers to state treasury with preponderance of this assistance coming in the form of grants-in-aid. The uniqueness of federalism stems from a country’s population vast resources and size where problems and achievements take on magnitude that are unequalled elsewhere. And so, it is regarding a country’s intergovernmental relations.

There is another way to appreciate the changing relationship between the federal government and states. Consequent upon states massive growth and receipt of federal assistance in highways and water projects and environmental protection to mention a few, states have had a history of getting more money from the federal government than it contributes⁶⁰. It suffices, therefore, to say that the intrinsic relationship between decentralization and IGR lies in its potential to wean states from a good deal of its dependence on federal money. The process may not have been enjoyable, but the state can now be more diversified for the effort.

Sometimes states and national leaders differ over how the country should be managed. Environmental protection and offshore oil drilling are two such thorny issues that come to mind. Determining the best way to treat problems such as these can be a challenge because, states are both self-governing and members of the larger national government on other issues, such as workplace conditions and foreign trade the sets of governments have worked well together⁶¹.

The term “fiscal federalism” is rooted in a political arrangement called federalism as already attested to in our introduction. It is the financial relationships between and among existing tiers of government. Specifically, it is the system of transfers or grants by which the federal government shares its revenues with state and local governments. This is what is generally referred to as revenue allocation.

The procedure for revenue allocation is hinged on a number of factors which may be within or outside the control of the people in each locality. For instance, perhaps by some natural or man-made designs, nations have emerged through the combination of pre-existing sovereign jurisdictions which then join into national units. In any case, member jurisdictions (e.g. States) may retain certain fiscal prerogatives while surrendering others, there by joining in a compact which determines the fiscal aspects of the federation⁶².

The fiscal relationships between and among the constituents of the federation can be explained in terms of three theories, namely, the theory of fiscal location which concerns the functions expected to be performed by each level of government in the fiscal allocation; the theory of inter-jurisdictional cooperation which refers to areas of shared responsibility by the national, state and local governments; and the theory of multi-jurisdictional community. In this case, each jurisdiction (state, region or zone) will

provide services whose benefits will accrue to people within its boundaries and so, should use only such sources of finance as will internalize the costs. The revenue sources of most control governments are limited but cover a range of taxes and levies. These include personal income tax, tariffs, company or corporate income tax, excise duties, custom duties, and royalties or levies on natural resources. The contributions of each of these to the total revenue depend on a number of factors which include efficiency of tax collection method, enforcement of violation penalties, the size of the economy itself with respect to the level of employment, industrialization and income, the level of integration of the informal sector with the formal, and a host of other economic and socio-cultural factors. State and local governments (or their equivalents) derive their revenues from more limited and more austere services. These include personal income tax, poll tax, sales tax, property tax, licenses, permits etc. These are supplemented by transfers from the central or federal government. In most cases, a revenue sharing formula is adopted for determining how much of the federally collectible revenue goes to each level of government. The proportion of transfers that goes to the lower tiers of government depend largely on the system or structure of governance, availability of revenue base and ability to generate revenue internally.

Under the centrally planned economy, as existed in pre-Gorbachev Union of Soviet Socialist Republics (USSR), the Eastern bloc as well as Cuba, the issue of revenue allocation did not arise. All incomes, including profits and royalties, went into a common purse administered by the central government. The actual value of revenues before the reforms of the mid 1980's and the current transition to market economy in these erstwhile communist countries were shrouded in secret since the beginning of the reforms, however,

the central governments have lost control and the provincial or state enterprises have acquired the power to withhold part of the proceeds of state enterprises. In fact, this reform started in China as far back as 1978 where apart from the reductions in remittances from State enterprises, other economic factors such as declining demand for products, withholding of products taxes, turnover and value added tax by the lower-level governments affected the federal or central government revenue⁶³. In fact; the reform period resulted in the rise of provincial power in China, as the Central government shrank in its control of materials and commodities in resource allocation and thereby put more money into the treasury of the provinces.

In the case of the United States – like many other capitalists and industrialized countries – the lower levels of government have an efficient tax system and are able, through this mechanism, to generate a larger proportion of their revenues from taxes. However, the revenue usually falls short of their expenditures and the balances is provided through transfers from the federal government. It was posited that federal allocations to states and local governments in the United States account for between 15 and 20 percent of their budgets. In addition, the States do make grants to the local government units. In developing countries like Nigeria, studies have shown that the state and local governments rely mainly on allocations from the federal government⁶⁴. The allocation from the federal government usually constitutes about 70 to 90 percent of the state or local government revenues. Some major implications of this dependence are that the situation of the local governments would be worse; the agitation for constant review of revenue allocations in favour of the States and local governments will persist and continue to be a major friction in the political equation of the country. Moreover, the

States will remain inefficient in tax collection and consequently remain underdeveloped in tax and general revenue administration. All these will continue to generate unnecessary tension as the case with Nigeria⁶⁵.

Federalism is an institutional arrangement aimed at addressing governmental problems that bothers on maintaining unity while at the same time preserving diversity. This implies that each tier of government is coordinate in its sphere of authority and should have appropriate taxing powers to exploit its independent sources of revenue⁶⁶. If state authorities, find that the services allotted them are too expensive for them to perform, and if they call on federal authorities for grants and subsidies to assist them, they are no longer coordinate with the federal government but subordinate to it. Financial subordination makes an end of federalism in fact, no matter how carefully the legal forms may be preserved. It follows that both state and federal authorities in a federation must be given the power in the constitution to have access to control its own financial resources. Each must have a power to tax and to borrow for the financing of its own services by itself. A scholar posited that federalism is an arrangement whereby powers within a country are shared between central and component units in such a way that each unit operates directly within their jurisdiction. The cardinal principle of federalism is that no level of government is subordinate to another, though there must be central government for this exercise⁶⁷.

It was stated that fiscal federalism is the form of government where the component units of a political organization participate in sharing powers and functions in a cooperative manner through the combined forces of ethnic pluralism and cultural diversity. It was stated that fiscal federalism concerns the division of public sector functions and finances

in a logical way among multiple layers of government. It was opined that the finances and functions of government should be shared in a manner that is acceptable by all involved. Fiscal federalism is the allocation of tax powers and expenditure responsibilities between various levels of government. It was also posited that Nigerian fiscal federalism structure involves the allocation of expenditure and tax raising power among federal, state and local governments. A scholar also noted that fiscal federalism is the relations among various levels of government in respect to allocation of national revenue and tax powers to the constituent units in a federation. He asserts that the principle of fiscal federalism is anchored on revenue sharing (vertical) and distribution of revenue (horizontal) among various tiers of government. It was noted that fiscal federalism refers to the allocation of resources among tiers of government to discharge the responsibilities assigned within their jurisdiction. The previous view was supported that in a federal state, each unit should have its own sphere of responsibilities, and each should be blamed or commended on how it functions within its own sphere. The former governor of Akwa-Ibom state Chief Victor Attah acknowledged the view of Mobolaji when he states that the 1999 Constitution constitutes a fundamental aberration and a violation of our association as Nigerians. He states that the founding fathers of Nigeria agreed on the basis of the foundation in Nigeria as a true federal state, including fiscal federalism but this has been purportedly marred by the Obasanjo administration. Fiscal Federalism refers to the fiscal arrangement among the different tiers of government in a federal structure⁶⁸. A scholar stated that fiscal federalism is the criterion for government to share revenue among various tiers of government. It was indicated that these revenues

have fixed principles; and this heightened its inclusion in section 162(2) of the 1999 Constitution of Nigeria.

Fiscal allocation is the term used to describe the amount of money that occasionally finds its way into the local government's coffers. Nigeria's revenue may increase if the countries legitimate income streams were completely utilized and accessed. Because the ones already accessible under the current rules will be more than sufficient to meet their commitments, the majority of local governments won't need to rely on or waste their time hunting for additional revenue sources⁶⁹. The following can also help to increase revenue generation: facilitating a deal between the council official and the traditional ruler on how to collect community rates; and engaging traditional rulers through the head of the village and their chiefs to help the local governments collect the tax; modification of current laws on internal revenue generation to increase their capacity; adoption of legislation to strengthen zero tolerance for corruption because, despite the significant amounts of internal revenue generated by our local governments, no significant progress will be made or accomplished if the ongoing misappropriation, mismanagement, corruption, and embezzlement of public funds is not seriously addressed; and investment of local government surplus funds⁷⁰.

In order to prevent revenue collectors from interfering with council money or working with the public to rob the council of its revenues, a researcher claims that they should be financially or otherwise motivated. The use of prevention and detection methods/techniques like stringent penalties that will forestall the falsification of receipts and the non-remittance of revenue collected, connivance of the revenue collectors with the members of the revenue paying public, which results in the illegal collection of

revenue, and providing them with training and retraining to improve their knowledge are all ways to achieve this.

Tax and other revenue collection is one of the duties of the government. The tax assessor, the local government treasurer, the revenue collections office, the accounting office, the government attorney, the budget office, the taxpayers, other departments or agencies, other governments at the state and/or local level, commercial banks, and private collection agencies are just a few of the many actors involved in the process. Intergovernmental fiscal ties, which are common in all federal systems, refer to "resource sharing" between the federal, state, and municipal governments. Fiscal federalism is implied by intergovernmental fiscal interactions. Allocating funds and other resources to the various levels of government is essentially what fiscal federalism is all about. Economic, political/constitutional, social, and cultural trends that have impacted the nature and character of intergovernmental relations have influenced the development of fiscal federalism in Nigeria.

On the other hand, fiscal decentralization provides a technique for putting these ideas into practice. A collection of rules or a conceptual framework known as fiscal federalism helps to create financial interactions between the national and sub-national levels of government. It is necessary to reach agreements between the various levels of government in order to guarantee fiscal balance within the context of macroeconomic stability. These agreements are known as fiscal federalism or intergovernmental fiscal relations in a federal organization⁷¹.

This is perhaps true in theory, but in practice there is some degree of decentralization in what is discernible in a federal state. Both terms are occasionally used interchangeably⁷².

The institutional structure a federal state has selected to foster relationships with other governments. Furthermore, it was asserted that the idea of administrative intergovernmental relations, which puts an emphasis on the connection between officials and administrative institutions, implies that the idea of intergovernmental fiscal relations is usually relevant in all circumstances. As a result, he defined intergovernmental fiscal relations as the process by which taxes are gathered and distributed among the units, and that is actually what a federal constitution is⁷³.

The distribution of revenue, a key aspect of administration in Nigeria, has a complicated historical background. Numerous commissions and committees have been established at various points in the history of Nigeria with the mandate to investigate various fiscal concerns and offer the best guidelines and formulae for allocating national funds in order to address the difficulties of the day.

These commissions include, but are not limited to, the Phillipson Commission (1946), the Hicks-Phillipson Commission (1951), the Chicks Commission (1968), the Raisman Commission (1958), the Binns Commission (1964), the Dina Interim Committee (1968), the Aboyade Technical Committee (1978), the Okigbo Commission (1980), the Revenue Mobilization Allocation and Fiscal Commission (1989), and various military decrees (revisions), particularly those from 1970, 1971, It is crucial to remember that all of the Commissions/Committees mentioned above were ad hoc in nature, with the exception of the Revenue Mobilization Allocation and Fiscal Commission (RMAFC), which was established as a formal, permanent organization to address fiscal issues on a more frequent basis as needed⁷⁴.

Revenue allocation refers to the distribution of revenue, or total income, via a business, corporate, or governmental structure. In order to effectively sustain an organization's profitability and operating structure, it frequently includes a complicated process of choosing how and where to channel profits. The fact that revenue allocation is not an exact science and might lead to dispute is one of the main issues with it. After all, the distribution of money is a hot-button issue, and it is uncommon to find two people who can agree on it. Of fact, there are many documented examples of people purposefully handling money improperly. Many people also mention financial corruption as being a component of careless revenue distribution⁷⁵.

The most divisive problems in Nigeria's fiscal federalism are now the distribution of revenue between the federal and other tiers of government. In light of this, Pauline Baker observes that the revenue allocation issue is vital to the nation's overall political stability and is not only a side issue. Fiscal issues go beyond economics' purview. They take on political, religious, and social dimensions in pluralistic societies⁷⁶. Even before independence, the political system in Nigeria has struggled with the allocation of revenue. Four fiscal review commissions were established between 1946 and 1960 to make recommendations for a suitable method of distributing the nation's revenues.

The Phillipson Commission was established by the colonial government of the nation in 1946. The Commission was tasked with creating the administrative and financial framework that would be used to implement the Richards Constitution. The Hicks-Phillipson Commission on Revenue Allocation was established in 1951 following the adoption of the Macpherson Constitution. In anticipation of the Oliver Lyttleton Constitution of 1954, the Chick Commission was established in 1953. In order to prepare

for the country's independence, the Raisman Commission was established in 1958. It should be underlined that the Raisman Revenue Allocation Commission's 1957–62 recommendations were the basis for the employment of a revenue allocation formula for the distribution of Federation Account revenues among the levels of government. The Raisman Commission also advocated for the creation of a Distributable Pool Account (DPA), which would be used to deposit a portion of federally collected funds for distribution to local or state governments.

In order to develop a fair revenue distribution formula for all levels of government in post-independence Nigeria, numerous fiscal review committees were established at the national level by various governments. The Binns Commission was established in 1964 and given the task of resolving the issues with the nation's revenue allocation by the civilian coalition government of Alhaji Tafawa Balewa and Dr. Nnamdi Azikiwe.

In 1968, the Interim Revenue Allocation Review Committee was founded by the military regime of General Yakubu Gowon and was presided over by Chief I.O. Dina, a permanent secretary in the old Western Region. The committee's primary mandate was to identify potential new revenue sources and make any changes to the current system of allocating revenue.

Furthermore, General Olusegun Obasanjo's military government established the Ojetunji Aboyade Technical Committee on Revenue Allocation in 1977. The Shagari administration, which succeeded Obasanjo, rejected the recommendations of this group on the grounds that it was too technical and impractical. The Shagari administration established a Presidential Commission in 1979 to create a revenue formula.

In order to ensure that all levels of government have enough resources to enable them to carry out their duties as outlined in the constitution, the commission was requested to examine the current system for allocating revenue among them. With the exception of 1988–1989, when Babangida established the Theophilus Danjuma Commission on Revenue Allocation, the military regimes of Generals Ibrahim Babangida and Sani Abacha routinely changed the previous revenue allocation formula without consulting anyone. The civilian government of Chief Olusegun Obasanjo made an effort to implement a revenue distribution formula for the nation.

However, section 162 sub-section (3) of the 1999 Constitution of the Federal Republic of Nigeria states that:

Any funds remaining in the Federation Account must be allocated to the federal, state, and local government councils in each state on the terms and in the ways that the National Assembly may specify.

The federal government has been heavily favored, which is evident in all the revenue allocation mechanisms used and the percentages allotted to each level of government as shown above. In other words, a huge amount of the federal government's revenue collection is allocated to it. An ex-civilian vice president, Dr. Alex Ekwueme, makes the following observation in light of this: "The massive increase in revenue accruing to the Federal Government and the unilateral decreeing as to how it would be shared between it and the States eroded the financial autonomy of States and enabled the Federal Government to venture into areas exclusive to or shared concurrently with the States."

The main result of the excessive lopsidedness of the income sharing system in Nigeria is that the federal government's position continues to improve in contrast to the sub-federal

levels' positions continuing to deteriorate. The relative contribution of each level of government in the Federation Account can be claimed without fear of disagreement to be one of the causes of the high turnover in revenue distribution principles and formula. Every level of government, especially the sub-federal governments, exclusively campaigns for formula reviews so that more funding can be given to them.

Commenting on the relative share of the federal government in federally collected revenue in the Federation Account, the Okigbo Commission on Revenue Allocation observed that:

'All of the memoranda and oral testimony the state provided pointed in the same direction, namely that the Federal Military Government received an excessive amount of money under the current income allocation plan. The states are now looking for a way out of the financial challenges that resulted from this. Only three of the 19 states with which we had negotiations agreed to give the federal government up to 50% of the Federation Account; the majority of the remaining 16 states, however, recommended a share of between 40 and 45%'.

As stated above, the majority of state governments suggested a much higher percentage for the federal government in the 1980s than they do today. The other sub-federal tiers are now fighting for a sharp decrease in the amount of revenue going to the federal government. For instance, all 36 governors of Nigeria separately and collectively denounced the proportion given to the federal government and recommended giving it 30% of the statutory budget instead. According to popular belief, the sub-federal governments suffer because the federal government has excessive power over resources. This is supported by the Supreme Court's ruling on the onshore/offshore dichotomy. There is flagrant violation of revenue allocation laws by the federal government to its advantage. Not all federally collected revenues are paid to the Federation Accounts for redistribution among the tiers of government.

Extra constitutional items like Dedication or Reserve funds, Priority projects, and government external debt servicing obligations receive a sizable portion of federally collected revenues. Chief Anthony Ani, a former Federal Minister of Finance who served under the late Sani Abacha, disclosed that in 1997, just 208 billion naira of the 452 billion naira in federally collected revenue were sent to the Federation Account. According to him, just 189 billion naira of the 424 billion naira that were collected in 1998 were distributed among the three levels of government. The theft and widespread corruption at the federal level are encouraged by the diversion of tax money. For instance, it was claimed that General Sani Abacha's dictatorship cheated the nation on several occasions. Since they only receive around half of what they are legally entitled to from the Federation Account due to the federal government's deceit, both state and local governments are still being shortchanged. Respected economist Adedotun Phillips notes that: "This situation resulted in an increase in the Federal Government's share of public expenditures." On the other hand, there was a terrible fall in state governments' involvement from more than 40% to less than 20% throughout the same time period. It expanded significantly from 52% in 1983 to 74% in 1995. The situation is made worse by the fact that all levels of government, especially state and municipal governments, rely on statutory allocations to survive.

Therefore, their development efforts are undoubtedly negatively impacted when there is a significant decrease in what they receive from the Federation Account. Central statutory allocations to the states typically make up more of their whole revenue than they do supplementing their internal revenues. In actuality, it is the main source of funding for the states. This merely highlights Nigeria's federalism's shortcoming, which is that the states

and local levels of government lack the essential measures to internally gather resources, abdicating their duties to the populace. It was corroborated by noting that.

Without a doubt, the meagre funds that are statutorily allotted to state governments have not encouraged any sense of fiscal responsibility on the part of state and local governments. In addition, the formula for allocating the revenue has not sufficiently provided incentives for these governments to fully utilize their other sources of income. They have actually discovered that focusing their efforts on trying to get bigger transfers from the money the federal government collects is more fruitful than trying to increase revenue internally⁷⁶.

In fact, the states' revenues have a limited room for increase, whereas their spending has a large room for expansion. A federal polity cannot survive in this kind of environment. So many states are publicly requesting financial support from the federal government, subordinating the constituent governments to the federal government. Long ago, Kenneth Where noted how this would affect the states: If state authorities find that the services assigned to them are too expensive for them to provide and if they request assistance from the federal government in the form of subsidies and grants, they will no longer coordinate with the federal government but will instead be subject to it. Federalism is put an end to through financial subordination.

Despite how diligently the legal forms are used, revenue must still be kept. Therefore, the constitution of a federation must grant both state and federal authorities the authority to access and manage the federation's substantial financial resources. Each must possess the authority to levy taxes and take out loans to pay for their own services independently.

The horizontal revenue approach is one of the problems with revenue allocation. This merely entails the proper procedures and guidelines to be followed when allocating central funds to the sub-federal governments. This has made the matter extremely divisive across the levels of government.

The Nigerian revenue allocation formula is based on two main principles for horizontal (inter-state and inter-local) distribution: first, equity principles, which include even development, national interest, continuity in government services, minimal responsibility of government, financial comparability, and primary school enrollment; and second, social factors, which include the minimum standard for the country, landmass, and terrain. The country's income sharing procedures prioritise equity over efficiency. Given that it is a common practice in many impoverished nations worldwide, this might not be unique. Although the efficiency and equality principles have been accepted by all the revenue allocation commissions so far described in this study, they have all received criticism for one or more of the reasons listed by the Aboyade Technical Committee. This committee revealed that;

Population has been characterized by illogical inconsistency and inequity, and derivation has done much to sour intergovernmental relations and undermine a sense of national unity. Furthermore, development has been analytically ambiguous, and it is not technically feasible to measure equality of status of states in any meaningful way⁷⁷. In Nigeria, no revenue formula has ever been accepted by all levels of government. According to Pauline Baker, the divisive revenue sharing issue in Nigeria is made worse by the following factors: a lack of agreement on the distribution criteria, a lack of

trustworthy socioeconomic data, the rapid rate of constitutional change, and the degree to which perceptions of regional ethnic dominance influence revenue distribution.

In fact, in the words of Adedotun Phillips: the main issue with revenue sharing between governments in Nigeria has traditionally been the model for the horizontal revenue sharing programme, which allocates income among states and regions⁷⁸.

Every area or state in the nation has argued since independence for the revenue-sharing policies that support its specific interest. The South-South or Niger Delta states are currently pushing for the derivation principle to be a key factor in the formula for allocating revenue.

Revenue allocation refers to the distribution of revenue, or total income, via a business, corporate, or governmental structure. In order to effectively sustain an organization's profitability and operating structure, it frequently includes a complicated process of choosing how and where to channel profits. The fact that revenue allocation is not an exact science and might lead to dispute is one of the main issues with it.

Money is a hot-button topic after all, and one rarely finds two people who can agree on how it should be distributed. There are, of course, many documented instances of people deliberately mishandling revenues. There are also many who talk of financial corruption contained in an element of irresponsible revenue allocation.

The most divisive problems in Nigeria's fiscal federalism are now the distribution of revenue between the federal and other tiers of government. In light of this, another scholar observed that the question of revenue allocation is not a side issue but a core one that is essential to the overall political stability of the nation. Fiscal issues go beyond economics' purview. They take on political, religious, and social dimensions in

multicultural countries. Even before independence, the political system in Nigeria has struggled with the allocation of revenue. Four fiscal review commissions were established between 1946 and 1960 to make recommendations for a suitable method of distributing the nation's revenues.

The Phillipson Commission was established by the colonial government of the nation in 1946. The Commission was tasked with creating the administrative and financial framework that would be used in the Richards Constitution. The Hicks-Phillipson Commission on Revenue Allocation was established in 1951 following the adoption of the Macpherson Constitution. In anticipation of the Oliver Lyttleton Constitution of 1954, the Chick Commission was established in 1953. In order to prepare for the country's independence, the Raisman Commission was established in 1958.

It should be underlined that the Raisman Revenue Allocation Commission's 1957 recommendations were the basis for the employment of a revenue allocation formula for the distribution of Federation Account revenues among the levels of government. The Raisman Commission also advocated for the creation of a Distributable Pool Account (DPA), which would be used to pay a portion of federally collected revenue to regional or state governments for sharing.

In order to develop a fair revenue distribution formula for all levels of government in post-independence Nigeria, numerous fiscal review committees were established at the national level by various governments. The Binns Commission was established in 1964 and given the task of resolving the issues with the nation's revenue allocation by the civilian coalition government of Alhaji Tafawa Balewa and Dr. Nnamdi Azikiwe.

In 1968, the Interim Revenue Allocation Review Committee was founded by the military regime of General Yakubu Gowon and was presided over by Chief I.O. Dina, a permanent secretary in the old Western Region. The committee's primary mandate was to identify potential new revenue sources and make any changes to the current system of allocating revenue.

Furthermore, General Olusegun Obasanjo's military government established the Ojetunji Aboyade Technical Committee on Revenue Allocation in 1977. The Shagari administration, which succeeded Obasanjo, rejected the recommendations of this group on the grounds that it was too technical and impractical. The Shagari administration established the Presidential Commission on Revenue Allocation in 1979, under the leadership of famous economist Dr. Pius Okigbo, in order to have a revenue formula to work with. The panel was asked to examine the current mechanism for allocating revenue among the levels of government with the goal of ensuring that all tiers of government have access to sufficient funding to enable them to carry out their constitutionally mandated duties.

With the exception of 1988–1989, when Babangida established the Theophilus Danjuma Commission on Revenue Allocation, the military regimes of Generals Ibrahim Babangida and Sani Abacha routinely changed the previous revenue allocation formula without consulting anyone. The civilian government of Chief Olusegun Obasanjo made an effort to implement a revenue distribution formula for the nation. The Federal Republic of Nigeria's 1999 Constitution, however, stipulates in section 162 sub-section (3) that any funds remaining in the Federation Account must be distributed to the federal, state, and

local government councils in each state on the terms and in the ways that the National Assembly may specify.

The federal government has been largely favoured, which is evident in all the revenue allocation mechanisms used and the percentages allotted to each tier of government as shown above. In other words, a huge amount of the federal government's revenue collection is allocated to it. A former civilian vice president, Dr. Alex Ekwueme, makes the following observation in light of this: The enormous increase in revenue accruing to the Federal Government and the unilateral decreeing as to how it would be shared between it and the states eroded the financial autonomy of states and enabled the Federal Government to venture into areas exclusive to or shared concurrently with the states. The principal effect of overbearing lop-sidedness of the revenue sharing system in Nigeria is the continued strengthening of the position of the federal government against the continued weakening of the positions of the sub-federal levels.

The relative contribution of each level of government in the Federation Account can be claimed without fear of disagreement to be one of the causes of the high turnover in revenue distribution principles and formula. Every level of government, especially the sub-federal governments, exclusively campaigns for formula reviews so that more funding can be given to them. The Okigbo Commission on Revenue Allocation noted the following in its analysis of the federal government's relative share of federally collected revenue in the Federation Account: Tax is a mandatory levy imposed by the government on people and businesses for the various legal functions of the state.

Taxes are the main source of income for local governments in Nigeria. In the meantime, taxation is an essential component of civilization. The history of man has demonstrated

that every man is required to pay taxes, whether they be in kind or currency, initially to his chieftain and then to a form of organized government. Without some level of financial independence, either a foreign nor domestic system or set of regulations can function effectively. Nigeria's local governments have grown over the years. Nigeria's local governments have used direct taxes since before the British pre-colonial era, according to historical records.

The revenue that accrues to local government is drawn from two major sources, namely the external sources and the internal sources, during this time period, community taxes were levied on communities recently. There is no point in disputing the reality that local governments profit greatly from internally generated money; providing access to clean water for residents in the local government region; building good roads for convenient transportation; the establishment of a community health center with all the necessary resources to lower mortality rates; provide free education to the local population to lower the rate of illiteracy; Community power supply stability Several of the issues affecting the creation of revenue in the local governments are those that can be corrected to improve their collection. A scholar believed that a solid tax base is crucial for municipal government. Real estate taxes will be challenging to calculate for a while due to a lack of skilled valuation employees. In recent years, there has been unjustified controversy around the progressive tax system. Additionally, the idea of a Native Authorities' Loan Authority (NALA) as a body to offer capital loans to the local government was floated.

