



Financial Autonomy: Panacea for Improved Service Delivery in Imo State Local Government System

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Abstract

Local governments in Nigeria have been criticized for their low performance despite the huge revenue being injected into the system. This study offers an explanation for the remote causes of the failure of the local government system in Nigeria, using selected local governments across the three senatorial districts in Imo State as a frame of reference. The study argues that lack of financial autonomy, systemic corruption, and inadequate funding are the major hindrances crippling efforts to improve service delivery for the benefit of those residing in the localities. It further argues that while the internal sources of revenue available to local governments are not sufficient to provide essential services to rural dwellers, the relatively meaningful external sources are controlled by higher tiers (state and federal) of government in Nigeria. It uses mixed methods to generate and analyze data, and sources of data include available literature, responses from interviewees, and personal experience as a one-time active player in the local government system in Imo State. The examination of available literature and data analysis discovers that there is a lacuna in the 1999 Constitution of the Federal Republic of Nigeria, which the higher tiers cash in on to manipulate the crucial third-tier governments. It is, therefore, the conclusion of this study that improvement in service delivery can be tremendously achieved when the third tier enjoys financial autonomy commensurate with the services it renders to the local communities.

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Introduction

For any organization to function effectively, adequate financial provision is very necessary. Many scholars have expressed this view in various ways. For A.E.C. Ogunna, it is the basis for organizational existence and performance. [1] William J. Mackenzie and his colleagues in the Efficiency Service Delivery Theory argue that local governments exist to provide services at the local level and should be assessed based on their efficiency in providing these services, which are local in nature. [2]

These scholars contend that adequate powers, resources, and necessary autonomy are required for local governments to perform their assigned functions. This implies that without funds, no meaningful development is expected to take place at the local governments. That is why the local governments are authorized by the Constitution of the Federal Republic of Nigeria to impose and collect taxes and rates in their areas of jurisdiction, in addition to receiving a share of the federal allocation and a certain percentage of internally generated revenues (IGRs) from their respective states.

Many Nigerians believe that local governments are not living up to their responsibilities despite the huge sums of money being injected into the system. A study on “Local Government Administration in Imo State 1976-2015” shows that interference by the higher tiers of government is the major constraint responsible for the low performances. It is, therefore, necessary to critically study the level of financial freedom in its operation and the challenges it is facing due to lack of it.

Interestingly, finance is the bedrock of every organization. In Nigeria, the finances of local governments have grown from strength to strength. Apart from the allocations from the federal allocation from the Federation Account and IGRs from the states, other revenue potentials need to be tapped in many local governments. People have continued to wonder why basic amenities are still lacking in most rural communities, whereas huge sums of money are being pumped into the local government system. The above scenario is also true of local governments in Imo State. What, therefore, should be done to improve the service delivery to the people? This study is poised to address this problem.

Thus, the purpose of this study is to highlight the level of revenue generation and the major obstacles that need to be

nipped in the bud for improved service delivery in Imo State. The specific objectives are to examine the sources of revenue generation and expenditure, review the management of local government finances, x-ray the financial control measures, and then the constraints. To realize this goal, the study focuses on the income and expenditure of the selected local governments in Imo State, using the annual estimates and audit reports for 2012, 2013, and 2014.

This study is expected to provide information that will help local government managers to be prudent in handling local government finances. The information will help future research in history and other related fields. It will also help the general public to make sound appraisals of the local government councils in Imo State. The study will provide the requisite data that will help the Federal Government and other stakeholders to design a workable framework for improved service delivery in the local government system in Nigeria.

This study is organized into five major sections. Following this introduction is the review of the major themes and the theoretical understanding of the problem. This is followed by sections on methodology, results, and discussion. It ends with a concluding section with recommendations.

Local Government Autonomy in Historical Context

Local government before the 1976 reforms had been narrowly conceived as a mere administrative apparatus for the provision of social welfare services. The status and political values were not emphasized and guaranteed. The states were operating them as their appendages. The result was that their performances were below public expectations. The need for a more effective local government system provoked the search for local government autonomy. The fundamental question is: What is local government autonomy?

According to A.E.C. Ogunna, local government autonomy refers to its freedom to recruit and manage its staff, raise and manage its finances, make by-laws and policies, and discharge its functions as provided by law without interference [3]. For Uba Nnabue, local government is autonomous when it is not in any way influenced by any of the other levels of government [4].

