

URBAN AND LOCAL GOVERNMENT DEVELOPMENT STRATEGY IN NIGERIA



ESV. TOMORI M.A

URBAN AND LOCAL GOVERNMENT DEVELOPMENT STRATEGY IN NIGERIA

By:

ESV. TOMORI M.A. *anivs, rsv, mnim*

*Director of Estate & Valuation, Ministry of Local
Government & Chieftaincy Matters, Oyo State (Rtd).
CEO/MD Macos Urban Management Consultants*

17th August, 2018.

DEDICATION

This book is dedicated to my Parents, Late Pa. Salawu Akinlabi Tomori and Late Madam Mojoyinola Abeke Tomori

PREFACE

The recent local government reforms around the world typically involve shifting responsibilities to local governments and beyond governments providers with the objective of strengthening local governance. This has generated a large interest in learning from the history of nations as well as from current practices across countries on local government organization and finance.

In Nigeria, the decentralization process, much power is devolved on the states with little authority to local governments. Most of the time and on many occasions, the state governors will appoint chairmen of the councils and their councilors as their direct representatives within their jurisdiction even the local government elections are conducted by the State Independent Electoral Commission through the appointees of the governor, which has always been one sided.

In addition, the State Government enjoys much autonomy over local affairs, including control over most aspects of urban planning and management (in particular, housing and land development, and service delivery). The state governments also have significant resources at their disposal including large transfers from central government in addition to having large latitude in generating local resources.

By and large, the local government officials also face hurdles in fulfilling their mandates, especially such issues as service delivery and land development. Local government receive limited transfer from federal government (20% of statutory allocation) towards operating and maintenance of expenditures and capital investment projects

With regard to the issue of institutional machinery the important question to address is “**who should be responsible for property tax collection**”, especially in urban local government areas and less urbanized area.” **In principle, the property rating and property tax collection should be done by the level of government by the provision services.** At the same time, other arrangement such as collaboration between the state and

local government are possible options. Another option is the use of consultants as collectors. All these options have important implication for manpower consideration at the local and state levels.

The 1976 local government has really introduced professionalism into the local governance system which has encouraged various categories of qualified professionals to establish local practice in urban managements such as town planners, estate and valuation officers, engineers, builders and health officers. It also created sparate traditional councils for Baale and Chiefs in the urban and rural areas. However, the single-tier system did not take into consideration the populations and size of this local governments, which has been responsible for differences in the expenditure responsibilities of various types of local governments (urban and rural).

The first chapter looks at the background and context in which local government structure and administration originated and function in Nigeria. Chapter two deals with the population and sizes of local government created in the various regions of the country and the implication. Chapter three deals with the local Government structures, functions and finance. In chapter four, the author explains the need for a new urban development strategy in view the increasing urbanization. Chapter five deals with development of property taxation for grassroots development financing. Chapter six is the challenges of Urban Development and Growth of Cities in Nigeria. Chapter Seven is the way forward where the author made some practical suggestions for improvements in the local government administration and management.

The author is grateful to the many authors whose contributions, experience and proposals have been drawn upon in putting this book together. In addition to sources acknowledged in this book the author is indepted to Professor Akin Mabogunje, World Bank, Habibu A. Sani of the University of Ilorin, Mr. Usman Olanrewaju who labored over the manuscript and to my noble colleagues in the Nigerian Institution of Estate Surveyors & Valuers (NIESV). Oyo state Branch and in the Valuation Office, Ministry of Local Government and Chieftaincy Matters, other Directors who contributed to the work and gave me encouragement while the book was underway.

TABLE OF CONTENT

Dedication

Preface

ONE: LOCAL GOVERNMENT SYSTEM IN NIGERIA

- 1.1 Introduction
- 1.2 The Colonial Administration and Native Authorities
- 1.3 Local Government and Local Governance
- 1.4 The Presidential System at Local Level

TWO: DEMOGRAPHIC BASES OF THE NEWLY CREATED LOCAL GOVERNMENT IN NIGERIA

- 2.1 Introduction
- 2.2 Distribution of Local Governments in Nigeria

THREE: LOCAL GOVERNMENT STRUCTURES, FUNCTIONS AND FINANCE

- 3.1 Introduction
- 3.2 Local Government Structures
- 3.3 Local Government and Civil Service Unification
- 3.4 Local Government Finance and Autonomy

FOUR: THE NEED FOR A NEW URBAN DEVELOPMENT STRATEGY

- 4.1 Challenges Facing Nigerian Cities in the Built Environment
- 4.2 The Built Environment
- 4.3 What is Sustainable Development?
- 4.4 Definition of Development
- 4.5 Real Estate Market in Nigeria
- 4.6 Development Functions of Local Government
- 4.7 Geographic Distinction between Urban and Rural Local Governments

FIVE: DEVELOPMENT OF PROPERTY TAXATION

FOR GRASSROOTS DEVELOPMENT FINANCING

- 5.1 Overview of Property Taxation
- 5.2 Objectives and Principles of Property Taxation
- 5.3 Property Tax Policy and System of Land Ownership
- 5.4 Revenue Generating Capacity of Urban Centres
- 5.5 Setting Realistic Tax Rate Structure
- 5.6 Tax Collection and Enforcement Strategy
- 5.7 Recommendation

SIX: THE CHALLENGES OF URBAN DEVELOPMENT

AND GROWTH OF CITIES IN NIGERIA

- 6.1 Colonial Cities
- 6.2 Population and Urbanization in Nigeria
- 6.3 Phenomenon of Urban Fragmentation
- 6.4 Housing Situation and Access to Land
- 6.5 Abuja Physical Planning Related Problems
- 6.6 World Bank Urban Renewal Projects in Ibadan
- 6.7 Lagos Urban Agglomeration Problems
- 6.8 Special Recognition for Metropolitan Areas

SEVEN: THE WAY FORWARD

- 7.1 Need for Urban Management Information System
- 7.2 Number and Population of Local Governments
- 7.3 Promises Backed by Basic Resources
- 7.4 Institutional Problems
- 7.5 Sorting out Governmental Responsibilities

BIBLIOGRAPHY

PROFILE OF THE AUTHOR

CHAPTER ONE

LOCAL GOVERNMENT ORGANIZATION IN NIGERIA

1.1 Introduction

The various ethnic groups of Nigeria such as the seven Hausa States; The Kanuries of Borno; The Riverine Tribes of the Middle Belt, Yoruba of the West; The Edos, Annangs, Urobos, Ijaws and the Ibos in the East etc. all had their traditional civilization on which the rudiments of the **modern forms of government** were based before the arrival of the British.

The modern forms of government have such trappings of governance as a democratically enacted constitution, the political party system, a robust judiciary grounded on the rule of law, and parliament, among others

There were a number of important kingdoms which had established their own forms of Government which had no links whatever with what came to be known as European civilization. These kingdoms included the Borno Empire with a long and proud history stretching back to some thousand years, the Fulani Empire which had a long dynasty of divine rulership over vast areas of Nigeria before the British conquest (Habibu A. Sani, 1992). The Yoruba Empire with its Oyo-based cradle which held sway in the Guinea coast. The scattered, individualistic and republican patterns of loose governments of the Ibos, the Tivs, the Jukuns, the Kanuri's and the Ebira's among the principalities of the Niger-Benue and Yobe valleys.

1.2 The Colonial Administration and Native Authorities

Major Henry E. McCallum, who initiated the policy of indirect rule in Yorubaland, was appointed Governor of Lagos Colony and assumed office in April 1897 in succession to Sir. G.T. Carter. During the tenure of his office he began to experiment indirect rule in Yoruba land. He depended largely on the Residents appointed to the area to translate the principle into practice in the various Districts. In the area later constituted into Oyo

Province, this duty was performed by Resident F.C. Filler, who succeeded Captain R.L. Bower

Ibadan was the first Council to be constituted in August **1897**. The Oyo council was the second, and until **1900**, the only other council. According to Dr. J.A. Atanda, (1973, 1979), the Councils became the instrument by which the British introduced innovations into the **traditional political, economic and social systems** of the area.

One significant point to note about these Councils, according to Dr. J.A. Atanda, 1979 and later Professor of History is that the rules they made under Ibadan and Oyo respectively. This, in effect, meant that Ibadan and Oyo Councils legislated for the whole of what later became Oyo Province in 1914, Oyo being responsible for what later became Oyo division and Ibadan for what later became Ibadan and Ife-Ilesa Divisions. This, in effect, also meant the strengthening of the powers of Oyo and Ibadan over their respective former dependencies.

The Three protectorates

On 1st January, 1900 the administration of the British Government established three protectorates for ruling the country following the early explorations and the search for trading outlets to the hinterland of Nigeria by Mungo Parts and the Lander brothers. Lord Lugard became the High Commissioner of the Protectorate of Northern Nigeria, while the cotemporaries in the subjugation and pacification of the Southern Protectorates were Sir W. Egerton, Sir D.R. Moor and Sir W. Macgregor.

The Native Councils Ordinance of 1901 was devised by Sir. William Macgregor who became Governor of Lagos in 1900, the Native Councils Ordinance of 1901 provided for **provincial, district, town and village councils**. One significant provision of the new Ordinance was that Residents were no longer to preside over council meetings. The **paramount chief** of the Province or District was the president (Dr. J.A. Atanda (1973, 1979).

In 1914, the three Protectorates of Northern and Southern Nigeria as well as the Colony and Protectorate of Lagos were amalgamated. Sir Fredric Lugard then assumed the title of Governor – General, while his successors were simply designated Governors.

1.3 Local Government and Local Governance

Local government refers to specific institutions or entities created by national constitutions (Brazil, Denmark, France, India, Italy, Japan, Sweden and Nigeria); by state constitutions (Australia, the United States); by ordinary legislation of a higher level of central government (New Zealand, the United Kingdom and most countries); by provincial or state legislation (Canada, Pakistan) or by executive order (China) to deliver a range of specified services to a **relatively small geographically delineated area**. (Anwar Shah with Sana Shah, 2006).

Local Government is that level or tier of government that is the closest to the grassroots people. It impacts more on the grassroots people than the State and Federal Governments. Local government has tremendous roles to play in ensuring good governance and sustainable development in any country.

Local governance is a broader concept and is defined as the formation and execution of collective action at the local level. Thus, it encompasses the direct and indirect roles of formal institutions of local government and government hierarchies, as well as **the roles of informal norms, networks, community organisations, and neighbourhood associations** in pursuing collective action by defining the framework for citizen – citizen and citizen state interactions, collective decision making, and delivery of local public services

Local governance, therefore, includes the diverse objectives of vibrant, living, working, and environmentally preserved self-governing communities. Good local governance is not just about providing a range of local services but also about preserving the life and liberty of residents, creating space for democratic participation and civic

dialogue. It should also be supporting market-led and environmentally sustainable local development and facilitating outcomes that enrich the quality of life of residents (Anwar Shah with sana Shah, 2006).

The United Nations further defined Local Government as:

“a political sub-division of a nation (for in a federal system/state) which is constituted by law and has substantial control of local affairs including the power to impose taxes or to exert labour for prescribed purposes. The governing body of such an entity is elected or otherwise locally selected.”

According to the Guideline for Local Government Reform (1976) which defines local government as follows (Dasuki Report):

“Government at local level exercises through representative council established by law to exercise specific power within defined areas. These powers should give the council substantial control over local affairs as well as staff and institutional and financial power to initiate and direct the provision of services and to determine and implement projects so as to complement the activities of the State and Federal Government in their areas, and to ensure, through devolution of functions to these councils and through the active participation of the people and their traditional institutions, that local initiative and response to local needs and conditions are maximized”.

