

Local Government Financial Autonomy and Rural Development in Enugu State

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Abstract

The growing rate of poverty coupled with absence of basic infrastructural facilities in rural communities in Enugu State has sufficiently justified the need to investigate the factor(s) responsible for the inability of local governments to address these challenges and by extension ensure rural development in their areas. It is on this premise that this article offers to investigate the correlation between local government financial autonomy and rural development in Enugu State. The article adopts micro-analysis method using secondary data. The secondary data used in this study comprises of journal articles, books, official documents, policy documents and conference speeches. The finding of this study demonstrates that there is local government financial autonomy deficit in Enugu State resulting from manipulation of State Joint Local Government Account among others by the state government and this has greatly undermined efforts made by local governments towards development of rural communities. It is also indicated in the study that the measure adopted by the Nigerian Financial Intelligence Unit titled “Guidelines to Reduce Vulnerabilities Created by Cash Withdrawals from Local Government Funds throughout Nigeria” to solve these problems failed. The implication of the foregoing findings is that rural development in Enugu State will continue to be impracticable until these fundamental issues are well addressed. Therefore, this article recommends among others that State Joint Local Government Account should

be urgently abolished to enable local governments receive their statutory allocation among other funds directly.

Key words: Local government; Financial autonomy; Rural development

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INTRODUCTION

The understanding that a systematic strategy is required to improve living conditions in the rural areas, where the bulk of the population of developing countries resides, has led to an increase in efforts for rural development. Given that reducing poverty is the main goal of rural development, it (rural development) is a method to enhance the social and economic well-being of the rural poor people. Therefore, it must be adhered to explicitly increase output and power. Agriculture and related activities, village and cottage industries, including crafts, socioeconomic infrastructure, community services and facilities, as well as the development of human resources, all fall under the broad and multifaceted idea of rural development. Rural development is a process that arises through interactions between numerous institutional, socio-cultural, technological, and physical elements. As a tactic, it is intended to enhance the economic and social well-being of the designated population, known as “the rural poor.” It is multidisciplinary in nature as a field of study, including the engineering, management, social, and agricultural sciences (Banaker & Patil, 2018). In other words, it entails concerted attempts to drastically reduce poverty and inequalities as well as provide basic infrastructures for the rural communities.

This illuminates the place of local government in opening up rural communities for accelerated development. The *raison d'être* for creating local governments especially in developing countries is to ensure rapid development at the rural communities. They are viable tools for rural transformation as they provide certain basic services to rural communities. According to Ogunna (1996), local government remains the local instrument used for promoting development, cultural revival and mobilization of human and material resources. In Nigeria particularly in Enugu State, local government is basically established to foster development at the rural areas through provision of critical infrastructures to rural residents. This objective is anchored on the premise that this third tier of government is strategically positioned to stimulate developmental activities at the rural communities. As inferred by Eze & Anikeze (2019), the proximity of local government to the grassroots places it in a better position to provide certain services that will enhance the people's standard of living in the local communities.

In playing this all important role of rural development, adequate access to finance is very critical to the local government. Finance is a very important prerequisite which ensures that local government maintains itself and effectively meets the expectations of rural dwellers who rely on them for certain critical services. Hence, local government's full access to finance is sacrosanct as it enables the local government to determine key areas of rural intervention without interference from higher political authorities (Eze & Anikeze, 2019). Consequently, there is a growing recognition among scholars over the correlation between local government financial autonomy and quality service delivery at the rural communities. Egwera, Akporien & Otuya (2021) observed that there has been clamor by the academics and policy makers over a full fiscal autonomy to the local government as it concerns service delivery at the grassroots but few studies have been carried out in that regard. This article therefore basically seeks to interrogate the relationship between local government financial autonomy and rural development in Enugu State among other issues investigated.

METHODOLOGY

The study location is scattered across the seventeen local governments and various autonomous communities in Enugu State. We adopted micro-analysis method using secondary data. The micro-analysis provides an overview of how local government financial autonomy deficit affects rural development in Enugu State. The secondary data used in this study comprises of journal articles, books, official documents, policy documents and conference speeches. In order to have a better understanding of the degree of State government's

interference in local government finance and by extension establish the level of financial autonomy deficit for local government in Enugu state, we examined among others total deduction at source by Enugu State Government from Aninri, Enugu North and Nsukka local governments funds between 2002 and 2007; and official document from the Office of the Accountant-General, Enugu State regarding some deductions made by the State government from statutory allocations of local governments in the state.

