

**GLOBAL TREND IN THE ORGANISATION
OF LOCAL GOVERNMENTS
AND OPPORTUNITIES FOR REFORM**

BY

TOMORI M. A
lolatomori@yahoo.com

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1.0 LOCAL GOVERNANCE IN HISTORY

Local governance historically predates the emergence of national or state governments. In ancient history, tribes and clans established systems of local governance in most of the world. They established their own codes of conduct and ways of raising revenues and delivering services to the tribe or clan. Tribal and clan elders developed consensus on the roles and responsibilities of various members. Some tribes and clans with better organization and skills then sought to enlarge their spheres of influence through conquest and cooperation with other tribes. In this way, the first Chinese dynasty, the Xia, was established between 2070B.C. to 1600 A.D. Similar situation prevailed in Ile-Ife where in about 100 A.D. Oduduwa dynasty was established and his type of local governance was replicated in all the Yoruba Kingdoms founded by his children and great grand children. In the 15th Century, Denmark, Norway and Sweden were ruled by Danis King. Resident in those countries contributed to the king's coffers but were allowed to run local affairs autonomously (Werner and Shah, 2005). In the absence of central intrusion, the seeds for a locally run, client-oriented, welfare state were sown. As a result, local governments assumed most functions of the state while the central government largely assumed a ceremonial role and foreign relations functions.

Local governments in Sweden, Denmark and Norway assumed responsibility not only for local service delivery but also for social protection and social welfare functions. Local governments also serve their residents from cradle to grave. They deliver property-oriented as well as people oriented services. In modern times, the central governments in Denmark and Sweden have assumed wider regulatory and oversight functions, but the predominance of local governments and its autonomy are still preserved because of citizen satisfaction with local government performance.

Modern Local Government was described by the United Nation as “**A political subdivision of a nation or State which is constituted by law and has sub-national control of local affairs including the power to impose taxes or to extract labour forces for prescribed purposes.** The governing of such an identity is elected or otherwise locally selected.”

Various local government reforms in Nigeria since 1901, when the first Native Authority Ordinance was enacted up till 1976, were aimed at enhancing the management capabilities of Local Governments through adequate financial resources, harmonization and professionalization of personnel and career security of administrative and career security of administrative staff.

There is, therefore, the needed to design effective institutional framework for policy reforms that will promote good governance through greater devolution of power and responsibilities to local authority. This will require better mobilization and management of financial resources and building of partnership with private and community sectors.

Local Government remains the level of government where essential public services are delivered to individual and business community and where the people feel the policy. Municipality bears the basic responsibilities of government at its lowest level for allocating resources and promoting social equity within the constraints set by higher levels of government (which assign function and fiscal authority), and for ensuring the provision of local public goods and services, through partnership with the private sector and civil society.

Local governments therefore, refer to specific institutions or entities created by the national constitution or ordinary legislation or by the executive order to deliver a range of specified services to a relatively small geographically delineated area. On the other hand,

local governance is a broader concept and defined as the formulation and execution of collective action at the local level.

However, jurisdictional fragmentation of urban local governments has promoted revenue boundary dispute within the same Metropolis, Planning activities became uncoordinated while refuse collection has become ineffective as the Local Governments lack the skill and capacity to handle services of that magnitude which forced the State Government to set up Ibadan Waste Disposal Management Authority assisted by the World Bank in 1996.

A well structured local government should therefore, be motivated to improve towns and villages along a wide range of dimensions. Village Community infrastructure should be constructed and upgraded. These include: roads, water system, bridges small-scale irrigation, electrification and income-generating projects. Community and domestic hygiene should be improved through various measures including building health centers, refuse disposal and better cattle housing and improved water management.

2.0 GLOBAL PERSPECTIVE OF LEGAL STATUS OF LOCAL GOVERNMENTS

Local government has been defined as the authority arising from a people or political unit, geographically identifiable, largely homogeneous, sharing common culture and corporate goals. The greatest advantage of the local government is the proximity to the people; hence it is described as **grassroots-governance**.

The functions of the local government are germane to the people at the grassroots. The functions are central to their living condition, providing them some basic infrastructures which the other tiers of governments could not provide them possibly due to non-proximity unlike local government.

A local government refers to specific institutions or entities created by **National constitution** (as we have in Brazil, Denmark, France, India, Italy, Japan and Sweden,) by

State constitution (e.g. Australia, the United States), by **ordinary legislation** of a higher level of central government (e.g. New Zealand, the United Kingdom), by **provincial or State legislation** (e.g. Canada, Pakistan), or by executive order (China) to deliver a range of specific services to relatively small geographically delineated area.

