

Vol 3 (1) pp.1-12 February, 2017
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Full Length Research paper

Impact Of State-Local Government Fiscal Relations On Primary Health Care Delivery In Abia State, Nigeria (1999-2014)

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Accepted 6th February, 2017

Abstract

This study examined the fiscal relationship between the Abia State government and the local governments existing within its jurisdiction. The objective was to find out whether the performance crisis of local governments in Abia State in the area of primary health care delivery is associated with the structure of state-local government fiscal relations. The study adopted the coordinate authority model of intergovernmental relations in explaining the dynamics of interactions between the Abia State government and its local governments. A descriptive survey research design was used to obtain primary data using questionnaires, interviews, researcher's observation and focus group discussions. Secondary data were obtained from published works and organizational archives. Data was analyzed using simple percentage, frequency tables and Chi-square. Findings showed that the Abia state government has deviated from its monitoring role of local government finances, and assumed absolute control of local government funds, making it difficult for local governments to access their federal allocation and perform their primary duties. The study concludes that the major reason for establishing local government is to extend governance and development to the grass roots. However, until the lingering issues identified in this work are addressed, local government cannot be strategic in promoting any meaningful national development agenda.

Keywords: State, Local Government Fiscal Relations, Local Government, Primary Health Care, Absolute control.

INTRODUCTION

Against the spirit of federalism, the finances of local governments in Abia state have come under absolute control of the state government. Simultaneously, the primary functions of local governments have suffered severe neglect over a period of time. The federal system

of government shares the responsibilities of governance among the various levels that form the federation. In the same way the finances of the federation are distributed among the federating units such that each level receives adequate funds to perform its functions without undue

influence from another level. This is done through the process of fund transfer in which the higher level government transfers fund to the peripheral units to enable them develop rural communities where the majority of the citizens live. The distribution of functions and finances are however done in a manner that guarantees a series of interactions among these levels. Although depending on states, this relationship exists at different levels, implying that one level may be higher than the other, yet the basic tenet of federalism supports the idea of cooperation among the various levels while de-emphasizing the notion of hierarchy in their relationship.

Implicit in the idea of federalism is the value of mutual exclusiveness among the levels of government in the federation. This feature is supported by the definition of federalism given by the most widely recognized scholar in the literature of federalism, Where, in Williams et al (2014), who conceived federalism as the method of sharing power so that central and regional governments are each within a sphere co-ordinate and independent. By this definition, federalism implies both exclusivity and inter-dependence among the different units in a constitutional federal structure. It is this interdependence that gives rise to intergovernmental relations.

However, unitary and federal governments provide different forms of intergovernmental relations, especially in fiscal issues. In unitary states the constitution does not allow the lower levels of government to determine their decisions and actions. Instead, the central government establishes different subordinate levels as administrative units outside the Centre to implement policies and programs determined at the centre. On the other hand, under federal constitutions, sub-national governments are empowered to make independent decisions and determine their actions.

However, local governments may not always be disposed to a wide range of autonomy and discretion in federal systems, because the essence of these political sub-divisions is to achieve national development goals. It is therefore not out of place for higher level government to monitor or oversee the activities and programs of lower units, so long as the essence of such monitoring is to enhance integrated national development in line with the federal principle of cooperation. Nevertheless, the discretion and autonomy available to lower tiers of government differ among countries, irrespective of the system of government (Ladipo, 2011).

Intergovernmental relations are therefore determined by two major factors: the constitutional allocation of powers to the various levels and the amount of fund disposed to each unit to execute its tasks. It was in consideration of the role of finance in any organization,

that Imam-Bello (2004) generally described finance as the "sinews of war". Local governments therefore need sufficient fund and decision power to execute their obligations, especially the primary health function. Under primary health care delivery, local government is expected to have the ability to build modern health centers; engage qualified health personnel to manage the health centers; equip the health centers with modern health facilities including quality drugs, effectively carry out a periodic sanitary inspection to take care of environmental health, etc.

An important factor in fund transfer is the degree to which the peripheral units are allowed to decide the direction of their spending, as well as their ability to raise revenue. These features are, however, largely dependent on the structure or federal arrangement of different countries. In the Nigerian federal structure, local government, federal allocation is transferred through the states in which the local governments exist, thus, hanging the ability of local governments to perform their duties in the financial relationship with the states in which they operate.

Against this background, this work examined the nature of fiscal exchange between the Abia state government and the local governments within its jurisdiction; and how this impacts on health care performance profile of these local governments. The study was conducted using both primary and secondary data to actually showcase the dynamics of the state-local government fiscal relations in Abia state.

It is important to note here that the research was carried out in three phases focusing on the state, local government fiscal relations in Abia state and its impact on local government performance. The three sources of local government revenue were considered:- allocation from federation account, 10 percent of state governments internally generated revenue and local government internally generated revenue. The study examined the three major sources of local government revenue vis-a-vis the three basic functions of local government, ie, one source against one function.

