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LOCAL GOVERNMENT FISCAL OPERATIONS IN NIGERIA

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Abstract

The paper describes and analyses fiscal operations at the local level in order to improve understanding of fiscal federalism in Nigeria. The paper also tries to ascertain whether fiscal imbalances observed at both federal and state arms of government also exist at the local government level. The study is based on an analysis of primary data derived from administered questionnaires to randomly selected local governments. The results show that some local governments experienced surpluses during the period of structural adjustment. Deficits were financed through guaranteed state loans, state grants and commercial bank loans. The paper suggests that local government financial behaviour should be monitored in order to ensure accountability and financial discipline.

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I. Introduction

The severity of Nigeria's economic crisis dictates that all available resources be effectively mobilized to reverse the deterioration of the economy. In recent times, local governments in Nigeria have been assigned specific development roles by the constitution. But this should not be taken to suggest that in the past local governments did not contribute to economic development. For example, between 1955 and 1965, local governments were responsible for an average of 12% of total public expenditure in the country.

In a federal system like Nigeria, local governments are close to the people and hence could effectively alter socioeconomic and political conditions within their jurisdictions. Apart from providing and maintaining basic infrastructures, local governments can complement the economic activities of other levels of government. The activities of the National Directorate of Employment, for example, or the back–to–land programmes that are agriculturally based, can have more positive impact at the grassroots level by working with local governments.

Fiscal operations at the local government (LG) level become significant if macroeconomic stability is necessary in the wider economy. If fiscal imbalance appears rampant at the local level, it could pose problems for macroeconomic management of the economy. The scenario is even more complex when local governments depend on transfers from the centre. In this era of structural adjustment, local governments face more challenges in terms of struggling to be less dependent on the centre and the state for financial resources.

Though the revenue allocation system mandates that a certain fraction of the federation account be allocated to local governments, these funds are never enough to meet expenditure requirements. This is so because the size of the account is related to revenue from oil, which is subject to fluctuations, and the expectations of local governments far exceed the available resources. In a system characterized by ethnic and clan conflicts, state governments have attempted for political reasons to frustrate the existence and effectiveness of local governments. Our results indicate that most state governments defaulted on their statutory allocations to local governments, rendering local governments financially and politically impotent. The Local Government Reform of 1976 notes:

> Local governments have over the years suffered from the continued whittling down of their powers, and state governments had continued to encroach upon what would normally have been the exclusive preserves of local governments and consequently there has been a divorce between the people and government at their most basic levels.

Fortunately, the picture is now different since the functions of local governments, sources of revenues and other responsibilities have constitutional backing.

Our previous study (Ekpo and Ndebbio, 1991) not only traced the evolution of fiscal federalism within the Nigerian economy but also concentrated on the fiscal relationship between the federal and state governments. There also exists an economic relationship between the government at the centre and the local government. Similar relationships exist between the state and local governments. An examination of local government fiscal operations becomes very important for a complete understanding of fiscal federalism. In order to appreciate how, for example, total grants to local governments compare with states' deficits, it is crucial to examine this study side by side with our previous work (Ekpo and Ndebbio, 1991). This way, performance between state and local governments can be compared.

The local government system in the country has had a chequered history. The system started being modernized in the early 1950s, but the nature and character of local government reforms varied from region to region. At present, there are 589 local governments in the country. Before 27 August 1991, the number of local governments stood at 453. The creation of more local governments has been politically motivated, as most local governments are not viable. It appears that the agitation for more local governments is based on the desire to share from the federation account controlled by the centre. Most of the local governments studied do not have enough natural and human resources to survive on their own; they depend on statutory allocations.

The objective of this study is to describe and analyse fiscal operations at the local level in order to incorporate this third tier of government into our previous work on fiscal federalism. The extent of self-financing, the fiscal gap and its volatility at the local level will also be examined. It is anticipated that a study of this nature will contribute to the existing literature on fiscal federalism in developing economies

II. Evolution of local government administration

The local government system in Nigeria has experienced several reforms since the early 1950s. During that period, the system was modernized and constituted on a representative basis. Colonial local administration revolved around traditional rulers, with the unit of local administration referred to as the native authority. Executive authority lay with the district officer. The authorities at that time created administrative organizations that were ad hoc in nature. However, some success of this type of administration was noticeable in the centralized emirates of the former Northern Nigeria.

The evolution of local government administration in the country must be seen in the context of regionalism. The old regions of the East, West and North, as a result of different levels of development traversed different paths to strengthen their systems of local administration. An analysis of the evolution of local government administration prior to the major 1976 local government reforms is in NCEMA (1990) and Gboyega (1983).

The 1976 reform represented a fundamental change in the development of local government in Nigeria. For the first time, the country was given a common, single-tier structure of local government in place of the different structures of various states. Our interest in the 1976 reform hinges on the restructuring of the financial system. The reforms instituted statutory allocations of revenues from the federation account with the intention of giving local governments fixed proportions of both the federation account and each state's revenue. This mandatory allocation was entrenched in the recommendations of the Aboyade Revenue Commission of 1977. The 1979 constitution empowered the National Assembly to determine what proportion of the federation account and a state's revenue should be allocated to local governments. In 1981, the National Assembly fixed these proportions at 10% of the federation account and 10% of the total revenue of the state. In 1985, the States' proportion was reduced to 10% of internal revenue. Local governments allocation from the federation account was later amended to 20%. At present, statutory allocation to local governments stands at 25% of the federation account, reflecting the larger development role local governments are expected to play.

These changes were due to the 1976 local government reforms, which also stated that the internal revenue sources of local governments would include:

- Rates, which include property rates, education rates and street lighting
- Taxes such as community, flat rate and poll tax

- Fines and fees, which include court fines and fees, motor park fees, forest fees, public advertisement fees, market fees, regulated premises fees, registration of births and deaths and licensing fees
- Miscellaneous sources such as rents on council estates, royalties, interests on investments and proceeds from commercial activities.

This clear delineation of revenue sources was to avoid the usual encroachment on local government sources of revenue by states.

III. Conceptual framework

The conceptual and theoretical issues involved in intergovernment fiscal relations are fully discussed in Ekpo and Ndebbio(1991) and Shah (1991). However, it is necessary to re-emphasize that local government fiscal operations can play an important role in macro-management of the economy. At the local level, certain goods and services are best provided through public means. Hence, issues of efficiency, resource allocation and distribution become relevant at the third level of government. In addition, it is generally agreed that certain taxes, levies and rates are better collected by local governments.

Expenditure made at the local level may not only be centrally financed, but also centrally directed. Local governments that act as central expenditure agents do not reflect expenditure decentralization in a meaningful sense, just as centrally collected but shared taxes do not imply proper revenue centralization (Musgrave, 1973: 342). It is, therefore, important to distinguish various types of grants and transfers reflecting the extent to which central control of expenditures and revenues is involved. Centralization could be measured between various tiers of governments. It is possible that within an economy decentralization may take place between the federal and state governments while relative centralization remains at the local government level. The converse can also occur.

There are several issues on the economics of intergovernment transfers. Intergovernment transfers can be generally classified as either non-matching or selective matching. Non-matching funds may be selective or general (conditional or nonconditional). In terms of selective nonmatching transfers, the government at the centre, for example, provides a specific amount of funds to another tier and expects the latter to match the funds. Such funds are often for a specific purpose.

> Selective non-matching grants are best suited as a means of subsiding activities to which the higher level government (say the Federal Government) assigns a high priority by Local governments. Such a case would occur in a degree of spillovers up to some level of provision after which the external benefits abruptly terminate (Shah, 1991: 22).

For non-matching unconditional or general grants, no constraints are imposed on how the funds are to be spent. Selective matching grants, on the other hand, must be spent for a particular purpose and the recipient is required to match the funds to some degree. These grants are otherwise known as cost-sharing programmes.

There are economic, political and social justifications for transfers. These reasons are covered in Boadway (1990), and Shah (1983). Economic justifications for grants include

efficiency, equity and stabilization objectives. Within the theory of grants, efficiency and equity objectives are complementary. Boadway (1990) maintains that application of efficiency and equity principles suggests four main economic reasons for grants. These are:

- Inter-jurisdictional spillovers - implying that intergovernment transfers can be used to increase the efficiency with which public goods and services are provided.
- Fiscal gap – involving "a mismatch between means and expenditure needs at various levels". This results in a structural imbalance bringing about a shortfall in revenue for a lower level of government. Fiscal gap or imbalance could be due to:
  (a) inappropriate expenditure and tax assignment;
  (b) limited and/or unproductive tax bases available to a lower tier of government;
  (c) tax competition between tiers of government; or
  (d) the centre crowding out tax room for state and local governments.
- Minimum standards of services - connoting efficiency as well as equity criteria for ensuring common minimum standards across an economy especially in a federation.
- Differential net fiscal benefits across states – occurring because some states are better endowed than others with natural resources and thus have better access to an enlarged revenue base.

