STATE-LOCAL GOVERNMENT FISCAL RELATIONS AND GRASSROOTS DEVELOPMENT: AN EMPIRICAL REVIEW OF SELECTED LOCAL GOVERNMENTS IN LAGOS STATE

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Abstract: *The fiscal relations among the three levels of government in Nigeria is enmeshed with the severe problem most especially state-local government relationship. A number of factors has been attributed to this which include over-dependence of local government on statutory allocations from the state and federal governments, deliberate tax evasion by the local citizenry, creation of nonviable local government areas, differences in the status of local governments in terms of the rural-urban dimension, inadequate revenue and restricted fiscal jurisdiction to constitutional gaps. This study examines the effect of State-Local Government fiscal relations on grassroots development in selected local governments in Lagos state, Nigeria. It adopts a survey research design technique. The main instrument of data collection is questionnaire. Primary data collected were analysed using descriptive statistics, while the relevant hypotheses were tested using Pearson Product Moment Correlational analysis of hypotheses testing with the aid of Statistical Package for Social Science (SPSS 20.0). The findings of the survey revealed that 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. The study, therefore, recommends that Local governments should be proactive and more aggressive in their internally generated revenue drives and find new ways of enhancing revenues. The 1999 constitution of the Federal Republic of Nigeria needs to be amended so as to grant financial autonomy to states. The study concludes that in Lagos State, there are good mechanisms in place for local governments to drive revenue generation because of the industrial and cosmopolitan nature of the state which has made fiscal relations between the two tiers to be more harmonious when compared to what is applicable in other states of the federation.*
Keywords: *Intergovernmental Fiscal Relations, State-Local Joint Account, Grassroots Development, Statutory Allocation, Local Government*

1.1 BACKGROUND TO THE STUDY

In the contemporary period, the issue of inter-governmental relations has become more important in a federal system. This is based on the fact that federalism as observes by Fatile &

Adejuwon (2008) is pragmatic, dynamic, utilitarian and evolving. It can only strive on bargaining, consultation, negotiation, compromise and agreement between the constituent governments. It grows under a system of mutuality and interdependence. The stability of the federal system depends on the level of collaboration between all the levels of government (Ahmad, Abubakar & Ahmad, 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, 1998).

The state-local government relations are among the most contested issues in Nigeria’s fourth republic. The contention is made more complicated by the provisions of the 1999 Constitution which make the institution of local government, especially its establishments, structure, composition, finance and functions, a residual matter for state government. The constitutional and legal framework guiding state-local government relations is not only skewed in favour of the state, it completely subjugates the institution of local government to the state government (Chukwuemeka & Uche, 2005). In Nigeria, the issue of sharing resources among the three levels of government has remained controversial due to lack of an acceptable formula. It generates tension and bad blood among the three tiers of government. The study therefore focuses on state –local governments’ fiscal relations and grassroots development. This is borne of the fact that the states and local governments constitute the hub of economic development and centres for the provision of social amenities and infrastructure for the people at the grassroots.

1.2 STATEMENT OF THE PROBLEM

The way intergovernmental fiscal systems are organized varies from country to country. These differences partly reflect historical and geographical characteristic of each country, the degree of heterogeneity of the population and the extent of government intervention in the economy. In Nigeria, there are three tiers of government Federal, State and Local government. The structure and management of state-local fiscal relations have become a dominant issue in Nigeria’s federal arrangement. Of all the levels of intergovernmental relations that are in operation in Nigeria’s federal practice, the state-local relation is the most contentious (Ola & Tonwe, 2005). The relationship between state and local government is more of domination and hijacking of local government functions by state governments rather than serving as moderator/mediator, despite the fact that local governments were created in order to bring governance closer to the people, yet state-local government joint account does not enable this (Ahmad, Abubakar & Ahmad, 2013).

Over the years, the local government administration has been faced with series of developmental and economic challenges where different policies have rendered the councils incapacitated to discharge their constitutional mandates. Fiscal relationship between state and local governments has become a problematic issue in intergovernmental relations in Nigeria. In this respect, the higher tiers of government have excessive control on the finance of local governments. Although the constitution enjoined states to pay 10 percent of the statutory revenues to local government councils (LGCs), in Nigeria very few states honoured the provision. The failure of the constitution to articulate a clear line of authorities to both the state and local authorities and the continuing debate over the involvement of state governments in distributing local government allocation from the Federation Account has affected the capacity of local governments to provide essential services at the grassroots. Majority of the state governments made some unnecessary deductions and more often diverted the funds to other areas of personal interest while the money is meant for development of local government areas, and this has contributed significantly to the abysmal performance of local governments in providing good governance for the community. In some states, the state government used to award contracts on behalf of local governments via State Joint Local Government Account whether the project has a direct impact onx the local populace or not.