The common denominator in these definitions is local self-government. It is important to note that there cannot be complete autonomy or complete self-government within a sovereign state, lest they become sovereign states. Therefore, local government autonomy refers to the relative discretion that local governments enjoy in managing their staff. It also means the level of freedom enjoyed by local governments in the control and management of local affairs without state and federal government interference.

The quest for local government autonomy is as old as the local governments themselves in Nigeria. It has its roots in the resistance to colonial domination by most Nigerian communities. Later, the regional and state governments operated the system without giving it its rightful position as the government closest to the grassroots. The federal government in 1976 decided to make the local government a national affair and consequently issued the guidelines for its reforms.

The reforms, in actual fact, brought about a dramatic change in the status of local governments, yet the federal

government's objectives towards attaining local autonomy were still unrealizable. The state government had continued to encroach on the status and functions of the third tier. Governors of the various states of the federation during the Second Republic were busy dissolving their local governments and creating new ones with impunity.

The Babangida administration, not satisfied with what was on the ground regarding the inadequate autonomy of the local government in the discharge of their duties, came up with a number of far-reaching measures targeted at raising the status of the third-tier government and granting adequate autonomy.

These measures include:

- i. Increase of statutory allocations to Local Governments to 20%.
- ii. Direct payments of Federal Allocations to Local Governments.
- iii. Abolition of State Ministry of Local Governments.
- iv. Creation of a Local Government Affairs office under the Deputy Governor, which, according to Ogunna, was to "provide guidance, assistance, support, and encouragement".
- v. Capturing various aspects of local government affairs, such as the establishment of its areas, the Council Chairman, elections, functions, finance, and staffing, among others, in the constitution.
- vi. Introduction of the Presidential Form of Government.

Under the Abacha regime, Local Government autonomy suffered tremendous setbacks. All appointments of Caretaker Committees and Operational guidelines became the responsibilities of the Federal Government.

The 1999 constitution of the Federal Republic of Nigeria has some provisions that make it difficult for States to create new local governments; hence, they resorted to using Caretaker Committees instead of conducting elections to ensure absolute control of the system.

Local Government Revenue Sources

Revenue is generated by local governments through several sources. Most of these sources are entrenched in the constitution of Nigeria as part of its statutory functions. They include financial transfers, local taxes, property taxes or rates, user fees and charges, or loans. [5] For Ogunna, they include rates, grants, statutory allocations, fees and charges. Others are fines, earnings, profits, loans, and miscellaneous sources. [6] In spite of their differences in nomenclature, they mean the same thing and agree on two groups – internal and external.

Internal sources of revenue are those sources that are directly determined and influenced by the local government and generated within the local government. The following sources fall under this group.

- a. Rate: This is a local tax that encompasses property tax (levied on the value of property that the owner pays to the local government annually). A capitation rate is a fixed amount of money imposed on every male adult member of the local government, and a special rate is levied on individuals for a specific project.

- b. **Fines:** Funds are generated from individuals who contravene the local government bylaws. Part of the punishment given to offenders by the customary courts within the local government is referred to as fines.
- c. **Earnings and Profits:** Local governments may enter into commercial undertakings. The profits, interests, or commissions from those ventures increase the revenue base of the Council.
- d. **Fees and Charges:** These are funds generated through the provision of services with a view to regulating or maintaining those services. Examples include bicycle licenses, wheelbarrow, canoe, and cart licenses. There are also charges on the sale of liquor, restaurants, motor parks, public conveniences, and registration of births and deaths. Others include identification of local government origin and marriage certificates, among others.

Unlike the internal sources, the external sources are revenue generated by the local government from outside, and all the criteria are determined by authorities outside the local government. Under this category, we have:

- a. **Statutory Allocation:** This is the share of the local government from the Federation Account and the State internally generated revenue. This share of the revenue is fixed by law and cannot be changed by anybody.
- b. **Grants:** This is special financial assistance to the local government from the federal or state governments to enable the local government to provide certain necessary basic amenities. It is generally referred to as grant-in-aid and may come in the form of general grants, specific grants, matching grants, or equalization grants.
- c. **Loans:** Local governments can generate revenue through borrowing from federal or state governments, financial institutions, or individuals for the execution of important capital projects. Any local government that wants to borrow money must first seek and obtain the approval of the state government before the deal is carried out.