Furthermore, some states could have higher incomes, hence a greater ability to raise revenues from existing bases compared with others. Stabilization grants can increase in periods of slack economic activity to encourage local expenditure and curtail spending during the upswing of the business cycle.

IV. Scope and methodology

This study covers 17 local governments in the former 21-state structure. Within 10 states, the local governments were designated as either urban or rural. This categorization is derived from official publications. The 10 states (Bendel, Cross River, Lagos, Kano, Ogun, Oyo, Plateau, Rivers, Imo and Sokoto) were selected from our previous study to capture a broad geographical spread. The sampled states and local governments are presented in Table 1. Data were collected essentially by the use of designed questionnaires. For most of the local governments sampled so far, data appeared consistent for the period 1980-1991. Thus, for an analysis of specific local governments, we have concentrated on 1980-1991. However, our analysis in certain areas spans from 1976 to 1991.

Problems were encountered in data collection. Apart from the paucity of data existing at the local level, officials were rather reluctant to express their views on how fiscal gaps (deficit) were financed. In areas where published data were available, there was also some reluctance in completing the questionnaires. The present report examines data from 13 local government areas. Data from the remaining four local governments appear scanty, hence our decision to exclude them from our analysis. Efforts were made to ensure that data were consistent and reliable through various visits and cross-checking with published data where available as well as with official documents. It is important to state that the data may exhibit some problems, hence a critique of this work must take into account the nature of the data.

Table 1: Sampled states and local governments status

States	Local governments	Status
Anambra	Enugu*	Urban
	Uzo-Uwani	Rural
Bendel	Oredo	Urban
	Okpebho	Rural
Cross River	Calabar*	Urban
	Akampka	Rural
Lagos	Ikeja*	Urban
	Mushin	Semi-urban
Kano	Bichi	Urban
Ogun	Ijebu-North	Urban
	Odeda	Rural
Oyo	Ibadan*	Urban
	Ejigbo	Rural
Plateau	Bassa	Rural
Rivers	Okrika/Obigbo	Rural
Imo	Umuahia	Urban
	Bende	Rural
Niger	Bida	Urban
	Agaie	Rural
Sokoto	Kaura Namoda	Rural
	Gusau	Semi-urban

Source: Federal Republic of Nigeria Official Gazette, no.32, vol. 76, May 1989.
*Essentially metropolitan.

V. Fiscal operations at the local level

The third tier of government in Nigeria receives certain transfers from the federal and state governments to enable local governments to meet part of their recurrent and capital expenditures. The transfers range from statutory allocations to primary education funds. From states, local governments also receive statutory allocations, grants, loans and funds for certain projects. Table 2 presents federal statutory allocations to local governments for the period 1976-1990. Federal allocations, which totaled ₦100 million in 1976, increased to ₦250 million in 1977 but then declined to ₦150 million in 1978. Between 1976 and 1980, federal allocations to local governments grew by 28.7%. The observed increases between 1979 and 1982 were the result of the creation of more local governments by the civilian administration.

It must be noted that states are mandated to allocate 10% of their internally generated revenue to local governments within their jurisdiction. In other words, of the allocation received from the federal government, the states must ensure that local governments receive their allocations on the basis of factors such as minimum responsibility of government (equality of local governments), population, social development factors as reflected by primary school enrolment, internal revenue efforts, etc. Table 3 as an example presents some evidence of Bendel State allocation to its local governments.

During the period of structural adjustment, that is 1986–1990, allocations to local governments showed remarkable increases. The ratio of federal allocation to federal revenue, which was 1.5% in 1976, increased slightly until 1980. Between 1976 and 1980, the ratio averaged about 2.3%. From 1981, federal allocation as a proportion of federal revenue rose remarkably, averaging almost 9% during the period 1981 to 1990.

The stabilization and structural adjustment packages of 1983–1986 insisted that local governments were to generate internal revenues in order to reduce fiscal dependence on the other arms of government. Statutory allocations by the federal government to local governments in selected states are highlighted in Table 4. From all the states, allocations increased from 1979 to 1990. The statutory allocation for Anambra, which was ₦14.0 million in 1979 (₦27.9 million in real terms), jumped to ₦331.8 million in 1990 (₦187.9 million in real terms), representing a compound growth rate of 30.2%. For the same period allocations to Bendel, Kaduna, Lagos and Ogun grew by 30.5%, 26.7%, 29.2% and 30.2%, respectively. We need to mention that the allocations are in nominal terms; because of the high inflation rates during 1980–1990, allocations in real terms are smaller.

Local governments in Bendel State seemed to have improved their internally generated revenue. In 1976, internal revenue was ₦1.5 million; it increased throughout the period, registering the highest amount of ₦19 million in 1990. Notwithstanding, statutory

Table 2: Nigeria: Federal statutory allocations of revenue to local governments, 1976-1992 (₦ million).

Year	FA[1]	% change FA	FR[2]	FA/FR %
1976	100.0	-	6765.9	1.5
1977	250.0	150.0	8042.2	3.1
1978	150.0	40.0	7469.3	2.0
1979	261.4	74.3	10913.5	2.4
1980	352.6	34.9	15234.0	2.3
1981	1085.0	207.8	12190.2	8.9
1982	1081.7	-0.3	11764.4	9.2
1983	976.9	-9.7	10508.7	9.3
1984	1061.5	8.7	11766.8	9.0
1985	1327.5	25.1	14680.8	9.0
1986	1166.9	-12.1	12837.6	9.1
1987	2117.8	81.5	25099.8	8.4
1988	2727.1	28.8	27310.8	10.0
1989	3399.8	24.7	50272.1	6.8
1990	7680.0	125.9	66895.4	11.5
1991	10764.8	40.2	78640.7	13.7
1992	16488.0	53.2	138617.0	11.9

Sources: Federal Ministry of Finance and Economic Development, Lagos.
[1] Federal allocation.
[2] Federal revenue

Table 3: External and internal sources of revenue for Bendel State local government, 1976-86 (₦ million)

Year	FA[1]	SA[2]	IR[3]	TR[4]	FA[1]+SA[2]/TR%
1976	5.0	-	1.5	6.5	76.9
1977	11.6	18.5	2.8	32.9	91.5
1978	7.0	9.3	3.9	20.2	80.6
1979	14.6	2.6	5.6	22.8	75.4
1980	4.4	1.9	3.2	19.5	83.6
1981	45.3	0.6	4.2	50.1	91.6
1982	55.9	-	4.8	60.7	92.1
1983	42.3	-	3.8	46.1	91.7
1984	46.9	-	6.1	53.0	88.5
1985	70.9	-	10.7	76.2	85.9
1986	70.9	-	19.0	89.9	78.8

Source: Ministry of Finance and Economic Development, Benin.
[1] Federal statutory allocation.
[2] State statutory allocation.
[3] Internal generated revenue.
[4] Total revenue.

Table 4: Nigeria: Statutory allocations to local governments in selected states, 1979-92 (₦ million)

Year	Anambra	Bendel	Kaduna	Lagos	Ogun
1979	14.0	12.8	15.2	11.4	10.3
1980	21.0	16.6	23.5	12.5	12.5
1981	59.6	51.8	69.5	39.7	42.0
1982	60.7	50.6	65.2	44.5	38.1
1983	58.6	48.7	63.1	42.6	36.7
1984	62.4	51.8	67.1	45.3	39.0
1985	78.0	64.8	83.8	56.7	48.8
1986	68.4	57.0	73.8	49.8	42.8
1987	123.1	102.0	112.1	89.0	76.5
1988	155.3	128.4	96.7	111.4	95.4
1989	193.6	160.2	123.6	139.1	118.7
1990	331.8	313.0	259.8	246.5	243.5
1991	375.6	218.9	370.9	818.1	322.9
1992	396.1	813.6	523.8	493.1	436.0

Source: Federal Ministry of Finance and Economic Development, Lagos.
*1992 figure for Bendel is for Edo and Delta states.

allocations still constituted a substantial proportion of total revenue (see Table 3). It will be noticed that the federal allocations to Bendel State (Table 4) do not correspond to those listed in Table 3. The officials at the state level blamed federal officials for not keeping proper records. However, we were informed that at times allocations are adjusted after the formal revenue–sharing; these adjustments are never properly recorded and more often federal and state officials do not reconcile their records. This partly explains the discrepancy.

