

LOCAL GOVERNMENT FINANCIAL AUTONOMY IN NIGERIA: AN EMPIRICAL ANALYSIS

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Abstract

Local governments are not sovereign unlike independence nation-State; it is a subordinate government which derives its existence and power from the law and constitution. Since 1976 Local government reforms were undertaken to strengthen the local system in Nigeria, several challenges serves as an impediment to the performance of local government in discharge their constitutionally assigned responsibility. One of such challenges is lack of financial autonomy. The objective of this study is to examine local government financial autonomy and how local councils can be free from induce interference by the State, especially in the area of operation, State/local government joint account which gives the State government undue advantage over local government. The study adopted quantitative research design for Primary and Secondary data, using simple and frequency percentage method, Bar-chart and Chi-square non- parametric techniques to analyse the responses of Ojo Local government Staff in Lagos State. A total population of One hundred and sixty (160) staff of the council was estimated while sample of 80 questionnaires was administered. Data collected were coded using Chi-square method. The study revealed among others that lack a financial autonomy in Nigeria local government hindering effective and efficient service delivery at the grassroots. Also, with the use of in-depth interviewed, it has been observed that undue interference of state government in local affair, corruption among local government official etc. adversely affected the delivery of effective services to the rural dwellers. The study recommended that full financial autonomy should be granted to local councils on matter of statutorily assigned to them, the state/local government joint account system should be abrogated and honest and transparent officials should be put at the helm of local council affair in Nigeria.

Key words: *Populace, Honest, Transparent, Local Councils, grassroots.*

Introduction

In the global world, various strategies and methods have been adopted by the successful government of both developed and developing countries for the purpose of good governance and effort at distributing the state resources and implement them at the local level. The role of the local governments as vital tool for rapid socio-economic development of rural, and urban centres have taken a central stage albeit without a corresponding access to prerequisite financial resources to meet this expectation. Interestingly, the sources of funds for local council authority have continued to dwindle over the years with the ascendancy of both the central and state government as the key actors in developing country of political economy. The local government in developing countries such as Nigeria, Ghana, and Gambia is relegated to the backstage.

The federal structure of Nigeria inhibit local government's ability to mobilize and use revenue to meet their obligation in sustainable manner (Adeyemo 2005). He further acknowledges that, One of the recurrent obstacles of the third-tier system in the country is the dwindling revenue generation as characterized by annual deficits and insufficient funds for meaningful growth and viable project development. Local governments are the nearest government to the people at the grassroots in Nigeria; they are strategically located to play a pivotal role in national development. The level of these relationships between and within the nation federating units (i.e federal, State and local government) particularly as it relate to revenue sharing has continually remained issues in the front burner of the nation's polity. The encroachment of local finance by the state government has negatively affected the performance of local government in terms of its constitutional responsibilities. The setting up of state and local government joint account committee, local government service commission, ministry of local government and chieftaincy affairs and other allied agencies at the state level have made local government financial autonomy a mirage in Nigeria (Wada & Aminu, 2014).

Meanwhile, Finance and prudent management are the bedrock of effective functioning of local government administration. It is against this backdrop that Asiwaju (2010) argues the local government requires finance to perform their statutory functions; the ability of the local government to do this is largely dependent on availability of fund, coupled with efficient management which constitutes the required catalyst necessary for timely execution and completion of their development projects. Awotokun&Adeyemo (1999), however expresses some reservations that; in recent time, lack of funds has often been attributed as the major handicap which had hindered effective and successful execution and completion of many projects at the local government level. However, experience has shown the contrary that low finance and allocation by the federal and delay release for local government funds by the state government is the bane of local governments' inability to achieve substantial development in their jurisdiction (Okoli, 2013).

Statement of Problem

State government encroachment into local government affairs and their total control of the local council's financial allocation and appointed committees who are loyalist to the State Governors has thus triggered the agitation for local government financial autonomy aimed at reversing such encroachment given the immense role that can be played in grassroots politics by the local government. The local government reforms have been articulated in a bid to correct excessive state encroachment, abuse of powers and the use of undemocratic leaders and care-taker committee to run the local governments by the state governments in Nigeria. Of all local government reforms deliberately executive to address this anomalies, the 1976 local government reform which recognized local government as a third tier, accords autonomous powers to the local councils and reduced excessive politicking of state over local government occupies an enviable place in Nigeria's political system. Irrespective of the nature and extent of flaws that may characterize local government financial autonomy in principle and practice in Nigeria, it has, for fairly some time, become an important issue for considerations at the National Assembly, it has been subjected to various critical discourse. The foregoing nevertheless, not much intellectual efforts have been deployed in examining the local government financial autonomy as a vehicle for redressing inordinate usurpation of power and adequate finance of local governments by state governments at grassroots politics in the country.