For the sake of this study on IGR and the fiscal performance of Local Administrations in Osun state, the study worked closely with Two Local Government Departments to gather the required data. The first department that was understudied is the Finance department

where the researcher intends to investigate the administration of taxation and other functions that have to do with fiscal expenditure of local government's funds

2.1.7 Principles of Fiscal Federalism

The problem of devising an appropriate formula that is acceptable to all the regions/states emerged as soon as Nigeria accepted federalism in the early 1950's. Since then, several fiscal commissions/committees had been appointed to work out an equitable formula for sharing revenue among them. Many principles had been introduced and applied to revenue sharing among States consequent upon the commissions and committees highlighted earlier, yet the problem of equitable revenue sharing remain unresolved.

In Nigeria, certain basic principles are used for revenue allocation. They can be subsumed under three broad heading namely: (a) Derivation (b) Need and (c) National Interest/Even Development. Other, but with less emphasis are (i) population (ii) geographical peculiarities (iii) absorptive capacity, (iv) internal revenue efforts (v) equality of States (vi) continuity (vii) fiscal efficiency (viii) national minimum standards for national integration (ix) Land mass and (x) financial comparability⁷⁸.

Evidently, the general principles of fiscal federalism seemed to have informed the Nigerian experimentation with different principles dictated by the miscellany of historical exigencies and peculiarities of a developing political system. From Phillipson Commission (1946) through Rausman (1958) to Binn's (1964), the derivation and consumption principles were considered the most important factors while population was indirectly introduced as a means of allocating federal block grants to the regions.

Between 1947 and 1970 the two contending principles which guided revenue allocation in Nigeria were derivation and need, derivations having the advantage. The argument in support of derivation is often made for retention of the tax revenue generated by the area of origin. The derivation principle requires that the component units of a federation be able to control some of their preferences in their own way with their own resources on the other hand, the principle of need is based on the number of adult male tax payers. The Rausman Commission on revenue allocation widened the base of the principle of need to include such factors as population, basic responsibility of each regional government, the need for continuity in regional public service and the need for balanced development.

In 1970, as a result from the oil wind fall, the Federal Military Government of General Yakubu Gowon promulgated Decree No 3 which increased financial allocation to the Federal Government and reduced export duties that went to the States from 100% to 60%. The Federal Government also took over many functions of the State Governments like primary and tertiary education. From then on, the principle of derivation was gradually jettisoned. There is no gain saying the fact that the demand for resource control now is the extreme case of an indirect clamour for a return to the principle of derivation.

It should be noted that the various principles highlighted in the foregoing discussion are not mutually consistent. They are difficult to apply simultaneously. Therefore, tradeoffs are necessary in order to avoid conflicts. There is no doubt that the general principles of fiscal federalism appeared to have informed Nigeria's attempt at intergovernmental fiscal relations and the different principles have been dictated by a combination of historical, experiences, political, cultural and social factors. It is therefore apt to assert that the revenue allocation formula/principles in Nigeria is a phenomenon that appears to be in

permanent disorder. The adhoc and inconsistent revenue allocation principles adopted by various Nigeria governments partly explains the frequent creation or the need for new revenue allocation commission.

2.1.8 Decentralisation and Internally Generated Revenue

The United Nations conceived decentralisation refers to the transfer of authority on geographic basis, whether by deconcentration – i.e delegation of authority to field units of the same department or level of government, or by devolution of authority to local government units or special statutory bodies. This meaning is one given to the term in a number of countries and is useful for the purpose of this article.

Decentralization is any transfer of the authority to plan, make decisions and manage public functions from national level to any organization or agency at the sub-national level-devolution to legally established, locally elected political authorities, and deconcentration of administrative authority to representatives of central government agencies. Deconcentration is a limited form of decentralisation in which effective control over “allocative decisions” is decentralized⁷⁹.

First, it is pertinent to say that devolution as a dimension of decentralisation specifically applies more to federal systems particularly because of its inherent constitutional import. Second, delegation applies more to unitary system because a central government there in possesses primary and undisputed legal authority over the structure, powers, finances, servicing efforts of the subnational governmental units. It implies no arenas of state or local autonomy outside the sphere of control of the national government. Lastly, deconcentration can apply to all the three dimensions explained can apply in federalism.

The majority of the decentralization programmes are seen as attempts to decentralise the national government, rather than to establish a second-tier government – a subtle but significant distinction⁸⁰. In fact, as “decentralization within centralization” or decentralisation as a means of “recentralization” as one of the important features of the current interest in decentralization. It suffices to say that all systems are centralized or are unitary in practice. A common core of concepts is associated with decentralization even though its boundaries may not be specified with clarity. Many scholars use varying working definitions that contribute to our understanding of IGR and decentralization within an intergovernmental system.

2.1.9 Political Economy of Fiscal Federalism in Nigeria

The nature and conditions of the financial relations in any federal system is crucial to the continued existence of such system. Fiscal matters transcend the purview of economics. They have in most cases especially in plural societies like Nigeria assumed political, religious and social dimensions. The political economy of fiscal federalism confronts the power relations that underline the authoritative allocation of resources among the various tiers of the Nigerian federation. By the same logic, it deals with the outcomes of the allocative process and the conditions under which it breeds crisis.

Four interrelated factors can initiate or ruin a viable federation. These are the issue of political power sharing or representativeness especially at the center the problem of equitable employment to members of all sectors or all constituent units in the federation; location of industries or infrastructures and projects especially those funded by the federal government and the sharing of resources or what is known in Nigeria as revenue

allocation. Each of these four is related to the whole gamut of the political economy of federalism. Any lapse in one or more of these factors can mar any federal system especially a fragile federation with a dependent capitalist polity like Nigeria.

The debate on Nigeria's fiscal federalism and relations hinges on the fundamental question of who gets what of the national cake, when and how. This is fundamental given that Nigeria as a monolithic economy gets over 80% of its revenue from crude oil, by virtue of the constitutional provision, this revenue must be disbursed to the three tiers of government. It also explains why the formula for revenue allocation has continued to be at the heart of public debate and why public office holders are hardly held accountable for the misuse of revenues derived from the national oil wealth. It is obvious that the nature and conditions of the financial relations in any federal system of government is crucial to the survival of such a system. A major source of inter-governmental disputes under a federal system center on the problems of securing adequate financial resources on the part of the lower levels of government to discharge essential political and constitutional responsibilities⁸¹. In all federations, there are always constitutional wrangling or how resources should be shared among the constituent units since there are always poor and relatively rich units for instance, in Nigeria, the poor units/regions/states often prefer a re-distributive system of federal resource while the richer or more endowed States are in favor of more financial autonomy and revenue allocation based on the relative contribution of each constituent units to the federal purse.

By and large, the political economy of fiscal federalism strikes at the very basis of the existence of the Nigerian federation and the incessant clamor for resource control and the cacophonous calls for restructuring of the polity attest to the veracity of the argument that

the country's fiscal federalism is bedeviled by series of contradictions which need urgent attention to avoid a disintegration of the polity. The reforms in the national sharing of resources between 1967 and 1975 effectively neglected the politics of the dominant class because oil formed substantial revenue base of the country⁸². Therefore, it is the oil revenue that has brought about the current struggles over the control, access and distribution by various factors of the ruling class. The principle of derivation, if allowed to be the basis for determining revenue allocation, will unduly favour some parts of the federation at the expense of the others.

This explains the reason why a scholar posited that the Federal Government as the very vortex of power thus becomes the ultimate prize in politics and all attention shifted to the contest for access to power and the capacity to authoritatively allocate resource at the center. This centralization of power and resources is antithetical to true fiscal federalism. The concentration on oil revenue also militates against the improvement of other sectors of the economy. In Nigeria revenue allocation largely implies the allocation of oil revenue, therefore, oil is central to the politics of inter-governmental fiscal relations thus the contending forces over power and access to oil, extraction and accumulation of resources constitute the major conceptual issues that must be objectively confronted in seeking to understand the political economy of fiscal federalism in Nigeria.

2. 1.10 Internally Generated Revenue in Nigeria

IGR is the creation of "tangible" and "intangible" funds within the confines of one's entity. It is a combination of all non-governmental monetary accruals to the institution and may involve diverse strategies. This means that the funds used in effectively

transforming the institution's landscape were not borrowed or realized through direct Government intervention.

A prominent scholar in 'The Wealth of Nations' argued that defending the country and maintaining the institutions of good government are of general benefit to the public. It is then reasonable in this perspective that the population as a whole should contribute to the tax costs. It is also reasonable to demand certain other things of a tax system – for example, that the amounts of tax individuals pay should bear some relationship to their abilities to pay good taxes to meet four major criteria. They must be:

- (1) Proportionate to incomes or abilities to pay
- (2) Certain rather than arbitrary
- (3) Payable at times and in ways convenient to the taxpayers and
- (4) Cheap to administer and collect.

In modern public-finance literature, there have been two main issues: Who can pay and, who can benefit (Benefit principle). Public expenditure theory defines the legitimate areas of public concern as well as the permissible forms that policy may take. Moreover, as indicated above, public expenditure theory often contains its own theory of taxation in the sense that the expenditure decision rules define a set of taxes and transfers necessary to guide the market system to an optimum. Taxes contribute to the pursuit of efficiency and equity in these instances⁸³.

Public expenditure cannot be and should not be expected to increase in a smooth and continuous manner, but in jerks or in step-like fashion to accommodate special needs,

such as natural disaster, wars, epidemics, etc. These at once create the need for increased expenditure, which existing public revenue cannot meet. It is becoming extremely difficult for governments to execute developmental agenda without measures in place to guarantee revenue sources to finance the projects and programmes.

Internally Generated Revenue (IGR) is revenue generated internally apart from subventions, allocation, and grants from Governments. Every organization has various ways of enhancing her internal sources of revenue. For example, in the universities, student registration fees, rent of hall; rent of equipment, donations, dividends, interest, payment for transcript, payment for academic gown among others their sources of internal revenue. Internally generated revenues (IGR) are revenues or funds generated by states within the Nigerian federation, independent of their share of revenue from the federation account⁸⁴.

According to Section 162 subsection 10 of the constitution of the Federal Republic of Nigeria 1999 CAP. C23 L.F.N. 2004, Revenue means any income or returns accruing to or derived by the Government of the Federation from any source and includes - any receipt, however described, arising from the operation of any law; any return, however described, arising from or in respect of any property held by the Government of the Federation; and any return by way of interest on loans and dividends in respect of shares or interest held by the Government of the Federation in any company or statutory body.

IGR can be defined as the total amount of income that accrues to an organization (public or private) within a specified period of time. Revenue is a general term for all monetary receipts accruing from both tax and non-tax sources. Funds raised from tax and non-tax

sources as well as fees, grant and contributions constitute the live wire of the state government. State revenue comprise of receipt from taxation as well as those which are not the proceeds of taxation, but of either the realization from the sale of government properties or other interest and returns from loans and investment earning⁸⁵.

Local governments equally have such internal sources. For instance, Local government internal sources of revenue are avenues through which the local administrations generate money from their local territories. Internal revenue generation constitute a primary source of revenue accrued to the local government system in Nigeria. They are those funds which the local government alone is in full control. They are the sources of revenue which have been sustaining local government areas before and after the 1976 local government reform. Local government administrations usually fall back on their IGR when their statutory allocations are not forthcoming or are insufficient for service delivery. In fact, they are the traditional sources of revenue due for local government system in Nigeria⁸⁶.

IGR are the fund required by the government to finance it activities generated from different sources such as taxes, fines, fees, borrowings, etc. Revenue receipt include “routine” and “earned” income. For these reasons, revenue do not include borrowing and recovery of loans from other parties, but on the contrary includes tax receipts, donations, grants, fees, fines and so on.

IGR is the live wire of a local government, which implies that, the existence and sustenance of a local government area depends on their ability to generate sufficient revenue. Considering the fact that local governments have control over IGR, economic

development is made possible and faster. The current challenges of the three tiers of government in Nigeria is the dwindling level of revenue generation, mostly by the state governments and the absolute dependence on federal allocation which is tilted more in favour of the Federal Government, hence giving rise to annual budget deficits in the states and inadequate financial resources for meaningful growth and viable projects development⁸⁷.

Internally Generated Revenue (IGR) denotes the revenue that the federal, state and local governments generate within their respective areas of jurisdiction. IGR for State governments has also been described as revenues that are derived within the state from various sources such as taxes (pay as you earn, direct assessment, capital gain taxes, etc.) and motor vehicle license, among others. Economic development and sustainability of states in Nigeria depend on the ability of such states to generate revenue internally to supplement the revenue allocation from federation account. In other words, federal allocations are not sufficient to guarantee economic development of states and local governments, hence the emphasis on local generation of revenues to sustain the economy of the nation locally and at the federal level.

The following are sources of local governments Internally Generated Revenue in Nigeria:

- a) Rates, which include property rates, education rates and street lighting.
- (b) Taxes such as community, flat rates and poll tax.
- (c) Fines and fees, which include court fines and fees, motor park fees, forest fees, public advertisement fees, market fees, regulated premises fees, registration of births and deaths and licensing fees and

d) Miscellaneous sources such as rent on council estates, royalties, interest on investment and proceeds from commercial activities.

2.1.11 Decentralization and Fiscal Federalism in Nigeria

Decentralization within the state involves a transfer of authority to perform some service to the public, from an individual or any agency in central government to some other individual or agency, which is closer to the public to be served. The basis for such transfers is most often territorial, that is grounded on the desire to place authority at a lower level in a territorial hierarchy and thus geographically closer to service providers and clients. However, transfers can also be made functionally, that is by transferring authority to an agency that is functionally specialized.

A decentralized system involves the transfer of powers by a central government to sub-national units that exercise those received powers under the control and supervision of the central government that is transferring the powers to them. There are two categories of decentralization. The first category involves the mere transfer of authority to sub-national units with the central government retaining the power to make final decisions. The second category involves the decentralization of political power in which the central government transfers political, administrative and financial power to sub-national units which make decisions independent of the central government. For purposes of this study, the second category is adopted as the working definition whenever decentralization appears in this research⁸⁸.

Fiscal decentralization comprises of the financial aspects of devolution to regional and local governments. Devolution has been defined as a 'system of multilevel government

under which the Constitution creates two distinct and interdependent levels of government- the national and county that are required to conduct their mutual relations in a consultative and cooperative manner. The Kenyan High Court has also had the opportunity to pronounce itself on what is meant by devolution, thus:

Devolution as a form of decentralisation can be defined as the process of transferring decision-making and implementation powers, functions, responsibilities and resources to legally constituted, and popularly elected local governments known as Counties. The Constitution of Kenya, 2010 has established a multilevel system of government often referred to as a devolved system of government.

Fiscal decentralisation involves the devolution by the central government to local governments of specific functions together with the administrative authority and fiscal revenue to perform those functions. This is the aspect of decentralization that defines how and in what way expenditures and revenues are organized between and across different levels of government in the national polity. This is in line with the principle of financing counties, that is, funds must follow and match functions. Fiscal decentralization is therefore defined as the 'transferring of the authority of tax collection or expenditure from the national level to sub-national units for the purpose of attaining more efficient public services aimed at improving the public welfare of residents.

Fiscal federalism revolves around four cardinal principles, which can conveniently form the basis of our nation's revenue allocation criteria: a) the need to delegate fiscal powers to enable each component part of the federation achieve a measure of fiscal autonomy. This principle recommends the derivation principle for revenue allocation; b) an

allowance for fiscal diversity to allow each of the federating units to develop at its own pace. This suggests the internal revenue/independent revenue criterion; c) the achievement of reduction in State and local differences in tax capacity or service levels, thereby fostering a measure of even development. This supports the equality criterion; d) the need to ensure a minimum of essential public services in each locality. This gives rise to the need/national interest criterion⁸⁹.

2. 1.12 Local Government Internally Generated Revenue

Brief attention to the definition and features of IGR is therefore appropriate, if not mandatory. Intergovernmental Relations (IGR) is intended to “designate an important body of activities or interactions occurring between governmental units of all types and levels within the federal system”. This implies first and foremost, that IGR occurs only within the federal system – but this is not necessarily so, because federalism should be the context, not the totality of IGR. More so, when IGR encompasses more than is usually conveyed by the concept of federalism where the emphasis is chiefly on national state relationships with occasional attention to inter-state relationships⁷⁸. IGR recognizes not only national-state and interstate relations, but also national-local, state-local, national-state-local and inter-local relations. The theory and practice of federalism in the USA for example have experienced continuous evolution and change during the two centuries of its existence. The form and extent of those changes gave impetus to the emergence of a new concept that attempt to accommodate some of the perceived inadequacy of the term federalism. The new concept was IGR. The term IGR originated

in the 1930s and evolved to encompass several facets of governance that are different from, but supplementary to federalism. Among the features of IGR that set it apart from federalism are: prominence of policy (rather than mainly legal) issues; inclusion of all governmental entities local units in addition to national-state (federal) relations; importance of official attitudes (perspectives) and actions; regular, continuous day-to-day interactions among officials; and inclusion of all types of public officials – especially administrators in addition to elected officials.

IGR includes as proper objects or study all the permutations and combinations of relations among the units of government. “It is human beings clothed with office who are the real determiners of what the relations between units of government will be”. The asserted that, individual interactions among public officials are at the core of IGR. In this sense, it could be argued that federalism deals with the anatomy of the system, whereas IGR treats its physiology. Although, unitary forms of government allow for little or no semi-autonomous local units of government, IGR is not restricted to only federal system, and therefore, not a substitute to federalism. The scholar goes on to argue that IGR is the continuous day-to-day pattern of contacts, knowledge, and evaluations of government officials. A major concern is with the informal as well as with the formal, the practices as well as the principles, pursued in both competitive and cooperative inter-jurisdictional patterns a reminder of the formal, legal, institutional context within which those relationships originate and flourish. IGR refers to a significant domain of political, policy and administrative actions by public officials. It involves integration of resources and joint use of power in a mutual effort to resolve the nation’s social and economic challenges. It has also to do with the leverage which each government is able to exercise

on other governments in influencing the design and delivery of government programmes and services⁹⁰.

To begin with, concept explication and clarification have their uses; but they also have limits. There is much more to be said about the realities, practices and problems of IGR. This is an era when the management of IGR is a matter of major moment. It was observed that “The federal system is too important to be left to chance”. His book can be seen as an effort to critique and reconstruct the organisational philosophy undergirding effective IGR action. The mood of this paper moves toward a similar conclusion that IGR achievements hinge on coping successfully with complexity⁹¹. Thus, complexity is an inherent and persistent characteristic of the several features of IGR. An intrinsic linkage between decentralisation and IGR is that accomplishments in IGR arena depend on the successful management of complexity – hence the need for decentralisation. Thus, decentralisation is a way of managing IGR in order to make it more efficient and effective. As the nation grew, it became apparent that not all decisions could be made at the top. Rapid increases in organisational size and complexity resulted not only in decentralisation but also in an emphasis on both the line item budget to ensure accountability and the position classifications and elaborate task descriptions to improve the manager’s capacity to control the organisation⁹². We have had a state-centred variety of IGR, arising from the need of the central government to rely on the states as its primary implementing agents and to achieve state cooperation if almost any of its functions were to be discharged successfully decentralisation serves this purpose.

An obvious connection exists between decentralisation and IGR, but there is a subtle distinction that revolves around the all-inclusiveness of IGR and the apparent more

circumscribed focus of decentralisation on functional processes. Decentralisation is the portion of IGR that emphasizes the goal – achievement component of these relationships. Decentralisation involves focusing on intergovernmental tasks while recognising the importance of and operating within the structural legal, political and technical context of IGR. Whereas IGR identifies who the sectors are in the system and how the related decentralisation is action-oriented, connotes action, problem solving, and reform of the IGR “system” to make it more “manageable”. IGR, its origins, as Wright points out, is still obscure. The first scholars to use the word, decentralisation in describing the drastic changes in the administrative, programmatic, and funding relations between and among the federal government, the states, and their localities submitted that there always have been IGR in large governmental systems, since interactions among governments always exists in such system. There are IGR in unitary systems, despite the fact that a central government therein possesses primary and undisputed legal authority over the structure, powers, finances, servicing efforts of the sub-national governmental units. There are even IGR in authoritarian or totalitarian regimes, despite their centralization of all political and governmental powers at the center. Moreover, there are IGR in federal system whose public functions and finances are fairly clearly separated by governmental system where they are subnational or constituent governmental units⁹³.

The extent that decentralization programmes facilitate substantial progress toward the integration of service delivery systems through collocation of service units, cross programme staffing oriented toward multi-problem clients, shift in administrative authority over service delivery system from the state to the district level and to some extent from programme specific to generalist managers and improved quality of services,

decentralization is complementary and only intrinsically linked to IGR. Suffice to say that, decentralization tends to help in increasing both the effectiveness and efficiency of IGR on administrative system⁹⁴. Based on other analysis of the historical stages of IGR – cooperative, concentrated, creative stages and the current stage of competitive IGR one can talk of conflict and complexity inherent in it which consequently warrants the need for effective decentralization.

However, recognition must be accorded to the difficulty in specifying precisely the dimensions of the dichotomy between decentralization and IGR within an administrative system. While it is possible to say that decentralization is not a substitute to IGR, they are not clearly separable they are mutually exclusive as the one reinforces and enhances the effectiveness and efficiency of the other and vice versa. But whether or not programmes concerned actually meet this objective is, of course, another question. This is at least present in the rhetoric which accompanies the introduction of most decentralization programmes. This is probably because reasons for encouraging decentralization are usually complex, include both reasons clearly stated and openly debated, and implicit reasons, which are more difficult to identify and discuss. As scholars illustrated using the phrase “picket fence federalism”, emphasize was laid on the fragmented (complex) and competitive nature of federal involvement in local community affairs.

It is evident that since the local government elections are organized by the State governments through the State Independent Electoral Commission, they will manipulate them and ensure that their party wins all the elections. President Goodluck Jonathan gave strength to this when he openly declared that the way the Governors are handling

elections in their states with the State Independent Electoral Commissions, where opposition parties hardly win even councillorship elections.

In some cases, the State governments decided not to hold Local government election so that they will manipulate the appointment of those elected. A state like Anambra has not conducted Local Government election since the inception of this present democratic dispensation that began in 1999 and this has not only affected the psyche of the local people but also erased grass root development, sensitization and political culture⁹⁵.

Although, Section 162(6) provides for a State Joint Account, the provision gives the State enough elbow room to manipulate the Councils at their behest. In most cases, the exact amount paid into the Joint Account by the FG is not known to the Chairmen, and they are not paid what is due them from the Federation Account. Considering the nature of politics which does not respect the norms of struggle for power, the Chairmen can hardly ask question. They are contented with whatever is given to them, as asking questions may deprive them of the needed resources to be siphoned. After all, their appointment and election were based on the benevolence of the governor.

In the same vein, Section 162(7) provides that: The House of Assembly of a state shall make provisions for statutory allocation of public revenue to the local government councils within the state. This relevant section of the constitution which should have given enough money to the Councils for grassroots development is flippantly violated. The aftermath is that most communities are allowed to wallow in neglect and backwardness. Even Section 7(3) which empowers the local government Council to participate in economic planning and development is abandoned. As far as this status quo

remains local government transformation may be a mirage. As the major players continue to benefit from this decadence, grassroots development will be difficult.

Nigerian local governments today are deprived of their representative institutions and are being shorn of their functions while declining in manpower and fiscal resources. The hope which accompanies the reform of the early 1950s has been dashed.

The extent of success of national development is essentially dependent on the profundity of development at the rural level, and the extent, local government Councils would serve as a training ground for democratic practice. This therefore, requires the freeing of the Councils from the political grip of the State through Section 162(6). The Councils must be presided over by competent and elected leaders whose allegiance to the people must be sacrosanct and irrevocable.

We cannot realize the full benefit of democratic government unless we begin by the admission that the problems are not the central problems and that the results of problems not central in their incidence require decision at the place and by persons, where and whom the incidence is most deeply felt. The words of Laski try to inform us that the problems of the rural dwellers differ and are to be tackled on the strength of the problem⁹⁶.

On statutory allocation, Nigeria's 1976 local government reforms made provisions for a fixed proportion of statutory allocation of revenue from the federal government to local government councils. This was as a result of recommendations of the Abovade Revenue Commission of 1977. Section 162 (6) of the constitution of the Federal Republic of Nigeria 1999 CAP C23 L.F.N. 2004 stipulates that 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. The funds will then be disbursed to the local government councils of the State on such terms and in such manner as may be prescribed by the House of Assembly of the State.

The capacity of local government to generate revenue internally is one very crucial consideration for the creation of a local council. As presently contained in the 1999 constitution, local governments receive 20 percent of the federation account. In addition, proceeds from the Value Added Tax (VAT) are also allocated to them.

The Revenue Mobilization Allocation and Fiscal Commission (RMAFC) that is charged with the responsibility of allocating revenue to the three tiers of governments was established to monitor accruals to and the disbursement of revenue from the Federal Account and reviewing, from time to time, the revenue allocation formulae to ensure conformity with changing realities. Presently, the sharing formula stipulates that the federal government is to be given 52%, the states shall go with 26% while the local governments are given 20%. This is excluding the 13% derivation which the oil producing states have to share⁹⁷.

The constitution of the Federal Republic of Nigeria 1999 CAP C23 L.F.N. 2004 specifically states the types of internally generated revenue that are exclusive to the local government councils. Prominent among these revenues are:

(a) Collection of rates, radio and television licenses;

- (b) Establishment and maintenance of cemeteries, burial grounds and homes for the destitute or infirm;
- (c) Licensing of bicycles, trucks (other than mechanically propelled trucks), canoes, wheel barrows and carts;
- (d) Establishment, maintenance and regulation of slaughter houses, slaughter slabs, markets, motor parks and public conveniences;
- (e) Construction and maintenance of roads, streets, street lightings, drains and other public highways, parks, gardens, open spaces, or such public facilities as may be prescribed from time to time by the House of Assembly of a State;
- (f) Naming of roads and streets and numbering of houses;
- (g) Provision and maintenance of public conveniences, sewage and refuse disposal;
- (h) Registration of all births, deaths and marriages;
- (i) Assessment of privately owned houses or tenements for the purpose of levying such rates as may be prescribed by the House of Assembly of a State; and
- (j) Control and regulation of - Out-door advertising and hoarding, movement and keeping of pets of all description, shops and kiosks, restaurants, bakeries and other places for sale of food to the public, laundries, and licensing, regulation and control of the sale of liquor⁹⁸.