This first part views the impact of the state control of local government federal allocation on primary healthcare delivery, the second part considered the impact of state government refusal to release the 10 percent of its internally generated revenue to local government on primary education function, while the 3rd part examined the effect of state government takeover of the internal revenue points of local government on the delivery of social welfare programs by local governments in Abia state.

The second and third parts of this work will each appear in other publications.

Definition of Concepts

The concepts considered relevant for this work are defined as follows:

State-Local Government Fiscal Relations

Viewed within the context of this study, state-local government fiscal relations refers to the structure of financial interaction that takes place between the state and local governments in a federal system.

Local Government

The 1976 local government reforms views local government as:

The government at local level exercised through representative councils establishing law to exercise specific powers within a defined area. These powers should give the council substantial control over local affairs as well as the staff, institution 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 their areas. (Igbuzor, 2016, P:1).

Primary Healthcare

The World Health Organization defines Primary Health care as "a healthcare received in the community, usually from family doctors, community nurses, staff in local clinics or other health personnel. It should be universally accessible to individuals and families by means acceptable to them, with their full participation and at a cost that the community and country can afford".

Absolute Control

Within the framework of this study, absolute control means the supreme and unlimited authority usurped by the Abia State government to direct the income and expenditure pattern of its local governments.

Theoretical Background

The theoretical framework that supports this work shall be located within the existing theories of intergovernmental relations. The most informing ideas on intergovernmental relations is provided by Wright in Usman *et al.*, (2013) who propounded three simple theories of Intergovernmental Relations, focusing on the power relationship between the jurisdictional scope of federating units which is determined by the income and

expenditure capacity of each level. Two of the models were examined in this study: the overlapping model and the coordinate model. The assumptions are made clear in table 1 below:

Overlapping: Authority model

In the overlapping model, intergovernmental relations occur in form of correlation among national and peripheral levels of government concurrently, with an overlay of circles that focus on three characteristics:

- a). Important aspects of government functions are performed jointly by all the units of government;
- b). Scope of autonomy of single jurisdiction is modest;
- c). Authority at the disposal of one jurisdiction is quite small.

The authority model presents the character of collaboration. Agranoff *et al.*, (2014) noted that the overlapping model created the environment for a new wave in intergovernmental relations. They view the overlapping model as being consistent with the dynamics of the United States model where power is shared in respect to the virtues of interdependence. However, as good as the overlapping model looks, it does not capture the violent political process that characterizes backward societies especially in the distribution of values. Therefore, within the context of this study where the focus is on usurpation and control of the finances of one level of government by another level, the ingredients of the overlapping model are clearly absent, for which the model is considered inadequate in explaining the thesis of this study.

Coordinate Authority Model

In view of the inadequacy of the overlapping model, the use of the 'coordinate' or 'separate' authority model has become imperative for this study. In the coordinate model of intergovernmental relations, national and state governments are created and recognized by the constitution, and they operate under the ambit of the legal system; while the local governments are established by the states. The coordinates model in table 1 below depicts an obvious distinction between national and state government responsibilities and authority, this model focuses on how the entities are independent and autonomous. Ayoade (2005) noted that this model describes a peripheralized, weak and decentralized federal structure which reflects the state-centered variant of federalism, which, according to Obianyo (2005) conforms to a dual model of federalism.

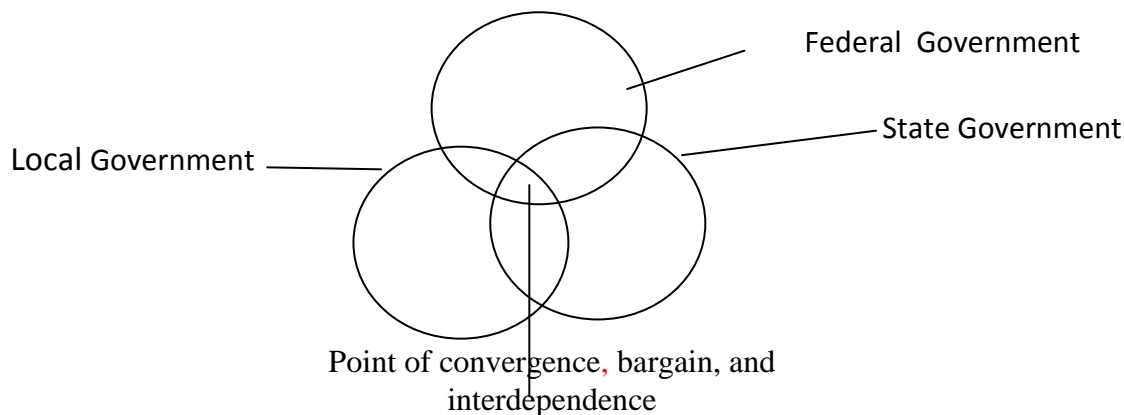


Figure 1. The Overlapping Model of Intergovernmental Relations

Source: Fieldwork (2015)