Local government autonomy has to do with the area of finance. The constitution empowers the State to scrutinize and approve Local government budgets, and expenditure through the State House of Assembly, States here exercise arbitrary and undue control over Local government

finance through establishment of the State local Joint Account. The issue of State Local government Joint Account has been a thorny issue in Local government State relationship in the Fourth Republic. This situation also brought to the fore the question of Local government autonomy. The experience with many Local government areas was that their states starve them of the statutory grants thus denying them of rendering essential services as required.

As asserted by Dalhatu (2006) “the issue of autonomy has to do with the Local government, beyond mere constitutional provision that would be organized as the third tier of government, with power to regulate, to spend and powers to provide services”. But experience and empirical evidences have shown that financial autonomy of local government is non-existent in Nigeria(Fatile&Adejuwon, 2014). The former president, Olusegun Obasanjo in a meeting with the 774 Local governments Council Chairmen in Nigeria, acknowledge the thwarting of local government revenue by some State governments. He promised that the then proposed Technical Committee will look into the matter (Omale, 2005). Through the Local Government State Joint Account, some states apart from arbitrary deduction also forced the local government to embark on some ridiculous projects that are not in congruence with the needs of the local people under the pretext of ensuring uniformity in development.

Literature Review

Local Government is basically seen as the government at the grassroots level. Scholars and writers such as (Olowu 1988, Adeyeye, 2005, Fatile& Adejuwon,2014) have differentiated local government depending on the socio-political arrangement of the nation i.e. unitary or federal system. Local government can be seen as “non-sovereign community possessing the legal right but which are essentially administrative agents of the central government (Adeyeye, 2005). Local Government can be defined as A political subdivision of a nation (in a federal system) state, which is constituted by law and has substantial control of local affairs including the powers to impose taxes or to exact labour for prescribed purposes. The governing body of such an entity is elected. (FRN, 2002).

Globally, the local government system is the tier of government that is closet to the grassroots. Its operation is to bring governance and service delivery to rural and underserved communities. It is also an avenue for deepening democracy and decentralizing power through greater citizen participation in electoral processes and decision-making at all the level. It serves as an arena for political development at the grass-roots level. Local government can also be observed as.

The composition of Government of a State, a Local Government Council, or any of the Agencies of such Government or Council, and the conduct of the affairs of the Government of Council or such Agencies shall be carried out in such manner as to recognize the diversity of the people within its area of authority and the need to promote a sense of belonging and loyalty among all the peoples of the Federation (1999, constitution). This section of the Constitution has been termed by many authors as the “Local Government Character”. It thus means that like what it is applicable to other jurisdictions, where the local government system is a tier of government which is applicable to Nigeria, the system of local government is meant to be a tier of government at the grassroots, burdened with the sole responsibility of bringing the government closer to the people; as envisaged by section 14(4) of 1999 Constitution (Adeyemo, 2005).

In the same vein, Local Government Reform defines local government as:

Government at local level exercised through representative councils established by law to exercise specific powers defined areas(1999, constitution). These powers should give the council substantial control over local affairs as well as the staff and institutional and financial power to initiate and direct the provision of services and to determine and implement projects so as to complement the activities of the state and federal government in their areas, and to ensure, through devolution of functions to these councils and brought the active participation of the people and their traditional institutes, that local initiative and responses to local head and conditions are maximized. (FGN, 1976).

This definition implies that, Local government as a legal entity distinct from the state and federal government, Local government must be controlled by democratically elected officials, Local government must have specific powers to perform a range of functions assigned it by law/constitution, Local government must enjoy substantial autonomy to perform array of functions, plan, formulate and execute its own policies, programmes and projects, and its own rules and regulations as deemed for its local needs (Wada & Aminu, 2014). This autonomy includes power to control its finance recruit and discipline its staff.