Management of Local Government Revenue

The responsibilities and duties of a local government as the third-tier government closest to the people are enormous. Funds available to it are always limited. Therefore, there is the need to apply adequate skill to utilize these limited resources so that the desired result of meeting the needs of the rural populace can be achieved. The local governments are expected to fulfill the following responsibilities: pay staff salaries and allowances, pensions and gratuities, maintenance of offices and utilities, and subventions to various bodies.

Similarly, they are expected to pay for public utilities which the people enjoy at no cost, such as borehole water maintenance, roads, streetlights, and drainage systems, among others. Carrying out those responsibilities is a great task that requires enough funds. Every member of the Local Government Council, from the highest to the lowest, is involved in financial affairs and should, in particular, be concerned with ensuring that within their field of operations and responsibilities, proper value is obtained for money spent.

However, the following officers do have special responsibilities for financial matters enshrined in the financial memoranda.
[7]

- a. **Revenue Collectors:** The Revenue Officers perform the following duties:

- Keeping accounting books and other records prescribed by the financial memoranda and the Treasurer needs to ensure that all revenue and other monies due to the local government for which he is responsible are collected in full.
 - Issuing immediately on payment, receipts, or licenses in the prescribed form for all payments made to him.
 - Recording in a revenue collector's cash book details of all receipts of revenue and the payment of such revenue collected to the treasury or a bank.
 - Keeping all his revenue-earning books under lock and key when not in use.
- b. Head of Personnel Management: The duties of the Head or Director of Personnel Management in the local government include:
- Signing all contractual agreements, local purchase orders (LPO), job order forms, or such other documents relating to contracts and supplies. If there is any irregularity in the approval of any of these contract documents, the attention of the authority concerned should be drawn, and if the authority refuses to effect correction, an audit alarm should be raised. The Head of Personnel also signs checks and vouchers.
- c. Treasurer: He is the head of the finance department and Chief Accounts Officer. He is the chief adviser to the local government on finance. His duties, according to Oshinubi, are:
- Obligation to ensure compliance with the accounting system as laid down in the financial memoranda.
 - Obligation to control the administration of the finance department of the local government.
 - Obligation to control the budget and supervise the accounts of all departments of the local government.
 - Obligation to provide sound administrative and effective organization and working of the finance department.
 - Obligation to publish monthly and annual financial statements of the local government. [8]
- d. The Local Government Chairman: He is the Chief Executive and accounting officer of the Local Government. His roles include:
- Ensuring strict compliance with the provisions of the financial memoranda,
 - Observing and complying fully with checks and balances spelled out in the existing guidelines and financial regulations governing receipts and disbursements of public funds and other assets entrusted to their care, and shall be liable for any breach thereof.
 - Facing periodic checks to ensure that the Finance (Control and Management) Act of 1958 and all its amendments are fully adhered to. Therefore, (a) all instructions relating to the expenditure of public funds by the accounting officer shall be in writing; (b) the accounting officer shall be responsible for accounting to the Public Accounts Committee for all monies voted for each department and shall be peculiarly liable.
 - Ensuring that audit queries addressed to them are answered within the time limit stipulated in the financial memoranda where they concern them. They shall be answered promptly by them in person.

Apart from individual officers, the Local Government Council and the finance department also have vital roles to play in

the management of Local Government finances.

The Council, in addition to lawmaking, ensures that the financial directions under the law and any other financial instructions issued by the Governor are strictly observed. It also considers reports received from the Auditor-General and takes any action required arising from such reports.

The finance department, on its part, takes care and custody of the Local Government finance, both cash and checks. Other duties include keeping all accounts and records of all financial transactions of the Local Government, dealing promptly with all correspondence concerning finance and queries arising from audits and inspections, and exercising control over the accounts and records kept by other departments, among others.

Control of Local Government Finance

The funds injected into the local government system and the development expectations of the people have continued to increase. There is a serious need for proper management control of these funds. The financial memoranda set out the financial duties and responsibilities of various categories of officers, and the methods of collection and control of revenue and expenditure, among other instructions. It specifically states that “the local government, therefore, requires all officers responsible for expenditure to exercise due economy.” Money must not be spent merely because it has been voted. Before any expenditure is made by all spending departments or officers, the cash flow analysis rendered by the treasurer to the Executive Committee must be strictly adhered to.

The Imo State local government administration law No 15 of 2000, section 82 (1), states that “every local government shall keep accounts and other records in relation thereto in accordance with such instructions as may be issued under section 84.” [9] This provision is further supported by the financial memoranda chapter 18, which gave definite instructions that the accounts of every local government shall be kept on the double-entry principles system.

