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COMPARATIVE ASSESSMENT OF DECENTRALIZATION IN AFRICA: NIGERIA DESK STUDY

JUNE 2010

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COMPARATIVE ASSESSMENT OF DECENTRALIZATION IN AFRICA: NIGERIA DESK STUDY

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CONTENTS

ACRONYMS AND ABBREVIATIONS

ASCON	Administrative Staff College of Nigeria
CBN	Central Bank of Nigeria
DFID	UK Department for International Development
EDF	European Development Fund
EU	European Union
FCT	Federal Capital Territory
IGR	Inter-governmental Relations
FGN	Federal Government of Nigeria
GDI	Gross Domestic Income
GDP	Gross Domestic Product
LEEDS	Local Empowerment and Enlightenment Development Strategy
LG	Local Government
LGA	Local Government Authority
MDG	Millennium Development Goal
NEEDS	National Empowerment and Enlightenment Development Strategy
PHC	Primary Health Care
SEEDS	State Empowerment and Enlightenment Development
SG	State Governments
SPARC	State Program for Accountability, Responsiveness, and Capability
UNDP	United Nations Development Programme
UNICEF	United Nations Children’s Fund
USAID	United States Agency for International Development
VAT	Value-Added Tax
WHO	World Health Organization

EXECUTIVE SUMMARY

The present structure, functions, finance, and accountability arrangements were created by military rulers in 1976. Their stated objectives were to rebuild democracy from the grassroots and spread the benefit of Nigeria's newfound oil revenues through infrastructure development spearheaded by local governments (LGs) that serve as the third tier of Nigeria's federal system. Succeeding governments, both military and civilian, have subscribed and supported the logic of a three-tier federation. The performance of these institutions has differed over time and space influenced as it is by differing priorities of rulers at the national and state government levels for much of the period.

Paradoxically, Nigerian LGs enjoyed greater autonomy, resources, and capacity and a closer dose of supervision under the military than under civilian rule in the country's checkered post-independence existence. This is in part due to the systemic challenge of a governance system that is financed almost exclusively from oil revenues out of which all levels of government share. Accountability arrangements have been weak for the LG system as has been the effort at mobilizing local revenues, improving the quality of the democratic space or discourse, and improving the economic life chances of Nigeria's 150 million people. Estimates are that Nigeria will not be able to meet any of the poverty reduction targets of the Millennium development goals by 2015.

The Nigerian experience poses both negative and positive lessons. Negatively, the comprehensive or 'big bang' approach to devolutionary decentralization was ill advised without a definitive effort at creating effective lateral and vertical accountability structures. This was further aggravated by the near complete dependence of the local government system on huge federal revenue sharing arrangements for all three levels of government without requiring performance benchmarks in terms of development or local revenue matching from LGs.

On the other hand, the LG system has significantly decentralized the Nigerian system of government and public finance while standardizing the system of local government in this huge country. Local governments spend 21 percent of total public expenditure or five percent of Gross Domestic Product (GDP), high by African and developing country standards. This decentralized structure has helped to increase possible entry points into the political system. Local government authorities (LGAs) have successfully served as recruiting grounds for state and federal level politicians (two of the post-1979 Presidents and several governors served in LGs). It has also functioned as an important training ground for citizens and organized civil society groups, although not so much for private sector actors or the media. Second, the system has enhanced the capacity of local government compared with what it was before the 1976 reforms. Finally, important intergovernmental organs have been created during the military period for mediating relations between the three levels of government. What remains to be done is to create effective organs to enable state governments and civil society actors and donor groups to assist LGAs to improve their capacity to provide citizens quality public services and other democratic dividends over time.

1.0 THE COUNTRY CONTEXT

1.1 POLITICAL BACKGROUND

With a population of 150 million, Nigeria is at once Africa's most populated country and the only federal government in a continent whose population is roughly the size of India. There are over 250 ethnic and language groups with three of these dominant: the Hausa/Fulanis to the north, the Ibos in the southeast and the Yoruba in the southwest. Each of these groups lived in separate political kingdoms before colonial rule even though they traded and warred with each other. These disparate groups were all brought under British colonial protectorate in 1914 and each of the ethnic units have remained the essential building blocks of Nigeria's changing ethnic federation.

These ethnic groups also coincided with the country's large geographic area (923,768 square kilometers, approximately 150 persons per square kilometer) with all ecological zones from swamp forest to savannah and semi-desert represented. Each of these groups thus has distinctive occupations peculiar to it—from the fishermen of the coastal areas of the Gulf of Guinea to the farmers, traders, and herders of the west, east and northern parts. Among the major ethnic groups are a multitude of minority groups. These have also become an important element in Nigeria's federal system and their presence and roles in the political equation that is Nigeria are all important in understanding decentralization and local government in Nigeria.

As is to be expected, political orientations in the evolving federal state have been based on this ethnic arithmetic. An important element has been how to balance the equation between the northern Islamic groups whose rulers (sultans and emirs) formed the bedrock of 'native' or local (field) administration in that part of the country with the more restive, better educated, Christianized groups in the south. Inevitably, important elements in the continuing effort since political independence in 1960 at reconfiguring the Nigerian state and local government system have been how to keep a balance between the south and north; between the three dominant ethnic groups and ensure that these groups do not oppress the minorities within each of the country's three big regions—North, East, West.

The above factors made both non-centralization (federalism) and decentralization (deconcentration and devolution) lively issues in Nigeria. They also set the stage for the country's political landscape and dynamics including its occasional violent turns, which at times is ethnic and at times religious in nature. The Nigerian civil war between the Ibos and the rest of the federation from 1967 to 1970 led to a fundamental reconstruction of Nigeria's federation from one that was highly decentralized or regionalized to one that became effectively centralized.

This war was closely associated with two factors that began to reshape the Nigerian federation to its foundations. The first was the entry of the military into Nigeria's political leadership in January 1966 and the second was the production and marketing of oil in large quantities from the coastal areas. These two developments led to rapid centralization of power, and the prosecution of the civil war and its aftermath only made further centralization necessary (Olowu in Wunsch and Olowu, 1990).

1.2 HISTORY OF DECENTRALIZATION

Governance in the northern and southern colonial protectorates differed in several ways. In the North, the British system of indirect rule worked well as northern traditional emirs merely continued their pre-colonial rule under British oversight.

By contrast, in the South, traditional rulers although existent in parts did not wield the same kind of comprehensive powers exercised by northern emirs. In the East, there was no such tradition of absolute rulers in the pre-colonial period. Colonial legislation created these structures everywhere.

Nigeria's independence federal constitution made local government matters a residual matter to be legislated at will by each of the three regions. A common description of the final years of colonial rule and the early years of independence was that if the national government collapsed, it would have no impact in the North but tremendous impact in the South. This gave expression to the differences that existed in the scope, powers, and quality of local government in the country at this time.

1.3 CURRENT STRUCTURE AND INSTITUTIONS OF DECENTRALIZATION

In 1976, the federal military government as a part of its preparations for transition from 10 years of military rule to civilian democracy embarked upon the reform of local government.

The government gave two major reasons for the reform. The first was the return to democracy starting from the grassroots. The second was its desire to ensure that the country's newfound oil revenues were utilized to build the basic infrastructure services essential for economic modernization (Nigeria, 1976).

One of the major objectives of the reform therefore was to devolve some significant functions of state governments to the local level in order to facilitate rapid local development. The guidelines stated clearly that reform would bring about a fundamental change in the political structure of the country whereby "a new level of government would be added below the federal and state government levels" (Nigeria, 1976, p. 1).

The government made good on this promise through the local government reform of 1976 in three important respects. First, through the reform a homogeneous structure of local government was created across Nigeria, replacing the pre-military systems of region-based local governments with a national system of local government after broad consultations across the political spectrum. Second, the reform articulated clearly the responsibilities of this third tier government, distinguishing it from the federal and state governments. In the meantime, the state governments had also been reconfigured from three to six and later to 12 (just before the civil war); and to 19 units after the war was concluded. Thirdly, huge financial resources from the national federation (which came mainly from oil) were made available to these new local governments. Their expenditure profile within the public sector moved from only three percent before the reform to 10 percent and subsequently to the present level of some 23 percent. They were also allowed to recruit and manage own staff. Several staff and devolved services were sent to the local governments over a relatively short period of time.

In total 299 local governments were created. This has been increased progressively (301 in 1976; 449 in 1987; 500, then 589 in 1991; 593 in 1995) to the present total of 774 (since 1996). More states were also created bringing the total presently to 36. Only a few states and local governments have been able to translate these huge infusions of federal transfers in cash into governmental infrastructure. Several explanations can be offered for this state of affairs.

It is worth noting that this reform of the Nigerian local government system has survived more than three decades with each administration, military and civilian, subscribing to its core principles. In fact, all the civilian national constitutions since the first military rule have incorporated the key principles of the initial local government reform.

Each local government is enshrined by name in the Nigerian constitution. This increase in the number of local governments and resources allocated to them was intended to bring government closer to the people and facilitate effective service delivery. Unfortunately, with the exception of a few local governments, service delivery has barely improved. Rather, the reforms have only fuelled an increasing demand for creation of additional local government councils—as a way of ‘sharing the national cake.’ Even some state governments of the federation created new local governments in response to such demands. Lagos State for instance, created an additional 37 local governments —in addition to its original 12—in 2004, which generated controversy and remains unresolved until this date.

1.3 FUNCTIONAL REFORMS (CONSTITUTIONAL DECENTRALIZATION)

The 1979 Constitution recognized local government as the third tier of government in the Nigerian federation. They were thus to become active in the country’s economic development planning programs.

The Fourth Schedules of the 1979 and 1999 Constitutions of Nigeria assigned responsibilities and functions to local governments. These include: the formulation of economic planning and development; collection of rates, and radio and television licenses; licensing of bicycles, trucks (other than mechanically propelled trucks) canoes, wheel barrows, and carts; establishment, maintenance, and regulation of slaughter houses, slaughter slabs, markets, and motor parks; construction and maintenance of roads, streets, street lightings, drains, parks, gardens, open spaces, or such public facilities as may be prescribed from time to time by the House of Assembly of a state; naming of roads and streets and numbering of houses; provision and maintenance of public conveniences, sewage and refuse disposal; registration of 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; and regulation of:

- Outdoor advertising;
- Movement and keeping of pets of all description;
- Shops and kiosks, restaurants, bakeries and other places for sale of food to the public laundries; and
- Licensing, regulation, and control of the sale of liquor.

The articulation of these functions has three important implications. First, they legally empower local councils to provide essential services for the citizens. Secondly, these functions create opportunities for the councils to generate revenue to finance their services. For instance, the collection of tenement rate in particular has the potential to make local councils financially buoyant. However, this lucrative source of revenue has not been maximally exploited, except in a few localities. Thirdly, the provisions give local councils the opportunity to participate in national and state economic planning. Finally, the articulation of these functions protects them from being encroached upon by state and even federal government.