Based on the above assertions, it could be said that the local government autonomy will serve as a tool for removing encroachment of the state government affairs.

The Concept of Local Government Financial Autonomy

Despite the initial differing conceptions ascribed to the local government autonomy (Adeyemo, 2005). The term financial autonomy has not been fully explained (Odunfa, 1991). Local Government financial is the freedom the Local Governments has to exercise their financial authority within the confines of the law or constitution. This is to enable the Local government to discharge legally or constitutionally assigned financial authority and responsibilities satisfactorily, without undue interference or restraint from within or higher authority (Adeyemo, 2005). This definition argues for adequate financial autonomy for LGs within the law for the purpose of efficient and effective service delivery. Without performance, the law or constitution may not be able to guarantee even adequate autonomy for LGs as the people yearn for development. Autonomy operated within a democracy must be limited as indeed democracy limits the use of power (imhanlahimi and Ikeanyibe ,2008).

Adeyemo (2005) defines financial autonomy under a federal system of government that “each government enjoys a separate existence and financial independence from the control of the other governments” it is an autonomy which requires not just the legal and physical existence of an apparatus of government such as financial autonomy enjoy by legislative assembly, Governor, Court etc. Local government must exist as an appendage of state government but as financial autonomous entity in the sense of being able to receive its own allocation directly from the central purse and manage its internal revenue without interferences from state government.

In the same vein, financial autonomy would only be meaningful in a situation whereby each level of government is not constitutionally bound to accept dictation or directive from another (Osakede & Ijimakinwa, 2014). Agunya, Ebiri&Odeyemi (2013) local government financial autonomy refers to “The relative financial discretion which Local Government enjoys in regulating and managing their own affairs”. The extent to which Local Government are free from the control of the State and Federal Governments encroachment in the financial management of local affairs. Davey (1991) contends that, Local autonomy is primary concerned

with the question of financial responsibilities, resources and discretion conferred on the local authorities. As such discretion and financial responsibility are at the core of local government. It presumes that local government must possess the power to take decisions independent of external control within the limits laid down by the law. It must garner efficient resources particularly of finance to meet their responsibilities, put differently; local autonomy is the freedom of independence in clearly defined issue, areas, as well as separate legal identity from other levels of government.

It is important to note that considering the country's federalism and constitution there can never be an absolute financial autonomy because of the interdependence of the three levels of government and this bring into focus the inter-governmental relations of local government autonomy, the federal, state and local governments rule over the same population. If they are to achieve the purpose of their creation and not to waste the meager resources at their disposal, there must be a definition of the boundaries or arena of operation of each of them. In essence, local government financial autonomy in Nigerian's polity, refers to the relative financial independence of local government control by both the state and federal governments. Therefore, it is the nature and structure of transactions or interactions between the three levels of government that reveals the degree of local government autonomy Adeyemo (2005).

The country's constitution clearly spelt out its position on Local Government autonomy, for instance the exit of the military and the enthronement of the democratic government in 1999 brought to the fore, again, some contradictions of local government autonomy. The provisions regarding local government administration in the 1999 Constitution created ambiguity. The 1999 Constitution by its provision in section 7 and 8 recognise the local government as a third tier of government and also guarantee it, but gives the state the autonomy to lord over the local government. Section 7 reads jointly with section 8 provides that there shall be:

The system of local government by democratically elected councils (which) is by this Constitution guaranteed and accordingly, the government of every State shall, subject to section 8 of this Constitution.... ensure their existence under a law which provides for the establishment; structure, composition, finance and functions of such councils.

The implication of these provisions according to Asaju (2010) is that local government cannot exercise the functions assigned to it in section 1 schedule 4 of the Constitution until the State House of Assembly had passed a law. The same Fourth Schedule of the Constitution also provides for "the functions of the Local government Council to also include participation of such Council in government of a state as in respect of the following matters, education, agricultural materials resources, healthcare and any other function to it by the State House of Assembly (Asaju 2010).

Theoretical Issues

The study anchors on Paternalism and Populism theory. Paternalism refers to the view that local governments have to be regularly controlled, supervised, guided and occasionally punished to get to work. Populism on the other hand advocates and entails unbridled local democracy opposed to any form of central interference (Bhattacharya in Ukertor, 2009:340).