VI. Fiscal operations of selected local governments

The fiscal profiles of the 13 local governments are presented in tables A1 to A24 in the Appendix. All the local governments had episodes of both budget surpluses and deficits. In some of the local governments (LGs), the deficits were large, notably Ijebu-North, Bida and Bichi. When compared with our previous work (Ekpo and Ndebbio, 1991), the LGs appeared to have performed better than either federal or state governments during the same period. On the average, both revenue and expenditure grew positively during the period under study. For Ijebu-North, revenue was at its peak between 1988 and 1989, when it grew by 82%; between 1990 and 1991, expenditure registered a growth rate of -20.7%. The growth of expenditure in 1988 was 212.4% and that year had the largest deficit.

It is interesting to note that for all the LGs, except Bichi and Bida, some fiscal balance occurred during the adjustment period (1986-1991). During this period, there were strict policy guidelines for maintaining a balanced budget at all levels of government. It should be noted that the Calabar municipal government maintained deficits consistently from 1983 to 1989. Before analysing the composition of revenue and expenditure patterns, let us look at the nature of financial transfers between levels of government.

Local governments depend heavily on statutory allocations from the federal government. The country's constitution mandates that local governments receive 25% of the federation account. The ratio has varied between 10% and 15% but the new revenue allocation formula puts the ratio at 20% (less than what the constitution allows). Also, state governments are expected to pay 10% of their internally generated revenue to their local governments.

The evidence available suggests that local government revenue emanates mainly from transfers from the central government. On the average, federal statutory allocations constitute more than 70% of the LGs revenues. In the Ijebu-North LG, federal allocation represented 94% of revenue in 1980; it declined, thereafter, and by 1991, it stood at 83%. In the 13 LGs, only Calabar and Ikeja derived less than 60% of revenue from federal allocations. In fact, in 1986, federal allocation to the Calabar municipal government was 35.4%.

State governments have persistently not made allocations to LGs. During our field work, there were a lot of complaints by LG officials about the refusal of state governments to allocate funds due to them. Of the 13 local governments, only Bichi and Gusau seemed to have received their statutory allocations from their respective states (Kano and Sokoto). As shown in Table A10, state allocation which represented 24% of revenue in 1980 dropped to 1.5% in 1991. Bichi LG, like others, depends on the centre for funds. For the

period under study, Agaie LG in Niger received no state allocation, while Bida LG in the same state received state funds for only 1980 and 1981. However, Agaie LG received substantial grants form the state government.

It is important to note that state grants are not substitutes for state statutory allocations. The grants are made for specific projects such as the building of schools, health centres etc, by local governments. In some cases, grants are given to LGs to enable them to execute projects and programmes initiated by the state governments, for example, the transition to civil rule programme and the better life programme, among others for which LGs have no funds.

Local governments have attempted to generate their own revenue to finance their commitments. LGs like Bida, Calabar and Bichi made substantial progress in internal revenue generation during this period. If local autonomy is to make any sense, then financial independence ought to be sought by LGs. Financial independence at the local level calls for fiscal decentralization.The efforts of some LGs are being thwarted by the intervention of state governments in the functions of local governments. As a result, revenue sources meant for LGs become the purview of state governments.

It could be observed that there exist variations in the pattern of state allocations to LGs. The reasons for the variation are mixed. Our field study revealed that: (1) some states refused to fulfill their mandate, claiming that they implemented various projects in the LGs (a type of statutory allocation in kind); (2) states maintained that the decline in revenue received from the federation account resulted in their inability to honour their statutory obligations; and (3) others claimed to be penalizing LGs that have not performed satisfactorily based on previous state allocation. In most cases, state government officials insisted that they were only owing or delaying and that payments will be effected to LGs when funds are available. The evidence (see tables in the appendix) showed that some state governments owed statutory allocations for more than five years. This partly explains why some LGs had to resort to commercial banks for loans.

Table 5 summarizes the growth of internally generated revenue by LGs. In the pre-adjustment period (1980-1985), internal revenue showed a remarkable growth in all the LGs studied when compared with the adjustment era. On the other hand, federal allocations grew faster than internally generated revenues in the adjustment period. The lowest rate was in K/Namoda where between 1980 and 1985, internally generated revenue declined by 13.4 percent.

For the period 1980-1985, Odeda local government recorded the highest growth (69.6 %) of internally generated revenue. This was followed by Bida and Agaie with growth rates of 59.8% and 50.9%, respectively. It is interesting that during this period, rural based local governments were more aggressive in increasing internal revenue than urban based ones.

As indicated in the fiscal profiles of selected local governments, deficits and surpluses do exist. Our field work revealed that in the case of surpluses, local governments do not lose them to either federal or state governments. The surpluses are often used to meet development objectives and other social needs. Some of the surpluses have occurred due to arrears owed to local governments from either federal or state governments; others are due to unexpected grants from the other arms of government. Furthermore, allocation

Table 5: Compound growth rate of fiscal variables in selected local governments in Nigeria, 1980–1991 (%)

Local govts.	Inter. generated rev.		Federal alloc.	
	1980-85	1986-1991	1980-85	1986-91
Ijebu-North	44.6	10.3	11.4	35.2
Odeda	69.6	9.9	-0.4	42.4
Calabar	16.6	10.3	11.8	72.2
Agaie	50.9	12.3	-3.9	55.8
Bida	59.8	6.7	8.4	48.4
Bichi	17.8	7.0	13.9	21.3
Bassa	22.7	10.4	24.3	35.3
Umuahia	2.2*	7.3	35.5*	15.0
Gusau	13.0	-17.7	20.5	22.3
K/Namoda	-13.4	23.8**	-24.4	71.9
Ikeja	18.5	-	-1.4	-
Ejigbo	8.7	-	16.0	-
Okpebho	17.2	-	22.7	-

Source: Computed from data derived from questionnaires
* for 1981-85; ** for 1986–90.

formulas have changed considerably over time. New allocation formulas are often back-dated hence arrears are paid to respective local government areas. Deficits, where they exist, are the obligations of the local governments.

Deficits, where they exist, are the obligations of the local governments, and are financed through loans from either state governments or commercial banks as well as grants from state governments. Most of the deficits occur from the recurrent expenditures especially in meeting personnel costs, etc. In the early 1980s, at the start of the depression, most local governments were unable to meet their financial obligations to workers. The state loans are those guaranteed by the state governments. They have been designated " state loans" because in case of default, state governments have to pay. Most commercial bank loans obtained by local governments were short term in nature. A few were overdrafts while LGs awaited either federal or state allocations. In some local governments, we were informed that payments for the loans are deducted at source. That is, banks deducted payments with interest before crediting the account of the respective local governments.

Ekpo and Ndebbio (1991) showed that both federal and state governments had fiscal imbalances for a considerable length of time even during the period of structural adjustment. Federal government violated its own guidelines, as fiscal imbalances characterized its fiscal operations. The situation appeared different for Local governments, however, in the early 1980s, local governments did not have many responsibilities and depended on both the state and the centre for revenues. Their internally generated revenues were quite insignificant, and they were not allowed to borrow. During the adjustment era, virtually all local governments intensified their revenue generating efforts. Moreover, their allocations from the federation Account increased from 15% to 20% and state

governments were mandated to meet their statutory obligations (10% of states' internally generated revenues) to local governments. Another important factor is that beginning in 1987, local governments were democratized, hence elected officials had to demonstrate some sense of financial discipline and accountability under the watchful eyes of the military regime.

Now that local governments are allowed to borrow and even float bonds, the situation could be different in the future. Whatever happens will be influenced by the investment companies recently set up by most local governments in the country. These new investment companies are supposed to seek funds to finance projects and issue commercial papers in the interest of local governments. Another development that could affect the fiscal profile of local governments is their effort to establish or own controlling shares in community banks - a recent occurrence in Nigeria's financial market. Local government officials also informed us that they own shares in other financial institutions in the country. Given the experiences of other levels of government, the new borrowing right of local governments may lead to deficits in the near future. Therefore, there is need for constant monitoring.

