

**INFLUENCE OF REVENUE ALLOCATION AND AVAILABILITY ON LOCAL  
GOVERNMENT ADMINISTRATION**

**(A study of Obafemi Owode local government, Ogun state)**

**BY**

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**CERTIFICATION**

I certify that this work was carried out by OBAFEMI, OLUWATOBI ADEBAYO at the Department of Public Administration, Mountain Top University, Ogun State, Nigeria under my supervision.

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## **DEDICATION**

I dedicate this research project to the God Almighty who made the completion of the project successful. I also dedicate it to my loving mother, my ever-dedicated father, without whom, I would not be the person I am today. Their undying love, support and encouragement throughout my life is a gift that I will never take for granted and I am endlessly indebted to them.

God bless them immensely.

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## **Abstract**

The existence of Government primarily to provide services that will make life worth living. Local governments as third tier government are created to bring government closer to the people at the grassroots and for transformation of lives at the rural level. The purpose of this paper is to examine the Influence of revenue allocation and availability in local government administration; it examined the challenges of revenue allocation in Nigeria using Obafemi Owode South Local Government as a case study. The study was anchored on equity theory of motivation and economic theory of motivation.

The research design was purely survey with questionnaire as instrument of data collection. The sample size determined for the study was 150 out of the total population of 240. Data analysis was done with the aid of SPSS-version 22. The data presentation involved the use of percentages, frequencies and Spearman correlation co-efficient. The study revealed that revenue allocated to local government was inadequate in view of enormous tasks it carries out and the major source of this revenue is the federation account through the federal government. The study also revealed that the internally generated revenue by local government could not keep abreast with enormous functions it performs.

Hence, the study recommends that both federal and state governments should be more proactive in giving strong financial support to local government in order to improve its financial base for effective performance.

**Keywords:** Local Government, Revenue Allocation and Fiscal Federalism.



## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background to the Study**

The federal government, state governments, and local government councils make up Nigeria, which is a sovereign country. Local government, according to Agba et al (2014), is the third-tier administrative structure established in Nigeria to decentralize administration, bring government closer to the people at the grassroots, and provide social services vital for national development.

Local government is defined as "government at the local level implemented by representative councils created by law to exercise specified functions within defined boundaries," (1976 Local Government Reform Handbook). These powers should give the council significant control over local affairs, as well as the staff, institutional, and financial powers to initiate and direct service provision, and also determine and implement projects. Furthermore, it is to complement the state and federal governments' activities in their areas, and to ensure, and through devolution of functions to these councils and the active participation of citizens (Quadri, 2013). The aforementioned claims demand the availability of financial resources for the local government to carry out the numerous tasks that citizens expect of her.

In a federation, each level of government (federal, state, and local) should have taxing rights to produce enough revenue to run its operations/administration and provide public services, and no government should rely on another for a large amount of its revenue. The problem with Nigeria's federalism is that most state and local governments rely largely on federation account revenue, i.e. revenue collected by the federal government (Richard and Eme, 2015).

Given the aforementioned, income distribution in Nigerian local government administration has remained the most important policy issue. None of the polity's local government councils can operate without a stable financial foundation. (Richard and Eme, 2015).

Appropriate finance for this tier of government is essential as a result of the development commitments put on local governments. In order to solve this crucial practical issue, this study will look into the impact of income distribution and availability in local government management. To make the project's scope reasonable, the researcher will focus on Obafemi Owode Local Government in Ogun State.

## **1.2 Statement of the Problem**

Within the confines of Nigerian federalism, the issue of income distribution has remained the most prominent and contentious in interactions between local governments, as the third tier of government, and the other two levels of government, namely the federal government and the states (Akindele, 2002).

Local government was included in the mainstream of the country's intergovernmental fiscal relations, with a defined share of the federation account, among other statutory provisions and administrative arrangements, as part of the 1976 Local Government Reform, which drew heavily from the Brazilian experience and which took firm root in Nigeria (Akindele and Olaopa, 2002).

The reform, which was hailed as a major step forward, elevated local government by allowing them to establish legal bodies, which allowed them to fulfill certain functions that have subsequently been codified in the Federal Republic of Nigeria constitutions of 1979, 1989, and 1999. Despite the fact that the reform clearly articulated the idea of a three-tiered federation in Nigeria, its recognition of revenue sharing and administration arrangements has

resulted in a slew of issues, which Adamolekun divides into six categories: intergovernmental conflicts, structural organizational problems, financial problems, a scarcity of qualified manpower, and the location (Murana, 2015).

Even during the fourth republic, these issues remained essentially unsolvable inside the Nigerian political scene. The 1999 constitution, which keeps the institution of local government in Nigeria (especially in its construction and control) a residual concern for state governments, has exacerbated these issues. Finance and a significant mismatch between their legislative roles and obligations; the flow of financial resources accessible to them; and the limiting constraints of their tax-raising abilities or fiscal jurisdictions are the most frequent difficulties faced by local government in Nigeria (Murana, 2015).

The rising costs of running local government, such as secretariats, staff salaries and allowances, rental and building costs, utility provision, and increased outlays on maintained and new projects, have rendered statutory allocations to state and local governments, as well as internal revenues, woefully inadequate. Nigeria's economic growth process has thus far been underutilized (Murana, 2015).

As a result, it is necessary to investigate empirically if previous revenue allocations had any impact on national development. In Nigeria, the topic of revenue allocation is a crucial one that touches on national unity and quick progress.(Murana, 2015).

### **1.3 Objectives of the Study**

The objective of this study is to critically analyze the Influence of revenue allocation and availability in local government administration. A study of Obafemi Owode Local Government, Ogun state.

Specifically, the study seeks to:

1. To examine the impact of revenue allocation on the administration of Obafemi Owode Local Government Area.
2. To investigate the challenges of Revenue Allocation in Local Government Administration in Nigeria.
3. To ascertain the impact of Revenue Availability on the administration of Obafemi Owode Local Government Area.

### **1.4 Research Question**

The study seeks to answer the following research questions:

1. What is the impact of revenue allocation on the administration of Obafemi Owode Local Government Area?
2. What are the challenges facing Local Government Administration on revenue allocated to them?
3. What is the impact of revenue availability on the administration of Obafemi Owode Local Government Area?

## **1.5 Significance of the Study**

The primary goal of the Local Government System is to satisfy the fundamental requirements of local citizens as quickly and effectively as feasible. This system also exists to provide a framework within which local resources, both human and material, may be efficiently mobilized to achieve equitable development.

As a result, this study was conducted to determine how best Obafemi Owode Local Government, in particular, can utilize the possible sources of revenue accessible to it. Knowledge of these prospective sources, as well as their proper utilization, will allow it to satisfy the fundamental requirements of local residents as efficiently, effectively, and quickly as feasible. As a result of the withdrawal at source of Primary School Teachers' wages from the Statutory Revenue Allocation, most local governments now has "ZERO" allocation. As a result, any study findings on how best local governments may maintain themselves over time on resources created locally would be welcomed by both the local and national governments.

Understanding a framework for improving revenue generation, as well as an assessment of the collection and control of internally generated revenue, is likely to improve the ability of Nigerian local governments, particularly Obafemi Owode Local Government, to provide needed services at the local level.

This research will also emphasize the necessity for Obafemi Owode Local Government to be self-sufficient in terms of revenue. This is important because, in this researcher's perspective, any Local Government that is always relying on the Central Government for funding cannot be considered financially sufficient and more so not able to meet the demands of its citizens.



## **1.6 Scope of The Study**

We shall evaluate revenue allocation processes relative to the Administration of the Obafemi Owode Local Government as well as the institutions put in place to check and control the revenue generated internally by the council between the year 2011 to 2018. This study focused on Obafemi Owode Local Government because of its nearness to the researcher.

## **1.7 Limitation of The Study**

As in common in research, this study has a number of limitations which affected in one-way or the other the findings. First were the financial constraints the researcher faced. Second was time constraints which made the researcher to concentrate in one Local Government only namely Obafemi Owode Local Government. It is time constraints that made the researcher not to pick more Local Government that will allow for a wide generation of data, which will in turn provide basis for generalizations.