National programs of economic liberalization and privatization of the mid-1980s gave fresh fillip to the country's decentralization efforts that had commenced since the mid-1970s. The most important areas which local governments have affected, in the few communities in which effective combination of political and administrative leadership have made this possible, are basic education, health, water and sanitation, and roads. In 1988, additional legislation was brought to ensure that local governments became the main providers of basic health care. Basic education is shared with a national agency. It is important to note that Nigerian local governments operate the strong mayor system—the chairman of the council is the council chief executive and operates very much like the president or governor at the national and state levels.

1.4 FISCAL DECENTRALIZATION

To ensure that the finances of the newly established 301 local governments in 1976 were on a sound financial footing, the federal government decided to write off the outstanding local government debts owed to state governments. It also appointed a committee to examine how local government would benefit from both federal and state governments' statutory allocations. Government introduced a formula for sharing federal revenue among the three governmental levels in 1981. The statutory allocation to local government witnessed several upward reviews from three percent to 10 percent in 1981, 15 percent in 1990, 20 percent in 1992, and 20.6 percent in 2002. During the same period, state government allocations from the federation account dropped from 30 percent to 24 percent while that of the federal government dropped from 55 percent in 1981 to 48.5 percent in June 2002.

In 1988, there were further steps to strengthen the local councils, as direct payment of federal allocations were made to local governments instead of passing them through state governments. As part of the financial reforms, local government is expected to receive 10 percent of internal revenue of state governments. Most state governments have failed to comply with this directive.

When the value added tax (VAT) was introduced in 1994, a share of 25 percent was allocated to local government. In fact, local government share of VAT represented 10.7 percent of its total revenue for that year and 18.3 percent in 2005.

This large infusion of financial resources into local governments in Nigeria has produced both positive and negative consequences. On the positive side, it has attracted a crop of strengthened political and administrative leadership into local government (Adamolekun, 1984; Olowu and Okotoni, 2001).[1] Secondly, it has enabled local governments to undertake a number of services,

[1] 30 percent of total public service employees work in Nigeria's local government by 2005. This is a high figure for African countries although low when compared to OECD and Latin American and Asian countries.

including construction and maintenance of roads, streets, street lightings, drains, parks, gardens, open spaces, naming of roads and streets, and numbering of houses. Others include provision and maintenance of public conveniences, sewage and refuse disposal; maintenance and regulation of slaughter houses, slaughter slabs, and markets, motor parks; and establishment and maintenance of cemeteries, burial grounds etc.

On the negative side, accountability has been weakened as local governments rely so heavily on federal transfers with minimal inputs from the local citizenry. One implication is that local government officials are often not paid their salaries for months (Khemani, 2005). Another challenge is that each local government is forced to have exactly the same structures and personnel and pay systems as others, even when these are not appropriate to their respective local contexts. Finally, the transfers from the national treasury seem to discourage and displace local revenue mobilization efforts.

As the summary in Table 1 shows, the continuing effort to build on the key elements of the reform of 1976 constitute the crucial departure point for any analysis of Nigeria's present local government system.

TABLE 1: SUMMARY OF LG REFORMS IN NIGERIA, 1976–2008

Date	Reforms/Changes
1976	Global Reform of the country's local government system; a uniform LG system was adopted for the whole country
1988	Abolition of the Ministry of Local Government. All matters relating to LG affairs were moved to a new Department of Local Government. All other functions in the former ministry were to be suitably reassigned to other state ministries
1988	Direct Fiscal transfers to local governments
1988	Ten percent of Internal revenue of states to be paid into the State-Local Government Joint Account
1988	Introduction of Directorate system into the local government service
1988	Creation of the office of local government auditor
1989	Federal government assumed legislative competence over local governments. Empowerment of local government chairmen to appoint supervisory councilors instead of being elected
1990	Empowerment of local government chairmen to appoint secretaries.
1990	Announcement of local government autonomy with respect to operational and financial matters. Local government budgets were to be approved by local government councils, no longer by state governments
1990	Transfer of primary education and primary health care to local governments
1991	Adoption of a presidential or strong-mayor system universally in all local governments. LG revenue shares in national intergovernmental revenues rose to 20 percent in 1992
1999	Establishment, structure, composition, finance, and functions of local government by State Government Law (1999 Constitution)
2004	VAT Contributions to local governments
2005	Inclusion of LGs in work of anti-corruption body

***Sources**: 1. Nigeria (1999) Constitution of the Federal Republic of Nigeria, Abuja, Government Press.*

1. Olowu and Wunsch (2004): Kersting et al. (2009)

2.0 INTERMEDIATE OBJECTIVES

2.1 AUTHORITY

LGAs in Nigeria probably reached their 'high-water' mark regarding authority over their functions during the Babangida era. During the nine-year period from 1985–1993, his government revised LG structures and processes nine times, granting them effective control over the budgets, local service priorities, autonomy from state interference in routine administration, as well as a substantial share of federal revenues. All these devolutionary measures substantially weakened the states vis-a-vis the LGAs. Local governments had effective control over primary education, local development planning, primary health care, non-trunk roads and streets, markets, and agricultural development. Local government structure was uniform, as established in the 1976 reform act and amended by the Babangida regime (Barkan, Gboyega and Stevens, 2001; Gboyega, 2003).

Some scholars of the Nigerian local government system contend that the 1999 Constitution, at least *de jure*, reduced the authority (and autonomy) of local government while it expanded the role of the state governments (SGs) in these matters compared with the 1979 Constitution (Awotokun, 2005). SGs now were vested with authority over the establishment, structure, compensation, finance, and functions of local governments. Local governments no longer had a clear mandate on key local functions, such as those above, but only to be active in these areas as states allow (Gboyega, 2003). According to Gboyega, this has meant local governments have "had an uphill task resisting state interference in local functions" (Gboyega, 2003, p. 8).

This provokes a question however: how much has the *de jure* shared authority between states and LGAs established by the 1999 Constitution (essentially a return to a system of delegation), translated into *de facto* control by SGs? At least in Primary Health Care (PHC), the sector function where the most research has been done, the answer is not much. All evidence points to continued dominance by LGAs over all aspects of PHC, in spite of nominal state authority over this sector. Unfortunately, LGAs have performed poorly in this, with problems that were noted in the 1990s—such as poor maintenance and staffing of facilities, poor supplies, and non-payment of staff salaries—continuing (Olowu and Wunsch et.al., 2004; Khemani, 2005). It would seem that SG authority has increased in other functional areas though—e.g., in basic education where an agency has responsibility for the management of teachers and curriculum while local governments are responsible for maintenance.

2.1.1 LGA AUTHORITY OVER INTERNAL FUNCTIONS

LGAs have modest authority over personnel. Local government personal systems are divided into two levels. All personal above the supervisory grade, primarily managerial and professional personnel, are employed by the Local Government Service Commission, an independent organ run and managed at the state level. This structure engages, deploys, disciplines, and discharges these personnel. Thus, LGAs have little authority over them, but it does protect staff from the fear of political victimization, a real issue in Nigerian governance. Rotation among LGA assignments typically occurs every three to four years, so there is some instability for LGAs regarding this cadre. Still, the rotation system means even poorer and more rural areas have access to some more skilled and experienced personnel.

Employees below the managerial grade are engaged by LGAs. These are primarily less skilled and subordinate personnel. While LGAs do have full authority over these personnel, pre-1999 tendencies of overstaffing and the high cost of eliminating positions and discharging redundant personnel limit effective LGA authority. Thus, overall, LGA authority over personnel is minimal.

Revenue authority for LGAs is limited by the 1999 Constitution, and by state pre-emption of property taxes in some states, to a few, low-yielding and high-cost sources. LGAs also lack the ability to influence their share of federal allotments as these are distributed strictly according to factors such as population and size. LGA revenue efforts and policy performance have no bearing on their shares. Thus, LGAs have little ability to influence their revenue.

Budgeting and expenditure authority varies among states. Some states such as Kaduna, Lagos, and Jigawa treat LGA budgeting and expenditures as strictly LGA decisions. Others require state approval for LGA budgets and expenditures above minimal levels. LGAs are all required to perform audits of their expenditures. States are normally responsible for supervising audits, but vary in their diligences in this. Generally, LGA audit performance is regarded as weak.

2.1.2 LGA AUTHORITY OVER SECTOR FUNCTIONS

According to the 1999 Constitution, LGA policy and administrative authority is limited. Most responsibilities are under states or concurrent state/federal authority. Education, for example, has been removed from LGA control, and while frequently deconcentrated in some measure to the local level, is governed by independent boards at state, LGA and village levels. Economic development is a shared state-local function, but subject to state delegation. International agencies such as the International Food Policy Research Institute (IFPRI) confirm that LGAs play little role in this, with state and federal agencies dominating it and allowing for minimal or no local-level input in planning or implementation of development projects (IFPRI, 2009) but there are variations across states and localities. Further research on exactly what LGAs have done regarding economic development is needed.

Security is a federal responsibility. However, some control over this function has effectively devolved to the state and LGA-levels through the emergence of community “militias” such as the notorious “Bakassi Boys” of Onitsha. Such militias have also developed in Rivers and Bauchi States. These are semi- private bodies, authorized by state legislation (Barkan et al., 2001) because federal policing has been such a disaster in terms of competence and integrity in keeping lives and property safe all over the country. A downside to this is that these militias are managed in opaque ways and the influence of state and LGA personal over them is unclear. There is research that suggests they have worked with politicians and played a political role in some areas, intensifying tension and fear among some ethnic communities (Harnishfeger, 2003). They have, where active, largely preempted the authority of the Nigerian police.

LGA authority is clearest over markets and local roads, and while shared with states, is important in PHC. However, LGA are constrained by low resources arising from federally mandated expenditures and especially the salary adjustment of 2000 that hit state and LGA budgets. Another limitation on LGA effectiveness as we shall below is weak accountability for the available resources and weak incentives to mobilize additional locally generated resources.

Overall, lacking effective structures of accountability (laterally and vertically), and with the perverse incentives created by Nigeria's fiscal federalism, which as a common pool resource creates no incentives for enhanced local revenue effort nor more effective LGA services or local economic development, it is not clear that enhancing LGA authority in this circumstance would lead to improved performance. It is significant, however, that some local government chairmen have distinguished themselves especially where the state-local government political calculus allows this. Impressive results have been noted especially in Lagos, Jigawa, and Kaduna States (Barkan et al., 2001). Even in Rivers State, where systematic local and state government corruption has been well documented; one local government (Khana) distinguished itself – among all six sampled LGAs---by high quality performance (Human Rights Watch, 2007a).

