

Intergovernmental fiscal relations and service deliver in Ebonyi state local government system in Nigeria, 2005 - 2018

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ABSTRACT

The study examines the effects of intergovernmental fiscal relations on service delivery, focusing on the Ebonyi state local government system 2005-2018. The issues investigated in this study are mainly on state-local government's relationship as it affects the finances of the Ebonyi state local government system. To this end, two specific objectives were formulated for the study, which are, to investigate how revenue sharing has affected service delivery at the grassroots level in Ebonyi state; and to determine the effect of state's utilization of financial resources of local government on service delivery in Ebonyi State local government system. In line with the objectives of the study, two research questions and hypotheses were formulated to guide the study. The doctrine of Separation of power was adopted as the theoretical framework. The methodology adopted was the descriptive survey while Taro Yamane formula was used to determine the sample size. Findings from the study reveal, among others, that Revenue sharing has an effect on service delivery at the grassroots level and that state's utilization of financial resources of LG have effects on service delivery in Ebonyi state local government system. Conclusion made from the findings was that the local government system of Ebonyi state and indeed, Nigeria, will continue to underperform until higher levels of government – state and federal governments – reduce drastically or eliminate totally their overbearing influences and interferences that is, in the view of this study, limiting the latent abilities and potentials of the Nigerian local government system to effectively deliver essential services to the people at the grassroots level. From the conclusion, it was recommended an upward review of the 20 percent allocation of revenue to the local government from the federation account and 10 percent internally generated revenue from the state government. It is hoped that with additional revenue allocated to the local government, they will be empowered to do more for the local people within their domain.

Keywords:

Intergovernmental, Fiscal Relation, Revenue, Sharing, Utilisation,.

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1. INTRODUCTION

Finance has emerged as the most critical policy issue in intergovernmental relations in every federal administrative system since the Second World War. This is because in most federal countries of the world, intergovernmental relations have been contentious. The revenue allocations have equally been contentious, distribution of resources among the various levels of government has never been easy and smooth, hence the contention, and Nigeria is no exception (Okeke (2004) in Ewelum, 2014). Federation implies the existence in one country of more than one level of government, each with different expenditure responsibilities and taxing powers (Ekpo, 2004). In the Nigeria context, this consists of a Federal government, 36 states, Federal Capital Territory and 774 Local Governments. Among the different levels of government, fiscal arrangements must be worked out properly to ensure fiscal balance in the context of macroeconomic stability. Intergovernmental relations (IGR) provide a platform for series of legal, political and administrative relationships between levels of government with varying degrees of autonomy. It is generally referred to as the transaction between levels of government of either national or regional or among federal, state and local governments (Ajulor&Okewale, 2011) The issue of intergovernmental relation has received apt attention from scholars over time in Nigeria and the world over. This attention becomes imperative as there are increasing levels of interaction among the different tiers of government in every country. The concept of intergovernmental relations describes “the gamut of activities or interactions that take place between and among the different levels of government within a state” (Roberts in Oni, 2013).

One of the essential ingredients of federalism is the existence of a financial arrangement, which details tax jurisdiction and the functional responsibilities among the various levels of government (Teidi, 2003). The financial relationship among the different tiers of government in a federal structure is often referred to as intergovernmental fiscal relations (Nchuchuwe & Adejuwon, 2015). A key issue in intergovernmental fiscal relations is the assignment of functions and finances to different levels of government. Nigeria operates a third-tier federal system, which presupposes that the three tiers must relate vertically and horizontally for

the good government of the country. In a federal system like Nigeria, local governments are close to the people and hence could efficiently alter grassroots development within their jurisdictions (Ekpo & Ndebbio in Fatile, Fajonyomi & Adejuwon, 2017). The creation of the local government in many countries stems from the need to facilitate development at the grassroots. The importance of local government among others is a function of its ability to generate sense of belongingness, safety and satisfaction among its populace. In Nigeria socio – political context, with multiplicity of culture, diversity of languages and differentiated needs and means, the importance of local government in ensuring unity and preserving peculiar diversities cannot be underestimated. In spite of the relevance of local government, there are some problems that have faced it in the performance of its functions especially in areas of service delivery at the grassroots (Adebayo, 2014).