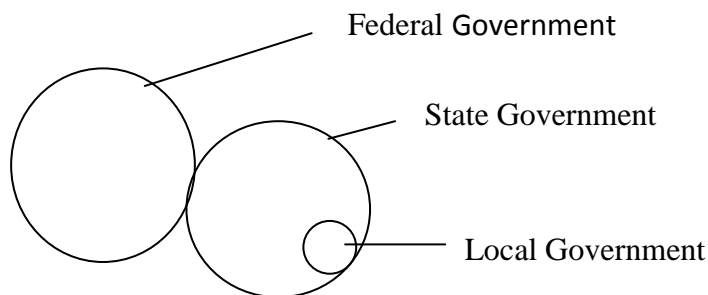


Figure 2. Coordinate Model of Intergovernmental Relations

Source. Fieldwork (2015)

This model was made explicit in the tripod nature of intergovernmental relations introduced by 1976 and 1999 constitutions of the federal republic of Nigeria where local government was subordinated, dependent and mere agent to state government. This pattern of relationship was made clearer by Akinsanya (2005) when he noted that federal and state relationship in a coordinate authority model implies that federal and state government are sovereign and distinct. The authority and powers of the two separate levels are exercised as independent and autonomous entities. Their authority patterns lives little or no room for autonomy for local governments.

In terms of relevance, the coordinate model in figure 2 above, within the context of this study, has showcased the actual practice of intergovernmental fiscal relations in the Nigerian federal structure, where local governments are constitutionally subordinated to state governments. The 1999 constitution recognizes only the central and state government and does not recognize local governments as separate entities but merely appendages of the state. Thus, though the constitution in

section seven (1) allows a democratically elected local government, the same constitution in section 162 (2) subjects local government finance under the authority of states through the operation of the state-joint-local government account, and further permits state government in (8) to distribute revenue to local governments according to the prescription of the State House of Assembly. Consequently, the operation of state-joint-local government account was reduced to the level of 'master-servant' relationship as state governments swindle local government funds and undermine the financial fortunes of local governments. This control further encapsulates in the refusal of Abia State government to neither release the federal allocation nor remit the 10 percent of its internal income to the local governments under it. It is the same reason that the major revenue points of local governments in Abia state such as market levy, advertisement charges (bill boards and sign post), quarry site charges, motor park levy, cattle market, etc. have been high-jacked by the state government. Hence, the issue of local government

Table 1. Models of intergovernmental Relations

	1	2
Designation	Coordinate	Overlapping
Relationship	Independent	Interdependent
Authority Pattern	Autonomy	Bargain

Source: Usman A.T., et al (2013)

autonomy is completely eroded in the existing state-local government fiscal relationship in Abia state. This section of the study considered the revenue structure in respect of sources of revenue as well as the operations of the state joint local government account as the major determinant of the revenue status of local governments in Abia state.

Sources of Abia State Local Governments Revenue

Local governments in Abia State generate their funds through two major sources: the internal and external sources. The external sources include allocation from the federal accounts and 10 percent of internally generated revenue of the state government where the local governments are domiciled. The federal allocation constitutes the primary base for revenue to local governments in Abia State.

The local government federal allocation and the 10 percent of the internal revenue of states are to be deposited into the State - Joint-Local Government Account from where funds are disbursed to local governments by the state government. The internal sources of local government revenue include: daily market toll, daily motor park charges on commercial vehicles, motor bikes, tricycles, wheel barrow, rents on business premises charge on shop owners, charges for sign post and bill boards, tenement rates.

Others include birth and death registration, issuance of marriage certificates, capitalisation (tax paid by every male adult whether employed or unemployed), sale of government property such as used vehicles and furniture, proceeds from agricultural programs such as fish farms, piggery, cassava farms, poultry farms, leasing of land to farmers, etc.

In Abia State however, the state government has deliberately excluded tolls from major markets and motor parks which were parts of local government revenue sources, but have been hijacked by the Abia State government. Examples are the Ariara market and Aba main motor park (all in Aba), and Umuahia main market which usually yield higher revenue than the other sources.

Operation of the State-Joint-Local Government Account in Abia State

The State-Joint Local Government Account was initiated into the Nigerian federal structure in 1981 under the civilian regime of Shehu Shagari, by an act of the National Assembly called "Allocation of Revenue Act". The essence of its introduction was to establish a framework for state and federal government to jointly fund local governments and monitor their expenditure. (Onuigbo, 2015) Thus, Section 162 (6) of the 1999 constitution orders every state to keep an account to be called State-Joint-Local Government Account into which all local government external funds are to be paid. However, the same section of the constitution subordinates local governments to state using the State-Joint-Local Government Account as a strategy, thus, provided a constitutional backing to the Abia State government as basis for excessive control of the finances of local governments in the state. Hence, the application of the State- Joint Local Government Account in Abia State has been a far cry from the desired objective of establishing it. For a fair distribution of the federal revenue to the federating units, the military government of Ibrahim Babangida established the Revenue Mobilization Allocation and Fiscal Commission (RMAFC) under decree 49 of 1989, with authority to watch the generation and distribution of revenue from the federation account in line with the provision in section 153N subsection 32(a-e) of the 1999 constitution. (Onuigbo, 2015).