The introduction and the subsequent implementation of the state joint Local Government account system in Nigeria following the restoration of civil rule in 1999 had largely constituted and generated a lot of controversies in the polity such as the allegation of indiscriminate deductions from the statutory allocation of the Local Government by the State Government and its concomitant effect on Local Councils productivity (Ojugbeli & James, 2014). Thus, the provision for 'Joint Account' between the state and local government councils is a huge impediment on financial autonomy of local government councils.

The above discussion indicates to a very reasonable extent to which the joint account remains a conduit pipe for the draining of Local Government allocation by the State Government. This study, therefore, examine the relationship between State – local governments' fiscal relations and grassroots development in Lagos State, Nigeria.

1.3 OBJECTIVES OF THE STUDY

The main objective of the study is to assess the extent to which state – local government fiscal relations has impacted grassroots development with specific reference to Lagos state, Nigeria. Other specific objectives include:

- To ascertain the implications of State Joint Local Government Account on the financial autonomy of local governments in Lagos state.
- To examine the influence of state's utilisation of financial resources on infrastructural development at the grassroots in Lagos state

Research Questions

The study attempts to beam searchlight on the following research questions:

- What is the relationship between State Joint Local Government Account and financial autonomy of local governments in Lagos state?
- Could state's utilisation of local government financial resources influence infrastructural development at the grassroots in Lagos state?

Research Hypotheses

The study is geared towards testing the following hypotheses:

- There is no significant relationship between State Joint Local Government Account and financial autonomy of local governments in Lagos state.
- State's utilisation of local government financial resources does not influence infrastructural development at the grassroots in Lagos state

2. LITERATURE REVIEW

2.1 Concepts of Local Government and Intergovernmental Fiscal Relations

Local government is a problematic concept. It has been conceived and constituted in different ways, depending on the orientation of the scholar (Fatile & Adejuwon, 2009). Local government is conceived as a system of local administration instituted to maintain law and order, provide a limited range of social amenities and encourage co-operation and participation of inhabitants towards the improvement of their conditions of living (Emezi, 1984). To Wraith (1984) local government is "the act of decentralising power, which may take the form of deconcentration or devolution. Local government is that tier of government closest to the people, "which is vested with certain powers to exercise control over the affairs of people in its domain" (Lawal, 2000:60). Local government can also be viewed as a legal personality with sufficient but limited powers of control over its staff, finances, and funds (Michael, 2013).

From the above, it shows that local government operates at the local or grassroots level; operates within a defined geographical area; has a relative autonomy or independence; has a range of constitutionally delineated function to perform; and has its council composed of elected representatives.

On the other hand, intergovernmental fiscal relation refers to way the various levels of government in a state constitutionally relates both vertically and horizontally in the sharing of the financial resources of the country and in the distribution of resources. It refers to the allocation of responsibility for expenditure and powers to raise revenue by different spheres of government (Nchuchuwe & Adejuwon, 2015). Musgrave (2000) also defines intergovernmental fiscal relations as that which concerns the division of public sector functions and finances among different tiers of government in a state.

2.2 An Overview State – Local Governments Fiscal Relations in Nigeria

The issue of intergovernmental fiscal relations has been a 'constant and important fiscal policy consideration in Nigeria since the country's independence in 1960' (Alm & Boex 2002). Since independence to date, there a lot of inter-governmental conflicts between the state government and the local government involving the Office of the Governor and some State Ministries, Commissions and Agencies in Nigeria. The Governor tends to act as the Head of the Local Government Chairman. He summons them to meetings at will and gives necessary directives from time to time. The monthly allocations that are expected to be given to local government are diverted and sometimes mismanaged by the State Governors (Togun, 2010 cited in Nwogwugwu & Olusesi, 2015). Under the 1999 constitution of Nigeria, allocations from federation account are channeled to the local government through the state government. This scenario created a dependency situation than independent one between the local and state governments. In view of this, intergovernmental relations at state – local and local-state are functions of the diversity of the state (Tella, Doho & Bapeto, 2014).

It is important to note the fiscal relationship between State and local governments in Nigeria can be described as "master-servant relationship" rather than partner in governance. Ogbuisi (2007) observe that the funds which the state governments were supposed to share among the local governments were in reality directed to state projects. Ogbuisi state further that the unrepentant attitude of the state governments towards exploiting the funds of local government became obvious when the federal government decided to allocate directly to the various local governments for the purpose of paying teachers in the states' employment.

