



Local Government Autonomy and Fiscal Decentralization in Nigeria

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Abstract

Local government autonomy in a federal structure means local government, the third layer of a federal government enjoys a distinct separate existence and independence from the control of the state and federal governments: it is not an extension of the state but an independent formation which discharges its responsibilities as provided by the constitution. It is somewhat worrisome that local government councils in Nigeria have no political, financial and beaucratic autonomy. Various related literature reveal that Governors in Nigeria sack democratically elected local government councils immediately after their swearing-in as elected State Governors and constitute caretaker committees; Governors are in charge of Local Government Councils' Purse through the State and Local Government Joint Account; and Local Government Councils lack full blast financial autonomy. The major objective of this paper is to examine the effects of fiscal decentralization on Local Government Autonomy in Nigeria, using a qualitative research method which focused on secondary method of eliciting data from existing sources. The theoretical framework applied for this paper is federalism, whose leading proponents are K.C Wheare, William Riker and Dyke et al. This paper also peruses at different formulae adopted by Nigeria to allocate revenue (1946 – 2004) and the Supreme Court of Nigeria judgment in the case of Attorney – General Federation vs. Attorney-General, Abia State and 35 others. The study finds that the state and local government Joint Account worked hardship on local government councils in Nigeria among others. The paper finally made some recommendations that would help improve service delivery in local government councils in Nigeria among others.

Keywords: Local Government Council, State Government, Federal Government, Autonomy, Fiscal, Decentralization,

Introduction

Local Government Autonomy in a federal's design means local government, the third layer of a federal government enjoys a distinct separate existence and independence from the control of the state and federal governments. It is not an extension of the state but an independent formation which discharges its responsibilities as provided by the constitution. It is somewhat worrisome that local government councils in Nigeria have no political, financial and bureaucratic autonomy. Various related literature reveal that Governors in Nigeria dissolve local government councils immediately after their swearing-in as democratically elected State-Governors and constitute caretaker committees with a view to using them as conduit pipes to drain the local Government Councils weak purse among other reasons.

In addition, in Nigeria, Governors are in control of Local Government Councils purse through the State and Local Government Joint Account which makes it cumbersome for the realization of complete fiscal autonomy of the local government councils in Nigeria, thereby making development, goods and services delivery at the grassroot not achieved. The local government councils lack full blast bureaucratic autonomy of hiring, firing, managing and servicing their human resources without the interferences of the state governments in Nigeria. It is pertinent to deduce that in Nigeria, local government councils are adjuncts of the state government and against this backdrop, local government councils in Nigeria function as mere extension of State Ministry of Local Government and Chieftaincy Affairs.

State Governors and the Administration of Local Governments in Nigeria". implications for "Good Governance", contended that autonomy of the local government envisages the political, fiscal and administrative aspects of its existence. Fiscal Decentralization means interrelationships at the Federal, State and Local Government levels in a state that operates federalism, these levels of government have their constitutionally responsibilities and therefore need a stable, strong and reliable sources of revenue with which they can discharge their constitutional responsibilities to the citizenry and involve in the act of governance and this demands allocation of resources and or value. This is the rationale for revenue allocation. Revenue Allocation is the sharing of country's financial resources among the layers of governments in the federation. This enhances economic growth and development across board and also reduces intergovernmental tensions and promotes national unity.

Drawing from Mukoro, (2019), he contended that the essence of fiscal federalism cannot be over emphasized. He further averred that it allows for governance to get very near to the grassroot; makes effective decisions making in the levels of government and exposes incompetent and fraudulent government officials at all levels of government. He went on to opine that without effective and efficient fiscal decentralization, local government will lack autonomy and capacity to deliver goods and services to the grassroot. It is very unfortunate that local governments in Nigeria do not have autonomy. This is the nub of the matter that has flared up this paper.

Research Questions.

The following research questions are designed to guide the study

To what extent has the introduction of caretaker committees to local government administration by State Governors affected grassroots' participation in local politics in Nigeria.