In Nigerian context, paternalism seems to be the norms as local government have not enjoyed the unfettered freedom expected of them giving the level of interference by the state governments. This is against the 1979 and 1999 Constitution on local authorities which resolved that local communities should preserve their independent personality and existence to the extent that they wish to do so (Leemans in Ukertor, 2009:340).

Ogunna (1996) opined that local government financial autonomy as the freedom of local government to recruit and manage its own staff, raise and manage its finances, make byelaws and policies and discharge its functions as provided by law without interference from centre

and state governments. He further added that local government financial autonomy in theory and practice is never absolute. Like the doctrine of separation of powers which is limited by checks and balances, local government financial autonomy is limited by local government relations with higher levels of government. In the view of Okoli (2013), autonomy of local government in relation to other levels of tiers of government manifests itself in three critical areas: Authority relationship, Financial and Personnel.

The Need for Local Government Financial Autonomy in Nigeria

Several reasons have been advocated for local government financial autonomy in Nigeria. The essence is to pave the local government specific powers to perform a range of financial functions assigned it by law to implement its functions, plan, formulate and execute its own policies, programmes and projects, and its own rules and regulations as deemed for its local needs. The financial autonomy includes power to control its finance, manage it, and allocate the resources to strategic place. It is premised on the ground that when local government has power to take decisions on its own as regarding its finance, services to the local people in grassroots politics then a sense of belonging is likely to be evoked from the local people (Agunyai, Ebirim and Odeyemi, 2013). It also sought for, and designed to lessen, if not avert, the belligerent state encroachment and the use of unelected leaders (care-taker committee) to govern the local government that has characterised Nigeria's democratic systems. This was deliberated in the last year constitutional amendment/adjustment in the country (Agunyai et al, 2013). However it is imperative at this juncture to state that local government financial autonomy is speculated in the various legal documents reveals that it is not foreseen to have under its realm total removal of state control over local government finance as the constitution specifically gave the power to create local government according to established laws to the state. This is accentuated by the fact that the issue of allowing unelected leaders to govern the local government, for the purpose of relegating to the background the utility of local government autonomy, has always been on such areas as "finance", "corruption" and "conflicting sources of revenue between state and local government". It is further reinforced by the fact that, in its implementation, some of these form the basis of the objections and oppositions to the approval of local government financial autonomy in past constitutional amendment at the National Assembly (Osakede & Ijimakinwa, 2014). Another reason for local government financial autonomy is rural development, local government is closer to the people at the grassroots and when local councils have the powers to receive its allocation directly from the federal without any overbearing interference from the state, they could implement decisions or policies that will enhance rural transformation without having to wait for the state which in most cases focus mainly on the state development and undermine the grassroots areas. In Nigeria, there are conspicuous cases by observations according to IDI (2016) that the money meant for rural development and provision of social services for people at the grassroots have been diverted and mis-managed by the State Governors. Local government financial autonomy will make local councils to have direct access to their finance with which to implement policies and decisions that will promote grassroots development in Nigeria.

Overview of Local Government Administration in Nigeria

The 1999 Constitution has amendment process by National Assembly vexing issue of local government financial autonomy to the attention of Nigeria's political arena. Reforms of local government administration have been emerged since independence (Oyeleye, 1988, Oyediran and Gboyega, 1979). The first and second military interventions of 1966 and 1976 respectively, and the subsequent restructuring of the country from four regions to twelve states, has witnessed several other restructurings, which have culminated into 36 states and 774 local governments. The states and local governments differ markedly in size, resources and ethnic

compositions (Akpan&Ekaneu, 2013). However, these marked differences did not stop the military from introducing a unified local government system in 1976, and officially declaring local government as the third tier of government with specific functions and responsibilities. The decree that declared local government as the third tier of government was included in the 1979 constitution and 1999 constitution.

The local government reforms initiated from 1986 to 1992 Babangida military administration which is the most remarkable of all the reforms of local government we ever had. The reforms were remarkable for repositioning local government administration in Nigeria. The reform signified and amplified the issue of local government financial autonomy by ensuring that local government got their financial allocation directly from the federation account. The reform also abrogated the Ministry of Local Government and introduced the legislative and executive arms of government to the local government system in Nigeria. The reform went ahead to tacitly freed the local governments financially from the apron string of the state governments.