In distributing the national revenue, the Commissioner for finance of each state collects the revenue share of each state and that of the local governments within the states. At the level of the state, it is the duty of the treasurer of each local government to collect allocation to their respective local governments from the state House of Assembly. However, this is not the case in Abia State. Under the ruler-ship of Governor T.A.Orji, the Abia state government established what it called Revenue Allocation Committee made up of the Chairman of each local government, Commissioner for Local Government and Chieftaincy Affairs, Auditor General for Local

Government, Commissioner for Finance, and Permanent Secretary, Ministry of Finance. No other local government staff is a member of this Commission where critical decisions on the distribution of local governments' revenue are made. This commission takes decisions on who gets what, when and how and distributes fund to local governments in accordance with the whims and caprices of the state governor. In the days when local government chairmen were elected, the duly elected chairmen could raise arguments or challenge any aspect of the decision of the commission that was not in favour of local governments. This could not happen again because of the caretaker status of local government chairmen who are not expected to challenge the administration that appointed them, else they suffer replacement. (source: Researcher's Interview with Senior Account officer, Isialangwa South Local Government, 2014).

Revenue Status of Selected Local Governments in Abia State (1999-2014)

This section provides awareness into the revenue status of local governments in Abia State as represented table 2 and 3 below representing each of the two local governments areas studied. Local governments in Abia state enjoyed direct federal allocation during the regime of Ibrahim Babangida who felt that the best antidote for local governments to perform their responsibilities of rural development was to allow them direct access to their allocation. This continued till 1999 when the State-Joint-Local Government Account was re-introduced. However, local governments continued to receive direct allocation until somewhere around 2006 - the second tenure of the then Abia State governor: Chief Orji Uzor Kalu when the State-Joint-Local Government Account became fully operational, and local governments began to receive their allocation through the state. Nevertheless, local governments could still boast of reasonably adequate revenue to function as much as the available fund permitted.

The research gathered that the dilemma of Abia State local governments began in 2007 under the leadership of former governor T.A. Orji who came up with a new law for the Abia State House of Assembly establishing the Joint Allocation Committee (JAC) for Abia State. The major term of reference of this Committee being to determine what amount goes to each local government, when and how. This law gave the state government an overwhelming power and control over local government allocation, functions and sources of revenue. Subsequently, the Abia State control of local governments within the state climaxed with the stoppage

federal allocation. Some of the constitutionally assigned functions of local governments like the management of primary education was taken over by the state and managed through the Abia State Universal Primary Education Board (ASUPEB). Moreover, many local government employees were sacked and this condition was worsened by the state takeover of major points of local governments' internally generated revenue. Subsequently, local governments receive only fund for recurrent expenditure (salaries and overhead) released at the disposal of the state. Thus, to say that local governments in Abia State paid their staff salaries is rather an overstatement. The functions of preparation and payment of salaries were taken over by the state through the Ministry of Local Government and Chieftaincy Affairs where all the deductions, subtractions and mutilations are completed on employees' salaries. Salaries were prepared outside the approved salary scales and minimum wage. At the end of this unpatriotic exercise, local governments were handed over schedule of prepared salaries just for them to disburse to workers.

During the same period, election to local government council was abolished and replaced with the appointment of caretaker committee chairmen who were appointed on political patronage, just like the name implies 'caretakers' working according to the dictates of their master without any voice of their own in the management of local government affairs. (Interview with a senior accountant of Ukwa-West Local Government, 2014). This significantly reduced the revenue availability and spending power of local governments. The federal and state revenue that accrued to local governments in Abia state between 1999 and 2014 are represented on the tables 2-3 below from a survey of two local governments.

Looking at amount given as the budgeted federal allocation against the actual income sent by the state as federal allocation, it is obvious in the two local governments that a huge difference exists between what was requested for and the actual amount received. It is also vital to indicate that local government in Abia State do not know the actual value of their federal allocation - the 20.60 percent of the federal revenue.