LITERATURE REVIEW

Rural Development

High and unacceptable rates of poverty, poor access to social and economic infrastructure and services, such as access to safe drinking water and sanitation, higher rates of health indicators, such as infant and maternal mortality rate, malnutrition and disease prevalence, and lower enrollment of children in school are just a few reasons for the urgency of prioritizing rural development. Rural development physically alters a primitive community to levels represented by symbolic presence of modern structures such as hospitals, schools, roads, bridges, pipe born water and electricity (Odiba, 2001). By implication, it is an effort geared towards establishing an ideal society in form of large modern programmes and projects. Therefore, its central aim is to judiciously utilize available human and material resources in a way that enables the rural dwellers to attain their basic needs such as food, clothing and shelter together with provision of education and health without negative impact on the environment (Adeyemo, 1989). Olayide et al. (1981) defined rural development as a process in which coordinated efforts are made to enable a significant increase in the productivity of rural resources with the primary goal of improving rural income and creating employment opportunities in rural communities for rural dwellers to stay in the area. It is a comprehensive idea that acknowledges the complexity and interconnectedness of the numerous factors that influence the standard of living in rural areas. Rural development is a complicated process that involves the interaction of various situational aspects, including economic, social, political, cultural, technological, and others (Aziz, 1999). In the words of United Nations (1976, p.4):

The concept of rural development implies that it is a composite or comprehensive programme for rural development in which all relevant sectors such as agriculture, education; housing, health and employment are conceived as interlinking elements in a system having horizontal as well as vertical linkage in operational and spatial terms.

The foregoing suggests that rural development is essentially about efforts and strategies put in place for the betterment of the rural poor. It is a complex task that takes into account various sectors of a rural community.

Cardinally and specifically, it involves delivery of quality infrastructural services and projects such as water, roads, health centres, schools, electricity and bridges to the rural populace. Its primary goal remains the improvement of standard of living of rural dwellers and must be measured using this yardstick. More so, the policies and programmes formulated to drive the processes of rural development should take into consideration the environmental peculiarities of rural communities so as to have a desired outcome.

Financial Autonomy

Financial autonomy for local governments refers to their independence to exercise their financial authority within the bounds of the law or the constitution. This will enable the local government to successfully carry out the financial power and obligations that have been granted to it lawfully or in accordance with the constitution, free from excessive interference or restraint from within or higher authority (Adeyemo, 2005). Impliedly, local governments should have sufficient financial autonomy within the bounds of the law in order to offer services effectively and efficiently. More so, financial autonomy means that each government lives independently of the other and is not subject to its influence financially. It is a form of autonomy that necessitates more than simply the physical and legal presence of a government institution, such as the financial autonomy enjoyed by the legislature, the governor, the court, etc (Adeyemo, 2005). In a similar view, financial independence would only be significant in a scenario where each level of government is not constitutionally required to accept orders or directives from another (Osakede & Ijimakinwa, 2014). According to Agunyai, Ebiri & Odeyemi (2013) in Osakede, Ijimakinwa & Adesanya (2016), local government financial autonomy refers to the relative financial freedom that local government has while administering and regulating its own business. It refers to the degree to which the state and federal governments have no influence over how local governments manage their finances.

Financial autonomy for local governments especially in developing countries such as Nigeria is not only necessary but has become inevitable in view of the abysmal performance of local governments in the country. Financial autonomy strongly prevents the higher political authorities such as state government from meddling in the operations of local government and enables the local governments to carry-out their constitutionally duties and obligations effectively and efficiently. Furthermore, it enthrones partners-like intergovernmental relationship between local and state governments unlike the master-servant method of the current system.

Local Government

Different scholars and academics have conceptualized local government in different ways. According to Awa (1991), the objective of local government is to distribute

or decentralize political power. Local governments are established by nations or states as subordinate authorities. Similar to this, Wraith (1984) defined it as the process of decentralizing power, which may manifest as deconcentration or devolution. Devolution refers to the transfer of authority to local government entities or certain statutory organizations, such as school boards, whereas deconcentration refers to the delegation of authority to field units of the same department. From this vantage point, local government is an administrative body that exercises oversight and power over the folks in the periphery or at the grassroots (Eyitayo & Alani, 2019). According to Emezi (1984), local government is a system of local administration within local communities that is set up to uphold law and order, offer a constrained range of social amenities, and promote collaboration and involvement among residents in an effort to improve living conditions. It gives the community a formal organizational framework so they may manage their affairs efficiently for everyone's benefit. Local government, according to Akpan & Ekanem (2013), is the division of the nation into smaller units or localities for administrative purposes, in which the citizens of the various units or localities concerned play a direct and complete role through their elected representatives who act in accordance with the general direction of the state or national government. However, a wider definition of local government which captures the important indicators of local government is contained in the guidelines for a reform of local government in Nigeria. A local government is:

Government at the local level exercised through representative council established by law to exercise specific powers within definite areas. These powers should give the councils substantive control over local affairs; as well as the staff and institutional and financial powers to initiate and direct the provision of services, and to determine and implement projects, so as to complement the activities of the state and federal governments in their areas, and to ensure, through active participation of the people and their traditional institutions, that local initiatives and response to local needs are maximized (FRN, 1976: 1 cited in Ebiziem, Umoh, Udumaga & Onyeakazi, 2022).