Method of Financial Control

(A) Budgeting: This is part of the financial management exercise, which at the local government level is often referred to as Annual Estimates. It is a financial statement prepared for each fiscal year. It contains detailed information regarding all revenue expected to be generated and expenditures to be made within a particular year. Ugoo Abba et al. describe it as “a financial experience of the past, stating a current plan and projecting it over a specified period of time in the future.” [10]

Goddy Nwachukwu averred that “insofar as the estimates cover the activities and operating targets of the entire system of the authority, it serves as an aid to effective management coordination.” [11] Budgeting in every organization is indispensable such that without it, orderly financial administration and organizational control would be difficult to achieve.

The layout of the estimate used in this study was structured into four sections, which included recurrent revenue, recurrent expenditure, capital revenue, and capital expenditure, covering the current as well as the following financial year. The process of budgeting at the local government starts with the release of a draft estimate referred to as a circular by the

State Government and ends with the final approval by the Governor.

(B) Internal Control: The internal control mechanism is inevitable. The views of Goddy Nwachukwu in this regard are very clear:

- A plan for monitoring and coordinating the activities of the various departments, units, and sections.
- Performance costing standards – This means creating reasonable criteria acceptable to management and staff by which staff performance and material costs can be measured, assessed, compared, and controlled regularly.
- Good information management system – There should be timely, reliable, and relevant reporting of activities to management.
- Good follow-up system – Personal supervision and spot checks by the manager are very necessary.

The above essential elements are necessary to reduce the negative effects of inexperienced finance officers handling local government revenue collections, diverting funds collected for local governments, legitimate revenues not being collected by the local government councils as a result of incompetence, and policies and instructions not being followed in awarding contracts.

External Control

External control over the finances of local government is exercised in the following ways:

- i. State government scrutinizes the spending of local governments.
- ii. The state governments approve the annual and supplementary estimates of local governments.
- iii. The system of internal control is controlled by the state.
- iv. The award of contracts must comply strictly with approved rules and regulations.
- v. At all times, the local government must act in strict compliance with the financial memoranda.
- vi. The state controls federal allocation to local governments through the state–local government joint account.

Constraints

There are several challenges that account for the poor performance of the local councils in Nigeria. However, let us consider these major ones. The greatest challenge in the local government system in Nigeria is the lack of autonomy. Right from the colonial days through the 1976 local government reforms to date, the system has suffered tremendous setbacks arising from extraneous influences (state and federal government). It is in the realization of this fact that the Babangida administration came up with the 1989 constitution with a view to giving the local governments a new lease on life. According to Onu John Onwe, “the General Babangida administration was determined to institute a local government system having quasi-autonomy from the states.” [12]

However, the problem has persisted to date. The 1999 constitution created some windows through which the states and the federal government still influence the councils.

In Imo State, the situation became worse during the period of study. Corruption is another problem worthy of mention. This has become a cankerworm that has eaten deep into the fabric of our nation. Right from the colonial days to date, this scourge has continued to prevail in every segment of society. Against this backdrop, the government established anti-graft agencies like the Independent Corrupt Practices and Other Related Offences Commission (ICPC) in 2000, the Economic and Financial Crimes Commission (EFCC) in 2004, the Code of Conduct Bureau (CCB) in 1990, and other legislations such as the Money Laundering Act 2004, the Public Procurement Act 2007, the Fiscal Responsibility Act of 2007, and the Finance Control and Management Act of 2004. All these measures have not been able to eradicate the menace. Since this ugly trend is not peculiar to local governments, sometimes the perpetrators see it as a way of life.

Inadequate funding is another challenge facing the local governments in Imo State. Internal Revenue Generation is abysmally low in all the local governments in spite of the fact that some of them have the potential to be self-sustaining. Those opportunities have remained unharnessed. The state government does not remit ten percent of the state's internally generated revenue to the local governments. Even the federal allocation to the local governments does not reach them untampered. The state government manipulates the fund through the state-local government joint account.

Some writers believe that general poverty is one of the major factors that has affected the local government's internal revenue generation. Imode observed that "there is the general poor economic situation which has skyrocketed prices of goods and services to be rendered. The exchange rate is high, and hyperinflation has made the local currency almost valueless" [13].