It would appear that the unilateral usurpation of functions of the local governments especially by the State governments and the use of unfair fiscal allocation criteria or principles have undermined the value of intergovernmental fiscal relations, thus impeding the performance of local governments. This relationship has brought about conflicts because of the arbitrariness and disrespect for constitutionality by the state government; the existence of control of one level of government by another resulting in the domination of the local government by State governments which certainly dispossess the local governments of their autonomy and thus makes them too dependent on the other levels of governments thereby bringing imbalance into the system. (Ugwu, 1998; Akume, 2014). This becomes a negation of the two important dimensions of fiscal federalism namely; assignment of responsibilities and fiscal allocation. This negation fundamentally affects the major reason for the establishment of local government as the third tier of government which is to positively affect the lives of the people at the grassroots. But the system, unfortunately, has been ‘hijacked’ by politicians and senior bureaucrats in such a way that local government can be according to Agba, Akwara, and Idu (2013) sarcastically described as a place where the chairman and other key officials meet to share money monthly and where the provision of basic social services such as education, health, maintenance of roads, and other public utilities within their jurisdiction is both a myth and mirage as well

as abysmal failure. It is against this backdrop that this study is conducted to examine the effect of intergovernmental fiscal relations on service delivery in the Ebonyi state local governments system.

1.1 Research Questions

Answers were sought for the following research questions.

- How has revenue sharing affected service delivery in Ebonyi state LG system?
- To what extent has the state's utilization of financial resource of local governments affected service delivery in Ebonyi state LG system?

1.2 Research Hypotheses

In order to achieve the objectives of this study the following hypotheses questions were formulated:

- H₀: Revenue sharing has no effect on service delivery in Ebonyi state LG system
- H₀: State's utilization of financial resource of local governments has not affected service delivery in Ebonyi state LG system

2. CONCEPTUAL AND THEORETICAL CLARIFICATIONS

2.1 Intergovernmental-Fiscal Relations

In an attempt to prevent an acrimonious relationship between the federating tiers in a federal system of government, there should be a match between constitutional responsibilities assigned and the resources allocated for the discharge of the assigned functions (Angahar, 2013). Government constitutional assignments should be backed up by a complement of taxing powers and revenue rights. Fiscal imbalance between the federal government and the state governments on one hand and the state government and the local government on the other as well as the need for developments by the various states or regions can be a source of acrimony and bad blood between the federating units, this disharmony can however be ameliorated through the application of the principles of Administrative efficiency, Economies of scale and Desired social effects in the allocation of scarce financial resources (Akpa, 2008).

Administrative Efficiency: Due to the peculiar nature of certain revenue sources, a particular tier of government may be in a better position to harness such a revenue source more efficiently, the fiscal powers over such revenue source should be given to the tier of government that can handle it the more efficiently.

Economies of Scale: The tier of government that can most economically harness a revenue source with minimum wastage should be allowed fiscal powers over the revenue source.

Desired Social Effect: The extent of the tax effect expected should act as a guide in arriving at the decision as to which tier of government should be allowed fiscal powers over a revenue source. The intended social effect may be national, regional or local in scope, based on this desired effect, fiscal powers may be granted to the federal, states, and local governments respectively.

Nwanegbo (2007) as cited in Ewelum (2014), dissects intergovernmental financial relations into two:

- Intergovernmental revenue patterns
- Intergovernmental expenditure patterns.

