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Financial autonomy and the challenges of policy implementation in Nigerian local governments

Ibrahim Yaro[1] & Jibril Babayo Sulaiman[2]

[1]*Department of Public Administration,*
Faculty of Management Sciences, Usmanu Danfodiyo University Sokoto - Nigeria

[2]*Department of Sociology,*
Faculty of Social Sciences, Bauchi State University Gadau - Nigeria

Corresponding E-mail: yaro048@yahoo.com

Abstract

This research investigated policy implementation issues and challenges of financial autonomy in Nigerian local governments. This become necessary as the need for effective implementation of local government policies for the purpose of enhancing social and economic well-being of the rural dwellers is very crucial. In Nigeria for instance, the realization of this objective was obstructed by inadequate financial resources due to absence of financial autonomy. The research used quantitative research design with a sample of 75 administrative and executive staff of the Sokoto South local government. The findings of the study indicated that lack of proper implementation of local government policies due to absence of financial autonomy is not an obstacle to rural development. It also showed that local government financial autonomy does not enhances effective policy implementation at local level. The study therefore, recommended that the federal constitution should be amended so as to allow local governments to have full financial autonomy so as to have adequate financial resources to plan and implement local policies, state-local joint accounts should be scrapped through constitutional review so as to enable local governments have full control of its resources, corruption should be wipe out completely so as to enhance local government employee's working capabilities, and finally, bureaucratic capacity should be strengthened with emphasis given to merit recruitment with a view to have efficient employees capable of implementing local policies for the betterment of the rural dwellers.

Keywords: Financial Autonomy, Local Governments, Nigeria, Policy Implementation.

1. Introduction

Local governments the world over, prioritize providing the much-needed goods and services to rural dwellers for the purpose of enhancing their social and economic well-being. This gigantic objective is however realized, when local governments are financially autonomous. This means that local governments should be financially independent with adequate financial resources, as availability of financial resources makes bureaucracies to operate actively, thereby enabling effective implementation of policies (Abdullahi, 2013; Kpolovie, 2013; Mathew, 2013; and Innocent, 2010).

Again, financial autonomy enables local governments to stand on their own. In this regard, local governments are expected to be independent of any tier of government (state or federal) with respect to financial resources. Because depending on other tiers of government obstructs local governments from achieving development objectives. To achieve development objectives however, it is expected that local governments should be able to implement its policies effectively. The imperativeness of this is that no meaningful development could be ensured without effective implementation of policies. In Nigerian context, policies made at local government level, are either partially or not implemented at all. This retards development at grassroots and one of reasons that the local governments were not able to deliver over the years.

The Fourth Schedule of the 1999 constitution of the federal republic of Nigeria highlighted the numerous functions of local governments which are meant to improve the general living standard of the local people. These functions among others includes provision of essential services such as good drinking water, building boreholes in the rural and urban communities, electricity supply, an efficient waste disposal system, recreational facilities, construction, reconstruction and maintenance of local and other access roads, bridges and culverts, quality and affordable primary healthcare and educational services, etc. Unfortunately, most of the functions stated above are not achieved as a result of absence of financial autonomy. All local governments across Nigeria have planned policies with respect to all sectors of the economy including education, health, works etc. etc.as mentioned above but were handicapped in implementing these planned functions due to absence of financial autonomy. Because, in Nigeria, local governments are not given their full monthly allocations. The money meant for them are usually withheld by state governments through joint account. This greatly crippled local government's activities, and made it difficult or almost impossible for them to implement their planned policies towards achieving development objectives. It is however, a well-known fact that without implementing planned policies, no meaningful development could be achieved.

Indeed, there are several scholarly write-ups on different aspect of local governance in Nigeria. Example scholars such as Agbodike, Igbokwe and Nkah (2014), Odalonu (2015), Phillip (2016), Alao, Osakede and Awolabi (2015), and Oviasuyi, Idada and Lawrence (2010) to mention but a few. These studies concentrated on issues relating to local government administration in Nigeria and the challenges of sustainable development, factors hindering adequate provision of social services at local government level, challenges of revenue allocation in Nigerian local governments, factors inhibiting effective service delivery at local as well as the reasons for the creation and developing local governments in Nigeria taking into cognizance local government's functions and characteristics of good governance and accountability respectively. However, only few studies such as Shamsuddin and Siddiq (2012), Odalonu (2015), and Phillips (2016) to the best of the knowledge of the researcher, focused on local government financial autonomy in Nigeria. These studies found that local governments in Nigeria lacks financial autonomy which adversely affects effective service delivery and policy implementation. This study therefore, examined local government financial autonomy in Nigeria taking Sokoto South local government as the scope of the study, and hypothesized that:

H_1. Lack of proper implementation of local government policies as a result of lack of financial autonomy is not an obstacle to Rural Development.