2.2 AUTONOMY

Since Nigeria is a federal system with real powers exercised by both state and federal levels, analyzing the autonomy of its 774 LGAs requires attention to all three levels of government. It requires examination of the 1999 constitution, fiscal federalism as Nigeria practices it, and state statutes and administrative practices regarding LGAs. Perhaps needless to say, the fact that there are 36 states in Nigeria with varying approaches to their LGAs means that generalizations are limited. Additionally, only a few states have been studied, so there are large gaps in the knowledge. Nonetheless, there are several important generalizations that can be made.

In some respects, decentralization in Nigeria can be justifiably regarded as robust and vital, and the foundation for LGA autonomy. Three levels of governance have constitutional status, states have or share with the Federal Government of Nigeria (FGN) substantial authority and responsibility, and LGAs are entrenched in the constitution with some, though not a great deal, of autonomy. More to the point, states and LGAs have a constitutional right to substantial shares of the Federation Account, amounts that have increased dramatically since the 1970s and also since the 1999 Constitution was instituted (in LGAs from three percent in 1977 to 21 percent in 2006). The Federal Constitutional Court has also ruled in several cases in favor of sub-national governments against the FGN, protecting their autonomy and enhancing their share of federal monies (Suberu, 2009).

Finally, with the exception of the strong centralizing trend under several periods of military government, Nigeria has a long and strong federal tradition and history, dating to the early 1900s. Even General Babangida (though primarily for his narrow, political reasons) substantially enhanced the autonomy of local government during his rule (Barkan et al., 2001). Otherwise, military rulers' suspension of state and LGA autonomy and rule through military officers (governors) is regarded as a period of exceptional sub-national governance ineptitude, incompetence, and corruption. It was in part in reaction to the military's abuses that during the 1998–99 transition for revitalized federalism. Therefore, federalism and local government are accepted, deeply entrenched, and well institutionalized in Nigeria (Suberu, 2009; Barkan et al., 2001; Gboyega, 2003). The current system provides for at- large election of the LGA executive, the chairman; election by wards of the members of the LGA legislative body, the council; and for appointment of a cabinet (department heads) by the chair. In these respects, *de jure* autonomy is secure even though the major political parties play the key role in determining who would run for elections at local as at state and national levels.

However, there are several operational aspects of Nigerian governance that substantially reduce the *effective* autonomy of local governments, though not so much of states. First, Nigeria's practice of determining at the federal level all government employees' salaries, allowances, and conditions of separation, has dramatically eroded the effective autonomy of LGAs. When the salary adjustment of 2000 was instituted, its 2.5-fold increase in civil service salaries, along with the existing very generous conditions for separation, largely paralyzed LGA's programmatic and capital budgets. They also made needed LGA personnel reductions and restructuring virtually impossible. The five-fold increases in salaries for political personnel only worsened a terrible situation.

Second, the practices of Nigerian fiscal federalism impede development of an LGA-focused political life and a public base for genuine autonomous action by LGAs. For instance, the pre-emption of resources for primary school costs reduced resources available to LGAs and some in effect had zero allocations (Barkan et al., 2001, Gboyega, 2003)

Thirdly, and as discussed below regarding accountability, LGA politic revolves around the pursuit of the spoils of political office (and the opportunities they bring), public employment, as well as over which ethnic community will get them (Aiyede, 2009).

There is thus for many LGAs little to no money for programmatic budgets, and capital projects have dried up since the 2000 salary adjustments. New facilities frequently cannot be staffed or operated even if completed. What remains means most LGA decisions become decisions over who will get what are effectively 'private goods,' such as local jobs or contracts for LGA purchases and infrastructure maintenance (Ostrom and Ostrom, 1977; E. Ostrom, 1990). Thus, there is little to mobilize local residents or civil society to assert and support local autonomy in order to make choices regarding 'public goods,' such as which ones to provide, how to provide them, how to pay for them, and how to enhance their quality. The politics of individual or ethnic-community spoils dominate LGA governance, and as long as the spoils come from federation accounts (not local taxes), they only affect a few rank-and-file Nigerians. Since the local political class already controls their allocation, there are few incentives for it or the public to assert local autonomy regarding policy or programs.

Finally, and as discussed regarding authority, LGAs in some states lack effective autonomy to make choices in most functional and sector areas. They lack autonomy over their revenues and personnel, frequently over budgeting and expenditures, and over most development projects.

Overall, the Nigerian constitutional structure, its history and its very size and diversity provide a positive framework for LGA (and state) autonomy. However, the practices of Nigerian fiscal federalism undermine the incentives needed for its politicians and publics to take this structure and develop and sustain real political and programmatic autonomy (Kalu, 2008). Also, state dominance in functional or sectoral areas further limits LGA autonomy. However, with 36 states and 774 LGAs, the level of autonomy held by individual LGAs probably varies a great deal, varies among various sectors, and varies with informal and cooperative mechanisms and procedures that may have developed over the last decade. These, however, are not known, but could offer useful insights for other parts of Nigeria, other African states, and ought to be researched further.

2.3 ACCOUNTABILITY

Accountability can be best understood as having three dimensions (Diamond, 2008):

- Downwardly, to the electorate and civil society;
- Upwardly, to superior levels of government; and
- Laterally, to various checking and internally regulating mechanisms at the specific level of government.

Nigerian LGAs generally rank poorly on electoral, civil society, and general public accountability. Elections have been marred by very low turnouts (20 percent in the 2007 national election) and by what are generally accepted to be patterns of fraud, violence, intimidation, and ballot box stuffing (Rawlence and Albin-Lackey, 2007; Joseph and Kew, 2008). Elections are primarily personal contests over who will have access to LGA resources. Parties have no real programmatic differences, but are coalitions formed around personalities for the purpose of pursuing power and the spoils of office. Once in office, party membership reportedly plays little role (Barkan et al., 2001).

In spite of Nigeria's very rich civil society at all levels of governance, and particularly at the community, what research there is on civil society at local levels of government (unlike the active civil society found at the national level—see Section III), indicates an absence of public knowledge regarding LGA budgets, weak civil society involvement in most LGA affairs in most areas, and rare media activity in most of Nigeria's 774 LGAs (Khemani, 2005; Dibie, 2003; Alemiki and Chukwuma, 2004). Both local and national news media cover local issues but the national issues tend to get the greater attention. In a number of cases, the radio, TV, and press media coverage have led to prosecution of several local government chairmen in the courts. In the twilight years of the Obasanjo administration, a federal law was passed to improve accountability of local government. This led to a number of local government officials and chairmen (and state officials) being interrogated by the federal anticorruption agency.

Even in the Delta, where local civil society is arguably the most politically active in Nigeria, its targets are the petroleum companies and the Federal government, and generally not LGAs (Anugwom and Anugwom, 2009; Ikelegbe, 2001a, 2002b, 2005). Alemika and Chukwuma (2004) report some attempts by civil society organizations to work with LGAs, but that these were brushed off by LGA politicians. Ethnically based civil society has been very active, however, in the campaign for LGAs, the location of their headquarters in their communities, and other distributional benefits (Ukiwo, 2006; Alapiki, 2005). This does not appear generally to have been sustained into holding LGAs accountable for performance in their routine governance. Overall, accountability of LGAs to the general public can only be regarded as weak (Crook, 2003, Human Rights Watch, 2007a).

Lateral accountability is weakened by the dominant role played by LGA chairman, by generally weak and ineffective LGA councils, ineffective LGA audit officers, which are understaffed and lack enforcement powers, and by very poor systems of account management (Barkan et al., 2001; Gboyega, 2003; Agundu, 2008). Even though LGA councils are authorized to approve local council budgets, councilors have been preoccupied with personal and constituency benefits rather than with programmatic assessment or evaluation of budgets or programs (Human Rights Watch, 2007a). In a sense, this is only a little different at national or state government levels (see Barkan et al., 2001). Furthermore, the lateral accountability at times provided by strong cadres of professional civil servants and professional organization is also absent (Dibie, 2003). Tangible evidence of this can be seen in research on LGA PHC, which consistently shows poor performance, fund leakage, arrears in salary payments and the like (Khemani, 2005; Olowu and Wunsch, 1995; Olowu and Wunsch et.al., 2000). The authority of LGA councils, PHC staff concerns and public discontent has not translated into better performance. An exception to this pattern can be seen in the deconcentrated system of primary education. This is autonomous of LGAs, and research on several dimensions of primary education indicates that when decision-making and management is actually deconcentrated to professional personnel at the school level, performance is significantly enhanced (Ikoya, 2007, 2008). Lateral accountability among the educational civil service professional seems to be a likely explanation for this stronger performance. Also important is the role of parents/teachers associations (Geshberg and Winkler, 2004).

As noted already in this report, under the 1999 constitution, SGs play the dominant role in establishing the statutory and regulatory framework within which Nigeria's LGAs operate. Thus, there is substantial variation among Nigerian's 36 states in the roles state governments play. In some cases, SGs closely supervise and must approve LGA budgets and expenditures. In others, SGs take a largely hands-off approach to these functions (Barkan et al., 2001). However, the research available on SG roles does suggest that one critical function—audit—is weak to ineffective across most SGs. State auditors are in general poorly staffed, funded, and equipped, and are running months to years behind in tracking state expenditures. They also lack any enforcement powers. This weakness, along with the weakness of LGA auditors, means that this crucial element of upward accountability is generally ineffective (Barkan et al., 2001; Agundu, 2008). As noted under 'Capacity,' state-level intergovernmental relations mechanisms are very weak to completely ineffective (Freinkman, 2007).

Underlying the lack of accountability of Nigeria's LGAs, as in so many aspects of its decentralization, are the dynamics of the Federal Account allocations. First, with little revenue raised locally, a local tax burden to stimulate public motivation to involve itself in its raising and spending is absent. Generally, some 90 percent or more of local revenues are federal or state transfers. Second, several scholars have argued that the driving force of LGA politics is the capture of shares of the 'federal cake' via LGA employment, political appointment, or election (Suberu, 2009; Aiyede, 2009). Since virtually all LGA revenue now goes to meet personnel rather than operating or capital expenses, there are few public goods over which the general populace can be concerned. Public goods are limited and poor in quality, and this is unlikely to change. The competition over LGA employment and contracts, furthermore, has translated itself, according to several observers, into an ongoing conflict between LGA 'indigenes' and 'settlers,' and over which are eligible for these positions. Insofar as the public is concerned with LGA functions, it seems to be largely over who gets to share in these resources. At times, this translates itself into serious communal violence (Ukiwo, 2006; Alapiki, 2005).

Thus, accountability of LGAs is weak in both its vertical and horizontal dimensions.

Dishonest and fraudulent elections, the absence of local public goods to stimulate public involvement in LGA affairs, weak linkages with local civil society, ineffective levels of councilor and state government supervision, politicization of LGA elections by state governors (where state governors involve themselves in LGA elections in order to elect LGA chairs who will support them and their factions in state races), and the dominance of the LGA chairman over other LGA actors, combine to leave LGAs virtually unaccountable to anyone except local political elites and to those attentive to their share of local spoils (Crook, 2003). Overall, the evidence seems to suggest that the opportunities for improving LGA accountability lie in strengthened local political processes, enhanced federal and state oversight for transferred resources, and in more effective media and civic engagement (Lessman and Merkwardt, 2010).

