

Devolution of Power and Revenue Mobilization: Imperative for Effective Public Service Delivery in Nigeria

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Abstract

The question of distribution of power and responsibilities among the tiers of government has generated heated debate for years in Nigeria's development narrative. The discussion has been able to gather more proponents than opponents especially as it relates to the economic viability of sub-national governments and effective service delivery. As convincing as the arguments for the devolution of powers and resources to governments are, this debate has not been successfully translated into effective provision of public goods and services. This paper therefore, without reawakening the whole debate (because the discourse is still ongoing in the literature), addresses the paradigmatic effect of devolution of power and revenue mobilization on effectively alleviating the socio-economic deprivations of the Nigerian people. Thus, the paper relies on existing literature (mainly secondary sources of data) in order to successfully argue its points. Devolution of power, if well-articulated and practised, can promote effective service delivery, reduce poverty, and at the same time increase the people's capacity to pay taxes and levies. The study recommends that the concept of devolution of power should go beyond mere political and administrative decentralization, to address public participation in revenue mobilization for effective delivery of socio-economic services by government.

Keywords: power devolution, tax non-compliance, public services delivery

Introduction

This paper is an a priori attempt to interrogate the political industry on the devolution of power and revenue mobilization as a viable way of improving the well-being of the citizens through effective public service delivery. Thus, it becomes imperative to analyze the constructs that have come to form the pillars in the topic of our discourse. This paper moves from initial definitions and descriptions of the concepts to the complete gamut of literature that has in the past

attempted to delineate the interrelatedness between power devolution, effective revenue mobilization and improvement of the living standard of Nigerians.

Devolution of power is an imperative to functional federalism. Through constitutional division of administrative and fiscal power to constituent units in a federation like Nigeria, decentralization of authority to state and local governments can be enhanced. The essence of such devolution of authority is to achieve good governance and bring about accelerated development and standard of living within the divergent society. The adoption of constitutional devolution of power in Nigeria was to facilitate good governance at all levels and deliver effective public services especially at the local government areas. This is because the problem of inadequate public services resonate most profoundly at the local government level; a grass-root administrative structure (Udoh, 2015). The failure of basic public services like waste disposal, road network, security of life and property, public health facility and an environment that is conducive to living and business at the local communities manifest the ineffectiveness of governance. The emasculating character of fiscal centrism correspondingly creates unnecessary layers of bureaucratic jurisdiction where higher-level governmental agencies tend to usurp lucrative revenue-yielding sources and in return provide skeletal public services, most often through private-sector arrangements.

The Legislative List of functions in the 1999 Constitution provides the framework for the division of powers to sub-national governments in the Nigeria federation. This paper argues that it is the failure of the politico-legal framework to devolve substantial authority to the lower tiers of government that has stunted public services delivery and further disconnected the population from the State. The absence of public participation in revenue mobilization and prevailing low tax compliance in Nigeria summarily evolve from this predicament. It could be inferred from available statistics that effective revenue mobilization underpins democratic accountability and responsive governance. Onyeankwe, et al (2017) affirm that revenue mobilization and governance are complementary. They note that Nigeria, an extractive-dependent economy, still has a relatively low Tax-to-Gross Domestic Product ratio of 6% with only 13 million taxpayers. This further substantiates an enduring culture of tax non-compliance among large members of the formal and informal sectors of the Nigeria economy. While corruption and institutional constraints persist in the revenue collecting agencies, a significant factor for low internal revenue generation borders on a high level of tax evasion and avoidance among the deprived and repressed population. Therefore, the governance challenges in Nigeria have over time compromised voluntary

compliance with tax regulations and the effectiveness of revenue mobilization and administration agencies.

This paper will:

- i. authoritatively argue that the quasi-devolution of powers to the federating units by the 1999 Constitution of Nigeria significantly affected internal revenue mobilization efficiency;
- ii. interrogate the implications of the prevalent governance architecture on the delivery of socio-economic amenities;
- iii. explore possible links between tax non-compliance and ineffective delivery of public social amenities by government.