H_2. Local government financial autonomy does not enhance effective policy implementation at local level.

Sokoto South local government was chosen because it is one of the local governments at the heart of Sokoto which is expected to deliver high quality services via effective implementation of its policies but the reverse is the case because of absence of adequate financial resources due to lack of financial autonomy.

2. Literature Review

Concept of Local Government

The 1999 constitution of the federal republic of Nigeria recognized local government as the third tier of government. This signifies that local government has moral obligation in partaking into democratic issues in administering local affairs. This comprises of the legal and administrative delegation of authority, power and workforces by a higher level of government to a community with a will of its own. Local governments therefore, has the capacity to execute development mission of central government at the grass root level. By this function, local governments are often viewed as an arm of government which serves as a means through which services are rendered at the local level (Oladonu, 2015).

Furthermore, local government is defined by the guidelines for Nigeria local government reforms (1976) as "governments exercised through representative councils established by law to exercise specific powers within defined areas." Again, Orewa and Adewumi (1992) described local government as "a system of local communities and towns which are organized to maintain law and order; provide some limited range of social services and co-operation of the inhabitants in joint endeavors towards the improvements of their conditions of living." In another view, Akinyele (1988) defines local government as "a political submission of a law which is constituted by law and has substantial control over local affairs". From the definitions offered by the above authors, it could be deduced that all the authors have a somewhat related views of what local government entails and what it is meant to achieve.

The need for Local Government Financial Autonomy

Basically, local government autonomy refers to the freedom that local governments are supposed to exercise within the boundaries of the law. It is meant to enable the local governments to effectively discharge their duties and responsibilities within the legal framework without the intervention of other tiers of government. This means that "autonomy" would only be meaningful when each level of government is not bound by law to take directives from another. Davey (1991), stated that "Local autonomy is primarily concerned with the question of responsibilities, resources, resources and discretion conferred on the local authorities". This means that the local governments must have the power to make decisions legally without the intrusion of external force (state and central governments). To achieve this however, local governments are expected to acquire enough financial resources in order to meet their responsibilities and fulfil their obligations. Indeed, numerous reasons were put forward to justify the need for financial autonomy at local level. Some of these reasons are stated below:

1. Local government financial autonomy enables building up democratic governance at the local level through electoral process by putting power in the hands of citizens at the grassroots level. This will indeed lead to ensuring development because people will be governed by those who knows their problems better and have the zeal of solving them.

2. There is bound to be equal distribution of the scarce resources to all and sundry. In other words, adequate financial autonomy at local level will ensure that development reach almost everyone since most people reside in the rural areas.

3. Local government financial autonomy will no doubt enhance capacity building in rural areas. Because, with adequate financial resources, more people will be empowered economically through job creation. When the rural dwellers were taught one form of trade or the other, their potentials would be harnessed thereby enhancing the chances of local governments to excel in development missions.

4. When local governments are financially autonomous, its employees will enjoy a conducive and functional working environment which will subsequently lead to achieving development missions. It is a well-known fact that most local government employees in Nigeria, do not receive their financial entitlements (including salaries & retirement benefits) as at when due. With local government financial autonomy, all these will become history thereby enhancing the social and economic well-being of the employees.

5. With local government financial autonomy, more money will flow freely in the hands of individuals. In other words, people will be financially stable. This is because more contracts will be awarded by the local government itself and the contractors will employ labour from among members of the community which ideally is cheaper. By this, job opportunities are created for the skilled, semi-skilled and even unskilled rural dwellers.

6. Public Awareness – With adequate autonomy, the system of local government will no doubt develop. The development will however come by means of educating the rural populace about the political system.

Challenges of Policy Implementation at Local Government Level

Most countries of the world are clamoring for good governance as a tool of achieving effective services and progress in the performance of public sector. Good governance is however ensured when there is effective implementation of government policies. But, in spite of the fact that effective implementation of policies is crucial to the survival and sustainability of organizations at all levels, there are indeed several factors that constrained the realization of this important aspect of administration especially at local government level. As Kraft & Furlong, (2007) and Ajaegby & Eze, (2010) rightly said that, policy implementation is all about implementing government policies. Indeed, for governments to progress and achieve the desired outcome, the formulated policies must be put into effect. For this reason, Paudel (2009) regarded policy implementation as undertaking a task to achieve pre-determined goals. This involves the processes and efforts put in place to actualize the policies decided upon by the government so as to achieve a desired outcome as contained in the policy guidelines.