In every federal political arrangement (as in Nigeria, Brazil & the United States), there is written constitution that allocates power to the national, state and Local Governments. Some powers are granted exclusively to national governments; others exclusively to state governments (Australia and the United States), and others exclusively to local governments, and still other ‘concurrently’ – that is, to be exercised by both the national and local governments as long as they do not conflict. All federal national laws supercede both State and local laws whenever national, State and local governments have passed a conflicting law in areas of concurrent jurisdiction

Since 1966, there had been drastic changes in the number, nomenclature and powers of the Native Authorities through the series of reforms carried out by the various

Military Regimes. During the same period most of the Native Authorities in different states of the country had changed their names from Native Authorities to Local Governments or Development Areas, especially in the South Eastern State of Nigeria under Governor E.J. Esuene, while the other states adopted Local Governments as their nomenclature.

One other major change was the adoption of a uniform structure for all Local Governments Authorities throughout the as a result of the 1976 nationwide “Local Government Reform carried out under the Obasanjo/Yar’Adua Administration.

1.4 The Presidential System at Local Level

On the basis of instituting the local government system like in 1979, the list of these 774 local government areas was embodied in the 1999 constitution.

But before then, a major change had been effected in the structure of the local government system. In 1991, the Federal Government issued a decree titled Local Government (Basic Constitutional and Transitional Provisions) Amendment Decree No. 23 extending the logic of the Presidential System of Government to the local government level.

The main thrust of this new system, according to Professor Akin Mabogunje published on Tuesday, 6 May, 2014, Nigeria Tribune Page 34, was to introduce the principles of the separation of powers and the checks and balances that go with this into the local government system.

Elected councilors are now to serve as the legislature of the local government which is headed by a Council Leader. The executive now comprises the Chairman, the Vice Chairman, 3 to 5 Supervisors and the Secretary. The chairman, a Chief Executive, can appoint supervisors either from among the councilors or from outside. Any councilor so appointed must resign his position as councilor.

CHAPTER TWO

DEMOGRAPHIC BASIS OF THE NEW LOCAL GOVERNMENT CREATION

2.1 Introduction

The 1976 Local Governments Reform chose to ignore the settlement system in Nigeria whereby live wither in urban areas or rural areas. There was an arbitrary criteria based purely on the size of population by which small local councils or local governments were put at a range 150,000-400,000 and urban or large councils were pegged between 400,000 and above. On this basis, the country was divided or carved out into 299 local government areas with the Federal Capital Territory being divided into two local government areas to make a total of 301.

In spite of the Dasuki Report in 1976, agitation for more local government areas to which citizens can feel a true sense of belonging did not go away. As a result, when the military administration of General Mohammed Buhari was succeeded by that of General Ibrahim Babanginda (1985-1993), not only was the number of local government increased to 453 in 1989, but again to 589 in 1981. The number was further raised to 774 under the military government of General Sani Abacha in 1996.

Thus, the general increase in the number of Local Government in Nigeria (from 301 in 1976 to 776 in 1996) corresponds to the demands of the urban population (UN-Habitat, 2007). A big city like Lagos, which had eight (8) Local Governments in 1988, had 16 in 1991. Ibadan had five (5) new local Governments within the city, and eleven (11) local governments in the metropolitan area by 1991.

2.2 Distribution of Local Governments in Nigeria

Comparative historical analysis shows that under the Native Authority System (NAS), the North had **147** with the south having **215**. With regard to 1979 constitution, the North had **152** while he South had **150**, but under the 1999 constitution, the North had **413** as against **355** for the South.

The geopolitical breakdown of the councils shows that the North has a total of **413** with the North East having **112**; North Central **114**; North West **187**. The South ha a total of **355** with South Eats **95**; South-South **123**; South West **137**; the FCT has six (6) Area Councils.

Analysis Based on Population and Land Mass

STATE	POPULATION 2006	LAND MASS SQ.KM	NO. OF LGAS 2006
Ogun State	3,728,098	16,762	20
Osun	3,423,536	9,251	30
Ondo	3,441,024	15,500	18
Lagos	9,013,354	3,....	20
Rivers	5,185,400	11,077	23
Akwa Ibom	3,920,208	7,081	31

Sources: National Population (NPC), 2009 Priority List and Independent National Commission (INEC)

While Lagos and Kano have the same number of members in their respective House of Assembly and the same House of Representatives, it is illogical that one has 20 and the other 44 Local Government Areas.

ANALYSIS OF LOCAL GOVERNMENT CREATION IN OYO STATE

<i>Geo-political Zone</i>	<i>No. of LGAs 1991</i>	<i>% of Total</i>	<i>No. of LGAs 1996</i>	<i>% of Total</i>	<i>No. o LGAs 2002</i>	<i>% of Total</i>
Ibadan	11	44%	11	33.3%	25	36.76%
Ibarapa	2	8%	3	9.1%	5	7.34%
Oke-Ogun	5	20%	10	30.3%	18	26.48%
Ogbomoso	5	20%	5	15.2%	12	17.66%
Oyo	2	8%	4	12.1%	8	11.76%
Total	25	100%	33	100%	68	100%

According to Professor Akin Mabogunje (2014), there is no magic in having a limited number of local government areas is, of course, obvious from the fact that the 3001 local governments of the 1976 Reform increased to 774 by 1995. And it need be added that local governments in most developed countries such as Britain or Japan with smaller population than Nigeria, are numbered in their thousands.

In fact, there are wide variations in the number and median size of municipal governments in the sampled countries by the World Bank (2006). Uganda had only 70 municipal governments, in 2002 with an average population per local authority of 373,321 whereas Chia had 43965 in 2004 with an average population per local authority of 107,334. South Africa had 282 local authorities in 2001 with an average population of 238,839 per local authority. Brazil had 30,099 populations per local authority.

Professor Akin Mabogunje, therefore, suggested that there is no reason why the number of local governments in the country should be pre-determined, or restricted artificially. Indeed, what is need is to establish criteria which communities must meet if they desire to run their own affairs themselves.

CHAPTER THREE

LOCAL GOVERNMENT STRUCTURES, FUNCTIONS AND FINANCE

3.1 Introduction

The traditional functions of Local Governments as inherited from the defunct Native Authorities and listed subsequently in the fourth schedule to the 1979 and 1989 versions of the Nigerian Constitution are set out in parts A and B in Table 1 of the Guidelines. They include such services as markets and motor parks, sanitary inspection, refuse disposal, slaughter houses, public conveniences, burial grounds, parks and gardens, bicycle licenses, street naming, revenue collection, property rates, taxes, health and maternity centres, primary and nursery schools, towns and country planning, rural water supply, public libraries and fire services.

One significant point to note about these functions, according to Habibu A. Sani of the University of Ilorin (March 1992), is in respect of their origin. How were these Local Government functions determined?

- (i) They owe their origins partly to the **rudimentary needs of man** even from the cave-age days when trade by barter, the stone, and the use of sharp stone for lighting were the vogue of the time.
- (ii) They also owe their origins to the colonial heritage which used the British model of **local self-rule, local authority councils, and country boroughs** as standards for emulation by the colonies.
- (iii) The pattern of traditional authority based on inherited myths and symbols from the ancestors, determined essentially the organizational structures and corresponding functions for local government self-rule inherent in the local government system (LGS) in Nigeria. Let us now closely examine these structures and functions over a period of nine decades from 1900-1990.

3.2 Local Government Structures

During the first six (6) decades covered by this write-up, the Native Authority and later Local Government structures were initially made up of **two-tier** multipurpose units of governance comprising the (a) the parent local government council at the upper level, and (b) the subordinate council at the lower level. The council at both levels were either wholly elected or were made up of both elected and nominated members.

However, during the third phase of between 1966-1992 when the military played a major role in the **political transformation of Nigeria**, the **two-tier** structure was changed to a **single tier** multipurpose system of local government in which the subordinate councils were completely abolished, and in their place was put the “**Area Development Committees**” at the District or Zonal levels of the Local Government Administration

Unlike the **Subordinate Councils** which they replaced during the 1976, 1984 and 1986 nation-wide Local Government Reforms, the **Area Development Committees** comprised essentially nominated members who were appointed by the Governor or the Commissioner for Local Government and Chieftaincy Matters as the case may be

The single-tier multipurpose structure also had another significant feature different from the structure earlier years in the sense that it completely kept off the traditional chiefs from membership of the elected local government councils rather, it provided for them their own separate councils known as “**emirate or traditional councils**” which compromised appointed chiefs **within the local government jurisdictions of traditional chiefs**. This was implemented via a federal circular during the General Sanni Abacha in 1997.

Also of great significance in the **structural reform** was the abolition of the district officer (D.O.) and local authority (L.A.) as well as **City Manager** Systems that were in vogue between 1900 and 1975. This had the effect of terminating the system of township

administration established through the township ordinance of 1917 and 1901 Native Authority Ordinance for the urban towns and cities throughout Nigeria.

Finally, the theory of the role of local governments does not distinguish between large metropolitan areas, medium-size cities and towns and villages. Yet it is important to make that distinction, because “not all local governments are equal” (Bird 2000, p. 114). There are large and small cities, urbanized and rural municipalities, and rich and poor areas. **“A structure that fails to distinguish between major metropolitan areas and small villages makes it difficult to clearly define the functional responsibilities of local government”**. (Burki Perry, and Dillinger 199, p.24). If all local governments are assigned the same responsibilities as we have in Nigeria; the assignment is likely to reflect what the smallest local governments can provide. Moreover, the amount of public resources available to different types of local governments is not the same; larger cities and metropolitan areas generally have greater capacity to raise revenues.

3.3 Local Government and Civil Service Unification

The 1983 Civil Service Reforms undertaken to professionalize public administration, have led to some changes in the personnel management system and administrative structure of local government. From that time, the personnel management function was shared between the Local Government Service Commission and the Local Government.

The Local Government Services Commission had been given constitutional sanction under section 195 of 1989 Constitution. Its functions, as spelt out under the third Schedule, Part II (d) of the constitution, are to:

1. Set up general and uniform guidelines for appointments, promotion and discipline.
2. Monitor the activities of each Local Government to ensure that the guidelines are strictly and uniformly adhered to.
3. Serve as a review body for all petitions from Local Governments in respect of appointments, promotions and discipline.

In addition to these functions specifically conferred on the Local Government Service Commission by the Constitution of 1989, there are other functions emanating from the **Implementation Guidelines** on the Application of Civil Service Reforms in the Local Government Service. According to the guidelines:

- (a) Officers of grade level 07 and above shall come under the control of the unified local government services.
- (b) Each local government shall undertake the appointment, discipline and promotion of staff on grade level 01-06, under the general and unified guidelines to be provided by the commission.
- (c) Each local government shall have a Junior Staff Management Committee (JSMC) which will have responsibility for the appointment, promotion, and discipline of officer on grade levels 01-06.
- (d) Any officer who is dissatisfied with the decision of the JSMC has the right to appeal, first to the local government Chairman and finally to that Commission.
- (e) The JSMC must, as a rule, obtain necessary establishment approval from the military Governor's Office before it recruits into past grade level 01-06.
- (f) Training shall be the responsibility of the local government department in the Military Governor's Office.

From the foregoing, it is clear the local governments are from being autonomous in their recruitment and management of their own staff

On the administrative structure of the local governments, it has been directed that each local government shall have a maximum of six (6) departments. These are:

- Department of Personnel
- Department of Finance, Supplies, Planning, Research and Statistics
- Education
- Works, Housing and Land Survey
- Medicine and Health

3.4 Local Government Finance and Autonomy

Critical to successful transition will be the citizens' ability to establish financially sustainable local governments. To do so, they must devise a system of local budgets and taxes over which local governments have control.

All over the world, fiscal decentralization requires that subnational governments be given responsibility for determining the level and quality of services to be provided and for raising a substantial portion of the funds to finance these services.

Local government finance generally, includes almost all conceivable areas such revenue, expenditure, budgeting and financial control. Not only are the financial needs of local governments increasing, but the degree of financial autonomy in raising and managing these revenues has to increase (Pangam, 1999). In order to raise sufficient revenue to provide infrastructure and services, municipalities have recourse to local and external sources of revenue (Roy W. Bahl and Johannes F. Linn. 1998).