Having established the existing discourse in the literature, the paper will discuss methodology while drawing findings, conclusion and recommendations based on an empirical analysis of thematic issues in Nigeria's stunted effort at power devolution.

Literature Review

Distribution of responsibilities between national and sub-national governments has been a subject of enduring debate among practitioners and scholars alike in the world of public administration and beyond (Bin, 2012:2). One reason for this among several, is the cosmopolitan nature of the modern world, where to effectively govern the whole country demands the need to distribute power among the sub-national governments. The central, whether in Federal or Unitary systems, cannot govern effectively without the support of the sub-national bodies.

The concept and meaning of devolution has taken different shapes in the literature according to the number of scholars who are interested in the discourse. The term 'devolution' has evolved over time in the political lexicon and in the process has undergone changes in terminology and meaning (Jacobs and Chavhunduka 2003:2). According to Mukonza and Chakauya (2012:101) devolution is "a form of decentralization through which authority to formulate policies in selected areas of public policy is conferred to elected sub-national levels of government". For instance, in a federation, the self-governing status of the component states is typically constitutionally entrenched and may not be altered by a unilateral decision of the central government (Bin, 2012: 2). For Chigwenya (2010:2), devolution is the transfer of administrative and political powers from the central government to lower tiers. The lower tiers become semi-autonomous, but they have decision-making powers. In the same vein, it is argued that devolution makes

democracy stronger by giving people more say in matters relating to their local areas. It allows local authorities to exercise discretionary powers when making decisions on matters that affect local communities (Onyango, Cheluget, Akello, Okari & Keraro, 2012:705). For Mukonza and Chakauya (2012:101), devolution of power is perceived as the transfer of authority for decision making from central to local government. Devolution is a form of decentralization whereby the central government assigns some duties to the sub-centres.

Devolution, unlike mere deconcentration and delegation, provides for better problem-solving capacity, which considers local knowledge and conditions (Jacobs and Chavhunduka, 2003). However, the distinction between devolution and decentralization most times comes through easily in the literature. Decentralization is broader compared with devolution. In fact, the various types of decentralization are deconcentration, devolution and delegation.

Decentralization is described as the transfer of powers from central government to lower levels in a political-administrative and territorial hierarchy (Crook & Manor, 1998; Agrawal & Ribot, 1999 cited in Yuliani, n.d). Power is trickled down to the lower levels with the aim of accelerating development. This power takes two forms namely *administrative decentralization* and, *political or democratic decentralization*. The former is a transfer of central government authorities to lower-level or to other local authorities who are expected to be accountable to the central government. The latter refers to the transfer of authority to representative and downwardly accountable actors, such as elected local governments.

The under listed are the different types of decentralization:

Political decentralization: Form of decentralization in which different levels of government – central, meso and local – are empowered to make decisions relating to what affects them.

Administrative decentralization: Form of decentralization in which the constitution delegate different levels of sub-national governments to control resources and other administrative matters.

Fiscal decentralization: The sub-national levels are empowered to generate their revenues and utilize them as they deem fit especially in meeting the needs of the local people.

Market decentralization: The process whereby government privatizes or deregulates so as to accommodate the participation of its people.

According to Nhede (2013), devolution is one among several forms of decentralization, which is a characteristic of all governments globally, while decentralization as a governance tool, is based on the principle of subsidiarity which assigns specific functions hitherto conducted by central government to the lowest feasible sub-centres. Decentralization is used to cover a broad range of transfers of the “locus of decision making” from central governments to regional, municipal or local governments” (Sayer, Elliott, Barrow, Gretzinger, Maginnis, McShane & Shepherd, 2005).