The fiscal federalism treats local government as a subordinate tier in a multi-tier system and outlines principles for defining the roles and responsibilities of orders of government:

- (i) In most federation, as in Canada and the United States, local governments are extension of States (i.e. dual federalism)
- (ii) In a few isolated instances, as in Brazil, local governments are equal partners with higher-level governments which is referred to as cooperative federalism
- (iii) In exceptional case like Switzerland, the local governments are the main sources of sovereignty and have greater constitutional significance than the federal government.

2.1 Structure of Local Governments in Nigeria

Local administration in Nigeria can be traced to the colonial period following the Native Council Ordinance of 1901 initiated by Governor (Sir) William MacGregor. The Native Council Ordinance of 1901 provided for provincial, district, town and village councils. The objective of this new Ordinance was to make the Native Councils become more effective instruments of local government administration.

In 1926, a centralized budget system was introduced. Following the creation of Northern, Western and Eastern Regions in 1946, a decentralized public revenue structure began to emerge while three regions introduced some reforms in their local administrations in the 1950s which aimed at enhancing performance after the McPherson construction of 1948. Thus, depending on the constitutional and legal status of local governments, state governments in federal countries assume varying degrees of oversight of the provision of

local public services.

The Local Government Reforms of 1976 created for the first time, a single-tier structure local government and specified a list of functions for local governments in Nigeria. The 1979 Constitution further made it mandatory for the states to make financial grants to Local Government Authority which is about Ten (10) per cent of the internally general revenue of the state in addition to funds allocated from the Federation Account monthly.

However, with good intentions of the 1976 reform, the politicians of the second Republic (1979-1983) badly implemented the provisions of the constitution bequeathed by the Muritala/Obasanjo Military Administration. They exploited, compounded and dramatized the shortcomings and loop-holes in the local government system. The fever to create new local governments gripped the state governments with such intensity that the number of local governments was multiplied with reckless abandon (see table 1)

The 1989 Constitution further made the creation of Local Governments the responsibility of the National Assembly. This was done to prevent a repeat of performance of the events of the second republic when partisan political actors, in their bid to retain and consolidate political power at all cost, engaged in unbridled proliferation of local government. The provision was also incorporated in the 1999 Constitution.

In the 1989 local government reform, there were 483 local governments created in the country. Each of the local governments was allowed by law to operate single tier multipurpose structure, and set Area Development Committees of between 5-7 members.

This was a departure from the Two-tier structure that created outer councils within the Local Government Area under the 1976 and 1986 Local Government Reforms (Habibu A. Sani, 1992).

Table 1: **Distribution of Local Government in the Old Western Region (1955-1996) Now South-West of Nigeria**

State/Province	Population Census	Number of Local Government			Population Census	Number of Local Council	
	1963	1955	1966	1989	1991	1992	1996
Colony	238,432	18	18	N/a	N/A	N/A	N/A
Ogun	978,088	40	42	12	2,335,726	15	20
Ondo	618,187	36	34	12	2,249,548	14	18
Osun	1,257,853	37	22	21	2,158,143	23	30
Oyo	1,175,845	8	15	20	3,452,720	25	33
Ekiti	327,396	9	9	10	1,535,790	12	16
Total	2,407,301	148	131	77	?	89	177

Source: *National Population Commission and Habibu A. Sani (1992)*

Note: *Colony did not include Lagos Township in 1963 while both became Lagos State in 1967*

Section 7 (1) of the 1999 Constitution of Nigeria provides ‘the System of Local Government by democratically elected Local Government Councils. And this constitution guaranteed, and accordingly, the government of every state shall, subject to Section 8 of the Constitution ensure their existence under a Law which provides for the establishment, structure, composition, finance and function of such Council. In addition, the functions are stipulated in the fourth schedule of this Constitution.’”

According to studies carried out by the World Bank experts, all Federal Systems confer the same institution powers on the Municipalities. For example, in Argentina, the national constitution provides that the provincial Government shall provides for the establishment of the Municipal Government structure and finances as we have in the 1999 Constitution of Nigeria.

2.1.1 Political and Administrative Structure of Local Governments in Nigeria

Various local government reforms in Nigeria since 1901, when the first Native Authority Ordinance was enacted up till 1976, were aimed at enhancing the management capabilities of Local Governments through adequate financial resources, harmonization and professionalization of personnel and career security of administrative and career security of administrative staff.