(a) Sources of Local Government Income

Local governments must ensure that there will be adequate money to pay for their planned expenditure if they are to "balance the budget". There are various sources of income that can be used by local governments to finance their expenditure. This section outlines the various sources of municipal income, and looks at ways of deciding which will be best for our local government's needs.

In addition to the local government responsibilities contained in the fourth schedule to the 1979 and 1999 constitutions, the local governments have two major sources of revenue, namely external and internal sources. The externally generated sources include:

(b) the statutory allocations from

- (i) Federal Government which is 20% of consolidated Federal revenue Federation Account);**

- (ii) The States statutory Allocation (SSA) of 10% internally generated state revenue (IGR) and
- (iii) Special grants which aim at assisting local governments' finance especially for urgently required services such as ecology/environmental problems, supply of drugs, road work natural disasters etc.

The internally generated revenue (IGR) within resource capability of the local government include essentially:

(i) Property Rates:

All businesses and people who owned fixed property (land, houses, factories, and office blocks) in the municipalities area are charged "Property Rates" – a yearly tax based on the value of each property. Rates income is sued by the local governments to pay for the general services to all people, which cannot easily be charged to a specific service user as a "service charge". For example roads, street lights, storm water management

- (ii) License and Fees** of which are licenses on liquor, radio, television and bicycle - (permission to operate). Market and food vendor, entertainments permit fees, survey fees.

(iii) Fines and Fees:

Traffic fines, late library book fines, penalties for overdue payment of service charge: these fines are another source of income or "revenue", while at the same time motivating users of services to have a culture of obeying democratic laws, rules and deadlines.

(iv) Service Charge:

The specific services that can be directly charged to a house or factory, or parks etc. the principle of "user pays" should be adopted. That is, to charge a price or "tariff" for services such as water, electricity or approval of building plans; where the exact usage of the service can be charged.

(v) Poll tax – local flat rates/ community rates

(vi) Outdoor Advertisement

(vii) **Revenue from Sales**

(viii) **Revenue from commercial undertakings; Buildings Social Houses,
Shopping Complex**

In general, the revenue sources that are available to local governments should reflect the expenditure responsibilities they are required to undertake. Large cities or highly urbanized local to levy taxes than smaller and rural governments. The urban local governments rely on property tax revenues because they are more densely populated hence, they have a large per capital tax base than less urbanized areas where property values are very low.

(b) Local Government Fiscal Autonomy

For local governments to serve the interest of people, they must have complete **local autonomy** in taxing the spending and they must be subject to competition within and beyond governments. In the absence of these pre-requisites, local governments will be inefficient and not responsive to citizen preferences (Boyne, 1988).

Revenue capacity at the local level is limited because of tax centralization at the state level or in some countries at the national level. Tax decentralization is important to establish private sector confidence of lending local governments and sharing in the risks and rewards of such lending.

In recent years, there has been a positive development regarding **local governance** in Nigeria and other developing countries, according to the World Bank, publication (2006). Local governments are increasingly assuming a larger role in public **service delivery**. However, with the exception of a handful of countries such as Brazil, China and Poland, local governments continue to play a very small role in people's lives. They are typically allowed to discharge only a small number of functions, which are mandated by the constitution.

They have **limited autonomy** in expenditure decisions and hardly and revenue-raising decisions. Their access to own-source revenue (IGR) is constrained to a few non-productive decisions. Political and bureaucratic leaders at the local level show little interest in lobbying for more taxing powers and instead devote all their to seeking higher levels of fiscal transfers which accounts for about 75 percent in Nigeria and 60 percent in other developing countries.

CHAPTER FOUR

THE NEED FOR A NEW URBAN DEVELOPMENT STRATEGY

Urbanization when well-managed, facilitates sustained economic growth and thereby promotes broad social welfare gains. The movement of people from rural to urban built environments is continuing unabated in Nigeria and Africa as a whole, due to socio-economic, political and demographic forces which are driving the urbanization and growth of cities to dangerous levels at the same time globalization has brought not only enormous change in the scale and nature of economic activity, but also in the size and nature of households, in the scale of distribution of incomes within and between nations and in the scale of nature of government.

4.1 Challenges Facing Nigerian Cities in the Built Environment

Nigeria experiences severe problems associated with unbalanced population distribution and increasingly rapid urbanization in the absence of well-articulated and comprehensive physical planning, development control and urban social policy. Lagos, according to the UN-HABITAT, 2007, is the classic example of a country inequality, combining haphazard development and uncontrolled population and spatial growth with little corresponding expansion in housing, infrastructural services and livelihood opportunities.

In spite of low incomes, low capital intensity and the unregulated nature of informal sector activities, there is growing evidence that informal activities are important contributors to the urban economy and urban development dynamic linkages exist between the informal and formal sectors with the reliable labour supply at low cost

The development of urban area is closely tied to the rural economy through exchanges of goods, labour, services, capital, social transactions, information and technology that benefits residents in both locations. In China and Vietnam, for example, policy makers are realizing that the interdependencies between urban areas and their hinterlands provide positive synergies that can be further developed to promote national

poverty reduction and growth by making cities and towns efficient market places for the country (World Bank 2000).

4.2 The Built Environment

The built environment is made up of various types of property (residential, commercial, industrial etc.): linked by infrastructure (sewers, canals, roads, tunnels etc.) and separated by spaces in between (parks, woods, playing fields landscape areas, squares etc.) Danny Myers 2006.

The term built environment, according to ESV. James Omeru in a Lead Paper presented at the 42nd Annual Conference of the Nigerian Institution of Estate Surveyors & Valuers (NIESV), March, 2012, refers to the human-made surroundings that provide the setting for human activity, ranging in scale from personal shelter and building to neighbourhood and city that can often include their supporting infrastructure, such as water supply or energy networks. The built environment is a material, spatial and cultural product of human labour that combines physical elements and energy necessary for living, working and playing.

The Transportation Research Board (2005) defined built environment broadly to include land use patterns, the transportation system, and design features that together provide opportunities for travel and physical activity. It refers to physical environments that have been modified by humans and comprises public spaces, parks, as well as physical structures (e.g. homes, schools, workshops) and transportation infrastructures (e.g., streets, sidewalks).

The professions shaping and creating this environment tend to be fragmented by function and culture. For example, according to Danny Myers (2006), there are approximately 100,000 registered surveyors in the UK and their professions are broken down into an array of specialist areas, management, planning and development, project management, quantity surveying, valuation, and even, waste management.

A recurring role with respect to economics is the Estate Surveyor and Valuer's contribution to transactions; the buying and selling of property for occupation or investment; the giving of financial advice regarding the state of the markets and/or the economy and so on.

4.3 What is Sustainable Development?

Sustainable development could be defined in two ways as follows:

- (i) Development that meets the needs of the present without compromising the ability of future generations to meet their own needs (WEED, 1987),
- (ii) Development that delivers basic environmental, social and economic services to all residences of a community without threatening the viability of national built and social systems (ICLEI, 1996).

Unsustainable development is associated with ozone depletion, poor sanitation, extinction of species and habitat, social conflict, toxic pollution and resource depletion etc.

In UK, according to Danny Myers (2006), the principles of sustainable development have been expressed in three separate policy documents since 1994 published in 2005 which identified four priorities of the Government:

- (a) Natural resources protection and the enhancement of the environment
- (b) Sustainable consumption and production, which means achieving more with less.
- (c) Climate change and energy
- (d) Sustainable communities.

In short, sustainable development aims to improve the general quality of life, including non-monetary factors to do with the environment and community. Sees economic, social and environmental issues as interlinked. Looks at the needs of future generations as well as people today, seeks to avoid future problems by taking precautions

today/ finally, it takes account of the environment and its capacity too support human activity.

4.4 Definition of Development

Development has been defined as an act of bringing to existence buildings and other structures on land, or the act improving on the already existing structures through rehabilitation, innovation, refurbishment, remodeling, renewal etc. using human and material resources for the purpose of earning a return or benefit (Nathaniel Lighfield (1956). Another expert also defined development as a complex process that involves the coordination of finance, materials, labour and expertise by many actors across a wide of sectors (Guy & Henneburry, 2002:5).

In fact, it can be argued that the property development process, more than any other industry, demonstrates the importance of the entrepreneur. The essential ingredient to any successful property project is the timing of a person with vision who is prepared to take the risks necessary to bring resources together to create assets that will form a sufficient stream, of future income to generate profit. Indeed, relatively few property developers own land, capital and labour in its own right; they just bring all the factors of production together. (Danny Myers (2006)

However, the choice of location for the development, the design, spatial management in relation to other developments, and neighbourhoods, the physical construction and management of the completed development are critical factors in **real estate** development process. Consequently, the employment of skills of appropriate professionals in the **built environment** is fundamental to the success of **real estate development**.

4.5 Real Property Markets In Nigeria

The market for urban real estate is localized because of the characteristics of real estate. For example, if there is no demand for a particular land of real estate (or real property) where it is located, it cannot be transported to where there is demand. The **real estate market** is unorganized to the extent there is no fixed market place, nor daily quotations on real estate, and no machinery for selling.

Definitions of Real Estate

It is pertinent to clarify how real estate and property are used interchangeably in this paper at this point in order to place them in true context.

Real Estate in general parlance, especially in North America, connotes property consisting of land and building on it, along with its natural resources, such as crops, minerals, or water, immovable property of this nature, an interest vested in this; (also) in item of real property; (more generally buildings or housing in general. Oxford English Dictionary 2011 added to this definition, the business of real estate, the profession of buying and selling, or renting land, buildings, or housing. **Real Estate** is often considered synonymous with **real property or reality in contrast with personal property** or chattels or personality (Dr. Ire-Okeli, Chukwu Emeka Romanus 2012 at the NIESV 42nd Annual Conference).

Orchard Andrews observes that the land market lacks the characteristics of the buyers and sellers being well informed because of the great variability physical properties and locations, and the infrequency of most of the participants having market transaction experience. No two pieces of properties are identical and thus adds to the difficulties of making valid comparisons. The ability to finance purchases may vary sharply with property size and location. The frequent deliberate withholding of land from the market for speculative reasons is a violation of the perfect market requirement that the seller will always sell at the prevailing market price.

Moreover, governments cannot avoid affecting the land market through their tax policies and investments in public facilities such as road expansion, schools, parks, and utilities. The principal use of taxing power is to raise money for the financing of government spending.

While considering indivisibility characteristics, it must be mentioned that in land or real estate it is possible to create various interest in the same property and, to some extent, this feature can make divisibility possible. Nweke Umezuruke (2003). To a very large extent it can be said that the land market in Nigeria is quite undeveloped, especially outside the urban areas. In the urban areas, transaction in the market are dominated by short tenancies, leases, as such, are almost non-existent except for building leases where the landlord/head-lease consoles that he is not selling the property built only leasing it.

Outright sales of properties or the unexpired terms of leases is quite limited by number of factors. The foremost of these are socio-cultural considerations, high acquisition costs, mode of financing real estate transactions, and restrictions on aliens acquiring property in Nigeria. Others are the Land Use Act of 1978, and agricultural land market.

The Land Use Act of 1978 appears to stifle the development of land markets by focusing more on administrative mechanism of land allocation. The relegation of free land market to the back stage has driven it underground. Market activities are usually shrouded in secrecy and information is lacking or inadequate. Most land transaction agreements are backdated to pre-Land Use Act 1978 (Prof. Ezekiel Olukayode Idowu Nov. 2015 - Professor of Land Economics (IFE).

The unprecedented expansion of urban population causes rapid increases in the demand for urban land. But urban land is location specific and urban plots cannot be easily reproduced and the demand not by converting rural land at the urban periphery. Tenure system largely determines the ease and or difficulty of land acquisition and

assembly. In Nigeria, they make of urban area difficult and raise transfer cost to levels that are not attainable and raise transfer cost to levels that are not attainable by the poor. As with other production factors, the **value of land** is determined by the market, whether covertly in a fee and open market or covertly as the **latent value** of a controlled commodity.