As observed by Ogbuisi (2007) the problem of constant state intervention in the local government funding had a constitutional basis. For instance, section 162 (5) and 7(1) of the 1999 constitution of the federal republic of Nigeria state that:

- Any amount standing to the credit of the local government councils in the federation account shall be allocated to the states for the benefit of their local government councils in such terms and in such manners as may be prescribed by the State House of Assembly… …the finance, composition, functions, and structure of the local government in the federation is to be determined by the prescriptions of the State House of Assembly.
- The above provisions of the constitution shows that local governments in Nigeria have no power on their own to determine how their affairs are run. The fiscal arrangement has been used to gauge the stake a particular segment of the population has in the federal structure and what powers, real and statutory, a tier wields (Onah, 2007).

2.3 State Joint Local Government Account and Financial Autonomy of Local Government

Local governments in Nigeria are established to bring governance closer to the grassroots and enhance development. However inadequate finance has undermined the ability of local governments to achieve these goals. The financial autonomy of the local governments is severely interfered in by the state governments principally through the instrumentality of the State Joint Local Government Account (Ikechukwu, 2014).

One of the nagging problems of Nigeria's federalism is the persistent failure to grant fiscal autonomy to local government as the third tier of government. Under a true federal structure, the autonomy of local government is adequately guaranteed. Although decentralization policies have been introduced in some West African States, including Nigeria, much success has not been attained towards granting autonomy to local government. This is due to the inadequacy of legal framework and constitutional provisions to guarantee the autonomy of local governments (Akinboye, 2007).

The State Joint Local Government Account (SJLGA) was initially introduced in the Nigerian federation as far back as 1981 during the Second Republic administration of President Shehu Shagari. The Federation Account has been the focal pool from which the three tiers of government in Nigeria derive their monthly allocation which is expected to be judiciously utilized in addressing socio-economic development of their localities (Ahmad, Abubakar & Ahmad, 2013).

Under the 1999 Constitution of federal republic of Nigeria, the State Joint Local Government Account (SJLGA) is a special account maintained by each state government "into which shall be paid allocations to the local government councils of the state from the Federation Account and from the Government of the State" (Section 162(6), 1999 Constitution of Nigeria). The State Joint Local Government Account is meant to be a mechanism that can implement the notion of 'fiscal federalism' at the local government level in Nigeria.

It is not doubtful that the intention of those who formulated the joint account system as a financial policy for the local government was good. The joint account system was established to avoid any possible manipulation of the account by the state government. The system would have assisted in no small measure to extenuating the incessant corruption inherent in the local government system aptly perpetuated by the council's executives. Bringing the supervision of the account under the state government was a plan well made to check and instil fear in mind and mentality of the council executives (Ojugbeli & James, 2014).

It is important to note that the state government is not intended to be a beneficiary of the SJLGA, rather, it is a trustee of the Account. It is required to maintain the Account for the benefit of the local governments by ensuring that the amount allocated for this third tier of government is equitably and fairly shared among the councils, adhering strictly to constitutionally stipulated criteria. However, reports across the country indicate that most state governments are using SJLGA laws contrary to this intention (Okafor, 2010). Most state Governors through state joint local government account have converted local governments to a gold mine and their interference became abysmal and detrimental to local government productivity most especially in the area of grassroots development.

Onah, (2004); Azelama, (2008); and Ezeani, 2012) observes that the interference in the local government statutory allocations by the state governments reasonably accounts for the inability of the local governments to initiate and execute development programs or projects. Oguntuase (2012), Okolie and Eze (2001), also agree that the state governments have turned the State Joint Local Government Account into an instrument to manipulate and control the local governments.

However, it is necessary to observe that the pervasive practice by state governments to interfere in the statutory allocations to the local government is antithetical to the spirit of the constitution in the creation of the State Joint Local Government Account. Indeed, the state governments are only expected to act as trustee of the account and to ensure reasonable oversight of the statutory allocations of the local governments.

2.4 Utilization of Financial Resources and Infrastructural Development at the Grassroots.

Nigeria is a federal state where there are three tiers of government namely federal, state, and local governments according to the magnitude of constitutional power, authority and control. The recognition and importance of local government in the development process is prompted by the imperative to tackle local socio-economic problems and to manage grassroots development through provision of basic rural infrastructure (Lawal, 2014).