There is, therefore, the needed to design effective institutional framework for policy

reforms that will promote good governance through greater devolution of power and responsibilities to local authority. They will require better mobilization and management of financial resources and building of partnership with the private and community sectors.

With the recognition of Local Governments, each Council is now having Executive Chairman, Vice Chairman, Supervisory Councilors and Councilors who must be democratically elected under the electoral law in force.

Decree No. 28 of 1989 provides that the Chairman of Council shall assign necessary duties to Vice-Chairman, Supervisory Councilors and the Secretary who are statutory appointees of the Executive Chairman. The Vice-Chairman in the absence of the latter will act for him, whilst the Secretary will step into their shoes in the absence of the Chairman and the Vice-Chairman.

Each local government by law has six departments headed by a Director supported by divisional and unit heads. The Director of Personnel Management is the administrative Clerk of the council legislature and head of career officers. The local government management structure therefore, consists of Personnel Management, Finance and Supply, Education, Works, Housing and Survey, Health and Environment and Agriculture. Officers on Grade Level 7 and above are employed, disciplined and promoted by the Local Government Service Commission under the Unified Civil Service System. This is the structure of all the 774 local governments in Nigeria running a single-tier system of Local Governments.

In Nigeria, there are three types of local governments although; there is no provision for such multiple tiers of local government in the constitution as we have in America, Britain, Uganda and Kenya. However in 1991, President Ibrahim Badamasi Babangida used military fiat, to create multiple local governments within same municipal Government Areas and President Sanni Abacha did a similar thing in 1996. Consequently, urban governments of Kano, Ibadan, Ogbomoso, Oyo, Abeokuta, Lagos and Enugu all have

more than one or two local governments within the jurisdiction of the former Municipal Government Areas.

This geographic or jurisdictional fragmentation, most often, is just a natural consequence of urbanization, that is, the expansion of a metropolis beyond old core of the cities into surrounding minor cities or villages which are formerly rural area without changes in jurisdictional boundaries. All these arrangements have implication on physical planning, coordination of urban activities, waste collection and disposal.

Other type of local governments are semi-urban local governments that are contiguous to metropolitan local government benefiting from the spill-over of the urbanization of the core metropolitan local government without changing the exiting boundaries that separate them e.g. Oluyole, Ona-Ara, Ido, Lagelu, Akinyele and Egbeda local government areas that are contiguous to the old Ibadan Municipal Government that was split into five in 1991. Afijio local government with satellite towns of Aawe, Ilora and Akinmorin benefiting from rapid urbanization of Oyo city.

2.2 Local Government Organization in South Africa

Most Constitution make passing reference to local governments but South Africa is an exception. Both post apartheid constitutions have dedicated considerable attention to local government. South Africa has three spheres (not tiers) of government, that is, national, provincial and local governments, which operate on equal, separate and autonomous basis. The constitution stresses that the relationship between the spheres should be cooperative rather than hierarchial. The principle of cooperative governance obliges the three spheres of government ot cooperate and negotiate political and budgeting issues between them.

The constitution also entrenches the principle of subsidiarity, which implies that a function should ideally be performed by the lowest sphere of government.

The new local governments are organized into three categories. Category A municipalities, of which there are six single-tier metropolitan governments (metros) located

in the largest cities, outside those areas is a two-tier system. In the tier are 232. Category B primary municipalities, with elected councils and certain administrative, regulatory, and service delivery functions. The second interim tier of 46 district municipalities or Category C municipalities cuts across the primary municipal boundaries. These municipalities are governed by district councils that are indirectly elected from the primary local governments. Their roles are mainly coordinating and facilitative.

The South Africa constitution also institutionalizes the role of organized local government. The organized Local Government Act of 1998 recognizes the South African Local Government Association (SALGA) and the nine provincial local governments associations as representative of local government. Their representatives are empowered to participate in inter-governmental structures and are therefore able to influence national and provincial legislation relevant to local government.

2.2.1 Political and Administrative Decentralization

South Africa

The work of the council is coordinated by a mayor. An executive or mayoral committee is made up of councilors who assist the mayor in overseeing the work of municipal manager and department heads. In all municipalities, ward councilors are expected to work with ward committees that give citizens a more direct say in local decision. Ward committees provide scope for participation in integrated development planning budgeting, and general monitoring of local governments.