It must be noted that as part of controlling or instilling financial discipline there are prescribed spending limits for local governments. For any yearly internally generated revenue above ₦2 million, only ₦250,000 can be spent by councils and ₦100,000 by the finance and general purpose committee subject to local government (in council) approval. Between ₦1million and ₦2 million, local councils can spend ₦100,000, while ₦50,000 is the limit for the finance and general purpose committee. For revenue below ₦1 million, ₦50,000 can be dispensed by councils while ₦25,000 is the limit for the finance and general purpose committee subject to council's approval. State commissioners have to approve contract awards below ₦1 million or the level for the particular local government while the approval of the state executive council is needed for contracts above ₦1 million.

In our analysis, we relied mostly on data derived from questionnaires. The figures we have used are actual. In Table A33, we tried to compare actual and budget estimates for two local governments - Calabar and Ijebu– North. The performance of the two local governments in terms of internally generated revenues and expenditures are mixed. Comparing actual and estimates for Calabar municipal government, performance ranged from 52% in 1980 to 171% in 1981. Actual revenues exceeded estimated internal revenue for 5 out of 12 years. This trend cannot be generalized. Though evidence for other LGs is not presented because of paucity of data, the few we examined showed mixed performance.

VII. Sources and composition of local government revenue

The sources and composition of internally generated revenue are presented in tables A25 to A32 in the Appendix. It is quite apparent that taxes continue to form the bulk of internal revenue. There is also a list of user charges, royalties and proceeds from stocks and shares that are lumped in the category of "others." Most officials at the local level explained that revenues that cannot be categorized under the normal codes were designated as "other charges". The rural local governments seem to show a near absence of fines as a source of revenue. This is not unexpected in a rural setting where problems of urbanization are yet to manifest themselves.

For all the local governments, taxes, rates, fines, fees and licenses increased during the period under review. In Ijebu-North local government, taxes jumped from ₦31,000 (₦55, 258.19 in real terms) in 1980 to ₦121,000 (₦67,760.0 in real terms) in 1984 and by 1991 taxes stood at ₦132,000 (₦74,745.19 in real terms). Between 1980 and 1991 taxes grew by 12.8%. During the same period, rates and fees grew by 31.2% and 18.9%, respectively. However, in metropolitan Calabar, taxes and rates grew by 5.1% and 9.8% respectively, during the same period . On the other hand, licenses declined by 4.4%. For all the local governments, it appears that all sources of revenue increased during the period of structural adjustment (See also Table A33 in the Appendix).

Because of new development responsibilities placed on local governments, additional sources of revenue must be identified. It is necessary to state that while increasing internal revenues to balance the budget may be desirable, it may lead to governance problems. For example, local fees may be regressive and there may be efficiency grounds for subsidizing the activities for which LGs have started charging fees.

VIII. Pattern and expenditures

Both current and capital expenditures for the 13 LGs are shown in Table A34 in the Appendix. Most of the recurrent expenditure is for personnel cost. For the rural based LGs, the bulk of capital expenditures is on agriculture, rural development and health services. LGs like Odeda, Bassa and Agaie expend most of their capital budget on rural infrastructure, education and health. The urban LGs also spend a lot on education and general administration. The growth of expenditures is indicated in Table 6. Nothing significant can be discerned except to note that for 1980–1985 capital expenditures for Bida, Agaie and Bichi grew negatively, by –28.2%, –14.8% and –0.9%, respectively. Furthermore, Agaie had a negative growth in current expenditures for the period 1980–1985.

It is interesting to note that during the period of depression, 1980–1985, six out of ten local governments registered negative growth rates in capital expenditures. Gusau had –43.6%, while Bida had –2.82% growth in capital expenditures. On the other hand, Calabar, a municipal council showed a 94.4% growth in capital projects. According to the officials, most of the expenditures were on roads and drainage, health and education. However, the adjustment era witnessed remarkable increases in capital expenditures. All local governments indicated positive growth in capital expenditures. It must be noted that the situation may not be due to the positive impact of adjustment but rather to the mandate given to state governments to pay their statutory obligations to local governments, as well as to the increase of local governments' share of the federation account by the central government.

Specifically, current expenditure, which was ₦1,878,000 (₦2,694,000 in real terms) in 1981 for Umuahia local government, increased to ₦4,324,000 (₦5,344,000 in real terms) in 1983 and by 1991 it was ₦6,221,000 (₦3,534,000 in real terms). In the Ikeja local government, which could be described as a metropolitan area due to the size of its population, expenditures grew negatively in 1981, 1984 and 1986. The revenue base of Ikeja is relatively strong when compared with others. It is, therefore, not surprising that revenue increased consistently from 1980 to 1986.

Table 6: Compound growth of expenditure pattern in selected local governments, 1980–1991 (%)

Local govts	Current		Capital	
	1980–85	1986–91	1980–85	1986–91
Ijebu–North	7.7	34.0	9.8	27.0
Odeda	7.2	39.1	27.7	32.1
Bida	3.4	40.4	-28.2	73.8
Agaie	-3.9	39.8	-14.8	173.3
Bassa	23.3	33.0	24.9	38.2
Bichi	30.8	16.7	-.09	34.1
Calabar	11.8	30.6	94.4	68.6
Umuahia	19.6	16.2	-23.2	125.6
Gusau	-2.8	25.2	-43.6	17.9
K/Namoda	5.6	-2.3	-30.2	57.1

Source: Computed from data derived from questionnaires.

IX. Local governments and other levels of government

Apart from the financial relationship between local governments and the other levels of government, there exist specific duties and responsibilities solely meant for local governments. Conflicts do occur among the tiers of government especially between the local and state governments. The financial responsibilities are straightforward, for they involve financial transfers—grants or statutory allocations from federal and state to local governments. Sometimes there are specific grants designed to solve specific problems like flood, erosion, etc. At times there are conflicts when the federal government allocates a grant to a local government through the state government because the local government may not receive the appropriate amount.

There are also instances when it is not clear which level of government is responsible for providing certain services. For example, in 1988/89 the Calabar municipal government had to "battle" with the state government over control of primary education within the municipality. These conflicts arise because of the nature of spelling out or identifying which tier of government ought to perform certain function(s). Any level of government can go to the court to contest any encroachment on its functions.

The 1989 constitution (Fourth Schedule) indicated the main functions of local governments as:

- Formulation of economic planning and development schemes for the local government area
- Collection of rates and radio and television licenses
- Establishment and maintenance of cemeteries and burial grounds and homes for the destitute or infirm
- Licensing of bicycles, trucks (other than mechanically propelled trucks), canoes, wheelbarrows and carts
- Establishment, maintenance and regulation of slaughter houses, slaughter slabs, markets, motor parks and public conveniences
- Construction and maintenance of roads, streets, street lighting, drains, parks, gardens, open spaces, or such public facilities as may be prescribed from time to time by the House of Assembly of the state
- Naming of roads and streets and numbering of houses
- Provision and maintenance of public conveniences, sewage and refuse disposal
- Registration of all births, deaths and marriages
- Assessment of privately owned houses or tenements for the purpose of levying such rates as may be prescribed by the House of Assembly of a state

- Control and regulation of:
  - outdoor advertising and hoarding
  - movement and keeping of pets of all descriptions
  - shops and kiosks
  - cooked food sold to the public
  - laundries
- Licensing, regulation and control of the sale of liquor
- Participation in:
  - provision and maintenance of primary, adult and vocational education
  - development of agriculture and natural resources (other than the exploitation of minerals)
  - provision and maintenance of health services
- Any other functions that may be conferred by the state assembly

A close look at these duties will reveal areas of conflict since states have very similar functions according to the 1989 constitution. It is clear that local governments are supposed to enhance growth and development within their areas of jurisdiction. In virtually all local governments, growth efforts are noticeable. Most of the local governments have floated investment companies to source for funds in both capital and money markets. Funds raised are to be used to finance projects jointly or solely with individuals or institutions.

Local governments are involved in rural development, road construction and rural electrification. These efforts are more noticeable in rural–based local governments; some of these activities are cosponsored by DFRRI (Directorate for Food, Roads and Rural Infrastructures), the Better Life Programme and NGOs. The local governments we have examined are investing in health, education, provision of pure water, etc., in order to improve the life of the people. More importantly, some own sizeable shares in the newly established community banks. This way local governments are contributing to the growth process. How effective these efforts are is beyond the scope of this study.