Unfortunately, rather than maintaining the gains of the military administration, successive administrations after the regime further emasculated both the administrative and financial autonomies of the local government. This is one consequence of political instability. Consequently, just like the local governments were seriously abused financially and administratively.

Research Method

A survey research design was adopted, survey research selects a sample from a subset of the population using techniques of sampling. The population is the total number of Public Services in Ojo Local government in Lagos State. The simple random sampling techniques, which divides the population into stratum selected from the sample size. Primary and secondary data was used. The reason for the choice of primary data was to ensure direct gathering of information from the respondents. This was done through questionnaires, personnel interviewed and group discussion with the local government staff. The techniques of data analysis adopted for this study was Chi-Square. We formulated that:

- Ho: Financial Autonomy in Nigeria Local government does not make its operation more efficient and more productive.
Hi: Financial Autonomy in Nigeria Local government makes the Council operations more efficient and more productive.

Data Presentation and Analysis

A total of one hundred and sixty (160) staff of Ojo Local government in Lagos were estimated where Walpoformular was adopted to obtain it sampling size of 80 (i.e. Walpoformular $N/2$, where $N = \text{Total Population} = \frac{160}{2} = 80$ the sample size of 80). Also five staffs were interviewed.

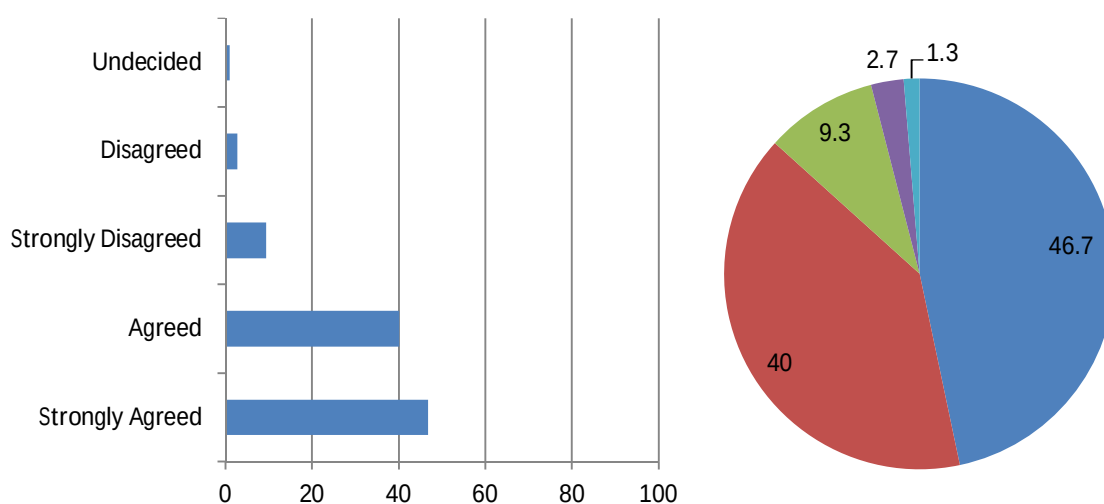
Data Analysis

Data obtained through the instrument of self-administered questionnaire were analyzed using simple percentage, frequency distribution and Bar charts. The results are discussed under the various sub-headings as they related to the subject matter. Below are the results of the questionnaire administered to respondents on local government financial autonomy in Ojo local government Lagos State.

Table 1: Does Financial autonomy in Nigeria local government enhance efficiency of service delivery to the local people?

Variables	Responses	Percentages
Strongly Agreed	35	46.7%
Agreed	39	40%
Strongly Disagreed	7	9.3%
Disagreed	2	2.7%
Undecided	1	1.3%
TOTAL	75	100

Source: Researchers survey, March 2016.