The constitution assigns broad functions to the three spheres of government. National and provincial governments are concurrently responsible for such functions as school education, health, welfare, and housing, with the national government determining policy and the provincial governments responsible for implementing a few exclusive functions.

Most local government functions involve such user fee services as electricity, water, and sanitation; the remaining involve the provision of public goods such as municipal and household infrastructure, streets, streetlights, and refuse collection.

Property rates are the prerogative of category A and category B municipalities. They have accounted for about one-fifth of local revenue in recent years, and well over 30 percent in some of big urban centres. Property rates were regulated by provincial ordinances in the era before 1994, resulting in much inconsistency. The new legislation formally broadens the base of the tax beyond land value to include the total improved value of property (the combined land and improvement value) as the tax base.

2.3 Local Government Organization in Brazil

Brazil is organized as a federal republic with a presidential system. The national constitution defines the federation as a sum of the three tiers: the central government (called the union and also referred to as the federal government); the intermediate governments (called states, also referred to as state governments consisting of 27 units including the Federal district); and the local governments (called municipalities also referred to as municipal governments, currently consisting of 5,564 units). Brazil has the fifth largest territory and has the **svoth** biggest population on the planet.

The most outstanding feature of the Brazilian fiscal system is that its decentralization is not based on political and economic policies that are formulated and implemented under the others of the central government. On the contrary, most of the intergovernmental relations cannot be established or modified by the federal political and economic authorities according to their own wishes.

2.3.1 Political and Administrative Decentralization

The **political and administrative decentralization** is also extensive. Each state and local governments has its own directly elected legislative and executive branches, as well as

an independent judiciary. The central government has limited control over subnational tax administration, budget formulation, execution, and oversight, wage and investment policies.

The municipalities have a particular political status. They are not integrated units or members of the state governments, unlike in most federations. However, the creation, consolidation, or dissolution of a municipality is done through state law. This process is regulated by national norms such as publishing of municipal viability studies and approved by plebiscite of the population of the original municipality including the area to be emancipated. The central government cannot create or dissolve municipalities.

The Brazilian constitution that was promulgated in October 1988 innovatively established municipal government as a third tier of government. Municipalities were given the same status as member of the federation as the intermediate government, sharing the same rights and duties of states. The three tier federation inscribed and detailed in the constitution reflects the long tradition of local autonomy; hence, property tax system is completely decentralized to municipalities.

2.4 Local Government Autonomy

According to Ray W. Bahl and Johannes F.Linn (1992), the struggles for more autonomy between national and state governments and that of between the State and local governments are very different, especially in countries with strong intermediate (state or province) government or at least strong regional dependencies.

The central-states struggle is usually over political autonomy and grows out of historic regional power bases, movement of independence, and ethnic, linguistic and cultural difference as it happens in Colombia India, Indonesia, Mexico and Nigeria.

The central government usually resists too much sub-national independence in the name of retaining the cohesion of the country or resisting dominance by a particular group, region, state, elite or culture. By contrast, the central local and state local governments struggle tends to centre on allocation of fiscal resources and the desire of local government

for autonomy in providing services.

The 1999 constitution of Nigeria guaranteed the existence of a democratically elected local government Council and accordingly the government of every state shall, subject to section 8 of the constitution ensure their existence under a law which provides for the establishment, structure, composition, finance and function of such council. In addition the functions are stipulated in the fourth schedule of the constitution.

The administrative autonomy of local governments, however, will need to be backed up by the constitution in order to strengthen fiscal decentralization and provide the resources along with the responsibilities. In Nigeria, like many developing countries, local governments do not have access to reliable and predictable financing mechanism to be able to plan and undertake sound capital investment. They do not also have the capacity to borrow fund from local or external financing markets, due to poor credit rating as well as bad governance and lack of trust from their constituencies. Local governments in Nigeria thus rely solely on Federal and State transfers s and subventions to plan and finance the development projects and programmes. Furthermore due to lack of capacity and the required transparency, they do not raise enough revenue from own sources to adequately finance recurrent budget expenditure needed for both operation and maintenance of existing capital assets, to transform the government from haven of corruption to an institution that spurs development and services the people through restructuring of the government to make it stronger and more efficient at delivering essential services, local governments in the country should be granted more autonomy with the expenditure responsibilities to alleviate serious problems facing them.

With the increasing expenditure pattern of local governments on social and economic services arising from the increasing urban population, there is need for substantial autonomy and technical expertise to deliver services and collect taxes efficiently. This would reduce political interference in management decisions, develop a more commercial

managerial outlooks and reduce overstaff and strengthen accountability.