Functions of Local Government

According to Egboh & Attanse (2009) in Ogbette & Idam (2018), local government can promote rural development through the following statutory functions:

- Economic Sector: Because rural residents make up the majority of the population, any economic development initiatives should pay particular attention to rural residents and their issues. Therefore, both at the federal and state levels, local governments are expected to be active in economic planning and implementation. They have a better opportunity of organizing their populace to support government programs that reduce poverty, as well as creating jobs for their burgeoning population, which will boost their economy and help them deal with the issue of poverty.

- **Health Sector:** To put it mildly, the condition of the majority of local governments' health clinics is appalling. There is a complete lack of medication, medical supplies, and staff. Again, there is a growing lack of excitement among medical professionals, which causes the majority of rural residents to turn to conventional medical procedures. Many local dispensaries and drug stores sell bogus medications, and some rural residents have been duped by them. In fact, by addressing the issues plaguing the industry, local government has a better opportunity of resolving the health issues facing rural residents.

- **Transportation and communication:** It is the responsibility of local governments to build and maintain local roads, which will lighten the burden of transportation on rural residents. They can also use public transportation to hold down the soaring expense of transportation. An attempt should be made to persuade Global Service Mobile (GSM) service providers to connect every nook and cranny of their communities in the domain of communication.

- **Provision of Essential Amenities:** Basic social amenities like roads, power, water, and recreational facilities are desperately needed by rural residents. As a result, local governments play a crucial role in providing the facilities by working together with the federal and state governments.

- **Agriculture:** Despite Nigeria's preference for oil, agriculture is still a significant part of the national economy. Sizable portions of the populace, particularly those who live in rural areas, rely on agriculture as a source of income. However, the level of mechanization in the industry is still quite low. In order to assist the farmers, local governments are anticipated to offer soft loans, subsidies for farm inputs like fertilizer and enhanced seedlings, insecticides, and even farm equipment for planting operations. Additionally, workshops and seminars should be held to educate farmers on good agricultural techniques because many people at the rural communities are dependent on agriculture.

- **Rural industrialization:** This is one way that local governments can support rural development. They can do this by establishing cottage industries like garri processing plants, rice milling facilities, palm oil refineries, fishing and livestock operations, etc. These businesses will help the populace financially and through employment.

The above functions outlined explicate the critical importance of local governments towards rural development in Enugu State. The proximity of local government to grassroots enables it to better understand the peculiar needs of the rural populace as well as workable and effective strategies for the issues.

Table 1
Total deduction at source from Aninri, Enugu North and Nsukka local governments fund by Enugu State Government (2002-2007).

Month/G	Net allocation	Total deduction at source (%)	Net amount received by LGs (%)
April, 2002			
Aninri	26,574,156.86	17,143,484.5(65%)	9,430,672.36(35%)
Enugu North	27,870,959.44	24,432,553.59(88%)	3,438,403.85(12%)
Nsukka	33,359,005.33	33,359,005.33(100%)	0.00(0%)
May, 2002			
Aninri	47,636,395.88	37,930,815.03(79.6%)	9,705,580.85(20.4%)
Enugu North	49,990,512.67	46,192,034.59(92.4%)	3,798,478.08(7.6%)
Nsukka	59,976,727.12	59,740,251.45(99.1%)	236,475.69(0.4%)
April, 2003			
Aninri	42,563,411.82	20,971,204.74(42.3%)	21,592,207.08(50.7%)
Enugu North	48,557,799.86	26,554,763.59(54.7%)	19,003,036.27(39.1%)
Nsukka	53,523,763.46	36,190,424.06(67.6%)	17,333,338.86(32.4%)
December, 2003			
Aninri	46,155,568.48	16,153,504.56(35%)	30,003,055.92(65%)
Enugu North	59,660,428.33	27,708,233.88(46.4%)	31,952,194.45(53.6%)
Nsukka	71,469,961.60	38,725,960.99(54.2%)	32,744,006.61(45.8%)
August, 2004			
Aninri	51,398,352.33	24,784,053.08(48.2%)	26,611,298.53(51.8%)
Enugu North	52,188,601.52	32,172,620.43(61.6%)	29,115,786.76(39.4%)
Nsukka	63,659,072.40	43,640,375.21(68.6%)	20,018,697.19(31.4%)
October, 2004			
Aninri	50,032,361.87	20,242,031.96(40.5%)	29,790,329.91(59.5%)
Enugu North	56,561,345.01	32,607,600.62(54.6%)	23,953,744.39(42.4%)
Nsukka	69,078,339.97	26,361,596.66(38.2%)	23,920,059.18(61.8%)