Table 2. Revenue status of Ohafia Local Government (1999-2014)

year	Estimated Fed. allocation	Actual allocation	fed.	Actual from 10 percent	LG internally IGR	Health	Edu catio n	Social welfare	Health	Education	social welfare
1999	104,229,788.00	82,681,200.95		1,000,000.00	2,081,399.54	8,142,380.00	-	512,810.00	6,854,556.00	560,370.00	34,278.00
2000	248,645,060.00	178,968,543.93	-		3,200,596.00	27,798,436.00	-	903,220.00	9,586,307.00	1,797,000.00	4,793,153.00
2001	245,158,169.00	228,406,931.99	-		2,962,812.72	18,102,535.19	-	1,404,541.49	10,433,980.00	2,730,370.00	5,216,990.00
2002	253,582,485.00	200,306,931.99	-		2,662,812.72	-	-	-	13,485,955.00	4,424,180.00	5,628,930.00
2003	275,463,930.00	121,151,931.00	-		2,301,210.07	20,758,609.26	-	486,000.00	25,974,100.00	4,471,220.00	4,471,220.00
2004	276,563,620.00	297,231,285.00	-		3,039,354.00	27,151,917.00	-	1,742,620.00	27,441,590.00	4,546,540.00	4,546,540.00
2005	420,374,370.00	461,413,852.00	-		3,546,717.14	25,553,927.08	-	7,047,780.95	3,931,710.00	2,231,570.00	7,231,570.00
2006	637,209,218.00	393,456,406.56	-		5,019,420.80	33,231,902.39	-	12,888,931.73	34,924,160.00	6,000,000.00	13,445,270.00
2007	747,475,120.00	477,079,413.18	-		4,645,985.13	43,165,744.25	-	14,049,929.26	48,159,670.00	16,349,090.00	16,349,090.00
2008	381,697,890.00	1,004,652,119.17	-		9,290,345.15	61,919,464.22		23,467,259.27	81,706,920.00	39,363,270.00	38,508,390.00
2009	744,662,080.00	613,909,113.72	-		7,652,541.14	5,991,821.52	-	7,678,368.56	6,325,500.00	9,000,000.00	6,719,000.00
2010			-				-				

	1,237,166,050.00	562,084,372.59		8,038,182.62	72,138,098.24		33,399,501.92	118,061,680.00	4,500,000.00	5,500,000.00
2011	1,301,836,050.00	461,021,080.96	-	8,246,856.45	71,891,747.37	-	28,682,913.49	82,006,230.00	21,525,160.00	47,000,780.00
2012	1,520,129,340.00	700,782,564.27	-	6,203,535.00	97,546,638.53	-	50,325,518.84	21,868,000.00	56,103,350.00	69,697,820.00
2013	1,156,398,542.00	683,637,355.39	-	6,802,389.58	140,926,846.53	-	68,205,543.00	155,203,000.00	91,153,350.00	21,500,000.00
2014	1,532,749,020.00	554,731,678.81	-	8,091,741.70	129,642,806.77	-	55,976,100.37	98,854,960.00	61,153,350.00	26,500,000.00

Source: Field report, (2014)

Table 3. Revenue Status of Isuikwuato Local Government (1999-2014)

year	Estimated Fed.	Actual fed. allocation	fed. 10	Actual from percent	LG internally IGR	Health	Education	Social welfare	Health	Education	social welfar
1999	55,000,000.00	36,000,000.00	0	1,000,000.00	1,028,365.00	16,943,990.00	-	-	-	-	-
2000	85,000,000.00	61,875,523.00	0	2,250,000.00	948,855.96	16,721,441.00	13,414,530.00	-	2,694,060.00	-	-
2001	219,000,000.00	150,935,626.00	0	3,375,000.00	1,583,642.07	15,361,570.00	10,238,688.12	-	1,270,288.76	-	-
2002	210,000,000.00	86,670,737.2	0	3,375,000.00	1,223,656.12	-	3,168,170.00	-	1,776,865.00	2,379,600.00	-
2003	215,000,000.00	119,586,679.00	0	2,758,000.00	1,421,934.39	18,930,932.00	5,190,000.00	-	1,920,000.00	20,600,000.00	-
2004	206,106,570.00	98,836,098.58	0	2,758,000.00	2,875,608.47	31,982,581.00	-	-	2,030,000.00	-	-
2005	287,888,010.00	378,389,593.00	0	3,111,560.00	5,018,954.00	31,081,523.00	25,718,517.00	-	5,303,371.00	-	-
2006	431,996,900.00	337,930,567.00	0	10,731,420.00	10,700,978.00	51,621,196.00	43,154,300.00	-	7,898,300.00	-	-

	0	00			0	0					
2007	678,152,940.0 0	173,519,483. 08	84,977,710.00	3,025,231.92		43,862,900.0 0	-	10,356,200.00	23,889,040.0 0	-	
2008	665,275,230.0 0	708,696,456. 12	12,877,710.00	5,075,688.52		51,507,721.0 0	85,204,448.0 0	29,998,169.00	22,087,000.0 0	-	
2009	700,275,230.0 0	582,774,214. 17	12,877,710.00	3,670,049.25		51,569,823.0 0	74,205,861.0 0	28,505,654.00	400,000.00	-	
2010	700,275,230.0 0	437,605,714. 05	-	3,875,909.09		51,397,084.0 0	86,541,775.3 7	24,745,385.99	6,488,000.00	-	
2011	756,427,980.0 0	396,969,617. 08	-	5,323,705.62		67,585,232.5 0	90,627,837.6 5	28,682,913.49	780,019.00	-	
2012	907,427,980.0 0	531,586,608. 50	-	-		161,681,723. 13	149,304,830. 00	55,196,680.00		-	-
2013	925,576,540.0 0	N/A	-	-		-	156,384,110. 00	57,075,910.00		-	-
2014	1082105,340.	N/A	-	-		-	-	-		-	-