Local government growth has been found not to be too effective in Nigeria and its ineffectiveness has been traced to many factors, which include neglect from the

central government. It was further said that these problems led the local governments into a vicious circle of poverty, because inadequate functions and powers lead to inadequate funding, which results in the employment of low skilled and poorly paid staff. Moreover, due to maladministration and employment of low skilled staff in the local government, internal revenue generation has suffered a serious set-back⁹⁹.

Revenue in the local governments is seriously under-generated. This is as a result of the inability of the local government to have knowledge or understanding of the behaviour and characteristics of internally generated revenue through adequate modeling. States and local governments have continued to demonstrate total lack of interest in improving their lots towards improved revenue generation by preferring to use consultants to administer taxes, rather than modernizing their tax systems for enhanced revenue yield, and less dependency on allocation from the Federation Account. The preference for tax consultants in the collection of revenues negates the ongoing reforms in the country's revenue generation system¹⁰⁰.

The causes of poor internally generated revenue are lack of adequate resources such as vehicles and personnel for Mobilizing IGR at local government levels. The potential sources of IGR at each local government are not efficiently tapped and the citizens expected to be payers of taxes, rates and other charges lack the will due to their lack of confidence in the system.

2.1.13 Taxation and Tax Incentive

Tax is a compulsory levy imposed by the government (federal, state or local) on individuals, group of individuals, corporate residents and other legal entities. The taxpayer is under every obligation to pay the assessed amounts, since default or evasion attracts legal sanctions. Assessment of tax is based on the legal description of the object of taxation, say income, which is called the tax base. Taxes are very important sources of government revenue as well as a vital instrument of resource transfer from the private to the public sector of the economy. Taxation is said to serve all the five functions of government, namely; allocative, distributive, regulative, coordination and stabilization functions. The allocative function of taxes includes both the allocation between public and private uses of resources; and allocation between investment and consumption.

The distribution function of taxes derives on their ability to correct inequality or bridge existing resource imbalance in the economy. Progressive taxation, for instance, aims at making the rich pay more or surrender more income than the poor. Taxes on wealth aim also at reducing the rich-poor gap. The extent of successful distribution or redistribution is a function of the tax rates and their progressiveness. There is no doubt nonetheless that taxation reduces the gap between the absolute levels of income between the high and low-income groups. Governments use taxes to influence and control economic behavior where the type of tax used bears on the regulatory objective¹⁰¹.

Despite the compelling necessity to pay tax, Nigerians are compliance intolerant as the nation is behind in the provision of social infrastructures such as good roads, efficient health care system, stable electricity supply and others. Recently the International Monetary Fund (IMF) recommended that Nigeria can widen her tax base by removing

exemptions, rationalizing tax incentives towards strengthening tax compliance and raising VAT rate.

The ease of doing business depends on a sum total of availability, accessibility to and spending on socio-economic infrastructure (education, health, electricity, transportation, etc.) and macroeconomic predictability (interest rate, inflation, and exchange rate) coupled with system of tax obtainable and which must be business friendly.

Taxation can contribute to development and welfare through three sources; it must be able to generate sufficient funds for financing public services and social transfers at a high level of quality, it should offer incentive for more employment and for an efficient and lasting use of natural resources, finally it should be able to reallocate income. But in the case of SMEs, tax must be imposed in such a way that puts their income and need for survival into consideration. It is expedient that enough profit is allowed them for the purpose of expanding their businesses. The tax policy must be one that will not encourage SMEs to remain in the informal sector or to evade or avoid tax payments¹⁰².

2.1.14 Capital Expenditure

Capital expenditure is not an admissible expense in earning profits. However, capital expenditure often results in the creation of non-current assets, like plant, machinery, building etc. which are used mainly for the purpose of generating profits. It is therefore reasonable to grant relief for the purposes of taxation in respect of these items on which expenditure has been incurred. Special allowances usually referred to as capital allowances provide this form of relief. When a fixed asset is put into use by a business entity, its value gets eroded due to physical wear and tear. The passage of time can also

lead to obsolescence. Capital allowance as that which is granted on tangible non-current assets in lieu of depreciation. With exception to Research and Development, other intangible non-current assets are not regarded as qualifying for the purpose of capital allowance. Capital allowance as that which is granted on tangible non-current assets in lieu of depreciation¹⁰³.

Capital expenditure is not an admissible expense in earning profits. But capital expenditure often results in the creation of fixed assets, such as plant or machinery, building etc. which are used for the purpose of earning profits. It is only therefore reasonable to give relief for the purposes of taxation in respect of these items of expenditure. Special allowances usually referred to as capital allowances are designed to provide this form of relief. When a fixed asset is put into use by a business, its value gets eroded as a result of physical wear and tear, the passage of time or as a result of obsolescence. Moreover, income tax laws supported and strengthened by accounting practice, do not allow the cost of creating these assets as direct debits or charges against the profit of the business. It therefore becomes reasonable for the taxpayer to set aside some portions of the profit annually with which to replace the asset in question once its usefulness has expired. The setting aside to the profit and loss account portions of the cost of a fixed tangible asset to those periods benefiting from the use of the asset is referred to as depreciation. In the absence of such a charge the amount of profit shown by the accounts would be overstated by the need to make good periodically the wear and tear on or obsolescence of the asset used. This apart, depreciation charge ensures that the resources necessary for the replacement of fixed assets are retained in the business.

The amount provided for in the Profit and Loss Account of a business for the depreciation of fixed asset is to some extent subjective because it is a product of the influence of experience, the nature of the business and other factors peculiar to the business. Hence the rate of depreciation for a fixed asset varies from business to business. A business, for instance may decide to write-off the cost of a plant in five years while another business having a similar plant in a similar establishment and in the same locality may write-off in fifteen years. To overcome this problem, income tax laws disallow depreciation charges as expenses against taxable profit and instead substitute for them with a series of capital allowances at regulated rates. Thus, capital allowances are granted in lieu of depreciation as allowable deductions in arriving at the chargeable income of a business.

Capital allowance is an allowance granted to tax payer on his/its qualifying capital expenditure. Capital allowance is granted to the owner of asset, wholly, exclusively necessarily and reasonably for the purpose of business. Capital allowance as a form of relief that is granted to any person who incurred qualifying capital expenditure during a basis period in respect of assets in use for the purpose of trade or business at the end of the basis period. The following are considered as the features in his literature as capital allowance: (i) It is calculated using standardized statutory rates, (ii) the method of application is uniform and consistent to all tax payers (individual and companies, (iii) equal amount would be claimed by different tax payers provided that the assets acquired were required on the same day and circumstances. Also, the cost and date of use and other related matters are expected to be the same, and (iv) the same set of rules applies to tax payers. Granting capital allowance to individual or company must obey certain

conditions as: (a) Expenditure must have been incurred on the asset, (b) the asset must be owned by the person or company making the claims, (c) the asset must be used for the purpose of a trade, business, profession or vocation generating taxable profit, (d) the asset must be in use at the end of the relevant accounting year, periods of temporary dis-use are ignored, (e) a claim must be made in writing by the taxpayer before it can be granted¹⁰⁴.

Capital allowances are given in respect of certain types of expenditure referred to as qualifying expenditure. According to tax acts, qualifying expenditure consists of the following: qualifying building expenditure, qualifying industrial building expenditure, qualifying mining expenditure, qualifying plant expenditure, qualifying furniture and fitting expenditure, qualifying plantation expenditure, qualifying agricultural expenditure, qualifying public transportation motor vehicle expenditure, qualifying Public transportation (intercity) new mass transit coach expenditure, and qualifying expenditure incurred before commencement of business.

2.1.15 Concept of Financial Performance

Measures of financial performance take a variety of forms. These measures differ from each other on several dimensions, and many issues concern the choice of which particular financial measures to employ. For example, measures may be absolute (profit/sales), return-based (profit/capital, profit/equity), internal (profit/sales), external (market value of the firm), a level for a single period (one year), mean or growth rate or variability (measures of central tendency and dispersion). With the use of mean, deviation or trend, they introduced firm survival as one of the indicators of the effect of tax incentives, which was considered to be a very important stimulus to industrial development. This is a

simple and effective way of improving the commercial profitability of and cash flow from investments such that incentives are made available to companies within the exemption period. Tax incentives help to increase the profit prospects of a new venture and enable a firm to recover its capital costs more quickly¹⁰⁵.

That notwithstanding, the costs recovered would eventually lead to reduced risks of investment, a quick build-up of the firm's assets and capital for re-investment. Investment tax credit is earned when qualifying new buildings and equipment are purchased by a manufacturing firm. The credit could be used to off-set government tax in the future, thereby reducing the cost of capital and offsetting federal tax. This eventually impacts on the cash flow of the firm that is used to evaluate growth potentials of any organization. Tax incentive is granted for the purpose of enhancing business performance of the companies.

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. It is the process of measuring the results of a firm's policies and operations in monetary terms. It identifies the financial strengths and weaknesses of a firm by establishing relationships between the items of the financial position and income statement. The term is also used as a general measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. There are many different ways to measure firms' performance, but all measures should be taken in aggregation. Line items such as revenue from operations, operating income or cash flow from operations can be used, as well as total unit sales. Quantitative measures of firm performance include profitability measures such as gross margin, net margin for

example return on sales, return on equity economic value added, return on equity less cost of equity and return on capital employed. Other measures of performance include cash flow measures such as free cash flow over sales and growth measures for example historical revenue growth¹⁰⁶.

Financial performance is the application of organized methods of science in analyzing of profitability and financial strength of any business organization. The concept financial performance has attracted noticeable concern of scholars in diverse aspects of business and strategic management. The subject has also attracted the interest of business dealers and practitioners in all organizations around the world because financial performance has been a typical indicator of a firm's high performance as it reflects the firm's effectiveness and efficiency in managing their operations and their positive contributions to the well-being of their stakeholders.

Performance has been defined as the end result of activity, and the appropriate measure selected to assess corporate performance is considered to depend on the type of organization to be evaluated and the objectives to be achieved through that evaluation. Performance measures can be grouped into two basic types: those that relate to results (outputs or outcomes such as competitiveness or financial performance) and those that focus on the determinants of the results (inputs such as quality, flexibility, resource utilization, and innovation). This suggests that performance measurement frameworks can be built around the concepts of results and determinants¹⁰⁷.

The problems with these measures are well known. Accounting returns include depreciation and inventory costs and affect the accurate reporting of earnings. Asset

values are also recorded historically. Return of total assets (ROA) is the ratio of net income after taxes divided by total assets and reflects how well management uses the firm's real investments resources to generate profit. Return on assets indicates how profitable a business is relative to its assets. Return on assets must be positive and the standard figure for return on assets is 0% -2%. The higher the ROA the better because the business is earning more money on the capital invested. ROA takes into consideration the return on investment (ROI) and indicates the effectiveness in generating profits with its available assets.

Return on equity (ROE) is a frequently used variable in judging top management performance, and for making executive compensation decisions. ROE is defined as net income (income available to common stockholders) divided by stockholder's equity. Return on equity (ROE) indicates the return on owners' equity, hence the higher the better. Earnings per share (EPS) indicate the dollar amount earned on behalf of each common share, thus the higher the better. Price/earnings (P/E) ratio is the amount investors are willing to pay for each dollar of earnings, that is indicates investors' confidence. Liquidity is also a measure of financial performance. Liquidity measures the ability to meet financial obligations as they fall due without disrupting the operations of the firm.

Traditionally, the measurement of a firm's performance usually employs the financial ratio method, because it provides a simple description about the firm's financial performance in comparison with previous periods and helps to improve its performance of management. The measures of firm performance are usually ratios fashioned from financial statements or stock market prices, such as industry-adjusted operating margins

or stock market returns. It is assumed that profit maximization causes the efficient allocation of resources under the competitive market conditions, and profit is considered as the most appropriate measure of a firm's performance. The key measure of a company's financial performance is its profitability. Thus, ratios of financial efficiency in this respect focus on the relationship between profit and sales and profit and assets employed. Second, the company's financial performance may be assessed in terms of the value of its shares to investors.

Ideally, forward-looking measures such as expected profitability, cash flow and growth should be used to measure a firm's performance. Management researchers prefer accounting variables as performance measures such as return on equity (ROE), return on investment (ROI), and return on assets (ROA). Other common measures of performance include Earnings per share (EPS); Price/Earning (P/E) ratio and net interest margin (NIM). The NIM variable is defined as the net interest income divided by total assets. Net interest margin and before tax profit/total assets is used as measures of financial performance. Earlier studies typically measure accounting rates of return. These include: Return on Investment (ROI), return on capital (ROC), return on assets (ROA) and return on sales (ROS). The idea behind these measures is perhaps to evaluate managerial performance-how well is a firm's management using the assets to generate accounting returns per unit of investment, assets or sales¹⁰⁸.

Organizational performance is concerned with the overall productivity in an organization in terms of stock turnover, customers, profitability and market share. When corporate profitability increases, the earnings from the production and operation would be much, and the company has more funds to return the due debt. Profitability refers to the

profitability level of enterprise production and management. The more corporate profitability is, the more profits a firm gets from the production and operations, the abler to guarantee of debt due for repayment. The amount of profit can be a good measure of performance of a company. Profit is used as a measure of financial performance of a company as well as a promise for the company to remain a going concern in the world of business highlights performance measurement as one of the tools which helps firms in monitoring performance, identifying the areas that need attention, enhancing motivation, improving communication and strengthening accountability¹⁰⁹.

It is widely believed that firm growth and profit rates are related to each other. There are a number of theoretical claims that growth rates have a positive impact on profit rate. Firm growth could lead to an increase in firm size resulting to larger firms which could benefit from economies of scale and in turn enhanced profits. Sales growth shows the rate of increase in a company's sales per share, based on several periodic time periods, and is considered the best gauge of how rapidly a company's core business is growing. Cash flow tells you how much cash a business is actually generating in its earnings before depreciation, amortization, and noncash charges. Sometimes called cash earnings, it's considered a gauge of liquidity and solvency¹¹⁰.

2.1.16 Development

Development means “improvement in country’s economic and social conditions”. More specially, it refers to improvements in way of managing an area’s natural and human resources. In order to create wealth and improve people’s lives. The Nobel prize–winning economist Amartya Sen has twice changed our thinking about what we mean by

development. Traditional welfare economics focused on income as the main measure of well-being until his 1980's work that showed that poverty involved a wider range of deprivations in health, education and living standards which are not captured by income alone.

This is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. The primary objective of sustainable development is to reduce the absolute poverty of the world's poor through providing lasting and secure livelihoods that minimize resource depletion, environmental degradation, cultural disruption and social instability. It is also the ability of the environment to continue to function properly indefinitely. This involves meeting the present needs of humans without endangering the welfare of future generations. The goal of environmental sustainability is to halt environmental degradation. An "unsustainable situation" occurs when natural capital (the sum total of nature's resource) is used up faster than it can be replenished. Sustainability requires that human activity only uses nature's resources at a rate at which they can be replenished naturally. Inherently, the concept of sustainable development is undermined with the concept of carrying capacity⁷⁸. This is a pattern of resource use that aims to meet human needs while preserving the natural environment so that these needs can be met not only in the present, but in the indefinite future. The term was used by the Brundtland Commission which coined what has become the most often quoted definition of sustainable development as development that "meets the needs of the present without compromising the ability of the future generation to meet their own needs". The field of sustainable development can be

conceptually broken into three constituent parts: Environmental sustainability, economic sustainability and social-political sustainability

A scholar developed the “capability approach,” which defined development as a tool enabling people to reach the highest level of their ability, through granting freedom of action, i.e., freedom of economic, social and family actions, etc. This approach became a basis for the measurement of development by the HDI (Human Development Index), which was developed by the United Nations Development Program (UNDP) in 1990. He subsequently introduced the Multidimensional Poverty Index, which also aims to measure development in a broader sense. In 1999 Sen moved the goalposts again with his argument that freedoms constitute not only the means but the ends in development¹¹¹.

Development is a process that creates growth, progress, positive change or the addition of physical, economic, environmental, social and demographic components. The purpose of development is a rise in the level and quality of life of the population, and the creation or expansion of local regional income and employment opportunities, without damaging the resources of the environment.

Mainstream economics has had a difficult time explaining how economic and social systems evolve to create this capacity; and, in particular, our economic models have struggled to explain why some countries have experienced rapid economic growth while others have not. Development is an emergent property of the economic and social system, in much the same way that consciousness is an emergent property of the brain.

Development as a concept is a victim of definitional pluralism; attempts have been made by scholars to conceptualize national development. Some of these definitions will be

explored for the purpose of this study. A scholar defined national development as the improvement of a country's productive capacity through changes in social attitude, values and behavior and finally, changes toward social and political equality and eradication of poverty. Another view refers to national development as a phenomenon that embraces a whole nation, it is the overall development or a collective socio-economic, political as well as religious advancement of a nation¹¹². This is best achieved through development planning, which can be described as the country's collection of strategies mapped out by the government. National development is the ability of a county or countries to improve the social welfare of the people by providing social amenities like quality education, potable water, transportation infrastructure, medical care.

An opinion captures national development as an idea that embodies all attempts to improve the conditions of human existence in all ramifications. It implies improvement in material wellbeing of all citizens, not the most powerful and rich alone, in a sustainable way such that today's consumption does not imperil the future, it also demands that poverty and inequality of access to the good things are drastically reduced. It seeks to improve personal physical security and livelihoods and expansion of life chances. It was believed that national development involves not only economic growth, but some notion of equitable distribution, provision of health care, education, housing and other essential services all with a view to improve the individual and collective quality of life. Another scholar describes national development as the capacity of political systems to initiate and domesticate positive changes, including meeting basic needs, democratization and social justice as well as becoming increasingly less dependent on international capitalism¹¹³.

National development is not only an economic exercise, but involves both socioeconomic and political issues and pervades all aspects of societal life.

2.1.17 Local Government and Development

The concept of local government throughout the world over the ages appears quite dynamic and fragile to define. However, the United Nations division of Public Administration defined local government as a political sub-division of a nation or in a federal system state which is constituted by law and has substantial control of local affairs including the power to impose taxes or to exert labour for prescribed purposes (socio-economic advancement). In another vein, it was defined as the government by popularly elected bodies charged with administration and executive duties in matters concerning the inhabitants of particular district or place. In the various definitions by scholars and practitioners, it can be subsumed as a government at the grassroots level of administration meant for meeting peculiar grassroots needs of the people. This is why it has been aptly defined as the lowest unit of administration to whose laws and regulations, the communities, who live in a defined geographical area and with common social and political tiers, are subjects.

Development as a concept is popular in policy and scholarly circles but in spite of its popularity, there is scarcely a universal consensus on what it precisely is. Instead, its meaning is tainted with subjective and normative biases. From earliest times, in view of a scholar's conception, man found it convenient and necessary to come together in groups to hunt for the sake of survival and improved standard of living. More often than not, the

term development is used in an exclusive economic sense and the justification being that the type of economy is itself an index of other social features.

The concept of development is perhaps the most topical issue of the present century as every nation strives after improved living from their present state. Instructively however it was asserted that development should be perceived as a multi-dimensional process involving the re-organization and re-orientation of entire economic and social systems. Scholars from different disciplines variedly defined it, but for the purpose of this study, it is conceptualized to reflect the process through which the various faculties of man develop to actualize his various aspirations of development which include socio, economic, political, and cultural among others⁸⁰. Another scholar succinctly argues that development encompasses the multifarious and multi-factorial process through which a given society is moving towards the achievement of what the people living in it consider as being the condition for the happiness, of their freedom and their self- actualization as human beings. This requires, undoubtedly, a minimum of physical and human resources, as well as the setting up of machineries (economic, political, social etc) for the development and more efficient management of these resources, as well as the equitable redistribution of the benefits among all members of the society. While another scholar agreed that it is best viewed as a “physical reality and a state of mind in which society has, through some combination of social, economic and institutional process secured the means of obtaining better life”.

In *Poverty and Development in the 21st Century*, it was explained that three ways ‘development’ is used are: vision; a vision or description of how desirable a society is,

historical process; social change that takes place over long periods of time due to inadequate processes, and action; which is deliberate effort to change things for better.

In the recent attempts made to have a comprehensive and composite measure and definition of development, the United Nations “suffering index” which is a composite index showing the “quality of life” in the various countries posits that some of the social and economic indicators of development now used in literature include; ten economic, five social and five demographic variables: the economic factors include: (a) per capital GNP (b) per capita growth rate (c) total export (F.O.B) (d) total imports (C.I.F) (e) net bilateral ODA from development assistance committee (f) internal reserves (g) income distribution (h) average hours worked per week (i) percentage of workers in non-agricultural occupation; and (j) percentage of GNP from agriculture. The social indicators include: (a) literacy rate (in percentage) (b) per capital energy consumption (c) protein consumption per capital (calorie intake) (d) ratio of doctors to population; and (e) average number of persons per room (person per cubic feet). While the demographic indicators include: (a) population (b) life expectancy at birth (c) crude death rate (d) crude birth rate; and (e) infant mortality rate¹¹⁴.

Meanwhile, the introduction of the term ‘sustainable’ to development is worthy of note. It is formalized in this study as it was defined by the United Nations World Commission on Environment and Development in the 1987 Brundtland Report, it is “those paths of social, economic and political progress that meet the needs of the present without compromising the ability of future generations to meet their own needs”. Notably as emphasized, the concept of sustainability relates to the maintenance and enhancement of environmental, social and economic resources, in order to meet the needs of current and future

generations. In ensuring sustainability of development however, it must necessarily ensure that the full potentials of individuals and groups are afforded adequate opportunity of realization in an environment of self-confidence and dignity. It was also identified as the basic aspects of sustainable development to include: economic; which presupposes that the system must be able to produce goods and services on a continuing basis, to maintain manageable levels of government and external debts/ expenditures, environment; advocating a stable resource base, avoiding over-exploitation of renewable resources system and social; which urges distributional equity, adequate provision of social services, including health and education, gender equality, political accountability and participation, suggesting that when the objectives are achieved, development will be guaranteed and the world will be a better place for us all to live⁷⁶.

Positioned as conceptual constructs, local government and national development are seemingly irreconcilable. Local government suggests localism while national development suggests an extensive developmental spread. As empirical processes however, local government and national development are fully interrelated. In order to further explain the surrounding issues of conceptual and empirical relevance in the study, we shall engage in some conceptual explications, beginning with local government. To this effect, the concept of local government has been amply demonstrated to be of the following variants. It was highlighted as follows:

The focus of local government as a unit of government has been the subject of much interest by scholars. The democratic-participatory school holds that local government functions to bring about democracy and to afford opportunities for political participation to the citizen as well as to socialize him politically. Local government is therefore seen as

an avenue for training and inculcating habits of democracy in the grassroots. These habits of democracy are construed to include participation, mobilization, accountability and responsiveness and of course, self-governability.

However, from the perspective of the efficiency-services school, the appropriate functional focus of local government should be the provision of services, and its success or failure has to be judged by this yardstick. The proximity of the Local government to the grassroots makes it especially suited to provide certain functions far more efficiently and in a more cost-effective manner than the much more remote government at the higher level. Such functions should be allocated to the local governments with powers, resources and the necessary autonomy to handle them⁷⁵.

The third perspective continues is the developmental school. This school essentially seeks to make the local government a tool for the promotion of national consciousness and national integration. Its emphasis is political development which modernization theorists see as the breaking down of primordial loyalties and the transfer of such loyalties to the central and national government. The local government becomes a tool of nation building and national unity. It decongests the activities of the centre by locating such to the locality but in doing this, it brings the influence of the centre to the locality. It creates an awareness of life beyond the locality and in this way, serves as an instrument for the breakdown of dysfunctional parochialisms that tend to interfere with the development of a national consciousness. Local government can also complement this in another way. It can act as a means of dispersing and localizing political tension, and in that way, neutralizing its impact.

Hence, from the standpoints of the democratic-participatory and the efficiency-services schools, local governments are seemingly strictly about local issues. However, the empirical linkage between local government and national development is more critically highlighted by the developmental school. This study gravitates towards the developmental paradigm of local government. In empirical terms, the viewpoint of local government that is applicable to this study is the paradigm of local government as a process. It has to do with what local government councils do or fail to do, what local government areas achieve or fail to achieve and how the inhabitants of the various local government areas in the Nigerian state are recognized or not recognized in national developmental drafts. It has to do with a developmental approach to governance at the grassroots level. This critically entails the conceptualization of local government as a process of sustainable national development.

Our conceptual explications truly require the highlighting of the meaning of development. In this regard, we agree with scholars who view development as a concept is a victim of definitional pluralism¹¹⁵. However, subsequently cited in opines that development implies improvement in material wellbeing of all citizens, not the most powerful and the rich alone, in a sustainable way, such that today's consumption does not imperil the future; it also demands that poverty and inequality of access to the good things of life be removed or drastically reduced. It seeks to improve personal physical security and livelihoods and expansion of life chances.

National Development therefore refers to nationwide development in a nation-state. It implies the wellbeing of a covert majority of the citizens in material terms, it implies decreases in inequality levels. Above all, national development implies the guarantee of

security of lives and property in the nation-state. In this study therefore, national development is not denoted in the Gross Domestic Product (GDP) paradigms that leave the average citizen bewildered and even neglected. On the concept of sustainable development, another scholar contends that the concept of sustainable development is enshrouded in ambiguity.

However, in the Brundtland Report succinctly defines sustainable development as development that meets the needs of the present without compromising the ability of future generations to meet their own needs. This study agrees more with the position of the Brundtland Report. In this context of assessing or evaluating the performance of local government, therefore, “sustainable development shall be narrowed down to the capability and capacity of local government to discharge their constitutionally assigned functions effectively and efficiently; the level of transparency and accountability in the conduct of local government business; the extent of responsiveness of the mandated local authorities to local needs and issues and the degree of popular participation in local matters”⁷⁴.