The general poor economic situation has forced many people to evade taxes. This view is very true in Imo State. A young man in Owerri West local government was disqualified in the 2015 general elections because he was unable to pay taxes. His reasons are that the government did not provide jobs nor create an enabling environment for businesses to thrive. "As an unemployed person, from where will I raise money to pay tax?" he queried [14].

Theoretical Framework

The multiple goal-seeking model is the concept of the general system theory propounded by Ludwig von Bertalanffy. This concept provides theoretical insight into the essence of local government existence. As a human organization, it is created and operated to achieve goals. This is clearly expressed in the Nigerian Constitution regarding the establishment and operation of local governments. The 4th schedule to the 1999 Constitution of the Federal Republic of Nigeria listed the functions of local governments.

In the opinion of W.J.M. Mackenzie and his colleagues in the efficiency-service delivery theory, the provision of services to the people should be the main focus of the local government. They contend that the local government is in a better position to efficiently and effectively provide certain services because of its nearness to the grassroots than the other higher levels of government. For the local government to perform these functions, it should be allowed the powers, resources, and necessary autonomy that are needed. The absence of these required conditions explains the situation in the Imo State local government system. Hence, the efficiency-service delivery theory is very apt for this study.

Methodology

The materials used in this study are sourced from available literature, interviews with stakeholders, and personal experience as a former member of the local government council. The stakeholders are mainly local government staff, politicians, and community leaders. The random sampling method was adopted to select ten local governments covering the three senatorial zones of Imo State.

There are twenty-seven local governments in the state. The study is concerned with how to improve service to the rural populace. The present dispensation started in 1999, and by 2015, four uninterrupted tenures were recorded. Between 1999 and 2011, local governments in Imo State were run by both elected members of the council and Caretaker Committees. Selected Council (June 1999 – May 2002, July 2004 – June 2007, and August 2010 – May 2011). Caretaker Committee/Sole Administrator (July 2002 – May 2004, July 2007 – July 2010, and June 2011 – December 2015).

This study concentrated on 2012, 2013, and 2014, which were periods when the state government's interference in local government finance was very alarming. This will help us understand how service delivery suffered in Imo State's rural communities due to the absence of financial autonomy of the local councils.

Results

This section of the study presents statistical evidence to drive home the argument that finances are at the root of poor service delivery in most local governments in Nigeria, with particular reference to Imo State. Thus, this section has results from available literature and results from interviews with critical stakeholders in the local government administration in Imo State. These are synthesized with the author's personal experience as a strategic player in the local government system in the state.

Accordingly, the results from the available literature and the stakeholders present the real constraints of the councils, which account for their poor performances.

Firstly, the 1999 Constitution of the Federal Republic of Nigeria provided for the establishment of the State-Local Government joint accounts through which statutory revenue accruing to the local government from the Federal account is paid.

Table 1. Summary of actual and released allocation in some selected local governments in Imo State

S/N	Name of LGA	Actual Allocation From Federation Account	Amount Released By The State Government	Difference
1.	Ohaji /Egbema	2012= ₦1,528,976,148.01	₦346,717,625.00	₦1,82,258,523.01
		2013= ₦1,959,042,453.37	₦314,974,830.28	₦1,644,067,623.09
		2014 = ₦1,793,463,054.17	₦336,126,415.62	₦1,457,336,683.55