Source: Field report, (2014)

Impact of the above financial arrangement in Abia state on the Healthcare Provision function of the Local Governments

The performance rating on health services provided by local governments in Abia State within the period covered in this study was rather appalling. The study revealed that no capital project was performed within the period covered by this study. On capital expenditure regarding the health and social welfare, through a brief interview on some Account Production staff of the selected local governments, the study gathered that funds recorded against these variables were figures sent directly by the state government as acclaimed expenditure on health and social welfare deducted from local government federal allocation at source by the state government. Local governments were given these figures for their records. In actual sense, local government neither saw these monies nor executed any of those projects under which the funds were recorded on the tables above.

On very rare occasions funds were however, sent directly from the Ministry of Local Government and Chieftaincy Affairs specifically for a defined project. For instance, if the state government wanted local governments to perform certain functions on its behalf, e.g. provision of vaccines to the health units or renovation of primary school buildings. (which are functions constitutionally assigned to local governments), calculated amounts were disbursed to the local governments as capital receipt for such projects.

That was the only time local governments could engage in capital expenditure, and it came once in a long while. It was equally gathered and directly observed by the researcher that most of the health care facilities and structures with modern outlook and equipment were provided either by the World Health Organization, the Niger Delta Development Commission or Non-governmental Organizations. There were even cases where communities pulled resources together to build health centres.

Most of the health centres visited were completely out of drugs especially those in some parts of Ukwa West local government, while qualified personnel were not there to care for patients due largely to non payment of salaries. Antenatal and delivery services in some local governments especially in the 'Ozaa Ukwu' ward in Ukwa west local government were provided by retired midwives who operate private maternity centres. This calamity has resulted in several cases of infant mortality which is not in agreement with the millennium goal of integrated national development through provision of adequate healthcare.

To obtain a practical proof of these findings, a questionnaire was drafted and distributed to 572 persons comprising local government functionaries, state government personnel, local government

administrative officers and some indigenes of the local communities studied, on the assumption that the control of local government revenue by the state has not made any significant impact on primary healthcare delivery function of local governments in Abia state.

The table below shows the analysis of responses obtained. These responses were tested using the Chi-square statistical tool represented as follows:

$$x^2 = \frac{\sum(fO-fE)}{fE}$$

where

- x^2 = Chi-Square
- fO = observed frequency
- fE = expected frequency
- \sum = Summation

Degree of freedom (df) =

$$df = (r-1)(c-1)$$

$$(4-1) (2-1)$$

$$3 \times 1 = 3$$

$$df = 3$$

Significant level .05 critical or table value calculated at df of 3 on the significant level of .05 is 7.81

Source: Field work (2015)

Decision Rule

Where the calculated Chi-square X^2 value is greater than the critical value, the null (H_0) is rejected. However, if the calculated Chi-square value is less than the tabulated value, the null hypothesis is accepted and the alternate rejected. From table 6 below, calculated Chi-square value is 16.28, while the critical or table value at degree of freedom (df) of 3 calculated at .05 level of significance is 7.81.

Therefore, X^2 16.28 > table value 7.81, the assumption that The Abia State government control of local government federal allocation is not likely to significantly account for the inability of local governments to provide primary healthcare facilities, is hereby rejected. This means that the poor performance of the local governments in Abia state is attributed to the control of the local government federation allocation by the state government within the period covered in the study.

FINDINGS

The findings of this study shows that the control of the federal allocation of local governments in Abia state by the state government, > the non-remittance of the

Table 4. Responses on the Impact of Revenue Control on Health Services Between 1999 and 2014

Respondents	Agree	Disagree	Total
LG functionaries	28	74	102
State government personnel	20	25	45
LG admin officers	35	79	114
Local communities	60	251	311
Total	143(25percent)	429 (75percer	572

Source: Fieldwork, 2015

Table 5. Frequency Table on Provision of Healthcare Services

Respondents	Agree	Disagree	Total
LG functionaries	28(25.5)	74(76.5)	102
State government personnel	20(11.25)	25(33.75)	45
LG admin officers	35(28.5)	79(85.5)	114
Local communities	60(77.75)	251(233.25)	311
Total	143(25percent)	429 (75percer	572

Table 6. Contingency Table for Test of Hypothesis

Fo	Fe	Fo-fe	(Fo-fe)²	$\frac{(Fo-fe)^2}{Fe}$
28	25.5	2.5	6.25	0.24
74	76.5	-2.6	6.76	0.09
20	11.25	8.5	72.25	6.42
25	33.75	-8.75	76.56	2.27
35	28.5	6.5	42.25	1.48
79	85.5	-6.5	42.25	0.49
60	77.75	-17.5	306.25	3.94
251	233.25	17.75	315.06	1.35
X ² Calculated				16.28

Source: Field work (2015)

10 percent of internally generated revenue of the state government to local government as well as the takeover of the internal revenue point of local governments by the Abia state government have altogether acted against the local governments, and thus, hindered them from providing primary healthcare facilities to the rural communities. The summary of the findings reveal that the Abia state government has deviated from its monitoring role on local government finances and assumed total control of all the financial sources of local governments. This has grossly affected the primary healthcare provision function of these local governments.