X. Conclusion

We analysed fiscal operations in 13 local governments concentrating on the period 1980–1991. The 1976 reforms resulted in a fundamental change in the development of LGs in Nigeria. More importantly, the reforms initiated statutory allocations of revenues from the federation account and from state government revenues to local governments. Local governments began to receive direct allocations from both the federal and state governments in 1977. For most of the period of study, however, state governments did not fulfill their mandate regarding statutory allocations to LGs.

Allocations from the federation account to local governments increased over time from 1979 to 1990. For example, allocations to Bendel, Kaduna, Lagos and Ogun grew by 30.5%, 26.7%, 29.2% and 30.2%, respectively. Local governments, like their state counterparts, were heavily dependent on federal allocations in order to meet both recurrent and capital expenditures. Most of the recurrent expenditures were for personnel costs (Ekpo and Ndebbio, 1991).

It is interesting that almost all local governments except Bichi and Bida experienced fiscal balance during the adjustment period (1989–1991). This was not only because there were strict guidelines on the need to maintain a balanced budget but also because internally generated revenues increased during the period. That is, efforts by local governments to generate revenues showed remarkable improvement. Some state governments have persistently defaulted in paying their statutory allocations to local governments within their jurisdiction. Nonetheless, local governments do not seem to be the cause of macro imbalances— unlike the case with federal and state governments as confirmed by Ekpo and Ndebbio (1991). Before the SAP, local governments registered high deficits partly due to high recurrent and capital expenditures. Moreover, the politicization of local governments, that is the implementation of electoral politics, resulted in promised development projects not matched by available resources. The deficits of local governments have been financed through state guaranteed loans, loans from commercial banks and state grants. Surpluses that occurred in some of the local governments for certain years were not returned to the states or the centre, but were used to fund local projects.

The 1976 reforms also stated the internal revenue sources of local governments so as to reduce areas of conflict with state governments. Taxes continue to form the largest share of internally generated revenue. The rural local governments appear to show a near absence of fines as a source of revenue. For all the local governments, taxes, rates, fines, fees and licenses increased during the period under review.

With the enormous tasks of developing their jurisdictions, local governments ought

to be encouraged to continue to increase their internally generated revenue sources and find new ways of enhancing revenues. Local governments could embark on joint ventures with individuals and state governments and participate in the establishment and ownership of small–scale industries. This is not in conflict with the ongoing privatization programme; rather, it is part of showing the lead in rural industrialization. When the industries are running efficiently, they can then be commercialized. A lot of opportunities present themselves in the agricultural sector, for example, food processing industries, and sourcing for raw materials. These efforts could increase LGs' internal revenue through the PAYE tax and profits realized from such projects.

It is also important that local governments be made accountable to the electorate through monitoring, given the present new right to borrow. Local governments started to float bonds in 1984. This avenue of finance, if properly managed, will enhance the development role of LGs as well as provide a mechanism for realistic fiscal projections. This will minimize the dependence on federal sources of revenue, which often fluctuates. In addition, this will imply some financial independence to LGs thereby suggesting a degree of fiscal decentralization.

However, the efforts of LGs to attain some financial autonomy is being disturbed by the intervention of state governments in local functions. In some areas, revenues meant for LGs have even been taken over by state governments. It follows that as much as possible, the federal government should reduce or eliminate areas of conflict between local and state governments.

This study has shown that in a federal structure like Nigeria, fiscal operations at the local level remain an important area of investigation. Furthermore, in order to ascertain the nature and character of fiscal imbalances in an economy, the inter–fiscal relations between the existing tiers of government must be examined.

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Appendix

Table A1: Ijebu–North local government: Revenue and expenditure and their growth 1980–1991 ('000 naira)

Year	Rev	(%)	Expend	(%)	Surp/Def	Fin.
1980	1091	–	1314	–	-223	SL
1981	1106	1.4	1203	8.4	-97	SG
1982	1248	12.8	1416	17.7	-168	SG
1983	1396	11.9	1587	12.1	-191	CBL
1984	1979	41.8	1318	-17.0	+661	–
1985	2557	29.2	2204	67.2	+353	–
1986	2937	14.9	3155	43.1	-218	CBL
1987	4992	70.0	3683	16.7	+1309	–
1988	6310	26.4	11054	212.4	-5194	NA
1989	11509	82.4	8727	-26.7	+3082	–
1990	19098	66.0	14827	76.0	+4271	–
1991	15145	-20.7	15072	17.0	+73	–

Source: Derived from administered questionnaires.
Notes: – deficit; + surplus; growth in brackets; SL= state loan; SG= state grant; CBL commercial bank loan.

Table A2: Ijebu–North local government: Internally generated revenue, statutory allocations ('000 naira) and shares (%) 1980–1991

Year	IR	IR/R	FA	FA/R	SA	SA/R
1980	66	6.0	1025	94.0	–	–
1981	111	10.0	995	90.0	–	–
1982	125	10.0	1123	90.0	–	–
1983	279	20.0	1117	80.0	–	–
1984	396	20.0	1583	80.0	–	–
1985	603	24.0	1954	76.0	–	–
1986	886	30.0	2051	70.0	–	–
1987	644	13.0	4348	87.0	–	–
1988	959	15.0	5351	85.0	–	–
1989	1250	11.0	7268	63.0	2991	26.0
1990	2729	14	15834	83.0	535	3.0
1991	1596	10	12536	83.0	1013	7.0

Source: Same as in Table 1.
Notes: IR = internally generated revenue; R = overall revenue; FA = federal allocation; SA = state allocation; – = none available.

Table A3: Odeda local government: Revenue and expenditure and their annual growth, 1980–1991 ('000 naira)

Year	Revenue	(%)	Expenditure	(%)	Surplus/deficit	
1980	42	–	915	–	-873	NA
1981	2994	4885	1635	78.7	+459	–
1982	2149	2.6	2231	36.4	-82	CBL
1983	2166	0.8	2225	-0.31	-59	CBL
1984	2290	5.7	2372	6.6	-82	CBL
1985	3003	31.1	2198	-7.3	+805	–
1996	3369	12.2	3751	70.6	-382	NA
1987	3814	13.2	3898	3.9	-84	CBL
1988	6810	78.5	6805	74.6	+5	–
1989	8741	28.4	7302	7.3	+1439	–
1990	16537	53.4	21895	54.6	+3473	–

Source: See Table A1.

Table A4: Odeda local government: Internally generated revenue,statutory allocations ('000 naira) and shares (%) 1980–1991

Year	IR	IR/R	FA	FA/R	SA/R	SA/R
1980	42	100	–	–	–	–
1981	90	4.3	2004	95.7	–	–
1982	110	5.1	2039	94.9	–	–
1983	127	5.9	2039	94.1	–	–
1984	286	12.5	2004	66.7	–	–
1985	999	33.3	2004	82.8	–	–
1986	581	17.2	2788	82.6	–	–
1987	434	11.4	3380	88.6	–	–
1988	589	8.6	6221	91.4	234	2.7
1989	692	7.9	7815	89.4	234	2.7
1990	716	4.3	15445	93.4	376	2.3
1991	1025	4.0	23258	91.7	1085	4.3

Source: See Table A1.
Notes: See Table A2.

Table A5: Calabar municipal government: Revenue, expenditure and their growth, 1980–1991 ('000 naira)

Year	Revenue	%	Expenditure	%	Surp.def.	Fin.
1980	1045	–	1182	–	-137	SG
1981	1366	30.7	1477	25.0	-111	SG
1982	2022	48.0	1996	35.1	+26	–
1983	1706	-15.6	1874	-6.1	-168	CBL
1984	2416	41.6	2429	29.6	-13	SL
1985	2276	-5.8	3715	52.9	-1439	SL
1986	2939	29.1	3567	-4.0	-628	CBL
1987	4655	58.4	4749	33.1	-94	CBL
1988	7839	68.4	8586	80.8	-974	CBL
1989	9749	24.4	8057	-6.2	+1692	–
1990	28621	193.6	23384	190.2	+5237	–
1991	30926	8.1	31201	33.4	-275	CBL

Source: See Table A1.
Notes: See Table A2.