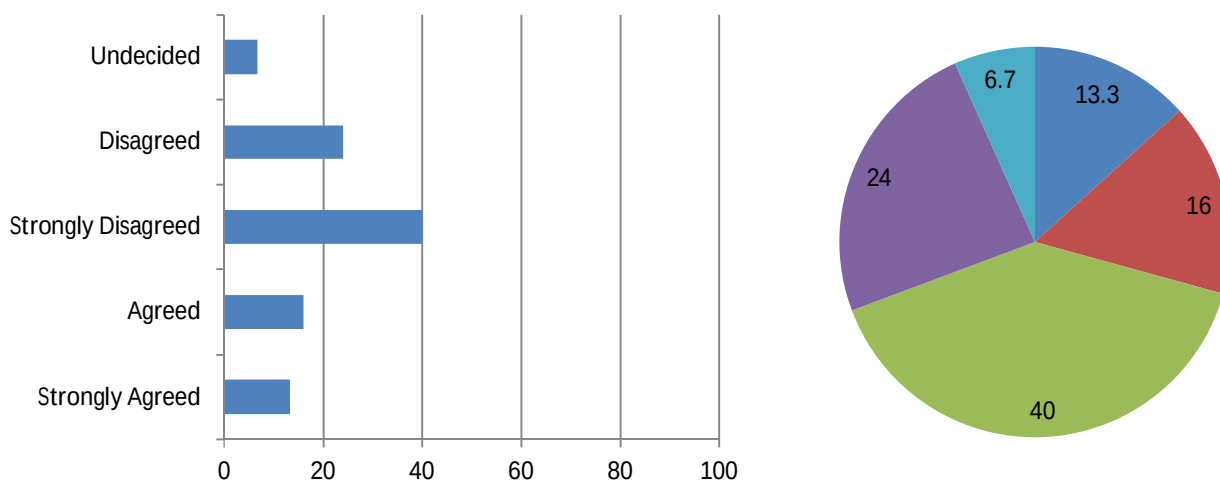


The above diagram and charts indicates the respondents opinion, 35(46.7%) strongly agreed, 30(40%) agreed, 7(9.3%) strongly disagreed, 2(2.7%) disagreed and 1 (1.3%) undecided. Based on the analysis in both simple percentage and the bar chart which indicated the highest level (i.e scores) this implies that financial autonomy in Nigeria local government administration will significantly promote efficiency in service delivery at the grassroots.

Table 2: Local government financial autonomy will promote corruption of Public Service at the local level

Variables	Responses	Percentages
Strongly Agreed	10	13.3%
Agreed	12	16%
Strongly Disagreed	30	40%
Disagreed	18	24%
Undecided	5	6.7%
TOTAL	75	100

Source: Researcher's Survey March, 2016

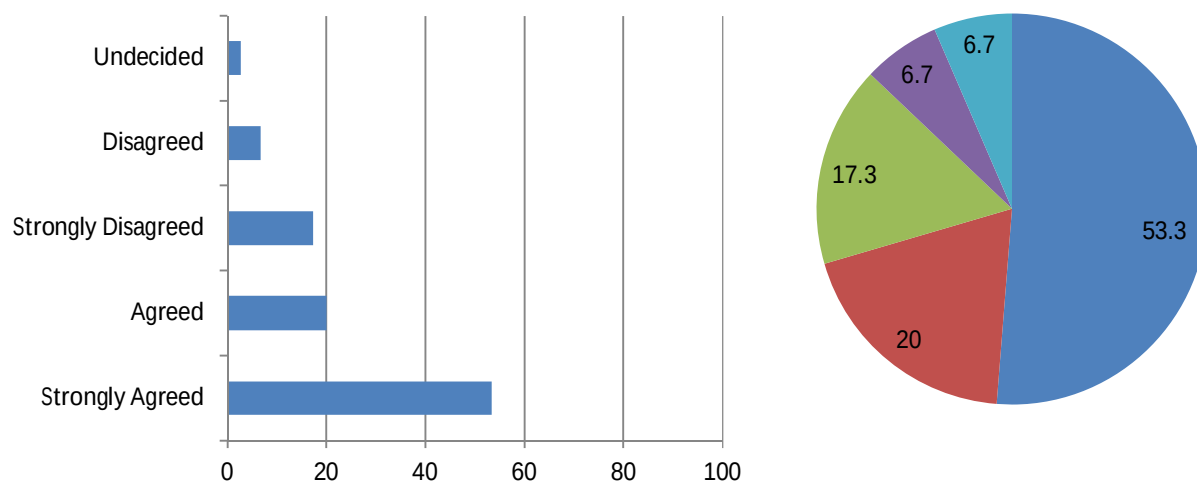


The above table simplified the staff responses on the topic in table 2. Where, 10(13.3%) strongly agreed, 12(16%) agreed, 30(40%) strongly disagreed, 18(24%) disagreed while 5(6.7%) undecided. Also, the bar chart distribution contradicts the subject as the majority of the staff strongly disagreed with the subject. It then implies that Local government financial autonomy will eradicate corrupt practices in Local government (IDI, 2016).