2.5 CAPACITY

Capacity in Nigeria's LGAs is hindered by a number of reinforcing factors. Some have already been discussed as they affect autonomy and accountability, and will be only briefly mentioned again. Others will be more fully developed.

Fiscal Resources: LGAs have minimally remunerative tax sources. These include primarily tenement (property) rates, fees, and user charges. Tenement (property) rates have largely been preempted by state governments in many states (i.e., states have monopolized this source, leaving LGAs unable to use it)—although in a few states, such as Lagos, they constitute the largest revenue source for local governments. Together these only provide an average of 10 percent of LGA revenues, although intensively urbanized areas such as Lagos do mobilize much higher locally generated revenues. The remainder of LGA revenues comes from their shares of the Federation Account and of state revenues (VAT), the latter of which is not reliably transferred to them by the states. While the federal monies, at 21 percent of the Federal Account, are not inconsiderable, the large salary budgets that the frequently overstaffed LGAs carry generally exhaust (or nearly so) these monies. Since Nigeria's fiscal-federalism regime pays scant attention to LGA revenue efforts or policy and program performance, these allocations provide no incentive for LGAs to enhance their capacity and performance. Furthermore, the limited local revenue sources LGAs may tap into give them no incentive to develop their local economies so they might enhance their revenue. Overall, these reinforce rather passive LGA governance. As a result, there is neither a fiscal 'carrot' nor 'stick' pushing LGA governments to enhance revenue capacity or performance. This, along with the high, fiscal personnel costs, leaves LGAs paradoxically very weak fiscally even though they have access to huge revenues sources compared to most other local governments in the developing world and definitely on the African continent.

Personnel: The reform of LGAs resulted in much improved quality of local government personnel. However, LGA professional and political personnel in many LGAs are of relatively low quality, though to be sure there are always exceptions (Dibie, 2003; Gboyega, 2003; Freinkman, 2007). Local government service has historically had much lower status among civil service personnel, and local amenities, particularly in the more rural and less developed areas, are much inferior to those offered in federal or state capitals. Opportunities for promotion at the local level are relatively limited compared to the state and federal services. Opportunities for further education, spousal employment, etc, are also limited in most LGAs. This is not the case in the state capitals or urban centers where basic infrastructure exists. Professional and managerial local government personnel are rotated among LGAs every few years, causing turnover in critical managerial and professional positions. Furthermore, the rapid growth of the number of LGAs in the 1990s introduced great personnel turmoil and thinned out personnel in the many sub-divided LGAs. It is not clear how much they have recovered from this. Perhaps because of all these factors, recent research on both account management and local revenue has found the performance of LGAs to be very low (Adedeokun, 2004; Agundu, 2008).

Research on PHC, probably the most important and well-studied service provided primarily by LGAs, has repeatedly found low-morale, as well as poorly equipped, poorly supported, poorly managed, and poorly led service-delivery personnel. Poor state-level technical support, inadequate resources for programs, and poorly designed managerial systems were found to contribute to these problems (Wunsch and Olowu, 1996; Olowu and Wunsch, 2004). Fiscal and administrative support by LGA political personnel was also usually weak, with frequent instances of resources diverted from PHC for the personal use by LGA political personnel (Khemani, 2005; Olowu and Wunsch, 1995).

In general, sources argue that LGAs are overstaffed with frequently ineffective personnel, which they inherited from the era of military rule. High severance costs have made personnel rationalization and re-structuring difficult to impossible for LGAs. Finally, the political imperative of spreading the “spoils” of the federal cake to local “indigenes” leads to over- and irrational staffing decisions as well, with non-“indigenes” frequently excluded from local service (Alapiki, 2005; Suberu, 2009; Gboyega, 2003).

On the other hand, a number of factors have helped somewhat to mitigate these problems. First, there is a commitment to the training of local government personnel throughout the country. Training was, at the beginning of LG reforms, localized to three regional university centers: in Zaria for the northern states, at Nsukka for the southeastern states, and at Ile-Ife for the southwestern states. Over time, other institutions, including the national training center, the Administrative Staff College of Nigeria (ASCON), and a number of other public and private institutions, have become involved in training local government staff. Another important positive element of the reform was the harmonization of the salaries of local government with those at the state and federal levels. This ensures that similar conditions are enjoyed by staff of the same qualifications at all levels of government, although this also poses challenges for small rural local governments paying high staffing salaries. Finally, the creation of local government service commissions has ensured that LG staff is protected from victimization by local government politicians. Similar arrangements exist at state and federal levels as well.

Local Councils: The research on local councils is not extensive. However, what there is, and research which reported long-standing patterns dating to the early 1990s, suggests these are weak and ineffective bodies. Politically, they are far less powerful than the LGA executive, the chairman, and personally they generally have less education and familiarity with government and administration. The “spoils” the chairman controls are immense, and many council members are vulnerable to his ability to offer appointive positions and influence contracts and LGA jobs for them or their family members. Furthermore, they lack staff resources to strengthen these as an autonomous legislative institution vis-à-vis the chair. Information on the 2003 and 2007 local elections suggests they were fraught with fraud, violence, corruption and intimidation, largely over control of the spoils available to LGA chairs (Olowu and Wunsch, 1995; Wunsch and Olowu, 1996; Barkan et al., 2001; Joseph and Kew, 2008; Rawlence and Albin-Lackey, 2007).

In these, they may not be any different from the elections to state and federal offices, legislative and executive.

It is not clear what 11 years of civilian government under the 1999 constitution might have done to affect these patterns. Whether individual LGA councils have become more effective, and what might explain that is not known. Further study of LGA councils and their relationship with the chairs is warranted, as their effectiveness has been shown to be critical in decentralization in such diverse states as Uganda, Ghana, and Botswana (Wunsch and Ottemoeller, 2004; Olowu and Wunsch, 2004; Ayee, 2004; Crook and Manor, 1998).

Finally, little is known of the capacity of the LGA "cabinets" to develop policy and lead management of their sector responsibilities. Again, research dating to the 1990s is discouraging, showing them generally to be of low professional competence and strongly influenced by the power and spoils of the chair (Wunsch and Olowu, 1996). Updating such research could be a valuable exercise to see where and how these offices could be strengthened.

Overall, the capacity of LGAs is generally regarded as weak, although this is actually not peculiar to LGAs (Barkan et al., 2001, Olowu and Erero, 2009). However, much of the research on LGA personnel is dated, and recent research has been spotty in its coverage. Some, though not enough, is known about possible progress at LGAs over the last decade. For example, more information on the actual workings and procedures of LGA governance and possible progress among LGA councils and cabinets would be helpful, as well as the current abilities of LGA personnel. It would also be important to understand why a few local governments have made progress in spite of the difficult environment in which they are located (Roll, 2009).

3.0 POLITICAL ECONOMY

3.1 POLITICAL INCENTIVES AND CONSTANTS: PROPONENTS AND OPPONENTS

Decentralization in Nigeria is a *de jure* fact, established in the 1999 constitution, with precedents dating to colonial rule during the early 20th century, and reestablished by every constitution since then. While political forces during the First Republic centralized government at the regional level, and military rulers centralized government during the Civil War until the 1980s, the bulk of Nigeria's history has been as a genuinely federal system. Today, decentralization to states is a legal and institutional reality, and sustains *de facto* political existence as well. Its administrative and programmatic dimensions, at least to LGAs, are weaker, however.

The forces behind Nigeria's decentralization certainly include its geographic size and large population, and its regional, ethnic, and religious diversity. These create administrative complications and socio-political centrifugal focus whose impact cannot be underestimated (Suberu, 2003, 2009). The initial attempt strongly to centralize Nigerian governance ended with the bloody coup of 1964 that overthrew General Ironsi; the detested and discredited Abacha regime also sought to centralize Nigerian governance and led to the rapid military retreat from power in 1998–1999. While the return to genuine federalism and a substantial role for LGAs may not have cured Nigeria's endemic corruption or stimulated its largely stagnant rural economy, there appears to be no appetite for or any serious voices calling for a *de jure* re-centralization (Joseph and Kew, 2008). During his abbreviated term in office, Yar'Adua appeared inclined to enhance state powers. However, from a political-economy perspective, the more powerful force for serious federalism and local-level governance is the powerful distributive dynamic that has developed around Nigeria's oil income.

Consensus among scholars and other commentators on Nigeria is that Nigeria's political class is, at all levels, a rentier class, with its large sub-national elements depending on oil account allocations to states and LGAs for direct and indirect income. Furthermore, along with state and LGA elected and appointed political office holders, there are some 1,160,000 civil servants and non-police personnel employed by state and local governments, all dependent on a steady flow of federal oil rents (Adegoroye, 2006). These resources are the "fuel" that sustains what many regard as the still strong patrimonial/patron-clientage dimensions of the Nigerian polity (Alapiki, 2005; Joseph and Kew, 2008). As such, sub-national governance is powerfully institutionalized in Nigeria. Since LGAs are seen as a source of incomes to local residents, there is a strong gravitational pull to establish more of them, to locate LGA headquarters in their communities, and to resist their loss. This, rather than enhancing grassroots democracy or local development, indeed seems to have driven much of LGA politics in the pre- **and** post-1999 era, and at times led to considerable violence (Ukiwo, 2006; Diprose and Ukiwo, 2008; Alapiki, 2005). Thus, there is no public pressure to reduce the numbers, budgets, employment, or nominal roles of LGAs. Indeed, such are the distributional processes in Nigeria that it was only the constitutional entrenchment in 1999 of 36 states and 774 LGAs that slowed what seemed to be an inevitable proliferation of ever more of each (Aiyede, 2009; Alapiki, 2005). In 2006, some 45 percent of total government expenditures were made by state and local governments, which totaled approximately 20 percent of Gross Domestic Income (GDI) (IFPR, 2006). Ninety percent of these revenues came from federal accounts. The political class shows no desire or intention of eliminating or redirecting toward public benefits, such as pro-poor policies, the institutional structure that “feeds” it (Crook, 2003).

There are probably justified capacity concerns held at state and federal levels which incline some to minimize LGA *de facto* authority over programs and policies. The removal of primary education from LGA control in the late 1990s probably reflects all of these forces. Previous and more recent research on PHC, nearly entirely managed by LGAs in spite of nominal shared authority with the states, confirms service management issues by LGAs in this area (Khemani, 2005; Wunsch and Olowu, 1995, 1996, 2004). There are also frequent concerns raised by civil society, academics, and media over what they see as rampant corruption at the LGAs. In this regard, reluctance by state and federal ministerial personnel to allow genuine decentralization may be explained in part as the normal reluctance of bureaucracies to cede authority and control over resources to other entities, the possible loss of opportunities to capture rents in project funding and implementation but perhaps also due to real concerns regarding the probity of LGA officials. Still, reversing decentralization does not ensure effective developmental programs, much less democracy. For example, while official policy of the FGN emphasizes decentralization to enhance agricultural and rural development, considerable effective control over these remain at federal and state ministerial levels, particularly in project planning and implementation, (IFPRI, 2006). IFPRI raised concerns regarding lack of consultation with local communities and poor coordination where multiple agencies and ministries active in a single community, and poor performance as a result.