Urban land markets, with their relatively fixed supply and the often defective and imperfect nature of both the commodity and the market, distribute the scarce land supply among competing users. The assign land to its most profitable use according to the preferences of consumers and society.

Likewise, local authorities, within their ideological and political confines, can **moderate the land market** to achieve specific planning and spatial aim or improve accessibility to urban land for residential and commercial purposes for a broad range of stakeholders, including low income households and slum dwellers.

High urban **land values** are often also accentuated by lengthy and **costly transfer** and the title acquisition procedures, bearing relatively heavily on the small plots for low-income groups. Moreover, the prevalent forms of land tenure have a profound effect on the **physical urban development patterns**, as well as on the flexibility of adapting to the pressure of rapid urban population growth.

4.6 Development Functions of Local Government

The local governments in Nigeria are assigned some developmental functions under the 1999 constitution which are germane to the people at the grassroots. The functions are central to their living condition, providing them some basic infrastructures which the Federal and State Governments could not provide them possibly due to non-proximity, unlike local government.

(a) Provision of Goods and Services

In an urbanized society like Nigeria, it becomes necessary for local government to provide some services such as markets, motor parks, health centres; primary schools and slaughter houses. The allocative functions of Local Governments consist of providing these goods and services that, for a variety of reasons, the private sector cannot provide at all or at prices and in quantities that are optimal.

(b) Provision of Basic Infrastructure

The provision of basic infrastructure, that is water supply, sanitation, drainage, good roads and solid waste disposal, is essential for safeguarding health, protecting the environment and promoting the efficient operation of human settlements.

These infrastructural services also create opportunities for local governments to generate income and they provide incentives to residents of the local government areas to improve their shelter and settlements.

(c) Investment in Social Infrastructure

As a matter of urgent necessity for reordering public spending in order to strengthen measures required for the social empowerment of the people to reduce poverty, there is need to invest in these social services.

(i) Health Care Infrastructure

Provision of health care centres by local governments to provide universal access to primary health care and sanitation;

- The immunization of all children,
- Reduction of maternal mortality
- Access to family planning by all willing couples; and
- Elimination of several malnutrition.

(ii) Educational Infrastructure

Construction of Primary School buildings to provide access to education by all children of school age.

- To reduce adult illiteracy and provide basic education.

(iii) Housing Delivery

The preponderance of slums are systems of urban poverty in Nigeria in the midst of affluence and evidence of the failure of urban system to guarantee even distribution of land, basic services and wealth to all categories of urban dwellers. The promotion of good urban governance was relevant in addressing the challenges of urbanization as it provide a good platform for effective and participatory, planning and management of cities to ensure access to land, adequate shelter and functioning basic services.

In providing low-income housing for the grassroots, both the state and local governments will have to adopt the following strategies:

- (a) Recognize housing as fundamental services for the poor and as effective instrument for social inclusion and building assets
- (b) Incorporating housing issues into the national urban strategy;
- (c) Identifying local housing priorities, repayment capacity, savings potential and where up-front subsidies at municipal level would leverage private savings;
- (d) Clear financing from all levels of government for housing programme;
- (e) Providing technical assistance to communities and the private sector; and
- (f) Disclosing housing information to enable policy evaluations by all interested parties.

Local Government Development Objectives

Generally, the private sector is concerned with occasionally coincides with the desire of the public sector. However, local governments in most cases embark on project development to achieve the following objectives:

- (i) to provide bases for economic growth of the local government council in longer-term together with stable prices;
- (ii) to improve the public image of the institution which may politically motivated
- (iii) to expand the revenue base of the local government, especially property tax, by encouraging profitable private development without prejudice to spill-over effects and problems of income distribution, and programmes and projects has to be realigned and re-focused on a few straight-forward activities which, in the long term will change the future of the nation.

4.7 Geographic Distinction Between Urban and Rural Local Governments

Also in Nigeria, there is no distinction between urban and rural local governments or between the metropolitan city of Ibadan with a population of 1.20 million and Iseyin Township with a population of 80,000. Colombia Chile and Mexico all make no distinction between urban and rural areas of different sizes in the formal structure of local government.

Under these conditions, specific function is difficult. The functions such as secondary education that could be conformably assigned to the municipal governments of large metropolitan areas cannot also be performed by the government of tiny villages.

The enabling laws of sub-national government in most of the Magrheb and South Asia, for example, make legal geographical distinction between urban and rural local government and provide for varying degree of autonomy for cities of different sizes.

Geographical distinctions are also characteristic of the industrial countries. The British structure of the local government distinguishes between metropolitan areas, where

the full line of municipal services is assigned to District government non metropolitan areas; where services that are needed In both urban and rural areas (education, personal social services, policy and the protection) are provided by country government. Those that are specifically urban (housing, public transport, refuse collection) are assigned to separate urban (district) governments. The German structure of local government, similarly, provides for a two-tier system of local government in non-metropolitan areas, with combined responsibilities in large cities.

(a) Political Structure of Local Government

The Municipal Government Structures in Calcuta and Mexico consist of the Chairman, the Clerk the composition of Municipal Governments (Local Government Secretary), Supervisor Councilors and Councilors. They are usually elected by direct popular suffrage. Their term of office lasts three years, and they are not for re-election for consecutive terms. This is not cased in Nigeria State House of Assembly and the Council resolution.

The duty of the Town Clerk is to defend municipal interested and to represent the Municipality in all legal disputes.

The Councilors are empowered to propose and debate regulations and byelaws governing municipal services and charged with the responsibility of overseeing these services.

The key factors in the evaluation of _ the local government political structure is in capacity to fulfill local government functions, both in qualitative terms and in terms of political relations.

In Nigeria, under the Military, it was the Military Governor or Administrator that appoints the Local Government Chairmen and Supervisory Councilors. In civilian setting, the Chairmen and Councilors were elected. The expiration of the terms of the elected Chairmen and Councilors also paved way in year 2002 for the appointment of chairmen

and Councilors by the then Governors, form their party loyalists. The functions highlighted above are political aspects of Municipal operations and the scope will also include electoral procedures, regulation of the operations of political parties and other interested groups and mechanism of citizens' participation.

(b) Operational Structures of Local Government

The institutional norms that govern the operation of the municipal governments depend on different levels of the governmental structure. In Brazil, certain fundamental aspects are delimited at the Federal level, but the greater pan of the institutional mechanism is determined at the State level. In Venezuela, development planning at the local level is shared between the three tiers of government and by other public institutions such as University, with private sector participation within the framework of the national constitution and laws.

In Japan, allocation of responsibilities for the environment between national and local governments follows the Conventional Pattern in which the actual implementation of pollution control is entrusted to local governments. The basic Environmental Law requires the establishment of environmental standards at the national level but recognizes existing practices in that it gives prefectural governors the authority to engage in a wide range of activities related to local pollution control policy and practice.

However, the national government continues to have significant influence on local environment measures because it is responsible for national and regional land planning, industrial site policies, and major infrastructure improvement plans such as trunk policies, rail roads, ports and harbors. The national government is also in charge of the Environmental Impact Assessment (EIA) process for such larger scale activities, and the powers of local governments are severely limited in this respect.

The National Government also continues to play an important role in the effectiveness of local level operations. In addition to establishing the overall legislative

and regulatory frameworks for all domestic policies, it provides financial assistance to local government through its power to subsidize and issue bonds for environmental monitoring, research and development (R&LD), and local public works. It also helps small and medium scale enterprises to install pollution control facilities smoothly and assists in technology development.

Generally, Local Government authorities are assigned responsibilities for the provision of the types of services, which can most efficiently and effectively be delivered by a decentralized form of government. The Nigerian 1999 Constitution assigned the following uniform responsibilities to the 774 Local Governments is spread among the 36 state governments irrespective of size and population:

- (i) Detailed urban planning and urban development control;
- (ii) Providing basic urban infrastructure services such as water supply, road, sewerage and drainage system
- (iii) Parks and recreational facilities,
- (iv) Housing scheme or site and services;
- (v) Healthcare delivery; market control and development;
- (vi) Financial and property management functions, revenue, collection, receiving transfer of funds, incur expenditure and management of the assets of the council; local development strategies, which involve the promotion of economic undertaking, employment and development projects in urban, sub-urban and rural areas.

Other local government functions relating to organizations and operations also include budget preparation, mode of administration, financial and property management (i.e. revenue collections and management of the Council assets).

(c) Management Structure of Local Government

On the administrative structure of the Local Governments, it was specified in the Local Government guideline (1976) that each Local Government shall have a maximum of six departments. These are:

- (a) Department of Personnel Management;
- (b) Department of Finance, Supplies, Planning, Research and Statistics;
- (c) Education
- (d) Agriculture and Natural Resources;
- (e) Works, housing Land and Survey; and
- (f) Medicine and Health

(d) Role of Local Planning/Estate Officers

- (i) Prepare Township Maps in the Local Government Areas
- (ii) Assist the Demarcators and their supervisors recruited by the NNPC in interpreting and updating maps, listing of houses and households.
- (iii) Assist in drawing EA sketches with prescribed description and easily identifiable boundaries.
- (iv) To prepare detailed analysis of all the roads within the Local Governments especially within the major towns, cities and urban areas. This could be extracted from the Local Government Valuation Lists of towns with a population of 2,000 and above.

The Nigerian Urban and Regional Planning Law of 1992 provided for setting up of National Planning Commission (NPC), at the national level, State Planning Board (SPB) at state level and Local Planning Authority (LPA) at the local government level. All the three (3) tiers of government in Nigeria are in default in the full implementation of the law that would have ensured sustainable spatial planning and development.

Land tenure system notwithstanding the provision of the Land Use Decree 1978 or Land Use Act as on entrenched in the 1999 constitution, makes it easy for government to

access land. Should the two major laws be properly synergized, Nigeria would have become more habitable in terms of spatial developmental guide for all human activities on the land which is a crucial natural but limited resources.

No part of the Land Use Act compels the holder the land, to first ensure an approved layout of the landed area before developmental activities.

Local planning, is therefore concerned with the orderly, economical, functional and aesthetic arrangement of roads, buildings and structures recreation areas, public utilities and community facilities and services at the local level for the purpose of creating functionally efficient and aesthetically pleasing physical environments (Oluremi I. Obateru 2005)

It is at the local level of planning that service (access) roads are provided and land is sub-divided into plots. The preoccupation of local land use planning, therefore is with the detailed layout of the various local areas depicted in the urban plan. Such local areas include residential, commercial and industrial area, shopping areas and markets, recreation areas, the site of public buildings, educational and health establishments as well as of transport terminals and stations.

CHAPTER FIVE
DEVELOPMENT OF PROPERTY TAXATION FOR SUSTAINABLE
GRASSROOTS DEVELOPMENT FINANCING

5.1 Overview of Property Taxation

The goal of the tax reform project anywhere in the world, including Nigeria, has been to obtain a better understating of how developing countries can improve the performance of their tax systems. However, the combination of complex tax laws and weak tax administration has inadequately produced tax rates applied to relatively narrow base.

Taxes on land and buildings can serve important economic, political and legal objectives in Nigeria and other developing countries and in developing new fiscal policies and new approaches to property rights. Property rights vested in real estates are governed by the Land Use Act, 1978 in Nigeria, which defines real property, various possible tenancies, estates and interest and ways to transfer the rights and obligations of real estate ownership.

There are different systems of rating in force in different countries. Some countries support American countries or capital value of land only while others based their rates on capital values of land and buildings jointly, or separately as the case may be.

Their historical treatment of **land** and **buildings** as separate entities provides nations with a unique opportunity to evaluate these **two (2) elements** as distinct **tax base** while in some industrial countries like America and even Brazil, real property is often classified as a single entity. Land is both immobile and limited in supply. A number of considerations led to the designation of property taxes as local revenues sources in Britain, America, Brazil and India. An immovable tax offers the possibility of independent local revenue. However, a lack of reliable, market prices, together with a legacy of officially determined price levels, has often encouraged the assignment of specific, sometimes arbitrary, property values for tax purposes.