Furthermore, owing to the nature of the study, which is concerned, with the sensitive issue of revenue in creation and financial records of Obafemi Owode Local Government was not easy for the researcher to receive all the relevant information. At times, the researcher had no other option than to rely on unofficial sources for some of the information. Most of such sources requested anonymity. Thus, such information can neither fully authenticated nor acknowledged.

## **1.8 Definition of Terms**

To avoid ambiguity in our expression, a clarification of some concepts used in the study is necessary.

**Central Government:** Nigeria operates a three- tier system of government- the Federal, the State and the Local Government. The term “Central government” or “Central Administration” as would be used in this study, refers to the “mother Governments. This in effect is the Federal Government. (Local Government year book, 1999:9-10)

**Local Government:** (Orie, Sylvia O. (2005): This refers to a government at the Local level exercised through representative councils established by law to exercise specific power and functions within defined areas. State differently, the term refers to a political authority set up by a nation or state as a subordinate authority for the purpose of dispensing or decentralizing political powers.

**Local Government Area:** This denotes the political and geographical area that is within the jurisdiction of any given local government council. (Ifekandu J.C. O. (2004).

**Exploitation:** This is used to refer to the tapping or harnessing satisfactorily the source(s) of revenue, and it includes “plugging” all leaks. (FM) for Local Administration in Nigeria (1992).

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter aimed at highlighting conceptual, theoretical and empirical overview of varying literature on the influence of revenue allocation and availability on Local Government administration. It discusses theories that support revenue allocation and availability. All the sections attempted to address the specific objectives and fulfil the general objective of the study.

#### **2.1 Conceptual Review**

##### **2.1.1 Concept of Local Government**

Many scholars define local government differently. This is as a result of varied perspectives on the actual role of local government which differ from one environment to another. Local government, on the other hand, can be described as local government carried out by representative councils constituted by law to exercise certain authorities within defined boundaries (Local Government Reform Handbook, 1992).

Local government, according to the International Union of Local Government Authorities (IULA), is defined as a level of government with legally specified powers and responsibilities to control and administer public affairs in the sole interest of the local community (Abe & Omotosho, 2014). Local governments were established in Nigeria as a third-tier administrative structure to decentralize governance, bring government closer to the people at the grassroots, and make social services essential to national development. They are

strategically positioned and accountable for the government of almost 70 percent of Nigeria's estimated 152 million people. As a result, they are believed to be in a unique position to collect and articulate the requirements of the majority of Nigerians, as well as to support rural development by deploying the necessary financial and human resources in their operations (Agba et al, 2014).

### **2.1.2 Federalism and Revenue Allocation in Nigeria**

Federalism is a form of government in which authority and power is divided between two or more tiers of government according to a constitution. Federalism is a political system with at least two tiers of government, according to (Anyadike, 2013). In such circumstances, there is a clash of power between a central government, sometimes known as the federal government, and other states, which are referred to as states, regions, republics, cantons, or unions. One of the fundamental aspects of a federal system of government, according to Akindele and Olaopa (2002), is the assignment of functions amongst the various components of government. This also serves as the foundation for determining revenue rights and defining tax-raising powers, which are the origins of intergovernmental fiscal relations (IGFR). As is the case in Nigeria, most federal constitutional structures divide authorities and responsibilities into exclusive, concurrent, and residual legislative lists.

This classification might be based on historical, political, or economic reasons, among others. As a result, it is widely agreed that the assignment of functions among federating units should be structured in the following ways:

I. Functions that the federal government can accomplish more effectively than smaller levels of government should be entrusted to the former (i.e. be placed in the exclusive legislative

list). National defense, foreign relations (including borrowing and commerce), banking, currency, nuclear energy, and so forth are examples.(Akindele, 2002).

II. Functions with greater local benefits than national benefits but the potential for spillover effects should be included in the concurrent list. Industrial, commercial, or agricultural development, post-secondary institutions, health care, and so on are examples of such roles.(Akindele, 2002).

III. Functions which are purely local in character, in the sense that the benefits accrue, in the main, to limited geographic areas within the country, are usually assigned to local authorities. Markets, parking lots, and public amenities would be established and maintained, as would trash disposal, primary education, and the building and upkeep of local highways and streets.(Akindele, 2002).

It should be noted, however, that dividing most of these functions into watertight divisions may be difficult, if not impossible. Federating units work together to achieve various tasks based on this.

According to Akujuru (2015), revenue allocation in the federal government incorporates two primary schemes. The first refers to vertical sharing between the federal government and various levels of government. The money collected by the federal government, such as royalties, export duties, import duties, mining rates, and so on, is the topic of this sharing plan.

The second revenue-sharing principle is horizontal revenue sharing, which results from differences in the income-generating capacities of component units. To preserve stability, a relative greater tax is applied in places where revenue capacity is high, and vice versa. This process is known as "equalization transfer." The implication is that excessive taxation in low-

revenue-generating areas will drive away corporate investment and produce additional economic collapse in such areas. To avoid this, the federal government must provide additional funding to these communities. To avoid this, the federal government has to inject more funds to such areas to create stability (Akujuru, 2015).

### **2.1.3 Fiscal Federalism**

In all federal systems, intergovernmental fiscal relations are a term used to describe "resource sharing" between the federal, state, and local governments. Fiscal federalism is implied by intergovernmental fiscal interactions. A key aspect of fiscal federalism is determining how much government expenditure and resources should be allocated to the various levels of government. In Nigeria, economic, political/constitutional, social, and cultural developments have altered the structure and character of intergovernmental ties, leading to the establishment of fiscal federalism.(Akindele, olaopa 2002).

Fiscal federalism, according to Sharma (2005) in Anyadike (2013), is a set of guiding principles or a guiding concept that aids in the design of financial relations between the national and sub-national levels of government, whereas fiscal decentralization is a process of putting those principles into practice. This is perhaps why Ekpo (2005) stated that in practice, there is some degree of decentralization in what is discernible in a federal states, and thus among the different levels of government, fiscal arrangements must be worked out to ensure fiscal balance in the context of macro-economic stability, and this fiscal arrangement is referred to, in a federal structure, as fiscal federalism or i.e. Both are sometimes used interchangeably (Anyadike, 2013).

The institutional arrangement adopted by a federal state for the purpose of intergovernmental relations finds corroboration in the work of Nwankwo (2007) who asserts that the concept of administrative intergovernmental relations which focuses on the relationship between

officials and structures that exist for administrative purposes, suggest that applicability of the concept of intergovernmental fiscal relations relatively in all cases hence he had conceptualized intergovernmental fiscal relations as the system by which revenue is collected and shared among the units and that a federal constitution, as a matter of necessity, gives rise to fiscal federalism (Anyadike, 2013).

#### **2.1.4 Revenue Allocation in Nigeria**

Revenue allocation in Nigeria, a central theme in government, has a tumultuous history. Many commissions/committees have been established at various points in Nigeria's history with the responsibility of investigating various fiscal issues and recommending the best principles and formulas for sharing national revenues to meet the challenges of the time.

Some of these Commissions/Committees include; the Phillipson Commission (1946), the Hicks-Phillipson Commission (1951), The Chicks Commission (1968, The Raisman Commission (1958), The Binns Commission (1964), The Dina Interim Committee (1968), the Aboyade Technical Committee (1978), the Okigbo Commission (1980), the Revenue Mobilization Allocation and Fiscal Commission (1989) and various military decrees (revisions) particularly 1970, 1971, 1992, etc. It is worthy of note that all the Commissions/Committees listed above were ad hoc in nature except for the Revenue Mobilization Allocation and Fiscal Commission (RMAFC), which was established as a legal and permanent entity to deal with fiscal matters on a more regular basis as the need arises (Lukpata, 2013).

Table 1: Revenue Allocation Commission and Recommendation of various commissions.