Thus, intergovernmental revenue patterns include taxes and general revenue. Under taxes, the interest is on the type of tax sources that underplay both the tremendous rise and shifting patterns of national, state and local taxations. Understanding these operations and jurisdictional issues helps to understand the nature and dimensions of IGR. If a system is operating a separated IGR model, it is expected that the component units should collect and appropriate their taxes and collection. However, it does not mean that the national government will be left with nothing; rather from the collections they are given something. But under overlapping IGR model, even the tax collections by the local government or state government are done on behalf of the national government. General revenue then focuses revenue outside the taxes which focused on which unit of government claims a major share of the tax. Nwanegbo further viewed intergovernmental expenditure patterns from direct general expenditure and functional expenditure. The direct expenditure refers to funds that are recorded as outlays by the level of government which makes the final disbursement of funds in delivering services or benefits to citizens. Functional expenditure enhances understanding of jurisdiction roles further as it helps the financing roles of national governments (in domestic

functions), the state and local governments. What this helps to achieve is the understanding of the levels of expenditure each government is allowed to incur on functions they are constitutionally mandated to perform. Through this, one will know what level of independence, interdependence or collaborations the powers of the tiers or levels of governments are and the relationships. In his contribution, Ezeh (2007) as cited in Ewelum (2014), asserted that since 1946, the issue of fiscal intergovernmental relation has posed a great challenge to the survival of the Nigerian state. In most cases, each type of regime have in no small way tended to exacerbate the problem rather than addressing it once and for all. In the case of military rule, the federal structure has often remained in paper whereas the actual practice the government has often tilted towards a unitary option. The introduction of the 1999 constitution became the highpoint at which the problems of fiscal intergovernmental relations among the various levels of government in Nigeria were glaringly pronounced. He enumerated a number of commissions that were set up to look into the problems of Nigeria's fiscal federation thus:

- Philipson Commission (1946)
- The Hicks-Philipson Commission (1950)
- The Levis-Chicks (1954)
- The Raisman-Trees Commission (1958)
- The Binns (1964)
- The Interim Revenue Allocation Review Committee (1969)
- The Technical Committee on Revenue Allocation (1977)
- The Okigbo Commission (1981) that became operational in 1982 and
- The Danjuma Commission (1988)

Ezeh (2007) as cited in Ewelum (2014), stated that the growing inadequacies that are associated with the existing revenue sharing formula have no doubt affected intergovernmental relations and even the democratic content of Nigeria's several transitions. The federal government as the first tier of government has continued to unduly cash in on the 'federal might' advantage to scuttle democratic proceedings at both the second and the third tier levels and this situation became alarmingly noticeable during the 2003 and 2007 elections. The situation has led to conditions of strained relationship between the centre and states with differing political learning on one hand and the states and the local authorities of same situation on the other (Ewelum, 2014). Intergovernmental fiscal relations or fiscal arrangements means how the various levels of government in a country/state constitutionally relates both vertically and horizontally in the sharing of the financial resources of the country and in the distribution of resources. The whole idea of intergovernmental fiscal relations hinges on what is often referred to as "statutory allocation" or more popularly known as "Revenue Allocation" (Teidi, 2003). Intergovernmental fiscal relation refers to the allocation of responsibility for expenditure and powers to raise revenue by different spheres of government. A system of intergovernmental fiscal relations includes the design of a system of transfers to overcome the problem of "mismatch" between such responsibilities and powers.

In line with the above statement, Conway (2005) as cited in Nchuchuwe and Adejuwon (2015), states that the most important reason for the reform of inter-governmental fiscal relations in the transitional countries is the rise in the number of proponents of fiscal decentralization – the process through which the power to make decisions about revenue and expenditure is devolved from higher to lower levels of government. The way intergovernmental fiscal systems are organized varies from country to country. These differences partly reflect historical and geographical characteristics of each country, the degree of heterogeneity of the population and the extent of government intervention in the economy.

According to Sewell and Wallich as cited in Ogu, Agu and Ogbu (2018), the objectives of fiscal relations among units of federation are to;

- Ensure correspondence between subnational expenditure responsibilities and their financial resources (including transfers from the central government) so that the functions assigned to subnational governments can be effectively carried out.
- Increased that autonomy of subnational government by incorporating incentives for their mobilize revenues of their own.
- Ensure that macroeconomic management policies of the central government are not undermined or compromised.
- Give expenditure discretion to subnational government in appropriate areas in order to increase the efficiency of public spending and improve the accountability of subnational officials to their constituents in the provision of subnational services.

- v. Incorporate intergovernmental transfer that are administratively simple, transparent and based on objectives, stable, non-negotiated criteria.