3.0 CONCEPTUAL PERSPECTIVES ON GOOD URBAN GOVERNANCE

The qualities we expect of a model or ideal good urban governance among others include the promotion of local democracy, equal access, inclusiveness, decentralization, transparency, and accountability, participation, gender sensitivity, effectiveness, efficiency, openness, safety and security, innovativeness, humaneness, firmness, resourcefulness, sustainable development, equity and Incorruptibility.

3.1 Definition of Good Governance

Urban or local governance encompasses the direct and indirect roles of formal institutions of local governments, states and federal as well as the roles of informal norms, networks community organizations and neighbourhood associations in pursuing collective action by defining the framework for collective decisions making and delivery of local public services.

Good governance is therefore, 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, supporting market-led and environmentally sustainable urban development and facilitating outcomes that enrich the quality of life of residents.

A governance arrangement is therefore needed for an urban centre or a city to be economically, social and environmentally sustainable. The governance arrangement will help the city to realize its economic potential, achieve social justice and welfare and reduce the environmentally damaging effects of urban growth.

However, in Nigeria, the governance of urbanization has continued to remain a daunting challenge for several reasons. Theses are: absence of a clear definition and rank sizing of settlements, application of the same administrative structure for all settlements regardless of their sizes and function. It would be necessary, however, to discuss each of the qualities of ideal good urban governance.

3.2 Qualities of Good Urban Governance

3.2.1 The Principle of Sustainability

Good urban governance dictates that the resources of the city must not all be consumed at once without having an eye on the future. We must conserve our resources against the rainy day. In other words, cities need to balance the social, economic and environmental needs of present and future generations. Current needs must not be satisfied at the expense of the ability to satisfy future needs. All these, of course, mean that the city must not burn its candle from both ends.

In another sense, sustainability means that the pace, direction and magnitude of urban growth and development must be such that can be maintained over a period of time. Many Nigerian cities had high levels of environmental cleanliness and civic responsibility during the colonial and immediate post colonial periods but these were never sustained. What we now see everywhere is neglect and decay.

To ensure sustainability, all stakeholders in the city must be involved and consulted. There must be programmes to increase income generating activities that will enhance employment and reduce poverty. Facilities, infrastructures and amenities in the city must be maintained to ensure their durability. Given the poor maintenance culture in Nigeria, however, this is not going to be an easy nut to crack. Poor maintenance is the bane of many Nigerian cities and this quickly leads to deteriorating and low-performing infrastructures which pose critical problems for sustainability.

3.2.2 The Principle of Subsidiarity

This simply means that responsibility for service provision should be given on the basis of subsidiarity which implies the lowest tier of government which is closer to the people and where the delivery of services can be maximized and cost-effective. All these point to decentralization. Decentralization is not new in Nigeria and has, indeed, been practiced since colonial times.

Decentralization if properly done has numerous advantages. It helps to bring government closer to the people. It promotes local democracy. It leads to the emergence of small and medium sized cities especially at the headquarters of all sub-national governments, such as Local Governments. Over-centralization creates mega cities! Decentralization also promotes economic development and democracy (Matovu, 2000). The economic failure of the centralized states of the ex-eastern bloc shows the importance of decentralization to development.

3.2.3 Equity of Access to Basic Facilities

This implies equity of access to decision-making processes and the basic necessity of urban life. This, of course, means that no individual or group of individuals should be discriminated against in the use of urban resources by virtue of ethnicity, race, gender, religion, wealth/poverty, disability, age or infirmity. The principle of an ‘Inclusive City,’ where equal access is guaranteed for all, is central to the norms of good urban governance.

To achieve equity of access, it may be necessary to introduce quotas. For instance, it may be designated that a certain percentage of women should be ministers, chairmen of LGs, Local Government Counselors, members of Senate, members of the House of Representatives or Permanent Secretaries. Similarly, quotas could be established for minority groups. In the United States, to guarantee equity of access for minority groups such as blacks, affirmative action has been introduced to ensure equity of access to jobs, contracts, higher education and other social and physical infrastructures. Such affirmative action discriminates in favour of the minority or marginalized groups.

Nigeria, with its multiplicity of ethnic groups needs to emphasize this norm of equity of access very strongly. Failure to abide by its principles can quickly lead to social strife and unease that will do the city no good. The city should be for all and all stakeholders should feel confident that they won the city. It is only then that everybody will contribute his best for the good of the city.