<b>Commission/Committee/Decree</b>	<b>Recommended Criteria</b>	<b>Other basic features of recommendations</b>
Phillipson, 1946	i) derivation. ii) even progress	Balance after meeting central Government's budgetary need allocated to regions.
Hicks-Phillipson, 1951	i) derivation. ii) fiscal autonomy iii) Needs, and iv) National interest	Proportion of specified duties and taxes allocated to regions on the basis of derivation, special grant capitalization, education and police.
Chick 1951	i) derivation ii) fiscal autonomy	Bulk of revenues from import duties and excise to the regions on the basis of consumption and derivation.
Raisman 1958	i) derivation ii) fiscal autonomy. iii) Balance development iv) Need	Proportion of specified revenues distributed on the basis of derivation. Creation of distributable pool account (DPA) with fixed regional proportional shares: North 40%, west 31%, east 24%, and Southern Cameroun 5%.
Binns, 1964	Same as above plus financial comparability.	Composition of DPA relative share slightly altered, North 42%, East 30%, West 20% and Mid-West 8%.



Diana, 1968	i) even development ii) derivation iii) need iv) minimum responsibility of government	Special grant account introduced, recommended the establishment planning and fiscal commission. Recommendation rejected.
Decree No 13 of 1970	i) population 50% ii) Equality of states 50%	Export duties states reduced from 100% to 60%.
Decree No 9 of 1971	Same as above	Transferred rents and royalties of offshore petroleum mines from the states to the federal government.
Decree No 6 of 1975	Same as above	Onshore mining rents and royalties to states reduced from 45% to 20%. Remaining 80% to the DPA. Import duties on motor spirit and tobacco to be paid 100% into the DPA. 50% of excise duties to be retained by the federal Government, 100% to DPA.
Decree No 15 of 1976	Same as above	Regional proportion share of DPA split among the 12 new states, 6 Northern states receive 7% each, East and Western states share in accordance with relative population.
Aboyade, 1977	i) equality of access 25%. ii) national minimum standard	Replaced DPA with federation account. Fixed proportional share of this account between

	22% ii) absorption Capacity 20% iv) independent revenue 18% v) fiscal efficiency 15%	the federal 57%, states 30%, Local Government joint account created.
1981 Act	Same as above	Federation account to be shared: federal Government 55%, State Government 30.5%, Local Government 10%, special fund 4.5%
Decree No 49 of 1989	Same as above	Federation account to be shared: federal Government 55%, State Government 32.5%, Local Government 10%, special fund 2.5%
Danjuma Commission 1989	Same as above	Equality of states 40%. Population 30%. Social development effort 10%. Tax effort 10%. Land mass%.
Decree No 49 of 1989	I) equality of states 40%. ii) population 30% iii) internal revenue effort iv) land mass v) social Development factor 10%	Federation account to be shared: federal Government 47%, State Government 10%, Local Government 15%, special fund 8%
Decree No 3 of 1992	Same as above	Federation account to be shared: federal Government 50%, State

		Government 25%, Local Government 20%, special fund 7%
2009	Same as above	Federation account to be shared: federal Government 48.5%, State Government 24%, Local Government 20%, special fund 7%

Source: Otaha, 2010 in Akujuru, 2015.

The current vertical allocation formula which is based on Presidential Executive order is as follows:

Federal Government – 52.68%

State Government – 26.72%

Local Government – 20.60%

While the horizontal allocation formula which captures factors/principles and percentage is as follows:

Equality – 40%

Population – 30%

Landmass/Terrain – 10%

Internally Generated Revenue – 10%

Social Development Factor – 10%

For purpose of emphasis, the Social Development Factor comprised of Education (4.0), Health (3.0) and water (3.0) (Lukpata, 2013).

As a result of the preceding, it is clear that in any federal state, a formula is usually created to divide federation revenue between the federal government and the governments of the component units on the one hand, and among the governments of the component units on the other. Revenue allocation is undoubtedly a part of the fiscal federalism process. The issues of fiscal federalism in Nigeria often revolve around the equal distribution of expenditure and revenue-raising functions among the three tiers of government (Akujuru, 2015).

### **2.1.5. Local Government Revenue Generation**

Tax is a mandatory levy levied by the government on individuals and businesses to fund the state's various authorized functions (Olaoye, 2008). Taxation is the primary source of revenue for Nigerian local governments. Meanwhile, taxation is an essential component of civilization. Throughout history, man has had to pay tax in some form or another, whether in cash or in kind, to his chieftain and later to a sort of organized government (Ojo, 2003). No system or set of regulations, whether foreign or domestic, can be effective unless it has some financial independence. Nigeria's local administrations have evolved over many years. The establishment of direct taxation in local government in Nigeria may be traced back to the pre-colonial time of the British. Community taxes were charged on communities during this time (Rabiu, 2004). More recently, the revenue that accrues to local government comes from two broad sources: external sources and internal sources. It goes without saying that internally generated revenue provides a slew of advantages to residents at the local government level.

- Provision of clean water for the people in the local government area
- Construction of good roads for easy movement of transportation
- Provision of a well-equipped health center in the community to reduce the death rate of the people

- Provision of free education in the community to reduce the level of illiteracy in the society.
- Stability of electricity in the community

Many of the issues that local governments have in terms of income creation can be addressed in order to increase revenue collection. A stable revenue base for municipal governments, according to Herbert, is critical. For some time to come, a shortage of trained valuation employees will make assessing real estate taxes problematic. In recent years, there has been unjustified debate about the graduated tax system. Olaoye (2008) also proposed the creation of a Native Authorities' Loan Authority (NALA) as a financing institution for local governments. However, the following are some techniques for improvement:

**Good infrastructure:** A place with a good road network will have complete access to the automobiles and people of the local government. They may decide to stay if they arrive at the local government and witness nice roads, piped water, hospitals, and schools, among other things (Aderinto, 2005). This will increase the number of people and businesses paying taxes, which will result in more income being generated because more people will be paying taxes. There will be more business and people will perceive reasons to pay taxes if the government can provide good infrastructure for local governments.

**Staff motivation:** According to Henri Fayol, there are fourteen management concepts, one of which is motivation. Motivation is defined by Henri Fayol as a driving force that propels a worker towards action. Workers should be encouraged to provide their best efforts, and when this is accomplished, income collection may grow or improve significantly. One of these motivating aspects should be the training of employees to improve their knowledge (Adebisi, 2005). When the aforementioned proposals are properly followed, it is hoped that the local government would develop not only internally but also externally.

**Establishment of projects:** The local government should begin the process of establishing some small businesses that will provide local residents with work prospects. It's worth noting that the Obafemi Owode farm industry has aided in resolving some of the community's employment issues. Agricultural ventures such as crop farming, for example, should also be developed and improved. The residents of this local government area will be encouraged to enhance their standard of living by participating in agriculture.

**Revenue management:** Mismanagement and embezzlement are a common occurrence in most government institutions. The officer mismanages the revenue gathered, causing the revenue to have little impact on the general populace of the local government. The centralization of the collection department, as well as the rotation of tasks and assignments, can help to eliminate mismanagement. If a worker has been in a job for a long time, he is likely to be familiar with all of the ways he might defraud the department.

**Loyalty of tax payers:** More income will be generated if people's attitudes about tax evasion alter. When compared to the number of persons who are obligated to pay, the number of people who pay their dues (taxes) on time is quite minimal. If the direction can be changed, it will have a significant impact on the quantity of revenue earned by the local government.

#### **2.1.6. Challenge and Prospects of Revenue Generation in Local Government**

According to the document establishing the local government reforms in 1976, the local government in Nigeria was founded with the goal of providing services and facilities to residents in both rural and urban areas. The federal government cannot conduct all of the operations of rural areas on its own, but the people elected in that local government area can help. This does not preclude the federal government from fulfilling its responsibilities by building roads, giving piped water, hospitals, providing good education for the youth, building a stadium, supplying energy, and establishing a museum, among other things. All

these social amenities are made available from the revenue generated from the people (Agba et al, 2014).

