

The Joint State Local Government Account and the Crisis of Governance in Nigeria

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Abstract: This paper explored the problems with the local government's joint account system and their implications for grassroots service delivery. This paper relied on secondary data sourced from books, journals and the Federal Republic of Nigeria's 1999 Constitution. Data collected was analyzed using content analysis method. The paper concluded the State Joint Local Government Account violates the constitution, despite being constitutional, and it also undermines the values of good governance, including accountability, efficiency, transparency, accessibility, and participation. The elimination of the State Joint Local Government Account will allow local governments' complete financial autonomy and ensure good governance at the local level. The paper therefore among others things advocates for local government's autonomy in the conduct of internal affairs in order to improve the effectiveness of its traditional function as vehicles of social, economic and political advancement at the grassroots

Keywords: Joint account, Local government, State government, Service delivery

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Citation: Etinagbedia, G., & Nwokolobia, A. C. (2024). The joint state local government account and the crisis of governance in Nigeria. *Social Sciences, Humanities and Education Journal (SHE Journal)*, 1(1), 154-162.



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INTRODUCTION

The Principles for Local Government Reform (1976:1) identify local government as "the third tier of governmental activity in Nigeria", stating that "local governments should do exactly what the word government implies". This includes providing basic social services, initiating and carrying out specific initiatives for development in communities, and supplementing federal and state grassroots initiatives by the government. The reform called for state governments to establish a legal allocation connection with the local governments they govern. Furthermore, the State and Local Government Joint Account was established in 1999 to implement fiscal federalism at the third tier, following the resumption of democratic governance. A National Assembly Act from 1981 established this joint account system, but later military forays into Nigerian politics caused delays in bringing it into effect. As stipulated in Section 162(5) of the Constitution, funds that local government councils credit in the Federation Account shall be disbursed to the states for the benefit of their local government councils in compliance with the guidelines set by the National Assembly (Federal Republic of Nigeria, 1999).

All state governments maintain this joint account, which is used to transfer money from the federation's account and state governments to local government councils. Accordingly, state governments are principally in charge of monitoring the behaviour of third-tier governments within their borders and making sure that revenue management is transparent and accountable in order to provide effective and efficient services. The joint account system aims to promote good governance, efficient delivery of services, and general grassroots improvement. Nevertheless, the joint account system does not appear to have produced the

anticipated outcomes since its inception in 1999. Local governments in the country are mired in an a ditch characterized by ongoing poor service delivery and have failed to progress beyond the payment of staff salaries (Agunyai & Chukwudi, 2017). According to Ahmad, Abubakar, and Ahmad (2013), the majority of state governments made unnecessary deductions and frequently diverted funds to other areas of private gain while the funds were intended for local government development, contributing significantly to local governments' poor performance in delivering satisfactory governance for the community. The tactical operation of the SJLGA deprived local government council's financial autonomy. Over decades, the Nigerian Local Government Management has faced a series of developmental as well as economic challenges, with various policies rendering councils not able to fulfil their constitutional obligations. This has been attributed to state governors' unfair control and the annexation of local government revenues under the guise of State Joint Local Government Accounts.

Data collected from secondary sources show that between 2012 and 2018, local government councils in many Nigerian states received less than 25% of their statutory allocations on the federation account from the state government. Furthermore, the State's 10% monthly allocation to local governments was not remitted during the same period. This lopsided relationship had a negative impact on the volume of services delivered by local governments. It resulted in low-level socioeconomic development in rural communities, undermining the ideals of the 1976 Local Government Reform and the 1999 State and Local Government Joint Account system (Okafor & Ijeoma, 2019). Therefore, the problems with the local government's joint account system and their implications for grassroots service

delivery are the primary objectives of this study.

METHODS

This study used a historical research design, and content analysis was used to look through the data that was gathered. It became evident that the State Joint Local Government Account's elimination would guarantee good local governance and grant local governments' total financial autonomy.

REVIEW OF RELATED LITERATURE

The notion of local government has numerous definitions and meanings. Attempts to find an accepted generalization of the concept have so far failed. Scholars agree that local governments operate to decongest central government, releasing national leaders from tedious details and unnecessary intervention in solely local issues. Furthermore, it is recognized that local governments are administered with the goal of facilitating local coordination as well as implementation of policies for grassroots development. Local government systems lack uniform structures, functions, and powers in all countries, making it difficult to define them in a way that is universally acceptable (Adagbabiri & Okolie, 2020). Tonwe (2014) divided local government into four main groups. These include English, French, Soviet, and traditional models. Experience has shown that no single definition can fit all four models. For example, Robson (1949) saw local government as a non-sovereign, exclusive community that possessed sufficient authority to manage its own issues. His concept was based on the English model. This in turn necessitates the presence of an elected official with the power to act without interference from outside parties and the local community's participation in running its internal affairs. Robson places equal emphasis on local autonomy and representativeness. According to Agunyai and Chukwudi (2017), this