Furthermore, it is good to note that policy implementation is the routine administrative procedures of putting the targeted goals set by the government into action. This is normally carried out by the government agencies or its officials in line with the stipulated laws. Putting into effect the policies designed at local government level is fundamental, because it aids the realization of the proving the needed service to local communities which is the primary aim for which the local governments were created to achieve. However, series of activities are involved in order achieve the targeted goal. For this reason, Pressman & Wildavsky (1973), described policy implementation as the process of interaction between setting of goals as well as the activities and actions that followed towards achieving those goals. Such as applying significant rules and putting into effect appropriate laws for the purpose of making public services available to the people (Brooks, 1998). In the Nigerian context, the greatest impediment to implementing appropriate local government policies is absence of financial autonomy (Shamsuddin & Siddiq, 2012; Odalonu, 2015; and Phillips, 2016). Several factors are however, responsible for absence of local government's financial autonomy in Nigeria which include the followings:

1. Constitutional Provisions: One of the stumbling blocks to local government financial autonomy which creates go slow in the implementation of local policies in Nigeria is the current constitution (i.e. the 1999 constitution of the Federal Republic of Nigeria as amended). Because the constitution does not make adequate provision for local governments to be financially independent. The constitution only provides for state-local joint account. This poses a serious threat to local governments towards achieving their objectives.

2. State–Local Government joint Account: closely linked or related to the point above which is also another stumbling block to local governments financial autonomy, is the issue of state-local joint account. As a tier of government, local governments are expected to be left alone to come up with their policies, projects and programs that will benefit their people. But the State Government usually uses their powers and force local government into joint accounts. This scenario does not give room for local governments to formulate policies not to talk of implementing it. In situations where the projects have started, by introducing the state-local joint accounts, the projects are either abandon or left without commissioning. Thus, leading to a huge loss and waste of resources.

3. Corrupt Practices – it is indeed a well-known fact that corruption has eaten deep in the nerves of most citizens. For instance, the money meant for developing the rural areas are highly mis-used by state government officials to the detriment of the local populace. The state government already hijacked the funds meant for local governments through state-local joint account. In this case, the local governments are seriously handicapped to the extent that they cannot do anything, since they don't have the available resources to do so.

Theoretical Framework

This research work adopts the Top-Down Theory of policy implementation by Sabatier and Mazmanian (1979; 1980), as its theoretical framework. The justification for choosing this theory is based on the fact that the theory is broadly based on political decisions (i.e. the opinion of policy formulators), and followed implementation vertically (i.e. from top to bottom) with particular interest on the top-level decision makers. At local government level, policies are decided by the top management officials (Santana et al., 2010). The top management officials determine the criteria to follow in actualizing the targeted objectives towards ensuring effective service delivery. Another reason as to why this theory fits in this study is the fact that the Top-Downers have great power and influence in shaping the direction of the policies and the overall outcomes of such policies. Because after initiating policies, they set standard and path towards accomplishing the policy goals before any concerned citizen and those that can possibly be affected by the policy can have a say on its outcome. In Nigeria, the issue of financial activities at local level are managed by the top level managers i.e. the top level local government officials. They are responsible for giving directives on how funds should be disbursed and utilized by the various segments of the local government so as to implement its policies. These are the reasons for selecting the theory.

3. Methodology

Quantitative research design was employed in obtaining the required data and used questionnaire as instruments of data collection using a 5 point Likert scale. However, seventy five employees from among administrative and executive staff were purposefully selected as research participants. The selection of these categories of staff was informed by the views of Delbrio et al., (2007) who posited that to obtain the needed information from a set of respondents is better than obtaining such information from multiple set of respondents. Again, Chi-square (X^2) an inferential statistical tool was used in testing the research hypotheses.

4. Results and Discussion

This section presented data analysis, findings of the study and conclusions arrived at. It starts with demographic analysis of the respondents.

Demographic Analysis

As indicated in the methodology, seventy five (75) staff participated in the research, out of which forty two (42) are within the age range of between 20 to 40 years, while thirty three (33) of them are within the age range of between 41 to 60 years. In terms of qualification, thirty seven (37) of them has Bachelor's degree, while the remaining thirty three (33) staff have either National Diploma or Higher National Diploma. This is shown in Table 1.

Table 1: Demographic Analysis

	Frequency	Percentage (%)
Age Group (years)		
20-40	42	56%
41-60	33	44%
Total	75	100%
Qualification		
Bachelor's Degree	37	49%
ND/HND	38	51%
Total	75	100%
Experience (years)		
1 to 20	28	37%
21 to 35	47	63%
Total	75	100%

Source: Field work, 2022

Test of Hypotheses

Again, as indicated in the methodology, chi-square (X^2) would be used in testing the research hypotheses. The responses of the research participants on the questions asked are as follows:

Table 2: Responses to Research Questions

	SA	A	U	D	SD
H_1	10	12	30	18	05
H_2	35	39	07	02	01

Step 1: calculate the expected frequency (E) for each of the observed values. The responses from Strongly Agreed (**SA**) to Strongly Disagreed (**SD**), are all observed values (O).