Furthermore, much has been written and spoken about local government budgets in Nigeria. Inadequate finance was cited by the majority of contributors as a major issue impeding the efficient performance of local government activities in Nigeria. In fact, the ostensibly self-sufficient sources of money are not truly self-sufficient because they require government approval before being collected. No local government can raise the local tax rate (community tax). Local fees must be governed by law, and all of them must be approved by the government before being included in the budget. Whereas, the following responsibilities are assigned to local government in Nigeria (Adedeji, 2006).

Economic Planning and Development, Health Services, Land Use, Advertisement Control and Regulation, Pets, Small Business Markets, Public Conveniences, Social Welfare Sewage and Refuse Disposal, Births, Deaths, and Marriages Registration, Primary, Adult, and Vocational Education Agriculture and Natural Resources Development (Olaoye.2008).

Even the few available are not properly trained in efficient budgeting and financial management systems. There is a shortage of fully trained and competent individuals who are meant to function as a tool for collecting taxes and rates at the local level. Furthermore, most municipal administrations are understaffed to carry out their responsibilities. Local governments lack the capacity to attract and keep the proper talent to articulate strategies and carry out programs and projects that will impact the lives of grassroots people in a timely manner. In the UNDP - presidency survey, for example, only 541 local governments prepared rolling plans out of 750 respondents. Only 151 had planning boards in 1995, 1996, and 1997. (Composed largely of educators and community health officers). There were no economic

planners, medical doctors, engineers, or other professionals. Without a doubt, the educational backgrounds of members of planning boards in local governments are alarming.

Despite constitutional provisions for statutory allocations and internally generated revenues, state governors exert tight control and subordination over local governments through a variety of mechanisms, including the manipulation of financial transfers to them. Nigerian local governments rely solely on outside funding to operate. Financial transfers from the federal and state governments, such as grants, statutory allocations, VAT share, receipts, and loans, are examples of external sources. These outside sources create a dependency syndrome in the effort to raise revenue for local governments. External setbacks would have a negative impact on the administrative machinery and the execution of some viable projects. This has also harmed their ability to raise internal revenue. Another constraint on local government revenue mobilization capacity is state control over local government budgets, which must go through multiple levels of approval in the state government's hands. Even after budget approval, post-budget control places additional limitations on what local governments can do (Roberts, 1998).

The problem of delays in the passage of annual budgets for local governments is a major issue, as budgets can take up to three months to be approved. This will invariably cause delays in the execution of local government functions, such as the payment of staff salaries, and will obstruct the installation of infrastructure facilities. In 1996, some newly elected Chairmen of Local Governments in Nigeria denounced the federation account's horizontal sharing formula for local governments, which was equal (40%) population mass/terrain (10%) and social development factor (10%) generated revenue (10 percent). This formula will continue to yield many local governments especially when more local governments are created.(Emengini, 2006).



Furthermore, insincerity of council staff on field assignments is a bigger issue because most of them divert collected council funds for personal use, depriving councils of much-needed funds for their operations. Some local government chairmen deposited local government subventions into savings accounts, while others had no account at all. Some local government officials see this as a way to divert funds from the council to personal use.(Emengini, 2006).

Increased revenue from statutory allocations to local governments improves their economic fortunes and ability to deliver services. Without a doubt, the establishment of statutory allocation as a local revenue mobilization mechanism, the increase of the allocation from 10% to 20% from the federation account, the direct disbursement of federal revenues to local governments, and the removal of some political bottlenecks and other administrative impediments have boosted the revenue profile of Nigerian local governments.(Emengini, 2006).

Local governments in Nigeria are no longer just there to carry out administrative functions; they are actively involved in governance, encourage physical and economic planning, create employment opportunities in their communities, and provide services that will improve the well-being of their citizens.(Lukpata, 2013).

Nigeria's 1976 local governments are the result of a radical transformation of state governments into a powerful and autonomous entity. Local government became a legal entity with defined functions and guaranteed funding sources as a result of this reform. A higher percentage (%) of revenue goes to the local government to help with grass-roots development. The current allocation (15 percent in 2006) should be increased to around 52 percent to allow for the development of rural areas that lead to urban centers.(Lukpata, 2013).

### **2.1.7 Challenges of Revenue Allocation in Local Government Administration in Nigeria**

Without a doubt, the challenges that Nigeria's local government system faces are enormous. The most significant challenge is a lack of funds and inadequate funding has remained the most serious issue confronting Nigerian local governments.

The 1999 Constitution of the Federal Republic of Nigeria provides for the establishment of a State Joint Local Government Account (SJLGA) in each state of the federation, where funds from the Federal Account are lodged before disbursement to local government councils in the state, for the management and control of local government finance. State governments have taken advantage of this arrangement to deprive local governments in their jurisdiction of critical funds for project implementation and rural development (Agba et al, 2014)

Mbam, the Chairman of the Revenue Mobilization Allocation and Fiscal Commission (RMAFC), aptly acknowledged this point when he stated that information at the Commission's disposal reveals unethical practices in the disbursement of funds from the State Joint Local Government Account in various states across the federation. According to him, most allocations from the Federation Account do not reach the Local Government Councils. There have been numerous allegations of account manipulation at the time of disbursement. States rarely make their own contributions, as required by Section 162 (7) of the Federal Republic of Nigeria's Constitution. In light of the aforementioned challenges, the RMAFC believes that Local Governments should be granted fiscal autonomy by receiving statutory

allocations directly from the Federation Account, and that the State Joint Local Government Account should be abolished through appropriate reforms (Agba et al, 2014).

The constitutional right granted to states to hold elections for local councils exacerbates the situation. The majority of state governors have used this provision to turn local government into a mere extension of their political and administrative domain. In fact, since the governor and other top party leaders “put them in office,” the governor believes that local government council chairmen owe them a duty to ‘deliver’ whatever their monthly subvention is to them so that they can participate in how it is appropriated (Abe and Omotosho, 2014).

Furthermore, the incidence of corruption, misappropriation, and misapplication of funds, which has become widespread and endemic at the local level, is another major challenge that the local government faces. Local government employees are accused of abusing every opportunity to embezzle government funds while performing official duties (Abe and Omotosho, 2014).

### **2.1.8 Methods of Revenue Generation**

Odenigwe (1977:214-219) Stated that three methods are involved in revenue generation namely:

- (1) Direct generation by council staff.
- (2) Indirect generation through agents appointed by the Council.
- (3) By means of precepts.

### **Direct Generation by Council Staff**

The employees are separated into groups and handed receipts. Each group has a leader assigned to it. Some people go from store to store, while others build barriers. They engage in "show your receipt activities". Detention may be imposed if a real receipt is not presented on demand.

### **Indirect Generation through Agents Appointed by the Council**

In this case, the chairman of the local government had already granted contracts for collecting tools from market stalls, including property rates. Most of the time, these agents employ force, and in certain cases, they seize people's property to force them to pay. The council's tax officials are pursuing them in an attempt to collect unpaid rates. The agents go from store to store, intimidating shop owners and shopkeepers and carting away valuable objects such as electronic equipment and machinery. Items of property seized were haphazardly dumped in a bus with the intention of transporting them to the council premises, where they will be held until the owners come to pay outstanding rates before reclaiming the items.

### **By Means of Precepts**

In each situation, the people, agents, or authorities who collect and remit rates on behalf of a council should be duly appointed and authorized by the council. In the case of direct generation by Council staff and indirect generation through agents appointed by the Council, section 45 (1) of the Divisional Administration Edict may be referred to, which allows a

Council to appoint a suitable person or group of persons from the list in subsection 2 of section 45 of the edict.

Once a rate collector is appointed under section 45 (1), he is responsible for carrying out the duties of his position. The same goes for the Internal Revenue Service Board, whereby the council may reinstate a specific rate to be collected in addition to taxes.

In summary, the Accounting Officer and Treasurer are primarily responsible for revenue collection. They collect revenue, on the other hand, by assigning individual tax collectors.