5.2 Objectives and Principles of Property Taxation

The decision makers in government are often confronted as to whether to raise money by sales taxes, which have a regressive effect, or by income taxes, which usually have progressive effect. Unavoidably, their judgments will be influenced by a variety of considerations, one of which is **Fairness**. One standard is **taxation according to benefit received**, for example when a special district is created to supply water to users and the charge is made on the basis of the amount of water used.

Another consideration is the redistribution of income in the taxing and spending policies of government. In this situation, some people pay more while others pay less than the cost of their benefits, indicating a tendency toward **taxation according to ability to pay**.

A second consideration is **adequacy of government revenues**. Government at all levels must be supported and one test of a good tax is whether it will produce the needed money without producing intolerable burdens on particular groups of people.

A third factor is whether the tax can be efficiently administered. The costs of collection and the opportunities for evasion or unequal treatment become tests of the appropriateness of a tax.

A final consideration is the effect of a tax on the economy. Decision makers at both State and Local levels may be especially interested in avoiding **taxes which deter location of industry in their areas**. Those at the national level may be interested in whether the tax contains a built-in flexibility so that it bears in prosperous times.

Efforts to increase the responsiveness and accountability of local governments have prompted an interest in reviving the urban property tax as a major source of local government revenue. Fiscal constraints at the central level have reinforced this trend. Central Government's capacity to finance increasing levels of inter-governmental transfer has declined. Growth in business taxation is constrained by the threat of fiscal competition with higher level of government such as Value Added Tax (VAT), Company Tax and Rental Income Tax.

5.3 Property Tax Policy and System of Land Ownership

Property tax system policies often have long histories that are closely linked to complex systems of land ownership and property rights that have been developed over time. As a result, the task of doing comparative studies on the property tax itself is relatively easy as fiscal needs change and as the rules of land ownership and property rights that frame a tax system evolve.

The trusteeship concept expressed in section 1 of the Nigerian Land Use Act, 1978, emphasizes that the governors are not the beneficial owners of the lands held in trust for the use and common benefit of all Nigerians.

The trusteeship or trustee ownership is subject to existing rights, and the exercise of their powers is not to be in a capricious manner but in accordance with principles and procedures set out in the legislation, the general Law and the Constitution (R.W. James 1987).

(a) State and Federal Governments

The vesting of Land in the governor of a state all land comprised in the territory of each state in the Federation and administered for the use and common benefit of all Nigerians is subject to the provisions of this Act. This qualification indicated that there were some lands in each state which were not intended to be vested in the governor of the State. The Land Use Act effected a conversion of all existing rights, freehold or customary, into rights of occupancy.

The exceptions recognized by the “**qualification clause**” mainly: there might have existed in a state, land vested in the federal government or its instrumentalities at the commencement of the Land Use Act in 1978. Such lands were declared to be exempted from the vesting declaration in section I. according to the provision of section 49 of the Land Use Act

(b) State and Local Governments

The Scheme of the Land Use Act was to apportion the powers of management and control of state land between the military (state) governors and the local authorities. By section 2, all land in urban areas were brought under the control and management of the state governors, whilst land in non-urban areas were placed under the control and management of the local governments.

However, the governor of a state is able to make grants of statutory rights of occupancy in non-urban areas because of his power in respect of land, whether or not in an urban area, were stated clearly in the Land Use Act.

Some powers were centralized in the state governor which affected all rights of occupancy, customary or statutory. They include:

- issuing certificate of occupancy,
- revoking rights of occupancy, except in limited circumstances when customary rights may be revoked by the local government as well,
- granting licenses to take building materials in land and
- promulgating regulations with regard to the prescribed matters

The local government in respect of land in a non-urban area, with its area of jurisdiction, may exercise the following powers:

- grant customary rights of occupancy;
- revoke any customary right on any such land;
- approve the disposition of customary right;
- acquire land and pay compensation for its use.

For land management to be very effective, it must be in the context of policy and technical capacity of the government. It involves the management of land resources, land administration, and land information and should be set in a comprehensive framework.

The land-use policy is intended to achieve a number of overall objectives as listed below:

- (i) The availability of land for both the federal and state governments in order for them to realize their commitments on public sector housing, infrastructural development and the implementation of conservation schemes;
- (ii) To avoid land speculation;
- (iii) To secure for every Nigerian a piece of land for his use within his financial means;
- (iv) To achieve a reduction in the incidence of disputes, and finally;
- (v) To achieve substantial reduction in “*transaction costs*” of securing land to those in need of land.

The emerging problems in Oyo State arose from the enactment of Land Use Charge Law of 2012 which attracted petitions from: The Nigerian Institution of Estate Surveyors and Valuers (NIESV), The Manufacturer Association of Nigeria (MAN) including other Stakeholders. The law is now stuck in limbo.

- (a) The Land Use Charge Law (2012), was wrongly copied from Lagos State on the assumption that the Governor owns the land instead of holding in TRUST for the use of Nigerians. The State Government therefore abolished GROUND RENTS payment in Oyo State.
- (b) The fact is that Lagos State based Land Use Charges payable under Land Rates Law which was consolidated as Land Use Charge Law along with Environmental Charges Law and Tenement Rate. Land Rates Law on Crwon Land is equivalent to Oyo State Land Law Cap 29, PYS. L.N.9 of 1983 which concerns allocation and payments of **ground rents** including other charges on GRA.

How The Policy Affects You and I!!!

- (i) What happens to ground rents payable to Local Governments on their Estates and Markets?
- (ii) How about ground rents payable on Estates belonging to Oyo State Property Development Corporation; Local Government properties company Ltd. and private Developers guided by different management Laws?
- (iii) In the last fifteen years, Telecommunication Companies have erected masts on private or family land based on private leases from the family or individuals with payments of lease rents (or ground rents). What happens to them when payment of ground rent is abolished by Government?
- (iv) What happens to Section 49 of the Land Use Act, 1978 which excluded properties belonging to the Federal Government and its Agencies in the States?

Federal Government should be responsible for payment in lieu of property taxes on federal government property. For example; both Ibadan North East and Ibadan South West Local Governments received payments in lieu of Tenement Rates in 1992 from Federal Government when I was the Director of Estate & Valuation. Similarly Berlin and Ottawa received a Federal grant in lieu of payment of property taxes on federal property (Enid Slack, 2007). This should be the responsibility of the National Assembly.

- (v) The formula for determining Land Use Charge payable does not include **Ground Rent** but **average value** of **Land Sales** in a neighbourhood. The two are not the same in Law and Principle of valuation

All the government agencies and private developers are creating access to land for Housing, Commercial and Industrial Developments. Oyo State Government must amend that Law which is full of other defects and infringe on peoples' rights.

5.4 Revenue Generating Capacity of Urban Centres

According to the benefit model of municipal finance, those who pay taxes or user fees to finance infrastructures and other social services in urban centres, it should be those who benefit from the government expenditures such as; markets, water, sewage or refuse disposal, public transit. In short, charges should be levied on those who receive the benefits from services, where those beneficiaries can be identified. However, property taxes or taxes generally are levied when benefits of a particular service are not confined to individual consumers.

However, revenue performance indicates the relative change in yield from tax and non-tax revenue of national or subnational governments. It takes into account the changes in **rates**, **base** and **coverage** related to the structure of the revenue sources. It also incorporates issues related to efficiency in governance of tax and non-tax sources.

Performance is considered satisfactory on a given measuring scale in the available revenue sources provide increasing revenue year after year. The sources should be income elastic, with reference to their base. They should, in addition, enable government to raise the level of spending so as to provide better public services.

Most governments use a variety of sources for raising resources as given below

- (a) **Tax revenue sources** include taxes on income and property, as well a taxes on commodities and services.
- (b) **The non-tax sources** cover avenues such as contributions from public enterprises (commercial and non-commercial), interest receipts, revenue from economic and fiscal services, external grants, user charge, and miscellaneous sources.

Although the magnitude of tax and non-tax revenue depends on the performance of each source, tax revenue in most cases accounts for a major proportion of the totals, except in less urbanized areas or small cities and rural local governments. Also, the

structure of direct and indirect taxes affects revenue performance overall. It also discloses how the potential tax bases have best been tapped through the revenue effort of the governments at various levels.

Urban centres and metropolitan areas are better able to levy taxes than smaller cities and rural areas to the extent that urban centres like Lagos, Ibadan, and other state capitals, including the Federal Capital Territory rely on property taxes. Due to their densely populated territories, they have a **large per capita tax base** than smaller cities. Moreover, since commercial and industrial properties are almost always taxed at a higher rate than residential properties. Hence, Ibadan metropolitan areas with a high proportion of high valued residential buildings, commercial and industrial properties have greater ability to levy property taxes than Oyo, Ogbomoso, Iseyin and Saki urban centres.

The residential quarters of Ibadan are classified into **Low-Medium quality residential areas** at Elekuro, Medina, Academy, etc. apart from the **low quality (Core) residential areas**. These are relatively new areas where one can find fairly planned areas. Then, you find **High-medium quality residential areas** such as Oke-Ado, Ring Road, Felele layout, Ososami and Anfani types of Layout. **High quality residential areas** or GRAs, Oluyole and Lagelu Residential Estates, New and Old Bodija and Samonda GRA; Olubadan, Okebadan and Akobo Estates including Kolapo Isola Estates along Dodo/Iwo Road (old Dairy Farm).

Commercial activities dominate Ibadan metropolis with 68 traditional markets, 8 state owned markets and 27 local markets spread over the local governments into which is the city is divided. Dugbe, Adamasingba, Mokola, Old Gbagi are central business districts where you can find Banks, Supper-Markets and Shoprites, Event centres, and building materials /spare-parts markets.

Manufacturing and large scale industries are scattered. Industrial estates are located at Oluyole Estate, Lagelu Industrial Estate, Eagle Flower Mills and British-American Tobacco (BAT) are located along Toll-Gate on Ibadan-Lagos Expressway.

Others are located along Abeokuta Road and Ife-Ibadan Expressway. There are also small scale manufacturing such as sawmills, table water factories, food mills and agro-allied industries that are becoming very popular.

Because of these high concentration of commercial and other economic activities in Ibadan, Oyo, Ogbomoso, Iseyin and Saki Oyo State, these urban Local governments have greater ability to levy income tax, sale taxes, user charges than Okeho, Ilero, Igboho, Kisi, Igbeti, Eruwa and Igboora, and other small cities whose population and level of economic activities are not as high as those of major five urban centres. This is the essence of carrying out property enumeration and assessment in Oyo State for Oyo State Government while the tabulated data on economic activities in each town would reveal the economic potential of these urban centres.

5.5 Setting Realistic Tax Rate Structure

The main purpose of progressively structured property tax rates is to put a higher share of the tax burden on the more valuable properties and therefore presumably on the wealthier population groups. As an owner invests in improvements to his property, its value increase as it will be pushed into a higher tax bracket.

Industrial and commercial properties are often more heavily taxed than residential properties. The justification is that owners of these properties have a greater ability to pay than owners of residential lots, in other words, the main objective is that of equity. If lower taxes are charged on industrial and commercial properties, it is usually with the purpose of encouraging and attracting business investment in a particular jurisdiction.

To achieve these objectives, property taxes must have constituted a significant part of the affected industry's costs and the tax break must be significant and sustained.

The common industrial and commercial properties found in both urban and rural local governments in the South Western zone of the Federal Republic of Nigeria are GSM masts, Petrol Filling Stations, Private Hospital and Educational institutions light industries (i.e. block making, sawmills etc.) while heavy industries are only found in few major

urban centers especially the state capital where there are supporting facilities and ready-made markets for the products.

As an owner invests in improvement to his property, its value will increase and it will be pushed into a higher tax bracket. This is likely to act as disincentive to more intensive use and development of the land and as such implies a distortion in the allocation of resources.