Oni (2013) opines that intergovernmental fiscal relations suggest a legal arrangement describing the distribution of revenue among the different levels of government in a federal structure. In trying to strengthen his position on the subject matter, he went further to state that; for government to fulfill its constitutional responsibilities of maintaining law and order and providing social amenities that promote citizens' well-being, governments at all levels must imperatively find a revenue base. It is the management and distribution of such revenues that forms the crux of fiscal federalism (Oni, 2013). Intergovernmental fiscal relations covers such issues as models, for the assignment of responsibilities and tax powers, discussions of intergovernmental spill oils and intergovernmental grants, fiscal mobility and migration, vertical fiscal imbalance and dependence macroeconomic management and fiscal decentralization (Egwu. Ugbohhe, Osagie & Eme, 2016).

2.2 Local Government Administration

The Constitution of the Federal Republic of Nigeria (FRN,1979, 1999 as amended 2011) defined local government as:

Government at local level exercise through representative council established by law to exercise specific powers within defined areas. These powers should give the council substantial 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 project so as to complement the activities of the State and Federal Government in the areas to ensure through devolution of functions to their councils and through the active participation of the people and traditional institutions that local initiative and response to local needs and condition are maximize

Tumini (2011) defines local government as follows:

Local democratic governing units within the democratic system of a country, which are subordinate members of the government vested with prescribed, controlled governmental powers and sources of income to render specific local services and to develop, control and regulate the geographic, social and economic environment of defined local area.

In the simplest language, local government means management of the local affairs by the people of a locality. Locality stands for a restricted area like a village, a group of villages, a town or a city. A town or city, a village or a district are allowed by law to administer their local services through own direct efforts or their local authority in a manner suiting local needs peculiarities and wishes. In essence, it enjoys an autonomous status which entitles it to take certain legislative, administrative and financial decisions including Budgeting though under the conditions and within the limits of law. Agbakoba and Ogbonna (2004) define local government from legal perspective. They see it as: a political administrative unit that is empowered by law to administer a specific locality. The United Nations office for Public Administration cited in Igbuzor (2004), defines local government as a political subdivision of 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 exalt labour for prescribe purposes. The governing body of such an entity is elected.

International Union of Local Government Authorities (IULA) as cited in Abe & Omotosho (2014), sees Local Government as the level of government with constitutionally defined rights and duties to regulate and manage public affairs which are also constitutionally defined for the exclusive interest of the local population. Local governments are the third tier administrative structure created in Nigeria to decentralize governance, bring government closer to the people at the grassroots and render social services pivotal in engendering national development. They are purposefully located and responsible for the governance of about 70 percent of the estimated 152 million people of the Nigerian population. Thus, they are said to be in a vintage position to aggregate and articulate the needs of the majority of Nigerians and facilitate rural development through the application of the needed financial and human resources in their operations (Agba, Ocheni& Nnamani, 2014). Constitutionally, local government is saddled with the responsibilities of providing services relating to maintenance of cemeteries, burial grounds; homes for the destitute and infirm; markets; sewage and refuse disposal; roads, streets, strut lighting, drains, other public facilities. They also engage in economic

planning and the development of rural areas. Though, it is painful to note, local governments in Nigeria have failed to live up to expectation in terms of the assigned responsibilities. Observations and evidence from the literature (Alao, Osakeke and Owolabi 2015; Aluko 2006; Ayogu, Okagu and Ogbe, 2018) show that most local government in Nigeria are grossly underdeveloped because of the poor service delivery at the local level. Local government may prove to be an empty shell if it has no or limited revenue-raising powers. Local government is said to be financially independent or sufficient when it receives direct revenue allocation from federation account, exercises jurisdictional powers on its taxing areas and incurs its expenditure without any form of external control (Ogu, Agu & Ogbe, 2018). The inability of local government to raise needed funds is affirmed by Iliyasu (2011) when he stated that the present fiscal arrangement has manifested in weak fiscal capacity of local governments- Local governments are given functions with high investment outlay and low returns. Also, the internal revenue of local government (3%) is very low - compared with their revenue allocated from the federation account (above 70%); insufficient to prosecute their development programmes. The low internal revenue base is the result of the types of taxes assigned to local governments which unfortunately have low yields and high cost of administration. Local governments, therefore, have tended to depend largely on the Federation Account.