To be continued

Continued

Month/G	Net allocation	Total deduction at source (%)	Net amount received by LGs (%)
January, 2005			
Aninri	59,293,081.01	26,361,596.66(44.5%)	32,931,484.55(55.5%)
Enugu North	67,085,540.66	40,774,125.12(60.8%)	26,311,415.54(39.2%)
Nsukka	82,036,667.09	55,048,175.73(67%)	26,988,492.17(32.9%)
April, 2006			
Aninri	65,542,358.89	30,399,503.15(46.4%)	35,142,855.74(53.6%)
Enugu North	74,732,214.04	57,283,437.29(76.77%)	7,448,776.75(23.3%)
Nsukka	91,030,521.80	58,720,759.03(64.5%)	32,309,762.77(35.5%)
September, 2006			
Aninri	126,209,181.64	94,153,278.66(74.6%)	32,055,902.94(25.4%)
Enugu North	142,827,289.56	118,610,011.04(83%)	24,217,278.12(17%)
Nsukka	174,478,179.81	150,430,810.07(86.2%)	24,047,369.07(13.8%)
January, 2007			
Aninri	62,323,331.39	28,687,073.25(46%)	33,636,258.18(54%)
Enugu North	70,576,416.47	43,150,893.87(61.1%)	27,425,522.60(38.9%)
Nsukka	86,203,716.22	58,189,229.87(67.5%)	28,014,486.35(32.5%)
February, 2007			
Aninri	69,172,119.84	48,091,829.69(69.5%)	21,080,292.15(30.5%)
Enugu North	79,037,418.26	65,049,565.09(82.3%)	13,080,292.15(30.5%)
Nsukka	97,842,037.42	86,068,494.51(86.9%)	12,773,542.91(13.1%)

Source: Chuwkwu & Ogbu (2011)

Table 2
Some deductions made by Enugu State Government from State Joint Local Government Account

S/N	Beneficiary	Amount (in naira)	Sort code
1	Enugu State ALGON Sinking Fund	12, 000, 000.00	063250185
2	ENSG Capital Account	17, 000, 000.00	011251408
3	Rangers Management Corporation	8, 500, 000.00	063250525
4	ENSG Accountant General's Dedicated Account	-	057250010
5	FMCH Programme	8, 330, 000.00	056250011
6	Enugu State ALGON	1, 020, 000.00	057250036
Total		46, 850, 000.00	

Source: Office of the Accountant-General, Enugu (2018) in Nwodo & Offu (2019).

State Joint Local Government Account (SJLGA) in Enugu State

The findings of a study conducted by Eme & Izueke (2013) revealed that the law creating the joint account allocation committee in Enugu State was passed in 2001. State Joint Local Government Account/Distribution of Revenues and Other Related Matters Law 2001 was the title of the law that appeared in Gazette No. 6 of 2001. The law had the following provisions; the committee's membership

1. (a) Chairman:
- (b) One Treasurer of a Local Government Council to be appointed by Governor, by rotation, from each of the state's senatorial Zones.

Table 3
Contd: Some deductions made by Enugu State Government from State Joint Local Government Account

S/N	Beneficiary	Amount (in naira)	Sort code
1	ESUBEB LGEA Account	659, 468, 437.76	070251818
2	ESUBEB Overhead Account	5, 480, 420.91	057250023
3	Local Government Pension Board	200, 000, 000.00	214252783
4	Local Government Service Commission	18, 338, 380.84	070251818
5	Ministry of Chieftaincy matters	40, 000, 000.00	011251408
6	ESUT	25, 500, 000.00	070251818
7	Enugu State ALGON	5, 100, 000.00	057250036
Total		953, 887, 239.51	

Source: Office of the Accountant-General, Enugu (2018) in Nwodo & Offu (2019).

(c) One member from each zone of the state who, in the Governor's judgment, are individuals of unquestionable integrity with the necessary training and experience.

(d) Two representatives from the state's civil service who must both be no lower than the level of GI-13, one from the Ministry of Finance and the other from the office in charge of Local Government matters.

In order to fulfill its mandate, the Committee must communicate with the state's Accountant General.

2. Secretary:

A Secretary of the Committee will be appointed by the Governor. This person shall be responsible for carrying

out the law's requirements and performing the following duties:

- a. Issuing notices of Committee meetings as directed by the Chairman.
- b. Carrying out any other duties as the Committee or the Chairman may from time to time specify.