### **2.1.9 Problems**

Odenigue (1977:15) still Maintains that in spite of the numerous sources of revenue which councils may exploit, the financial capacity and success of any council depend on two major factors viz-

(1) Assessment;

(2) Collection of rates and

In the past during the process of assessment (including compilation and revision of nominal rolls for rates) a great deal of useful information was either suppressed or falsified.

In most cases, persons of 18 years of age were omitted from the nominal roll while in other cases, indiscriminate exemptions were granted on any flimsy excuse like old age or minor physical incapacity or poverty. There are also people who deliberately want to crude payment of rates or protect their relations form doing so.

The matter is worsened by members of the assessment committee who either perform duties well or were corruptly motivated to work dishonestly. The sum totally of such dishonest acts

was that both the councils and the government will lose through faulty and dishonest assessment, considerable amount of revenue required for development. Some may argue that lack of Staff with appropriate level of qualification is the cause of this problem.

But we know that presently, there has been lots of improvement in the quality of staff in the Local Government service.

Another problem is created by the size of the Local Government area and at times lack of unity. The Local Government, in order to have enough source of revenue needed to prefer its functions, must be sufficiently large in area and population, viable in fiscal and leadership resources that will help to develop payment employ administrative and finance staff and manage the variety of Local services expected of murder Local Government.

At present, Local Governments in Nigeria have a lot of revenue sources contained in the constitution, yet in some state, they are desperately short of funds for financing capital projects. This problem stems from the fact that the control of nearly every viable and reasonable source of revenue is in the hands of the State Governments. For example, in Anambra State, Nnewi North's Agbedo Market, the main market at Onitsha North and relief marked in Onitsha South has been a source of controversy as source of revenue between the State Government and these Local Governments. But if the State Government should "take their hands off these revenues, there is no reason why the Local Governments will not be viable.

Apart from the above problem, the sources of revenue generation for the Local Governments are broad enough to make them self-financing, however generating revenue arrangement is said to be crippled by fraud, corruption, bribery, falsification of figures embezzlement and misappropriation of public funds.

The situation is further worsened by the use of agents there by making the services of the Local Government staff to be underutilized and the few of them who could lay their hands-on government funds misappropriated these funds. Even the agents are not helping matters. They will either employ the use of fake receipts or will equally misappropriate Local Government funds.

## **2.2.0 THEORETICAL FRAMEWORK**

Adequate revenue is crucial in running any organization. Thus, every management idea or philosophy should be used in order to realize this objective. Among the management ideas for effective management of organization is motivation.

### **2.2.1 Equity Theory of Motivation**

The equity theory of motivation states that “an employee relates his own input/output to that of some other person(s) with whom he compares himself, (Ogunna 1996).

Supporting, Imafideon (2003) quoting Adams' equity theory of motivation, which states that employees compare their efforts and rewards with those of others in similar work situations and qualifications. This theory is based on the premise that individuals work for reward in exchange of their qualification and ability and thus need to be treated fairly equitably.

Relating this theory to the Nigerian experience Okoli (1998) feels that in the Nigeria work environment and organization many workers are dissatisfied and frustrated while a few in the minority are satisfied. The economic depression since 1980s has aggravated the situation, which according to him could be remedied by financial rewards. To him financial rewards include regular payment of wages and salaries, high wages and salaries, money incentives and value attached to money to a society where the government has made adequate provision

for transport, housing health and educational facilities at little or no cost to the recipients. Money may not be a serious motivational tool but in a society like virtually everything at great cost, money serves as a big motivator.

Agreeing with the view that wages and salaries serves as a motivating factor Ubeku (1975) said that while one is aware of the social findings in Europe and America that tend to play down the importance of wages and salaries as a motivating factor, there is no doubt that in the Nigerian context, it has a large motivational element.

Asika (1995) in his own research on the motivational effect of salaries and wages on the Nigerian workers showed that financial rewards have three components.

- a) Reduction or increase in income.
- b) Salaries and wages
- c) Fringe benefits

The result of the study showed that about 80% of all the categories of employees surveyed could increase productivity if faced by a threat of a reduction in income because of reduction in overall productivity of the organization. However, 90% of junior workers will increase productivity if faced with the same threat. This method of increasing productivity cannot and should not be used too often. Otherwise, it will show result contrary to what is expected. (Imafidon, 2003) further showed that of employees' perception financial rewards generally have a weak effect on the motivation of workers. Between the two components of financial rewards-salary and fringe benefits, however, fringe benefits have a stronger appeal to workers and thus a greater potential to positively affect productivity than salary. More so, it was further discovered that Nigerian employees are likely to increase productivity if financial rewards are tied to a measurable level of productivity. But there is an ugly trend in most



organizations where some individuals get undue favors' both financial and non-financial without merit, skill or hard work such developments are highly resented by other staff members resulting in the pollution of organizational environment. Such actions lower the motivation of real workers to perform their work efficiently.

As a result of the inefficient, dishonest and fraudulent activities of these workers, the services of contractors are employed to help generate revenues. Since the contractors are not exempted in this ugly trend probability, monitoring and accountability should be the watchword of the Local Government.

### **2.2.2 Economic Theory of Motivation**

Again, monetary or economic theory of motivation is also used to support this work, which is based upon the notion that people feel highly motivated when rewarded with more money. Even today, the financial incentives can add a great deal to the efficiency of the personnel. Date Yoder has highly remarked that however fascinating the individual's job assignment in an organization is, the employee expects to be paid. His wage affects the way he works. Although we cannot claim those financial incentives are everything but in today's world, money counts a lot. According to Peter F. Drucker (1939) "the carrot or material reward has not, like the stick, lost its potency". Gleeman (2003) too regards money as an important motivator when he said that "although money is the costliest motivator, yet it is proved to be the most potent motivator of all in all circumstances, therefore, even the Local Government staff and or the contractors charged with the responsibility of generating revenue should be given incentives and monetary rewards so as to make them put in their best in revenue generation and refrain from the embezzlement to government funds and other corrupt practices".

### **2.3 Empirical Review**

A few related empirical studies would be examined in this study. The following studies will show the methodology, sample and main findings carried out.

In their study of local government administration in Nigeria, Makinde et al (2016) discovered that local government administrations in Nigeria have fallen far short of expectations, partly due to internal shortcomings within councils and partly due to external factors such as constitutional inadequacies and usurpation of local government powers by state governments. They also claimed that in Nigeria, local government does not have the independence and power decentralization that one would expect in a federal system.

Akpan H. Ekpo and John E.U. Ndebbio (1998) also conducted a study titled 'Local government fiscal operations in Nigeria'. According to findings, the efforts of LGs to attain some financial autonomy is being disturbed by the intervention of state governments in local functions. In some areas, revenues meant for LGs have even been taken over by state governments. The study also ascertained that in a federal structure like Nigeria, fiscal operations at the local level remain an important area of investigation, as a result, in order to ascertain the nature and character of fiscal imbalances in an economy, the inter-fiscal relations between the existing tiers of government must be examined. Okechukwu (2015) researched the revenue allocation formula in Nigeria using the fourth republic as a case study opined that the search for appropriate revenue sharing formula in Nigeria has caused a lot of unending conflicts and disputes among the three tiers of government. He recommended that to resolve the conflict of revenue allocation in Nigeria, the State and Local Governments should intensify their drive efforts for internally generated revenue. The reasonable increase in this revenue will definitely reduce the incessant struggle and quest for more shares of revenues from the federation account.

Ajara (2007) conducted a research work on financial reporting and accountability in public sector. Using descriptive and narrative analytic method of percentage in his analyses, it was established that financial reporting and accountability has a great impact in public sector accounting which because they can help detect fraud in financial activities of the government and disclose all relevant information required by law or regulation. In his work "Local Government Finance in Nigeria," Orewa (1986) described and discussed various sources of revenue available to local governments, as well as issues with their collection and management. The issues: a lack of trained manpower, councilors' ignorance of their responsibilities, and staff non-commitment to duty have all been identified as causes of financial irregularities in some local governments. In his article (Local government finance in Nigeria), Imam (1990) claims that the main constraint to revenue generation in local government is a lack of well-trained and qualified personnel who are supposed to serve as a tool for tax and rate collection at the local level. Even the few who are available, he claims, are not properly trained in budgetary and financial management systems.