Table 3: Financial Autonomy in Local Government will prevent encroachment of State government into local Government affairs.

Variables	Responses	Percentages
Strongly Agreed	40	53.3%
Agreed	15	20%
Strongly Disagreed	13	17.3%
Disagreed	5	6.7%
Undecided	2	2.7%
TOTAL	75	100

Source: Researchers' Survey March, 2016

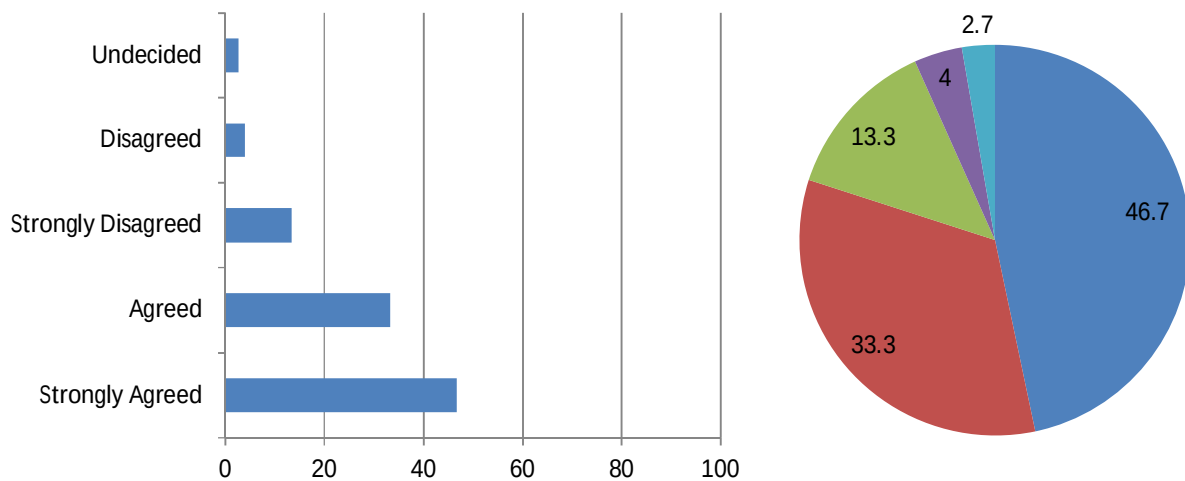


The above table 3, indicated that 40(53.3%) strongly agreed, 15(20%) agreed, 13(17.3%) strongly disagreed, 5(6.7%) Disagreed and while 2(2.7%) undecided. The bar chart representation also, shows the analysis of the respondents where the respondents strongly agreed that financial autonomy in Nigeria local government will reduce State government encroachment into local government affairs. This is because the state/Local government joint account has been become inhibitors to effective local government revenue from central government.

Table 4: Financial Autonomy in local government would make the council operation more efficient and more productive.

Variables	Responses	Percentages
Strongly Agreed	35	46.7%
Agreed	25	33.3%
Strongly Disagreed	10	13.3%
Disagreed	3	4%
Undecided	2	2.7
TOTAL	75	100

Source: *Researcher's Survey March, 2016*



The table above shows the respondent perception on financial autonomy in local government on how it would make the councils operation more efficient and more productive, where 35(46.7%) respondents strongly agreed, 25(33.3%) respondents agreed, 10(13.3%) respondents strongly disagreed 3(4%) respondents disagreed 2(2.7%) respondents undecided. The bar chart also shows how 35(46.7%) respondents strongly agreed. This implies that financial autonomy in local government will enhance optimal productivity in the council operation.

Testing of Hypothesis

Question 4: Does financial autonomy in local government make operations more efficient and more productive?

