

## An Analysis of Local Government Financial Autonomy as the Bedrock to National Development (Case Study of Bauchi Local Government)

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### **ABSTRACT**

*This study analyzes the link between local government financial autonomy and rural development. The purpose of this study is to determine the effect of local government financial autonomy on rural development and the extent at which poor capital funding has affected the fate of rural development the empirical evidence from Bauchi Local Government of Bauchi state. The research utilizes both primary and secondary data, the primary data were collected through questionnaire and interview. The sample technique use in this work is the Taro Yamane sample derivation. The work employed descriptive statistics using ordinary least square in SPSS to analyze the hypothesis in order to achieve the objectives of the study. The study finds out that there is a negative effect of poor capital funding on the lives of the local populace. Hence, the study concludes that the local governments need financial autonomy in order to be able to perform theft administrative duties effectively for grass root and national development. Therefore, the study recommended that federal and state government should stop undue interference in the financed of local Government councils by fully implementing NFIU Enforcement and guidelines Act 2019 so that yearly statutory allocation to them can be used for the developmental projects*

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**KEYWORDS:** *Local Government, Financial, Autonomy, National, Development*

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## **INTRODUCTION**

Nigeria operates a federal system of government where power is constitutionally shared between three tiers of government. Local government was created as a means of promoting development and bringing government closer to the people.

Nigeria's experience in local government administration, whether in military regimes or in democratic era has clearly shown that local governments are faced with daunting challenges in their mandate to promote development and provide essential services to the rural dwellers. Local government, which is statutorily established to be the closest tier of government to the people, is not doing its bidding coupled with the fact that resident population in the local government has no significant access to the benefits of its existence.

The local government reform introduced in the country in 1976 were meant to offer some solution to problems covering local government administration for the first time, because the reform introduces conform system of local government for the first time in Nigeria and has brought the fragmentation of various in manageable unit and creation of new ones for effective government. According to the 1979 local government reform local government function can be summarized on area clearly defined within a state with represented council having powers to initiate direct and administer the provision of service through the active participation of the people and their traditional institution in response to local need and condition.

However, sociologically, political and cultural complicity, couple with economic backwardness, make it difficult in any meaningful project to be made without the local people themselves, augmented government development programme through, organizing and recruiting rural propel in the development process this is because powers or the right of the local government in the grass-root development is giving.

Local government finance is one of the aspects of public finance. It deals with the generation of revenue, expenditure and utilization of financial resources in order to bring the impact of government closer to the people at the grassroots. Put differently, finance is essential at enabling local governments transform the lives of the rural dwellers through the provision of social services and rural infrastructures like the construction and maintenance of rural roads, markets, schools, health centers, etc.

Finance is the heart of the major activities of government. Government units at all levels-national, State and Local are daily engaged in the production and distribution of public goods and services in areas such as agricultural extension, education, healthcare, social welfare, security, all of which involve huge amounts of money. The mobilization of the financial resources or revenue to meet the diverse welfare needs of the people has in effect become an important responsibility which governmental authorities have to shoulder. This responsibility not only includes the generation of revenue but also its allocation among competing needs of the local governments. It is within this context that we can appreciate the task of revenue collection at local government level (Abubakar, 1999).

## **STATEMENT OF THE PROBLEM**

The failure of the local governments in the area of service delivery has made the citizens to lose their trust in government as an institution. In some areas, council officials are better known for the harassment of citizens than service delivery (Ajibulu, 2011). ). It is common knowledge that local government has the weakest capacity to initiate and manage rural development programme.

A lot of challenges have defeated the essence of local government which is to bring government nearer to the people, as well as delivery of social services at the grassroots. One of the major challenges of this research study is informed on is the undue financial interference by the state is as a result of the provision of an inseparable federal allocation between local government and state government by the 1999 constitution in section 162, paragraph 6, for the establishment and operation of state local government joint account. Nigeria Financial Intelligence Unit (NFIU) had issued NFIU Enforcement and Guidelines Act 2018 for the full implementation of sub section 7 to barred state governors, banks financial institutions, stakeholders and public office holders from interfering with statutory allocation accruing to local governments

Mostly, all local governments in Nigeria due no longer perform their responsibility due to indirect allocation which lead to the study to analyze the local government financial Autonomy as bedrock for grass-root development in Bauchi Local Government Area of Bauchi State.