Has the State and Local Government Joint Account worked hardship on Local Government Councils in Nigeria.

- i. Are State Governments through their local government service commission affirm monopoly of personnel matters in local government administration in Nigeria.
- ii. Is the judgment delivered by the Supreme Court of Nigeria on the 11th day of July, 2024 in the case of Attorney – General of the Federation Vs Attorney – General of Abia State and 35 others, wherein the Supreme Court of Nigeria granted financial autonomy to democratically elected local government councils in Nigeria constitutional.

Objectives of the Study

The major objective of the study is to examine the effects of fiscal decentralization on local government autonomy in Nigeria. The specific objectives are examined hereunder:

to ascertain the impact of caretaker committees on the grassroots' participation in local politics in Nigeria.

to explain the hardships the State and Local Government Joint Account has worked on local government councils in Nigeria.

- i. to evaluate the monopoly of personnel matters in local government administration through local government service commission in Nigeria.

- ii. to look into the judgement delivered by the Supreme Court of Nigeria on the 11th day of July, 2024 in the case of Attorney-General of the Federation Vs. Attorney-General of Abia State and 35 others, wherein the Supreme Court of

Nigeria granted financial autonomy to democratically elected local government in Nigeria.

Literature Review

Several scholars have carried out numerous studies on Local Government Autonomy and Fiscal Decentralization in Nigeria. For instance, in a paper presented by Omoniyi (2013) titled “Local Government autonomy: Will Governors Succumb? He advanced that since the introduction of caretaker committees regime into local government councils in Nigeria, there had been cases of illegal diversion of funds belonging to local government councils by the State Governors. The extant constitution of the Federal Republic of Nigeria provides in Section 7 (1) for a sustainable democratically elected local government councils in Nigeria.

The introduction of caretaker committees in local government councils in Nigeria is an aberration of the extant constitution. It is a conduit pipe for the State Governors to drain the weak purse of the local government councils and it was done with the intention of the State Governors to dismantle the autonomy of local government councils in Nigeria. The local government funds have been crippled and bastardized through the establishment of the Joint Account and Allocation Committee (JAAC) chaired by the State Government Representatives. The Joint Account and Allocation Committee (JAAC) is detrimental to local government councils because it stops the local government councils from managing and controlling their monies. It has to be pointed out that local government through the power and authority of Joint Account and Allocation Committee, Local Government Councils are deprived of their funds to discharge their democratic obligations. To this extent, local government councils are subservient to state governments’ controls and this has effects on local government councils’ obligations to the grassroots.

Besides, Adeyemo (2005) averred that the fight for local government autonomy in Nigeria has been a sustainable fight. He also posited that the hijack of local government functions and revenue base by the state governments is another fundamental area of dismantling the autonomy of the Local Government Councils in Nigeria. The conflictual revenue boards by the state governments stop and disturb the revenue base of the local government councils. Parallel boards set-up by the state government are markets, motor parks, building plans approval and forest royalty collection fund etc. Against all these backdrops, the problem of local government autonomy are so cumbersome to resolve. Local

Government Autonomy seems weakest in the country in the sphere of personnel administration and it is one area which is not given consideration in terms of coverage constitutionally, but rather administrative provision. This may be the reason why the state governments through their local government service commission in Nigeria affirms monopoly of personnel matters in local government administration. The 1976 local government reforms had only asserted weakly that local government shall have fundamental control over local and staff affairs. What happens in one state is also applicable in all other states with respect to local government personnel especially by virtue of the meeting of Local Government Service Commission all over the country.

The Local Government Service Commissions exchange their annual reports to make them have an idea of what others are doing. The conspiracy between the local government service commission and state governments has put personnel administration full under their control. Despite the advantages of this option, encompassing uniformity and reduced politicization in personnel administration, Local government Autonomy in the matter is limited and can distribute their development in rural area in Nigeria. Quadri (2013) submitted that powers should be given to the local government councils to have substantial control over local affairs as well as the staff institutional and financial powers to initiate, direct provision of services, determine and implement projects so as to compliment the activities of the state and federal governments in the areas, and to ensure through devolution of functions of these councils through the active participation of the people and their traditional institutions that local initiatives and responses to local needs and conditions are maximized.