definition is inappropriate for describing French administrative systems, which are characterized by a high level of centralization as well as bureaucratic control. In France, grassroots administration is not referred to as local government, but rather as local administration. Whatever resemblance exist between British-oriented and French-oriented grassroots administrative structures (for example, some form of decentralization is shared by both), they are not all identical, so no single definition can apply to both systems. While the British local government has some autonomy as well as delegation of power, the French local government structure is characterized by deconcentration of authority (Ayo, 1984).

In the words of Sakpere (2018), deconcentration entails delegating authority sufficient to carry out a specific function to central government employees located outside of the headquarters. This brief comparison, according to Barber (1975), cited in Sakpere (2018), is useful because it concisely indicates that the form of geographical decentralization found in local governments, especially those with British influences, is defined by the formal granting of authority to a publicly elected neighbourhood council for the performance of specific or supplementary functions. The article defines local government as a non-sovereign body with elected or chosen council members that operates within a particular region of the country. It also enjoys some degree of autonomy, including the ability to impose taxes and financial autonomy in a broad sense. The 1976 guidelines for local government reforms serve as the foundation for Nigeria's current understanding of local government. This guideline identified local government as government at the local level carried out through legally established representative councils exercising specific powers over specific

regions. In addition to personnel, facilities, and funding, the councils are granted considerable authority over local matters and are able to choose and carry out projects that support local, state, and federal government initiatives (FGN, 1976). Sakpere (2018) posits that in a unitary state, local government is a non-sovereign community with legal authority, but it functions primarily as administrative agents of the central government. The idea behind local government as a third tier of government is to use community needs and preferences as an input-output analysis in governance, while also bringing the people and the government apparatus more intimately. The local government is a separate legal organization with the authority to generate its own revenue in all of its jurisdictional domains, as stated in the constitution.

Theoretical Framework

This study used the 'fiscal federalism' theory to explain how the State-Local Government Joint Account system affects public service delivery. Because of the study context, Tiebout's "Theory of Fiscal Location" in 1961 influenced the use of this theory even more. Samuelson's (1955) Papers on the Theory of Public Goods, Musgrave's (1959) book on Public Finance, and a major contribution to the evolution of fiscal federalism was made by Arrow's 1970 publication, "The Roles of the Public and Private Sectors." The foundation for the concept of the state's effective role in the economy was established by these early discourses. Thus, the "Decentralisation theorem" proposed by Oates (1972) came into being. To put it simply, it states that the jurisdiction that has the greatest potential to benefit should be the one in charge of providing public services over the smallest geographic area.

The argument addresses three functions for the public sector: correcting market failures, ensuring macroeconomic stability, and striving to reduce income

inequality. The national government is liable for correcting market failures and maintaining macroeconomic stability, while municipalities and the federal government share responsibility for redressing the disparity in income. Separate capacities of government must prioritize the local social assistance of their constituents. Tiebout (1961)'s theory of Fiscal Location is more preoccupied with the functions that each level of government will perform. This strand of the 'fiscal decentralization theorem' emphasizes that decentralized local or regional units of the government are potentially more effective when confronted with the third-tier problem, which is resource allocation, because such units of government tend to be more acquainted with local needs, public service demands, and desires than the central government. The theories explain how local governments are assigned responsibilities and fiscal resources are allocated through the State and Local Government Joint Account system in order to provide efficient and effective grassroots service delivery. Local government through the Guidelines for Local Government Reform (1976:1) and the Constitution [Section, 152 (1)], is recognized as responsible for the delivery of such public services to the rural communities.

RESULTS AND DISCUSSION

The State Joint Local Government Account

According to Section 162(6) of the 1999 Nigerian Constitution, each state government maintains a unique account called the State Joint Local Government Account (SJLGA), into which the local government councils will receive allocations from the State Government. The Federation Account serves as the primary clearinghouse for the monthly allocation to Nigeria's three governmental levels, which are expected to be wisely applied to socioeconomic development in their individual

communities. Their dependence excessively on the Federation Account, which could collapse in a matter of weeks if free money is not disbursed from Abuja, exposes the financial vulnerabilities of many states. However, most states still fail to provide local government councils with sufficient funding. This irritates the administration and the constitutionally mandated local government units. 'Fiscal federalism' is a concept that is meant to be implemented at all levels of local government in Nigeria through the State Joint Local Government Account. The Committee will consist of the following people: (a) The Commissioner in charge of the State's local government, who will serve as its chairman; (b) The chairman of each local government council in the State; (c) Two people chosen by the Governor of the State; (d) Two delegates from the Federation's accountant general; and (e) The State's accountant general. The Secretary to the Committee will be the Permanent Secretary of the State Ministry in charge of local government, or another officer that the aforementioned Commissioner may designate. The Committee's responsibilities include making sure that funds allocated to the State's Local Government Councils from the Federation Account and the State in question are promptly deposited into the State Joint Local Government Account and disbursed to the Councils in compliance with any legislation passed by the State House of Assembly.