2.3 Service delivery

Service delivery refers to the provision of social or public goods that will promote socio-economic well-being of the citizens. Public services offered by government are numerous and may include the provision of public utilities, security, economic development projects, the enforcement of the law and so on. The delivery of public goods and services at the local government level or the grass root is aimed at moving the standard of living of the populace to the next level (Angahar, 2013). Service is the set of benefits delivered by the government and its agencies to the service customer being citizens. It may be coaching, teaching, banking, consultancy and other modes to meet customers' aspirations. Services are required by people from time to time in various forms, categories and from different organizations. Services are rendered for a pecuniary benefit by individuals for profit making organizations and rendered free as part of a social obligation or subsidized by the government to meet the demand of the citizenry through its various MDAs (Basil, Sorbarikor & Gbarale, 2017). Service delivery involves tangible and intangible goods and services partly provided though the taxes paid by the citizens to government in order to improve the well-being of the citizenry. It refers to the provision of social services such as portable water supply, repair of local roads, primary healthcare delivery and cemeteries, intended to alleviate human suffering and enhance the quality of life of the citizens (Ayogu, Okagu & Ogbe, 2018)

2.4 Intergovernmental Fiscal Relations and Service Delivery in the Local Government

According to Olawole (2002), local government and health care delivery receives considerable attention from both the federal and state government. Considering the importance of health in our society, the examinations of its delivery to the grassroots by the local government is very important. To Olawole (2002) there are weak links in the chain from public spending to actual outcome in making basic service available to poor people. Simple increasing budget allocation to essential services such as health and education is not enough to ensure that quality services are indeed delivered. He states further that when resources are appropriately allocated they may not reach their intended destination because of organizational problem in public agencies. Even where resources reach the health clinic or the primary school the actual provider may have weak incentive or capacities to deliver effectively. According to Ogu, Agu and Ogbe (2018), the inadequate revenue powers of the Council have affected its fiscal relations with the higher government and the provision of local services. The revenue allocation modules between and among the three levels of government have an attendant effect on grassroots development in Nigeria and also that with proper fiscal responsibility exercised by those entrusted with public fund there will be a positive effect on service delivery (Fatile, Fajonyomi&Adejuwon, 2017).

2.5 Theoretical Framework

This work is anchored on the theory of Separation of Powers. It would appear according to Westt (2012) that this doctrine grew from the observations of the 17th century conditions in England of that time-honoured English philosopher and jurist, John Locke (1632-1704), who founded the school of empiricism. Nevertheless, the doctrine of separation of powers according to Lieberman (2011) developed over many centuries.

However, Lieberman (2009) points out that the modern idea of the separation of powers was explored in more depth in a 1748 study *The Spirit of the Laws* by French historian, political philosopher and political writer Baron Montesquieu (1689-1755) who outlined a three-way division of powers in England among the Parliament, the king, and the courts. Montesquieu essentially followed earlier thinkers in arguing that there was a necessary relationship between social divisions and these different powers. Further, Montesquieu contended that executive power could be exercised only by a monarch (executive). Above all, Montesquieu like other writers saw the concept of the separation of powers as a way to reduce or eliminate the arbitrary use of power. Following the principle of separation of power, the 1999 constitution of the federal republic of Nigeria provided for the legislature to make laws only; these include laws on appropriation. Our political tradition demands not only that Nigerians participate in the governmental process through periodic elections but also that we know what our ‘representatives’ do; this is necessary to enable us at all times evaluate their performance. Surely, one of the most important duties of the legislature is making laws for the welfare and wellbeing of the society.