Table A6: Calabar municipal government: Internally generated revenue, statutory allocations ('000 naira) and shares(%), 1980-1991

Year	IR	IR/R	FA	FA/R	SA	SA/R
1980	452	43.2	593	56.8	–	–
1981	610	44.7	737	54.4	19	1.3
1982	892	44.1	1100	54.4	–	–
1983	699	41.0	1007	59.0	–	–
1984	1386	57.4	1030	42.6	–	–
1985	1116	49.0	1160	51.0	–	–
1986	1900	64.6	1039	35.4	–	–
1987	2494	53.6	2161	46.4	–	–
1988	2797	35.7	5042	64.3	–	–
1989	1225	12.6	8524	87.4	–	–
1990	1284	4.5	26746	93.4	591	2.1
1991	3422	11.1	27131	87.7	373	1.2

Source: See Table A1.
Notes: See Table A2.

Table A7: Agaie local government: Revenue, expenditure and their growth, 1980-1991 ('000 naira)

Year	Revenue	%	Expend.	%	Surp.def.	Fin.
1980	1999	–	2246	–	-247	SG
1981	2880	44.1	3093	37.7	-213	SG
1982	2164	-24.9	2129	-31.2	+35	–
1983	1943	-10.2	1872	-12.1	+71	–
1984	1703	-12.4	1403	-25.1	+300	–
1985	1795	5.4	1667	18.8	+128	–
1986	964	-46.3	1743	4.6	-779	SG
1987	1179	22.3	1146	-34.3	+ 33	–
1988	1176	-0.3	2251	96.4	-1075	SG
1989	5031	237.8	3160	40.4	+1871	–
1990	10557	109.8	9722	538.9	+835	–
1991	12285	16.4	14228	46.3	-1943	SG

Sources: See Table A1.
Notes: See Table A2.

Table A8: Agaie local government: Internally generated revenue, statutory allocations ('000 naira) and shares (%), 1980-1991

Year	IR	IR/R	FA	FA/R	SA	SA/R
1980	20	1.0	1979	99.0	–	–
1981	26	0.9	2854	99.1	–	–
1982	60	2.8	2104	97.2	–	–
1983	30	1.5	1913	98.5	–	–
1984	115	6.8	1588	93.2	–	–
1985	236	13.1	1559	86.9	–	–
1986	122	12.7	842	87.3	–	–
1987	142	12.0	1037	88.0	–	–
1988	88	7.5	1088	82.5	–	–
1989	456	9.1	4575	80.9	–	–
1990	92	0.9	10465	99.1	–	–
1991	245	2.0	12040	98.0	–	–

Source: See Table A1.
Notes: See Table A2.

Table A9: Bichi local government: Revenue, expenditure and their growth, 1980-1991 ('000 naira)

Year	Revenue	%	Expenditure	%	Surp/def.	Fin.
1980	1071	-	895	-	+176	–
1981	1287	20.2	1096	22.5	+191	–
1982	1526	18.6	1033	21.6	+193	–
1983	1287	-15.7	1020	-23.5	+267	–
1984	1385	7.6	1433	40.5	- 48	SG
1985	1833	32.3	1648	15.0	+185	–
1986	5853	219.3	6485	293.5	-632	SG
1987	6356	8.6	6966	7.5	-610	CBL
1988	6979	9.8	6708	-3.7	+271	–
1989	7203	3.2	7850	17.0	-647	CBL
1990	7942	10.3	9898	26.1	-1956	SG
1991	17027	114.4	19774	99.8	-2747	SL

Notes: See Table A2.
Source: See Table A1.

Table A10: Bichi local government: Internally generated revenue, statutory allocations ('000 naira) and shares (%) 1980-1991

Year	IR	IR/R	FA	FA/R	SA	SA/R
1980	112	10.5	702	65.5	257	24.0
1981	136	10.6	901	70.0	250	19.4
1982	201	13.6	1024	67.1	301	19.7
1983	200	15.5	807	62.7	280	21.7
1984	230	16.6	902	65.1	253	18.3
1985	300	16.4	1533	83.6	–	–
1986	685	11.7	4937	84.3	231	4.0
1987	906	14.3	5300	83.4	150	2.3
1988	1010	14.5	5300	76.0	669	9.5
1989	600	8.3	6000	83.3	603	8.4
1990	642	8.1	7000	88.1	300	3.8
1991	1027	6.0	15750	92.5	250	1.5

Source: See Table A1.
Notes: See Table A2.

Table A11: Bida local government: Revenue, expenditure and their growth, 1980-1991 ('000 naira)

Year	Revenue	%	Expenditure	%	Surp./def.	Fin.
1980	4112	–	4403	–	-282	SG
1981	5830	41.5	6173	40.2	-343	SG
1982	2943	-49.5	2980	-51.7	- 37	SG
1983	2371	-19.4	2404	-19.3	- 33	SL
1984	5797	144.5	5695	136.9	+102	–
1985	4977	-14.1	4784	-16.0	+193	–
1986	2626	-47.2	2863	-40.2	-237	CBL
1987	2549	- 2.9	2614	- 8.7	- 65	CBL
1988	3624	42.2	4173	59.6	-549	NA
1989	9752	169.1	12218	192.8	-2466	NA
1990	25117	157.6	21183	73.4	+3934	-
1991	22523	-10.3	26434	24.8	-3911	CBL/SG

Source: See Table A1.
Notes: See Table A2.

Table A12: Bida local government: Internally generated revenue, statutory allocations ('000 naira) and shares (%) 1980-1991

Year	IR	IR/R	FA	FA/R	SA	SA/R
1980	38	0.9	2671	64.8	1412	34.3
1981	154	2.6	2717	46.6	2959	50.8
1982	517	17.6	2426	82.4	–	–
1983	199	8.4	2172	91.6	–	–
1984	468	8.1	5329	91.9	–	–
1985	632	12.7	4345	87.3	–	–
1986	603	23.0	2023	73.0	–	–
1987	376	14.8	2173	85.2	–	–
1988	651	18.0	2973	82.0	–	–
1989	657	6.7	9095	93.3	–	–
1990	809	3.2	24308	96.8	–	–
1991	892	4.0	21631	96.0	–	–

Source: See Table A1.
Notes: See Table A2.

Table A13: Bassa local government: Revenue, expenditure and their Growth, 1980-1991('000 naira)

Year	Revenue	%	Expenditure	%	Surp/def.	Fin.
1980	992	–	975	–	+17	
1981	2456	147.6	3673	276.7	-1217	SG
1982	2727	11.0	2757	-25.0	-30	SG
1983	2305	-15.5	2358	-14.5	-53	SG
1984	2946	27.9	3133	32.9	-187	CBL
1985	3617	22.8	3463	10.5	+154	–
1986	3135	-13.3	3226	-6.8	-91	CBL
1987	5097	62.6	5267	63.3	-170	NA
1988	7663	50.3	7565	43.6	+98	–
1989	7745	1.1	7610	0.6	+135	–
1990	16758	116.4	15280	100.8	+1478	–
1991	17373	3.7	18173	19.0	-800	CBL

Source: See Table A1.
Notes: See Table A2.

Table A14: Bassa local government: Internally generated revenue, statutory allocations ('000 naira) and shares (%) 1980-1991

Year	IR	IR/R	FA	FA/R	SA	SA/R
1980	171	17.2	821	82.8	–	–
1981	120	4.9	2336	95.1	–	–
1982	103	3.8	2624	96.2	–	–
1983	92	4.0	2213	96.0	–	–
1984	393	13.3	2553	86.7	–	–
1985	584	16.1	3033	83.9	–	–
1986	422	13.5	2713	86.5	–	–
1987	881	17.3	4216	82.7	–	–
1988	1501	19.6	6162	80.4	–	–
1989	674	8.7	7071	81.3	–	–
1990	699	4.2	16059	95.8	–	–
1991	763	4.4	16610	95.6	–	–

Source: See Table A1.
Notes: See Table A2.

Table A15: Umuahia local government: Revenue, expenditure and their growth, 1981-1991 ('000 naira)

Year	Revenue	%	Expenditure	%	Surp/def.	Fin.
1981	1959	–	3799	–	-1840	SL
1982	4952	152.8	6724	76.9	-1772	SL
1983	4081	-17.6	4326	-35.7	-245	SG
1984	2646	-35.2	6671	54.2	-4025	SL
1985	4986	88.4	5103	-23.5	-117	SG
1986	2409	-51.7	2590	-49.6	-161	SG
1987	3989	65.6	3644	41.8	+345	–
1988	8417	111.0	8785	141.1	-368	CBL
1989	204	-2.5	8317	-5.3	-113	CBL
1990	9811	19.6	9650	16.0	+161	–
1991	6734	-31.3	11362	17.7	-4628	CBL

Source: Derived from administered questionnaires.
Notes: See Table A1.