Imhanlahimi (2019) adumbrated that fiscal autonomy in local government is generally believed to be the best tool for effective and efficient service delivery in rural areas. Okorie, Obasi, Nwosu, Chukwu, Akanu and Nwuta (2023) deduced that there is no doubt that the extant constitution erroneously empowers the Governors of control over local government councils through State and Local Government Joint Account which makes it impossible for the realization of full fiscal autonomy of the local government, thereby making development, goods and service delivery at the local level unreliable. They went further to state that fund allocated to local government through revenue sharing have consistently been hijacked by the various state governments through the idea of State Local Government Joint Account (SLGJA).

Osakwe (1999), in his book “Fiscal Relations among three tiers of Government in Nigeria”. He contended that in fiscal federalism and Economic Development, local government fiscal autonomy is derived from the fiscal federalism as it is operated in the Nigerian Federalism. He further posited that fiscal federalism is the transfer of functions, resources and authority to peripheral levels of government. He also relates the disposition of tax powers, retention of revenue and methods adopted in sharing centrally collected revenue in accordance with the extant constitutional responsibilities of all levels of governments. Olabisi (2019) advanced that the need for local government autonomy is to allow the local government specific powers to perform a series of functions, plans, formulate and execute its own policies, programmes and projects and its own rules and regulations as expected for its local needs.

Adeyemo (Supra) noted that financial autonomy under a federal system of government is that each government enjoys or separate existence and financial independence from the control of the other government. He further noted that it is an autonomy which requires not just the legal and physical existence of an apparatus of government such as financial autonomy enjoyed by Legislative Assembly and Governors. Local government should be autonomous having freedom to hire and manage its own staff, raise and manage its own finance, make policies, laws and provide services within the limits of its resources and function without interferences.

Vincent (2001), averred that matured democratic societies practicing federalism have somehow managed to evolve a satisfactory balance among the federal, state and local government tiers of government and sharing of the available resources among the layers of government to fulfill the respective functions designed for each level of government in their country's constitution. The exercise operates in the spirit of equity, justice and fairness in a polity that aspires for progress, stability, peace and egalitarianism within its human community.

Awa (1976) averred that a general problem among the federating units in a country is “how to allocate revenue among levels of government and among the units so that each government may have the power to perform the functions assigned to them. The government uses her instrument of fiscal policy to alter the shape of Revenue Allocation to promote growth, equity in the redistribution of resources and stability within the polity. Bello Imam (1992) adumbrated that the federal government has exclusive legislative list which only the federal government can legislate on, as the state government has power to legislate on concurrent

legislative list and the fourth schedule of the extant constitution provides for the duties of local government.

Ordinarily, fiscal policy is to achieve the desired objective of allocation, redistribution, stabilization and economic growth. Komolafe (1999) posited that policy is a fundamental tool used in the pursuit of social and political objective, especially those which aim to reduce inequalities of wealth and opportunity. The inchoate state of democratic government in Nigeria makes the operation of fiscal federalism to be fraught with a lot of problems. Orubu, (1999) contended that fiscal system will be said to be relatively decentralized if lower tiers of government exercise a relatively high degree of freedom in raising taxes or revenue needed to carry out their expenditure, responsibilities, since such responsibilities expand overtime.

Anyawu (1997) advanced that a decentralized system of Revenue sharing means that the other tiers of government becomes empowered and responsible for the management of huge financial resources that would have gone to the centre under a regime of faulted practice as it obtained in Nigeria. The revenue or resource concerned belong to the community and the taxing and collecting agency is acting on behalf of the community. Amah (2018) in his study “Devolution of Power to Local Government: Appraising local government Autonomy under Nigerian federation; examined the issue of local government autonomy under a federal government and recommends devolution of full political autonomy to local governments.