The persistent nature of the control of local government finance by the state made it imperative for

this study to consider if there is any theoretical rationale behind this unwholesome act. This concern was considered using two theories outlined by Agbor (2012) to explain the argument on the administration of local government. The first is the 'Agency Approach' and the second 'Independent Participatory Approach.

The Agency Approach

The Agency Approach posits that persons or organisations involved in relationships are either 'principal' or 'agents'. The party whose interest is to be protected in the partnership represents the principal, while the agents is the party that acts on behalf of the principal. This could be referred to as principal agent

relationship. This approach supposes that:

- a. Humans do not like risk, self centred and have bounded rationality
- b. Individuals will make effort to mislead, obfuscate and confuse others
- c. Clash of goal, lopsided information and ambiguity may arise in principal-agent- relationship when the preferences of the agent contradict those of the principal. In relation to the state-local government fiscal relations in Nigeria, local governments are required to play the role of the agent to the state while the state remains the principal. This approach assumes that agents will not be able to perform their roles if they are left unmonitored. In other words local government will not be able to perform their role of rural development if left without the control of the state. Such control according to this approach will reduce the level of corruption and inefficiency in local governance. The assumption therefore is that local governments will most likely perform better under the control of the state.

It was this model that supports the claim by the state governments that local governments do not have the capacity to develop rural communities, coupled with the high level of corruption observed in local government administration perpetrated when local governments received direct allocation from the centre during the military regime. These altogether make local governments inefficient to transform rural areas. States therefore argued that since local governments could not justify the huge amount allocated them directly from the federation account, local governments' allocation has to be strictly controlled by the state to ensure prudence in the management of funds. Besides that, the state argued that the Nigerian constitution recognises only federal and state levels, while local governments are subsumed under states. This position is anchored on the section of the constitution that empowers state government to create local government under laws established by the House of Assembly of each state. Therefore, local governments do not have constitutional backing to stand as separate independent entity from the state. It is based on these two lines of argument that states subject local governments to perpetual 'agents' while the states remain the 'principal' in their relationship.

However, states never argued that the federal government should leave the funding of local governments to states since local governments are under their control, rather, revenue is constitutionally allocated to local governments as a third tier of government and not as a branch of state government.

Independent-Participatory Approach

This approach assumes that local government performance is likely to improve if local governments are allowed to function independent of the higher level

governments. According to this model, independence granted local governments to direct their own affairs will give the local population opportunity to participate in choosing programmes and projects that meet their needs. The high point of this argument is that the local people are in best position to identify their needs and desires and would help local government mobilize resources of the localities to actualize their needs. This model further argues that independence given to local governments would help reduce pressure and decongest the higher level governments of those functions which are local in nature, and are better and more economically provided at the local level. Agbor (2012) highlighted some of the advantages derived from granting autonomy to local government as follows:

- a). Harnessing local awareness and giving them voice on decision making at the lower level
- b). Government is more responsive to the view of the local population;
- c). This approach discovers local initiatives which may possibly be useful when mobilizing the locality to support local government projects;
- d). Local disparity in desired service are better articulated by local governments since they understand, better the needs of the local inhabitants.

The crux of the argument of this model is that since local autonomy is capable of promoting participation, and local governments being independent of states, can utilise local initiatives to promote grass-root development. This will lead people to appreciate other people's view on rural development and participate in political process at this level. By distinction therefore, while the Agency Approach abhors local government autonomy, the Independent Participatory Approach advocates for autonomy for local governments. However, the Agency Approach can be advantageous in the following ways:

- a). It creates opportunity for higher level government to apply its wealth of experience and broader knowledge in monitoring and directing the affairs of the lower level governments for greater efficiency.
- b). Such improved performance will create a healthier relationship between levels of government
- c). This approach compels the state to live up to the challenges of ensuring that development is extended to rural communities which have come under its jurisdiction.
- d). It promotes integrated and uniform rural development

On the other hand, the approach can also produce some disadvantages such as:

- a). Excessive state control over local government do not give opportunity for rural dwellers to develop

leadership skills

- b). The Agency Approach does not create an enabling environment for rural dwellers to participate in the management of their own affairs.
- c). Rural dwellers are not given the opportunity to realise their potentials
- d). They see themselves as lacking the initiative needed to transform their communities. This reduces the value they have for themselves.