2.1.18 Accountability

Accountability means that government and its employees are accountable and their activities are open to the public. In essence, records of government activities should be open to the people unless it involves security of the country. From this definition of public accountability, it is clear that the public entities that utilize public resources have an obligation to account for the way these resources are allocated, used and the results these spending have achieved. In other words, the main objectives of all public

accountability initiatives are to ensure that public money is spent most economically and efficiently; that there is minimum of wastage or theft and that public actually benefit from public finance. The past two decades have witnessed intensified debate about the role, scope and performance of the institutions and organizations within the public sector. Efficiency and effectiveness became the central terms used in assessing and measuring the performance of organizations. As a result, there have been increasing calls for the public sectors in developing nations including Nigeria to provide quality public services that meet the needs of its citizens, be more accountable for its decisions and actions and to manage resources more prudently. Thus, accountability and performance of public officials and institutions are the central concerns of modern governance.

In Nigeria, the state of public accountability from independence till date is highly disheartening. In fact, it is a form of rhetoric. The more emphasis is placed on it, the more worrisome it becomes. The Nigerian post-independence socio-political and economic experiences aptly provide more than sufficient materials to prove this fact as public accountability, based on performance-responsibility evaluation, has been very weak since the first republic in 1966⁷³. It the level of accountability among public officials in the management of public affairs in Nigeria has consistently declined especially under the present democratic dispensation. The continued deterioration of the level of accountability among public officials in the country shows that the adoption of multipartyism has not contributed to good governance.

Public accountability rests both on giving an account and on being held to account. Therefore, a public officer may not only be required to present his 'doctored' account but may face the challenges of a certain compelling expectable stewardship from the

authorities whose office he manages, or enjoys. Public accountability, offers figure of trustworthy, dutifulness, justice, clarity, attempt for improving and ethical qualification of public officials. Public accountability ensures that the society gets value for its money and that public resources are not diverted to private use¹¹⁶. Public office being a sacred trust, those in whose hands public resources are placed as trustees, have a sacred duty to not only account for them, but also to ensure their prudent management and efficient utilization. Performance became one of the buzz words in the world of public management and public sector reform in the 1990s. What is meant by performance is hotly contested in the literatures. In another view, performance refers to the implementation of given policies and the extent to which government agencies succeed in achieving the objectives set for them. Generally, performance is defined as “the achievements of public programmes and organizations in terms of the outputs and outcomes that they produce”. It means whether resources have been used in the intended way in order to achieve efficiency, effectiveness, and fairness. Indeed, in the current public management discourse, the term ‘performance’ is most commonly associated with questions of the efficient and effective administration of government policies.

The basis for tackling this section of the paper has been laid in the preceding segment (conceptual clarification). The task here is to identify and discuss the link between corruption and public accountability in Nigerian public sector. It must be stated unequivocally that the test parameter for measuring an accountable government lies in the extent to which it can tolerate corruption or how far it would go in fighting corruption. It is common knowledge that corruption largely explains Nigerians consistent poor performance on the Human Development Index (HDI), infrastructural deficits, socio-

economic instability, impediments to foreign direct investment (FDI) flow, and lack of development generally.

Corruption accounts for 20 percent of the GDP of Nigeria and for several years, Nigeria has been at the bottom of Transparency International (TI) Corrupt Perception Index (CPI) ranking". Successive administrations in Nigeria have designed measures and initiatives at combating corruption ranging from the Criminal Code (section 98-115); penal code; 1976 corrupt practices decree; Shagari's ethical revolution to combat corruption through the introduction of code of conduct for public servants; Buhari/Idiagbon's War Against Indiscipline; Babangida's ethical and social mobilization crusade, the creation of Special Fraud Unit of Nigeria Police Force. There are also legislative acts and functional schemes supposedly designed to fight graft such as the Banks and other Financial Institutions Act (1991) the financial malpractices in Banks Act (1994); the Advance Fee Fraud and other related offences Act (1995); the Independent Corrupt Practices and other related offences (ICPC) Act (2000) ; the Economic and Financial Crimes Commission (EFCC) Act 2002; Budget Monitoring and Price Intelligence Unit (BMPIU) , otherwise known as "Due Process Mechanism"⁷⁹.

As laudable as the above gestures are, they have not been able to effectively address the corruption dilemma, even as the country is perceived as a "crippled giant, a veritable modern wasteland, a nation where corruption is extolled as national culture". This can be explained by the desire of political office holders and public officers to use their positions of trust and authority to perpetuate corrupt activities.

Available literature traced the origin and growth of corruption in Nigeria to the colonial period when “court messengers and native authority used their privileged positions to appropriate wealth for themselves”. This author also documented the setting up of Foster Sutton Commission of Enquiry by the Colonial Office in Britain to probe allegations of mismanagement and corrupt practices in African Continental Bank plus charges of improper conduct leveled against Dr Nnamdi Azikiwe as the founder of the Bank. A scholar reported that this was an attempt to embarrass Dr Azikwe as no case of corruption was established.

The Coker Commission of Enquiry was also instituted in 1962 to look into allegations of corruption and diversion of funds by Chief Awolowo and some leading members of his party into private use. It was held that funds were moved through the Marketing Board and the National Investment and Properties Company controlled by the Western state government. Chief Awolowo was exonerated but the direction of the use of funds was condemned. Corruption was adduced as one of the reasons for the first military coup in 1966. The military kept hanging on to this factor to justify every successful coup, but the cure turns out to be worse than the disease and the country pays adversely for it. We contend that a fundamental explanation of perpetuation of corruption is weak or non-accountability, relative anonymity which is fertilized by absolute discretion⁷².

In a similar discourse, using the social system theory to analyse “the psycho-dynamics of corruption in Nigeria” presented an audacious and point blank account. He argued that probes and commissions of enquiry never lead to punishment of culprits, especially government officials who commit corruption. Apart from the Forster- Sutton Panel and Coker Commission of Inquiry on Eastern and Western Nigeria respectively, he identified

the following: Joda Commission of Inquiry in Northern Nigeria; Asset Investigation Panel of 1975-1976 instituted by the Murtala /Obasanjo regime which found 10 of the 12 Governors under Gowon regime guilty of enriching themselves through corruption , graft and fraud; the probes into FESTAC 77 Leyland buses and cement importation scandals which found some notable politicians guilty ; the 1984 Awoniyi Panel in Niger State under Governor Anwal Ibrahim over illegal contracts and corrupt payments in respect of Bi-Water project, Buhari initiated several panels to investigate the Shagari administration and found many governors and high ranking politicians guilty of corruption. Babangida set up a panel to investigate the Buhari administration, so did Abacha to look into the administration of Babangida⁹⁰.

On thorough scrutiny, most of the above actions amount to subterfuge to divert public attention elsewhere. For instance, a scholar asserted that an official report indicated that an estimated \$12.2 billion had been side-tracked to off - budget accounts from 1988 through 1993. He further hinted that “Transparency Initiative’s Global Corruption Report listed General Sani Abacha (1993-98) among the top ten presidents who had allegedly embezzled between two and five billion dollars”. It was also recorded that during the eight years of Obasanjo civil administration, Nigeria lost a minimum average of \$4billion to \$8billion annually to corruption. It has equally been estimated (by EFCC sources) “that between 1960 and 1999, about \$220 billion or \$380 billion has been plundered and squandered by public officials in Nigeria”. The narrative added that this is more than six times the amount the USA provided for the post World War II reconstruction of Europe under the Marshall Plan⁸³.

Transparency International's records posited that corruption accounts for about 20 percent of Nigeria's GDP. It is painful to also learn that the country was identified among the top nations in the over \$1 trillion annually paid globally in bribes. The implication of these is that the internal and external mechanisms plus other options of upholding accountability is either weak or out rightly ineffectively. It is doubtful if the country can join the league of big players globally in economic growth and development generally.

Various reports (apart from the foregoing) in the media (print, broadcast and social networks) attest to the fact that corruption has attained a mega status in Nigeria with high level sophistication in its modus operandi, especially during this democratic dispensation. It is plausible to argue that the theatres of corruption permeate the Nigerian federal structure from the federal government to the local government and their bureaucracies. We contend that for as long as the fraud triangle of need, opportunity and weak sanctions subsists, corruption will not be tamed and it will continue to have more active converts. Virtually all the corruption cases of politically exposed persons (PEPs) handled under this democratic experiment including the latest (Maina's) show that the judiciary has demonstrated within its self-inflicted affliction to be a dubious ally in the corruption conundrum, especially through carefully orchestrated plea bargaining and procured judgments⁸⁵. It must be stated clearly that for as long as the leadership of the country plays with corruption the consequences are bound to be grave and these include: weakening of public bureaucracy; diversion of scarce resources from public purposes to private ends; perversion of political and administrative decisions through lobbying and clandestine manipulations; deceleration in economic progress/ development; lack of commitment to national values and civic responsibilities.

In its simplest form, the word accountability implies being held into account for one's actions. Accountability means holding public officials responsible for their actions. Accountability is a process where a person or group of people are required to present an account of their activities and the way in which they have or have not discharged their duties. By inference, a person is held accountable for not only his/her actions but also inactions. Accountability entails the demonstration to someone else of success or achievement- it involves revealing, explaining and justifying what one does, or has done, or how one discharges one's responsibilities. In the words. The concept of accountability connotes the obligation of the administrators to give a satisfactory account of their performance and the manner in which they have exercised powers conferred on them⁶⁹.

In specific terms, public accountability means the firm recognition and acceptance of the fact that all public officials owe and hold their positions on trust for the people. It implies that those who render public service must account to the people they are expected to serve. Public accountability is the requirement that those who hold public trust should account for the use of that trust to citizens or their representatives. Accountability is clearly entailed by responsibility- anyone who is responsible is thereby accountable.

Public accountability means that government and its employees are accountable and their activities are open to the public. In essence, records of government activities should be open to the people unless it involves security of the country. From this definition of public accountability, it is clear that the public entities that utilize public resources have an obligation to account for the way these resources are allocated, used and the results these spending have achieved. In other words, the main objectives of all public accountability initiatives are to ensure that public money is spent most economically and

efficiently; that there is minimum of wastage or theft and that public actually benefit from public finance.

Public accountability rests both on giving an account and on being held to account. Therefore, a public officer may not only be required to present his 'doctored' account but may face the challenges of a certain compelling expectable stewardship from the authorities whose office he manages, or enjoys. Public accountability, offers figure of trustworthy, dutifulness, justice, clarity, attempt for improving and ethical qualification of public officials. Public accountability ensures that the society gets value for its money and that public resources are not diverted to private use. Public office being a sacred trust, those in whose hands public resources are placed as trustees, have a sacred duty to not only account for them, but also to ensure their prudent management and efficient utilization⁹³.

Accountability is not just another political catchword; it is an institutionalized practice of accounts giving. Accountability refers to a specific set of social relations that can be studied empirically. Accountability has been defined from this perspective as a social relationship in which an actor feels an obligation to explain and to justify his or her conduct to some significant others. The notion of accountability is an amorphous concept that is difficult to define in precise terms. However, broadly speaking, accountability exists when there is a relationship where an individual or body, and the performance of tasks or functions by that individual or body, are subject to another's oversight, direction or request that they provide information or justification for their actions. Another contribution sees accountability as the obligation owned by anyone occupying a position of trust or responsibility to provide appropriate response to all stakeholders, for action

carried out and/or performance achieved in the discharge of his duties. Accountability is also an obligation because it goes as a corollary to the responsibility and authority to perform assigned duties.

The concept of accountability involves two stages: answerability and enforceability. Answerability refers to the obligation of the government, its agencies and public officials to provide information about their decisions and actions and to justify them to the public and those institutions of accountability tasked with providing oversight. Enforcement on the other hand suggests that the public or the institution responsible for accountability can sanction the offending party or remedy the contravening behavior. As such, different institutions of accountability might be responsible for either or both of these stages⁹⁷.

The term accountability has been variously explained by different authorities in the past, for instance, it was defined as a requirement which subjects public officers to detailed scrutiny by the legislature over objectives, use of resources and manner of performance; Also, it is a process whereby one renders an account of his activities to someone who has the power to ask for it and also evaluate and reward one's performance". While another view sees it as the duty to truthfully and transparently do one's duty and the obligation to allow access to information by which the quality of such services can be evaluated and being responsible and answerable to someone for some action. Overtime, different researchers have considered in their research work the nature of Accountability. However, it is of the opinion that Accountability takes the following form:

- i. Organizational Accountability: This is a situation where superior officers ask the subordinate to account for their assignments or activities.

ii. Political Accountability: This type of accountability is concerned with the elected representative, political parties and public office holders. This is the situation where elected representatives or appointed ministers are required to give account of their activities during their tenure in office. Political Accountability usually manifests itself in the concept of individual ministerial responsibility, which is the cornerstone of the notion of responsible government⁹⁷. In parliamentary system with ministerial responsibility and a general civil service, for instance, as in Britain and the Netherlands, Political Accountability is usually exercised indirectly through the minister. Public office holders and heads of agencies also appear before parliamentary committees to account for some of their activities. In the Presidential settings such as in the United State of America or Nigeria, Public officers and head of agencies are responsible to the public and the National Assembly. This is the focus of this study.

iii. Legal Accountability: Under this, the public officers can also be summoned by courts to account for their acts, or on behalf of the agency as a whole. The Parliament and the judiciary act as legal accountability. The Parliament holds the executive politically accountable, while the judiciary holds the executive legally accountable.

iv. Professional Accountability: Professionals also take appointment as public servants; such Professionals include: Chartered Accountants, Doctors and Engineers. These professionals belong to one association or the other and they are to act in compliance with their ethics and code of conduct. They are also accountable to both the public and their professional body. In another standpoint, four criteria regarded as basic to public service accountability. This includes: Fiscal accountability; Managerial accountability; programme accountability; and individual accountability. Accountability

is purely an external control on public office holder. He postulated four criteria that must be satisfied for accountability to be effective and these are:

- i. There must be timely, honest, accurate, complete, adequate and relevant information on the actions of those entrusted with public fund;
- ii. There must be external auditor's independence of the organization/ ministry / departments being entrusted;
- iii. There must be arrangement which will enable recourse on the basis of such information to correct deficiencies, reward honorable performance, penalize fraudulent dealings, call to question all forms of abuses and redress illegal acts; and
- iv. A system must exist which makes all the three elements above intact.

Furthermore, in another research work during the military regime in Nigeria discovered that the practice of public accountability is at the lowest ebb. The scholar further concluded that the public officers have no regard for public accountability. Public money was disbursed without the knowledge of the Minister of Finance, it was stated that "the Minister alleged that it was only after the death of the then military leader in June 1998 that it was discovered that about US\$450 Million had been withdrawn from the Central Bank between January and May 1998 without the knowledge of the Minister of Finance." The statement substantiated the ineffectivity of public accountability during the Military era by saying that: 'Not only were the accounts of the last five years of Military rule not available as at end of the last millennium, the accounts that were rendered cannot be regarded as reliable because there is no relationship between the figures given by the Central Bank and Ministry of Finance'⁷¹.

“Governance” has become one of the buzz-words in modern social sciences. In the most general sense governance deals with the steering and coordination of various actors, often in network-type patterns of collaboration. Although there are also cases of “governance without government”, usually a governance structure contains at least one governmental institution. Governance is an umbrella term which includes different meanings and perceptions and is widely used in political sciences as well as in economics and management⁹⁹. Although governance also covers hierarchical forms of steering (government), it is usually associated with other governance modes, primarily markets or networks. To indicate control issues in the context of corporations the term “corporate governance” was established. Corporate governance can be defined as a concept of structures, rules, procedures and mechanisms for the proper steering and controlling of corporations. In the private sector corporate governance is the umbrella term for all aspects of the powers and competences in the relations among different organizational units and between the organization and its various stakeholders (particularly: shareholders). In the frequent case of separation between ownership and management, the corporate governance concept ensures the influence of the owners of the business on its management. Most aspects of the corporate governance of companies are regulated in company law; usually according to the legal status of the firm. Other aspects are covered by soft law, e.g. corporate governance codes¹¹⁷.

Public sector governance concerns accountability tasks in relation to the specific goals of this sector, which are not limited to service delivery such as cost and quality of services but also include the impact of the policies on the community or the society at large (e.g. policy outcomes or value for tax money). Governance includes various types of

mechanisms, particularly structures that clarify the responsibilities of the various stakeholders as regards the organization, approaches that foster the capabilities for meeting these responsibilities, and tools such as systems for internal control and external accountability. In his historical review of the governance concept, distinguishes at least three dimensions of governance: conformance, performance and structure. The above indicated governance mechanisms can also be observed in the codes of conduct for good governance in the public sector (compare, for example: The Independent Commission on Good Governance in Public Services). If we want to understand accountability mechanisms, we have to consider them in the context of governance as indicated here. Accountability can have different meanings. Basically, it refers to the giving and demanding for good conduct, but some authors are stricter in the sense that they emphasize the need for control (sanction and reward) as an instrument to formalize the concept, because otherwise it would be merely associated with answerability and transparency. It was provided that a rather concise definition of accountability: “A social relationship in which an actor feels an obligation to explain and to justify his or her conduct to some significant other”. The accountability concept is primarily associated with power delegation from shareholders (principal) to managers (agents) and the way to ensure the relationship between the agents and the principals¹⁰⁷. In order to define who, the principal is and who the agent is, the questions of who is responsible to whom and for what needs to be answered. This issue has resulted in the discussion of accountability towards stakeholders outside the organization as well as among the different levels of the organization, i.e external and internal relations. Thus, a distinction can be made between internal and external accountability. Accountability is context-specific. It has to be

adjusted to both the type of organization and the object for which the organization is accountable.

2.1.19 Governance and Transparency

This section brings together parallel literatures that typically explore transparency and trust but in separate geographical and disciplinary areas: the literature on transparency in public administration in predominantly developed countries, and the development studies literature on transparency as part of good governance reforms in developing countries. In developing country contexts, the study of transparency has been driven by the normative policy aims of the good governance agenda and its accompanying methods and conceptual assumptions. Within this New Public Management–inspired development studies literature, transparency is primarily seen as an instrument to accountability, amid a concern with corruption and government ineffectiveness. Building on models of developing country governments that saw holders of public office as inherently rent seeking, transparency opens government activities to public scrutiny, resulting in public pressure on governments to perform better and reduce corruption¹⁰⁵. Thus, ordinary people need “easy access to information on the workings of public programs intended for their benefit” to empower them to demand better services and monitor officials. Critical development studies have critiqued what the naïve assumptions of representational theories of transparency promoted by the World Bank and others. Using constructivist methodologies, problematizes the representational conceptions of transparency that is promoted by donors and the new wave of technocratic elites in Paraguay, which characterizes transparency as the disclosure of “neutral” information. Through accounts, audits, and reports, citizens gain knowledge of government actions, that is, the reality that

is being represented. Indeed, this naïve representational approach can be seen in work that has sought to make transparency applicable to development. An example of this way of thinking is distinction between “clear” transparency that “sheds light on institutional behavior” and directly facilitates action to improve governance, and “fuzzy” transparency where information is disseminated but “does not reveal how institutions actually behave in practice”. However, rather than clarity or fuzziness being a quality of the information itself, it depends on who is reading it and how⁹⁸.

In trying to expunge information of fuzziness for one audience, transparency practices may create “new opacities” for another. This suggests that rather than simply making information available the ultimate aim should be context-specific “legibility”. Legibility is complicated by big data and “e-transparency,” with the need for secondary representation of data via visualization or its compilation into high-quality “machine-readable”.

Constructivist scholars highlight the unintended and differential effects of transparency practices. How does transparency, with its shifting effects and constructed meanings, shape the relationship between rulers and the ruled? Political anthropologists have explored the micro level implications of hegemonic transparency practices in an emerging “audit culture” whereby technologies of power aimed at transparency and accountability remake subjects and social relations in new and constricting ways. Ethnographic insights hint at the political consequences of privileging certain forms of transparency. In Paraguay, transparency practices empowered those elites who were able to manipulate abstract documentary forms of information, but were contested and subverted by the compassions who experienced government data as yet another site of

power relations. This literature, which encompasses the growing field of Critical Transparency.

Studies and work on secrecy from cultural theory, provides vital contributions in deconstructing the idea of pure information and showing the unpredictable, exclusionary consequences of pursuing such an idea. Moreover, it shows how transparency practices have political consequences beyond the direct effects of the information released. By doing transparency, organizations and individuals can accumulate “transparency capital” that can confer both cultural and moral authority. However, this literature has for the most part existed in parallel to more practical discussions of how to best manage the dissemination of information to meet citizens' demands for transparency¹⁰⁵. The literature on public administration, with its primary focus on Western and developed nations, has long explored how the dissemination of information about the workings of state power shapes the relationship between citizens and government.

Unlike the good governance literature that focuses on transparency as a means to accountability and government effectiveness, scholars within public administration tend to regard legitimacy or trust as the “main rationale” for transparency. Changing public attitudes to public works in a sub-district of Seoul, for example, show that while more transparency does not always reduce corruption, it still has benefits in terms of public trust. Whether for citizens and government, or for employees of large corporations, this literature builds on the intuition, often born out in reality, that “as organizations become more transparent, they will also become more trusted”.

Whereas the good governance literature assumes that more transparency is always better, studies within public administration have raised the possibility that transparency practices

can have ambivalent impacts on levels of trust. A scholar noted that in the United Kingdom ever more stringent transparency requirements have been accompanied by falling trust in institutions.

It was pointed to the way that increasingly onerous transparency requirements breed a sense not of greater certainty but growing anxiety about whether data can be trusted. With ever escalating auditing demands, more data are needed to verify existing data, and auditors themselves must be audited: “The disclosure of state information consistently disappoints, however: there is never enough of it.” Depending on cultural context and expectations of government capacity, greater transparency may erode trust. Scholars have speculated as to the reasons for these counterintuitive cases of “more open but not more trusted” government: Simply releasing information may spread confusion or alternatively beliefs about government trustworthiness may be so deeply ingrained that they are only marginally influenced by increased transparency¹⁰¹. There is a growing recognition of the nature of transparency as constructed and shifting. Reviewing scholarly work on transparency within public administration over the last 25 years pointed to a growing recognition that different forms of transparency affect trust in different ways, but what those actual relationships are is less clear. Work on transparency and trust should start from the “premise that the effects of transparency are very much a product of the environment in which they are implemented”. Accompanying this shift toward seeing transparency as plural and unpredictable, constructivist thought has gained prominence in debates about transparency and trust in traditionally positivist fields. Drawing on a point of view has assimilated similar theoretically informed insights into public administration. In his work on transparency in European public policy settings, it was shown how the

meaning given to transparency practices, and thus their effect on the relationship between government and citizens, is constructed. What engenders trust in one administrative setting or one policy area may raise suspicion in another, depending on whether it is framed as a naming and shaming exercise or an invitation to public participation and collaboration.

Thus, the representational value of transparency must be distinguished from its symbolic power. At times, as in the case of school rankings in the Netherlands, the symbolic value of the representation became more important than the thing being represented. The differential effects of transparency may reflect the way its symbolic power can variously “reduce uncertainty” or “enhance ambiguity”. In fact, similar insights have been arrived at by scholars working within radically different methodological frames. More quantitative work has highlighted that politicians engage in transparency practices for the purposes of signaling their integrity. Just as constructivists emphasize the slipperiness of transparency's symbolic value, in the language of rational actor models shows how in Romania politicians may “miscalculate” the signaling effects of engaging in transparency practices.

###Inspired by the emerging consensus that “the effects of transparency are very much a product of the environment in which they are implemented,” scholars from within the Western-focused public administration literature called for research into the experiences of transparency in Africa and Latin America. Conversely, the debates over the ambivalence of transparency in Europe have much to offer development studies. While scholars have asked questions like “Does enhanced transparency, through the Internet, boost the legitimacy of the EU?” such skepticism has rarely been asked with regard to

good governance transparency reforms in Africa. This is in spite of recent findings that transparency may impact trust in equally nonlinear ways in African countries⁶⁸. This cross-fertilization is just as important for development studies, which has remained largely untouched by conceptual debates over transparency. If we accept that transparency can affect trust both positively and negatively, what implications does this have to the goal of good governance? This study seeks to fill that gap. As shown in the empirical discussion later, the question of whether transparency inspires public trust is not just how but what must be made transparent: data, yes, but also things and people.

2.2 Theoretical Framework

Theories are formulated to explain, predict, and understand phenomena and, in many cases, to challenge and extend existing knowledge within the limits of critical bounding assumptions. Theoretical framework is the structure that holds or supports a theory of a research study. The theoretical framework introduces and describes the theory that explains why the research problem under study exists.

In analyzing the variables under investigation, the framework for this analysis shall be eclectic for scholars have generated different but complementary thoughts to explain the rationale or justification for the existence of local government. Contributing to the theories explaining the functional and institutional relevance of local government in political and economic advancement, another author in his book: *Political Values and Local Government in Nigeria*, advanced that there are two basic classes of theories of local government; The first class attempts to justify the existence or need for local government on the basis of its essential to a democratic regime or for administrative purposes like responsiveness, accountability and control. While the other class of theories

is contrapuntal to the first class of theories as it argues that an effective local government system contradicts the purposes of a democratic regime.

The foregoing explanation however can be summed into the theoretical areas of what functional responsibilities of local governments are supposed to be (democratic ideals, political participation, protective services, infrastructural services, national integration and socio-economic development). He went further to identify three schools to justify the purpose for the creation and existence of local government to include; democratic participatory, efficiency services, and developmental.

Fundamentally, there are many schools of thought in the functional conceptualization of the local government and the management of their finances. They include democratic participatory school, efficient service delivery school, developmental school, etc. For the sake of this study however, we will be considering the Democratic-Participatory Theory, Efficient Service delivery theory, Systems Theory, Endogenous Growth Theory and Devolution Theory.

The first two schools of thought concern themselves with only local governments in developed countries/ western democracies. As the first school stresses democratic participatory factor that holds local government existence to bringing about democracy as well as give opportunities for political participation, education and socialization of the local citizenry. While the second school of thought which is the efficiency service holds that the essential functions of local governments are to provide services and local governments must be judged by the success, they achieve in providing services measurable even by national standards¹¹⁵. He thereafter punctured the theoretical basis of

this schools based on the irreconcilable differences in the nature and characters of states as well as the level of development attained. Thus, it could be seen that democracy here is looked upon as a way of life that demands that one another's view and one another's interest be mutually appreciated and suggesting there will be fair play, tolerance and mutual respect.

However, for the purpose of this study, the third school which is the developmental school is more supportive and thus will be aligned and subscribed to as critical examination of the previously mentioned schools lean towards providing the impression that concentration and emphasis are on local government in developed and western democracies.