The Act further stated that the Joint Account Allocation Committee (JAAC) shall distribute any sum from the sum to the credit of Local Government Councils in the Joint Account that shall be set out by the Committee at any time for distribution among the Local Government Councils in the following manner;

- a. 40% on the basis of equality
- b. 25% on the basis of population
- c. 20% on the basis of primary school enrollment
- d. 10% on the basis of internally generated revenue
- 5% on the basis of landmass.

The following deductions are listed as "First-Line-Charges" under the Joint Account Law:

- Local Government Education Authority gross salary
- Local Government Education Authority Overhead
- Total Education Fund payable
- Pension Fund allowance.
- Training fund (Eme & Izueke, 2013).

The Implications of the Joint Account System on local government fiscal autonomy are outlined as follows:

- The laws made by the State House of Assembly to implement the State Joint Local Government Account (SJLGA) are typically skewed to favor ends, thereby aggravating the local governments' already precarious financial situations.
- The majority of local governments are not even represented on the Joint Account Allocation Committee, which is made up of state government representatives who work under the directives of the state chief executives with little or no control from local government chairmen who are the statutory owners of the fund as the chief accounting officers of their local governments (JAAC).
- The chairmen, who are also the main financial officials of their individual local governments, are never informed before sharing of money accrues to their councils from the Federation Account.
- Significant portions of the FAAC's allocations to each of the local government are withheld at the source under the guise of joint projects or any other fabricated justifications.
- Local government chairmen who muster the confidence to object to unlawful deductions from their councils' statutory allocations face threats from state governors and, in some cases, are fired from their jobs for having the temerity to question the actions of the joint account allocation committee (JAAC).
- The state, which is mandated by law to provide funding for local governments, has instead utilized the SJLGA rules to hold local governments hostage and

reduce them to mere pawns in the hands of the state, effectively denying the local government their right to self-support (Okafor, 2010).

Sources of Finance to Local Governments in Enugu State

Resources in local government can be thought of in terms of material, financial, and human resources. The most important resource, nevertheless, is money since it lends significance to the mobilization of people and material resources, which does in fact support grassroots development (Zakari ya'u, 2014). Finance continues to be the foundation of all operational institutions or organizations in any given society, as observed by Onwe (2009). It is incredibly important and drives an organization to keep going and efficiently fulfill its commitment to people and groups who use the products and services it produces. The local government's sources of funding are numerous. There are two traditional sources of funding for local governments around the world: internal and external. The external sources include loans, grants in aid from the government, and statutory allocation. The internal sources include income from business ventures, interest from investments, and taxes, rates, licenses, fees, and fines (Ezeani, 2004). Local governments in Enugu state and throughout Nigeria rely on five distinct sources of income: local tax, rates or property tax, user fees and charges, financial transfers from state and federal governments (statutory allocation and grants), and loans (Eze & Anikeze, 2019).

LOCAL GOVERNMENT FINANCIAL AUTONOMY AND RURAL DEVELOPMENT: AN INSIGHT FROM ENUGU STATE

The Nigerian constitution provides for financial powers and safeguards for local government against arbitrary actions from higher political authorities in an effort to ensure that local government, including those of Enugu state, effectively provides critical services to rural communities. For instance, the country's current revenue allocation mechanism gives local governments the authority to receive 20% of the money accruable to the federation accounts and 10% of the state government's internally generated revenue. In particular, Section 162 (5, 6, 7 & 8) outlines how the local government will be financed through the federation account. According to paragraph 6, each state is required to keep a special account known as the "State Joint Local Government Account" into which all payments made to the state's local governments from the Federation Account and the state government are to be deposited (Eze & Anikeke, 2019). This supposes that there is reasonable degree of independence in revenue generation enjoyed by local government (Onwe, 2009).

Incontrovertibly, local government financial autonomy in the country is a mirage as the higher political authorities especially the state government has subjected this third tier of government to financial conundrum and this has greatly undermined the efforts put in towards rural development. According to Egwera, Akporien & Otuya (2021), the local government's performance in Nigeria, particularly in the area of service delivery, has been significantly impacted by financial autonomy deficit. The state governments in Nigeria have with action considered local governments primarily as their appendage rather than as independent authorities. Despite receiving a monthly payment from the Federation Account, they continue to reach into the Joint Account and withdraw money from the local government without giving any justification. Without doubt, the state governments' influence over local government funding has deprived the later its financial independence. Obasanjo in Nwobashi (2014) revealed that local governments have received historically high amounts of funding from the Federation since the restoration of uninterrupted democratic government in 1999, yet there has been very little to show for it. More so, statistics from the office of the Accountant-General of the Federation, reveal that over 14.7 trillion naira (₦14,708,838,964,375.70) was allocated to the 774 local government areas in the country between 2008 and 2018 and the larger percentage of this allocation was diverted by state governments into the state account and misappropriated (Abdulraheem, 2018). This financial crisis has severely hampered grassroots growth. According to the Nigeria Union of Local Government Employees' statement to the National Assembly Constitution Review Committee, illegal state government deductions result in just twenty-five percent (20-25 percent) of the statutory allocation going to the local government (Adenji, 2013).