3. METHODOLOGY

The research design adopted for this study was survey research design. The study was conducted in Ebonyi State, Nigeria and it covered three local government areas selected for the study. The local government areas were Abakaliki, Afikpo South and Ezza South. The data were obtained through primary and secondary data. The population of the study consisted of the staff of the people from the three selected LGAs with the total number of five hundred and seven thousand, one hundred and ten people. Taro Yamani Formula was adopted to determine the sample size of 400. The data collected for the study was through the administration of copies of structured questionnaires on a five-point Likert scale to illicit information from the respondents. Content validity, was used for this study to measure a concept by logical analysis of the item and a test-re-test exercise was adopted using Spearman Rank Order Correlation Coefficient formula on the instrument randomly before it was certified to be reliable. The data collected were analyzed using descriptive statistics; mean scores to answer the research questions while inferential statistics such Regression analysis was adopted in the test of hypotheses at 0.05 level of significance.

4. DATA PRESENTATION AND FINDINGS

Data for the study were presented in the table, followed by the analysis, explanation and interpretation of the data collected from the questionnaire.

Research Question One: How has revenue sharing affected service delivery in Ebonyi state LG system?

The data for providing answers to the above research questions are presented on table below.

Table 1. Respondents’ responses on Revenue Sharing

S/N	Statements	ΣFx	X	Decision
Revenue sharing				
1	The most prominent of all the aspects of inter-governmental relationships is fiscal relations.	1275	3.7	Agree
2	Revenue allocation and sharing has remained the major source of harmony among various levels of government.	1326	3.9	Agree
3	Allocation of and disbursement of funds is a major source of conflict in intergovernmental relationships.	1507	4.4	Agree
4	Nigeria’s model of fiscal federalism has remained a clog in the wheel of grassroots development.	1417	4.1	Agree

Source: Field Survey, 2019

The above table analyses the responses of the respondents to the various items in the objectives of the study and research questions, focusing on the revenue sharing. A mean value of 3.0 was taken as a criterion to ascertain the general position of the respondents on each question item. Therefore, any item in the instrument which has a mean equal to or higher than 3.0 were regarded as ‘agree’ while items with less than 3.0 were be regarded as ‘disagree.’ Four statements make up this subsection. The respondents in table above agreed to all the statements in this subsection. With a mean score of 3.7; 3.9; 4.4 and 4.1, the respondents agreed to the following statement respectively: the most prominent of all the aspects of intergovernmental relationships is fiscal relations; Revenue

allocation and sharing has remained the major source of harmony among various levels of government; Allocation of and disbursement of funds is a major source of conflict in intergovernmental relationships, and that Nigeria’s model of fiscal federalism has remained a clog in the wheel of grassroots development. The implication of this is that revenue sharing is the major aspect of intergovernmental fiscal relations that bring harmony among various levels of government and if the revenue is not disbursed as outlined it will bring clog to the wheel of development at grassroots level.

Research Question Two: To what extent has the state’s utilization of financial resource of local governments affected service delivery in Ebonyi state LG system?

The data for providing answers to the above research questions are presented on table below.

Table 2. Respondents’ responses on State’s utilization of financial resource of local governments

S/N	Statements	ΣFx	X	Decision
State’s Utilization of LG Financial Resources				
5	The interference in the LG Statutory allocation by the state government leads to the inability of the LG to execute development programs/projects at the local government.	1246	3.6	Agree
6	Utilization of financial resources by the state government hinders effective delivery of service at the local government.	1211	3.5	Agree
7	State’s utilization of LG financial resources promotes underdevelopment in at the grassroot level.	1213	3.5	Agree
8	Utilization of LG financial resources by the upper tier hampers corruption in the LG thereby facilitates development programs or projects at the local level	827	2.4	Disagree

Source: Field Survey, 2019

The focus of table 2 is on the effect of state’s utilization of financial resource of local governments on service delivery in Ebonyi state LG system. Just like in table 1 above, the table 2 has four statements to which the respondents agreed to all but one of the statements in the table above. Respondents, in the first statement, were asked whether the interference in the LG Statutory allocation by the state government leads to the inability of the LG to execute development programs/projects at the local government. Their response was positive as indicated by the mean score of 3.6. Respondents also agreed to the second and third statements that the utilization of financial resources by the state government hinders effective delivery of service at the local government; and State’s utilization of LG financial resources promotes underdevelopment in at the grassroot level, as indicated by the mean scores of 3.5. The fourth statement, however, received a negative review as respondents do not subscribe to the view that the utilization of LG financial resources by the upper tier hampers corruption in the LG thereby facilitates development programs or projects at the local level. This was indicated by a mean score of 2.4.