#### **AIMS AND OBJECTIVES OF THE STUDY**

The aims of the study are to emphasis Local Government Financial Autonomy as bedrock for grass-root development in Bauchi Local Government Area of Bauchi State.

The following are the objectives of the study;

- 1.To examine the effect of local government financial autonomy on rural development in Bauchi Local Government.
- 2.Analyze the extent to which poor capital funding has affected the rate of rural development in Bauchi Local Government.
- 3.To determine the factors influencing effective Local Government Administration in the Bauchi local government area of Bauchi state

#### **RESEARCH QUESTIONS**

1. What are the effect of Local Governments Financial autonomy on rural development
- 2.To what extent has poor capital funding affected the rate of rural development in Bauchi local government
3. What are the factors influencing local government financial autonomy in Bauchi local government?

#### **RESEARCH HYPOTHESIS**

Hypothesis is conjectural statement of the relationship between two or more variables (Babbies 2010).

This study will formulate and test the following hypothesis;

**Hi:** That poor capital funding has affected the rate of rural development in Bauchi Local Government.

**Ho:** That poor capital funding does not affect the rate of rural development in Bauchi Local Government.

#### **SCOPE AND LIMITATION OF THE STUDY**

The essence of the study covers the local government financial autonomy as it affects the development of grass-root well-being of Bauchi Local Government Area.

Therefore, it is significance that the study would be able to identify the various projects of the local government in the area of study and its research findings will go a long way to influence and open grounds upon which future power of the local government in the development of grass-root in the country will be built, this observation will cover the period of 2015-2020.

## LITERATURE REVIEW

Local government is said to be as old as human race himself and as man developed from one stage to the other so it is with local government since grassroots development is a machine for the nation development or serve as two Way channel of communication between the federal government with the local people (Udoji 2000) it is important that the subject should be developed along with man into the jet ago through studies and research. John and Ugoji (2013) state in their book "that local government can be seen as government at the local level established by law to perform specific function within defined areas" Williams Robin(2006). He define local government by stating the concept of territorial non-sovereign community possessing the legal right and necessary organization to regulate its own affairs Ugoo and Vincent (2007) sees local government at the local level, exercise through representative councils, established by law to exercise specific powers see local Within defined areas Venkatarangaiya and Pattabhirain: government as the administration of locality, a Village, a town; a city or other smaller than the state by a body of representing local in habitants possessing fairly large amount of authority raising at least a part of its revenue through local taxation and spending its income on service which are regarded as local and therefore distinct from state and central service.

Ogunna (1996) define local government as a political authority which is purposely created by law or constitution for local community's by which they manage their local public affairs within the limit of the law. In the light of the above their among the many reasons for creating local government of Nigeria is grass root development. According to Maikasuwa (2002) Is a process of embracing a host of economic, social and political activities where ultimate objective is the enhancement of human welfare and societal transformation and progress.

Another view Sees grass-root development as a self- generating process of socio- political and socio-economical improvement in which the masses are meaningfully participant as well as shares in the cost and benefit. For local government to play significant role in grass-root development, it had to plat the following.

- Role of poverty reduction and it can be done through provision and improvement of agricultural activities.
- Role of raising people standard of living through increase in health education and provision of infrastructure such as water, electric, so expanding the range of choice open to the people so that the can choose for themselves more satisfying life.
- Role of enhancing the participation of the people so that they may come closer to the fulfilment of their potentials.

However, Aluin W Croke, Ralph. Kenney and Philip M. Morse in their book analysis of public system discussed communication between governments and its Citizens as a control theory for the government to properly control its establishing agency like the case of Bauchi local Government council.

They continue that a two way channel is designed between the government and its citizen to make sure that such agencies are perfectly feedback on the activities of the agency E.N Gladen (1972). One of the advantage of local autonomy in grass-root development, that if is only when the grass-root is developed that there will be economic development nationally.

According to Ganduje (2006) He said that theoretically, the local government is a tier of government that can engender development at the grass-root level.

To Baber (1974) sees local government autonomy as authority to determine and execute matters within a restricted area inside and smaller than the whole state.