Asiegbu (2025) contended that the 1976 local government reforms sought to decentralize governance and enhance grassroot development. He further averred that for local government councils to sustain their operations, they have been collecting statutory allocation from the federation account. That between 1999 and 2002, local government councils received their allocation directly from the Joint Federation Allocation Committee (JFAC) of the Central Bank of Nigeria. Later, the Joint Allocation Account Committee (JAAC) was established to manage projects that State and Local Government Councils could jointly finance. It was at this point Direct Allocation to Local Government Councils was stopped with Governors having unrestricted access to Local Government Councils' funds.

Theoretical Framework

The theoretical framework adopted for this study is federalism. The leading proponent of the theory is K.C Wheare. In his study titled “Federal Government” he submitted that federation is a method of dividing powers so that

general and regional government are each other within a sphere, co-ordinate and independent. (Wheare, 1964). Other scholars are William Riker, who adumbrated that federalism is a system of government consisting of autonomous units that tied together within one country. Steiner and Dyke (1995) deduced that it is a division of power between central and regional governments. Such that neither is subordinate to other. Satisfying the expectations and demands of the citizenry boosts interaction among all the layers of government where the ability and capability to meet the responsibilities are looked at as well as contradictions and challenges that follows.

Federalism as a concept of governance is a political and administrative framework in which power is shared by different constituent units of a federating union which are supposedly or relatively autonomous. So, when demand on government and the need to meet them adequately and promptly arise, a proper division of functions according to the corresponding financial powers between the different levels of government becomes imperative. Ihediora averred that the concept of fiscal federalism in Nigeria sees it as the division of powers, functions, duties and financial resources among different levels of government such as federal, state and local governments in a federation.

It is the application of the federal principle in resource mobilization and allocation within and among the constituent units in the federation in an arrangement that involves intergovernmental fiscal relations. Resource control is premised on Revenue Allocation.

Local Government Autonomy

Autonomy under the federal system as each tier of government enjoying a separate existence and independences from the control of the other government. Autonomy requires not just the legal and physical existence of an apparatus of government as the legislative assembly, government court etc, but that each government must exist not as an adjunct of another government but as autonomous entity in the sense of being able to exercise its own will in the conduct of its affairs free from direction of another government.

Anayochukwu and Ani (2021) in their study on local government autonomy in Nigeria: Its problems and prospects. Their study adopted a quantitative research approach to discover and explain the existence of constitutional ambiguities or inconsistencies that tend to provide the drive from unethical state officials to nurse the inordinate desire for hedging in the local government left, right and centre. Their finding revealed that there is jurisdiction rivalry

between the state and local governments like rates collected, distribution of fertilizers, and other farm materials like pesticides. Their study concluded that legal and constitutional requirement, no matter how full proof they may be, cannot guarantee true autonomy for the local government as a tier, unless the political will exists on the part of a statesman to streamline and stabilize this very critical level of government. The study recommended that local government autonomy is fastened on an improved revenue base, adherence to constitutional provisions, political stability, accountability and transparency in governance. To enhance the efficiency and effectiveness of the local government system, there is an urgent need to amend the constitution and delimit areas of inter-government functions especially in electoral matters, creation of local government, tenure of councils, and finance. The council elections should be conducted as at when due, to avoid a democratic vacuum. This is dangerous to the government. Again, Felix and Okonette (2018), on their parts carried out a study on politics of local government autonomy in Nigeria. Their study also adopted a quantitative research approach and thematic analysis to discover and explain that in Nigeria, the federal and state governments mostly transfer the kind of autonomy shaped by ethnic consideration to the local government. Also, that the blockage of local government autonomy is further evident at the fiscal and management employment stages than in any other areas of inter-governmental dealings. The study concluded that local government is a distinctive political arrangement and the degree of autonomy it enjoys from federal or regional or state government corresponds with the politics of the state.