The use of differential tax rates is a mechanism that, if properly applied, can adjust the tax incidence to better reflect the ability to pay particular actors. In addition, it can also be used as an adjustment factor to reflect the level of services provided to specific classes of property in a neighbourhood. For example, commercial and industrial properties are taxed higher than residential property.

However, the inequity in the distribution of land and building has been regarded as the most important source of the ever-unending gap between the have and the have-nots. The objective of tax reform is therefore to reduce tax induced distortions in the allocation of resources arising from the narrow tax bases, multiplicity of rates and uneven enforcement and compliance. The initial goal of property tax reform was revenue neutrality (i.e. tax that avoids distortions of the market) in the short-term anticipation of broadening the tax base and lowering tax rates. It is envisaged that, the reform proposals would make the system capable of generation additional revenue through improved tax administration, tax compliance and a more effective land and building tax.

Property tax system also often exempt low value residential property due to administrative cost of assessment and collection. However, where small, low value properties constitute a large proportion of the real property assets in a city, tax administrative could adopt extremely simple valuation methods for typical units (e.g. point system or flat rate assessment), thus bringing the properties into the tax system at the lowest possible cost.

Many countries also permit preferential rates to owner occupied residential property or even adopt low assessment ratio. The rationale for preferential treatment is either to encourage home-ownership or on ability-to-pay grounds. This category of

property does not generate rental income hence the occupants are less able to pay recurrent rising property taxes. This preferential treatment does, however, represent a subsidy to middle and income groups, which account for the bulks of owner-occupants living in a city including the retired pensioners with limited income.

5.6 Tax Collection and Enforcement Strategy

Collection improvement is complicated as it involves a mixture of administrative, legal and political constraints. As a general rule, successful collection depends on adequate collections procedure, the structure of tax, making compliance convenient and non-compliance subject to swift, certain and costly penalties.

Collection can be made more convenient by decentralizing the collection to neighbourhood collections points (as in Ibadan, Lagos, Karachi, Pakistan) Collection can also be made more convenient by permitting tax payments into designated Commercial Banks as now the case in Lagos State under **Land Use Charge Law, 2001**.

In many countries, problem with collection procedures often grow out of a shortage of skilled staff in the Treasurer's Office of the Local Government. Other Problem includes:

- (i) Poor Coordination between the assessor's (Central Valuation Office) and Treasurer's Office in the Local Government.
- (ii) No follow-up mailing or visits to major tax delinquents; and
- (iii) Inadequate record of property owners and tax delinquents that could easily be identified for prosecution.

Legal liability for the property tax rests with property itself. The determination of legal ownership is not a precondition to imposing the tax.

The production of revenue ultimately depends on effective system of billing and collection. This aspect of property tax is often overlooked in favour of reforms in the discovery and evaluation system. The objective of a billing system is to fulfill the taxing authorities' legal obligation to notify the taxpayers of his liability. Success depends as

much on the legal definition of liability as it does on the mechanics of producing and delivering the bill. In order to relieve the taxing or rating authority of the obligation to prove legal ownership, the law permits the rating authority to impose rate levy and the penalty on the owner/occupier in beneficial. Occupation at a particular point in time.

The mechanics of billing consist either of positing the list of assessments in a public place or attaching a bill to the physical premises of each property with concern for whether the bill has been received by an absentee owner.

Where property is being assessed for the first time, the assessor or appraiser is required to notify the owner or occupier, by having the notice of assessment or bill delivered directly or through registered mail. Inability to deliver the notice of assessment or bill to the owner does not relieve the property of tax liability.

Enforcement Mechanism

Lack of special courts for the Local Authority has been cited as a serious impediment in Lagos, Nairobi and Oyo State especially Ibadan South West Local Government, since the regular courts has been unable to dispose speedily of appeal or tax enforcement actions such as expropriation. Because of such delays, some India cities have in the past negotiated the amounts to be paid (Baw 1975). In Anambra State, Dillinger 1988 a: 35), Nigeria, property tax cases have been dismissed for want of a judge to try the case credible system of penalties is usually necessary for effective collection of rates. Such a system requires a timely method of discovering delinquencies and imposition of still penalties for non-payment. The Local Rating Authorities are legally authorized to take enforcement actions whose consequences would outweigh the cost of paying an outstanding property tax bill (e.g. detrain of property or goods, imprisonment, sealing of premises).

One other difficulty, which inhabits enforcement, is that tax is not levied on property but on the owner or occupiers; that is, the tax is in persona not in rem. This means that the owner or occupiers has to be located and brought to court in order to institute proceedings for non-payment of taxes. To avoid prolong litigation on disputed

land title; the law usually impose rate liability on occupier who enjoys beneficial occupation.

If taxpayers are aware that the body responsible for collecting the tax is both willing and able to enforce payments, compliance is likely to be considerably enhanced. Another possibility to increase collection rates is to provide a set of positive inducements. In many countries (Colombia and Philippines are examples). Cash discounts have been provided for early payments.

5.7 Recommendation

Broadening local property tax bases has a number of potential benefits. If service delivery is more closely linked to local tax payments, citizens face greater incentives to monitor government performance and demand accountability from local governments. Such broadening could further enter inter jurisdictional competition. People choosing low-tax, low-spending jurisdictions over high-tax, high-spending jurisdictions could create powerful incentives for governments to improve spending efficiency. If Nigeria is to benefits from those effects, greater subnational taxation autonomy is a necessary institutional prerequisite.

The focus of financial reform should be intuitional framework and the incentive structure. Unless these issues are addressed carefully, detailed measures to promote fiscal decentralization will measures to promote fiscal decentralization will not succeed. Technical capacity-building becomes relevant only after the right incentive systems are secured. In other words, decentralization does automatically produce efficiency gains and promote accountability. An effective decentralization strategy should involve changes in the structure of local government and the status of local government as institution, in addition to revising local government codes (UNDP/UNCHS – Habitat News December, 1994)

CHAPTER SIX
THE CHALLENGES OF URBAN DEVELOPMENT
AND GROWTH OF CITIES IN NIGERIA

6.1 Colonial Cities

Cities existed in many Areas of Africa, prior to the 1500A.D. and a few (Cairo, Tunis, Ibadan, Jenne, or Kano, for example) were comparable to many European cities in size prior to the rise of European power, while other areas were essentially devoid of larger-scale urbanism. (Myers and Owusu 2008).

Consequently, the biggest urban spatial impact of European colonialism lies in the location of so many of Africa's major cities along the coast or in close proximity to sites of resource extraction, and the functional retardation of African cities into roles as either entrepot or warehouse towns, bureaucratic capitals, or both at once, rather than as originally grown industrial manufacturing engines of value added. Cities where colonial rule facilitated the growth of industry and manufacturing as the basis for urbanization were the exception, rather than the norm (Garth Mayers 2011).

6.2 Population and Urbanization

Urbanization and city growth do not automatically bring affluence and prosperity; neither do they necessarily create sufficient employment, as cities in Nigeria amply demonstrate. The process associated with most developing countries is primarily driven by demographic forces and perceived job availability, including rural-urban migration and natural increases, rather than by solid urban-based economic and industrialization process as noted in the colonial cities.

In the past two decades, population growth has outstripped the social and economic development of the country. Gross Domestic Product per capita (in real terms) for example, remains lower now than it was in 1980. About 70 per cent of Nigerians Human Development Index (UNHDI) 2000 ranked Nigeria 151 out of 174 countries and among the 25 poorest nations in the world. The consequences and implications of rapid

population growth will need to be considered in the national effort to achieve sustainable development (NPC Oyo State Office on 2006 Census).

The level of urbanization has been on the increase in Nigeria. The 1991 census showed that urban population was **36** per cent of the total population, and it was estimated to be about **39** per cent in 2000. The rate of urbanization is estimated to be 3.7 per cent per annum. It is projected that the proportion of urban population will be 42 per cent in 2010 and emergence of new urban centres and an increase urban residents living in squalid and congested environmental conditions. Poverty is widespread and underemployment and unemployment are high.

Also, many urban inhabitants lack access to adequate health services, potable water, good roads, and electricity. Crime rates are high, and residents lack security with regard to their lives and property. Continued rapid growth of the cities will make it increasingly impossible to provide adequate social services and infrastructure for the urban populace,

Nigeria experiences severe problems associated with unbalanced population distribution and increasingly rapid urbanization in the absence of well-articulated and comprehensive physical planning, development control and urban social policy.

Urbanization in Nigeria is said to be influenced by large number of relatively low-income migrants. Their limited financial capacities force them to solve their shelter and livelihood problems informally and on their own terms. Given their vast numbers, poor urban dwellers are now the dominant market sector for urban land demand (UN-Habitat 2008).

Lagos Urban Agglomeration

According to UN-Habitat 2007, Lagos did not appear among the world's 30 largest urban agglomerations until 1995 when it occupied a modest 30th position. By 2000, Lagos had risen to 26th and by 2005 it was the 24th largest. Lagos is now projected to become the world's 18th largest urban agglomeration by 2010, 17th by 2015 and 12th largest by 2020. By 2025 it will have surpassed Cairo - now the largest urban conglomeration in Africa and Lagos will then be the world's 12th largest metropolitan region with an estimated 15.8 million inhabitants, with Africa, second only to Kinshasa.

Table 1: West Africa Large Cities Population Trends (Thousands)

City	1980	1990	2000	2007	2010	2020
Accra	863	1,197	1,674	2,121	2,332	2,688
Cotonou	337	504	642	761	841	1,196
Ibadan	1,186	1,739	2,236	2,672	2,835	3,752
Lagos	2,572	4,754	7,233	9,669	10,572	14,134
Lome	344	619	1,023	1,452	1,669	2,410

Source: World Urbanization Prospects: The 2007 Revision

Population Trend and Size of Ibadan

Ibadan, located at the interface of Savannah and Forest and the capital of Oyo State, is the **third largest city in Nigeria by population** after Lagos and Kano. Ibadan is, however, Nigeria's **largest city in geographical area** with eleven administratively separate local government areas. In 1960, Ibadan was the **second-most populous** city in Nigeria and the **tenth largest** in Africa after Alexandria, Algiers, Cairo, Cape-town, Casablanca, Durban, Eat Rand, Johannesburg and Lagos. It is located in south-western Nigeria, 140 kilometres inland from Lagos and constitutes a prominent transit point between the coastal region and the Nigerian hinterland to the north.

Its population was **2.55million** according to the Nigeria 2006 population census and **2.67 million** in 2007 (based on extrapolation of data in World Urbanization Prospects; The 2007 Revision). In 2010; the population of Ibadan was **2.835 million** and the nineteenth (19th) largest in Africa. (UN-Habitat – 2008; 174-7).

High-primacy ratios are not immediately disastrous for a country's development, but what makes the twin challenges of primacy and a thin urban hierarchy more daunting in many African countries is that the causes for rapid growth are commonly seen to be not directly; attributable to economic growth and industrialization, with exceptions here and there (Becker et.al. 1994; Bryceson 2006)

6.3 Phenomenon of Urban Fragmentation

One of the colonial urban legacies concern internal form and spatial structures of cities. Often, the most obvious dimensions of the segmentation was racial segregation, with separate areas for business or residence restricted to Europeans, Asians and Africans, respectively, in many colonial cities, justified by rhetorical concerns with health (Swanson 1977).

Where white settlement or investments were more limited, such as in many parts of Western or Equatorial Africa, then this segmentation existed in modified form. For example, in Maiduguri, in northeastern Nigeria, where so few whites settled even as administrators, the colonial plan of the city still excluded all Africans except servants from the small “**Europeans Residential Area**” and the small **Syrian trader** population was confined to its own zone of shops in a special business area (Kawka 2002: 42-4).

Urban fragmentation typically creates two cities within the city. The urban poor live in high urban densities, with unplanned urban spatial layout and mostly deprived of access to adequate housing, residential land, municipal services and other urban benefits. The better off tend to reside in the ordered, formally planned and structures higher-income area that enjoy municipal services.