The Essence of the Institution of the Local Government and Service Delivery

Local government plays a critical role in both prismatic as well as developed societies. Despite the odds, Nigeria's local government continues to successfully discharge its functions in order to realize its basic philosophy and objectives. The fundamentals of the third-tier government have been examined from a number of

perspectives. While other schools of thought held that the essence of local government must be assumed based on academic standard theories, one school of thought linked it with the functions of local government as stated in the (documents) establishing it. Schools of thought, however, will be employed to evaluate comprehension and admiration of the fundamentals of local government. Local government's functions or essence include democratic participatory schools, efficient services, and holistic integrationist schools. J.S. Mills, Roberts Dahl, Jeremy Bentham, and other scholars advocated for the democratic participatory school of thought. Theorists contend that the goals of local government are to promote democracy, give people chances to participate in politics, and politically educate and socialize them. They offered a succinct defense of their positions, saying that the institution of third-tier government is better than other levels of government because people can only fully participate in their own government at the local self-government level, which is where democracy is truly established (Hezekiah & Abada, 2021).

Recognizing the indicators and variables of the democratic participatory school, the institution of local government serves as a political educator and breeder of better societies; additionally, the efficiency service delivery theory is instrumentation to the essence of local government. Local government, according to its supporters, is a true tool for productive service delivery at the grassroots level. It is a firm believer in high-level performance and believes that the main role of local government is to provide services rather than to promote political participation or other forms of political education, and that its success in doing so must be measured. It is argued that because of its proximity to a particular area, local government is capable of offering certain services with greater effectiveness than the central

government. Furthermore, based on the holistic integrationist approach, local government has continued to exist in the modern millennium to create and contribute its own quota, thereby contributing to national integration, evolution, and national consciousness. Gabriel Almond and Powell used the capabilities approach to theorize the essence of local government.

State Joint Local Government Account and the Crisis of Governance

Instead of solving local governance problems, Nigeria's new local government accounts have been created by the state joint account. Abubakar (2008) contends that overbearing state intervention in local government matters or controls obstruct the efficient provision of local government services. Nigeria's local government administration is paralysed by a governance crisis brought on by this excessive oversight through disruption. Otinche (2014) asserted, concurring with Abubakar's assertions, that local governments receive inadequate funding to deliver services that eventually lead to rural development. Local governments face resource deprivation to the greatest extent, resulting in a crisis of governance, as a result of the State Local Government account's skewed administration favouring the state.

Over decades, the Nigerian Local Government Management has faced a series of growth-oriented as well as fiscal difficulties, with various policies rendering councils unable to carry out their constitutional mandates. Similarly, the state government misused the local government fund by controlling and interfering with local government affairs. For example, in April 2007, the statutory allocation to Kaduna state's 23 local governments was N999, 084, 103, 30k, but the statutory as well as non-statutory deductions totaled N680,175, 438, 43k (Ojugbeli & Ojo, 2014). Analyzing the governance crisis as it arises from the

management of the Sakpere (2018) described a situation that happened in a North-Western state where he witnessed the Ministry for Local Government declare on the final day of a workshop that local government funds would be deducted in order to pay for larger images of the State's First Lady.

The association between governance as well as the administration of the State Joint Local Government Account in Nigeria can be viewed through the lens of fiscal relations between the tiers of government. The Nigerian constitution establishes the State Joint Local Government Account to oversee local government activities and promote good governance at the grassroots level. Enhancing good governance simply means that local government officials are obligated to be accountable and justify the vast amount of funds generated from both the federation account and locally generated revenue. In reality, the connection between state and local government tends to be about state governments dominating and hijacking local government functions instead of serving as moderator/mediator, in spite of the fact that local governments were established to bring governance more closely to the people, but state-local government joint accounts do not allow for this.