It is clear from the research available that neither SGs nor LGAs have generally been effective agents of democratization or development. Both the 2003 and the 2007 state and national elections were ridden with fraud and violence. Human Rights Watch (2007), Amnesty International (2007) and other such organizations were highly critical of both. The emergence of PDP as the victorious party in 28 of the 36 states in 2007 also does not auger well for a positive role played by sub-national governments in developing democracy. The fact that 30 out of the 36 governors elected in 2003 had been investigated for corruption before their terms were up is equally worrisome. What evidence exists on LGA as agents of democracy and development is also discouraging, with LGA 2007 elections badly tarnished by fraud, intimidation, and the like, and with substantial concerns raised about the chairmen’s tendency to corruption as well (Diamond, 2008; Aiyede, 2009; Suberu, 2009). However, recent research on the partially deconcentrated and delegated educational system, over which the central government retains substantial control, also shows disappointing performance, which suggests these problems are deeply rooted (Geo-Jaja, 2006; Ikoya, 2007, 2008). Recent public opinion research in Nigeria shows a steady erosion of public confidence in local government, falling from 67 percent confident in 2000 to only 28 percent in 2005 (Mustapha 2009: 98). This parallels a general drop in confidence by Nigerians in their democracy over this period (Diamond, 2008). At this time, the proponents and opponents of decentralization seem evenly balanced, and dramatic changes are unlikely.

3.2 THE DECENTRALIZATION SEQUENCE

As noted already, there are immense pressures sustaining continuation of a three-tier system of governance in Nigeria. In this respect, decentralization is "self-reinforcing," since the political interests of a large proportion of Nigeria's multi-ethnic elite directly benefits from the resources it spreads across the 36 states and 774 LGAs. Indeed, a leading Nigerian scholar of its federalism estimated that 90 percent of Nigeria's federal monies go to one percent of the population (Suberu, 2009). However and as already noted, the effectiveness of decentralization, as a developmental or democratizing reform is not as clear, particularly at LGAs. Much of the reason for this may lie in the sequence decentralization followed.

The contemporary institutional structure and the substantial fiscal basis of the present local government system really date to the military regime of Obasanjo and Yar' Adua. In this regard, all three "steps" ("political, administrative, fiscal," according to some models) of decentralization, were accomplished in one fell swoop. However, the reality is that nominal legalistic changes do not translate into realities on the ground, and that in the dynamic and changing Nigerian political landscape, one cannot translate this complex process into some simplistic and arbitrary sequence such as political, to administrative, to fiscal, and so forth. In Nigeria, the process has been disjunctive and erratic, with movement in one direction, then reversals, then movement in another. Political autonomy at the local level was accomplished early as were administrative and some fiscal decentralization. However, the key issue for Nigerian decentralization is not even included in this "model." It is the development of—or rather the failure to develop—**accountability**, and this failure has little to do with the sequencing—whatever it might be—of these three constructs. The actual process is traced below, with the key elements made clear.

The (military) regime of General Babangida (1985–93) expanded the system laid down in 1976. Indeed, with the exception of the five states added by General Abacha's regime, the essentials of Nigeria's state structure were also finalized during this period. And even though it has been suggested that the Constitution of 1999 enhanced the authority of states over LGA structure and functions, research currently available suggests that much of the pre-1999 systems remain largely intact (Ikoya 2007, 2008; Khemani 2005). The revenue transfer system has been tinkered with in recent years, but it too dates back to the 1976 Reform Act, and was increased by Babangida's regime to nearly its current proportions. Thus, the legal and institutional structures and fiscal bases for decentralization were established first, in 1976, and substantial functions were added in rapid secession. Elections of varying quality have occurred at LGAs several times, though civilian rule has been interrupted by its suspension and replacement by direct rule by military officers. Political autonomy was part of these elections, and one would think that all the ingredients for successful decentralization would have been in place.

However, that did not develop at the LGAs. What did was a local political life focused on capturing spoils: jobs, buildings, contracts, and, optimally, an LGA itself (Suberu, 2009; Aiyede, 2009). Some sources argue Babangida's motivation in enhancing LGAs and increasing the number of states was entirely Machiavellian, to deflect attention from his "endless" democratic transition and stimulate sub-national conflict over state and LGA creation instead (Kraxberger, 2004). This might explain the unfortunate direction decentralization took in this era. Taking anyone's rhetoric about the supposed "purposes" of decentralization at face value is liable to be misleading and probably naïve as well. Multiple actors with many different agendas—some hidden no doubt—have been involved in this process over its 35 years.

If one sought a single driving factor in decentralization, both to states and LGAs, it would probably trying to cope with Nigeria's fissiparous ethnic, religious, and regional tendencies, as noted already in Section I of this report. Many others involved in Nigeria's governance have supported decentralization because they genuinely believed it would improve services (i.e., Dr Ransom Kuti regarding primary health care) or be a stronger foundation for democracy (probably Obasanjo and the elder Yar' Adua in their earlier military days). These two, improved service delivery and (re)building democracy from the grassroots, were fully articulated as the objectives of the Nigerian LG reform from the beginning in 1976 (Nigeria, 1976). It is not clear, however, that they have been supported consistently since that time.

For Babangida, for example, encouraging the emergence of viably local or state political communities as democratic and development agents was simply not part of the agenda. Instead what emerged, encouraged by the very substantial federal monies that flowed to states and localities, was an LGA politics focused primarily on patron-clientage at the local level, and one seen by the states as primarily an arena to mobilize political support for state electoral races.

This was sustained, as Suberu and others argue, by the federal revenue transfers that obviated any need to raise local revenues, and because there were—and are—so few local resources available for choices after fixed, personnel costs have been met (Suberu, 2009; Aiyede, 2009). Thus, local politics is about capturing private goods (jobs, rents, contracts) instead of making choices over collective goods. This is certainly not atypical of local politics anywhere. The key factor here may be that the sequence followed in Nigeria offered immense, locally cost-free resources (relatively speaking) to localities before they had to make any tough choices such as how to collect and allocate local revenues. As a result, working institutions to make such choices and hold political leaders accountable never developed. Thus, there is little sense of a local civic politics, and neither local politicians nor local publics expect much honest governance or accountability from the LGAs (Obadare, 2007). As a result, local politics does not in Nigeria deal much with programmatic or developmental choices, quality of services, or distribution of tax burdens.

To summarize, decentralization has been legislated in both constitutional and statutory documents, and has been in the process of implementation for more than three decades. Nigeria's rather tumultuous political history and lucrative political economy have meant that exactly what is being implemented, and with what motivations, has varied with the regime and the often rapidly changing leading political figures. This has not been an always simple or apparently logical way. Thus, one cannot draw any linear pathway that Nigeria has followed consistently in its experience with decentralization. For example, Babangida, certainly no democrat or even developmentalist, pushed political and administrative decentralization further than have his democratically elected successors. However, it was likely for his narrow political motivations, ones that left it flawed and ineffective as an arena for democracy or an agent of development. Since 1999, the **democratic** Constitution has rolled several dimensions of decentralization to the LGAs back, but given them greater fiscal resources from the center while eroding their local resource base (Awotokun, 2005). In spite of this, LGAs seem to continue to play roles similar to the pre-1999 era, at least in PHC, but are just as fiscally strained as they were in the Babangida era.

This briefly summarizes why this report argues there is no simplistic sequence or consistent set of motivations that can be accurately applied to Nigeria's progress through decentralization, perhaps unlike other smaller, unitary and less complex polities in Africa.

The LGA structure essentially established in 1976 (though amended under Babangida) is still largely followed. While President Obasanjo (1999–2007) did pursue notable efforts to reduce corruption and rationalize finances at the national level, most observers believe his relentless quest for reelection and to control the 2007 election left corruption to flourish at the LGAs and among most states (Rawlence and Albin-Lackey, 2007; Joseph and Kew, 2008; Suberu, 2009; Aiyede, 2009; Joseph and Gillies, 2010). Elections were seriously flawed in both 2003 and 2007 at all levels, including LGAs. Yar'Adua's illness and absence from effective leadership throughout most of his term meant no real change at the LGAs occurred during his tenure (Mustapha, 2009). In many ways, decentralization to the LGAs has been stagnant or gradually eroding since 1999, as most observers agree that states have expanded their roles in this time. However, this has not led to improvement in development or democracy (Barkan et al., 2001; Gboyega, 2003). While states could—and probably must if LGAs are to improve—play a stronger role in enhancing vertical accountably and in supporting measures to enhance horizontal accountability among LGAs, they so far have not done so. Effective decentralization in Nigeria can only occur with two complementary components: strong states *and* strong LGAs. Most observers believe that the shortfalls at both levels are because of the problems of corruption and rent-seeking behavior that plague all levels of Nigerian governance.

Thus, Nigeria front-loaded a sequence that neglected requirements and incentives for local communities and governments to make real decisions regarding locally taxed resources and setting local priorities. It is this element of sequencing that is critical to understand the problems that Nigeria's LGAs face today. Political, administrative, and fiscal decentralization were rapidly implemented, but have been erratically supported and followed-through over subsequent years. These steps, in their haste, may have precluded growth of an effective local democracy, civil society, and public accountability, because they were taken without establishing a nexus between raising revenue and making choices. Absent this to incentivize local publics to check, punish, and reward local officials for imprudent and irresponsible behavior regarding local resources and priorities, the flood of resources and autonomy that came to local political elites seems to have facilitated their capture of and lasting grasp on local government (Crook, 2003). Weak state capacity to exercise vertical accountability, probably caused by similar factors and discussed below, may have furthered these weaknesses.

3.3 INSTITUTIONAL ARENAS: THE NATIONAL AND SUB-NATIONAL ARENAS

While the "national arena" set the stage for decentralization in Nigeria through the constitutional structure and its reliable 21 percent fiscal transfers, it is the "sub-national arena" which is particularly important to Nigerian decentralization. The federal Constitution of 1999 places primary authority over local government in the states. Local government responsibilities are limited, shared with the states, and require enabling legislation before they can be undertaken. Indeed, as noted in Section II, the 1999 Constitution really rolls back much of the authority LGAs had gained during the 1980s and 1990s.