Devolution of power refers to “the transfer of governance responsibility for specified functions to sub-national levels, either publicly or privately owned, that are largely outside the direct control of the central government” (Ferguson & Chandrasekharan, 2005). Devolution of power refers to one form of administrative decentralization which transfers specific decision-making powers from one level of government to another (which could be from lower level to higher level of government, in the case of federations, or government transfers decision-making powers to entities of the civil society. Regional or provincial governments, for example, become semi-autonomous and administer forest resources according to their own priorities and within clear geographical boundaries under their control. Most political decentralization is associated with devolution” (Gregersen et al.). Devolution ensures equitable distribution of resources hence the assumption that if adopted it will enable local residents to make relevant and accurate decisions regarding priorities for their own areas (Nhede, 2013:32).

Devolution is the transfer of power to sub-national units, provinces and local authorities, so as to give them autonomous discretionary decision-making power within their geographical areas of jurisdiction” (*The Chronicle* 23 July 2012). While devolution refers to the statutory granting of powers from the central government of a sovereign state to sub-national levels, decentralization is the transfer of power from central to lower levels in a political, administrative and territorial hierarchy (*The Chronicle* 7 March 2012). *Decentralization of power* means the assignment of some of the powers vested in the Central Government, upon regional units of administration or otherwise, the *devolution of the powers* of the Central Government upon regional units in order to facilitate administrative functions and also to involve regional individuals in administrative activities.

Decentralization and devolution of power is the act of sharing the power and the responsibilities of the central government with the sub-nationals.

Fleiner (2006:3) captures the whole essence of devolution of power thus:

Devolution and autonomy based on decentralisation is mainly a challenge for the federal units to achieve based on this autonomy legitimacy with regard to their own democratic community. The issue of participation of the different federal units in decision making processes on the other hand is the most sensitive issue of legitimacy of the federation. Indeed through their participation the federal units are required to find solutions in order to accommodate the different units but also to establish justice within the entire community. Their challenge is to contribute to the legitimacy of the federation and of their proper federal unit.

The true spirit of federalism encourages the active engagement of the federating units in the governance of the whole polity. The legitimacy of the federal government therefore hinges on its willingness to share its power with the federating units. Absence of devolution of power therefore licenses hidden and perceived rancour against the power and the legitimacy of the federal or the central government. As argued by Bin (2012: 2) “in a federation, the self-governing status of the component states is typically constitutionally entrenched and may not be altered by a unilateral decision of the central government....Fundamentally, federalism is about the sharing of public power”. Devolution of power becomes a necessary imperative in a federal system of government like the USA, Brazil, Australia, Russia, Germany and Nigeria.

The goals of devolution of power have been extensively discussed by Fleiner (2006). Devolution:

- i. accommodates diversities
- ii. strengthens local democracy
- iii. provides for additional vertical separation of powers
- iv. provides for state bureaucracy closer to the citizens.
- v. creates new motivation on the local level for the citizens to commit and invest its engagement for local public interest.
- vi. helps to integrate citizens and to enhance nation building

- vii. enables local authorities to experiment and to innovate new concepts and measures for the management of public interests.
- viii. finally it helps to reduce at least corruption on the central level if local authorities are effectively accountable to the local democracy.

For many of these reasons devolution provides often more effective and efficient management of state affairs, because power and responsibility of authorities on local level, who bear quickly the consequences of bad decisions, coincide. On local level authorities can be more flexible and adapt quicker to new challenges than on the central level (Fleiner, 2006: 6).

Power at the local level could have a quick usage in fixing local problems unlike the central trying to respond to local challenges. Thus, to effectively cater for the whole society, there is a need for power to be shared by the central government to the lower-level authorities for the sake of enhancing the lives of the people. Reasons for the devolution of power therefore, include:

- i. the need to build up unity in midst of diversity,
- ii. the difficulty of administering a whole country by central government at the centre alone without involving the sub-nationals,
- iii. to ensure national security.