2.	Oguta	2012 = ₦1,419,418,316.89	₦616,983,861.89	₦802,434,455.00
		2013 = ₦1,732, 120,506.02	₦359,570,229.28	₦1,372,550,276.74
		2014 = ₦1,665, 536,209.90	₦376,176,697.48	₦1,289,359,512.42
3.	Oweerri West	2012 = ₦1,355,768,382.02	₦588,764,059.47	₦767,004,322.55
		2013 = ₦1,626,979,102.25	₦379,047,450.15	₦247,931,652.10
		2014 = ₦1,349,560,415.67	₦411,748,88.64	₦937,811,527.03
4.	Isu	2012 = ₦1,424,180,704.26	₦563,902,084.00	₦86,278,620.26
		2013 = ₦1,712,519,837.48	₦279,190,543.45	₦1,433,329,294.4.03
		2014 = ₦1,647, 880,399.03	₦304,436,990.29	₦1,343,443,408.74
5.	Ihitte/Uboma	2012= ₦2,315,857,436.82	₦770,591,575.74	₦545,265,861.08
		2013= ₦1,604,899,055.45	₦509,539,107.72	₦1,095,359,947.73
		2014 = ₦1,444,137,930.60	-----	-----
6.	Orlu	2012 = ₦1, 357,180,150.75	₦1,109,779,231.52	₦247,400,919.23
		2013 = ₦1,639,416,797.82	₦436,602,229.9.48	₦1,202,814,568.34
		2014 = ₦1,595,385,176.11	₦466,115,543.08	₦1,129,269,633.03
7.	Owerri Municipal	2012 = ₦1,327,153,443.53	₦674,857,672.13	₦652,295,771.40
		2013 = ₦1,616, 282, 048.50	₦371,882,496.45	₦1,244,399,552.05
		2014 = ₦1,567, 863, 663.75	₦456,433,970.38	₦1,111,429,693.37
8.	Ngor/Okpala	2012 = ₦1,364,420,608.78	₦423,947,154.40	₦940,473,454.38
		2013 = ₦1752, 520, 619.68	₦452,143,500.73	₦1,300,377,118.95
		2014 = ₦1,700,320,288.20	₦462,862,023.75	₦1,237,458,264.45
9.	Isiala Mbano	2012 = ₦1,582,905, 224.88	₦993,971,865.55	₦588,933,359.33
		2013 = ₦1,865,711,707.42	₦325,796,646.17	₦1,539,915,061.25
		2014 = ₦1,813,315,859.83	₦415,725,107.76	₦1,397,590,752.07
10.	Mbaitoli	2012 = ₦1,676,676,386.74	₦911,515,021.84	₦765,161,364.90
		2013 = ₦1,963,207,866.27	₦454,815,832.76	₦1,508,392,033.51
		2014 = ₦2,008,231,54.16	₦506,453,549.7	₦1,501,777,984.45

Source: *The 2012, 2013, and 2014 Audited Local Government Accounts*

Available records also show that the Imo State Government does not pay the constitutionally guaranteed ten percent of IGRs to local governments. Throughout the period under review, 2012-2014, the state government operated two local governments with Caretaker Committees/Sole Administrators, which were mere stooges to the state governor.

Secondly, the audit reports of the sampled local governments established several cases of corruption in the system. Payments were made without the approval of relevant authorities [15] (see page 143 of the 2012 Audit Inspection Report). Unaccounted funds in many local governments were observed after the verification of records by the audit [16] (see pages 108 and 142 of the 2012 Audit Inspection Report). Other corruption cases revealed by the Audit Inspection include fictitious expenditures, non-remittances of union dues already deducted, and gross violations of the provisions of the financial memoranda.

Thirdly, the available funds left for the local governments for service delivery, since they relied on the allocation from the Federal accounts, became quite infinitesimal.

Table 2. Internally generated revenue in Ohaji/Egbema between 2010 and 2011

S/N	Subhead	2010 (N)	2011 (N)
1.	TAXES	460,000	434,000
2.	RATES	15,849,900	23,000,000
3.	LICENSES, FINES, FEES	554,000	727,000
4.	COMMERCIAL UNDERTAKING		240,000
5.	RENT ON LG PROPERTY	97,000	25,400
6.	MISCELLANEOUS	213,364	425,500
	TOTAL	17,174,264	24,851,900

Source: *2012 Approved Estimates of Ohaji/Egbema LGA*

Table 3. Internally generated revenue in Owerri Municipal Council (Jan-July)

S/N	Subhead	2012 (N)	2013 (N)
1.	TAXES	1,584,570	634,600
2.	RATES	33,500,000	10,321,100
3.	LICENSES, FINES, FEES	13,043,700	13,043,700
4.	COMMERCIAL UNDERTAKING	3,792,680	4,248,000
5.	RENT ON L.G PROPERTY	4,000	4,000
6.	MISCELLANEOUS	60,000	40,000
	TOTAL	51,984,950	28,291,400

Source: 2014 Approved Estimate of Owerri Municipal Council

For illustration, a careful look at Tables 2 and 4 shows that IGRs for Ohaji/Egbema and Ihitte/Uboma local government areas, respectively, increased by 36.54 percent (from N17,174,264 in 2010 to N24,851,900 in 2011 for Ohaji/Egbema) and 36.11 percent (from N13,972,600 in 2010 to N20,129,900 in 2011 for Ihitte/Uboma). Conversely, Table 3 reveals that revenue generation within Owerri Municipal Council declined by 59.03 percent from N51,984,950 in 2012 to N28,291,400 in 2013. This shows how meager, insufficient, and unreliable these sources of revenue are to the local governments in terms of executing local projects in Imo State.