4.1 Test of Hypotheses

The hypotheses formulated for this study was tested using regression analysis. This section focused on the test of three hypotheses formulated for the study. The hypotheses were tested with the aid of regression analysis through SPSS software version 20.

Hypothesis One

Ho: Revenue sharing has no effect on service delivery at the grassroot level in Ebonyi state

Table 3. Regression Analysis between Revenue Sharing and Service Delivery

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.796 ^a	.633	.613	79.90240

a. Predictors: (Constant), Revenue Sharing

ANOVA^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	198441.471	1	198441.471	31.082	.000 ^b
	Residual	114919.079	18	6384.393		
	Total	313360.550	19			

a. Dependent Variable: Service Delivery

b. Predictors: (Constant), Revenue Sharing

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	47.757	33.183		1.439	.167
	Revenue Sharing	.784	.141	.796	5.575	.000

a. Dependent Variable: Service Delivery

Decision Rule: Results from the test of hypothesis one above shows that the probability value of the regression (0.000) is less than the level of significant used for the study (0.05). Thus, we therefore reject the null hypothesis and accept the alternative that revenue sharing has effect on service delivery at the grassroots level in Ebonyi State. The implication of this finding to the study is that local government need fiscal autonomy for effective delivery of services at the grassroots level.

Hypothesis Two

HO: State's utilization of financial resource of local governments has not affected service delivery of LG in Ebonyi state.

Table 4. Regression Analysis on State's utilization of financial resource of local governments and service delivery of LG in Ebonyi state

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.294 ^a	.086	.036	114.33361		
a. Predictors: (Constant), State's utilization of financial resource of LG						
ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	22269.879	1	22269.879	1.704	.008 ^b
	Residual	235299.121	18	13072.173		
	Total	257569.000	19			
a. Dependent Variable: Service Delivery						
b. Predictors: (Constant), State's utilization of financial resource of LG						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	127.276	47.482		2.681	.015
	State's utilization of financial resource of LG	.263	.201	.294	1.305	.208
a. Dependent Variable: Service Delivery						

Decision Rule: Results from the test of hypothesis three above shows that the probability value of the regression (0.008) is less than the level of significant used for the study (0.05). In this case, we therefore reject the null hypothesis and accept the alternative that State's utilization of financial resource of local governments has affected service delivery of LG in Ebonyi state.

5. DISCUSSION OF FINDINGS

Based on the data collected, presented and analyzed, the tests of formulated hypotheses for this study have led to the following findings: Revenue sharing has an effect on service delivery at the grassroots level in Ebonyi State. This finding was obtained from the test of hypothesis one where the probability value of 0.000 is less than 0.05 significant level adopted for the study. Again, it was found that, it was found that the State's utilization of financial resource of local governments has negative effect on service delivery of LG in Ebonyi state. This finding was obtained from the test of hypothesis three where the probability value of 0.008 is less than 0.05 significant level adopted for the study.

5.1 Recommendations

In view of the findings from this study, we proffer the following recommendations:

Being that the local government is closest to the people, it is a fact that the impact of their activities is felt most by the people at the grassroots. To this end, this study recommends an upward review of the 20 percent allocation of revenue to the local government from the federation account and 10 percent internally generated revenue from the state government. It is hoped that with additional revenue allocated to the local government, they will be empowered to do more for the local people within their domain. Of all the levels of intergovernmental fiscal relationship in

Nigeria, the most troubling is the State-Local government relations. This is where the true definition of Master-Servant relationship is most pronounced. It is on this basis that we recommend for a holistic review of the constitution to free up the local government from the apron strings of the state government. Under the proposed amendment, there should be the inclusion of Local Government in the general provision chapter 1 part 1, sub-section 2 as one of the Federating Units of the Nigerian Federation with its establishment, Composition, powers, functions and tenure all spelt out.

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