The basic rationale behind the creation of local government is to meet the peculiar needs of the people at the grassroots (Nwankwo, 2001). However, it is pathetic to note that the local governments have demonstrated incompetence in regards to its revenue utilisation. As a result, some local governments end up in financial crises and are unable to tackle the challenges of services delivery and mobilisation of both human and material resources required for the functioning and meaningful development of the local government areas. Thus, underdevelopment continue to rear its ugly head and as people are either ignorant of or indifferent to the reasons for which local government are created.

Fiscal management and grassroots development therefore implies judicious combination and utilization of financial resources to local government to attain set goals by designated authorities with the managerial tools of planning, organizing, directing and controlling, for the benefit and development of the people.

Local government administration in Nigeria however, have been characterized by bazaar mentality, poor accounting systems, unavailability of reliable data required for planning, over-politicization, inadequate finance and poor revenue collection, greed, unnecessary government interference, lack of direction and corruption. The statutory allocations from the Federation Account because of poor management are said to be inadequate to cover the financial obligations of local government councils in terms staff salaries, social services and serving of debts (Agba, Stephen & Nnamani, 2014). The resultant effect of this is the inadequate financial base of most local governments in Nigeria, which makes it practically difficult to carry out their constitutional functions effectively (Okoli, 1999).

Efficiency in financial utilization in local government can be achieved through organizational determination to pursue excellent performance. It entails self-discipline on the part of those are charged with the responsibility of managing the resource of local government. However, the efforts of local governments' executives to attain some financial autonomy in running their councils are being discountenance by the intervention of state governments in local affairs. It is a common practice for state governments to appropriate a substantial portion of finance meant for local government.

2.5 Empirical Review

The study of Oyelakin (1994) on state and local government relations in Nigeria under the military shows that concerted efforts had made to revive reform, revitalise and restructure the local government system in Nigeria. He observes that enhancing the freedom of the local government will remould it into an effective springboard for national development. He believes that local government autonomy can only be realized if they enjoy full financial autonomy. Similarly Omoruyi (1992), advocate for the need for autonomy to local government in Nigeria and identified the issues that would enhance such autonomy under a Presidential System of Government like Nigeria.

The study conducted by Angwe (2000) described the relationship between states and local governments in Nigeria as a fragile relationship. He identified salient issues like financial autonomy, elections, taxation and population as the yardstick to measure a viable and sound local government that would meet the yearnings and aspirations of its members. He, therefore, advocated for the full financial autonomy of local government to strengthen its functions and bring governance closer to the people.

Nwogwugwu & Olusesi (2015) in their study notes that the usurpation of local government functions and revenue sources by State Government is another serious area of eroding the autonomy of the local government. Also, Aliyu, Afolabi & Akinwande (2013) in their study cite several cases of abuse of the Joint Account by different state governments across Nigeria, to substantiate their argument that the Account has been subjected to severe abuses by the state governments to the detriment of the local governments thereby undermining the financial autonomy of the local government as well as their ability to deliver on their statutory responsibilities.

Aghayere, 1997) observes that in addition to the diversion of local government funds, most state governments in Nigeria have also failed to contribute their share to the local governments as required by section 149(6) of the Nigerian constitution. He states further that State governments have compounded the financial problem of local governments by failing to release the federal allocation to local governments to deliver the much-needed services at the grassroots level. Adeyemo (2005) writes that autonomy presumes that local government must possess the power to make decisions independent of external control within limits laid down by the law. It must mobilise efficient resources, particularly of finance to meet their responsibilities. Andrews (2012) also argues that the diversion and syphoning of council fund by the state governments affect local government leadership to the extent that the desire to initiate and implement development projects programs are hampered by the inadequacy of fund. From a constitutional point of view, Fashakin (2006) discussed the true status of the local government system under the 1999 constitution. He emphasised the role of the various organs in coordination so as to enhance a viable working system in matters concerning the local government.

THEORETICAL FRAMEWORK

This study is anchored on the Structural functionalist theory as postulated by Gabriel Almond, James Coleman and Bingham Powell. Structural functionalist theory is a form of systemic analysis which looks at political systems as coherent whole which influence and are in turn influenced by their environments. The interactions which characterize political systems (as particular kinds of social systems) take place between, not individuals, but the roles individuals adopt: these are the basic unit of structural functionalist theory. The structural functionalist theory revolves around certain concepts, more important of them being the concept of functions and structures.