Kalu (2007) evaluated the challenges public sector revenue generation in Nigeria when he conducted a research work on Challenges of public sector accounting using both primary and secondary sources of data with a direct approach from respondent interviewed method. The study data analysis involved the use of percentages, ratio and Chi-square method of data analysis. From the analysis, it was discovered that there is lack of knowledgeable personnel working in public sector accounting departments resulting to delayed disbursement of statutory allocation and weak internal control system. Paul (2012) conducted a research work on Evaluation of management of fund in local government in Nigeria using both primary and secondary sources of data. The data was analyzed using Pearson's correlation coefficient and from the analysis it was discovered that some of the problems facing management of funds in

local government are as a result of inflation rate and the ways or method of solving such problem.

Despite all these arguments presented by these scholars, and many more the issue of revenue allocation and availability in Nigeria local governments still need to be addressed properly. For the purpose of this research work, the researcher will concentrate on the under listed problem to the allocation and availability of resources to Obafemi Owode Local Government in Ogun State.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

In this chapter, the method employed by the researcher in conducting the study will be presented. Specifically, it contains the research design, population of the study, sampling technique and sample size, method of data collection and research instrument, and the method of data analysis adopted by the study

#### **3.1 Research Design**

The research design which the study utilized is survey research design. The survey method was useful for the current study because the study involves the collection of primary data in Obafemi Owode Local Government in Ogun State through the administration of structured questionnaire.

#### **3.2 Population of study**

This study was carried out in Obafemi Owode Local government Ogun state, Nigeria. The estimated population size of Obafemi Owode Local Government in 2006 Nigeria's population census was 228,851. The population of the study is staff strength of the local government under study which is 240. With emphasis laid on the administrative and finance management of the local government.

### 3.3 Sampling Technique

For selecting respondents, the researcher used the simple random sampling technique. The primary purpose of this sampling strategy is to focus on specific features of a population that are of interest in order to best assist the researcher in answering the research questions.

### 3.4 Sample Size Determination

Based on the population size, a normal confidence level of 95% and 5% error tolerance were used respectively in the workings. Therefore, Taro Yamane formula was adopted in determining the sample size as shown below since it is a finite population.

$$n = \frac{N}{1 + N(e)^2}$$

Where n is the sample size, N is Population Size and 1 is constant. The square of maximum allowance for sampling error or level of significance is 5% which is represented by e.

When N = 240

e = 0.05

n = ?

$$n = \frac{240}{1 + 240(0.05)^2}$$

$$n = \frac{240}{1 + 240 \times 0.0025}$$

$$n = \frac{240}{1+0.6}$$

$$n = \frac{240}{1.6}$$

$$n = 150$$

Thus, a sample size of 150 participants is considered representative of the total population.

### **3.5 Method of Data collection**

For the purpose of this study, the data used is collected from both primary and secondary sources of collection; the primary sources are questionnaires. The second sources consist of journals, books, newspapers and magazines.

### **3.6 Research Instruments**

This is a tool or method used in getting data from respondents. In this study, questionnaires and interview are research instruments used. Questionnaire is the main research instrument that will be used for the study to gather necessary data from the sample respondents. The questionnaire is structured type and provides answers to the research questions therein.

This instrument is divided and limited into two sections; Section A and B. Section A deals with the personal data of the respondents while Section B contains research statement

postulated in line with the research question in chapter one. Options or alternatives are provided for each respondent to pick or tick one of the options.

There were 10 items in the questionnaire rated with the 5-point Likert scale hence, 5 (SA), 4 (A), 3 (UD), 2 (D) and 1(SD).

### **3.7 Method of Data Analysis**

The data would be analysed with the use of both descriptive method after running the data collected through the Statistical Package for Social Sciences (SPSS) version 22. Descriptive statistics analysis is used to present demographic data which would be used mainly to summarize the data. This includes percentages and frequencies.



## CHAPTER FOUR

### Data Presentation, Analysis and Interpretation

#### 4.0 Introduction

This chapter focuses on analysis, interpretation and presentation of survey data collected. The findings from the analysis is also discussed at the end of this chapter. 150 copies of questionnaire were carefully administered on respondents. At the end of administration, 140 copies were correctly filled, error free and returned at the stipulated time, 5 copies were not retrieved, while the remaining 5 copies were not properly administered or filled. This showed 93.34% response rate. Hence, 140 copies of questionnaire retrieved were analyzed and presented in frequency tables and percentage with the of Software Package for Social Science (SPSS) for easy comprehension.

**Table 4.1 Preliminary Survey Details**

#### Response Rate to Questionnaire Administered

S/N	Questionnaire	Frequency	Frequency
1.	Number of questionnaires administered	150	100%
2	Number of questionnaires not properly administered	5	3.33%
3.	Number of questionnaires not retrieved	5	3.33%
4.	Questionnaires retrieved and used for the final analysis	140	93.34%

**Source: Field Survey 2021**

Table 4.1 above provides the response rate to questionnaires administered. A total of 150 copies of questionnaire were administered. The total number of questionnaires retrieved after administration was 140 while 5 copies were not properly administered and 5 copies were not

retrieved. This implies that 93.34% response rate was achieved which the researcher considered as a good response rate.

**Table 4.2. Demographic Data of the Respondents.**

The following shows the result of the analysis of demographic information of the respondents in terms of their Gender, Age Range, Educational qualification and position of the respondents.

<b>Variable</b>	<b>Frequency</b>	<b>Percentage (%)</b>
<b>GENDER</b>		
Male	60	42.9
Female	80	57.1
TOTAL	140	100.0
<b>AGE OF RESPONDENTS</b>		
21-30 years	30	21.4
31-40 years	100	71.4
41-50 years	0	0
51 years and above	10	7.1
TOTAL	140	100.0
<b>EDUCATIONAL QUALIFICATION</b>		
SSCE/NECO/GCE O/L	10	7.1
ND/NCE/ GCE A/LEVEL	0	0
HND/BSC/BA/B.Ed.	130	92.9
M.Sc., MBA	0	0
Others	0	0
TOTAL	140	100.0
<b>POSITION</b>		

Top level management	50	35.7
Middle level management	80	57.1
Lower level management	0	0
Junior Staff	10	7.1
TOTAL	140	100.0

**Source: Field Survey 2021**

Table 4.2 presented the demographic information of the respondents. As shown above, 60 of the respondents are male representing 42.9%; while 80 representing 57.1% are female. This simply implies that majority of the respondents that participated in this study are female.

The Age of the respondents in Table 4.2 above, it can be seen that 30 of the respondents representing 21.4% were between ages 21-30 years, 100 respondents representing 71.4% were between ages 31-40 years, while 10 representing 7.1% were 51 years and above. Hence majority of the respondents were between 31 years and 40 years.

The educational qualification of the respondents as presented in the table includes, 10(7.1%) of respondents holds either SSCE/NECO/GCE/OLEVEL, Meanwhile, majority of the respondents 130(92.9%) have HND/BSC/BA/B/ED. The result indicates that the respondents are literate and educated. Majority of the respondents holds a bachelor's degree.

Additionally, the survey also present the position of respondents. It can be seen from the table that 50 respondents representing 35.7% are Top level management, 80% respondents representing 57.1% are middle level management, 10 representing 7.1% are junior staff. None of the respondents were from the lower level management.