The developmental school emphasizes that local government in the developing world can be an effective agent of a better life, an improved means of living, socially and economically as well as a means to a better share in the national wealth¹¹⁸. The school registers that local government in each environment and individually ascertains its contribution to development even in composition and structure. Under the developmental school category, national integration, social and economic development and manpower resources development can be exhumed to buttress the conviction that local governments, especially in the emerging democracies with economic and developmental challenges can be looked at by employing the above functional criteria.

2. 2. 1. Democratic-Participatory Theory

The view of this school is rooted in John Stuart Mills' utilitarianism in which he claimed that the good form of government was representative government because it promoted

liberty, equality, and fraternity; made men look beyond their immediate interest; recognized the just demands of other men; as well as promoted political education, participation and communication. Democratic Participatory School holds that local government exists to bring about democracy and give opportunities for political participation, educating and socializing the local citizenry.

Democratic participatory school asserts that local government is a prime element of democracy and demonstrates the intrinsic values of democracy irrespective of the services it provides. It creates for political activity and social interaction. It helps to inculcate the ideals of democracy. To this end, local governments have become the training grounds for political elites or higher level of government.

The democratic-participatory school of thought exists solely for the purpose of establishing democratic principles and practices. This scholar justified local government on three main grounds. The first was that there are certain concerns or interests which only a section of the community has in common and it is convenient as well as advisable that only those who share this community of interests should administer them. This scholar argued that the very object of having a local representation is in order that those who have any interest in common, which they do not share with the general body of their countrymen, may manage that joint interest by themselves.

The second reason was that local government is one of the “free institutions” which provides political education. This scholar has dwelt in strong language – hardly any language is strong enough to express the conviction – on the importance of that portion of

the operation of free institutions, which may be called the public education of the citizens. Now, of this operation, the local administrative institutions are the chief instrument.

The third reason was that of accountability, as an author expressed it: not only are separate executive officers required for purely local duties but the popular control over those officers can only be advantageously exerted through a separate organ. Their original appointment, the function of watching and checking them, the duty of providing, or the discretion of withholding, the supplies necessary for their operation, should rest with the people of the locality. The arguments of an author have been refined by elaboration. A modern adherent of this author argued the pedagogic value of local government, asserting that participation in local administration teaches the participant the art of weighing and choosing between competing claims and justifying the choice as a just one, which is, being accountable. He further stressed that the capacity to make rational choices and „the art of winning consent“ are as much necessary in local government as in central government, and, that capacity is acquired and enhanced by participation in local government¹¹⁹.

The ultimate purposes that local government serves are political. One of these is political education which participation in local government affords. That political education is „in the first place, an education in the possible and the expedient; in the second place, it is an education in the use of power and authority and in the risks of power, in the third place, it is education in practical ingenuity and versatility. Local government can sometimes be regarded as a training ground for national politicians. In addition, local government has the advantage that local knowledge, interested and intimate, first-hand knowledge which

makes administration concrete and relevant“ to a locality can be more easily and perhaps cheaply made available to the local and central authorities.

The relationship between Democracy and Local Government Administration can be summarized as follows:

- (a) It places the citizens on vantage position to learn and understand administrative etiquettes for higher positions in future,
- (b) It allows for full participation of the citizens in their local affairs for economic growth and capacity building.
- (c) Policies and programmes of government are respected by the localities because the elected the policy makers. The significance of democracy is the fact that the citizens are constitutionally in possession of the power to demand for good governance, economic growth and social welfare from their elected representatives and have the power to remove them through voting if their performances are not satisfactory.

2. 2. 2. Systems Theory

A scholar presented his conceptual framework in his 1953 publication, *The Political System*. He elaborated the project further in 1965 in his two books, *A Framework for Political Analysis*, and *A Systems Analysis of Political Life*. In the first, he has presented an outline of the conceptual framework of systems analysis. In the next, he has further developed it in detail, but its title is misleading as he has not done therein any actual empirical analysis.

The scholar's input-output analysis is also known as the 'flow model'. It can be regarded as a form of functionalist analysis. Another scholar finds his framework as 'the most inclusive systemic approach so far constructed specifically for political analysis by a political scientist'. The political system integrates all activities through which social policy is formulated and executed. This scholar defined political behaviour as the "authoritative allocation of values," or the distribution of rewards in wealth, power, and status that the system may provide. In doing so, he distinguished political science from the scholar's conception. The scholar had argued that political science is concerned with the distribution and content of patterns of value throughout society. Easton's conception of system emphasizes linkages between the system and its environment. Inputs (demands) flow into the system and are converted into outputs (decisions and actions) that constitute the authoritative allocation of values¹²⁰.

The scholar defines political system as 'a set of interaction as abstracted from the totality of the social behavior, through which values are authoritatively allocated for society. This scholar said that political system has two components - input and output. The input comprises of demand and support. Demand refers to a set of claims, desire, needs and wants made by the general public or a particular group before the government. The demand can be in form of appeals, agitations, elections etc.

Like demands there is also a support mechanism that sustains the system. Supports refers to political obedience or values or ideologies or belief systems that people have towards the system. The support mechanism provides legitimacy to the system. It may be symbol symbolic like waving the flag or singing National Anthem or substantial like attending political meeting or voting regularly.

The scholar argues that outside the immediate political system there is another system that constitutes the environment of the political system. This environment can be divided into two; Intra societal and Extra societal. The intra societal system includes economy, culture, social structure or personalities. These segments are the part of the society of which the political system is itself a part. They shape or influence the conditions under which a political system itself must operate.

The extra societal system includes all systems outside a given society. They are component of emerging international society. The International political system and international economic systems are in the category of extra societal system and they also have a great influence on the immediate political system.

The systems model provides a comprehensive framework for identifying, coping with and integrating the institutional, behavioral and management dimensions of internally generated revenue (IGR). Furthermore, the systems model has a potential for resolving the allocation controversies which bedevil inter jurisdictional relationships. The theory is conceived as an organized purposeful whole, composed of structurally and functionally identifiable though inter-related parts and delineated by identifiable boundaries from the supra system (environment) in which it is embedded. The emergence of systems construct marked an important transition from the mechanistic conception of social reality which sought to explain a phenomenon from the stand point of its component units to holistic view parts in terms of a whole. The scholar sees a system as a whole which cannot be taken apart without the loss of its essential characteristics which include:

- i. A set objective which the entity seeks to achieve, without which it cannot exist.

ii. A hierarchy of inter-dependent units among which the system objectives are divided for national development.

iii. Specificity of sub system roles, each system has a defined and specialized role in the realization of the total purpose(s) of the unitary whole and sub-system roles are mutually reinforcing.

iv. An input transforming technology which refers to the processes and techniques by which resource inputs extracted from within and outside the system are transformed into outputs which themselves have implications for system persistence and effectiveness through feed-back mechanism.

v. A boundary that excludes the plethora of other systems and defines the threshold of transactions among the universe of systems.

2. 2. 3. Efficiency Service Theory

Effective and efficient are common words in business cycles that they have become clichés. Something is effective if it is adequate to accomplish a purpose; producing the intended or expected result. On the other hand, it is efficient if it performs or functions in the best possible manner with the least waste of time and effort. In other words, “Being effective is about doing the right things, while being efficient is about doing the things in the right manner.”

Communication and delegation are avenues of achieving effectiveness and efficiency because the truth is that nobody can work alone. Most of us delegate responsibility but are unwilling to give the corresponding authority to match. This is partly because

communication of the tasks is not clear. Give clear instructions and when the task is complete give clear feedback.

The effectiveness and efficiency of services delivered can be improved through the Department's increased collaboration and coordination with other City departments and the business and non-profit communities. As the project team has conducted its work and met with stakeholders from the advocacy and service provider communities, it has been amazed to learn of: (1) the tremendous number of financial resources that are already invested throughout the city; and, (2) the willingness of these groups to forge partnerships with the Department to fully leverage the impact of all funds spent. The Department's ability to maximize the service impacts of its limited financial resources would be further enhanced through reorganizing the Department.

2. 2. 4. Devolution Theory

There are often grassroots demands to achieve democratic ideals. Some movements are designed to contain or to appease centrifugal forces, ethnic conflicts, and or separatism, and to diffuse social and political tensions by allowing local cultural and political autonomy. There may even be some political opportunism using decentralization for electoral objectives and/or just a desire to not be left behind in this popular form of institutional reform. Devolution is a process in which the central government of a given country grants powers to sub-national governments (e.g regional, state, or local governments). This process of decentralization distributes power to territories that want more authority over their own affairs. An accepted example of devolution is the United Kingdom. In the UK, Scotland, Wales and Northern Ireland exercise authority over their

own lands, but remain part of the U.K. Usually, the central government maintains power of things like national security and defense but allows devolved governments to do things like set up courts, make laws, and regulate education¹²¹.

Devolution is very similar to fiscal federalism. In the U.S. federal system of government, state governments have the power to make their own laws and policies. The Federal government is sovereign and maintains powers over foreign policy, political economy, defense and similar duties, but each state and municipal administration can govern itself.

Devolution describes the transfer of authority from a senior level of government to a junior level, and can be viewed as both a theoretical concept and as an administrative process. Theoretically, devolution can be seen as an instance of decolonization which can be usefully related to literature on political development. As an administrative process, the study of devolution can contribute to understandings of institutional change in general, and also to particular issues of development administration...”

There are two dimensions to the concept: Decentralization (devolution) has a spatial aspect in that authority and responsibility are moved to organizations and jurisdictions in different physical locations, from the center to the local level. And it has an institutional aspect in that these transfers involve reallocating roles and functions both within government, from one central government agency to lower-level jurisdictions and agencies; and between government and civil society, through service coproduction and partnerships as well as joint policymaking and feedback mechanisms¹²².

Arguments favouring the devolution of powers and resources to local levels of governance emphasize that the enhanced decision-making power, authority and control

over resources play a pivotal role economic and social development. They contend that devolution will result in increased citizen participation in local political processes where “local governments are perceived to have the capacity to make political and financial decisions affecting their economic and social welfare”. The improved allocation of resources is the most common theoretical argument for. It is argued that by bringing government closer to local people, the government will be better informed about local needs and preferences. This, as argued will result in increased accountability and enhanced responsiveness of government officials at the local or regional levels of government.

Local government as the third tier of government debatably, is purposefully established to promote development owing to its closeness to the people at grass roots level, therefore, enhancing its ability to easily articulate and aggregate socio-political and economic demands of the people.

Another scholar argues that local government means the decentralization of authoritative decision making where by the authority to make decision is displaced downwards from remote points near the top administration or outward from geographical locations, thus bringing authority closer to the people affected by it. Another scholar closely argued that local government is the act of decentralizing socio-political and economic power, which may take the form of devolution. In this perspective, it was opined by another scholar that local government is the diffusion of political process on area basis. Another scholar, however, perceived local government as a system of local administration under local communities organized to maintain law and order, provide some limited variety of social amenities, while encouraging formal organizational and democratic framework which

enables the locals to conduct their affairs effectively for their general good or development.

A local government system is expected to enjoy autonomy, separate legal identity, territory, population, localness, democratic representation, specificity of powers delegated from the central government, and uniformity of structure. As a system of local administration under which local communities and towns are organized to maintain law and order the local administration must provide some limited range of social services and public amenities, and encourage the cooperation and participation of the inhabitants in joint endeavours towards the improvement of their conditions of living. It provides the grassroot communities with a formal organizational framework which enables them to conduct their affairs effectively and also regulate the actions of their members for national good.

2. 2. 5. Endogenous Growth Theory

The 1990s was labeled “endogenous growth theory” because it attempted to explain technical change as the result of profit-motivated research and development (R&D) expenditure by private firms. This was driven by competition along the lines of what Schumpeter called product innovations (as distinct from process innovations). The endogenous growth theory was developed as a reaction to omissions and deficiencies in the Solow-Swan neoclassical growth model. It is a new theory which explains the long-run growth rate of an economy on the basis of endogenous factors as against exogenous factors of the neoclassical growth theory.

The endogenous growth theory is the concept that economic growth is due to factors that are internal to the economy and not because of external ones. The theory is built on the idea that improvements in innovation, knowledge, and human capital lead to increased productivity, positively affecting the economic outlook. Endogenous growth theory explains long-run growth as emanating from economic activities that create new technological knowledge. Endogenous growth is long-run economic growth at a rate determined by forces that are internal to the economic system, particularly those forces governing the opportunities and incentives to create technological knowledge.

In the long run the rate of economic growth, as measured by the growth rate of output per person, depends on the growth rate of total factor productivity (TFP), which is determined in turn by the rate of technological progress. The neoclassical growth theory assumes the rate of technological progress to be determined by a scientific process that is separate from, and independent of, economic forces.

Neoclassical theory thus implies that economists can take the long-run growth rate as given exogenously from outside the economic system. Endogenous growth theory challenges this neoclassical view by proposing channels through which the rate of technological progress, and hence the long-run rate of economic growth, can be influenced by economic factors. It starts from the observation that technological progress takes place through innovations, in the form of new products, processes and markets, many of which are the result of economic activities¹²³.

Proponents of this theory often emphasize the need for the government to provide incentives and subsidies for businesses in the private sector. It motivates businesses to

invest in research and development so they can continue to drive innovation. They also believe that the government should enact policies that help entrepreneurs, which creates new businesses and new jobs.

Investments should also be made to improve infrastructure and manufacturing processes in order to achieve innovation in production. The three models of endogenous Growth Theory are The Arrow Model, The Levhari-Sheshinski Model and the King Robson Model.

The concept of learning was introduced as endogenous stage in the growth process. This hypothesis was that, at any moment of time new capital goods incorporate all the knowledge then available based on accumulated experience, but once built, their productive deficiencies cannot be changed by subsequent learning.

An increase in a firm's investment leads to a parallel increase in its level of knowledge. Another assumption is that the knowledge of a firm is a public good which other firms can have at zero cost. Thus, knowledge has a non-rival character which spills-over across all the firms in the economy. This stems from the fact that each firm operates under constant returns to scale and the economy as a whole is operating under increasing returns to scale.

King and Robson emphasize learning by watching in their technical progress function. Investment by a firm represents innovation to solve the problems it faces. If it is successful, the other firms will adapt the innovation to their own needs. Thus, externalities resulting from learning by watching are a key to economic growth.

The King and Robson study shows that innovation in one sector of the economy has the contagion or demonstration effect on the productivity of other sectors, thereby leading to economic growth. They conclude that multiple steady state growth paths exist, even for economies having similar initial endowments, and policies that increase investment should be pursued.

2.2.6 Fiscal Federalism Theory

Fiscal federalism theory or the "principle of fiscal federalism," as it was first put forth which is concerned with the rational allocation of public sector activities and finances across several levels of government. The financial arrangement between the several tiers of government in a federal framework is referred to as fiscal federalism. Initially, federal arrangements were thought to revolve around stabilization and distribution. When it came to federalism, the main concern was always how to split up the federating units' respective responsibilities in order to prevent conflicts and functional duplication. The mobilization and distribution of revenue among the many tiers of government are currently the focus of federalism.

This is a result of the federation units' effective service delivery being recognized as requiring significant financial support. Finance dominates intergovernmental relations the most. This is so because strong financial foundations are necessary for any level of government to carry out its duties. According to this viewpoint, the primary analytical goal of fiscal federalism is to define the appropriate roles and finances of various levels of government in a way that maximizes community welfare. Local government entities in a

metro-political area are subject to the same fiscal federalism theory as states in a federation.

Although there are important analytical and policy differences between local metropolitan problems and federal state problems, as well as between tight and loose federal states—the United States falling somewhere in between tight and loose federations like Germany and Canada—there are also important analytical and policy differences between local metropolitan problems and federal state problems. These variations result in part from the uniqueness and rigidity of the restrictions put in place by political institutions. In recent years, the issue has received a lot of attention, in part because to the creation of new "federal institutions," particularly in developing nations. In Nigeria, for example, there are legal provisions for revenue-sharing authorities to create income from particular sources.

The Federal Republic of Nigeria's 1999 Constitution laid out the types of financial connections that would exist between the various levels of government. The federation, state governments, and local government councils in each state are to receive any funds standing to the credit of the Federation Account on the terms and in the manner that may be prescribed by the National Assembly, according to sections 149(2) of the 1979 Constitution and 162(3) of the 1999 Constitution, respectively.

Similar to this, Section 162 Subsection 8 of the 1999 Constitution allows for state-local financial relationships. According to this clause, the funds held to the credit of a state's local government councils are available on the conditions and in the ways that the state may specify.

The 1999 Constitution, as found in its fourth schedule, the Model Financial Memoranda for Local Government and Section 45 of Decree No. 36 of 1998 all provide for internal sources of revenue generation by Nigerian local governments in addition to the constitutional provisions that grant local governments access to outside funding. Despite all of these provisions in the constitution, local governments nearly always rely on transfers from higher-level governments to pay for the services they are in charge of providing. This is because there is obvious vertical competition between levels of government in most nations, whether they are technically federal or not, for resources. Perhaps because, in general, local governments only have access to resources that higher levels of government do not want for themselves.

2.2.7 Constitutional Foundation Theory

This study is anchored on Constitutional foundation theory. The choice of this theory hinged upon its precision as to its pointer on the major fault-lines of the basic building blocks upon which the local government administration is anchored in Nigeria. For theoretical disagreements in constitutional foundations are quite inevitable. Constitutional foundation theory poses a question about how should optimal institutional design be approached in constitutional decision-making. Although, there is no well recognized response to which the taxonomy of reasons postulated can be premised. This theory was first propounded by Strauss in a bid to explicate the search for constitutional relevance of the administration of local government in Nigeria. This theory focuses on constitutional

underpinnings of local government in Nigeria. Thus, Local government administration in Nigeria did not have definitive constitutional recognition until local government was enshrined in the 1979 constitution, which provided the legal framework to implement the 1976 reforms. The primary goal was to ensure that every state government should, by law, provide for the establishment, structure, composition, finance and functions of local councils¹²⁴. However, this means that the degree of autonomy local councils enjoy in decision-making, strength and relevance is determined by their respective state governments, and state governments have always taken advantage of the lacuna created by this constitutional framework to dictate the financial and operational structures of local governments. The 1979 constitution did spell out the functions and responsibilities of local government. Functions fall into three categories: areas for which local governments have full responsibility, areas where local government shares responsibility with higher levels of government, and areas of responsibility that the state or federal government may from time to time assign to local authorities¹²⁵. Additionally, the constitution guaranteed democratically elected government councils all over the country: “The system of local government by democratically elected government council is under this constitution guaranteed”. The 1979 constitution allowed for local government to receive federal allocations, and in Section 149 prescribed that states should provide funds for local governments in their areas.

The 1999 constitution takes almost the same position on local government as the 1979 constitution, with some modifications. In its fourth schedule, Section 7(2), the 1999 constitution sets out the functions of local government in Nigeria. In theory, therefore, local government is a unit of government with defined powers and authority, and relative

autonomy. The functional areas for local government included in the constitution are: provision and maintenance of health services; agricultural and national resource development; provision and maintenance of primary, adult and vocational education; and other functions as may be conferred on it by the state house of assembly. Section 7(1) also guarantees democratically elected governments in Nigeria. On the strength of these provisions, the 1999 constitution acknowledged the powers of local government councils as articulated in the 1976 local government reform to the effect that:

‘These powers should give the council substantial authority 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 government’¹²⁶.

Section 162 (5, 6, 7, 8) also provides for the funding of local councils through the Federation Account. Paragraph 6 specifically provides that “each state shall maintain a special account to be called the State Joint Local Government Account” into which should be paid all allocations made to local government councils from the Federation Account and from the government of the state. This is, of course, a reversal of the reform introduced by the federal government in 1988. The 1999 constitution, as noted in Section 4 also provides that: “The government of a state shall ensure that every person who is entitled to vote or be voted for at an election to the House of Assembly shall have the right to vote or be voted for at an election to a local government council.” The 1999 constitution further empowers the Revenue Mobilization Allocation and Fiscal Commission (RMAFC) to allocate revenue to the three tiers of government. The constitutional basis for this allocation of revenue is set out in Section 160, sub-sections (2)

to (8). Thus: “Any amount standing to the credit of the Federation Account shall be distributed among the federal, state and local government councils in each state, on such terms and on such manner as may be prescribed by the National Assembly of Nigeria.” In addition, the 1999 constitution states that “the government of every state shall, subject to Section 8 of the constitution, ensure their existence under a law which provides for the establishment, structure, composition, finance and functions of such council”⁵⁷. These provisions, among others, constitute the legal framework for local government administration in Nigeria¹²⁷.

2. 3 Review of Empirical Studies

The empirical study of literature is an interdisciplinary field of research which includes psychology, sociology, philosophy, the contextual study of literature, and the history of reading literary texts. As a way of gaining knowledge by means of direct and indirect observation or experience empiricism will be highlighted in this study by establishing some features and Empiricism values some research more than other kinds. Empirical evidence (the record of one's direct observations or experiences) can be analyzed quantitatively or qualitatively. A plethora of empirical studies have been carried out on public revenues and expenditure without given much attention to the linkage between internally generated revenues and capital votes utilization mostly at the sub-national levels. In an investigation of the interrelationship between total government expenditure and total tax revenue in Barbados, it was revealed from the empirical findings that a unidirectional causality exists from tax revenue to government expenditure¹²⁷.

A scholar examined the growth of public expenditure using the Adolf Wagner hypothesis and employing primary data on the aggregate expenditure of local councils in Nigeria between 1993 and 2002, and their distribution between consumption and investment spending in relation to economic growth. Researchers examined the relationship between government revenue and government expenditure in Nigeria, using cointegration and causality approaches. A scholar who studied the effect of government revenue on capital spending in Nigeria made use of primary data through structure questionnaire. The areas covered by the study include tax payer's constraints, tax administration, principles of taxation, as well as its purposes, uses, classifications and effects in revenue generating capacity¹²⁸.

Using Ordinary Least Squares found that revenue sources such as rates, fines, fees, licenses and rent are factors that significantly influence the generation of revenue internally in Ogun state. A scholar investigated the effects of tax policy on the expenditure of local government councils in Imo State. A descriptive approach was adopted and the Ordinary Least Squares regression was used. Researchers in their investigation on what could help states generate more IGR argued that the use of External Tax Consultant provides the solution since states could collect more tax through the consultant's efforts and initiatives A.D. de Groot's empirical cycle argues that an empirical study consists of observation, induction, deduction, testing and evaluation.

A group of researchers studied Tax Incentives and Revenue Productivity of the Nigerian Tax System. They discovered that the study reports unsatisfactory level of total tax revenue productivity in the country. The study also identified the seemingly lagging sources of Nigeria's Federal revenues and the non-buoyancy of the total tax revenue is a

complete revelation of the poor tax effort in the Nigerian tax system. The study concludes that the report on total tax revenue buoyancy calls for serious the study reports unsatisfactory level of total tax revenue productivity in the country. The study also identified the seemingly lagging sources of Nigeria's Federal revenues and the non-buoyancy of the total tax revenue is a complete revelation of the poor tax effort in the Nigerian tax system. The study concludes that the report on total tax revenue buoyancy calls for serious attention and policy challenge, considering the enormous importance of generating resources and less dependence on external borrowing to facilitating economic growth and development. The limitation in that study was that it relied on sectorial data¹²⁹.

Another set of researchers conducted a study on the Effect of Tax Incentives on Foreign Direct Investment in the Petroleum Industry in Nigeria. The findings revealed that tax incentives proxy by investment tax allowance, non-productive rent, capital allowance has a significant effect on foreign direct investment. Based on the findings it is concluded that firms' enjoying tax incentives will generate more employment opportunities than firms in highly taxed regions. Conducive investment climate is a strong requirement for the flow of sustainable physical investment in an economy. Tax incentives positively influences the living standards and per capital income, and expand variety of goods available to consumers. The limitation to this study was the fact that the study focused on foreign direct investment.

In a study on Deferred tax and financial performance of firms in Nigeria, the results revealed that deferred tax asset and deferred tax liability exert negative impact on performance of firms sampled in the study, with coefficient estimates of -0.925937 and -0.4875336 for the impact of deferred tax asset and deferred tax liability on profit after tax,

-.0003803, and -.00002 for earnings per share, $-2.04e-06$ and $-5.48e-07$ for the impact on return on asset, $-6.07e-06$ and $-8.9e-07$ for return on equity. The limitation to the study was its limitation to deferred tax and did not examine tax incentives¹³⁰.

Researchers conducted a study on the impact of Taxation on Government Capital Expenditure in Nigeria. The study concluded that taxation revenue has significant effect on government capital expenditure in Nigeria. The study was restricted to taxation and government capital expenditure unlike the present study which examines the relationship between IGR and Local Government Development in Osun State.

Another set of researchers studied the Effects of Multiple Taxation on the Growth of Small and Medium Enterprises in Nigeria. They discovered that multiple taxes have negatively affected the growth of SMEs in Nigeria as many operators of these businesses expressed their unwillingness to venture into new enterprises or expand the existing ones for fear of multiple taxes that continue to take a significant portion of their earnings. In the same vein, a group of scholars in Nigeria studied Tax Morale and Nigeria's Informal Sector. The findings showed that the higher the tax morale, the lower is the tendency to participate in the informal sector as the results showed a negative relationship of tax morale -0.05 (i.e 5%) on the informal sector. The study however did not examine tax incentive and financial performance.

In Bauchi state, researchers studied Personal income tax compliance by the informal sector operators in Bauchi Metropolis, Bauchi State, Nigeria. The study observed that tax education and enlightenment were so crucial that it should be included in the educational syllabuses across all levels of academic learning; that clerics should teach and preach the

need to pay taxes while the tax administrators should carry the campaign from door to door. The study would have assumed more force of mandate if it was backed by statistical evidences.

For the sake of the current study on the role of IGR in grass roots development in Local Government Areas in Osun State, will be adopting the two models of Endogenous Growth Theory namely: Arrow Model and Romer Model. Arrow's model in a simplified form can be written as:

$$Y_i = A(K) F(K_i, L_i)$$

where Y_i denotes output of firm i , K_i denotes its stock of capital, L_i denotes its stock of labour, K without a subscript denotes the aggregated stock of capital and A is the technology factor. He showed that if the stock of labour is held constant, growth ultimately comes to a halt because socially very little is invested and produced. Therefore, Arrow did not explain that his model could lead to sustained endogenous growth. Romer model of the endogenous growth theory takes knowledge as an input in the production function of the following form

$$Y = A(R) F(R_i, K_i, L_i)$$

Where Y is aggregate output; A is the public stock of knowledge from research and development R ; R_i is the stock of results from expenditure on research and development by firm i ; and K_i and L_i are capital stock and labour stock of firm i respectively. He assumes the function of homogeneous of degree one in all its inputs R_i , K_i , and L_i , and treats R_i as a rival good.