Almond (1960) state that all systems perform two basic set of functions. The input and output functions. For him, the political systems is made up of a set of roles, structures and subsystems whose interaction are affected to a great extent by the psychological attribute and properties of the actors involved. Structural functionalists like Gabriel Almond and Bingham Powell posited that for proper understanding of the structures (institutions) in the society, there is need to place them in a meaningful and dynamic historical context. Situated within the present study, the above postulations have relevant applicability in understanding and analyzing state-local relationship. The benefit of the structural functionalist theory to the study is that it can measure changes in power relations between level of government and the distribution of power among the level of government necessary makes for good governance at the grassroots.

Structural functionalist theory has been criticized on the ground that it is culture bound, since the functions attributed to the political system are very closely related or modeled on western political systems. It has also been criticized partly because its emphasis on system maintenance which it is said to be status quo-oriented and therefore conservative.

Despite the criticisms, the theory has been found useful in analyzing the relationship between tiers/levels of government in a political system. This is based on the fact that the theory sets out to interpret political system as a structure with inter-related parts with each structure performing role function. The failure of one structure leads to dysfunctionalism or disorderliness in the system.

3. METHODOLOGY

The study relied on both primary and secondary data. The study utilizes survey research design. The choice of the design was considered most appropriate because the study surveyed the opinion of a given population or its representative sample on existing phenomena. It also gives room for population sample opinion to be taken and objectively analysed.

The primary data was gotten from the primary source of data through a structured questionnaire. The questionnaire was a five like scale questionnaire. Secondary data as gotten from published textbooks, journals, newspapers, magazines, government publications etc.

The population of the study comprises of employees of one local government each from the IBILE the acronyms of the five division into which the state is divided i.e Ikeja,Badagry, Ikorodu, Lagos Island and Epe. For the purpose of this work, sample size was drawn from the staff of the five local governments consisting of top management staff, middle management and junior officers. The selected Local governments are Alimosho, Ikorodu, Ibeju Lekki, Ojo and Epe local government areas of Lagos state. A multi-stage sampling technique was used in this study (i.e. Cluster/Area, stratified and simple random sampling techniques).

To determine the sample size, Yaro Yamane formula was used with a sampling error of 5 percent. Using Yaro Yamani theory of sample size,

$$n = \frac{N}{1 + N(e)^2}$$

Where
N = the population
e = sampling error
n = sampling size
Therefore,

$$n = \frac{1250}{1 + 1250\,(0.05)^2}$$

$$= \frac{1250}{1 + 1250 \times 0.0025}$$

$$= \frac{1250}{1 + 3.125}$$

$$= \frac{1250}{4.125}$$

$$= 303$$

Therefore, a sample of three hundred of three (303) employees were selected from an estimated population of one thousand, two hundred and fifty (1250) staff of the selected local governments. Sampling technique on the other hand, is a method used in selecting samples from a study population. It would be probability sampling and non-probability sampling techniques. With the complexity of this study, the combination of area /cluster, stratified, and simple random sampling techniques were used. Cluster sampling was used to divide the entire state into areas/divisions, and each local government was stratified into layers, viz top management, middle and junior staff categories and simple random sampling was employed to select the sample from each group.

To ensure the validation of the instrument, content validity method was used. The draft questionnaire was given to research specialist and experts who made amendment and corrections where necessary to research work. The essence of validity of research work was to ascertain the degree to which State local Government fiscal relations affect grassroots development in Lagos state. To ensure the reliability of instrument, a pilot study was conducted by the researcher vis-à-vis the expected outcome based on the hypotheses. The Cronbach Alpha reliability for construct is 0.79. Data collected were analysed using descriptive statistics such as simple percentage, frequency distribution, and the hypotheses were tested through Pearson Product Moment Correlation Co-efficient (r) with the aid of Statistical Package for Social Sciences (SPSS) 20.0. A total of one hundred two hundred and sixty five questionnaire (265) were returned which gave a response rate of 87.5% out of which two hundred and fifty (250) were found useable.

4. DATA PRESENTATION AND ANALYSIS

4.1 Testing of hypotheses

The earlier stated hypotheses were tested using the Pearson-moment product correlation statistical technique which is considered appropriate because of the relationship involved in the hypotheses.

Hypothesis One

H_0: There is no significant relationship between State Joint Local Government Account and financial autonomy of local governments in Lagos state.

H1: There is a significant relationship between State Joint Local Government Account and financial autonomy of local governments in Lagos state.