Table A16: Umuahia local government: Internally generated revenue, statutory allocations ('000 naira) and shares (%) 1980-1991

Year	IR	IR/R	FA	FA/R	SA	SA/R
1981	1147	58.5	812	41.4	–	–
1982	1322	26.7	3364	68.0	266	5.4
1983	1001	24.5	1450	35.5	1630	39.9
1984	1361	51.4	1285	48.6	–	–
1985	1281	25.7	3705	74.3	–	–
1986	1277	53.0	1132	47.0	–	–
1987	1268	31.8	2572	64.5	149	3.7
1988	1306	15.5	6962	82.7	149	1.8
1989	245	15.2	6959	84.8	250	3.0
1990	1328	13.5	8284	84.4	199	2.0
1991	1950	29.0	2617	38.9	2167	32.2

Source: See Table A1.
Notes: See Table A2.

Table A17: Gusau local government: Revenue, expenditure and their growth, 1980-1991 ('000 naira)

Year	Revenue	%	Expenditure	%	Surp/def.	Fin.
1980	2276	–	6965	–	-4689	SL
1981	2853	25.4	6780	-2.7	-3927	SL
1982	4659	63.3	6862	1.2	-2203	SG
1983	4019	-13.7	8374	22.0	-4355	SG
1984	4860	21.0	4506	-46.2	+354	–
1985	5391	11.0	3990	-11.5	+1401	–
1986	6731	24.9	3463	-13.2	+3268	–
1987	7652	13.7	4777	37.9	+2875	–
1988	10700	39.8	10470	119.2	+230	–
1989	7472	-30.2	5570	-46.8	+1902	–
1990	7843	5.0	5519	-0.9	+2324	–
1991	14520	85.1	12688	129.9	+1832	–

Source: Derived from administered questionnaires.
Notes: See Table A1.

Table A18: Gusau local government: Internally generated revenue, statutory allocations ('000 naira) and shares (%), 1980-1991

Year	IR	IR/R%	FA	FA/R%	SA	SA/R%
1980	952	41.8	1114	48.9	210	9.2
1981	1095	38.4	1258	44.1	500	17.5
1982	867	18.6	3792	81.4	–	–
1983	705	17.5	3114	77.5	200	5.0
1984	946	19.5	3914	80.5	–	–
1985	1987	36.9	3404	63.1	–	–
1986	2530	37.6	4097	60.9	104	1.5
1987	2544	33.2	5108	66.7	–	–
1988	1961	18.3	6727	59.1	2412	22.5
1989	1056	14.1	6141	82.2	275	3.7
1990	1096	13.9	6742	86.0	5	0.1
1991	787	5.4	13722	94.5	11	0.1

Source: See Table A1.
Notes: See Table A2.

Table A19: Kaura Namoda local government: Revenue and expenditure and their growth, 1980-1991 ('000 naira)

Year	Revenue	%	Expenditure	%	Surp/def.	Fin.
1980	2276	–	5725	–	-3449	NA
1981	2404	5.6	6320	10.4	-3916	CBL
1982	4380	82.2	3390	-46.4	+990	–
1983	3922	-10.5	2777	-18.1	+1145	–
1984	1037	-73.6	5911	112.9	-4874	SL
1985	533	-48.6	4686	-20.7	-4153	SL
1986	815	52.9	6628	41.4	-5813	CBL
1987	7372	804.5	5864	-11.5	+1508	–
1988	7530	2.1	8460	44.3	-930	CBL
1989	8295	10.2	7802	-7.8	+493	–
1990	8219	-0.9	9158	17.4	-939	–
1991	–	–	–	–	–	–

Source: Derived from administered questionnaires.
Notes: See Table A1.

Table A20: Kaura Namoda local government: Internally generated revenue, statutory allocations ('000 naira) and shares (%), 1980-1991

Year	IR	IR/R	FA	FA/R	SA	SA/R
1980	456	20.0	1820	80.0	–	–
1981	580	24.1	1824	75.9	–	–
1982	614	14.0	3766	86.0	–	–
1983	834	21.3	3088	78.7	–	–
1984	867	83.6	170	16.4	–	–
1985	193	36.2	340	63.8	–	–
1986	351	43.1	464	56.9	–	–
1987	958	13.0	6121	83.0	293	4.0
1988	377	5.0	6832	90.7	321	4.3
1989	609	7.3	7327	88.3	359	4.3
1990	1021	12.4	6972	84.8	226	2.7
1991	–	–	–	–	–	–

Source: See Table A1.
Notes: See Table A2.

Table A21: Ikeja local government: Revenue, expenditure and their growth, ('000 naira) 1980-1986

Year	Revenue	%	Expenditure	%	Surp/def.	Fin.
1980	11830	–	12152	–	-322	CBL
1981	5963	-49.6	4861	-60.0	+1102	–
1982	8538	43.2	7539	55.1	+999	–
1983	10018	17.3	9174	21.7	+844	–
1984	10344	3.3	7476	-18.5	+2868	–
1985	18374	77.6	19432	159.9	-1058	CBL
1986	21153	15.1	16773	-13.7	+4380	–

Source: Derived from administered questionnaire.

Table A22: Ikeja local government: Internally generated revenue, statutory allocation ('000 naira) and shares (%), 1980-1986

Year	IR	IR/R	FA	FA/R	SA	SA/R
1980	2797	23.6	6161	52.1	2870	24.3
1981	890	14.9	3619	60.7	1454	24.4
1982	2659	31.1	4551	53.2	1337	15.7
1983	2887	28.8	3997	40.0	3140	31.3
1984	5284	51.1	4964	48.0	96	0.9
1985	7734	42.1	5648	30.7	4992	27.2
1986	8178	38.7	7671	36.3	5304	25.1

Source: See Table A1.
Notes: See Table A2.

Table A23: Okpebho local government: Revenue, expenditure and their growth, ('000 naira) 1980-1986

Year	Revenue	%	Expenditure	%	Surp./def.	Fin.
1980	1120	–	1462	–	-342	NA
1981	2064	84.3	1864	27.5	+200	–
1982	2471	19.7	2459	31.9	+12	–
1983	2160	-12.6	1952	-20.6	+208	–
1984	3834	77.5	2195	12.4	+1639	–
1985	3678	-4.1	2940	33.9	+ 739	–
1986	3314	-9.9	3416	16.2	- 102	CBL

Source: Derived from questionnaire
Notes: See Table A1.

Table A24: Ejigbo local government: Revenue and expenditure and their growth, ('000 naira) 1980-1986

Year	Revenue	%	Expenditure	%	Surp/def.	Fin.
1980	363		421	-58	SG	
1981	671	84.8	532	26.4	+139	–
1982	788	17.4	286	–46.2	+502	–
1983	653	–17.1	416	45.4	+237	–
1984	517	–20.8	492	18.3	+25	–
1985	801	54.9	679	38.0	+122	–
1986	1041	29.9	762	12.2	+279	–

Table A33: Actual and estimated fiscal variables in selected local government areas (1980-

Table A25: Ijebu-North local government: Sources and composition of internally generated revenues ('000 naira) 1980-1991

Year	Taxes	Rates	Fines	Licenses	Fees	Others
1980	31	18	–	8	7	107
1981	24	20	10	4	4	49
1982	36	17	15	6	8	43
1983	64	23	11	9	14	158
1984	121	36	22	18	19	180
1985	137	411	2	16	37	–
1986	97	226	292	10	1	260
1987	91	206	303	3	–	41
1988	–	134	351	435	9	30
1989	114	272	653	27	3	181
1990	118	318	550	72	63	1608
1991	132	470	588	5	56	345

Source: Derived from administered questionnaires.

Table A26: Odeda local government: Sources and composition of internally generated revenues ('000 naira), 1980-1991

Year	Taxes	Rates	Fines	Licenses	Fees	Others
1980	–	2	–	4	18	18
1981	–	5	–	4	36	45
1982	494	14	–	106	–	–
1983	–	7	–	10	72	38
1984	–	38	–	31	181	36
1985	–	516	–	10	438	35
1986	–	75	3	57	432	14
1987	–	78	3	70	272	11
1988	–	71	–	54	431	33
1989	–	62	1	41	445	143
1990	–	77	2	113	514	12
1991	–	82	2	142	581	218

Source: Table A15.