Expected frequency (E), is determined by the formula: $E = \frac{CT \times RT}{GT}$.

CT = Column Total
RT = Row Total
GT = Grand Total

The formula was used in obtaining all the expected frequencies for each of the observed values as shown in Table 2.

Table 2: Expected Frequency (E)

O	E	O	E	O	E	O	E	O	E	
10	21.2	12	24.1	30	17.5	18	9.4	05	2.8	**RT=75**
35	23.8	39	26.9	07	19.5	02	10.6	01	3.2	**RT=84**
CT=45		**CT=51**		**CT=37**		**CT=20**		**CT=06**		**GT=159**

Step 2: calculate the Chi-square (**X^2**).

$$X^2 = \sum \frac{(O-E)^2}{E}$$

$$X^2 = \frac{(10-21.2)^2}{21.2} + \frac{(12-24.1)^2}{24.1} + \frac{(30-17.5)^2}{17.5} + \frac{(18-9.4)^2}{9.4} + \frac{(5-2.8)^2}{2.8} + \frac{(35-23.8)^2}{23.8} +$$

$$\frac{(39-26.9)^2}{26.9} + \frac{(7-19.5)^2}{19.5} + \frac{(2-10.6)^2}{10.6} + \frac{(1-3.2)^2}{3.2}$$

$$X^2 = \frac{125.44}{21.2} + \frac{146.41}{24.1} + \frac{156.25}{17.5} + \frac{73.96}{9.4} + \frac{4.84}{2.8} + \frac{125.44}{23.8} + \frac{146.41}{26.9} + \frac{156.25}{19.5} + \frac{73.96}{10.6} + \frac{4.84}{3.2}$$

$$X^2 = 5.9 + 6.1 + 8.9 + 7.9 + 5.3 + 5.4 + 8 + 6.9 + 1.5$$

X^2 = 57.6, this is also known as the calculated value (CV).

Step 3: Determine the degree of freedom (DF)
DF = (C-1) (R-1) whereas C = number of columns and R = number of rows
DF = (5-1) (2-1)
DF = 4 x 1
DF = 4
Step 4: obtain the Critical Table Value (CTV)

According to the X^2 statistical table, the critical table value (CTV) is 9.488. Therefore, since the CTV is less than the CV, the hypotheses are therefore accepted. This means that lack of proper implementation of local government policies as a result of lack of financial autonomy is not an obstacle to rural development. Also, local government financial autonomy does not enhance effective policy implementation at local level.

5. Conclusion and Recommendations

To accomplish the objective of improving the lives of rural dwellers, the formulated policies must be fully implemented. To do this, local governments must be financially stable. This enables not only making adequate planning, but effective implementation as well. Development projects normally emanates from quality government plans. The quality government development projects are instrumental especially at the local level towards improving quality life of rural dwellers. This also depends on availability of financial resources. However, it remains a well-known fact that monies meant for local governments are not properly utilized, due to either corruption or other sentimental issues as revealed in literature. The findings of the study showed that lack of proper implementation of local government policies as a result of lack of financial autonomy is not an obstacle to rural development. Also, local government financial autonomy does not enhance effective policy implementation at local level. This notwithstanding, the fact still remains that release of full monthly cash allocations to local governments from the federation account will no doubt bring about the much-needed development at the local level for the benefit of present and future generations.

Despite the fact that the findings of the study indicated that lack of proper implementation of local government policies as a result of absence of financial autonomy is not an obstacle to rural development, and that local government financial autonomy does not enhance effective policy implementation at local level, the followings are recommended:

1. Government need to consider revising the current constitution i.e. the 1999 constitution of the Federal Republic of Nigeria (as amended) so as to provide sufficient constitutional barking for local governments to be financially autonomous. This will enable having adequate financial resources to finance and implement local government's plans for the benefit of the local populace.

2. Government should as well, amend the constitution of the Federal Republic of Nigeria in order to scrap the State-local joint account. This is with a view to give local governments more breathing space to have full control over its resources and at the same time implement its policies appropriately.

3. Concrete measures need to be taken by the government in order to wipe out corruption completely or minimize it. This is with a view to enhance the workings of the local government employees, as corrupt practices lead to embezzlement of government resources thereby hindering providing the much needed services.

4. Bureaucratic capacity need to be strengthened. Also, emphasis should be placed on merit recruitment so that professional and qualified personnel can be employed who can efficiently manage financial resources and be able to implement policies appropriately.

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