Table 2: Percentage of Households Experiencing Shelter Deprivations, 2003

Countries	Improved Water	Improved Sanitation	Sufficient Living Area	Disability of Housing
Benin	26.0%	66.1%	17.8%	20.3%
Togo	15.0%	70.2%	19.7%	4.9%
Ghana	13.0%	55.2%	21.2%	0.9%
Mali	26.0%	81.2%	21.7%	37.6%
Niger	30.0%	88.1%	30.2%	35.4%
Senegal	8.0%	62.3%	27.3%	6.4%
Nigeria	19%	60.6%	26.5%	11.2%
Burkina Faso	16%	64.1%	15.5%	7.6%

Source: World Urbanization Prospects: The 2007 Revision

Today's key problem areas include very rapid uncontrolled growth of urban informal settlements; prevalence of substandard and over-crowded urban housing, inadequate urban services, and infrastructural provisions, declining urban livelihood options, incessant civil unrest, and infectious disease and crime.

6.4 Housing Situation and Access to Land

With limited resources nations are attempting to provide dwelling units in the shortest possible time. Housing is, perhaps, the most important component of the urban landscape. This is because it takes the largest proportion of urban land uses and if it is not properly planned and managed, as is evident in most Nigerian cities, it could trigger a myriad of other urban problems such as homelessness, environmental health problems, crime and other variables of urban violence.

Housing involves bringing together, labour, land, finance, construction materials and governance process in partnerships that include the private sector and at times community sector as well. The trend is an increasing production.

In Nigeria, this is an outcome of 2002 National Policy coupled with re-invigoration of housing finance system. The market driven housing delivery system, however, unequivocally favours the interest of higher income groups in up-market neighbourhood.

The unprecedented expansion of urban population causes rapid demand for urban land uses. Land Tenure systems largely determine the ease or difficulty of land acquisition and assembly. The land tenure systems also makes expansion of urban area difficult and raise transfer costs of levels that are not attainably by the poor.

Weak land markets in Nigeria had constrained income diversification in rural areas and this had further exacerbated rural poverty. It has been shown that diversification strategies benefit rural households by stabilizing income stream (Kevin and Weiss, 2005). In a free market economy, land is made available to people through the emergence of efficient land markets with little interference from the government which is limited to recording of transactions and taxation. This makes land available for agricultural and industrial developments.

In Nigeria, the Land Use Act, 1978 appears to stifle the development of land markets by focusing more on administrative mechanism of land allocation. The relegation of free land markets to the back stage has driven it underground. Market activities are usually shrouded in secrecy and information is lacking or inadequate. Most land transactions agreement are backdated to pre-Land Use Act of 1978.

A set of inter-related processes influence the housing system in the cities, and urban areas. These are the production of new houses, the renovation and/or rehabilitation of existing ones, and the distribution of both old and new units to those in need of them. The processes involved in the delivery system are carried out through public (that is, government) institutions and private organizations and individuals, otherwise called formal and informal housing delivery methods, respectively, of these two methods of housing delivery in Ibadan, in particular, the informal section has dominated housing supply (Tunde Agbola & C.O. Okitubara, 2015).

6.5 Abuja Physical Planning Related Problems

Abuja, the Federal Capital Territory (FCT) of Nigeria, is a planned city envisioned in an ambitious, grand design. An American planning firm headed the team that produced the Abuja Master Plan, working in conjunction with Dioxides Associates and the planners of the UK new town of Milton Keynes (Vale 2008; 157)

The layout actually had more in common with Washington, DC, or Brasilia, rather than Milton Keynes, in keeping with the two different moments when Nigeria's leaders explicitly sought to model its political system after that of the USA (ibid: 165-8) quoted by Garth Myers 2011.

Even with these American elements and purported attempts to build on what were claimed as Nigerian indigenous urban traditions, the new city replicated several spatial-ideological features of colonialism. It did not take long for the segmented map of a colonial city to emerge, along class lines rather than racial ones (Elleh 2001:75). Its National Assembly sits on the highest hillside available (the top of the highest point, Aso Rock, being too rocky for construction) and eventually its presidential palace took to higher ground as well.

Since it was created to be a federal capital, it “**central business district**” was a “central government district”, reproducing the colonial pattern by which urban growth was disconnected from organic economic development process.

It was several years after the government of Nigeria made the capital relocation decision before construction began. Of the three phases of building planned in 1979, geographer Onyanta Adama (2007: 46) shows that by the mid-200s essentially only phase one had been undertaken.

Perhaps the largest flaw was that of the failure to develop housing to keep pace with the growth of the city as the capital relocation intensified, as this led to the extensive

development of the unauthorized housing areas outside of the parameters of the plan (Mabogunje 2001; Morah 1992).

The staggering speed of the city's growth from under 100,000 in 1986 to more than 370,00 just five years later, practically made these problems inevitable (Ikejio for 1998).

6.6 World Bank Urban Renewal Projects in Ibadan

Urban renewal involves the relocation of business, the demolition of structures, the domain (government purchase of property for public purpose) as a legal instrument to take private property for city-imitated development projects. This process is also carried out in rural areas, referred t as village renewal, though may not be exactly the same in practice.

Many cities link the revitalization of the central business district and gentrification of residential neighbourhoods to earlier urban renewal programmes. Over time, urban renewal evolved into a policy based less on destruction and more on renovation and investment, and today is an integral part of many local governments, often combined with small and big business incentives.

The urban renewal projects in three locations in Ibadan are: Yemetu, Mokola and Agugu had an estimated populated of 62,000 to benefit from the project in 1984. The problem arose from the shortfall between housing supply and demand which created housing shortages which have subsequently led to overcrowding and over utilization of available facilities.

Ten local governments, being the owner and the greatest beneficiary of the project, made provision for the workers and the payment of their salary. The projects were completed in August, 1997. Among the infrastructural facilities and amenities provided and handed over in each of the three project areas according to the Ministry & Finance; Project Coordination Unit (PCD), 1997 were:

(a) Mokola Layout

- 2 new transformers and the upgrading of the existing ones;
- 11 compartment public toilets (VIP toilets)
- 164 street lights
- About 9km drainage (wall blocks)
- About 9km of tarred roads
- Refuse disposal site at Cultural Centre are
- About 6km new water pipes

(b) Yemetu/Oke-Aremo

- A total of 5km and 0.9km of tarred roads at the main scheme and resettlement site, respectively
- A total of 12.3km and 1,6km block wall line drains at the main scheme and the resettlement site respectively
- 1 box current
- 6 VIP public Toilets
- 1 converted health Centre (former NPC building)
- 164 street lights at both main scheme and the resettlement site

(c) Agugu-Oremeji

- A total of 6.2km and 1.8km tarred road at the main scheme and the resettlement site at Ogbere (Abonde) Housing Estate
- A total of 13.4mk block wall lined drains at the main schema and resettlement site.
- The Fatima Usman Health Centre at Oremeji
- 1 VIP public toilet at Oremeji
- 1 Police Post Office
- 80 street lights
- Ahmed Usman Primary School at Abonde, Ogbere resettlement site.

In all, \$1.74 million, \$1.795 million and \$2.162 million were allocated for the implementation for the projects in Mokola, Yemetu and Agugu; respectively. The variations in budget allocation were due to size and the number of facilities provided in each of the project area. Accessibility and environmental conditions have greatly improved in these project sites and properly values have increased significantly in addition to redevelopment of old and dilapidated structures.

6.7 Urban Agglomeration Problems in Nigeria

The establishment of Lagos dates back to the 15th century when it was a Portuguese trading post exporting ivory, peppers and slaves. Today, the name ‘Lagos’ most often refers to the 300km² urban agglomeration of Greater Metropolitan Lagos, which includes **Lagos Island, Victoria Island, Ikoyi, Lekki** and the **Mainland suburbs**. All of these are part of Lagos State which now comprises, 20 Local Government Areas (LGAs) and 33 LCDAs.

Lagos is the **most populous conurbation in Sub-Saharan Africa with 7,937,932** inhabitants at the 2006 census and an estimated urban agglomeration population of **9.67 million** in 2007, based on **World Urbanization Prospects: The 2007 Revision**. It is the **second-most populous urban agglomeration in Africa after Cairo**, Egypt but projected to overtake Cairo in size by 2005 while Lagos is expected to reach **15.8** million inhabitants.

In administrative terms; Lagos is not a municipality and it has no overall city administration (MDA). The metropolis is split into 16 Local Governments (now 20 LGAs). This is one of the key reasons why the outlying towns and settlements developed without uniform planning regulations or significant local authority guidance.

- (a) It also created difficulties for solving citywide problems such as waste collection and disposal. Instead, State Government assumed these responsibilities.
- (b) In addition to the problem of urban waste, access to housing, energy, water, sanitation, sewerage and transportation has all been adversely affected by the haphazard development of a geographically and administratively highly disappointed city.

Mobility is affected by the Island topography and bridge bottle necks that makes sure that traffic congestion is a daily reality with an average of two (2) to three (3) hours to cover a distance of 10-20km

Political and Administrative Decentralization is also expected to increase the responsiveness of public sector agencies and local priorities while enhancing their effectiveness through the principle of active subsidiarity by fostering cooperation between local governments and the sectoral agencies but the current patterns of democratization, far from providing the poor with political influence, may consolidate or increase the power of the local elites and the voice of middle income groups, who are not necessarily interested in either equity or poverty reduction. Also, reluctance by State and Federal Governments to devolve power and resources to match responsibilities reduces the capacity of local governments to operate efficiently and responsively.

6.8 Special Recognition For Metropolitan Areas

The Nigerian constitution should also recognize in its concurrent list the special case of metropolitan centres which are large urbanized areas arising from the progressive merging of many urban centres whose infrastructural and planning requirements might be of such magnitude as to require assistance from the Federal Government.

Almost all national governments reimburse the capital city for the costs arising from the presence of the national governments, some national governments provide payments in lieu of taxes, but these are really taxes and not grants as it happened in Nigeria during the interim administration of Earnest Sonekan.

Berlin and Ottawa receive a federal grant in lieu of paying property taxes on federal property. Bern receives only reimbursement payments for direct services rendered just like reimbursement on federal roads rehabilitation or expansion by the State Governments. In contrast, the three unitary countries such as: France, Germany, and the United Kingdom, all give their capital cities specific grants for certain purposes.

The reliance on grants appears to depend on the nature and magnitude of expenditures large cities are required to make and on their own-source revenues assigned to them. In principle, transfers should be less important for large cities and metropolitan areas than for other local governments. Indeed, there seems to be no reason why the

wealthiest regions (generally, the large cities and metropolitan areas) should not be able to raise and spend most of their budgets themselves. They may have to depend partly on transfers for financing education and health.

To reduce their dependence on intergovernmental transfers, large metropolitan areas need an appropriate governing structure, and as a rule they need more and different revenue sources. Cities require a mix of taxes, including both property taxes (for stability) and some form of income or sales tax (for elasticity).

Revenues from a mix of taxes would give cities more flexibility to respond to local conditions, such as changes in the economy, demographics, and expenditure needs (Slack 2005). Transfers could then be used only for those expenditures provided at the local level for services that spill over regional boundaries, such as health, education, and social services.

CHAPTER SEVEN

THE WAY FORWARD FOR THE 21ST CENTURY

The degree to which a city or an urban local government is able to meet its rapidly rising expenditure requirements depends only in parts on its revenue capacity; as determined mainly by the economic base of the city and by the restraints imposed by the higher-level (state and federal) governments. It also depends on the revenue effort, that is, the extent to which the local government is using its revenue capacity.

7.1 Need for Urban Management Information System

However, there is hardly any management information system on which decisions for planning the scope, the rate of growth and the revenue receivable for any services, or infrastructural facilities can be based. The absence of such information system has given rise to some problems in the development of Nigerian cities. The problems are: the continued uncontrolled pattern of growth, the persistent shortages of provision of services and infrastructural facilities, and the ability of local governments to raise adequate internal revenue.