In addition, Samson and Stanley (2015), in their study "State Governors as albaross to democracy and local self-government in Nigeria. The study adopted historical and content analysis method to discover that since the year 1999 and emergence of the fourth Republic, not less than seven State Governors have dismissed or dissolved local government councils in the country. The study further revealed that despite dismissal of elected local government officials, State Governors deny local governments access to statutory allocation or deny them of their full responsibilities. The study recommends a full autonomy for local governments disregarding the meddling of State Governors and that the people at the grassroots should be empowered to sack their representatives either through recall or by denying them the opportunity for another term of office through the ballot.

There are three types of autonomy. Fiscal autonomy means local government managing

their own finances and collecting revenue without molestation from the state government. Bureaucratic and Administrative autonomy means local government hiring and firing their own staff from junior cadre to senior staff. Political autonomy means that state government do not have the capacity to dissolve local government councils and put in place of caretaker committees and or interim governments.

Importance of Local Government Autonomy

The importance of autonomy in local government councils cannot be over emphasized. Autonomy increases accountability of local government council to the grassroots. This leads to better life for the periphery. Besides, Autonomy leads to local government area development and it makes local government councils to function without approval from the state government. Local government councils have so much to do hence autonomy. Financial autonomy is the independent management of local government own funds and it makes local government councils to take decision without consulting with the state government. Local government autonomy would make local government councils to tackle their security challenges in their areas.

Again, local government autonomy would improve on delivery essential services like healthcare, education, sanitation and infrastructural development to the grassroots without interference from the state government.

Local Government Autonomy and Corruption

Regardless of the advantages of local government autonomy in Nigeria, it will not expel corruption in local government councils. Officials of local government councils in the past corruptly enriched themselves with local government resources. During the regime of Chief Olusegun Obasanjo, as the President of the Federal Republic of Nigeria, local government councils were receiving allocations directly from the federation account and local government Chief Executive were enriching themselves with the allocations they received from the federation account. The local government legislative arm which is charged with the responsibility of checking the excesses of the Chief Executive failed in their responsibility because they compromised with the Chief Executive of the Local Government Councils.

Fiscal Decentralization in Nigeria

The Nigerian State operates federalism with a federal government, 36 states and 774 local government areas. In federalism, fiscal

responsibilities are vested on all the layers of government, federal, state and local governments. Mukoro, (Supra) averred that federalism means a series of legal and administrative relationships established among units of government possessing varying degrees of real authority and jurisdiction autonomy.

He further submitted that this is the co-existence of both national and sub-national governments which performs the economic functions required by the people of a society or country. In this co-existence, each layer of government has its own expenditure responsibilities and taxing powers. It is the division of fiscal powers among sovereign levels of government in a federation.

Again, decentralization is an inevitable ingredient of governance in Nigerian federation. He further explained that decentralization ascertains the extent to which power sharing among the three levels of government determines the adequacy (public good) or otherwise (public bad) of resources allocated and whether such funds are judiciously allocated or whether they match the state and local government responsiveness to participation in the process of governance. That it means whether local governments, state or communities for that matter are getting enough fund from the system as per their overall contribution to the revenue. Decentralization is an effective tool for increasing the efficiency of public expenditure. Also, it boosts accountability and transparency in the provision of public goods for the well-being of the society. Besides, decentralization means dividing financial and expenditure functions between federal, state and local governments.

The Rationale for fiscal federalism

The rationale for fiscal federalism cannot be over emphasized. Firstly, it allows for government to get very near to the grassroots. Secondly, it makes effective decision making the levels of government and exposes incompetent and fraudulent government officials at the levels of government. Thirdly, it makes the citizens to choose where they want to stay and work because of the benefits accruing from the relationship because there are variations between the states and local government councils in terms of tax structure, security and infrastructure etc. Fourthly, Different layers of government try different approaches to find solutions to issues. Fifthly, weaker states and local government councils rely on allocation from the federation account to discharge their constitutional responsibilities. Sixthly, with the existence of fiscal federalism in a country, there is tendency of people migrating from area where they would not be employed to areas where they will enjoy

more comparative advantage especially in terms of services and infrastructure.

Local governments find it very cumbersome to collect taxes unlike the federal government. The federal government has more power to tax evaders than state and local governments.