The model exhibits three key elements in his model, namely externalities, increasing returns in the production of output and diminishing returns in the production of new knowledge. Many academics have distinct definitions of local governance. This is because different viewpoints on the actual function of local government vary depending on the context. Local government, on the other hand, is described as being carried out at the local level through representative councils that have been legally formed to act in certain areas¹³¹. Local government is described by the International Union of Local Government Authorities (IULA) as the level of government with legally defined rights and obligations to oversee and administer public affairs that are also constitutionally defined for the sole benefit of the local population.

In order to decentralize government, bring it closer to the people at the grassroots, and make social services essential to driving national development, local governments, which make up the third tier of the administrative hierarchy, were established in Nigeria. They are strategically situated and in charge of the government of almost 70% of the estimated 152 million residents of Nigeria. As a result, it is said that they are in a unique position to compile and communicate the demands of the vast majority of Nigerians and to promote rural development by utilizing the necessary human and financial resources in their operations.

Federalism is merely a term for a form of government in which the constitutionally established distribution of powers between two or more levels of government exists. A political system known as federalism has at least two levels of government. In these situations, two tiers of government—a central one known as the federal government and other entities identified variously as states, regions, republics, cantons, or unions—are

juxtaposed. One of the main characteristics of a federal system of government, according to one opinion, is the division of duties among the several branches of the executive and legislative branches.

This also serves as the foundation for determining revenue rights and defining tax-raising authority, which are the precursors to intergovernmental fiscal relations (IGFR). As is the case in Nigeria, most constitutional frameworks for federal systems divide the authorities and duties into exclusive, concurrent, and residual legislative lists.

This classification can have a historical, political, or economic foundation, among other things. Therefore, it is generally agreed that the distribution of duties among federating units should be structured in the following ways: - Duties that the federal government can carry out more effectively than those that fall under lower tiers of government should be distributed to the former (i.e be placed in the exclusive legislative list). These include nuclear energy, banking, currency, national defence, and external relations (including borrowing and commerce).

Functions that may have spillover effects but whose advantages are more local than national should be included concurrently. These include the growth of the industrial, commercial, or agricultural sectors; post-primary institutions; and health care, among others. Local authorities are typically given responsibility for tasks that are purely local in nature, meaning that the benefits primarily benefit constrained geographic regions of the nation. These duties would include the creation and upkeep of public markets, parking lots, and restrooms; waste removal; primary education; and the creation and upkeep of neighbourhood streets and roads.

It should be noted right once, though, that consolidating the majority of these responsibilities into separate, impenetrable divisions may be challenging, if not impossible. This fact serves as the foundation for the principle of collaboration among federating units in carrying out a variety of tasks. It was claimed that the federal system of government has two fundamental strategies for allocating resources. The federal or inclusive government and other tiers of government are implied to share resources vertically in the first statement. The federally produced money, such as taxes, export duties, import charges, mining rates, etc., is the focus of this sharing plan.

The horizontal revenue sharing results from variances in the ability of component units to generate money, according to the second revenue sharing concept. According to the rationale, in places with significant revenue potential, a relative larger tax is applied in the opposite direction to maintain stability. "Equalization transfer" is the name given to this transfer. The result is that high taxes in regions with relatively low income generation will deter company investment and further damage the local economy. The federal government must increase funding to these areas in order to prevent this. The federal government must provide more funding to these communities to foster stability in order to prevent this¹³².

Different scholars have conceptualized and organized local government in different ways. In order to distribute or decentralize political power, for instance, local government was viewed as "a political authority set up by a nation or state as a subordinate authority." It was also described as the process of distributing power, which can occur through devolution or deconcentration. Devolution, on the other hand, refers to a transfer of

authority to local government units or special statutory organisations, such as school boards, whereas deconcentration implies delegation of authority to field units of the same department. From this vantage point, local government can be seen as having less influence over the national politics. It is a body that exercises administrative authority.

Local government was seen as a “system of local administration under local communities that are organized 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 conduct their affairs effectively for the general good”.

Local government is the division of the nation into smaller units or localities for administrative purposes, in which the citizens of the various units or localities concerned take an active and direct part through their elected officials, who carry out their duties under the overall control of the state or national government. In accordance with a different viewpoint, local government describes a specific territory and population, an institutional structure for legislative, executive, or administrative purposes, a distinct legal identity, a range of powers and functions authorised by delegation from the relevant central or intermediate legislative, and, within the bounds of such delegation, autonomy, including fiscal autonomy.

The 1976 National Guidelines for Reform of local Government defines 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 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 active participation of the people and their traditional institutions that local initiatives and responses to local needs and conditions are maximized”.

The local government is a political division of a country (or, in a federal system, a state) that is established by law and has significant control over local affairs, including the authority to levy taxes or demand labour for specific purposes, according to the United Nations Division of Public Administration. Such an entity's governing body is elected or otherwise chosen locally. The conceptual view of local government is primarily defined by area, population, an institutional structure for maintaining law and order, as well as the provision of a restricted range of social services to the rural population, based on the categories given above. Local government is nevertheless regarded as a genuine force for development and popular engagement in the democratic process.

Research on the use of electronic taxation to generate income in Nigeria (A Study of Selected States in Nigeria). The importance of electronic taxes in reducing tax evasion or avoidance and how to increase revenue generation was examined. The study used a survey approach. Primary and secondary sources were used to gather the study's data. Simple percentages were used to analyse the data, and tables were created to display the results. Analysis of Variance serves as the model formulation for the test of hypotheses (ANOVA). According to the analysis, electronic taxation will increase revenue production in the states under consideration. The researcher also discovered that e-

government is a crucial component in accomplishing the goal of e-taxation. The efficiency of computerized tax administration will be considerably improved by computer literacy.

Another study looked at whether e-taxation in Nigeria can address the problem of tax evasion and stop corrupt tax official behaviour. Both primary and secondary sources were used to gather the data. Three hypotheses were developed and tested using the Z-test statistical tool after the data obtained were processed using mean and standard deviation. According to the study, e-taxation can increase locally generated income and lessen tax evasion in Enugu State. It also stated that e-taxation can stop tax authorities from engaging in corrupt behaviour. This implies that because the government has not yet fully implemented e-tax administration, some tax administrators and taxpayers are not aware of Nigeria's online tax assessment/collection scheme.

Another study which is entitled community participation in ecotourism benefits: the link to conservation practices and perspectives highlights that ecotourism's success as a conservation approach has been uneven, according to research undertaken in Costa Rica to evaluate models connecting conservation and development. Where ecotourism provides a viable economic option, people have abandoned farmed land, enabling forests to regrow. However, employment in tourism has little impact on conservation viewpoints. Other characteristics, such as indirect tourist advantages and education levels, have a greater relationship with conservation behaviors and viewpoints. Ecotourism may potentially be most beneficial as part of a larger conservation plan, according to the findings.

The study entitled *The Twists and Turns of Community Participation in Natural Resource Management in Australia: What is missing* discusses that for many years, aspects of Australian natural resource management, notably forestry, such as harvesting from public native forests and planting large-scale plantations on farmland, have been problematic. In reaction to such conflict with forestry development, local people are increasingly demanding a role in defining the use and management of forest resources. Despite increased acknowledgment of the necessity for community engagement, little research has been conducted on the sort and level of participation that is most successful, as well as the costs and benefits of participation in natural resource management. This study relies on worldwide and Australian experiences to give a conceptual framework for analyzing the role of participation in natural resource management, particularly forestry. The authors present three instances of how community engagement has been fostered in Australia, with the goal of stimulating conversation on the broader role of participation in natural resource management.

This article *Community development in sustainable livelihoods approaches* – an introduction defines sustainable livelihoods approaches and explains how they came to be. It investigates how various organizations have adopted a sustainable livelihoods strategy, and if they have leaned on community development thought and practice in doing so. It is discovered that community development is largely absent from sustainable livelihoods thinking, with some arguing that this is due to the locally situated nature of community development practice, which makes it difficult for externally driven sustainable livelihoods interventions to systematically incorporate community level methods and practices. More fundamentally, sustainable livelihoods approaches represent a

technocratic development drive that runs counter to the principles, ethos, and values that underpin much community development work.

This study Exploring factors influencing individual participation in community-based tourism: The case of Kampung relau homestay program, Malaysia presents preliminary results from a qualitative inquiry of how participation is practiced in a community based tourism initiative that provides homestay experiences to visitors in Kedah, Malaysia. The initial goal of the research was to evaluate where the homestay program falls on the spectrum of involvement.

The second goal was to investigate the factors that could impact the level of community engagement in this initiative. The current study's findings show those community members' motives to engage impact involvement in community based tourism.

The study Barriers to community participation in development planning: lessons from the Mutengene (Cameroon) self-help water project relies on the Mutengene, Cameroon self-help water project experience to: (i) highlight the critical importance of community participation (CP); and (ii) identify and explore major hurdles to CP in development planning. Eleven constraints are discussed, including the paternalistic posture of authorities, the state's prescriptive role, embellishment of successes, selective participation, inattention to negative results, hard issue bias, intra/intergroup conflicts, gatekeeping by leaders, excessive pressures for immediate results, lack of interest, population size, and belief systems. It is advised that efforts be made to raise knowledge of CP as a feasible option for undertaking capital improvement projects in LDCs.

The study titled Citizen Participation in Decision Making: Is It worth the Effort? Observes that it is often assumed that enhanced community engagement in government

decision making results in a slew of major advantages. Dissent is uncommon: It is impossible to imagine anything other than good consequences from people participating in the policy process, partnering with others, and achieving agreement to bring about constructive social and environmental change. This essay covers the citizen-participation literature and discusses critical aspects in deciding whether community involvement is an effective policy-making instrument, prompted by contextual challenges found in a participatory watershed management program. We describe the circumstances under which community engagement may be expensive and ineffectual, as well as the ones under which it can flourish and generate the greatest advantages in effective citizen government. We arrive at a better educated approach to guiding policymakers in selecting a decision-making procedure that is suited for a community's specific requirements based on the debris of a failed citizen-participation initiative.

According to the research project "holistic yet tangible": Embracing the Challenge of Complexity for Education for Sustainable Development According to UNESCO, education for sustainable development (ESD) covers a wide range of issues, including the conservation of natural resources, the fight against HIV/AIDS, and the reduction of poverty. Education for Sustainable Development thus becomes a term that needs to be nuanced but clear, extensive yet specific. One strategy for Education for Sustainable Development to deal with this complexity is to narrow its scope and concentrate on the issues it addresses. Maintaining a wide range of subjects and related fields of knowledge while integrating the various epistemologies used is another more tenable option for ESD. Thus, the challenge is to reach consensus on an epistemology that is both practical and inclusive of all areas of knowledge.

The purpose of this article is to investigate the utility of an Eco semiotic conception of the epistemological relationship between humans and nature (how we think about how we come to know about nature) and a pragmatic method of making value judgments in assisting ESD in meeting the challenges of complexity.

The study entitled Development of sustainability indicators by communities in China: a case study of Chongming County, Shanghai observes that an international panel based on recognized best practice examined public engagement as a way of developing sustainability indicators for Chongming County, Shanghai, China. Based on prior indicator systems created in China, an initial 'long list' of 86 sustainability indicators was identified. This 'long list' was trimmed to a 'short list' of 17 indicators after talks with local academics and local-government executives from Shanghai City and Chongming County. This short selection was submitted to further community input, which included 159 local-government officials, teachers, students (ages 12– 14), farmers, and workers. Data from the discussions revealed disparities in the various sectors' understanding of sustainable development. It was feasible to discover a consensus around four core and seven supplementary indicators by merging data from various areas. These are offered as markers that might be used to focus local operations toward long-term development. The Chongming Islanders' set of indicators was compared to local indicator systems in Europe. In compared to European lists, the Chongming list was found to place a larger focus on economic growth while maintaining a comparable degree of concern for environmental issues. This research is significant because it reflects on the execution of a procedure in China that involves local resident engagement in the process of sustainable development.

The study entitled Community participation and democratic practice in post-apartheid South Africa: Rhetoric vs reality highlights that in post-apartheid South Africa, community engagement is critical in the design, execution, and assessment of integrated development planning at the local level. From 2018 to 2020, this report evaluated a variety of research studies aimed at assessing community engagement in Cape Town. However, evidence shows that community engagement has been mostly verbal rather than substantive. Thus, in order to increase strategic community involvement with local governments, this article proposes a number of conceptual, theoretical, and practical strategies to improve transformational planning practices at the grassroots level. As a result, substantive components of community involvement such as the start, identification, direction, and authentication of participatory processes are critical¹³³.

The article entitled Disaster Management and Community Planning, and Public Participation: How to Achieve Sustainable Hazard Mitigation begins with a short history of catastrophe management planning. Second, it examines research results from Australia and the United States, demonstrating that they encourage the field of disaster management to change its emphasis from reaction and recovery to long-term hazard reduction. It is suggested that in order for this change to occur, disaster management and community planning must be integrated. Current practice seldom reflects such a synthesis, which is one of the reasons why hazard awareness is lacking in local decision-making processes. Third, it is argued that in order for mitigation techniques to be effective, the disaster management process must include public engagement at the local decision making level. The article finishes with a case study of Portola Valley, California,

demonstrating that when public engagement is incorporated into disaster management planning and community planning, the consequence is long-term hazard reduction¹³⁴.

The study entitled Promoting Sustainable Development through Participatory Design in a Small Town provide acceptable design principles and execution methodologies for development in major downtown Mebane, North Carolina locales. One of the project's primary goals is to increase community engagement in this process. The Charrette method, i.e., the quick speed at which the design is finished with a guiding principle: consensus, is selected as the ideal goal setting approach in this respect. The Charrette will be conducted in three stages. The first step included determining goals and solutions based on the identified challenges. The second phase delves further into the design implications of these solutions. Finally, in the third phase, proper design standards for the development of downtown Mebane will be developed. Following the presentation of the first phase of the procedure at the ARCC spring 2018 conference, the second phase is developed, highlighting the third step.

The dissertation entitled Common Property Resources, Peoples' Participation and Sustainable Development: A Study of Sukhomajri investigates the processes of socioeconomic change experienced at Sukhomajri – a tiny hamlet in the Shivalik Foothills of Haryana – by delving into numerous developments that have occurred in the village since the mid-1970s as a result of the Watershed Development Project. Field survey data from the agricultural year 2019-93 is evaluated to address, among other things, several critical problems with far-reaching ramifications beyond Sukhomajri. Some of these issues are: what is the method by which the engagement and participation of rural communities in different development initiatives and programs at the grass roots

level may be first secured and then ensured, and this on a long-term basis? How can various strata of rural communities be convinced to work together for a similar goal? How do rural institutions adapt to outside agents of change? How does the increase in income resulting from the successful commissioning of community level projects influence the beneficiary families' levels and patterns of employment, wages, output, standard of living, and savings? and, can the Sukhomajri model's response to numerous socioeconomic challenges be duplicated abroad with the same degree of success? The study's findings indicate that the gains resulting from the process of socioeconomic transformation at Sukhomajri, in terms of household level improvements in augmented production, a more dispersed and remunerative employment structure, a discernible rise in the levels of living and savings, as well as growing tendencies toward better health care, education, and so on, have been shared by all on a more or less equitable basis¹³⁵.

The study entitled community participation in externally funded health projects: lessons from Cambodia discusses the lessons learnt in creating successful community engagement in two externally financed, NGO-implemented health initiatives in Cambodia that function at the district level. The first project was carried out in compliance with Cambodian national community involvement rules. The second initiative, which used lessons and experiences learned from the first, worked with Buddhist pagoda volunteers. To examine the success of the two involvement initiatives, primary research was undertaken in both contexts. The research indicates that involvement with existing community-based organizations and agencies is required for the success of community participation in externally financed health programs with relatively short implementation timelines.

How Do the Links Between Participation, Empowerment, and Sustainability Work? Examine how participation, empowerment, and sustainability are related. Using the participation experience that has been amassed in South Africa, both pre- and post-apartheid, across multiple sectors and contexts, we address two questions: does participation lead to empowerment, and does empowerment, in turn, contribute to sustainability? What, if any, outside factors regulate and affect that relationship? The analysis shows that there is a correlation and that it depends on a number of contextual factors that are essential to its effectiveness. The findings are explored in light of the worldwide literature on community engagement and local democracy, as well as policy implications.

Based on the findings, the researcher recommends that the government should support the establishment of e-tax administration to ensure high rate of compliance among taxpayers and e-taxation should be implemented to reduce the diversion of government funds to private pockets¹³².

Using secondary data, a researcher looked at Local Government Tax Mobilization and Utilization in Nigeria: Problems and Prospects. According to the report, local governments need to receive a significant boost in funding from the federation accounts if they are to serve as agents of growth at the local level. It was advised that local governments work to increase their own revenue generation and instill openness and accountability into their management framework.

It was that analyzed the extent to which revenue generation had affected the development of selected local Governments. The researcher used both primary and secondary methods of data collection. The data obtained through secondary data were analyzed using simple

least square regression method. The following were some of the findings: there is a significant relationship between revenue generated and developmental effort of government, poor development of the areas, lack of basic social amenities within communities and lack of revenue to maintain existing infrastructures¹³⁶. The researcher, therefore, recommended that the local government should provide quality basic amenities. Another researcher looked at how taxes affected the country's states and federal capital territory's ability to generate money in Nigeria. The study made an effort (using secondary sources) to emphasize the idea and nature of taxation, aims of taxation, characteristics of the Nigerian tax system, taxation as a tool for wealth development and employment, classification of taxes, Nigeria's principal taxes, and other tax-related problems. The researcher used primary sources of data to present and analyze the information for the study in order to meet the study's goal. Regression analysis calculated with the aid of SPSS was used to test the study's hypotheses⁹⁵.

The research discovered among others that, taxation has a significant contribution to revenue generation and taxation has a significant contribution to Gross Domestic Product (GDP). The research recommends among others that Well Equipped Data Base (WEBB) on all tax payers should be established by the Federal, State and Local Governments with the aim of identifying possible sources of income.

In addition, the Federal, States and Local Governments should modernize and automate all tax system, improve taxpayers' convenience in the assessment and payment process and at the same time entrench effective and modern human resources management practice.

In Delta State, Nigeria, the efficiency of tax administration in terms of tax assessment, collection, and remittance was investigated. In order to examine the opinions of civil workers who are directly involved with tax administration in Delta State's five local government areas, a survey of the tax administration apparatus was conducted. 125 questionnaires were distributed (Ughelli North, Ughelli South, Ika, Sapele & Warri). The relationship between tax administration, tax regulation, and revenue collection was examined as a hypothesis. An analysis of variance was the statistical technique employed to assess the hypotheses (ANOVA).

Results of the study indicate that the first hypothesis is not supported. It was therefore accepted that effective tax administration enhances revenue generation in Delta State. Besides, the second hypothesis is equally not supported. The inescapable conclusion is that the misapplication of tax laws has a significant relationship with revenue generation. The study, therefore, recommends that the Delta State Government could put in place a tax system that can enhance better administration of tax systems and that tax collections should be left in the hands of private organizations.

Some academics examined the revenue generating in Numan, Nigeria's Adamawa State. Staff members from the ministries of Finance, Education, Administration, and Livestock departments, respectively, were given 120 questionnaires at random. The data generated was examined using descriptive statistics, including tables, frequency distributions, and percentages. According to the respondents, the research area's internal revenue sources in turn span from the market, animal sales, land, slaughter fines, property, and income taxes. While the combined amount of market sales taxes and taxes on animals is roughly 16.7%. According to the respondents, 56.7% of them often enlisted the aid of law enforcement

personnel to assist in generating income in the research region, which resulted in some increases in earnings between 2005 and 2009. The respondents claimed that, despite an increase in the expected domestically generated revenue between 2005 and 2009, the majority of taxpayers do not adhere to the norms for timely tax payment (40 percent). According to respondents, some cited causes of the ineffective revenue generation in the research area include inadequate public education (33.3%), while others (23.3%) said that insufficient incentives were a contributing factor. Based on the findings of this study, the following recommendations were made¹³⁷.

Regular training of revenue officers should be introduced and maintained, regular public enlightenment on the benefits of tax payment should be introduced either through the mass media or workshops or also through the use of posters, and the incentives given to revenue officers should be increased. Again, the best revenue officers of the year should be rewarded.

Thanks to the Nigeria Tax Administration, there was less tax avoidance. The study used 25 relevant items from 121 online survey questionnaires. The 93 eligible responses were examined using descriptive statistics. The study found, among other things, that an increase in tax income is a product of a successful enforcement strategy, which is the sole responsibility of tax administration¹³⁸. Nigeria lacks the personnel, technology, and postal and communication infrastructure required to effectively implement the law. As a result, the study has clear applicability for tax experts and decision-makers in government, particularly in developing countries.

2.4 Conceptual Framework

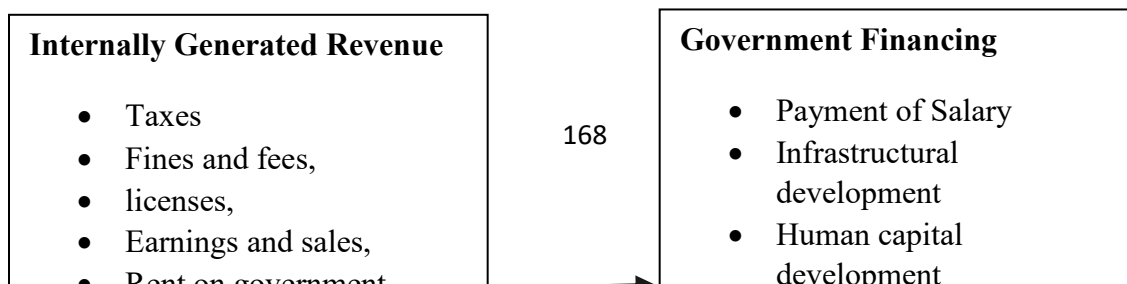


Figure 2.1: Conceptual Frame on the Influence of Internally Generated Revenue on Revenue Profile of Osun State

Source: Researcher, 2023

2.5 Summary of Gap in Literature Reviewed

The study has filled an important gap in literature as it focuses on the imperative of raising the revenue profile of Osun state through the increment of the internally generated revenue from the local government level. The uniqueness of this study is show in the review of literature where researchers has focused on the efforts of national and state government in boosting state revenue in this era of economic downturn. Majority of the study has focused on economic diversification and other national strategies. Others who have mentioned local governments have treated them as vassals of state government to be used as a tool of revenue generation.

While local governments are under state government, the state government cannot be effective in revenue generation at the local government level without the input of local administrators themselves. In Addition, the constitution clearly outlines the areas where

the local government is entitled to collect revenue in order to meet the needs of its people. This study has therefore put local government in their appropriate place of responsibility by focusing how their effort at revenue generation help people at the grassroots and also helping the state in overall performance.

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Chapter Three

Methodology

3.1 Research Design

This research study made use of descriptive research design. The descriptive research design permits the researcher to emphasize the relationship that exists among variables in the study. The research study is similarly design in a way that addresses the research objectives and research questions which have been itemized by launching an investigation with the aim of providing answers to the questions.

3.2 Population of the Study

The population of the study included all management staff and career officers of the Local Government Areas and the Ministries in Osun State, Nigeria, which include five top executives in Ministries of Finance, Health, Education, Local Government and Chieftancy Matters in Osun State, Monthly Statutory Allocation Document, Osun State by the Federal Bureau of Statistics.

Osun State is divided into three federal senatorial districts, each of which is composed of two administrative zones. The state consists of thirty (30) Local Government Areas and Area offices, the primary (third-tier) unit of government in Nigeria. Five LGAs in the state was the main focus of the study, to form the sample for the study. Purposive sampling/selection of LGAs was based on the availability of relevant data and peculiar revenue characteristics of the LGAs. Besides, the state is bordered with Oyo and Ondo States, which has been of exemplary IGR strength and as such, are germane to the study and analysis.

3.3 Sample and Sampling Techniques

A sample size of 170 was selected to test some variables through questionnaire. This samples were selected purposively to deal with different components of the study variables.

Data was collected from secondary sources, where specific variables such as State IGRs and revenue profile/total revenue and capital expenditure was the main focus. Financial statements of the LGAs in state were obtained from State Government's Accountant General offices for the period of fifteen years (2006-2021). However, model Specifications for the first objective was achieved via personal interviews with key Personnel.

3.4 Description of the Research Instruments

In this study, different research instruments were deployed to examine different components of variables. Thus, Questionnaire survey, Documentary reports, and Performance indicators on Infrastructural development in Osun State are the major research instruments deployed in this study.

3.5 Validity of the Research Instruments

The instrument was face-validated by experts in measurement and evaluation. For this purpose, the research instruments was scrutinized by the supervisor who equally vetted the structuring, adequacy and content of the items in the instruments, while the trial test which was conducted by administering 50 copies of the questionnaire to 50 state ministry officers in Oyo State not used for this study. All corrections and suggestions were incorporated into the final draft before administration.

3.6 Reliability of the Research Instruments

An instrument is reliable if it measures under the same circumstances consistently from one time to another what it was designed to measure². The scores obtained will be analysed using Cronbach Alpha Method. The results will give rise to a reliability coefficient value (a range from 0.69 to 0.92 will be adequate). With these figures, it will be confirmed that the instrument is reliable enough in achieving the objectives set for the study.

3.7 Administration and Method of Data Collection

The study adopted secondary data especially information collected from National Bureau of Statistics, Office of Accountant General of Osun State, Joint Tax Board and State Boards of Internal Revenue. The NBS indicated that States IGR data is computed by the National Bureau of Statistics and the Joint Tax Board from official records and submissions by the 36 State Boards of Internal Revenue. These submissions are then validated and authenticated by the Joint Tax Board which is chaired by the Federal Inland Revenue Service and has the National Bureau of Statistics and Osun State Boards of Internal Revenue members. The categories of the Data source adopted by the National Bureau of Statistics which were also adopted by this study are: Ministries, Departments and Agencies (MDAs); Direct Assessment; Pay As You Earn (PAYE); Road Taxes and Other Taxes. The secondary data was made up of internally generated revenue (IGR) figures of Osun State between (2017 –2021). This gave direction and focus that validated the conclusion of this study. In addition, the primary data are generated from respondents' responses to the questionnaire that was administered with the identified research participants in the Local

Governments in Osun State.