Devolution refers to transfer of decision-making power and much policy making powers (especially development and social service policy) to elected local representative authorities or units or to autonomous public enterprise. This model of decentralization is sometimes referred to as political decentralization (Massoi & Norman, 2009). Devolution of power is the assignment of the executive, legislative and judicial powers vested in the central government to local government authorities by the Act of Parliament. This can be implemented only through the constitution. The devolution of power, in a federal system of government like Nigeria, is contained in the constitution. The current 1999 Constitution of the Federal Republic of Nigeria, in Section 4 (Second Schedule), indicates the Exclusive Legislative List, consisting of 68 responsibilities, on which only the federal government can act. Both the federal government and the states have concurrent power to exercise. The concurrent list has 12 items. States have exclusive legislative power in residual matters. The executive power is

distributed in the similar manner between the two tiers of government (Bin, 2012: 3, 4; 1999 Constitution of the Federal Republic of Nigeria).

Revenue Mobilization Conceptualized

Sections 162, Sub-section 10 of the 1999 Constitution defines revenue as any income or return accruing to or derived by Federal Government of Nigeria which includes:

- (a) Any return, however described, arising from the operation of any law;
- (b) Any return, however described, arising from or in respect of any property held, by the government of the Federation;
- (c) Any return by way of interest on loans and dividends in respect of shares or interest held by the Government of the Federation in any company or statutory body.

Devolved local authorities have the power to make laws of a local nature and raise revenue needed to meet development with very minimal interference from the centre (Warioba, 1999). Revenue mobilization has been described as the organized process of sourcing funds from all identifiable statutory sources to accomplish the specific goals and objectives of government, government requires revenues to execute its responsibilities and objectives (Olajide, n.d). It is the process of collecting money or monies from internal and external sources by government and private establishments. The emphasis of this study however, is on the government component of revenue mobilization (Nwogwugwu, Wabeke & Alao, 2015:3). Revenue mobilization is the priority of all countries in the world because of the developmental or capital projects that the governments have to execute. In addition to that is the need to provide essential services to their people such as healthcare, education, social amenities and security.

Olajide (n.d) points out two principal goals of revenue mobilization. According to him, the primary goal of revenue mobilization is to actively harness and account for the various sources of revenue accruing and accruable to the coffers of a government, authority or person. The other goals of revenue mobilization are to ensure that sufficient funds are pooled to enable the government to perform its constitutional responsibilities to the citizens. With Decree No. 49 of 1989, General Ibrahim Badamosi Babangida gave Revenue Mobilization Allocation and Fiscal Commission a statutory existence even though he had earlier on inaugurated it on September 16, 1988. The 1999 Constitution also made provision for Revenue Mobilization, Allocation and Fiscal Commission, which was inaugurated by President Olusegun Aremu Obasanjo on September 20, 1999. The

Nigerian constitution (sections 153 & 162) creates the Revenue Mobilization Allocation and Fiscal Commission to monitor the accrual to and disbursement of funds from the common pool called the federation account; and work out the principles for sharing of proceeds between the centre and the units (Ekwonna 2012:274; Ebiziem, 2016).

With the present democratic institutions in place, the Revenue Mobilization, Allocation and Fiscal Commission (RMAFC) is empowered by paragraph 32(a) of Part I to the third schedule of the 1999 Constitution (as amended) to the same to perform the following functions:

- a) Monitor the accruals to and disbursement of revenue from the Federation Account;
- b) Review, from time to time, the revenue formulae and principles in operation to ensure conformity with changing realities; provided that any formula which has been accepted by an Act of the National Assembly shall remain in force for a period of not less than five years from the date of commencement of the Act;
- c) Advise the Federal, State and Local Governments on Fiscal Efficiency and methods by which their revenue is to be increased;
- d) Determine the remuneration appropriate to political office holders; and
- e) To discharge such other functions as may be conferred by the constitution of the Federal Republic of Nigeria or any Act of the National Assembly.