Also, basic infrastructure like roads, hospital/clinics, schools are provided by the federal and state governments. Again, in a federation, such level of government is a infra sovereign state that should remain co-ordinate and interdependent with one another within the national scheme of things or nation. Moreover, fiscal decentralization has a long history in Nigeria. Before independence in Nigeria, it was used to manage Nigeria's cultural diversity.

Effects of Fiscal Policies in Nigeria

Fiscal policies in Nigeria have been used indiscriminately to alter the allocation of resources which has caused inequality of wealth, opportunities, injustice and lack of fairness amongst the federating units. Mukoro (supra) conceived that a particular revenue sharing formulae adopted at any particular time may appear antithetic to the desire of a particular group of people. For instance, the clamour for resource control by south-south Governors of Nigeria – Those in oil bearing states are laying claim to oil resources located off shore which the sharing formulae allocated to the federal government and as provided in the extant constitution. Furthermore, decentralization has resulted inefficient resource use and has increased cost of governance rather than cost effectiveness. Again, despite the increased funding to sub-national governments, health and education have not improved.

Different Formulae Adopted by Nigeria to Allocate Revenue among the Federating Unit (1946 - 2004).

In adopting a revenue allocation formulae in Nigeria, the following formulae were used.

Derivation & Need Principle, these brought equity to all parts of Nigeria. As a result of sustainable protests, there has been regular review of the revenue allocation formulae between 1946 and 2004. Many commissions and committees were set up on Revenue Allocation. The followings were the commissions set-up.

Commissions and Committee to Review Revenue Allocation between 1946 and 2004 a Sir Sydney Phillipson Commission (1946):

This commission introduced three principles, namely: derivation, development process and population. Criticisms that followed this provisions led to another commission in 1951

chaired by both Sir Sydney Phillipson and Prof. J.K. Hicks to come up with more accepted Revenue Allocation Formulae.

Sir Sydney Phillipson and Prof. J.K. Hicks Commission (1951).

This commission recommended four general principles which are independent revenue, deprivation, need to national interest as the criteria for revenue sharing. It was also criticized over the control of government collection of duties and tax on premium motor spirit.

Sir Louis Chicks Commission (1953)

This commission was to adjust the previous recommendations and thus came with a main principle and its expatiated derivation.

Sir Jeremy Raisman Tress (1957/58)

This commission was set up as a result dissatisfaction with the derivation principle and subsequently led to the setting up of distributive pool account and complete regional jurisdiction over personal income tax. It further recommended need balanced development and minimum responsibility with a percentage division of 40% to the North, 31% to the East, 24% to the West and 5% to the Southern Cameroon.

K.J. Binns Commission (1964)

This commission rejected the principle of Need and Derivation. It increased the percentage of general import revenue, mining rent and royalties payable to the derivation pool account from 30% to 35% and also recommended percentage division of 42% to the North, 30% to the East, 20% to the West and 8% to the Mid-West.

Dina Commission (1968)

This commission was to look into the distribution of revenue following the splitting of the nation into twelve states. It renamed distribution pool account to state joint account and again created special grant account and advocated for a permanent planning and fiscal commission. In addition, it recommended national minimum standard, balanced development, basic need and national interest in the distribution of revenue.

Aboyade Technical Committee (1977)

This commission supported the national minimum standard for national integration. It recommended for all the federally collected revenues to be pooled into the federation account and be allocated there from among the federal, state and local governments. It is interesting to note that the local government started receiving their revenue directly from the federation

account, as the third tier of government after the Aboyade's Committee Submission of its requirements for the share proportion of 57%, 30% and 10% for federal, state and local government respectively with the remaining 3% for special grant.

i. **Pius Okigbo Commission (1980)**

This commission is charged with the responsibility of looking into the derivation, even development, equitable distribution and national interest as well as make recommendations on revenue sharing formulae among the layers of government. It recommended percentage on principle of population, social development and internal revenue efforts. It also recommended revenue allocation sharing formula to be 53%, 30% and 10% for federal, state and local government respectively and further recommended 7% as special fund which should be distributed among Federal Capital Territory (FCT), mineral producing areas, derivation, ecological problems, and revenue equalization fund (Okigbo, 1980). On its acceptance, the federal government effected some changes as 53%, 35% and 10% for federal, state and local government respectively and also recommended 7% as special fund which should be distributed among Federal Capital Territory (FCT), mineral producing areas, deprivation, ecological problems and revenue equalization fund.