Not a great deal is available in published or digitally accessible sources on how this has *de facto* developed. Barkan, Gboyega, and Stevens found in 2001 that some states were taking a largely hands-off approach to their LGAs, while others were closely supervising them, particularly their budgets and expenditures (2001). While state sector ministries also have substantial authority over LGA programs, it is not clear how closely they have exercised it. PHC, at least, seems to have largely continued in its pre-1999 guise, with LGA-level personnel apparently in charge of most aspects of it (Khemani, 2005). Some evidence suggests that development projects are dominated by state and federal government (IFPRI, 2006). It is not clear what motivations state administrative personnel would have to interfere in LGA programs, as discretionary resources at the local level are slim. State assembly members also do not appear active in LGA affairs except insofar as they offer resources for personal and parochial goals or as they affect factional, partisan conflict (Lewis, 2009; Dibie, 2008; Smith, 2007). Federal personnel are even less engaged in LGA affairs. This is in sharp contrast to their close involvement under military rule.

Several sources do report gubernatorial political involvement in LGAs. This is observed regarding elections and the effort by state governors and political parties to get strong support from LGA chairs for elections. Reports of extensive fraud, ballot box stuffing, closed polls, violence, and intimidation in elections suggest this might be for more than “get-out-the-vote” efforts (Rawlence and Albin-Lackey, 2007; Joseph and Kew, 2008; Human Rights Watch, 2007a). However, beyond this politicization, the literature does not report much interference in LGA affairs by state governors (Crook, 2003).

Freinkman, writing in 2008 reported extremely weak mechanisms of inter-governmental relations (IGR) between states and the federal government. The systemic weaknesses he observed between them certainly extend to state-LGA relations. He reported there was a dearth of good information regarding programs, as well as weak analytical capabilities to assess what information there was at all levels. Effective IGR institutions and systems are also absent at all levels. He reports that information is not shared across levels of government, there is little clarity about who is responsible for what, policy is not well coordinated, and as a result, all three levels of government engage in uncoordinated and at times duplicative activities (Freinkman, 2008. Other research found much information was collected and passed upward, to both states and federal government especially under military government, but there was little analysis done with it, and no feedback regarding it returned to decentralized governments. Thus, it is not clear how national or state governments could play much of a constructive role in what LGA policymaking, program development, or implementation does occur. The consistent complaint aired by PHC personnel at LGAs in the mid-1990s and in 2000 was of the utter absence of state support for or involvement in their programs (Olowu and Wunsch, 2004). While federal frameworks were established in both PHC and primary education, it is not clear how well they have been followed up to maintain and strengthen performance in these two sectors

As in so many things, the pursuit of federal monies seems to be the driving force in federal, state, and local politics. It is access to these resources that probably drove the fraudulent and at times violent elections of 2003 and 2007, as well as the growth of Nigeria from three to four regions, and then from 12 to 10, 21, 30, and finally to 36 states (Kalu, 2008; Mustapha, 2009). Similar pressures have pushed the number of LGAs to 774 (Alapiki, 2005; Suberu, 2009; Aiyede, 2009). While a few state governors were hailed as progressive, “new-men,” part of a “new generation” in 2001, by the 2007 elections, 30 of 36 of them had been investigated for corruption and four were charged with money-laundering some 400 million dollars (US). The record of LGA chairs has been similar, even if on a lower scale (Barkan et al., 2001; Suberu, 2009; Aiyede, 2009; Alapiki, 2005).

While a few political leaders and many civil servants will certainly seek political power for more than merely the sake of the "spoils" it brings, as long as Nigeria suffers from the "curse of petro-dollars," it seems likely "bad politics" will squeeze out good governance (Karl, 1997; Collier, 2007; Diamond, 2008). State leaders will support decentralization for the political bases the LGAs provide them. Federal officials, for the most part, do the same thing. However, it is not clear they will make better governance at the localities a priority.

3.4 THE CIVIL SOCIETY ARENA

Nigeria has a wide and varied array of civil society organizations active at all levels of its government and society. They range widely and include organizations at its capital and major cities focused on democracy, human rights, women's rights, reducing corruption, protecting the environment, advancing the interests of business, labor, and the professions, etc. (Olukoshi, 1997). They also include a large variety of groups focusing on the interests of various communal groups, including broad ethnic and regional organizations such as the Sons of Oduduwa, the Arewa, Afenifere and Ohaneze Movements, the Southern Minorities Forum, the Ethnic Minorities Rights Organization of Nigeria, and many others. There are smaller ones focusing on the interests of more localized ethnic communities such as the Urhobo Political Stakeholders Forum, the Ijaw Elders Forum, the Ibibio National Coalition for Self-Determination, and again many others. There are also a multitude of youths', women's, and community improvement organizations, such as the Ijwa Youth Council, the Urhobo Youth movement, the Abeokuta Women's Union, the Federation of Ogoni Women Associations, and many more (Ikelegbe, 2001, 2005). Civil society activities centered on Nigeria's many towns and villages especially in southern and the middle belt are however the most pronounced in terms of their scope of development activities centered on their town or community, resourcefulness, and grandeur. In some cases, especially where none of the formal governmental agencies are active or effective, they have become the de facto local government (Olowu et al., 1991, Olowu and Erero, 1996).

Typically at the local, community level, there are many groups organized around such historically rooted functions as thrift and savings, mutual assistance and support, community improvement, and welfare and the like. There are also innumerable traditionally rooted structures such as age grades, secret societies, and various kinship groupings. In particular areas such as the Niger Delta, intensively active groups have developed around the issues of ecological and community degradation associated with the oil extraction industry. Women are particularly prominent in these organizations. Crosscutting many of these communities, finally, are several rapidly growing and influential religious associations such as the Christian Association of Nigeria, the National Council of Muslim Youths associations, the Christian Foundation for Social Justice and Equity, the Nigerian Supreme Council for Islamic Affairs, and many others (Suberu, 1997b; Ibrahim, 1997; Obadare, 2007). Evangelical churches such as the rapidly growing Redeemed Christian Church of God are also powerful civil society organizations.

The social and political roles of these diverse groups vary widely, with national groups focused primarily on the federal government. The Babangida government stimulated their initial spurt of action, and the Abacha regime intensified their activity. They have continued to play an important national role since the 1999 Constitution came into play, in particular, pressuring the federal government regarding corruption, human rights, the quality of elections, and to address flaws in the 1999 document. Decentralization does not appear to be a priority concern of theirs; however corruption, poor local services, and flawed elections and their relationship to local government are at times matters of concern (Alemika and Chukwuma, 2004; Lewis, 2009). Their organizations and foci are primarily in Lagos and Abuja.

National religiously based civil society organizations—both Christian and Islamic—played key roles in pressuring the Babangida government over the abrogated 1993 election, and after that to push it toward disengagement from government. Since then they have been pushing further and more assertively into the public sphere of discourse, partially in response to governmental corruption and poor performance, but also partially as a function of north-south, Muslim-Christian tensions. The latter is cause for some concern (Obadare, 2007; Ojo and Lateju, 2010).

Groups in the Delta have also been highly active, focused on abating the ecological and community-related nuisances caused by the oil extraction companies, as well as pressuring the Nigerian state to address these issues. However, issues of decentralization do not appear to be on their agenda, and local governments, at least in the published literature, do not appear to be significant targets for them (Ikelegbe, 2005; Anugwom and Anugwom, 2009).

Civil society's various ethnic communities, on the other hand, have been active—at times intensely so—in pressuring for the sub-division of states and for LGA's to give them their own chance for the employment and the other opportunities they bring (Alapiki, 2005: Ukiwo, 2006; Diprose and Ukiwo, 2008). They have also pressured for the relocation of LGA seats, sometimes leading to local violence. In these regards, they have been advocates for decentralization, though not seemingly particularly concerned with the quality of local governance. These along with other conflicts, often over land or water rights, have led to much conflict. Dibie counts some 35 instances of violent conflict related to ethnically based civil society organizations from 1980 to 2007 (2007, p. 146). Kalu also notes these problems (2008).

Community improvement associations in both southeastern and southwestern Nigeria have been long recognized as vitally active in local affairs, at times eclipsing local governments as development agents and service providers (Barkan et al., 1991; Smock, 1966). However, recent published material on their relationships to LGAs that suggests they do not work closely together. Indeed, some sources observe that LGA-elected officials have been unwilling to meet or work with civil society organizations regarding local governance. However, the research on this issue is scant, and what has occurred recently and widely has not been systematically assessed. The same thing applies to the roles of traditional political leaders in LGA affairs as well as regarding civil society organizations in jointly provided social services (Ezeazu, 2005). However, one source noted that faith-based organizations currently provide some "50 percent of all health and education programs in sub-Saharan Africa," so this is a topic worth exploring further in Nigeria (Obadare, 2007). In more recent years (since 1993), they have regained initiative in education and especially in higher education. Some of the best-governed universities in the country, though relatively new, have been founded by these religious organizations. This is widely acknowledged by the National Universities Commission annual accreditation processes (Adeniyi, 2008)

One civil society leader noted at a conference on civil society and governance in Nigeria in 2005 that it faced three systemic issues in developing more robust and effective partnerships between civil society and government at all levels. These were (1) a "backlog of administrative practices and laws that enthrone secrecy in governance;" (2) "the limited space available for civil society participation in the formulation of policies that affect the livelihoods of citizens by agencies of government;" and (3) the low "capacity of citizens and their organizations to participate in the implementation of public policies and respond to the requirements of consultative space" (Alemika and Chukwuma, 2004, pp. 7–8). These obstacles, legacies of several decades of military rule, will take time and concerted efforts by Nigeria's governments and civil society organizations to overcome.

In summary, Nigeria has long had a vital and strong civil society at all levels of governance. While national organizations are concerned with corruption and elections at all levels of governance, and therefore no doubt with the impact decentralization has had, communal associations see decentralization as a way of accessing federal resources and have strongly supported it, though often with adverse consequences for local democracy, quality of governance, and peace (Diamond, 2008). Systemic problems dating from military rule weaken the ability of civil society to interact effectively with Nigerian governments at all levels.

The extent of day-to-day contact between civil society organizations and local governments is not clear, nor is the role played by traditional leaders. These are important topics, as an active and involved local civil society that is concerned with effective provision of services might be a step toward enhanced local accountability of local government.

Generally, local infrastructure development by local governments has stimulated local development throughout Nigeria but the poor maintenance of local roads by many LGAs—and even of the trunk roads by higher levels of government—remain one of the most depressing aspects of economic development in Nigeria. The public sector as a whole continues to be a drag on economic growth in a country of great potential. Private sector actors, like media organs have tended to direct their focus more on federal and state levels of policy action than at the local level.