The local government function without fully discussing the position of rural people in communities and self-help project in this particular area of research. We there for hope that this study will compliment current study on this subject and also, provide very useful data in the socio-economic development of Bauchi Local Government area in particular.

### **Conceptual Framework of Local Government**

The concept of local governance is as old as the history of humanity, only recently has it entered the broad discourse in the academic and practical literature (Shah, 2006). This concept has created excitement within the scholarship and practicing world of administration. It has attracted the attention of many scholars within the academia who have seriously analyzed and dug deep into the meaning, genesis and the need for its existence within all political arrangement of the world (Akindele. et al. 1997). Therefore, there is no unanimous acceptable definition among the scholars on the definition of local Government.

The term local government has been defined variously by different scholars. In the view of a scholar like Wraith, local government refers to locally elected councils whose main purpose is to provide or administer services with as great degree of independence as modern circumstance allow (Wraith, 1964. For Golding, local government is the management of their own affairs by the people of their locality (Golding, 1959).

In the same vein, Oyediran sees local government as the diffusion of political process on area basis, i.e. local self-administration and inclusion of noble ideals of impartiality, protection of minority rights and integrity, all of which are considered essential to the evolution of a liberal democratic society (Oyediran, 1979).

Whatever else that may be said, it is clear from the above definitions that a local government in any system is assumed to possess the following characteristics.

- A given territory and population
- An institutional structure for legislative purpose
- A separate legal entity, a range of power and functions authorised by delegation from the appropriate central or intermediate legislation
- Within the Anglo-America tradition, autonomy is limited to common law such as the test of reasonableness (Williams, 1978).

However, Appadorai (2004) defines local government as government by popularly elected bodies charges with administration and executive duties in matters concerning the inhabitants of a particular district or place

Ola (1984), in Nigeria, local government is the third tier of government whose major responsibility is to provide commensurate services to the rural dwellers. Everywhere in the world, irrespective of the system of government, local government is created to ensure efficient services at local level.

*Local government as an agent of development is to use the fund made available to them by both central and state government and the internally generated revenue (IGR) to improve on the live of the people at the grassroots within the local government council's area of operation by initiating and attracting developmental projects to the local councils such as provision of access roads, water, and rural electricity: communal services such as the*

*construction of roads, bridges, and personal welfare in such area as education, housing, and health care service delivery system.* (Ola, 1984).

In line with the above, the 1976 Nigerian Local Government Reform

### **Service Delivery at Local Government**

Service delivery refers to the provision of social or public goods that will promote socio-economic wellbeing of the citizens. Public services offered by government are numerous and may include the provision of public utilities, security, economic development projects, and the enforcement of the law and so on. The delivery of public goods and services at the local government level or the grass root is aimed at moving the standard of living of the populace to the next level (Angahar, 2013).

Consequently, the efficient and effective provisions of basic amenities and social infrastructures for the people at the grass root are key factors to the existence of any government (Bolatito & Ibrahim, 2014). In sequel to the above, the Nigerian constitution assigns service delivery responsibilities to the three tiers of government with states and local government playing the most significant role in the delivery of basic services. Some of the services expected from local government authority include education, health, housing, water, rural electricity, waste disposal services, roads, transport, and so on (Adeyemi, 2013; Agba, Akwara, & Idu, 2013). Thus local government councils are required to serve the public interest in areas of constructing roads, public markets, healthcare centres, drainages, transportation, motor parks, building primary schools, among others (Bolatito & Ibrahim, 2014).

In support of this position, Agba, Akwara, & Idu (2013) contends that as agents of rural development, local governments are to use funds made available to them by both federal and state governments and their internally generated revenue to improve on the lives of the people within their areas of operations through initiating and attracting developmental projects to the local government such as provision of access roads, water and rural electricity. Apart from being available political and administrative organ for the transformation of rural communities, local governments also act as the training ground for the breeding of the grassroots democracy fundamental in national development (Adeyemo, 1995; Lawal and Oladunjoye, 2010).

### **PRINCIPLES OF LOCAL GOVERNMENT AUTONOMY**

There can be no doubt that local development has meant different things to different people- over the ages, no matter what definition and trench of workers by private and the public sectors, there is a general tendency to re-emphasize self-help as a means of development and notify the nation that government will provide everything. One major purpose of rural development is the re-education and situation re-orientation of the populace in the direction of communal self-help.