Table A27: Calabar municipal government: Sources and composition of internally generated revenues ('000 naira) 1980-1991

Year	Taxes	Rates	Fines	Licenses	Fees	Others
1980	38	100	–	82	219	13
1981	269	92	311	–	–	475
1982	166	300	–	98	263	65
1983	100	243	–	84	230	42
1984	156	500	–	153	516	61
1985	212	600	–	174	114	16
1986	120	701	–	562	509	8
1987	117	530	7	600	840	400
1988	84	382	3	55	1	2272
1989	119	216	–	22	–	868
1990	67	187	2	38	2	988
1991	69	310	9	48	–	2986

Source: See Table A15.

Table A28: Agaie local government: Sources and composition of internally generated revenues ('000 naira), 1980-1991

Year	Taxes	Rates	Fines	Licences	Fees	Others
1980	2	–	–	14	4	–
1981	3	2	–	15	6	–
1982	13	–	–	–	–	47
1983	–	18	–	12	–	–
1984	42	61	–	12	–	–
1985	157	18	–	–	–	61
1986	19	–	–	27	57	19
1987	8	24	84	–	–	26
1988	3	82	–	3	–	–
1989	4	108	–	47	–	297
1990	3	–	–	72	17	–
1991	4	204	–	34	–	3

Source: See Table A15.

Table A29: Basa local government: Sources and composition of internally generated revenues ('000 naira), 1980-1991

Year	Taxes	Rates	Fines	Licenses	Fees	Others
1980	31	18	–	8	7	107
1981	8	–	–	20	19	73
1982	–	–	–	17	15	71
1983	–	–	–	25	22	45
1984	128	–	–	50	47	168
1985	330	–	—	30	24	200
1986	193	–	22	22	20	165
1987	259	4	–	32	30	56
1988	301	8	–	57	50	1085
1989	307	15	–	38	37	277
1990	252	1	–	68	67	311
1991	293	2	–	82	81	305

Source: See Table A15.
Notes: Other sources include proceeds from stocks, shares and user-charges not properly specified.

Table A30: Gusau local government: Sources and composition of internally generated revenues, ('000 naira), 1980-1991

Year	Taxes	Rates	Fines	Licenses	Fees	Others
1980	207	160	–	298	287	–
1981	187	199	–	311	398	–
1982	190	–	–	250	407	20
1983	209	250	–	93	130	23
1984	304	390	–	97	152	3
1985	902	415	–	93	546	31
1986	1594	428	–	92	404	12
1987	1407	465	–	107	523	42
1988	818	477	–	171	486	9
1989	327	107	–	190	408	24
1990	552	54	–	38	428	24
1991	11	68	–	17	569	127

Source: See Table A15.

Table A31: Umuahia local government: Sources and composition of internally generated revenues ('000 naira), 1981-1991

Year	Taxes	Rates	Fines	Licenses	Fees	Others
1981	269	92	311	–	—	475
1982	130	245	338	–	—	609
1983	372	–	626	–	–	3
1984	208	428	434	–	–	291
1985	470	–	797	–	–	14
1986	170	342	748	–	–	17
1987	156	321	387	–	–	404
1988	154	301	404	–	–	447
1989	170	386	260	–	–	429
1990	201	531	–	–	–	596
1991	224	427	532	–	–	767

Source: See Table A15.

Table A32: Kaura Namoda local government: Sources and composition of internally generated revenues, ('000 naira), 1980-1991

Year	Taxes	Rates	Fines	Licenses	Fees	Others
1980	391	5	–	60	–	–
1981	455	72	–	53	–	–
1982	494	14	–	106	–	–
1983	724	14	–	96	–	–
1984	755	15	–	97	–	–
1985	86	15	–	92	–	–
1986	90	157	–	104	–	–
1987	628	162	–	168	–	–
1988	188	189	–	121	–	–
1989	221	30	–	358	–	–
1990	924	44	–	53	–	–
1991	–	–	–	–	–	–

Source: See Table A15.

Table A33: Actual and estimated fiscal variables in selected local government areas (1980-1991)

Calabar:	Internally generated revenue			Expenditures		
Year	Actual	Estimates	Diverg.	Actual	Est.	Diverg.
1980	452	864	52.3	1182	2162	54.7
1981	610	713	85.5	1477	1783	82.8
1982	892	692	129.0	1996	2206	90.5
1983	699	503	139.0	1874	1482	126.4
1984	1386	812	171.0	2429	2113	115.0
1985	1116	2104	53.0	3567	4152	135.4
1986	1900	2316	82.0	3567	4152	85.9
1987	2494	1923	130.0	4749	3691	129.0
1988	2797	3144	88.9	8586	9843	87.0
1989	1225	3063	40.0	8057	10361	77.8
1990	1284	2192	59.0	23384	28504	82.0
1991	3422	3148	109.0	31201	35143	88.8

Source: Estimated figures from budget address, various years.

Iljebu-North:	Internally generated revenue			Expeditures		
Year	Actual	Estimate	Diverg.	Actual	Est.	Diverg.
1980	66	–	–	1314	–	–
1981	111	–	–	1203	–	–
1982	125	–	–	1416	3163	45.0
1983	279	–	–	1587	3292	48.0
1984	396	413	95.8	1318	–	–
1985	603	630	95.7	2204	–	–
1986	886	643	138.0	3155	–	–
1987	644	816	79.0	3683	–	–
1988	959	1031	93.0	11504	8061	142.7
1989	1250	943	136.0	8727	7537	116.0
1990	2729	3614	76.0	14827	18543	80.0
1991	1596	–	–	15072	14017	107.5

Source: Estimates from Ministry of Finance and Economic Planning, Digest of Local Government Statistics, various issues, Abeokuta.

Table A34: Expenditure pattern in selected local governments ('000 naira)1980-1991

	Ijebu-North		Odeda	
Year	Current	Capital	Current	Capital
1980	526	788	627	288
1981	203	1000	1155	480
1982	316	1100	1424	807
1983	682	905	1399	826
1984	1016	302	1381	991
1985	821	1383	951	1247
1986	1162	1993	1029	2722
1987	1669	2014	1577	2321
1988	2425	9079	2187	4618
1989	2789	5638	3057	4245
1990	5593	9234	8655	5503
1991	6728	8344	7443	14452

	Bida		Agaie	
Year	Current	Capital	Current	Capital
1980	3865	538	2000	246
1981	6001	172	2512	581
1982	2948	32	1894	235
1983	2400	4	1833	39
1984	5411	284	1403	–
1985	4710	74	1573	94
1986	2637	226	1740	3
1987	2614	–	1146	–
1988	3894	279	2127	124
1989	9445	2773	2390	770
1990	11215	9968	7811	1911
1991	20203	6231	12979	1249

	Bassa		Bichi	
Year	Current	Capital	Current	Capital
1980	826	149	189	706
1981	3510	163	669	427
1982	2695	62	830	503
1983	2244	114	712	308
1984	2775	358	830	603
1985	2896	567	946	702
1986	3009	217	5455	1030
1987	3814	1453	5946	1020
1988	5498	2067	3553	3155
1989	6432	1178	3988	3862
1990	11124	4156	4905	4993
1991	16662	1511	13779	5995

	Calabar		Kaura Namoda	
Year	Current	Capital	Current	Capital
1980	1555	27	3169	2556
1981	1472	5	5111	1209
1982	1892	104	2448	942
1983	1804	70	2709	68
1984	2293	136	5665	246
1985	2259	1456	4390	296
1986	2819	748	6252	376
1987	2559	2190	4495	1369
1988	3270	5316	6328	2132
1989	3853	4204	5182	2620
1990	10047	13337	5559	3599
1991	13993	17208	–	–

	Umuahia		Gusau	
Year	Current	Capital	Current	Capital
1980	–	–	4647	2318
1981	1878	1921	4436	2344
1982	2134	4590	5975	887
1983	4324	2	5851	2523
1984	6671	–	4506	–
1985	4590	513	3915	75
1986	2531	39	2668	795
1987	2996	648	3673	1104
1988	11014	8422	8152	2318
1989	6385	1932	4078	1492
1990	6333	3317	4070	1449
1991	6221	5141	10278	2410

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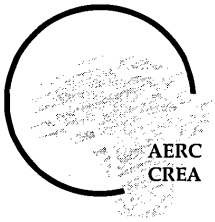

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