### 4.3. Examine the impact of revenue allocation on the administration of Obafemi Owode

#### Local Government Area

This section presents the answer provided by the respondents in respect to research question one that seeks to examine the impact of revenue allocation on the administration of Obafemi Owode Local Government Area

**Table 4.3.1. The revenue allocated to the local government from the federal account is critical to its administration**

<b>Responses</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Strongly Disagree	0	0
Disagree	0	0
Undecided	0	0
Agree	100	71.4
Strongly Agree	40	28.6
<b>Total</b>	<b>140</b>	<b>100.0</b>

**Source: Field Survey 2021**

The table above indicated the opinion of the respondents on whether revenue allocated to the local government from the federal account is critical to its administration. The outcome showed that 40(28.6%) strongly agreed, 100(71.4%) agreed while no respondent neither agreed nor strongly disagreed. This implies that majority of the respondents agreed that revenue allocated to the local government from the federal account is critical to its administration.

**Table 4.3.2: Local government depends heavily on the revenue allocated to it from the federal account**

<b>Responses</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Strongly Disagree	0	0
Disagree	0	0
Undecided	20	14.3
Agree	70	50.0
Strongly Agree	50	35.7
<b>Total</b>	<b>140</b>	<b>100.0</b>

**Source: Field Survey 2021**

Table 4.3.2 above showed the responses of the respondents on whether the local government depends heavily on the revenue allocated to it from the federal government. The result showed that 50(35.7%) strongly agreed, 70(50.0%) agreed while 20(14.3%) respondent neither disagreed nor agreed.

This suggests that majority of the respondents agreed that the local government depends heavily on the revenue allocated to it from the federal government.

**Table 4.3.3: Revenue allocated from the federal account to the Local government has become inadequate**

<b>Responses</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Strongly Disagree	0	0
Disagree	0	0
Undecided	50	35.7
Agree	50	35.7
Strongly Agree	40	28.6
<b>Total</b>	<b>140</b>	<b>100.0</b>

**Source: Field Survey 2021**

The table above revealed the suggestions of the respondents on if revenue allocated from the federal account to the Local government has become inadequate. The outcome showed that 40(28.6%) strongly agreed, 50(35.7%) agreed while 50(35.7%) neither disagreed nor agreed. This suggests that majority of the respondents agreed and others were undecided has to if revenue allocated from the federal account to the Local government has become inadequate.

**Table 4.3.4: Revenue allocated to the Local government from the federal account is efficiently implemented**

<b>Responses</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Strongly Disagree	0	0
Disagree	30	21.4
Undecided	30	21.4
Agree	50	35.7
Strongly Agree	30	21.4
<b>Total</b>	140	100.0

**Source: Field Survey 2021**

The table above revealed the responses of the respondents on whether revenue allocated to the Local government from the federal account is efficiently implemented. The result showed that 30(21.4%) strongly agreed, 50(35.7%) agreed while 30(21.4%) were indifferent. while, 30(21.4%) disagreed. This implies that majority of the respondents agreed that the revenue allocated to the Local government from the federal account is efficiently implemented.

#### **4.4: Examine the challenges of Revenue Allocation in Local Government Administration in Nigeria**

This section examines the challenges of revenue allocation in local government administration in Nigeria.

##### **4.4.1: Local governments are not given enough autonomy in their revenue allocations**

<b>Responses</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Strongly Disagree	0	0
Disagree	10	7.1
Undecided	20	14.3
Agree	90	64.3
Strongly Agree	20	14.3
<b>Total</b>	<b>140</b>	<b>100.0</b>

**Source: Field Survey 2021**

Table 4.4.1 above indicated that the opinion of the respondents to examines the challenges of revenue allocation in local government administration in Nigeria. The outcome showed that 20(14.3%) strongly agreed, 90(64.3%) agreed while 20(14.3%) neither agree nor disagree. While, 10(7.1%) disagreed. This means that majority of the respondents agreed that there are challenges of revenue allocation in local government administration in Nigeria.



**4.4.2: Local governments’ revenue allocation is subject to Federal and State governments’ interference**

<b>Responses</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Strongly Disagree	0	0
Disagree	0	0
Undecided	40	28.6
Agree	50	35.7
Strongly Agree	50	35.7
<b>Total</b>	140	100.0

**Source: Field Survey 2021**

The above table showed that the suggestion of the respondents as to whether local governments’ revenue allocation is subject to Federal and State governments’ interference . The result showed that 50(35.7%) strongly agreed, 50(35.7%) agreed while 40(28.6%) neither agree nor disagree. This result suggest that majority of the respondents strongly agreed that the local governments’ revenue allocation is subject to Federal and State governments’ interference.

#### 4.4.3: Revenue allocated to Local governments is subject to mismanagement and corruption

<b>Responses</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Strongly Disagree	0	0
Disagree	20	14.3
Undecided	20	14.3
Agree	50	35.7
Strongly Agree	50	35.7
<b>Total</b>	140	100.0

**Source: Field Survey 2021**

Table 4.4.3 above indicated that the opinion of the respondents whether revenue allocated to Local governments is subject to mismanagement and corruption. The outcome showed that 50(35.7%) strongly agreed, 50(35.7%) agreed while 20(14.3%) neither agree nor disagree. Also, 20(14.3%) respondents disagreed. This implies that majority of the respondents strongly agreed that the revenue allocated to Local governments is subject to mismanagement and corruption.

#### 4.4.4: The constitution is adequate in its provision of revenue allocation reforms to the

##### Local government

<b>Responses</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Strongly Disagree	0	0
Disagree	10	7.1
Undecided	10	7.1
Agree	100	71.4
Strongly Agree	20	14.3
<b>Total</b>	<b>140</b>	<b>100.0</b>

**Source: Field Survey 2021**

The table above showed the response of the respondents whether the constitution is adequate in its provision of revenue allocation reforms to the Local government. The result showed that 20(14.3%) strongly agreed, 100(71.4%) agreed while 10(7.1%) were indifferent. Also 10 representing (7.1%) of the respondent disagreed. This result suggest that majority of the respondents agreed that the constitution is adequate in its provision of revenue allocation reforms to the Local government.

#### **4.5: Examine the impact of Revenue Availability on the administration of Obafemi Owode Local Government Area.**

This section is intended to illustrate the impact of Revenue Availability on the administration of Obafemi Owode Local Government Area.

##### **4.5.1: Internally generated revenue is adequate for the proper administration of the Local government**

<b>Responses</b>	<b>Frequency</b>	<b>Percent (%)</b>
Strongly Disagree	0	0
Disagree	0	0
Undecided	40	28.6
Agree	40	28.6
Strongly Agree	60	42.9
Total	140	100.0

**Source: Field Survey 2021**

The above table revealed the responses of the respondents whether internally generated revenue is adequate for the proper administration of the Local government. The outcome showed that 60(42.9%) strongly agreed, 40(28.6%) agreed while 40(28.6%) neither agreed nor disagreed. This means that majority of the respondents strongly agreed that internally generated revenue is adequate for the proper administration of the Local government.

**4.5.2: The delay in the passage of annual budget of the Local government affects its administration**

<b>Responses</b>	<b>Frequency</b>	<b>Percent (%)</b>
Strongly Disagree	0	0
Disagree	10	7.1
Undecided	10	7.1
Agree	70	50.0
Strongly Agree	50	35.7
Total	140	100.0

**Source: Field Survey 2021**

Table 4.5.2 above indicated that the opinion of the respondents whether the delay in the passage of annual budget of the Local government affects its administration. The result showed that 50(35.7%) strongly agreed, 70(50.0%) agreed while 10(7.1%) were indifferent. Also, 10 representing (7.1%) respondents disagreed. This implies that majority of the respondents agreed that the delay in the passage of annual budget of the Local government affects its administration.