The goal and objectives of urban management information system (UMIS) is to ensure that each local government develops an adequate management information system to enhance its capacity for efficient management and effective managements of its affairs. It will also promote the effective computerization of information gathering, collation and analysis within each local government area.

The state government shall also assist not only in the production of cadastral for their urban centres but also in mounting property identification exercise to ensure that a comprehensive register of buildings, the owners, size, occupancy and uses is produced for each urban centre by neighbourhoods and wards.

The importance of this exercise is that the knowledge of the number of property, the size, location, ownership, value, use and occupancy of buildings in urban centres

constitutes an essential factor in the effective governance of the city and the urban local governments.

7.2 The Number and Population of Local Governments

There is no need in having a limited number of local government areas is, of course, obvious that local governments in most developed and developing countries such as Britain, Japan, Brazil, South Africa, Uganda and Poland etc. with smaller population than Nigeria are numbered in their thousands as painted out earlier. There is therefore, no reason why the number of local governments in the country should be pre-determined, or is restricted artificially. Indeed what is needed is to establish criteria which communities must meet if they desire to run their own affairs themselves.

This will then ensure the right to local governance has been earned and the people can be expected to be vigilant in ensuring that those they elect to rule them can be made accountable to them. It should be a constitutional requirement that local governments should hold a town hall meeting at least once or twice in the year to present their budgets to their citizens and receive feedback. None of this happens with the present system of local government. The summation of the number of local governments and their population or territorial extent is not greater than that of the state of which they form parts. Thus, the criteria used for providing subventions to states from the federation account could be equally be used for subventions to their local governments even when the ratio of entitlement for states and local governments can be different.

7.3 Promises Backed by Basic Resources

Basic to successful planning is statistical information and data on resources both actual and potential. The resources projection must be realistic. The weighted average of revenue profile of the immediate five (5) years should be computed and discounted to be on the conversation scale of probability. New invested portfolio to improve the IGR should be sought and floated.

The chairman should design the programme of action in such a manner that will allow for ordering of priorities. Service that can be done quickly to alleviate the problems of water, health, food, access to power and social services for the masses must first be done and sustained accordingly. The chairman should adopt a collaborative approach by involving the stakeholders, the party leaders, outside experts, policy makers and professionals in service design.

A collaborative approach with no doubt eliminates communication-gap, political friction, dissonance crisis and eliminates wrong perception. In addition the approach will help improve the quality, efficiency and effectiveness, enough better systems and organizational management of the council for delivery of dividend of democracy for the masses.

Therefore, holistic approach for effective and efficient management of local government council should involve the creation of opportunities for individuals in the local government area to excel. This will happen, if and only it is through the provision of infrastructural facilities to be put in place in the rural area and urban centres

7.4 Institutional Problems

Perhaps most important is the expenditure responsibilities of local governments which often include major development functions, notably public works, mass transit and primary education together, these functions suggest that local governments have an important impact on the economic development of metropolitan areas.

However, it is not surprising that external revenue sources are even less amiable to local control than are locally raised revenues. Local governments rarely have a say in the determination of shared taxes and grants from the state and federal government.

Local borrowing is almost always controlled by the higher-level authorities in Nigeria and other developing countries, but there are variations in the extent of this control. The Colombian planning ministry has reviewed and approved all applications for

borrowing which exceed a low ceiling, below which local authorities may freely borrow from commercial banks may mainly for purposes of cash-flows management (Bird 1980; Linn 1980a). In Kenya and the Philippines, local public agencies have had to receive prior authorization for all borrowing activities (Hubbell 1983). In many countries, local governments may borrow from higher level governments.

Local governments in Nigeria mobilize their funds solely from external sources. The external sources include federal and state financial transfers like grants, statutory allocations share of value added tax (VAT), receipts and loans. These external sources introduce a dependence syndrome in local government revenue mobilization effort. Any setback from the external sources would have adverse effect on the administrative machinery and execution of some viable projects. This has weakened their internal revenue mobilization capacity.

Another constraint is imposition on local government revenue mobilization capacity through state control over local government budget, which is made to pass through many levels of approval in the hands of the state government-specifically ministry of local government and chieftaincy matters. Even after approval, post-budget controls still impose further restrictions on what local governments can do. For instance, any project budget above #500,000 (five hundred thousand) has to pass through the department of inspectorate in the MLGCM and approved by the honourable commissioner of the ministry.

Local governments should strive towards improving internally generated revenue (IGR) and instill transparency and accountability in their management structure. This can be effectively carried out through community participation in their various activities. There is need to carry people along in the execution of the projects would encourage administrative openness and accountability.

Moreover, it appears that state government interference in local governments activities has contributed to their weakness examples include states appropriating local

government revenue sources, reducing or withdrawing local governments statutory allocations, and switching functions to or from local governments without adjusting their functions.

For example, in principle property rating and property tax collection should be done by the level of government responsible for the provision of services. In the current situation, this will be the state. However, it is necessary to obtain support and cooperation from the local governments, traditional leaders and community leaders at an early stage. Flaws in previous state property tax laws regarding valuation and assessment, collection and enforcement should be corrected as all these components should be professionally carried out. Property rating (or Land Use Charge in Oyo and Lagos States) is a shared responsibility between the state, professional Valuers, and Local Governments/ Tax collectors.

In summary, the absolute deficiency in revenue potential is not the only obstacle to strengthening local government finances. Legal, administrative, and political constraints prove equally important. One of the most important aspects turns out to be excessive Central and State governments control over various aspects of local government finance

7.5 Sorting Out Governmental Responsibilities

The three tiers of government; Federal, State and Local Governments are involved in the provisions of urban services. The Federal Government not only formulates policy but also executes infrastructures projects through various agencies. State governments often implement medium sized works including roads, drainage and water supply. Legally, local governments are responsible for almost all types of urban infrastructure and services within their jurisdictions.

However, Local Governments have become largely non-functional in recent years. State governments have assumed many of the responsibilities that Local Governments are unable to fulfill. But it's difficult for State-level water corporations, urban development

boards, and waste management authorities to adequately provide services to large State geographic areas containing many cities and millions of people

In the absence of capable Local Governments, State Governments will continue to assume responsibility for most urban infrastructure and services. The medium term strategy should be:

- (a) to improve the abilities of State level agencies to provide urban services in the interim, and
- (b) to seek special opportunities to build capacity at the Local Government or even sub-local government levels where there is a chance of improvements being sustained.

In the long term, many types of urban infrastructure and services are best managed by Local Governments. States are too large and too populous for State Governments to handle local services effectively. World-wide experience indicates that strengthening Local Governments can:

- (i) Improve the provision of local infrastructure and services
- (ii) Improve governance through power-sharing and accountability. Thus, the creation of capable Local Governments should be among Nigeria's highest long term priorities. Several issues need to be addressed in the longer term once conditions permit local governments to assume their constitutional functions (World Bank with Nigerian Collaborators, December 1995).

These include:

- Defining Local Government responsibilities more clearly, including distinguishing between types of Local Governments (urban and rural).
- Making revenue transfers to Local Governments more predictable
- Providing incentives through the transfer system and technical assistance for LGs.

- Improving the technical and management capacity of LGs (including the shedding of functions better performed by the private sector).
- Giving Local Governments meaningful involvement in planning (of investment programmes and physical planning).

Local Governments that are part of larger cities (metropolitan area) need to form joint boards to manage services requiring efficiencies of scale and wide geographical coverage. For example, the Lagos Waste Management Authority (LWMA) and Ibadan Local Governments Property Company Limited (ILGPCL).

BIBLIOGRAPHY

- **Anwar shah and Sana Saha (2006):** The New Vision of Local Governance and the Evolving Roles of Local Government - Public Sector Governance And Accountability Series by the World Bank .
- **Bengt Paulson (1992):** Urban Applications of Satellite Remote Sensing Remote Sensing and GIS Analysis published by the World Bank, Washington D. C. an Urban Management Programme
- **Brussel, M.J.G. 2001:** “The Application of Information Systems in the management of Utility Infrastructure” ITC Lecture n
- ote.
- **Danny Myers (2006):** “Economics & Property - The Estates Gazette Guide” – Second Edition – EGBooks
- **Dele Layiwola (ed):** The City of Ibadan Text and Contexts published by Institute of African Studies, 2015, University of Ibadan, Ibadan, Nigeria
- **Dillinger, William:** “Urban Property Taxation: Lessons from Brazil” Report INU-27 (Washington D. C. World Bank, 1989)
- **Dillinger William:** “Urban Property Tax Reform Guidelines and Recommendations” (Washington D. C. World Bank 1991) World Bank Urban Management Programme Tool # /.
- **Garth Mayers (2011):** African Cities; Alternative Visions of Urban Theory and Practice-zed Books-London - New York
- **Government of Oyo:** Tenement Rates Law Cap. 160, Laws of Oyo
- **Government of Oyo State (Nigeria):** Local Government Annual Treasury Board meeting for Fiscal Year 2000/2007 (Ibadan: Ministry of Local Government and Chieftaincy Matters, 2008)
- **Glenn W. Fisher Wichita State University (Emeritus):** History of Property Taxes in United State.
- **Habibu A. Sani (March 1992):** Local and Urban Administration in Nigeria – Printed by Governemnt press, Ilorin, Kwara State, Nigeria
- **J.A. Atanda:** The New Oyo Empire – Indirect Rule and Change in Western Nigeria 1894-1934. Published in 1973 and 1979 by Longman Group Limited, London.
- **James Omeru (March 2012):** “Transformation of Nigeria through the Built-Environment: the Estate Surveyors and Valuers Perspectives. Being a Lead Paper presented at the NIESU Annual Conferences of 20th -24th March, 2012.

- **Jofferey Petchey and Garry Macdonald (2006):** Financial Capital Expenditures through Grants in Intergovernmental Fiscal Transfers, Principles And Practice Edited by Robin Boadway and Anwar Shah
- **Kelly Roy:** Designing a Property tax Reform Strategy for Sub-Saharan Africa: An Analytical Framework Applied to Kenya (Development) Discussion Paper No. 707, June 1999. Harvard Institute for International Development, Harvard University.
- **Nweke Umezurike (2013):** “Repositioning Local Markets in Nigeria For Greatness Effectiveness” presented at the National Workshop on Land Management and Property Tax Reform in Nigeria
- **Professor Akin L. Mabogunje:** Land Management in Nigeria: Issues, Opportunities and Threats. (Being text of a Lead paper presented at the National Conference on “Land Management and Taxation” organized by the Department of Estate Management of the University of Lagos in 2002”.
- **Professor Ezekiel Olukayode Idowu (2015):** An Inaugural Lecture Delivered Series 279, Delivered at Oduduwa Hall, Obaafemi Awolowo titled “Land and Power: PROSPERITY OR POVERTY?”
- **Roy W. Bahi, Johnnes F. Linn:** Urban Public Finance in Developing Countries, a World Bank Book. Oxford University press, 1988.
- **Sunday Emmanuel Olajide (2018):** - “Determinants of Residential property values with Special reference to residential Neighbourhood Crime in South-Western Nigeria” - the Estate Surveyor and Valuers Journal Vol. 41 No. January – June, 2018
- **Tomori M.A.:** Principle and Practice of Urban Property Taxation printed and published by Business Mirror Newspaper, Ibadan Oyo State ISBN – 97-006-069-3, February 2001.
- **Tomori M.A.** “Sustainable Local Government Financing and Urban property Taxation: A Panacea to Transform the Economy and Urban Development in Nigeria. Being Paper presented at the Mandatory Continue Professional Development (MCPD) Seminar on Transforming Nigeria Economy through Effective Land Management and Property Taxation.
- **UN-Habitat (2008):** The State of African Cities 2008: A Framework For Addressing Urban Challenges in ^{Africa}, Nairobi: UN-Habitat