3.5 THE DONOR AND INTERNATIONAL ARENA

Initially most donors' assistance to Nigeria targeted economic and social arenas. To a lesser extent, they supported the political ones. This was due to the country's dire economic conditions—huge pockets of poverty in the midst of public and private institutional and personal wealth. A country that was in the 1960s lauded for its stability, pluralism, and democratic credentials with the hope of rapid economic transition, far excelling those in Asia by international organizations, has turned out to be far poorer than its Asian contemporaries. This is in spite of the fact that Nigeria is the seventh largest world oil exporter earning huge resources annually. The United Nations Development Program (UNDP) Nigeria (2009) notes that Nigeria is not expected to meet any of the Millennium Development Goal (MDG) targets.

The civilian administration of Obasanjo made a successful case to have Nigeria's large debt forgiven to give the country space to develop its infrastructure and meet other pressing challenges. As a result, the Paris Club forgave US $18 billion out of its total indebtedness of $35 billion ($31billion of which was owed to the Paris Club). There was also a prospect that Nigeria could buy back the rest of its loans to eliminate the high interest rates that its debts incurred.

In spite of the challenging socio-economic and political environment, Nigeria is also a preferred destination for foreign investment in the continent. As a result, donors have targeted their assistance in the direction of the country's liberal economic reforms: privatization, commercialization, and the overhauling of the nation's public services.

The UK Department for International Development (DFID) and the World Bank, as well as the European Union, made huge investments in sponsoring a National Strategy for Public Service Reform based in the Presidency under the Obasanjo administration. A lot of good work was done including a draft national strategy document that has not been adopted after the departure of Obasanjo. In the meantime, however, some efforts at reform have continued. Several sectional studies of the public service have been conducted, civil service compensation has been monetized and thereby simplified and clarified, and wholesale increases in salaries given across the public service (Nigeria, 2008; Olowu and Erero, 2009).

Some other highlights of national level reforms supported actively by donors included the following:

- Dismissals of unqualified personnel in the civil service (35,600) and parastatals (32,240).
- Implementation of a new higher salary structure across the public service in order to attract quality staff and bring pay levels to what they were some 15 years back. This came with the monetization of remuneration.
- Restructuring of 12 core ministries including the State House, Finance, Solid Minerals, National Planning Commission, Federal Capital Territory (FCT), Health, Education, Foreign affairs, Commerce, Science and Technology, Transport and Internal Affairs. Several ministries were also merged.
- Passage of the Public Procurement and the Fiscal Responsibility Bills respectively in June and November 2007.
- Consolidation of Nigeria's then 89 banks into only 24 by the Central Bank of Nigeria (CBN) with much more massive capitalization that has impacted positively on the economy (especially domestic air transportation and other areas).
- Recruitment of 1,000 top candidates into the civil service in 2006 followed by another 3,000 in 2007/8, but the program was discontinued by the new administration.

As earlier noted in this report, some of these initiatives had implications for the state and local governments as they were simply federally mandated—e.g., mass dismissals, monetization, and general salary increases in 2000 and 2007.

Over time, however, it became clear that reforming the federal public service was a herculean task given the nature of the country's political economy, the dominance of quotas in allocating offices and positions, and the slow progress of federal reform, especially after Obasanjo's presidency.

Donors turned their attention more squarely to states and local governments, some of these also as a part of the attempt to implement counterpart national planning programs of National Empowerment and Enlightenment Development strategy (NEEDS) at state (SEEDS) and local government (LEEDS) levels.

The World Bank report of 2001 identified some governance improvement initiatives at the state and local levels. This has led to several reform initiatives in these areas since that time (Barkan et al., 2001). Perhaps the most famous is in the health sector where the World Bank led a number of donors (Global Fund, DFID, United States Agency for International Development (USAID), World Health Organization (WHO), and United Nations Children's Fund (UNICEF)) to deliver the Nigerian Malaria Booster project in 2005. This involved the distribution of long-lasting insecticide treated nets (LLIN) in seven selected states through household and revitalized community health systems. The results led to substantially reduced infection in these states. Before the intervention, malaria was known to be responsible for 60 percent outpatient health issue and was responsible for one-third of all deaths among under-five children and one-ninth of deaths among pregnant women. The success of this program led to the federal government's demand to make it universal throughout the country, using the health system's community infrastructure.

DFID also claims to spend almost one-half of its assistance (48 percent of 110.5 million pounds sterling) to Nigeria on health, another 28 percent on governance and nine percent on education and two percent on other social services, mostly at the sub-national level. One of DFID's main programs of assistance in the governance sector is the state program for accountability, responsiveness and capability (SPARC). It is operational in five states—Enugu, Jigawa, Kano, Lagos and Kaduna. This is a second-generation program aimed at assisting state and local governments in Nigeria.

Similarly, the European Union (EU) and the World Bank are also working closely in a number of areas especially in the energy, transportation, and education reforms with much success (see Barkan et al., 2001). EU's 10th European Development Fund (EDF) program for Nigeria for the period 2008–2013 started in November 2009 with an allocation of € 677 million for the period 2008–2013 to fund programs and projects in three focal areas: peace and security, governance and human rights, trade and regional integration, and key development issues such as climate change, health, cultural, scientific, and technical cooperation as non-focal areas. This new cooperation strategy devotes significant attention to the issues of poverty, governance and development in the Niger Delta region and thus sends a clear supportive message to attempts to broker peace. The biggest part of the cooperation strategy will support governance reforms at all three levels of government, the fight against corruption and support to electoral reform in view of the 2011–2015 electoral cycle as well as encourage improved oversight and monitoring capacity of non-state actors and of mass media.

What has made these ever more important is the realization that as one of Africa's bigger states, the achievement of the MDGs would be impossible in Africa unless countries like Nigeria make appreciable progress in their human development indicators. There have therefore been large programs targeting malaria, polio, and communicable diseases eradication in Nigeria by the above-mentioned organizations. UNDP has a program of assistance involving the strengthening of local governments to ensure that the country can meet some of the MDG targets. Other pro-poor initiatives have also benefited state and even more the local governments.

An important federal initiative is the community-policing project, which is currently being undertaken in some pilot states and local governments. It is becoming clear that Nigeria's highly centralized police structures have remained corrupt, compromised, and ineffective. Community-based policing initiatives have sprung up all over the country. This initiative, supported with UNDP funding, is one of the more interesting cases of donor assistance in this sector. It promises to return the country to a more decentralized policing system with sufficient guarantees against abuse. (Sources: www.undpnigeria; www.worldbanknigeria; www.dfidnigeria.)

4.0 CONCLUSIONS

In spite of the many issues and challenges discussed in Sections 2 and 3 of this report, Nigerian decentralization has accomplished a great deal since its current framework was established some 35 years ago. From a state only a few years after a disastrous civil war whose future as one entity seemed in great doubt, it has consolidated itself as a highly multi-ethnic federation under a strong, though challenged government. Its powerful fissiparous pressures have been contained; it has conducted three elections, flawed as they have been; and successfully transitioned executive power twice. Its National Assembly has made strides as a serious legislative body and check on the executive (Lewis 2009). It has consolidated a 36 state federation, to which many real functions and powers have been delegated, as well instituted 774 local government units. The latter have in place elected executives and legislatures, and functioning, state-led civil service structures that are deploying improving personnel throughout the states. The only African states even close to Nigeria in size, population, and ethnic diversity, Congo and Ethiopia, are either failed states or in deep trouble. Nigeria has held and established an institutional framework with the potential to consolidate democracy and provide basic services and development for its nearly 150 million people (Suberu, 2009; Aiyede, 2009; Kalu, 2008; Mustapha, 2009). Still, there are serious obstacles to reaching this potential, ones clearly seen at the local level of governance, and as discussed in this report.

Nigeria's LGAs, despite their problems, have made impressive strides in their *de jure* and, at times, *de facto* autonomy and authority. This capacity, while still weak in a number of areas, is far ahead of where they were 10 years ago. Some, indeed, have performed very well, though primarily as a result of strong local leadership (Olowu, 1990; Barkan et al., 2001; Human Rights Watch, 2007a). Sadly, however, the vast majority have fallen far short of the hopes once held for them. What has most impeded their progress toward becoming effective institutions to make collective choice, manage conflict, and provide public goods are clear weaknesses in their accountability, overdependence on Federal Account allocations for fiscal resources, and, less prominently, structural defects and rigidity and constitutional ambiguity over their authority. The most powerful factor causing the first two of these is the size, availability, and allocation policies of Nigeria's immense oil rents.

Many Nigerians have described oil as "the curse of Nigeria." Most scholars agree (Diamond, 2008; Collier, 2007; Karl, 1998). While these monies make many good things possible for Nigeria, their availability introduces a multitude of situations that encourage opportunistic behavior and avoids the consequences of those behaviors, so moral hazard is rampant in politics and governance (Karl, 1998; Ostrom, 1990, 2006). Recent Nobel Prize winner Elinor Ostrom has described the singular challenge of effective governance as managing human tendencies toward each of these, to avoid sub-optimal or destructive consequences.

Anytime actors control disproportionate political or economic resources, as well as advantages in information, it must be expected that some will engage in opportunistic behavior—behavior that advantages them at the cost of others. When they are not held accountable for these actions, they face moral hazard and can only be expected to continue in these actions. When this dynamic continues and others see it, their willingness to restrain themselves from such behavior for moral or ethical reasons is reduced: no one wishes to be played for a sucker, and furthermore simple survival may require them to behave this way. This is the dynamic that causes the “tragedy of the commons,” as well as erodes investment in all public goods (Ostrom, 1990; Olson, 1966). The public treasury is such a commons, while honest and efficient governance is such a public good. When everyone else is raiding the commons for their own benefit and when no one—or only a few—are investing in public goods, not only is it personally disadvantageous to restrain oneself and to invest, it is futile. The virtuous behavior of a few—or even many—cannot negate the opportunistic behavior of others, and once unleashed, these patterns become stubborn, vicious circles.

Oil rents create these dynamics in Nigeria, partially because of their immense size but even more because of how they are allocated. States and LGAs are allocated their shares of federal accounts automatically, regardless of policies or performance. As these resource flows have grown (to where they now are some 95 percent of federal accounts) the scale of temptation that encourages opportunistic behavior by state and local officials and local civil society has grown apace. Since these monies are allocated without regard to local policies, programs, or performance; since state and federal audit functions are underfunded and toothless; and since none among these actors have an interest in accountability for these funds, there is essentially no consequence for opportunistic behavior beyond an occasional and usually ineffective criminal investigation. Furthermore, since there are generally few local resources raised at localities, there is no revenue-expenditure nexus to stimulate local concern over distribution of a commons regularly replenished without local dwellers’ efforts. Just as one sees regarding commons such as ocean fisheries, ground water, or the global atmosphere, there is instead a scramble to “capture” the resources for individuals’ private consumption (Ostrom, 1990). This corrupts public institutions both from within, among public officials, and from without, as local publics tend only to organize around getting their share of the commons. No one and nothing checks these opportunistic behaviors, and it leads to rampant moral hazard. Thus weakened, local institutions are ineffective in providing public goods, the first of which is honest and effective governance. The desirable competition among politicians for the electorate’s favor by producing public goods is displaced by a competition among them to capture a share of oil rents to use to “purchase” votes from that same electorate so they can capture their share of these lucrative rents (Collier, 2007). Democracy and local development decay as a result.