In Enugu State, the level of infringement in the local government financial autonomy is disturbing as the State government usurps key revenue sources of local government. It is evident that a greater number of major motor parks and markets in the state which constitutionally belong to local government have been taken over by the state government. This cripples the local government financially, hence its abysmal performance in delivering access roads to rural dwellers. Furthermore, the state government through the instrumentality of State Joint Local Government Account has appropriated funds meant for rural development. The State Joint Local Government Account system has become effective tool used by Enugu state government to financially stifle local governments in the state thereby making quality service delivery at rural communities a mirage. Its manifestations are worsening public schools, poor markets facilities and inadequate health facilities among others (Eze & Anikeze, 2019). Similarly, Eytayo & Alani (2019) observed that lack of financial autonomy resulting from State Joint Local Government Account has hindered rural infrastructural development. Nwodo & Offu (2019) averred that the

unnecessary interference on Igbo-Etiti local government's fund by Enugu state government has to a large extent affected the rural development of communities in the area. State government blatantly denies local governments the fund that they ought to use to transform rural communities through building of industries for employment, construction of local roads and building of local health-centres etc. Local governments in Enugu State have not been receiving 10% of the state's internally generated revenue. The State government only allocates funds to local governments to pay staff salaries, and in certain cases, these employees barely receive half of the wages they are due. Enugu State government stopped sending the 10% of its own earnings, which was supposed to serve as a check on the effective management of money accruing to the local government. As a result, rural development suffers (Eze & Anikeze, 2019).

Due to their weak financial foundation, local governments in Enugu State have been unable to carry out the duties set forth in the state constitution. In addition, the sources of internally generated revenue accessible to local governments in Enugu State are mostly inadequate and non-buoyancy of their revenue heads. Only fees and licenses, property and tenement rates, market and commercial licenses and fees, vehicle park levies, and advertising fees are among the tax-raising methods that local governments are constitutionally assigned to use (Eze & Anikeze, 2019). According to Akindele (2009) in Shiyabade, Adepoju & Ambali (2020), in reality, local governments can easily collect merely market fees. Property charges were once thought of as a local government's source of revenue, but the Enugu State government is believed to have usurped them. The allocations received by the local government from both the federal and Enugu state governments are insufficient to cover the salaries of their staff, making it difficult or impossible for them to carry out their constitutional duties and responsibilities (Eze & Anikeze, 2019). The state government's continuous encroachment on the sources of revenue of local governments in the state is antithetical to the spirit of Nigeria constitution. Illegal deductions from the State Joint Local Government Account by the state government are clearly against the reason for the establishment of the account. Consequently, rural development in Enugu State has apparently taken the back seat as there is deplorable road network, poor market facilities, abject poverty, food scarcity, unsafe water, poor electricity, education, health-care, recreational facilities at various rural communities in the state. Onah & Okoli (2002) maintained that few medical facilities exist in rural areas of Enugu State and most of Nigeria and where they do, rural dwellers need to travel very long distances to access them. Additionally, it has been found that the water supply in rural communities of the state is woefully inadequate, and the accompanying unsanitary circumstances have made the spread of water-borne

diseases much more likely. Similarly, Chioke, Umeokafor & Mbamalu (2019) observed that there is abundance of various abandoned projects in the areas that make up rural areas, contrary to what efficient service theorists had projected would happen in terms of rural development and effective service delivery. Particularly, Enugu East's local government has fallen short of expectations. For example, the road leading to Ugbo Ezeji, Ugbo Oghe, Ugbo Owa, and other localities within the boundaries of the area are in appalling condition. This demonstrates even more how little local government has contributed to the growth of Enugu East Local Government Area in Enugu State

Did the Nigerian Financial Intelligence Unit's Guidelines to Reduce Vulnerabilities Created by Cash Withdrawals from Local Government Funds throughout Nigeria succeed?