3.8 Method of Data Analysis

Data collected will be analysed with the use of simple descriptive statistics such as frequency and percentage for the demographic information of the respondents. Also, frequency counts, distribution of mean score and standard deviation will be used to answer the research questions while inferential statistics of Multiple Regression Analysis will be used to test formulated hypotheses at $\alpha=0.05$ level of significance³.

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Chapter Four

Results and Discussion of Findings

This study adopted descriptive survey design. In the conduct of this research, different research instrument was deployed to examine different components of variables. Thus, Questionnaire survey, Documentary reports, and Performance indicators on infrastructural development in Osun States are the major research instruments deployed to gather data in this study which was used to examine the study objectives. In this chapter, the results obtained from the study are presented on the basis of the research questions tested. The total number of the respondents was a hundred and seventy (170). The statistical methods used for the analysis were frequency distribution, correlation, Relative Impact Index (RII) Analysis. All the research questions were tested at 0.05 level of significance.

4.1 Demographic Analysis

This section presents the analysis of socio-demographic characteristics of the respondents in three selected State Ministries in Osun State. This section presents the analysis of socio-demographic characteristics of the respondents from the sampled State Ministry in all Local Government Areas. Table 4.1a below shows the socio-demographic characteristics of the respondents.

Socio-Demographic Characteristics of Respondents in Local Government Areas in Osun State

Table 4.1a: Socio-Demographic Characteristics of Respondents

Socio-Demographic Characteristics	Categories	(Freq)	(%)
Gender	Male	103	60.6
	Female	67	39.4
	Total	170	100
Age	20-30 years	47	27.6
	31-40 years	57	33.5
	41-50 years	53	31.2
	Above 51 years	13	7.6
	Total	170	100
Marital Status	Married	108	63.5
	Single	52	30.6
	Separated	7	4.1
	Divorced	1	0.6
	Widower	2	1.2
	Total	170	100
Religion	Christianity	115	67.6
	Islam	52	27.1
	African Traditional	3	1.8
	Total	170	100

Source: Field work 2021

Table 4.1a shows that, the number of male respondents' amount to 103 respondents, which is 60.6% of the sample size of 170, while the female respondents amount to 67 respondents, which is 39.4% of the total sample size. Respondents within the ages of 20-30 years made up of 27.6% of the study population, while respondents within the ages of 31-40 years constitute 33.5% of the study population. Looking at the respondents within

the ages of 41-50 years, they made up of 31.2% of the study population, while the respondents within the ages above 50 years constituted 7.6% of the study population.

The third variable in the table is the Marital Status of respondents. Considering this variable, 108 respondents are married which amount to 63.5% of the sample size, while 52 respondents are single and amount to 30.6% of sample size. Others are 7 respondents which is equivalent to 4.1% are separated, 1 respondent which is 0.6% are divorced, 2 respondents which is 1.2% are widower and there is no widowed among the respondents. In this variable, while the married are the most populated, the widowed is the least populated. The fourth variable on the table is religion background of the respondents. It was being gathered that there are three major religions involved which are Christianity, Islam and African Traditional religion. The Christians are the most populated religion with 115 respondents, which amount to 67.6% of the sampled size, the Muslim were 52 which is 30.6% of the sampled size and the least is the respondent for African Traditional religion of 3, which is 1.8% of the sampled size.

Socio-Demographic Characteristics of Respondents in Local Government Areas in Osun State

Table 4.1b: Socio-Demographic Characteristics of Respondents

Socio-Demographic Characteristics	Categories	(Freq)	(%)
Educational Qualification	WASSCE/NECO	30	17.6
	OND/NCE	48	27.1
	HND/B.Sc	78	45.9
	M.Sc/MA/MPA/PhD	16	9.4
Staff Status	Senior Staff	122	71.8
	Management Staff	48	28.2
Duty Post	Ilesha West	170	100
Ministry/ Agency	Ministry of Finance	53	31.2
	Ministry of Health	2	1.2
	Ministry of Education	8	4.7
	Ministry of Local Government and Chieftaincy Matters	45	26.5
	Missing Value	62	36.5
Local Government Council	Ilesha West	62	36.5
	Ife West	20	11.8
		25	14.7
	Missing Value	63	37.1
Year Spent in Service (Experience)	0-5 years	56	32.9
	6-10 years	40	23.5
	11-15 years	26	15.3
	16-20 years	24	14.1
	21-25 years	18	10.6
	Above 25 years	6	3.5

	Total	170	100
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Source: Field work 2021

Table 4.1b include Educational Qualification is another variable in the socio-demographic data table above. It shows that only 30 respondents are with West African Senior School Certificate (WASSC)/ National Examination Council (NECO) qualification and amount to 17.6% of the sampled size and 48 respondents which is 27.1% of the sampled size have Ordinary National Diploma (OND)/ National Council Examination (NCE). While 78 respondents which are 45.9% of the sampled size have Higher National Diploma (HND)/ Bachelor of Science (B.sc) qualification, 16 other respondents which are 9.4% of the sampled size have MSc/MA/MPA/PhD qualifications. In this variable, while those holding HND/BSc qualification are most populated of the sample, those with MSc/MA/MPA/PhD qualification are the least populated.

The next variable on table, is the staff status. The analysis of the variable indicates that there are 122 senior staff, which is approximately 71.8% of the sampled size and 48 management staff, which amount to 28.2% of the sampled size, senior staff is the most populated and the Management staff is the least populated. The seventh variable contains the Duty Post of the respondents in Western States of Nigeria. There are 51 respondents working in Lagos State, which amount to 30% of the total sampled size, 71 respondents are situated in Oyo State, amounted to 41.8% of the total sampled size and 48 respondents which is 28.2% of the sampled size are working in Osun state. The next variable and the eighth, on the socio-demographic table are the various Ministries/Agency of the various respondents. There are 53 respondents from Ministry of Finance which amount to 31.2% of the sampled size, 2 respondents from Ministry of

Health which is 1.2% of the sampled size, 8 respondents from the Ministry of Education which is 4.7% of the sampled size, 45 respondents from Ministry of Local Government and Chieftaincy Affairs which amount to 26.5% of the sampled size. The missing value from this variable is 62 amounting to 36.5% of the sampled size. The ninth variable is the Local Government Council in which the respondent is working. Ilesha West has 20 respondents, equivalent to 11.8% of the sampled size. The missing value is 63 amounting to 37.1% of the sampled size.

The next variable and the tenth, is the Department or Unit of the respondents. Here we have 59 staff, which is 34.7% of the respondents in the Account and Finance Department, while 27 staff, which is 15.9% of the respondents is from Administrative Department. Meanwhile, 34 staff, which is 20% of respondents is from the Audit department, 24 staff amounting to 14.1% of the respondents is from Education department, and 26 staff in other departments.

Finally, the last variable on the socio-demographic data table above is Year spent in service (Experience) by the respondents. In this variable, the information shows that the staff with 0-5 years is 56 which is approximately 32.9% of the respondents. In addition, while the respondents with 6-10 years of experience are the highest of 40 which is 23.5% of the respondents, those with 11-15 years of experience are 26 which amount to 15.3% of the respondents. Furthermore, the respondents with 16-20 years of experience are 24, which is equivalent to 14.1% of the respondents, 18 staff out of the respondent amounting to 10.6% of the total respondents are with 21-25 years in active service, and those that are above 25 years are the lowest with only 6 respondents, that is 3.5% of the total respondents.

4.2 Presentation of Research Questions

Research Question One: What are the Internally Generated Revenue opportunities that exist within the Local Government Areas of Osun State, Nigeria?

The Local Government Areas of Osun State ought to be eager to de-emphasize statutory allocation and tap deeper into available opportunities in the LGAs. Administrators must ensure that as a level of the central government, they are efficient as well as effective in their management of the financial resources of the State. Firstly, a trustworthy and accountable local government regime must be in place. To increase revenue collection and improve service delivery the council must create a truly transparent government. A grassroot administration that understand their main task as delivering good services for their citizens.

It is correspondingly essential that citizens understand the importance of a constructive dialogue with their legitimate home-grown government. They must be motivated to participate and contribute to the affairs of Local Governments' development, most especially in the planning and arrangement process of projects. The Local Government is constitutionally empowered to control and regulate certain activities in their jurisdiction; therefore, the current administration can impose newer fees and rates on various economic activities as a way of generating funds for their operations. Tax and revenue officers must be trained, dedicated and hardworking. They should constantly monitor the

Local Governments Areas to identify legitimate needs and revenue opportunities that the council can aggregate. The representatives at the local council must also focus on enhancing the viability of their objectives.

Ministries, Departments and Agencies (MDA) Revenues: This relates to revenues generated administratively by State MDAs during the course of providing various services.

Direct Assessment: This relates to a form of personal income tax used to assess tax for self-employed individuals. With the self-assessed tax, a new tax payer can assess him/herself, and pay the calculated amount. Direct assessment relate to those imposed on businesses especially (informal) by the state authorities based on the size of their activities.

Pay As You Earn (PAYE): This is a form of personal income tax that refers to tax deducted directly from wages and salaries of employees operating in the formal sector. All employers in Nigeria are responsible for deducting Pay As You Earn (PAYE) taxes from their employees earnings.

Road Taxes: Road taxes are daily levies paid by commercial transporters operating within the states.

Other Taxes: levies and rates charged on saw-mill licenses rates, tenement rates, and community service charges.

Research Question Two: What is the influence of internally generated revenue on the finances of Local Governments in Osun State, Nigeria?

The understanding towards the Internally Generated Revenue particularly in Osun State have shown that, both social and economic growth and development depend on the

ability of the local Governments to prevail on financial needs in the execution of their mandate in a situation of poor Fiscal allocation from the Federation account. Therefore, it has been very essential to harness the IGR opportunities of the Local governments towards the achievement of meaningful development. The activities of both State and Federal Government can only be complimented through viable internally generated revenue. Efficient and effective service delivery as a result of strong IGR will make the grassroots turn around faster towards a robust development structure. Without IGR, it may be so difficult for the Local Government Area to meet the yearning and aspirations of the citizens. Local Government Areas in Osun State have emerging as well as persistent challenges that demands remarkable financial liquidity premised on the strength of their IGR, without waiting for the allocation shares from other levels of government.

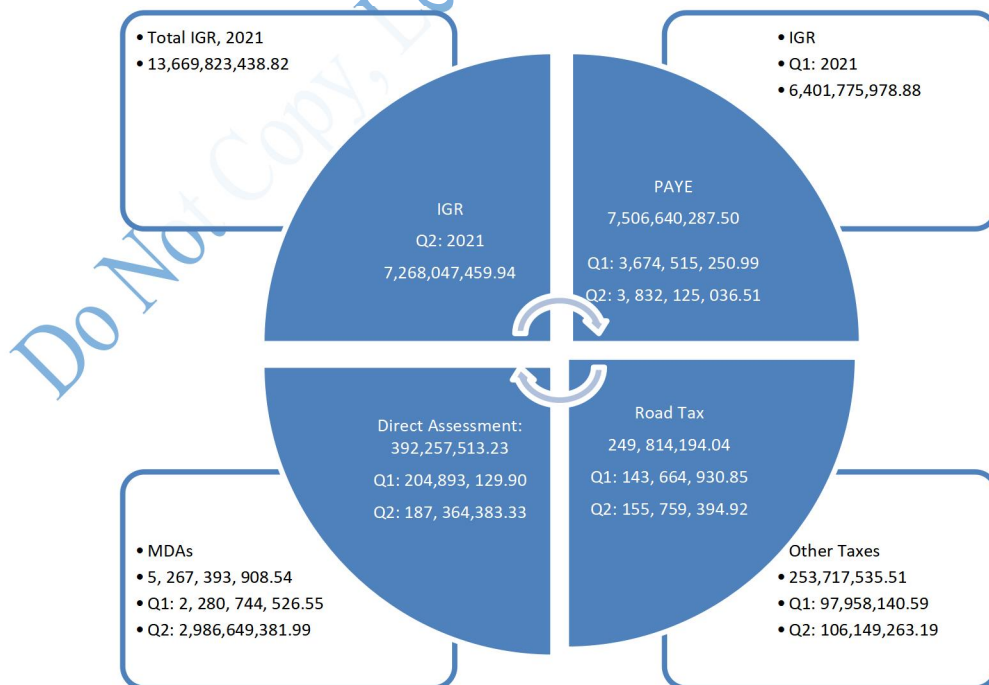


Figure 4.1 Osun State Internally Generated Revenue Profile, 2021

Source: National Bureau of Statistics, 2022

The Half Year Internally Generated Revenue (IGR) data is computed by the National Bureau of Statistics and the Joint Tax Board from official records and submissions by the State Boards of Internal Revenue. These was then validated and authenticated by the researcher during the field work through the Joint Tax Board which is headed by the researcher's informant in the Federal Inland Revenue Service and Boards of Internal Revenue of Osun state as a member. There many income generating means by local government in Osun state. This includes various taxes such as levies on market traders, land registration and other land related fees, development levies on individuals, pool betting/lottery/gaming fees, stamp duties on individuals etc. Specifically, the following formed the basis of IGR profile in local government areas in Osun State.

There are many ways in which the efficiency and effectiveness of State-Local Government Joint Account can improve State- Local Relation. The table below examine the efficiency and effectiveness of state-local government joint account on State- Local Relation in Osun State, Nigeria.

Primary Health Care has also been given a priority, through supply of drugs and dressings to the community, availability of free health care services and minor laboratory investigation are also encouraged and this was only possible through the aggressive IGR. The beauty of it is the willingness of tax payers to pay duly for continued as well as uninterrupted services in all sectors. Renovation of markets and provision of conveniences within the market also boosted the Internally Generated Revenue profile of

Local Government Councils. The impact extended to grading of roads to facilitate easy accessibility for rural farmers during the transportation of farm products to the city.

Findings on the influence of internally generated revenue on the finances of Local Governments in Osun State showed that 72.4% of the respondents agreed that State Local Government Joint Account has helped to reduced wasteful spending and corruption in the Local Government, while 19.4% of the respondents disagree with the statement and 8.2% of the respondents neither agree nor disagree with the statement. Furthermore, 70.6% of the respondents agreed with the statement that State Local Government Joint Account has resulted in effective monitoring of Local Government expenditure in Osun State, Nigeria, while 22.4% of the respondents disagree with the statement and 7.1% of the respondents neither agree nor disagree.

However, 67% of the respondents agree that State Local Government Joint Account has led to reduction in mismanagement and corruption at the Local Government in Osun State, Nigeria, while 21.2% of the respondents disagree with the statement and 11.8% of the respondents neither agree nor disagree with the statement. Again, 65.3% of the respondents agreed that the State Local Government Joint Account has led to transparency and accountability in the activities of the State and Local Government in the Osun State, Nigeria, while 16.5% of the respondents disagreed with the statement and 18.2% of the respondents neither agree nor disagree with the statement.

Lastly, 63% of the respondents agreed that disbursement of funds from the State Local Government Joint Account is highly efficient and transparent, while 24.1% disagreed with the statement and 12.9% neither agree nor disagree with the statement.

Relative Impact Index (RII) Analysis on the efficiency and effectiveness of State Joint Local Government Account on State Local relation in Osun State, Nigeria

Table 4.2.2 shows the Relative Impact Index (RII) analysis on the efficiency and effectiveness of State Joint Local Government Account on State Local relations in Osun State, Nigeria. The result shows that the State Joint Local Government Account has reduced wasteful spending and corruption in the local government has an RII value of 3.86 (taking 3.0 as the minimum acceptable value), which implies that the variable has a strong impact in evaluating the efficiency and effectiveness of State joint Local Government Account on Sate Local relations in South Western Nigeria. Also, the state Joint Local Government Account has resulted in effective monitoring of Local Government expenditure has an RII value of 3.71 (taking 3.0 as the minimum acceptable value), which implies that the variable has a strong impact in evaluating the efficiency and effectiveness of State joint Local Government Account on Sate Local relations in South Western Nigeria

Furthermore, the result shows that the State Joint Local Government Account has led to reduction in mismanagement and corruption at Local Government has an RII value of 3.71 (taking 3.0 as the minimum acceptable value), which implies that the variable has a strong impact in evaluating the efficiency and effectiveness of State Joint Local Government Account on Sate Local relations in Osun State, Nigeria. Also, the State Joint Local Government Account has led transparency and accountability in the activities of the State and Local Government has an RII value of 3.75 (taking 3.0 as the minimum acceptable value), which implies that the variable has a strong impact in evaluating the

efficiency and effectiveness of State joint Local Government Account on State Local Government Revenue in Osun State, Nigeria.

In addition, it shows that the disbursement of funds from the State Joint Local Government Account is highly effective and transparent has an RII value of 3.61 (taking 3.0 as the minimum acceptable value) which implies that the variable has a strong impact in evaluating the efficiency and effectiveness of State joint Local Government Account on Sate Local relations in Osun State, Nigeria

KEY:

Relative Impact Index = RII

$$RII = \frac{\sum RII}{N_i}$$

$\sum RII$ = Summation of RII

N_i = Number of items

The closer the RII to 5, the higher the importance attached to the variable.

$$\text{Acceptable Value} = \frac{5+4+3+2+1}{5} = 3$$

Research Question Three: What is the impact of Local Government Internally Generated Revenue on the level of infrastructural development in Osun State, Nigeria?

Table 4.2: Showing Indicators of IGR’s intervention on Infrastructural Development in Ilesha West, Osun State

Infrastructural Development Indicators	2018 (% IGR)	2019 (% IGR)	2020 (% IGR)	2021 (% IGR)
Universal Basic Education	13.98%	12.72%	11%	13.27%
Road Construction & Repair	18.7%	16.5%	16%	15.58%
Rural Agriculture	5.05%	5%	5%	5.08%
Primary Healthcare	6.95%	8.75%	10%	7.16%

Source: Fieldwork, 2022

Table 4.3: Osun State Universal Basic Education Board Projects' Implementation 2010-2018

Year	Name of Project	Project Description	Implementation Agency	Cost(N)
2018	Construction	Construction of eight 1000-Capacity Model Middle school with all facilities	UBEC/SUBEB	1,309,295,975
2019	Construction	Construction of eleven 900 Capacity Model primary school	UBEC/SUBEB	1322128317
2020	Construction	Construction of 154 Model classroom Blocks	UBEC/SUBEB	677924955
2021	Construction	Construction of 117 classrooms Block	UBEC/SUBEB	450268002

Source: Osun State Universal Basic Education Board, 2022

Human capital development is vital for the progress and sustainable development of any nation. In such a case, the quality of input depends on the level of literacy of the population, which would help in the rapid social and economic development of a nation. In order to achieve this objective, the Nigerian government introduced Universal Primary

Education (UPE) programme aimed at eradicating illiteracy, ignorance, and poverty, therefore, stimulating and accelerating national development. Therefore, the data on table 4.2.2.1 above revealed various indicators of IGR's intervention on Infrastructural Development in Osun State. While table 4.2.2.2 specifically shows various construction and rehabilitation projects as well as instructional materials, individually or jointly provided by UBEC. Although, there was a flow of counterpart fund from the federal government to the state government between 2010 and 2017 for the implementation of the SUBEB projects, yet, the data showed that instructional and learning materials were relatively very small considering the pupils' enrolment in the state. The various construction and projects rehabilitation embarked upon between 2010 and 2018 were not adequate to achieve reduction in the number of out of school children or improve accessibility to education in Osun State.

The classrooms facilities provided would result in wastage with a large number of school-age pupils out of school. Therefore, service delivery function in education has suffered a serious setback, particularly with the insufficient teachers' enrolment at the local government levels. The delivery of quality education is a function of adequately trained teachers. The researcher claims that the state lacked the capacity to deliver services in education due to a large number of pupils of school age that had no access to education.

Table 4.4: Respondents View on how Internally Generated Revenue in Local Government Areas in Osun State has been utilized for Infrastructural Development

	Number of Respondents	Percentage (%)
Highly Satisfactory	56	32.94%

Satisfactory	73	42.9%
None of the above	41	24.1%
Total	170	100

Source: Fieldwork, 2022

Based on the above table it could be seen that 56(32.94%) respondents said highly satisfactory, 73(42.9%) said that local government utilizes its revenue collected from various source to a satisfactory level and 41(24.1%) responses opined that funds collected are not utilized in any of the above ways thus having no idea.

Table 4.5: Respondents View on how IGR in Ilesha West Local Government Areas has been utilized for Infrastructural Development

	Number of Respondents	Percentage (%)
Very Efficient	43	25.2%
Efficient	47	27.6%
Poor	41	24.1%
Very Poor	39	22.9%
Total	170	100

Source: Fieldwork, 2022

The above table shows that 40(15.03%) of the respondents rated the utilization of the IGR generated by the local government as very efficient, 51(19.17%) rate it as just efficient while 90(33.84%) of the respondent believe that the revenues are poorly used and 85(31.96%) are of the opinion that the internal and external revenues generated is very poorly managed by officials of the local government.

Research Question Four: Which strategies can be used to boost internally generated revenue among the Local Government Areas of Osun State, Nigeria?

Revenue is one of the funds required by the government to finance its activities. Internally generated revenues (IGR) are revenues or funds generated by states within the Nigerian federation, independent of their share of revenue from the federation account. There are challenges that have affected IGR collection in the Nigeria. These challenges have been identified below:

Firstly, lack of adequate information on taxpayers has been a major challenge. Taxpayers can easily avoid reporting their income to the State because there are no documents that shows what their income has been over time or what they do to generate money and how much is expected from such organisations.

Secondly, lack of cooperation from the taxpayers is another obstacle faced by revenue collection agencies in local government areas. Many taxpayers in Nigeria do not see payment of tax as their civic responsibility and an obligation to the government. This is because, they believe that on the part of the government, there is no adequate provision of public goods and services that the citizens need as part of their benefit from their tax payment.

Furthermore, lack of uniformity in the incidence of taxation is another challenge. It is obvious that the principle of fairness and equity in taxation do not apply in the Nigerian tax practice and administration. As a result, most tax payers feel unjustifiably levied as there are no benchmarks for proper tax assessment in Nigeria¹.

In addition, incompetence of tax inspectors has been a barrier to revenue generation in various local government areas. Most tax official lack adequate training and

communication skills. The uncivilized manner with which they relate with tax payers does not encourage them to make payments that are due. They approach their job with selfish interest and aggression, thereby giving a taxpayer the option of defending his civic right.

Lastly, complex tax laws and system is another challenge facing revenue collection in various local governments in Osun State. Tax laws in Nigeria have not been brought to the layman's understanding. Even among the elites it is still very complicated, such that tax liability becomes a difficult task to compute. The conceptual review provides comprehensive definition and concept of economic development, real gross domestic product, internally generated revenue from other authors and scholars as well as the Internally Generated Revenue inherent challenges.

Addressing Low IGR in Nigerian Local Government

Generally, Nigeria government is saddled with the responsibility of providing some basic infrastructural to her citizens. Among this are provisions of hospitals, construction of roads, standard schools, bridges, railway lines, airports etc. More so, the stabilization of the economy, the redistribution of income and the provision of services in the form of public goods are also among the functions or obligations government of Nigeria owns its citizen. It is observed that even without payment, the consumption of public goods cannot be to the total exclusion or in isolation of certain individual, Government now makes it free for all and sundry. A good example is in area of security e.g arm forces, police etc. their services cover all citizens without specific charge to the people. A study suggested that taxation among organization and citizen for economy development countries [EDC] had uniformly been geared toward efficiency, increased tax revenue, equity and

enforceability. Some of the functions of government to citizen using tax as a tool, through this the objective of taxation is achieved.

- To raise revenue to finance government expenditure
- To regulate the economy by creating enabling environment for business to thrive.
- To redistribute wealth and income to promote the welfare and equality of the citizens and establishments.

Therefore, mere boosting tax payment is a means of increasing revenue generation. It helps the government to meet the need of the citizens, some of which has been pointed out above. The purpose of taxation is to maintain public force and administrative expenses according to public finance general directorate². Taxation is required to finance public expenditure, it is worthy of note however, that there are other sources of revenue generation by the government e.g borrowing, grants etc.

Although tax is not a contribution and payment of tax does not mean that government must do something within the locality of the tax payer. However, it is essential that the evidence of taxation is seen in public so as to encourage tax payers. Some people believe those who are not government workers need not to pay tax because of the 'culture of give and take'. Which has so far limited the growth of IGR in Nigeria and its states in particular, this now brings enforcement of tax to the citizens.

The tax system in Nigeria is made up by the combination of the tax policy, the tax laws and the tax administration. All of these are expected to work together in order to achieve the economic goal of the nation. According to the Presidential Committee on National tax policy, the central objective of the Nigerian tax system is to contribute the wellbeing of all Nigerians directly through improved policy formulation and indirectly through

appropriate utilization of tax revenue generated for the benefit of the people. In generating revenue to achieve this goal, the tax system is expected to minimize distortion in the economy. Other expectations of the Nigerian tax system according to the Presidential Committee on National tax policy include;

1. Encourage economic growth and development.
2. Generate stable revenue or resources needed by government to accomplish loadable projects and investment for the benefit of the people.
3. Provide economic stabilization.
4. To pursue fairness and distributive equity
5. Correction of market failure and imperfection.

In an attempt to fulfill the above expectation, the national tax policy is expected to be in compliance with the principle of taxation, the lubricant to effective tax system. The Nigerian tax system has been flawed by what is termed multiplicity of tax and collecting entities at the tiers of government levels - Federal, State and Local government.

Tax Policy

According to the Presidential Committee on tax policy, Nigeria needs a tax policy which does not only describe the set of guiding rules and principles, but also provide a stable point of reference for all the stakeholders in the country and upon which they can be held accountable³. The inability of tax policy to meet up with efficiency and equity criteria against which it is being judged was further noted that tax policy is continually subjected to pressure and changes which most time does not guarantee outcome that are in line with the overall goal.

Unfortunately, most policy changes in Nigeria are without adequate consideration of the taxpayers, administrative arrangement and cost plus the existing taxes. This has in no small measure hindered the effective implementation and goal congruence of the nation's tax system. Researchers stated that the best approach to reforming taxes is one that takes into account taxation theory, empirical evidence and political and administrative realities and blend them with good dose of local knowledge and a sound appraisal of the current macroeconomics and international situation to produce a feasible set of proposals sufficiently attractive to be implemented and sufficiently robust to withstand changing times, with reason and still produce beneficial results⁴.