The critical lesson for Nigeria and other African states pursuing decentralization is that building accountability—in all dimensions—must be the first step in that process. Forcing local governments to raise a significant proportion of their funds from their own populations is necessary—though surely not sufficient—to mobilize a potential local check on opportunistic behavior and moral hazard. Monies allocated from a central government must carry strong requirements for local cost sharing from locally raised revenues to strengthen accountability downward. Close attention to benchmarks set for local policies, programs, and performance must also be part of central revenue sharing. When LGAs do not perform, measures such as slashing shared revenues must be followed. There need to be strict performance and fiscal standards and audits to help assure this. These standards must apply to SGs as well as LGAs to ensure these dynamics do not just continue at that level and contaminate local governments from above. Strong supervisory frameworks regarding LGA functions, both internal ones such as revenue, budget, and audit, as well as for services such as education, primary health care, agricultural extension, and general development, will be necessary along with strong local accountability. In Nigeria, the states must set and assert these standards and guidelines, with the Federal government assuring the states follow-through. Stronger horizontal structures are needed as well, and can be partially developed by maintaining the states' civil service structures and the role of professionals in delivering local services, as suggested by recent research on primary education (Ikoya, 2007, 2008). The LGA councils also need strengthening, with enhanced authority, staff resources, and training. LGA chairman may currently be overly powerful vis-à-vis the local councils. However, there is ample evidence of current extensive corruption among local councilors, so until Nigeria's federal transfer problems are dealt with, this is a problematic situation (Human Rights Watch, 2007a).

The current ban on additional LGAs (and states) should be sustained to reduce the instability this causes LGA governance and administration, as well as the divisive distributional dynamics it stimulates among ethnically based associations. Since each new LGA automatically gets an equal share of federation accounts, there is an opportunistic incentive to add LGAs relentlessly, as that is a quick and easy way to capture a significant share of the federal fiscal "commons" needing neither to raise any local revenue from the public nor to provide any public goods. The larger the rents available, the more difficult it is to control their effects, particularly on electoral democracies, given the vast flow of resources to use in patronage politics (Collier, 2007).

To summarize this section, then, the primary lesson of Nigerian decentralization is that effective accountability must be established before the other three dimensions (authority, autonomy, and capacity) can be expected to lead to effective local democracy or development. All three dimensions of accountability (downward, lateral, and upward) need to be in place, as they complement and reinforce one another. As access to resources drives human behavior, that access must be possible only through structures which incentivize others to pay attention to and demand responsible behavior instead of opportunistic behavior by LGA officials. This is never a simple process anywhere, as all public officials—in LDCs as well as developed states—will have resources and will try to use them to free them for opportunistic behavior. The particular challenge facing Nigeria is the great volume of oil money—essentially huge rents—coming into the political system. These opportunities for opportunistic, morally hazardous, and corrupt behavior will continue, and some will inevitably present themselves to the LGAs. State and federal politicians will no doubt continue to look to the localities and local political elites to deliver votes, and these rents will tend to suborn democratic checks at all levels as a result (Diamond, 2008). Collier (2007) found that the unrestrained electoral competition for votes typical of natural resource-based democracies could only be restrained by effective systems of checks and balances. This is why a free media, an honest and independent judiciary, and a strong and public goods-oriented civil society among other checks, are all so crucial (Lessman and Merkwardt, 2010).

Another lesson of Nigerian decentralization is the desirability of more flexibility in LGA structures and clarity in constitutional powers. Currently, all Nigerian local governance is provided through identically designed local institutions, of comparable population sizes and, usually, of similar areas. However, this has meant that highly urbanized and very rural areas have identical structures for very difficult governance challenges. It has also meant that larger areas sharing common and related economic and social problems, such as metropolitan areas, are subdivided into multiple local governance units. Exploring and managing positive and negative spillovers (externalities) is blocked by this. The possibility of options for alternate local governance institutions, authority, and autonomy is desirable for Nigeria and other African states that are decentralizing. Finally, the 1999 Constitution leaves great ambiguity as to what LGA powers actually are in most sectors.

Ultimately, the "thought question" for Nigeria is not, "why have its leaders not decentralized?" They have. The question is why it has selected a method of decentralizing and operating decentralized governments that is so ineffective in avoiding self-regarding and opportunistic behavior, and in checking moral hazard. While some local structural changes might be made, the fundamental challenge is addressing very poor accountability in all directions. It is the amount of and the way oil income is distributed that most clearly explains this weakness. A partial answer to this question is of course that local governments are only a part of the national governance architecture. To this extent, therefore, most of the issues raised in respect of the LGAs apply to almost the same degree at state and federal levels. Appropriate changes in how these levels operate must be part of any strategy to improve local governance. Overall, Nigeria must learn how other countries have avoided the resource curse—e.g., by strengthening checks and balances throughout government, by assigning such funds to paying unpaid debts, developing its decaying infrastructure and investing heavily in education and research. In some measure, the experience of Botswana points toward some answers to this (Collier, 2007).

Along with the negative lessons of Nigeria's decentralization experience, there are several positive ones. These include the following:

The constitutional status of local governments: Before 1976, local governments were primarily creatures of state governments who either used them as instruments of state administration (mainly as part of the state's system of field administration) or undercut them when they sought to develop their capacity. Some local government heads were banished and several others suspended or dismissed for corruption or allegations of corruption. Municipal government in large cities all over Nigeria had acquired reputations for delivery of fairly efficient and diverse array of municipal services, but was systematically dismantled. Lagos, Ibadan, and Port Harcourt were the most reputable (Baker, 1973) but other cities as Kano, Enugu, and Kaduna have been treated the same way. Post-1976, local governments had constitutional and federal statutory status, which devolved specific services and revenues to them, and therefore they could begin to develop some institutional autonomy and stability. While the pre-1999 Constitutional system had problems with willy-nilly expansion, the entrenchment of the 774 LGAs in the 1999 constitution seems to have halted this.

Central Transfers of monies to local governments: In this report, we have focused on the several and serious negative impacts of central revenue transfers to local governments. However, considering that the challenge confronting local governments in most African countries is having too many responsibilities with scarce financial resources, the Nigerian case also has positive attributes. Federal government shares of the national treasury have fallen sharply: from 80–75 percent before the reform to only 45 percent, with state and local governments receiving the balance. LGAs alone spend 12 percent of all government expenditure and this represents five percent of the GDP, a very high figure by comparative standards. Of course this money is often put to poor uses, as is well attested in the literature and also in this report. However, this is due to two problems caused by the wider political system: weak systems of accountability and transparency; and the negligible role of internally generated revenues in public sector financing. Central transfers to local governments have several desirable attributes: they are tangible, substantial, regular, and predictable, and they empower local governments. If the problem of natural resource rents can be managed, they would be a positive factor for local governments.

Devolution of Human Resources and of the Polity: The WHO (1992) had praise for how PHC responsibilities were devolved to local governments in a phased plan over three years. In addition, substantial resources were allocated to training local government officials. This included creation of three regional centers of national training for local government officials. LGA professional capacity has improved within this period. Their ongoing weaknesses reflect problems in the overall national public service—overstaffing for menial tasks but inadequacy in professional and skilled staffing. Overall, the local government system succeeded as a training ground for national and state government level politicians—two of the post-1979 presidents (including the current incumbent) had served in local government, as are several of the governors at the state level. Civil and external organs now regularly engage LGAs in their efforts to promote development and democracy and these have been very successful. Local leaders at SG and LG levels who believe that their performance would influence their bids for higher office have used the LG platform to launch their political careers (Barkan et al., 2001).

Institutional Structures for Mediating Intergovernmental relations: Once the concept of a three-tier federation was accepted as a part of Nigerian federalism, its authors created a number of institutions to mediate these relationships (Adamolekun, 1984). The role of these agencies as arbiters of federal-state-local relations (e.g., the Revenue Allocation, Mobilization, and Fiscal Commission) and especially state-local relations (e.g., the Local Government Service Commissions which manage senior management staffing matters for local governments) has been commendable. The former has ensured that Nigerian local governments have knowledge of and access to how the Federation Account was shared, and were provided input to these deliberations as independent actors. Similarly, LGSCs also ensured that senior staff of local governments were protected from victimization by local politicians. This together with the full harmonization of service conditions (across all the levels of government) has made service in LG much more attractive. Nigerian local governments as of 2005 had almost 30 percent of all public servants, which at that time totaled over 2 million (1.8 million with civilian employees of which LGs had over one-third) (Adegoroye, 2006—see Table 2 below). The Nigerian judicial system has also been fairly effective in adjudicating among the three levels of government. To support this, the federal administration of Obasanjo tried to institute two bills, namely the Freedom of Information and Fiscal Responsibility and Public Audit and Accountability Acts that would have helped to improve the quality of transparency and accountability at all levels of government, especially on financial matters. Unfortunately, the federal parliament refused to pass either of these two bills, possibly afraid that they could backfire on them. Thus, there is still work to be done.

We may conclude this report with an observations of one the closest students of Nigerian local government, Alex Gboyega (1991, p. 59), which reflects on the fundamental strength of Nigeria's decentralization strategy.

> The ideals underlying the 1976 reforms remain the reference point for all recent reforms, and subsequent reforms are likely to spring from the same source. So long as this remains the case, it will be proper to refer to a system of local government rather than of local administration, for the philosophy underlying the reforms of 1976 is clearly liberal democratic. The current intergovernmental

> relationships obviously are adverse to the autonomy of the LGs but perhaps no more so or only a little more so than British central-local relationships are to the autonomy of British local authorities.

Within the last 30 years a system of local government has been created that has great potential if a more robust accountability and a performance-based management can be instituted with the assistance of internal and external actors. At the initial stages (1976–79, 1984–99), local government reform was sponsored and managed by the federal military government. Civilian democracy (1999–present time) has reinforced the role of states while diminishing that of the federal government in LGs. Unfortunately, SGs neither have the capacity nor the motivation to support and assist LGAs build capacity for development and democracy except in a few rare cases. The challenge for the future development of local government in Nigeria must therefore be on enhancing the capacity and motivation of SGs to support LGAs.

TABLE 2. EMPLOYEES IN THE NIGERIAN PUBLIC SERVICE, 2005

LEVEL/GROUP	NUMBERS	PERCENTAGE
Federal core civil service	180,492	8.0
Military, police & paramilitary services	457,000	20.2
Agencies and educational institutions	470,000	20.7
State level	540,000	23.8
Local government	620,000	27.3 (34.2% of civilian employees)
TOTAL	2,267,492	100.00

Source: Adegoroye, 2006, pp.4–5

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APPENDIX 1: BIBLIOGRAPHY

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