In an attempt to drastically reduce the interference of state governments in Nigeria in finance accruable to the local government, Nigerian Financial Intelligence Unit adopted a measure titled "Guidelines to Reduce Vulnerabilities Created by Cash Withdrawals from Local Government Funds throughout Nigeria". According to Ugbudu (2021), the Guidelines which took effect from June 1, 2019 specifically prohibited State Governors from meddling with statutory allocations accruing to local governments directly from the Federation Account. Local government allocations are to go to their respective bank accounts; and the amount standing to the credit of local governments of a State shall be distributed among the local governments of the State and not for other purposes. The regulations also set a cap on cash withdrawals at ₦500,000. Any transaction over this set amount should be made check or electronic transfer. These are meant to institute financial transparency at the local government level and release fund for grassroots development. In spite the State Joint Local Government Account, the Guidelines empower each local government to spend its finances independently of the Governors who previously directed the monthly allocations of local governments. In addition to preventing the state governments from meddling with local government funds, NFIU Guidelines intended to protect the financial integrity of expenditures, maintain sound financial management, combat corruption, and address money laundering issues at the local government level. More so, it aimed at preventing the financial system from being overrun with cash, which criminals exploit to evade responsibility, transparency, and criminal investigations. According to the Guidelines, banks are forbidden to let any joint local government accounts to be used for transactions that did not first go via the local government account. If a withdrawal occurs before the money reaches the local government account, the bank in question will be surcharged and will face domestic and international sanctions. There will be no other transactions or uses for the account for joint local government

allocations; it will only be used to receive the allocations that will be distributed only to local governments in compliance with section 162(7) of the 1999 constitution, as amended. In order to prevent money laundering, aid in investigations, and promote accountability, it encourages local government to maintain only one payroll account, one income account, and one running expense account. Cash withdrawals are limited to a total of 500,000 per day from any local government account, while other forms of payment must be made through crossed checks or electronic financial transfers. The NFIU will use the E-payment module to register and monitor all financial transactions made by the local government (Adekoya, 2020).

However, some experts especially legal practitioners have argued that the policy directive had failed on arrival since it is unconstitutional and clearly beyond the powers and functions of the Nigerian Financial Intelligence Unit. According to Ozehkome cited in Uwakwe & Chukwuma (2019), whatever the merits of such a policy directive, it is undoubtedly illegal and unconstitutional. It is a blatant violation of the crystal-clear Constitutional prohibitions of Sections 1(1) and 1(3). Hence, such a step is considered null and void and of no effect at all. Akinlolan, SAN in Uwakwe & Chukwuma (2019: 224) observed:

What the NFIU now seeks to do by its guideline to wit, barring the State Governments from accessing funds which the Constitution grants them power not only to access but to distribute, is unconstitutional, their guidelines are void to the extent of such inconsistency with the constitution. More so, the law is trite that a body cannot act beyond the Act establishing it. Sections 3 and 4 of The NFIU Act clearly outlines the powers and functions of NFIU which are restricted largely to collection, analysis and distribution of financial intelligence, advising agencies on prevention of money laundering, financing of terrorism and proliferation of weapons of mass destruction as well as monitoring suspicious accounts. As seen from the provisions above, no powers are given to it to regulate the distribution of funds at any level of government. In conclusion, the NFIU guidelines are unconstitutional and ultra vires.

As beautiful but controversial as this measure seems owing to its major objective of strengthening local government financial autonomy, it suffices to observe that it has not succeeded particularly in freeing up funds for local governments and instituting financial transparency in the local government system because the higher political authorities particularly the state governors have continued to have their way to the funds of local governments. The Governors do this by ensuring that their loyalists emerge as elected local government chairmen and councilors or even in the absence of elected officers constitute a caretaker committee whose members are their loyalists. With these willing tools either as care-taker committee members or elected officers, the state governors still circumvent the NFIU Guidelines.

RESULTS AND DISCUSSIONS

The finding of this study demonstrates that local governments in Enugu State experience financial autonomy deficit mostly in the hands of Enugu State government. This manifests in the manipulation of State Joint Local Government Account and usurpation of revenue generating powers by the State government. This result agrees with the earlier submission of Eze & Anikeze (2019) that the State Joint Local Government Account system has become effective tool used by Enugu state government to financially stifle local governments in the state thereby making quality service delivery at rural communities a mirage. Its manifestations are worsening public schools, poor markets facilities and inadequate health facilities among others. Similarly, Agu (2007) posited that one of the issues with local government in Nigeria is not a lack of financing from the Federation Account and contributions from the States, but the diversion of those funds by the State government under the guise of a Joint Account. For instance, Nnamani was detained and charged with stealing funds from the local government in the State in 2007. It is anticipated that State Joint Local Government Accounts will improve the lot of residents in local government areas, but it is unclear in Nigeria, how much has been accomplished in terms of improved access to health care, improved delivery of educational opportunities, improved maintenance of rural roads, and generally raised living standards (Nkwagu & Adedoyin,). This result is also supported by the opinion of Aliyu, Afolabi & Akinwande (2003) that the State government has exploited the State Joint Local Government Account as a result of the anomalies discovered in the account which were done at the expense of the local government. Making the State government a trustee and ensuring that local government is under direct control and supervision are the goals of the federal government's payments into the State joint account. Unfortunately, the State government, rather than serving as a trustee for the local government council, has diverted the entrusted funds intended for local government into the State account and turned the statutory allocation made to the council into a significant source of revenue for the State government, releasing little of the statutory allocation from the federation account to the local government (Aghayere 1997).