Tax Laws

This refers to the embodiment of rules and regulations relating to tax revenue and the various kind of tax in Nigeria. They are made by the legislative arms of the government. These laws are constantly subjected to amendment. There is no doubt that the frequency of amendment is a manifestation of inconsistencies and consequently hinders the achievement of the set up goals. However, in an attempt to meet up with the three years policy review as earlier stated and or adjust to the economic dynamism of the country, amendment could equally be made. The prevailing tax laws in Nigeria are as follows;

- Personal Income Tax Act (PITA) CAP P8 Law of Federations of Nigeria (LFN) 2004
- Company Income Tax Act (CITA) CAP.60. LFN 1990
- Petroleum Profit Tax Act (PPTA) 2007
- Value Added Tax (VAT) Act No 1 02 LFN 1993
- Capital gain tax Act CAP 42 LFN 1990
- Stamp Duties Act CAP411 LFN 1990

- Education Tax Act No 7 LFN 1 993
- Information technology Development Act 2007

Tax Administration

It is one thing to make policies, rules and regulation in an attempt to attain a desired goal or objective and it is another thing to implement these policies, rules and regulation. The organs and agencies in charge of tax policy implementation in Nigeria are referred to as the administrative organ or agency in this research work. Efficiency and effectiveness should be the watch word in designing a tax administration structure that will give the desired result. The fiscal autonomy granted the three tiers of government had led to multiplicity of tax. Tax payers and corporate bodies had been subjected to multiple levies or charges of tax of same name in different form. This had increased evasion and avoidance as such payment either eat deep into the profit of business or affect negatively, the distributable income of the individual.

What Management and Organizational Approach will Decrease Tax Evasion Level and Increase Administration Autonomy?

In an attempt to find out how taxation can be used to boost internally generated revenue of Nigerian Local Governments, tax evasion and avoidance were noted to be on increase. In the list of questions used for tax collection, most were indirect question in order to get the objective opinion of the respondent of those whom are culprit of evasion and avoidance already. In addressing the research question, only those quite relevant to the research question will be analyzed.

The outcome of the work suggested that management and organizational approach in the implementation of tax policy is very-weak. The weaknesses could be traced to the use of

poor tools, inadequate staffing of the tax-collecting organization, poor funding, bad access of road to the interior of the rural areas, poor enlightenment etc. These are significant areas the tax management and organization sought to address in order to be a goal oriented agency. They lack knowledge of the job and even for the knowledgeable among them, there is no periodic training. Tax policies changes frequently thereby rendering obsolete, the little knowledge some of the officers earlier had. The same is applicable with the equipment in use. Nigeria does not have a comprehensive data base of all the tax payers and businesses in the country. This is not the same with other developed nations. People and organizations can therefore afford to take every slightest opportunity to evade tax obligation. The country needed very good data base that will contain the details of the tax payers such that relationship in terms of assessment and collection will be made easy. Enlightenment will also make the people to know that payment of tax is a civic responsibility of Nigerian citizens and not just an issue of give and take as they have turned their mindset.

Enlightenment will further erase from the mind of the people, believe that revenue generated from oil and gas alone is enough to fend for the nation. At the local government level, tax officers are expected to visit all the interiors areas for tax collections but this seldom happen due to the non-availability of the means, nonchalant attitude of the field workers and many more weaknesses of the tax administrators. The taxpayers who even at the sight of tax collectors can run into the bush in some areas will be very happy if the tax man did not visit their area. High tax rate create room for evasion and even for avoidance. This is because of its effect in the income or profit of the tax payer. 46% of the total respondents acknowledge this.

Challenges of Tax Administration in Nigeria

In spite of all tax collector office and agents, there is still high rate of tax evasion, which is attribute to tax administration machinery, these problems are mostly internally;

- a. Inadequate staffing
- b. Dishonesty among the tax assessors and
- c. Inadequate supply of facilities.

- Inadequate Staffing

The few are loaded with job as the available staff is not sufficient for the work. The lack of adequate experience tax officials in Nigeria has given room for tax evasion. Tax evaders used this medium to muddle their accounts up and even direct the ill equipped half-baked junior tax officials on what he ought to pay. This result in loss of appropriate revenue that ought to come if properly assessed.

- Dishonesty among the Tax Assessors

Due to the present corruption, that enrobes the Nigeria country, the tax assessors of Nigeria mostly of them takes bribe from the citizens and organization in order to harbor them from not paying adequate tax to government purse.

- Inadequate Supply of Facilities

A visit was made to the Osun State tax office headquarter and it shows that facilities required were lacked in the offices. They have not enough vehicles yet they go on tax drive, in lieu of this the governments of Nigeria were in the offices. They have not enough vehicles yet they go on tax drive, in lieu of this the governments of Nigeria were urged to provide adequate equipment.

Effect of Adequate Payment of Tax on Internally Generated Revenue

Lagos State did not receive its Federal Allocation for a period of about five years or more and it was forced to become self-sufficient as a State. It is hoped that the pressure to diversify and focus less on the center will force States to explore alternatives to improving their revenue base. Today, Lagos remains self-sufficient and generates at least 75% of its Revenue from its internally generated revenue. This has been facilitated by implementing a customized database with the associated infrastructure based on cutting-edge technology.

The technology simplifies revenue collection and tax administration in the following ways;

Eliminates all sources of revenue leakages especially through Taxpayers, Revenue officials, and Banks. Created an online database in respect of Taxpayers whose taxpaying habits are monitored? Generating of a high degree of accuracy projected revenue of future periods from all sources. Generated reports showed revenue distribution by revenue type and revenue agency. Distribution of revenue collected geographically, many States are not enhancing their capacities to collect or expand their tax bases. Every year the same figures are projected as total internally generated revenue in their budgets while corresponding personnel costs increase. Any reduction in the collection of statutory revenue from the federation account will result in personnel costs being unpaid. This makes such States not economically viable for existence⁵.

The challenges associated with Internally Generated Revenue collection are as follows;

- a. Lack of adequate information on taxpayers. Taxpayers can easily avoid reporting their income to the State.
- b. Lack of cooperation from the taxpayers.

- c. Many Nigerians (even within the tax net) do not feel obligated to Government; therefore, they do not consider paying tax as a civic responsibility.
- d. Insufficient information on the logic and significance of taxes.
- e. Certain taxpayers who might be willing to pay are not motivated to do so.
- f. Lack of uniformity in the incidence of taxation.
- g. Most taxpayers believe that they are unfairly levied.
- h. There are no standard structures and modalities for tax assessment in Nigeria and the problem has created distrust between collectors and payers.
- i. Complexity of the tax system and a lack of explanation with respect to tax obligations by the Nigerian government.
- j. Most taxpayers do not understand what is required of them.
- k. Many taxpayers cannot distinguish between PAYE, WHT or VAT, even among the intellectuals much less calculate the tax base or tax liability in any of these cases.
- l. Inadequate training and preparation of tax inspectors. Most tax officials tend to be poorly educated and lack the basic knowledge and techniques to communicate.
- m. Many Tax inspectors tend to be very aggressive, thereby putting the taxpayer on the defensive.

Some States have commenced the process, by partnering with some Banks for the collection purposes. This reduces the high level of leakage associated with the collection of cash by Government agencies. However, there is a need to establish this process with the following activities; introduce electronic data processing of all Taxpayer information. This will create easy access to taxpayer information and gain the same advantages as Lagos State Training and retraining Revenue Officers in the use of enabling laws

improving the administrative machinery to eliminate bottlenecks and bureaucracy in process flows Improving Taxpayer Service and Education All States of the Federation have the potential to survive on IGR if the right parameters are set out for them. States are often considered weak in the IGR management because most of them do not have comprehensive data on who should pay tax or the key economic activities that can generate tax income, issues such as this has always affected the revenue flow from internally generated sources. It is therefore important for these governments to look inwards and start to engage in resource development by encouraging Public- Private Partnership within their localities. Apart from improving economic activities it also creates an expanded tax base.

4.3 Discussion of Findings

The study examines the influence of internally generated revenues on the revenue profile of local government areas in Osun state. The first research question is to find out how IGR influences the finances of different Local Government Areas in Osun State: The study found out that linking the internally generated revenue with the joint account of the state government has eliminated wasteful spending, facilitated efficient fund disbursement, and eliminated corruption to a great extent. It has also brought transparency to how local governments spend their funds. This finding is contrary to the findings of previous studies that have reported the misappropriation of funds by local government officials⁶. The study has thus revealed a departure from the past era when the local government is perceived as corrupt and inefficient.

The use of a joint account with the state government however agrees with existing studies that have suggested that local governments in Nigeria are still tied to the apron strings of the state governments⁷. It seems that local government autonomy is still not a reality in Osun state. However, as the local government reported that they have access to the fund in the account, the arrangement seems to be working to the benefit of the people.

Research question two also examined the impact of Local Government IGR on the level of infrastructural development in Osun State. The finding of the study revealed that the major infrastructure developed is building of classrooms for primary school children. However, while the local has obviously not been able to do much on human capital development and other areas of infrastructure, a slight majority of the respondents found the effort of the local government administration satisfactory⁸. It must also be pointed out that there are significant number of those who are not satisfied with the level of development. This finding is in agreement with existing studies that have reported that local governments in Nigeria are unable to achieve much in term of development due to a lack of adequate funds and an inability to boost their revenue generation^{9,10}.

Local governments in Nigeria have often had to settle for mundane projects and half-hearted initiatives due to a lack of funds. However, there are numerous sources of funds for local governments through which they can boost their IGR. In line with this, the third research question focused on the IGR opportunities that exist in Osun State, Nigeria that the Local Administration has refused to exploit to its full potential. The study found that the local government has not been able to properly engage with the citizens in order to generate revenue from all of the economic activities going on in the local government. In addition to trade and transport activities, there are also agricultural activities that the

government has not been able to exploit for the purpose of revenue generation. Similar findings of local government being unable to maximize their revenue potentials has been reported in existing studies^{11,12}. Local government often lack the skilled personnel to strategically manage the task of revenue generation. As a result, there is a need for effective strategy for revenue generation.

Research question four focused on the strategies that can be used to boost IGR in Osun State. The study found that the local government has been trying some strategies such as better engagement of key stakeholders in the local government to encourage them to pay their taxes regularly. The local government has also been training its personnel on the modern way of government revenue collection which is designed to persuade rather than coerce the tax payers. The personnel are also being trained to discover new sources of revenue for the local government and how to collect this revenue in an economic manner. The approach taken by the local governs has basis in the literature as various experts have suggested similar strategies and some have tried the strategies and found them high effective.

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Chapter Five

Conclusion

5.1 Summary of Findings

Every undertaken scientific study or research is conventionally presented in chapters for quick perusal and the digestion of the ideas therein. Therefore, this study is not an exemption. Chapter one begins with the background overview and array of steps to taken to carry out the study which include the statement of the problem, research questions and objectives, methodology of the research and the significance of the study. Chapter two featured a review of related literatures and a broad rejoinder of the existing body of scholarship on local government, revenue generation, community development, and statutory allocation exemplifies by empirical and scholarly debates and different theoretical approaches, the fit between scholarship and the likely broad constellation of its directions in the foreseeable future. Chapter three examines the methodological outfits that best capture and answer the research questions. The research designs adopted for this study is descriptive. The choice of this design was hinged upon its ability to solely describe the situation or case under research study. It is a theory-based design which is created by gathering, analyzing, and presenting collected data. This allows a researcher to provide insights into the why and how of research. Conversely, this chapter also gives underlying insights on work experience and job performance. Chapter four descriptively revealed the study findings by responding to the research questions and providing answers to the research problem. The summary of results, the study's conclusion, and the recommendations are all included in Chapter five.

5.2 Conclusion

It follows that it is apparent that the States must acknowledge local government as a partner in progress if there is to be any meaningful development at the local level. That is, partners in promoting sustainable rural development by offering necessary services to raise the standard of living for those who live in rural areas. And without sufficient financial resources at the Local Government's disposal, this is impossible. There is the need for management and organizational approach that emphasizes services, support and information for the honest tax payers. Increase tax revenue is a function of effective enforcement strategy which is the pure responsibility of tax administrators. Many believe it is the statutory allocations that can make a State perform its civic duties. States that have the 13% derivation allocated to them are considered as having the leverage to perform better but this has not been the case. The potentials of some states are hidden within their territories and must be exploited urgently. History has also shown the possibilities. It should be noted that Lagos State does not enjoy the extra allocation (13% derivative) from oil, yet it remains the highest performing State. If the right parameters are set out all states in the federation can generate enough revenue without depending on the statutory allocations from the central government. However, if there is insufficient data on eligible taxpayers and the major activities that can generate tax, most states would not be able to maximize their tax potential for revenue generation. The state boards of internal revenues should also be empowered to provide a one-stop shop for tax collection. Other sources of revenues like stamp duties; levies and fees collected by the state and local government should be enhanced properly. The use of information technology should be introduced across board to ensure a comprehensive data base for

the tax payers. The time has come for us as Nigerians to call on leadership both at the Federal, State and local levels to: Create transparent, evidence-based plans to support economic diversification implement those plans with public oversight, transparency and accountability. Move from direct ownership of economic assets to regulating private sector investment Make complementary investments in public infrastructure and human capital Diversify revenue sources by broadening the tax base and collecting taxes efficiently, transparently and fairly. It is important to remember that, well targeted public policies, regulations and investments in key sectors can contribute to growth, and this growth will contribute to government revenue. While good governance cannot be over emphasized, we citizen also needs to be aware that there is a need to; Advocate for transparent, evidence-based plans to support economic diversification, hold leaders accountable for implementing those plans with public oversight, transparency and accountability, Advocate for high quality public investments and effective service delivery in education, health, transport, power, etc. Advocate for fair and efficient taxation, and pay taxes as a citizen investing in the future of the country. This study has focused mainly on the importance of IGR, taxation, its effects, consequences and encourage the cooperate citizen and organization to boost IGR by adequate tax payment.

5.3 Recommendations

In view of the above findings, the study therefore makes the following recommendations that:

1. Like it was in the pre-colonial era, grassroots institutions should be reintegrated into the plan for community development. This is due to the fact that using grass-roots

organizations effectively is one of the most practical solutions to the issue of appropriate community development. Organizations like the town union, age-grade, women's wing, and traditional rules abroad union, among others, are examples of grass-roots organizations that, when effectively mobilized, can have a significant impact on the process of community development. In order to achieve the best results, the local government should seize the chance to harness the power of its institutions and direct it along a constructive, beneficial path. The top-down method, which was used in earlier Nigerian community development projects and programmes, is conveniently linked to their previous failure. Effective use of grass root institution will make rural people active participant and equally enhance the sustainability of community development project and programme in Nigeria.

2. There should be sufficient fund by government and non-government organization. Local government should equally diversify, and strengthen her internally generated revenue base through tax, levies, rates and other charges. Avoid using IGR for political patronage.

3. Authority of the various local governments in Nigeria should embark on programme of attitude or value re-orientation for the people of their domain concerning feeling of social or stained isolation and lack of patriotism. Such programme might involve formulating sets of anthem and pledge that can be recited after the national anthem to flag off any official ceremony, other include the need for the local government authorities to always identify with the respective community during celebration like festivals by sending delegation, goodwill messages and gift items and by sympathizing with them during community losses or crises, organization of periodic collegial traditional sports

competitions, cultural fiestas and establishment of traditional sports competition, cultural fiestas and establishment of joint business venture like community banks, market and recitation centers.

4. Local government should involve their communities in the inheritance and protection of public facilities provided to such as electricity, pipe-borne water school building, health facilities, among others, such community involvement has the potential of creating an enormous sense of community. For example, Enugu state government came up with the idea to establish neighborhood watch group in each of the 441 autonomous community to assist in provision of security to life and property of which other state can key into in achieving community development in the rural community in their states.

5. Every local government should ensure that a community relation office is established and well-funded and staffed at the council head quarter, such officer shall serve as an effective liaison platform that can maintain regular contact with the community to ascertain their respective needs, feelings, grievance, current threats against the corporate unity or security of life and property among others. In this regard the rural populace will show community and interest in the community development projects within their domain.

6. Federal and state government should discontinue undue interference in the finances of the local government councils;

7. Government should allow the rule of law to come into place within the third tiers of governments;

8. The state government should be checked from controlling local government councils on the way they spend their money;
9. Federal government should assist by adjusting the statutory allocations to favor the local government to enhance developmental projects at the grassroots;
- 10 Local government on their own should stand to their responsibilities by working hard so that the rural dwellers can feel government existence in their areas;
11. Periodic review on the local government accounts by the external auditors should be emphasized for proper accountability.

5.4 Contribution to Knowledge

The Local Government Area in Nigeria generally and Osun state specifically has gained tactics and suggestions on how Osun state's local governments might reclaim their place in the administration of their region. It will make suggestions to help Local Government Council improve service delivery and better meet the needs of the voters. The specific capacity building that people, businesses, and local government departments need to boost IGR collection by local government councils in Nigeria has been hampered by problems. This study has contributed mainly to the importance of IGR, taxation, its effects, consequences and encourage the cooperate citizen and organization to boost IGR by adequate tax payment. Finding the potential for true autonomy of the Local Government Areas under examination is the relevance of this study. The researcher was able to pinpoint areas of macroeconomic deficit or surplus in the context if they have correct understanding of the IGR and public expenditure patterns of the Local Administrations. This is an effort to compile data on Local Governments that are

functioning well so that other LGAs might benefit from it. This study is also an extension of the existing body of knowledge, for the reason that if completed, will constitute good and researchable literature/findings on the research problem or any other research topic similar or related to it for future or prospective researchers and the general readers.

5.5 Suggested Area of Further Studies

This research work concentrates more on the influence of IGR on revenue profile of Osun State, Nigeria. The spatial scope of the study will be Osun state, with particular focus on Ilesa West Local Government Area in Ilesha, Osun state. An understanding of the realities there, in terms of the relationship between IGR and public expenditure, will provide a model through which the subject matter can be understood in other parts of the country.

The temporal scope of this research work between 2016 and 2021. The reason for this scope is the opportunity it provides for the researcher to review the study interest within the Federal Administration of President Muhammadu Buhari. He won the 2015 Presidential elections and also won the 2019 presidential elections. This gives us an opportunity to carry out the analysis under an overhauling stable condition. The changes to be accommodated later in analysis will be the influences of the two gubernatorial administrations on IGR in our Local governments of interest within the period under review

Area of future research can concentrate on other issues that have been critical to the functioning of local governments' service delivery capacity. Further troubled spots that can still be examined will be extension of frontiers on whether, and if the taxation system

at the local government in Nigeria is properly enhanced, IGR and Infrastructural development projects will be improve.

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**Appendix
Questionnaire**

**Department of Politics and International Relations
Faculty of Social and Management Sciences
Lead City University Ibadan**

Dear respondent,

I crave your indulgence to elicit information on an academic research through the filling of this questionnaire. I promise that all the information provided will be solely used for academic purpose. Thanks for your honest response.

Yours faithfully,

Researcher.

Section A: Socio-Demographic Characteristics

1. Gender: Male [] Female []
2. Age 20-30 years []; 31-40 years []; 41-50 years []; Above 51 years [];
3. Marital Status Married []; Single []; Separated []; Divorced [];
Widower [];

4. Religion Christianity []; Islam []; African Traditional [];
5. Educational Qualification: WASSC/NECO []; OND/NCE []; HND/B.sc
[]; M.sc/MA/MPA []; /PhD []
6. Staff Status: Senior Staff []; Management Staff [];
7. Duty Post; (LG)
8. Ministry/Agency: Ministry of Finance []; Ministry of Health [];
 Ministry of Education []; Ministry of Local Government and
 Chieftaincy Matters[]
9. Year Spent in Service (Experience) 0-5 years []; 6-10 years []; 11-15
 years []; 16-20 years []; 21-25 years []; Above 25 years []

Section B: Influence of Internal Generated Revenue (IGR) the finances of LGAs in Osun State

What are the Internally Generated Revenue assessed by LGAs in Osun State

How would you rate the contribution of IGR generated to the finances of LGAs in Osun State?

Highly Satisfactory []; Satisfactory []; None of the above[];

Section C: Influence of IGR in LGAs in Osun State on Infrastructural Development.

How well do you think IGR in Local Government Areas in Osun State has been utilized for Infrastructural Development?

Very Efficient []; Efficient Poor []; Very Poor[];

What other areas can LGAs explore to generate more IGR to improve on the economy of Osun State?

Secondary Data

STATE GOVERNMENT OF OSUN

2018 BUDGET

PERFORMANCE OF EXPENDITURE BUDGET JANUARY – MARCH, 2018 (1ST QUARTER)

S/N	DESCRIPTION OF ITEM	BUDGET 2018	PRO-RATA ESTIMATES JAN. - MARCH, 2018	ACTUAL EXPENDITURE JAN. - MARCH, 2018	% TOTAL EXPENDITURE
		₦	₦	₦	
	EXPENDITURE				
I	Personnel Cost	42,716,249,920.00	10,679,062,480.00	8,528,641,787.05	38.33
II	Overhead Cost	15,878,162,326.00	3,969,540,581.50	2,637,947,971.15	11.89
III	C. F. R. C.	28,027,881,850.00	7,006,970,462.50	7,278,439,346.88	32.71
IV	Capital Expenditure	92,625,248,892.00	23,156,312,223.00	3,803,787,496.87	17.10
	TOTAL	179,247,542,988.00	44,811,885,747.00	22,248,816,601.95	100.03

PERFORMANCE OF REVENUE BUDGET JANUARY – MARCH, 2018 (1ST QUARTER)

S/N	DESCRIPTION OF ITEM	BUDGET 2018	PRO-RATA ESTIMATES JAN. - MARCH, 2018	ACTUAL COLLECTION JAN. - MARCH, 2018	% TOTAL REVENUE
		₦	₦	₦	
1.	Revenue from Federation Account				
a	Statutory Allocation	27,064,054,430.00	6,766,013,607.50	9,252,440,431.39	44.69
b	Value Added Tax	8,870,044,300.00	2,217,511,075.00	2,803,494,682.74	13.54
c	Other Revenue from FAAC	5,130,460,470.00	1,282,615,117.50	188,686,885.42	0.91
	SUB-TOTAL (REVENUE FROM FAAC)	41,064,559,200.00	10,266,139,800.00	12,244,621,999.55	60.05
2.	Internally Generated Revenue	93,004,976,458.00	23,251,244,114.50	4,347,891,156.93	21.00
3.	Other Receipt/Revenue				
a	Aid	-	-	-	-
i	Domestic Aids	5,749,000,000.00	1,437,250,000.00	423,061,640.31	2.04
ii	Foreign Aids	1,000,000,000.00	250,000,000.00	224,552,727.01	1.08
	TOTAL AIDs	6,749,000,000.00	1,687,250,000.00	647,614,367.32	3.12
b	Grants	-	-	-	-
i	Domestic Grants	10,566,810,450.00	2,641,702,612.50	3,454,512,374.10	16.69
ii	Foreign Grants	5,838,059,570.00	1,459,514,892.50	8,030,215.00	0.04
	Total Grants	16,404,870,020.00	4,101,217,505.00	3,462,542,589.10	16.73
	Total Aid and Grants	23,153,870,020.00	5,788,467,505.00	4,110,156,956.42	19.85
c	Capital Receipt	-	-	-	0.00
i	Domestic Source	1,500,000,000.00	375,000,000.00	-	0.00
ii.	Foreign Source	20,524,137,310.00	5,131,034,327.50	-	0.00
	Total Capital Receipt	22,024,137,310.00	5,506,034,327.50	-	0.00
	Total Revenue	179,247,542,988.00	44,811,885,747.00	20,702,670,112.90	100.00

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2022	Osun State	Approved	2022 Performance Year to Date (Q1-Q4)
	Capital Expenditure	45,257,311,330.00	28,720,572,832.02
	Recurrent Expenditure	84,499,139,460.00	71,534,638,532.15
	Total Revenue [Including OB]	129,756,450,790.00	112,422,408,919.19
	Budget Size	129,756,450,790.00	
	Breakdown of Recurrent		
	Personnel	43,851,482,560.00	36,620,491,645.98
	Overhead	40,647,656,900.00	34,914,146,886.17

2022	Oyo State	Approved	2022 Performance Year to Date (Q1-Q4)
	Capital Expenditure	154,678,136,971.00	84,635,793,108.97
	Recurrent Expenditure	140,026,448,385.94	125,082,345,966.27

1 City University

Bio-data

A. Personal Data

Full Name: Adewale Akanni ADEDAPO
Address: 39, Oke Ogbo street, Ile Ife.
Email: akanniadedapo67@gmail.com
Phone Number: 07066107922
Date of Birth: August 16th, 1967.
Place of Birth: Ife South LG, Ifetedo
Nationality: Nigeria
Next of Kin: Adedapo Adedotun Tunmise.(39, Oke Ogbo street, Ile Ife)

B. Educational Background

Lead City University, Ibadan, PhD Local Government Administration-	In view
Ladoke Akintola, University of Technology Ogbomosho. MPH (Public Health)	2015
Lagos State University, BSc (Health Education)	2008
College of Hygiene, Eleyele, Ibadan, HND (Community Health)	2002
College of Health Technology, Ilesa, Diploma (Community Health)	1994
NECO/GCE (Mefoworade Baptist High School, Mefoworade via Ile Ife.	2000

C. Working Experience with Dates

Head of Local Government Administration, Orolu	2022- Date
Council Manager, Orolu Local Government	2019 - 2022
Council Manager, Irewole Local Government	2017- 2019

Council Manager (Ejigbo West LCDA	2015- 2017
Director of Primary Health Care, Irewole Local Government	2013- 2015.
Deputy Director of Primary Health Care, Ife Central Local Government	2010- 2013
LACA Manager, Ife Central Local Government,	2008- 2010
(viii) Logistic Manager, Ife South Local Government, Ifetedo	1999 - 2008

D. Membership of Academic and Professional Bodies

Member (Institute of Personnel Management)

Fellow (Chartered Institute of Local Government and Public Administration).

Member (National Association of Community Health Practitioners, Nigeria).

E. Awards and Fellowships (if any)

None

F. Publication

Awareness of Andropause among Men both in Rural and Urban Areas. (2013), Okedun Pub.

G. Major Conferences Attended with Dates

None

H. Referees

(Available on Request)

Signature

Date

The University Compliance Certification

This is to certify that this thesis written by Adewale Akanni, ADEDAPO with matriculation number LCU/PG/001327 in the Department of Politics and International Relations, Faculty Management and Social Sciences, Lead City University, Ibadan Nigeria is in full compliance with the approved University format and style.

Signature

Date

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