#### 4.5.3: The Local government is limited in its tax raising powers

Responses	Frequency	Percent (%)
Strongly Disagree	0	0
Disagree	0	0
Undecided	10	7.1
Agree	80	57.1
Strongly Agree	50	35.7
Total	140	100.0

**Source: Field Survey 2021**

The above table showed that the suggestion of the respondents whether local governments' is limited in its tax raising powers. The outcome showed that 50(35.7%) strongly agreed, 80(57.1%) agreed while 10(7.1%) neither agree nor disagree. This result suggest that majority of the respondents agreed that the local governments' is limited in its tax raising powers

#### 4.5.4: The Local government can improve on its internally generated powers

<b>Responses</b>	<b>Frequency</b>	<b>Percent (%)</b>
Strongly Disagree	0	0
Disagree	0	0
Undecided	20	14.3
Agree	70	50.0
Strongly Agree	50	35.7
Total	140	100.0

**Source: Field Survey 2021**

The table 4.5.4 above revealed that the opinion of the respondents whether local governments' can improve on its internally generated powers. The result showed that 50(35.7%) strongly agreed, 70(50.0%) agreed while 20(14.3%) neither agree nor disagree. This means that majority of the respondents agreed that the local governments' can improve on its internally generated powers.

## **DISCUSSION OF THE FINDINGS**

In this section, the findings from the survey analysis of the Topic “**INFLUENCE OF REVENUE ALLOCATION AND AVAILABILITY ON LOCAL GOVERNMENT ADMINISTRATION**” would be discussed.

The general objective of this research is to analyze the Influence of revenue allocation and availability in local government administration. The general objective is further sub-divided into three specific objectives. The research makes use of a survey design in order to get information from selected respondents through structured questionnaire. The resulting data collected were then analyzed using descriptive statistics which arrive at the findings. The findings from the study are presented as follows.

The research examined the impact of revenue allocation on the administration of Obafemi Owode Local Government Area. Majority of the respondents attested that revenue allocated to the local government from the federal account is critical to its administration, Respondents also strongly state that local government depends heavily on the revenue allocated to it from the federal account Similarly, respondents equally affirmed that revenue allocated from the federal account to the local government has become inadequate although some of them were indifferent. Since many respondents strongly agreed – agreed, it implies that revenue allocation have major impact on the administration of Obafemi Owode local government area

Researcher also investigated the challenges of Revenue Allocation in Local Government Administration in Nigeria. Majority of the respondents affirmed that as one of the challenges of revenue Allocation in local government administration in Nigeria, local governments are not given enough autonomy in their revenue allocations. Also, respondents verified that local governments’ revenue allocation is subject to federal and state governments’ interference. Similarly, most of the respondents attested that challenges of revenue allocation include



mismanagement of revenue allocated and cases of corruption. Hence, it was found that, revenue allocation in local government administration are faced with challenges such as, Lack of autonomy, Federal and state interference, mismanagement of revenue allocated and corruption.

Finally, the research analyzed the impact of Revenue Availability on the administration of Obafemi Owode Local Government Area. Majority of the respondents strongly believed that Internally generated revenue is adequate for the proper administration of the Local government. Also, many of the respondents believed that the delay in the passage of annual budget of the Local government affects its administration. Similarly, The Local government is limited in its tax raising powers as majority of the respondents agreed Therefore, Revenue Availability have significant impact on the administration of Obafemi Owode Local Government Area.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATION

#### Summary

The study focused on “Influence of Revenue Allocation on Local Government Administration: A study of Obafemi Owode Local Government-- Ogun State”. The specific objectives of the study were:

1. To examine the impact of revenue on local government administration in Obafemi Owode local Government
2. To investigate the challenges of revenue allocation to Obafemi Owode Local Government
3. To ascertain the impact revenue availability on the administration of Obafemi Owode Local government.

The study employed Equity theory of Motivation as framework. The research design was purely survey with questionnaire as instrument of data collection. Data analysis involved the use of percentages, frequencies and Spearman correlation co-efficient. As to whether revenue allocated to local government from the federation account was critical to local government administration, 71.4% of the respondents strongly agreed with this view. Whether local government strongly depended on allocation from federal government for survival, 50.0% of the respondents strongly agreed with this view. On the issue of inadequacy of revenue allocated to local government, 35.7% of the respondents agreed with the claim. On whether the revenue allocated to local government was effectively implemented, 35.7% of the respondents also agreed the view. With respect to the autonomy of local government on revenue allocation, 64.3% of the respondents agreed with the view and 35.7% of the respondents also believed that allocation was subject to federal and state government interference.

Meanwhile, 35.7% of the respondents agreed with the view that revenue allocated to local government was subject to mismanagement and corruption. However, 71.4% of the respondents agreed that the constitution was inadequate in its provision of revenue allocation reforms to local government. In addition, 42.9% of the respondents strongly agreed that internally generated revenue was adequate for proper administration of local government. Moreover, 57.1% of the respondents claimed that local government was limited in its tax

raising power and 50.0% of the respondents were of the opinion that local government could improve on their internally generated revenue.

## **CONCLUSION**

On a note of conclusion, local government is the third tier of government in any federal system of govern like that of Nigeria. It is a government at grassroot level to cater for the interests and aspirations of people at the local level. For it to function effectively, it requires regular supply of revenue so as to promote the wellbeing of people in local area. The study revealed that revenue allocated to local government was inadequate in view of enormous tasks it carries out and the major source of this revenue is the federation account through the federal government. Meanwhile, lack of effective implementation or judicious use of local government allocation and corruption among the officials are fundamental problems. Besides. Interference from both state and federal government in the affairs of local government seriously affect the effectiveness of local government administration The internally generated revenue by local government could not keep abreast with enormous functions it performs, hence, both federal and state governments should be more proactive in giving strong financial support to local government in order to improve its financial base for effective performance.

## **RECOMMENDATION**

1. There must be improved method of revenue generation of the local government. Method of revenue generation must be overhauled. Honest and capable hands must be used to collect revenue for the local government in order to rely less on monthly allocation from federation account
2. As a matter of fact, both state and federal government must have enough grants to the local government in order to execute successfully key projects needed to promote the welfare of the entire citizenry.
3. Allocation from the federation account to the local governments across the country must be increased. Many of the functions performed by local governments are executed within the ambit of limited resources. There are many functions expected of local government and the only way to carry them out effectively is when monthly allocation to them from federation account is increased
4. There must be proper auditing of accounts of local governments in Nigeria in order to prevent corruption that has been the bane of many public and private work organizations in Nigeria. This will give room for efficiency and sincerity of purpose in local government administration.
5. State governments in Nigeria must give local government access to loans from financial institutions which must be properly monitored in order to prevent embezzlement and mismanagement of fund.
6. Federal and state governments must organize on regular basis training for local government workers in the areas of diverse means of generating revenue, effective administration in local government, accountability in public offices etc.

## **CONTRIBUTION TO KNOWLEDGE**

- 1.** The study contributed to knowledge in the area of gap in knowledge created in the statement of problem. Past studies have examined local government administration relative to leadership, training of workers, Corruption and mismanagement of funds, Nepotism and ethnicity etc., however, little has been done on revenue allocation in relation to local government administration in Nigeria.
- 2.** The study has provided insight into how local government should not solely rely on monthly allocation from federation account as a way of boosting their revenue base
- 3.** The study has provided opportunity for other researchers to examine the level of corruption and mismanagement of public fund in other local governments in Nigeria in order to establish whether such corruption is peculiar to one local government or not.
- 4.** By recommending the need for regular training of local government workers throughout the country to enhance better performance and efficiency, the study has contributed to knowledge.

### **SUGGESTION FOR FUTURE STUDIES**

- 1.** Future studies can focus on revenue generation of local government in another part of the country in order to understand whether revenue availability is more than the one used as a case study in this research and the reasons for this. On this basis, solutions will be proffered.
- 2.** Future research can focus revenue allocation and corruption in Local government administration in Nigeria. This is a critical area that gives room for mismanagement of public fund and poor performance of local governments in Nigeria.
- 3.** Studies in future can focus attention on leadership and local government administration in Nigeria. This will give understanding to how leaders can bring about positive turn around in local government administration or lead to its downfall.
- 4.** Future studies might be on capacity building of local government workers in Nigeria. This will bring to the fore, the current level of their training and the need to improve on such training in order to enhance their skills, knowledge and attitudes for effective performance of their functions.

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