Equally, the finding suggests that rural development has consequently suffered in Enugu state due to local government fiscal autonomy deficit. This result corroborates with the findings of Chioke, Umeokafor & Mbamalu (2019) which submitted that rural communities in Enugu East Local Government Area suffer from pervasive poverty problem together with an abhorrently high unemployment rate that has impeded the development of this area. In addition to these problems, the general populace has been afflicted by an abundance

of subpar educational and healthcare facilities as well as lack of excellent pipe-borne water, making life for the majority in the local governments brutal. In terms of rural development, the following sectors have generally been impacted: the economy, health, provision of necessities, agriculture, general security, industrialization, education, transportation, and communication. These sectors are the main responsibilities of local government, but instead of carrying out their duties as expected, they end up doing little. For instance, it is interesting that the majority of the road networks in rural Enugu state and throughout Nigeria are kept up by community efforts (Ogbette & Idam, 2018). In a similar vein, Ele (2006) and Abah (2010) observed the rural communities of Enugu State are characterized by depressingly low annual per capita income, subpar housing conditions, and different types of social and political isolation. Simply put, Enugu state's rural areas are underdeveloped, as seen by the near total absence of social services and basic infrastructure. A review of the development needs of the 471 communities in Enugu state as of 2009 indicated that 385, 342 and 304 rural communities lack access to portable water/boreholes, cottage hospitals, and accessible roads respectively (Enugu state, 2009). This failure of local governments in the above regards is attributed to lack of financial autonomy among other issues because the provision of services by local governments in the absence of financial independence is very challenging. Also, the study by (Osakede, Ijimakinwa & Adesanya, 2016) revealed among other things, that Nigeria's local governments' lack of financial autonomy prevents them from providing effective and efficient services to their communities.

Lastly, the finding of this study highlights that the measures adopted especially the Guidelines by Nigerian Financial Intelligence Unit were not able to arrest this disturbing situation in Enugu state local government system and Nigeria at large basically as a result of its illegality and impracticability among others. as a result, the state government of Enugu state and others across the nations have continued to tamper with the funds accruable to the local government. This particular result corresponds with the opinion of Uwakwe & Chukwuma (2019) that the Constitution entirely subordinates local governments to rapacious and rogue of states by establishing a "State Joint Local Government Account." By specifically stating that "each state shall pay to the Local Government Councils in its area of jurisdiction such proportion of its total revenue on such terms and in such a manner as may be prescribed by the National Assembly," section 162(7) sounds the death knell and emphasizes the state's control over local government finances. Even when the money finally grudgingly and tortuously finds its way into the state, the House of Assembly of that state ambushes the sparsely remaining funds once more in accordance with section 162(8) of the same Constitution, which laconically directs that "the amount standing to the credit of Local

Governments of a State shall be distributed among the Local Governments of that state on such terms and in such a manner as may be prescribed by the House of Assembly of the State. Due to this unfortunate situation, one can be persuaded to fall for the NFIU's alluring offer to monitor Local Government Councils' allocations.

CONCLUSION

This study was basically carried out to interrogate the level to which local government financial autonomy deficit hampers rural development in Enugu State. Globally, the reason for establishing local government is to bring development to the rural populace. As strongly argued in this study, the local governments in Enugu State have however been unable to meet the expectations of rural dwellers in terms of developmental services due to lack of financial autonomy. This has manifested in the manipulation of State Joint Local Government Account and usurpation of revenue generating powers of the local government among others. This study therefore concludes that rural development in Enugu State will continue to be impracticable until financial autonomy is not only granted on papers but practically and realistically granted to local governments in the State. To achieve local governments financial autonomy in Enugu State and Nigeria at large and by extension ensure rural development, the following recommendations are put forward:

- The State Joint Local Government Account should be urgently abolished to enable local government receive their statutory allocation among other funds directly. Other constitutional provisions relating to local governments receiving and management of funds should be reviewed so as to strengthen their financial autonomy.

- In order to prevent state governors from manipulating local government elections in their various states and enthroning their loyalists as elected officers, the constitutional provision of state electoral commissions should be urgently expunged to allow Independent National Electoral Commission (INEC) conduct local government elections just like other elections.

- Relevant Civil Society Organizations should intensify efforts towards sensitizing local government elected officers about the dangers of allowing or conniving with state governors to stifle the funds of local governments. They should also be enlightened on the preventive measures of this ugly trend.

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