On its acceptance, the federal government effected some changes as 53%, 35% and 10% for federal, state and local government respectively. The government directed that the state revenue allocation of 35% should be applied as follows: equality of states 30.5%, ecological problems 1.0% and derivation principle 3.5% (Ugwu, 2012). Despite all these beautiful recommendations, the commission also received criticisms but the federal military government via their decree only effected changes regarding derivations. Derivation of 2% was to be drawn from revenue relating directly to the state in which minerals were extracted while 1.5% went into fund for the development of mineral producing areas of the country.

j. **Revenue Mobilization Allocation and Fiscal Commission 1988**

This commission introduced the principles of equality of states, population, social development factor, landmass and terrain, internal revenue efforts and special fund. It recommended federal government get 50%, state 30%, local government 15% and special fund 5%. Section 153 of the extant constitution provides for the establishment of central federal executive bodies, sub-section (1n), provides for revenue mobilization allocation and fiscal

commission with functions, composition and powers as provided in the third schedule of part 1.

As stated in Section 32 of the schedule among others states; review from time to time the revenue allocation to ensure conformity with changing realities. After a Court suit decided by the Supreme Court of Nigeria that nullified the allocation of 7% of the federal allocation to special fund, Former President of the Federal Republic of Nigeria, Chief Olusegun Obasanjo on the 8th day of May, 2002 by an order: Allocation of Revenue (Federation Account etc) changed the existing formulae to federal government 50%, state 24%, local government 20%, general ecological problems 2%, Federal Capital Territory 1.5% and development of natural resources 3%.

By the month of July, 2002, there was another order that modified the previous order that shared the revenue as: Federal government 54.68%, state government 27.72% and local government 20.6%. Again by March 2004, the Revenue Allocation formulae was modified, federal government 52.68%, state government 24.72% and local government 20.6% which is still in force. Fiscal decentralization which mirrors the amount of fiscal autonomy and responsibility accorded to sub-national government, has been equation of many developing transition and developed countries.

The Review of the Supreme Court of Nigeria Judgment delivered on the 11th day of July, 2024 in the case of Attorney – General Federation vs. Attorney-General of Abia State and 35 others

The Supreme Court of Nigeria, on the 11th day of July, 2024 granted financial autonomy to democratically elected local government councils in Nigeria. The judgment stated that State Governors in Nigeria lack power, authority and locus standi to dissolve local government councils and create caretaker committees and or interim councils. Section 165 of the extant constitution and the Allocation of Revenue ACT of 1982 provides that federally collected revenue be credited to the federation account and distributed monthly among the three levels of government.

Immediately after the judgment was delivered, 10-man inter-ministerial committee was inaugurated, charged with the responsibility of enforcing the judgment. The judgment gave state governments a 3-months deadline to organize elections or risk losing federal statutory allocation for the local government councils. This instruction made many states to organize local government elections. The Supreme Court of Nigeria, having delivered the judgment, some

state Governors continued to design strategies to frustrate the judgment. To this extent, some state Governors fraudulently introduced a state legislative bill forcing Local Government Council chairmen to revert back the Allocation collected to the state government.

For instance, a clause of the Anambra State Local Government Law, 2024 requires the federal government allocations to Local Government Councils be placed first in the State Joint Local Government Account. This was repugnant to the supreme court of Nigeria Judgment delivered on the 11th day of July, 2024 granting financial autonomy to democratically elected local government councils in Nigeria. The commencement date for the direct disbursement of local government councils. Federal allocation was initially set for October, 2024 but was altered to January, 2025 because of the agreement with the State Governors to organize elections for their local government councils with immediate effect.