The whole essence of transferring fund from higher level government to local governments is to ensure even growth in rural areas in pursuit of the national policy of sustainable development from below. It was also on that consideration that the constitution of the federal republic of Nigeria 1999, recognised local government and accorded it the status of third tier of government in its federal structure, sequel to the 1976 nationwide local government reforms undertaken by the military administration headed by General Olusegun Obasanjo. Accordingly, the constitution made provision for local government to share in the federal revenue with an allocation formula which has however changed over the years in favour of local governments.

It is therefore important that local governments are financially empowered to stand strategic in national development, and there is no need saying a country is developed when the rural communities lack the basic ingredients of development. Local government is the arm considered nearest to the grassroots, and therefore in a better position to provide the needs of the rural dwellers in a more efficient manner. However, if states feel that local governments do not have the capacity to transform rural communities to meet the needs of the population, and feel that the best approach to it is to assume total control of the finances of local governments, this can only be accepted if state governments are able to put in place functional rural development programs that can provide visible rural development indicators to justify their action. Unfortunately, since the State-Joint Local Government account became operational in 2005 in Abia State, and the state government assumed full control of local government revenue, a lot is still left to be desired in rural development engineering.

The existing rural infrastructures in Abia State have dilapidated to the extent that has generated public outcry as to the reason for the existence of local governments. This study therefore argues that since there has not been any justification for the takeover of local governments' funds by the state government, it is reasonable to grant local governments the autonomy to manage their funds since the revenue right in respect of their statutory allocation belongs to them. Given that both the state and local government have fallen short of expectation in transforming the rural communities, the level that has the 'revenue right' over local government funds should be allowed to decide its direction of

income and expenditure. While this happens, federal government can set up independent monitoring agencies to monitor local government expenditure to ensure that finances released to local governments are utilised for their purpose.

CONCLUSION

From the legal perspective of every political system, the major reason for establishing local governments/administration is to extend governance and development to the grassroots. In the constitution of the federal republic of Nigeria (1999, amended 2011), the state-joint-local government account is justified by the expected supervisory role of state governors to basically ensure prudent management of resources by the local government managers. The essence is not to empower state governors and the House of Assembly of any state to manipulate the local governments like their personal assets. The situation of state government dominance of local governments in Abia State has reached an alarming stage.

Between 2007 and 2014, no election was held in Abia State to usher in local government political officers. Within the period covered in this study, the national political leadership displayed some apathy in ensuring that local governments operate within the legal framework of the constitution. Sad enough, the Abia State government and the House of Assembly of the state capitalized on this oversight to contravene the rules, and intimidated local governments to the point of not being able to perform their constitutionally assigned basic duties. Thus, local government cannot play any strategic role in promoting national development until these lingering issues have been addressed, and not until that is done, the national development plans and policies will remain a far cry from the fundamental requirements for meaningful development.

Policy Implication

Allocation of financial resources to the different units of government is a basic feature of federalism. The essence is to positively impact on lives of the citizens living in the rural communities through the provision of basic welfare programs, to promote grass-root transformation in line with the Millennium Development Goal of 'development from below'. This objective therefore requires local governments to have access to their funds as well as determine their expenditure direction as constitutional unit of government in the Nigerian federal structure.

On the other hand, the state government is expected to monitor the expenditure pattern of local government to ensure that funds are spent according to the objective for which they were provided, through the operation of the State-Joint-Local Government Account.

The essence is to promote a healthy structure of intergovernmental relations which is expected to promote development through collaboration and cooperation among the various levels. It therefore becomes imperative that the state-local government fiscal relationship in Abia state is strengthened to promote this lofty ideal of federalism.

RECOMMENDATION

Drawing from the findings of this study, the following recommendations are deemed pertinent:

- 1). The first strategy at revitalizing local government is to develop a compulsory framework in which local government functionaries emerge through the electoral process so that they can have voice in the management of local government finances.
- 2). There should be a review of the existing constitution to incorporate healthier local government reforms such as: granting financial autonomy to local government and abolishing the State-Joint-Local Government Account
- 3). The monitoring function of the Revenue Mobilization, Allocation and Fiscal Commission (RMAFC) on the accruals and disbursement of revenue allocations from the federation account should be extended to cover state-local government fiscal allocations. This is expected to minimize the existing financial pressure of one level of government on the other.
- 4). Tax powers should be re-assigned to make property tax and rating an entirely local tax. This will entail statutorily permitting local government assess the tax, fix rate and collect the tax.
- 5). Federal government, in collaboration with state governments should set up independent monitoring agencies to monitor the spending habits of local governments; and to enforce fiscal discipline as well as enhancing efforts at exploring other sources to generate revenue internally. This may involve setting target for each local government within given period of time based on the fund available to them; and conducting periodic evaluation of performances to ensure compliance
- 6). Reforming the Local Government Service Commission is also recommended. This is necessary because at the moment, they appear to be redundant and therefore, exhibit an alarming magnitude of lack of direction.

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