Board of Customs and Excise, the Federal Inland Revenue Service, the Central Bank and the Nigerian National Petroleum Corporation are the government bodies and agencies that collect revenue on behalf of the Federal Government; and the revenues realized are paid into government's special account called the Federation Account. It is the task of the Revenue Mobilization, Allocation and Fiscal Commission to ensure that the revenues collected by these bodies and agencies are paid into the Federation Account. Revenues are not generated for the sake of increasing the purse of the Federal Government. Revenues are to be mobilized in addressing the general needs of the society and also pay government's workers – politicians, civil servants, public servants among others.

The revenue mobilized is to assist government to stimulate the agricultural sector by encouraging mechanized farming, providing storage facilities: electricity; boreholes if not pipe-borne water; mass

transportation system; affordable housing schemes etc, in the rural areas. It is also to assist government in the development of the industrial sector of the economy. Apart from agriculture and industry, other areas include the provision of economic, social and political infrastructures for even development of the Nation (Olajide, n.d).

Revenues are met for the provision of public service to the people and also government's provision of infrastructural development – economic, social, and political among others. This reinforces the fact that the government exists for the protection of the lives, liberty and property of the people. Revenue mobilization is the act of marshaling, assembling, and organizing financial contributions from all incomes accruing from identifiable sources in an economic setting (Adu-Gyamfi, 2014). Revenue mobilization at the local level is basically required to underwrite service delivery, a primary goal of decentralized local government. Olowu & Wunsch, (2003) stated that sound revenue system for local governments is an essential pre-condition for the success of fiscal decentralization. Oates (1998) adds that local revenue mobilization has the potential to foster political and administrative accountability by the empowering communities.

Certain factors have been noted as challenges to effective revenue mobilization in developing countries and they include low income, demographic factors and underdeveloped financial markets. According to IMF Report (2011), in many African countries, the task of mobilizing more fiscal revenue is complicated by increased mobility of tax bases resulting from trade liberalization and the mobility of investment and capital income, tariffs and other trade taxes. In like manner, Stren (1998) holds that one of the challenges facing countries in their developmental efforts is the issue of revenue generation to fund the numerous developmental projects which are crucial to enhance the living standards of their citizens.

Arising from these challenges, Adu-Gyamfi (2014:108) holds that “the need for aggressive internal revenue mobilization by sub-national institutions has become very essential in view of the fact that local authorities have the responsibility to provide services to their respective geographical areas”. Dankwambo, 2010, cited in Nwogwugwu, Wabeke & Alao (2015:4) holds that problems militating against revenue mobilization, collection and remittance in Nigeria, are:

independent revenue, non scientific estimates, poor tracking of Independent revenue, lack of standardized incentives for high revenue performance, poor funding of monitoring activities, adherence to traditional sources only, unspent balances, revenue leakages, unavailability of treasury receipts, delay in issuance of receipts, lack of monitoring power by OAGF, lack of dedicated revenue accounts by some MDAs, inadequate legislation, lack of sanctioning instruments against defaulting individuals and organizations, lack of strong inter-agency collaboration (CBN, FIRS, NNPC, OAGF, FMF and MDAs), lack of qualified and experienced staff to the divisions of the MDAs, overdependence on oil revenue by government at all levels.

Concept of Public Service Delivery

As noted by Brewer, Chandler and Ferrell (2006) “the spirit of decentralization is that sub-national government should generally be in a better position than the central government to identify local needs, and to deliver public services accordingly”. Devolution of power is to help bring government to the people and the people to the government. The sub-national authorities are also empowered to generate income in order to meet their immediate local needs beyond what the central government can provide. According to Bray (2008), aside the internally generated funds (IGFs), sub-national authorities are expected to fashion out projects and programmes that are related to poverty alleviation in their locality. For example, local governments with strong and viable local revenue collection have higher degree of autonomy, and are found to be more responsive to the needs and aspirations of their citizens (Waema 2005). The constitution makes provision for various sources of revenue to sub-national governments to exploit depending on economic potentials and natural endowments.