Table 4. Internally generated revenue in Ihitte/Uboma LGA

S/N	SUBHEAD	2010 (N)	2011 (N)
1.	TAXES	1,100,000	2,000,000
2.	RATES	600,000	100,000
3.	LICENSES, FINES, FEES	7,310,600	13,181,000
4.	COMMERCIAL UNDERTAKING	2,982,000	2,228,900
5.	RENT ON L.G PROPERTY	490,000	700,000
6.	MISCELLANEOUS	1,490,000	1,920,000
	TOTAL	13,972,600	20,129,900

Source: 2013 Approved Estimate of Ihitte/Uboma LGA

Furthermore, the statistics in Tables 2, 3, and 4, which show how insignificant the internal revenue generation of the local governments is, depict that the revenue potentials of Ohaji/Egbema, Owerri Municipal, and Ihitte/Uboma are high, but their managers lack the power and dexterity to harness them. This usually makes them go hat-in-hand to other tiers of government for funds to provide the needed services to the people.

The Stakeholders

The results above are in conformity with the evidence from the stakeholders. Some interviewees, though appreciative of the governor for appointing them, expressed worries over the excessive control of the local government by the state government. According to an account by one of the stakeholders, local governments “did not have the latitude to initiate and execute any project. Every directive comes from the state.”

There were also instances of misplaced priorities. Projects were sited in areas where they were not needed because the local government and the community were not consulted before making such decisions.

Some of the informants also submitted that the system has become deregulated due to gross violations of the guidelines in the financial memoranda and other financial laws. [17]

They contend that corruption has created in the minds of the operators (both the State Government and Local Government officials) a lax attitude toward these regulations, which resulted in making the entire system a ruse.

Discussion

It is an indisputable fact that most rural communities in Imo State lack basic social amenities. It is also true that the revenue accruing to the local governments has tremendously increased. The question now becomes, why is there no corresponding improvement in service delivery to the people?

As indicated in Table 1, the amount released to the local governments from the actual allocation was quite insignificant. If the state government is allowed to continue to manage the local governments' share of the revenue from the Federation account, service delivery to the people will remain a mirage in the State.

The State government does not pay the statutory ten percent of internally generated revenue to the local government. What magic does one expect of the third-tier government whose internal revenue generation is abysmally low, and whose federal allocation is tampered with, resulting in low productivity due to starvation of funds?

Excessive State control of local government finances is more pronounced under a caretaker administration. Elected chairmen and councilors do not always swallow hook, line, and sinker state government interferences.

They sometimes challenge unlawful state government actions. The case between the local government chairman versus Imo State Government over the unlawful dissolution of the councils in 2011 was a typical example.

The beneficiaries of the Caretaker System of administration, in their expressions, admitted that excessive control of the system by the state government was counter-productive. This implies that for the system to improve, the problem of excessive extraneous control must be nipped in the bud.

The issue of corruption cannot be controlled because even the operators of the higher tier are also culpable. “He who looks for equity must go with clean hands.”

If the state operators should abide by the provisions of the constitution and all financial regulation guidelines, the issue of

corruption will, if not eradicated, be seriously reduced.

Conclusion

The deplorable condition of rural roads, lack of electricity, potable water, poor health facilities, and general decay in primary and secondary schools in Imo State have become so worrisome that many people are beginning to question the justification of the huge sums of money allocated to the local governments by the federal government on a monthly basis.

This study offers explicable insights into the roots of the problem. The solution to any problem begins with its identification. The information gathered from available literature and the interviewees shows that what the local governments ought to be according to the provisions of the Constitution and other guiding regulations is far from what they are in real practice.

The major obstacles, according to the findings, include the overbearing influence of the higher tier, corruption, and inadequate funding. It is therefore the contention of the study that the local governments will heave a big sigh of relief if some level of financial autonomy is granted to them, and the result will be an astronomical improvement in service delivery.

We therefore recommend a constitutional amendment to address the following: the scraping of the state-local government joint account, remitting the local government share of federal revenue directly to the local governments, and withholding the federal allocation of any local government that was not democratically elected, among others.

There should be further decentralization that will allow more powers, resources, and autonomy for the local government.

Endnotes

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