The state's rapid diversion and deduction of funds and other statutory allocations to local governments via the state local government joint account has served as a significant impediment to local governments' efforts to address their challenges in developing their jurisdiction. Fortunately many states, with the collusion of the state chief of staff, chief accountant, and commissioner of finance, doubled their planned repetition of deducting payments on a monthly basis to local governments under their control. For example, during the political regimes of Enugu State's former governor, Chimaroke Nnamani,

local government councils were made to feel awful when it came to providing developmental services as a consequence of the governor's holy alliance with the seventeen council chairmen. The chairmen of the councils were mandated and forced to sign prepared claims and documents proving that some funds intended for their corresponding local governments were properly collected by the latter. However, the council chairmen were not given the full statutory allocation due to the state's seventeen local governments (Ojugbeli and Ojo, 2014). Addressing developmental challenges and institutional change through local government, the inability of local councils to bring about development was caused by a joint account operation with the state government.

One of the most significant challenges that local governments face is the illegal disintegration of local government councils, particularly by newly elected state governments. This is usually done before the local government council's term expires. Except for Lagos State, the law states that the Local Government Council is dissolved after three (3) years from the date of its first sitting. This interpretation means that the council is dissolved as soon as their three (3) year term expires, and an election to fill these positions must be held. In contrast, Governors have a history of "dissolving" local government councils upon their emergence. In the year 2019, Governor Seyi Makinde of Oyo State dissolved all elected thirty-three (33) local government councils and thirty-five (35) local council development regions throughout the State, and caretaker committees took their place. In 2010, Governor Adams Oshiomhole disintegrated the state's Local Government Councils two months before their terms expired. Governors have sacked elected Local Government Councils in several states, including Abia in 2006, Imo in 2011, Rivers in 2012,

Ondo in 2008, Bayelsa in 2013, and Plateau in 2015. Withholding a government's funds is widely regarded as equivalent to withholding its wheels. This has also not been helpful, particularly given the frequent trend of state governments either not releasing any revenue for a local government as well as releasing an amount insufficient to carry out their functions. This is more frustrating when the disbursement of these funds are being politicized if the dominating or ruling political party of a State is not in tandem with certain Local governments. This is because of the intentional segregation, delay, and partial releasing of money.

CONCLUSION

Effective governance in Nigeria's federal system depends on the appropriate distribution of powers and resources among federal, state, and local governments, as well as on the availability of adequate institutional resources at each of these levels to fulfill their mandates. Allocating and managing resources to address collective challenges; that is, when a state effectively delivers high-quality public goods to its citizens is what constitutes "good" governance. Therefore, it is important to assess states according to the quantity and quality of public goods they offer to their citizens. Nigeria's local government still faces extreme poverty when compared to the expectations of development programmes, even with a twenty percent spike in federal government allocations since the 1990s. The local government system has been severely undermined to the point where it is unable to function as an effective agent of grassroots development, even with substantial monthly allocations from the Federation Account. By withholding significant sums of council funds through the State Joint Local Government Account, some state governors in Nigeria compromise the integrity of the country's local government system. It is alarming and

calls for further consideration how much their state government is influencing and meddling in local government matters from the outside.

In order for local governments to carry out their socioeconomic and political roles of changing their communities, Nigeria's local government system has historically been characterized by a desire for democratization and autonomy. The demand for the ability to participate in local politics was fueled by this way of thinking. Before Nigeria's 1976 Local Government Reforms established a unified system, all local government matters and concerns were under the control of regional and then state governments. All local government institutions and systems were subject to manipulation and alteration by regional or state governments as needed. The authority and independence of local government authorities are reduced by these circumstances. In every nation, local governments act as stimulants for political and socioeconomic advancement. Other governance structures (federal and state) are built upon them. Compared to other levels of government, local governments have a stronger connection with a large percentage of rural residents. As a result, they are in a more advantageous position than state and federal governments to comprehend the concerns that the general public actually has. They also function as the most effective means of directing the populace's creative energies and resourcefulness towards the nation's constructive social, economic, and political development. Given the significance of local government as an agent for advancement and an engine of progress, the paper advocates for autonomy in the conduct of internal affairs in order to improve the effectiveness of its traditional function as vehicles of social, economic and political advancement at the grassroots.

Based on the previous discussion, the study suggested a few potential courses of action. Local governments should receive monies statutory allotments from the federation account directly from the federal government. Local government councils would gain total financial and political autonomy if the Joint Account were abolished. Among other things, it will hold them responsible for the appropriate management of healthcare, social services, education, and rural development. Every council, though, needs to answer for every kobo that is spent. The lower house of the Nigerian legislature, the House of Representatives, recently underlined how crucial it is to grant the local government. Now that we have the chance to amend the constitution, let us establish a uniform policy for Local Government administration with regard to tenure, structure, administrative independence, and fiscal autonomy. This is the only way to ensure equitable development in our neighbourhoods and to distribute the democratic benefits to the general public. To become less reliant on federation account allocations and more autonomous, local governments should be encouraged to improve their internal revenue streams in addition to eliminating the Joint Account and amending the constitution.

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