Using 0.05(5%) level of significance

Variable	Responses
Strongly Agreed	35
Agreed	25
Strongly Disagreed	10
Disagreed	3
Undecided	2
TOTAL	75

The formula for the Chi-Square is as follows

$$X^2 = \sum \left(\frac{fo - fe}{fe} \right)^2$$

Where:

X^2 = chi-Square

fo = observed frequency

fe = Expected

$\sum$ = Summation

fo	fe	$fo - fe$	$(fo - fe)^2$	$\left(\frac{fo - fe}{fe} \right)^2$
35	15	20	400	26.67
25	15	10	100	6.67
10	15	-5	25	1.67
3	15	-12	144	9.6
2	15	-13	169	11.27
75	75			55.88

$$X_c^2 = \sum \left(\frac{fo - fe}{fe} \right)^2$$

$$X_c^2 = 55.88$$

To calculate degree of freedom

$$df = n - 1$$

$$df = 5 - 1$$

$$df = 4$$

At df 4 at 0.05(5%) level of significance

$$X^2_4 \text{ at } 0.05$$

$$X_t^2 = 9.485$$

$$\text{Therefore } X_t^2 = 9.488$$

Chi-Square calculated $X_c^2 = 55.88$ and Chi-Square tabulated ($X_t^2 = 9.488$).

When $X_c^2 > X_t^2$, Accept H_1 , Reject H_0

$X_c^2 < X_t^2$, Accept H_0 , Reject H_1

From the above calculation $X_c^2 = 55.88$ while $X_t^2 = 9.488$

Therefore we accept H_1 and reject H_0 .

Decision: Since $X_c^2 > X_t^2$: It implies that financial autonomy in local government make the council operation more efficient and more productive.

Interpretation of the Result

Since the Chi-Square calculated is greater than the Chi-Square tabulated value, we reject the Null hypotheses, which says, Financial Autonomy in Nigeria local government makes the council operation more efficient and more productive. This indicates that local government in Nigeria would perform better with direct allocation from Federal government without interference from the state governors(Adeyemo, 2005).

Summary of Findings

After the In-depth statistical analysis of the data collected, the following findings were revealed.

1. The ineffectiveness and inefficiency of service delivery to the people at local level in Nigeria is a product of state/local government joint account where the local governments have no total control of federal allocation of funds. This is in line with Wada and Aminu, (2014), Akpan and Ekanem (2013) noted that the encroachment of local finance by the state government has negatively affected the performance of local government in terms of its constitutional responsibilities.
2. Lack of financial autonomy and undue interference on local government finance by the state government, corruption among local government officials are responsible for poor performance.
3. The unbridled interference of state government on elected council executive dissolution by the state government without due process hampered effective operation of local councils .

Conclusion

The quest for autonomy therefore should be related to financial viability. However, local government financial autonomy should not be seen as making local government a sovereign entity, or the chairmen a local government, thus comparing himself with state governors. But local government financial autonomy should be enjoyed by the citizens at the grassroots.

The provision in the constitution that clearly stated the responsibility and financial relationship between the various tiers of government, especially the state and the local government are deliberate. They are made to serve as check and balance and ensure transparency and accountability, among others. But the way some State go about it is rather more of punitive rather than corrective measures. For instance, Lagos State is one of the State in which these provisions had been arbitrarily used by the State government where the State and the local councils work like master and servant relationship (IDI, 2016).

Recommendation

The research findings discovered in this study necessitate the following recommendations. For any meaningful development to take place at the local level, the States need to recognize the Local government as partners in progress. That is partners in enhancing sustainable rural development through the provision of essential services to improve the Standard of living of the rural populace.

The tenure of the Local government Chairmen/Councilor should be the same with other political office holders in the State and Federal level. On Local government creation, although the process of Local government creation has been liberalized as 2/3 of the population of intended area or community must agree to the creation by consensus. The intended local government should be made to rely on its internally generated revenue for a period of four years as a condition for its creation. Thus, any intended local government Council that is able to sustain itself without any support from the Federation Account for the period of four years can be allowed. This condition should also apply to State creation.

The study recommends that direct payment of allocation to the Local government should be the responsibility of the Federal government. This will reduce the quest by the State in arbitrary withheld of local government financial allocation of exert excessive control on it. It would also check the quest for creation of more LocalGovernment Areas by the State government. If possible, the statutory allocation of Local government should be determined by certain percentage of what was internally generated in the area. The allocations could as well be tier to programmes and projects to be executed by the Local government Council.

The role of the Federal Government should be that of supervision and monitoring of local government projects and programmes in order to maintain standard. It should also be that ensuring prudence and accountability, and effective Service delivery. With these in place, Local government financial autonomy will be guaranteed and it will be able to effectively play its role as a catalyst for Sustainable Rural Development.

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