The truth is that public services contribute to the creation of a fairer, more just and adequate society. They offer security and protection to all, especially the most vulnerable and disadvantaged ones. They are the defining factors of a civilized society (Fatile & Ejalonibu (2015:5). Public services are essential commodities for the wellbeing of the people. It could be argued that one of the most fundamental reasons for the existence of the civic government is to ensure the

provision of public services to its people. Thus, Aldridge and Stoker (2002) hold that public services are regarded as services provided by a government to its citizens either directly through the public sector or by financing and regulating private provision of services. Public services are therefore services provided by the government either directly or indirectly to improve the quality of lives of the citizens. The debate on the ideals of public services prioritizes the people as being the primary user of these services.

On the ongoing debates on the necessity of the provision of public services, Aldridge and Stoker (2002) cited in Fatile and Ejalonibu (2015:5) identify some basic characteristics commonly associated with a modern public service, which include:

- i. Reliance on tax payers' money to establish or sustain the service through part or whole subsidy in order to contribute to community well-being.
- ii. Acceptance of a different and extended type of accountability. Politicians and managers of public services have to justify allocation of resources in the way that they do and those services in turn are subject to a form of democratic accountability and scrutiny.
- iii. Unified customer base, i.e., most public services are unable to choose their customers and most customers are unable to choose their public service suppliers.
- iv. The service often exists where there is or can be no adequate market provision.

In delivering public services in Nigeria, like every other part of the world, the local government becomes a viable agent. The central government cannot determine or ascertain the real needs of the people except for the intervention of the local government, which is a representative of the voice of the state government among the rural people and the voice of the people to the other tiers of government. Hence, this analysis gives credence to the need for the devolution of power and its attendant revenue mobilization, which are to aid the effective delivery services to the local people. Though these variables have become interdependent, in reality there is a question of how the sub-national government has been able to carry out its duties of delivering public services to its people.

The Question of Effective Public Service Delivery to the People

Current findings in the literature have shown that devolution or decentralization has not properly resolved the challenge of effective service delivery to the local

people. The failure of the local government to deliver on its terms of creation has brought up some questions about the relevance of the local authorities.

According to ex-President Olusegun Obasanjo,

What we have witnessed is the abysmal failure of the local government system. It is on record that at no time in the history of the country has there been the current level of funding accruing to the local governments from the federation account, yet the hope for rapid and sustained development has been a mirage as successive councils have grossly under-performed in (their assigned responsibilities). Almost all the areas of their mandate..., yet the clamor for the creation of more LGAs has not abated (Obasanjo, 2003).

Thus, the local government that should be an extension of the central government in disbursing the dividends of democracy (in a democratic setting) to its people has failed in doing that, hence the whole apparatus of government is construed as not being responsible and responsive to the needs of the people. Yet decentralization or devolution was conceived as the most appropriate requirement for meeting the needs of the generality of the people.

According to Ukiwo (2006:2) “instead of bringing government and development closer to the people, local governments have produced absentee local government chairmen who are only seen at council headquarters when the monthly ‘Abuja Allocation’ arrives and vamoose with their standby jeeps and mobile police escorts after superintending the sharing of the local government’s share of the national cake among the relevant stakeholders”. In other words, both the allocation from the central government and the revenue generated internally are used to finance the flamboyant lifestyles of local government chairmen and their compatriots. The attendant result is failure to deliver public service to their people.

Methodology

This paper employed the qualitative method. Qualitative study refers to the method which relies on text and image data, and draws on diverse strategies of inquiry (Creswell, 2003). Thus, the paper utilized a priori as against a posteriori discursive method of research relying on textual analysis. According to Mckee (2003), textual analysis is a way for researchers to gather information about how

other human beings make sense of the world. According to him, when we perform textual analysis on a text, we make an educated guess at some of the most likely interpretations that might be made of that text. Using textual analysis implies that this paper utilized secondary sources of data.