On January, 2025, the Central Bank of Nigeria refused and failed to pay Local Government Councils account directly instead, the Central Bank of Nigeria diverted the Local Government Council monies totalling N361.754 billion from the total of N1.424 Trillion distributable revenue through state governments.

Matawalle (2024) posited that it was the President who provided the enabling environment for the judgment of the Supreme Court and that the Presidency abandoned the judgment of the Supreme Court of Nigeria and sought political solution. It is pertinent to observe that the Supreme Court of Nigeria judgment delivered on the 11th day of July, 2024 in the case of Attorney-General, Federation vs Attorney-General of Abia State and 35 others is at variance with the provision of the constitution of the Federal Republic of Nigeria, 1999, as Amended. In a nutshell, the judgment is unconstitutional, it does not provide for local government councils' autonomy. It provides for the oversight function by the State Governors. The judgment is expected to boost Local Government autonomy but constitutional provision is more concrete than Court Judgment. Umoh, Akewu-Shola, and Essien (2024) explained that section 7 of the extant constitution recognises local government and provides for its structure, composition, finance and positions. But tied them to be supervised by the state government. The extant constitution does not recognise financial autonomy of the Local Government Councils in Nigeria. However, the functions of Local Government Council are provided for the extant constitution in the 4th schedule of the extant constitution. The extant constitution also provides that local government

councils could make consideration and recommendations to the state commission on economic planning and or similar body. Paragraph 1(a) of the 4th Schedule, of the extant constitution provides for the functions of local government councils in contributing to economic development in their areas.

Summary

This study used the qualitative research method. Secondary data obtained from text books, academic journals, newspapers and internet services.

The questions raised for this study were discussed and the findings are as follows:

The introduction of caretaker committee to local government administration by the state governments affected grassroots' participation in local politics in Nigeria.

The State and Local Government Joint Account (SLGJA) worked hardship on local government councils in Nigeria.

State governments through their local government service commission affirm monopoly of personnel matters in local government administration in Nigeria.

The judgment delivered by the Supreme Court of Nigeria on the 11th day of July, 2024 in the case of Attorney-General of the federation vs. Attorney-General, Abia State and 35 others wherein the Supreme Court of Nigeria granted Financial Autonomy to democratically elected Local Government Councils in Nigeria is unconstitutional. In the hierarchy of laws in Nigeria, the constitution of the Federal Republic of Nigeria, 1999, as amended ranks number one. Therefore, all laws must be in conformity with the extant constitution. The extant constitution does not provide for local government autonomy.

Conclusion

This study was flared up by the desire of the researcher to examine the effects of fiscal decentralization on local government autonomy in Nigeria. The findings of the study shared that the introduction of caretaker committee to local government administration by the state governments affected grassroots' participation in local politics in Nigeria.

Also, the State and Local Government Joint Account affected local government service delivery. Besides, Local Government Service Commission hijacked personnel matters of the local government. Again, the Supreme Judgment delivered on the 11/2/24 is unconstitutional.

Recommendations

The researcher haven carried out a careful exhaustive study on Local Government Autonomy and fiscal decentralization in Nigeria,

put forward the following recommendation which I believe will go a long way in solving the issues that characterized Local Government Autonomy and Fiscal Decentralization in Nigeria.

- i. The political space should be opened for the grassroots with a view to participating in their own local government council elections in Nigeria.
- ii. Section 162(6) of the Constitution of the Federal Republic of Nigeria, 1999 as Amended which provides for the establishment of the State Joint Local Government Account (SJLGA) should be expunged from the constitution.
- iii. Local Government Service Commission created to sustain monopoly of personnel matters in local government administration in Nigeria should be scrapped.
- iv. The judgment delivered by the Supreme Court of Nigeria on the 11th day of July, 2024 in the case of Attorney-General, Federation vs. Attorney-General, Abia State and 35 others wherein the Supreme Court of Nigeria granted Financial Autonomy to democratically elected Local Government Councils in Nigeria should not be used as a judicial precedent and it is unconstitutional.

v.

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