### **THEORETICAL FRAMEWORK**

Framework can be seen as the theories that are formulated to explain, predict and understand phenomena and many cases, to challenge an external existing knowledge, within the limit of the critical bounding assumption. The theoretical framework is the structure that can be hold or support a theory of a research study, it introduced and describe the theory which explain why the research problem under study exist.

Therefore, in discussing theoretical framework in this study, some modeless would be discussed. This is intended to give insight into the various approaches theoretical framework for this study;

### **Modernization Approach**

Modernization approach to development is a total transformation of a traditional society into the type of technology and associated social organization that characterized the advance economically prosperous and relatively, politically stable nation of the Western World.

### **Theory**

According to theories of modernization, each society can develop from traditionalism to modernity and those make this transition follow similar paths. More modern states are wealthier and more powerful and their citizens freer with a higher standard of living. Talcott persons.

“Mandarings of the future (2003) with a higher standard of living. Talcott persons. Mandarings of the future (2003).

### **Command - compliance Approach**

This method uses forces to compel the people to participate in development. It is common during the colonial period when force labour was a legitimate way of getting people to participate in public works. This strategy was based on used in the programme of war against indiscipline currently in the environment sanitations program in Nigeria.

### **TEST OF HYPOTHESIS**

They hypothesis drawn for this research work is:

Hi: That poor capital funding affected rural development in Bauchi local government.

Ho: That poor capital funding does not affect rural development in Bauchi Local Government.

The hypothesis was tested on table below In which area does poor capital funding affected rural development in Bauchi local government?

<b>Variables</b>	<b>Frequency</b>	<b>Percentages (%)</b>
Yes	100	91
No	10	09
<b>Total</b>	<b>110</b>	<b>100</b>

**Source:** field survey, 2021

Table Above: shows respondents response on whether the in which area does poor capital funding affected rural development in Bauchi local government, Contains responses on which area that poor capital funding will affect the rural development in Bauchi local government, 40 respondents representing 36% said in infrastructure, 10 respondents representing 8% said in economics and 60 respondents representing 56% responded on the wellbeing of citizens.

This implies that poor capital funding affected mostly on the wellbeing of the citizens of grass-root areas, an acceptance of the alternative hypothesis drawn for this research work

Hi: Accepted

Ho: Rejected

### **RESEARCH METHODOLOGY**

Data were collected from both primary and secondary source judgmental sampling method was used to select Bauchi Local government, in which 200 employees were interviewed via a questionnaire, were utilized, while descriptive statistics, correlation matrix and panel data analysis (Random-effect GLS regression techniques) were utilized as analytical tools in the study with the aid of Statistical Package for Social Sciences (SPSS).

### **FINDINGS**

The study reveals the following findings

- i. That Local Government financial autonomy is the bedrock to rural and national development and the general performance of local government in rural development has been excellent so far.
- ii. The absent of financial autonomy is an impediment to rural development and local government would perform better if there was financial autonomy
- iii. Poor capital funding is the reason to the slow rate if rural development and local government will have performed better if allocation was increase by the federal government.
- iv. Local government autonomy will be of more benefit to masses at the grassroots and will improve their wellbeing.

### **RECOMMENDATION**

1. Nigeria Financial Intelligence Unit (NFIU) had issued NFIU Enforcement and Guidelines Act 2018 for the full implementation of sub section 7 to barred state governors, banks financial institutions, stakeholders and public office holders from interfering with statutory allocation accruing to local governments
2. Local government financial autonomy is essential to Rural and National development as such federal government have to put more concentration in the development of local government in other to help them perform better in their Administration.
3. Federal government should abolish the state local joint account in other to reduce state government from siphoning the funds that are meant for Local government.
4. Government should allow the rule of law to come into place within the third tiers of governments;
5. Local government on their own should stand to their responsibilities by working hard so that the rural dwellers can feel government existence in their areas;
6. Periodic review on the local government accounts by the external auditors should be emphasized for proper accountability.
7. Federal and state government should discontinue undue interference in the finances of the local government councils;
8. The local government should invest in capital projects, and investment in water resources recovery and mobilization of dormant area that is yet to be exploited by government and policy makers.

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