Secondary data was obtained from the study of informal sector tax and non-tax payers drawn from the local councils in Nigeria. The informal sector in Nigeria consists of the micro- and small-business owners and their employees, who are estimated to be 37,067,416 (Ministry of Industries, Trade and Investment 2016). This sector comprises retail and wholesale traders, apparel and tailoring, shoe and bag makers, artisans, metal fabricators, mechanics, barbers and transporters, among others. Secondary data on informal sector contribution to revenue mobilization was generated from the National Bureau of Statistics, World Bank Survey and reputed journal sources between 2005 and 2017. The informal sector in Nigeria was chosen because it contributes 84.02% to employment, 48.47% to GDP, and 7.27% to export (Onyeakwe et-al, 2017). However, while the informal sector contributes to GDP and employment, it does not contribute to tax revenue collection. The secondary data sources were selected because they represent authoritative coverage of the revenue generating potential of informal sector participants, mostly dominant in the local government economy. Though little research has been done to explain the immediate and remote causes of low revenue mobilization from the informal sector in Nigeria, adequate literature linking poor public service delivery to low public participation has been sourced and utilized to enhance the robustness of this study.

Findings

The study found that:

- i. Inadequate devolution of power negatively affected the autonomy of local councils in determining revenue collection rates and prioritizing the provision delivery of social services. This is consistent with the finding of Nhede (2013) that devolution of power significantly influences effective governance.
- ii. Undue interference in the administration of local councils through selection of political office holders and fixture of remuneration of local government officials negatively affected level of local participation in governance. Ukiwo (2006) and Njoku (2009) have shown in their submissions that the participation of local population in decision-making was critical to the survival of the third-tier.

- iii. The withdrawal of lucrative income-generating sources from local government councils significantly limited revenue mobilization potential. Zakari (2010) had elaborated on the negative effect of usurpation of the fiscal authority of local government councils in Nigeria. For example, the Lagos State government appropriated the collection of tenement and other development charges under the Land Use Charge administered by the internal revenue agency. The inability of local councils to generate sufficient revenue from assigned sources negatively affected their capacity to provide essential social services to their population (Waema, 2003).
- iv. The study also established that there is a deliberate attempt to decentralize responsibilities for public services delivery without devolution of adequate fiscal powers. The Fourth Schedule of the 1999 Constitution assigns overbearing functions to the sub-national units. This is further compounded by unrealistic and unsustainable revenue sources, especially for the local government council (Fatile and Ejalonibu 2015:5). The aftermath manifests in the poor provision of essential public services, and abysmal living and business conditions which severely constrain rural dwellers from contributing significantly to the internal revenue stream of the government (Udoh 2015).
- v. Lastly, the paper re-established the symbiotic relationship between effective revenue mobilization and improvement in the provision of essential public services and socio-economic infrastructure. Bin (2012) and Agba, et al (2013) opine that decentralization without devolution is significantly responsible for the ineffective provision of potable water, good roads, secure and clean environment especially in the local government councils. Onyeanakwe, et al (2017) affirms that the quality of governance can encourage a culture of voluntary tax compliance and increase revenue generation.

Discussion

Oates (1972) holds that “each public service should be provided by the jurisdiction having control over the minimum geographic area that would internalize benefits and costs of such provision”. He bases his proposition on the following:

- i. Sub-national governments understand the concerns of local residents;

- ii. Local decision making is responsive to the people for whom the services are intended, thus encouraging fiscal responsibility and efficiency, especially if financing of services is also decentralized;
- iii. Unnecessary layers of jurisdiction are eliminated;
- iv. Inter-jurisdictional competition and innovation are enhanced.

These reinforce the importance of local government as the extension of the other tiers of government in reaching the local people such that they are not denied the benefits that accrue to them as citizens. However, from the literature, it is clear that in Nigeria, the devolution of power has not produced effective service delivery to the local people. Corruption has become one of the major challenges defacing the whole idea of devolution of power because the claim is that even though we cannot claim to be practising true federalism in Nigeria the creation of local governments to meet the purpose of decentralization has not produced the desired result. As a matter of fact, the opponents of devolution of power even claim that the power of local authorities should be restricted in order to avoid abuse. Corruption has been identified as a hydra-headed monster devouring the capacity and resources of the local government to carry out its functions.