Table 1 Correlations

		State Joint local government account	Financial autonomy of local government
State joint local government account	Pearson Correlation	1	.823(**)
	Sig. (2-tailed)		.000
	N	250	250
Financial autonomy	Pearson Correlation	.823(**)	1

	Sig. (2-tailed)	.000	
	N	250	250

** Correlation was significant at the 0.01 level (2-tailed).

The table above illustrates that the Pearson's Correlation r = 0.823 computed for State Joint local government account and financial autonomy of local government significance with p-value = 0.000 which is less than Alpha=0.01. This hypothesis is therefore rejected. Thus, confirming the alternative hypothesis that there is a significant relationship between State Joint Local Government Account and financial autonomy of local governments in Lagos state.

Hypothesis Two

Ho: State's utilisation of local government financial resources does not influence infrastructural development at the grassroots in Lagos state.

H1: State's utilisation of local government financial resources has significant influence infrastructural development at the grassroots in Lagos state

Table 2: Correlations Calculation for Hypothesis Two

		Infrastructural development at the grassroots in Lagos state.
State utilisation of local government financial resources.	Pearson Correlation Sig. (2-tailed) N	.830** .000 250
**. Correlation is significant at the 0.01 level (2-tailed).		

Source: Field Survey, 2017.

With a correlation value of 0.830, the above analysis reveals that there is a very strong, positive relationship between State utilization of financial resources and infrastructural development in Lagos state. Therefore, the null hypothesis is rejected, and the alternative hypothesis accepted. Thus, State's utilisation of local government financial resources has significant influence infrastructural development at the grassroots in Lagos state.

4.2 Discussion of Findings

The first hypothesis revealed that there is significant relationship between State Joint Local Government Account and financial autonomy of local governments in Lagos state. Most of the respondents believed that the issue of joint account has eroded the financial autonomy of local government as the third tier of government in Nigeria. As argued by Adeyemo (2005) local government must possess the power to make decisions independent of external control within limits laid down by the law. The outcome of the study is also supported by the views of Aliyu, Afolabi & Akinwande (2013) in their study that several cases of abuse of the Joint Account by different state governments across Nigeria is an abuse of the powers of local governments thereby undermining the financial autonomy of the local government as well as their ability to deliver on their statutory responsibilities. This is in line with the suggestion of Omoruyi (1992) that there is dire need for autonomy to local government as the third tier of government in Nigeria.

Findings from the second hypothesis tested revealed that State's utilisation of local government financial resources has significant influence infrastructural development at the grassroots in Lagos state. The position of the survey participants is based on the physical projects executed by Lagos state on behalf of local government in the state via state joint local government account. This is not in agreement with the view of Andrews (2012) that diversion and syphoning of council fund by the state governments, prevents local government in initiating and implementing development projects at the grassroots..

5. CONCLUSION

Local government plays pivotal role in grassroots development. It is necessary to enhance the fiscal capacity of the local government to stimulate grassroots development. Local government administration is designed to bring development to the people at the grass root. The local government as the third tier of government in Nigeria and as enshrined in the constitution is ostensibly meant to serve as are an institutional framework for effective service delivery to the grassroots and the overall national development. However, local governments in Nigeria has been performing poorly in provision of essential services to the people due to absence of autonomy. Rather than function as a tier of government, local government has been operating as an appendage of the state government in Nigeria. The State Joint Local Government Account (SJLGA) has placed the local government councils in a political bondage.

The local governments in Nigeria need to be saved from the clutches of the state authorities. The running of joint accounts between state governments and local councils has messed up the much-needed pace of development which it was expected to hasten at the rural level.

For effective operation of local government in Nigeria, there is need for peaceful co-existence and harmonious relationship between the State and local government in Nigeria and this is only possible when there is cooperative administration, accountability and transparency in local governance within the principle of separation of powers and the rule of law.

6. RECOMMENDATIONS

From the above discussion, the study suggests that there is a need for local government financial autonomy in Nigeria. The enabling instrument that gave birth to the third tier of government is fundamentally faulty. To achieve sustainable development at the grassroots level, there is an urgent need to free the local government council from the hook of the state government through autonomy. There is need for constitutional amendment so that he statutory allocations from the federation account should go directly to local governments so as to prevent unnecessary state interference.

The study advocates the abolition of the State Joint Local Government Account in order put an end to the political slavery associated with it. The regular auditing of local government account, as well as the strict enforcement of the rules and regulations governing fiscal policy at the local government by independent auditors, is recommended to promote fiscal discipline.

Not only that adequate provision should be made in the constitution to give local government more tax powers which will allow them generate more resources within their spheres of authority.

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