In February 2010, the chairman of Ijebu East Local Government Council in Ogun State was suspended from office on account of various financial misdeeds. Similarly, in Benue State about two years ago (2010), the House of Assembly suspended 12 council chairmen in the state and directed that the chairmen should refund a total of 150 million naira being financial misdeeds associated with the excess crude funds received by local governments in the state. In Kogi State, the chairman of Ibaji and Ogori Mangogo Local Government Areas were suspended over what was described as non-performance and misappropriation of resources. It was alleged that the statutory allocation of 75 million naira received by Ibaji Local Government for December 2008 was neither used for payment of salaries or implementation of any meaningful project. More so, the loan of 200 million naira or the excess crude fund of 380 million collected or received by the Ibaji Local Government were not judiciously used. Also illustrative and instructive in explaining the

issue of corruption as an impediment in the non-performance of local governments in Nigeria is the arrest and prosecution by the Economic and Financial Crimes Commission (EFCC) of a former Enugu State Governor, Chimaroke Nnamani on the allegation of diverting local governments' funds in the state (Zakari, 2010 and <http://www.articlesbase.com/leadership-articles/> cited in Agba, Akwara and Idu, (2013: 459).

The failure of devolution of power translating into the delivery of public services to the people was captured by Bello-Imam and Roberts (2001). For them, the factors are:

- i. Revenue inadequacy
- ii. The erosion of local functions particularly in the revenue-yielding areas by state governments and their agencies
- iii. Politico-administrative problems such as inadequacy of skilled and technical manpower, the lackadaisical attitude of existing local government staff, official corruption, variable structures/sizes of local government among others, and
- iv. Lack of integration of the relevant communities in the execution of local services.

One interesting thing found in the literature is the concept of interference by the other tiers of government in the activities of local governments. The challenge of financial autonomy of the local government has been a perennial issue. Public service delivery has suffered in the face of political interference, which affects the resources of the sub-national governments and the wellbeing of the people (Ndubuisi & Onuba, 2016; Adeyemo, 2005; Njoku, 2009).

This was also captured succinctly thus:

Sub-national governments in Nigeria lack financial autonomy and are often considered as an extension of states ministry. Decisions are taken by state governors and imposed on local governments in their state for implementation. Federal allocations to local government are first deposited into a particular ad hoc account before being disbursed. The motive behind this is to divert the money to another thing

entirely which does not have impact on the lives of the rural dwellers but that will be beneficial to the state governor (Agba, Akwara and Idu, 2013: 460).

It seems therefore accurate to argue that what we have in Nigeria is a form of political decentralization without fiscal decentralization. The people are at the receiving end of this political interference. Even locally generated revenues are misappropriated. All these make the effective delivery of public services elusive.

Conclusion

Devolution of power grants sub-national governments powers and responsibilities in three dimensions: political, administrative, and fiscal. If well articulated and practised, devolution of power can help reduce poverty, promote cooperation between the government and the people, and at the same time help increase political leaders' capacity for transparency, accountability and responsiveness. The current challenge facing effective public service delivery is still traceable to corruption in all the tiers of government. The federal and the state political leaders, in one way or another, still sit on the resources of the local government. In the same vein, political leaders and government appointees at the local levels see the allocations from the central government as their own share of the national cake. Who suffers? The people, because public service delivery is for them.

Recommendations

- i. Decentralization of responsibilities for public services delivery should be matched with adequate revenue mobilization authority. The concept of devolution of power should go beyond mere political and administrative decentralization. It should include the ceding of financial aspects of governmental power.
- ii. Effective provision of socio-economic services should serve as the basic prerequisite for popular participation in internal revenue mobilization. This is because the study has established a link between tax compliance and provision of public services.
- iii. The government should through constitutional re-engineering adopt politic-legal protocols that instill and nurture functional and cooperative federalism as a way of enhancing the provision of basic socio-economic amenities and infrastructural facilities.

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