3.2.4 Transparency and Accountability

Transparency and accountability are required of both decision makers and all stakeholders. Corruption can undermine local government credibility and can deepen urban poverty (UNCHS, 2000). In the last ranking by Transparency International, Nigeria was placed as the most corrupt country in the entire world wide. Indeed, corruption is so pervasive in Nigeria that President Obasanjo has accorded the fight against it top priority. The President has got the anti-corruption bill passed into law by the National Assembly. He has set up the Justice Mustapha Akanbi as its first Chairman. All these are indications that the government under President Obasanjo is determined to fight corruption in all its ramifications in Nigeria.

Corruption has severely increased the cost of doing business in Nigeria several times over (Ndanusa, 2000). It drives away indigenous investments, not to talk of international investments thereby making the task of poverty reduction so much harder. Corruption distorts values and incentives and destroys the moral fabric of a society.

3.3 Key Obstacles in the Way of Good Urban Governance

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.

Geographic 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 fire 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 jurisdictional fragmented structure of local government, as we had in Nigeria in 1991 during President Ibrahim Babangida's administration, seems to be least suited to the cities of developing countries with experience so far and noticeable defects of the system.

During the period, Ibadan Municipal Government was split into five Local Governments, Ogbomoso - two, Abeokuta - two with Lagos and Kano having between five or more local governments within the same municipal jurisdiction or boundary.

Theoretically, fragmented local governments offer a structure wherein consumer voters can segregate themselves into groups with like preferences and can affect the mix of public services. But this efficiency advantage is rarely captured in developing countries because local governments have so little autonomy to make fiscal decisions; due to the fact the local governments do not have the technical wherewithal to produce the package of services desired.

Moreover, the cost of moving government closer to the people is perceived as being too high in terms of political appointments. (Chairmen, Councilors and other political officers). Furthermore, there are problems of coordination, uniform planning and service provisions.

Moreover, jurisdictional fragmentation has promoted revenue boundary dispute within the same Metropolis, Planning activities became uncoordinated while refuse collection has become ineffective as the Local Governments lack the skill and capacity to handle services of that magnitude which forced the State Government to set up Ibadan Waste Disposal Management Authority assisted by the World Bank in 1996.

A well structured local government should be motivated to improve villages along a wide range of dimensions. Village Community infrastructure should be constructed and upgraded. These include: roads, water system, bridges small-scale irrigation, electrification

and income-generating projects. Community and domestic hygiene should be improved through various measures including building health centers, refuse disposal and better cattle housing and improved water management.

3.3.1 The Population Size of Local Governments

There is considerable diversity in the number and size of local governments in different countries even though, the broad objectives of local governments are similar, that is, stimulating resource participation and ensuring efficient and effective delivery of goods and services. This means there is no sacrosanct formula to determine the number and size of local governments as long as it meets the desire of the people.

In the United States of America (USA), the structure of local governments consists of many overlapping layers namely: cities, counties, school districts, and towns. According to James Halbrum (1974), there were not less than 81,245 local governments units in the United States in 1967 and only 18,048 of these were municipalities.

In a book on ‘Local Governance in Developing Countries’ published by the World Bank and edited by Anwar Shah (2006), Uganda has only 70 municipal governments, whereas, China has 43,965, South Africa has 282, Poland has 2,478 and Brazil has 5, 560. The average population per local authority in sampled countries is shown in table 2 with China, South Africa and Uganda having average population of between 100,000 and 400,000 people per local government.

The Russian Federation, which is a unitary state, has 89 regional units and 2,000 local governments. A case study of some other countries in the central and Eastern Europe in addition to those in Latin America countries showed some varying sizes as indicated in the table 2 below:

Table 2: Distribution of Municipal Governments in Developing Countries

S/No	Countries	Country's Population 1996	Number of Municipalities	Year	Average Population per Municipality
1	Argentina	35 million	2,154	2001	14,972
2	Indonesia	197 million	1,312	1990	5,915
3	Poland	39 million	2,478	2003	18,881
4	Brazil	161 million	5,560	2002	30,099
5	Chile	14 million	325	1992	64,592
6	China	1,215 million	43,965	2000	107,334
7	South Africa	37.6 million	282	2001	238,839
8	Uganda	19.7 million	70	2002	373,321
9	Romania	22.7 million	2,948	1995	7,700
10	Bulgaria	8.9 million	255	1995	34,902
11	Russia Fed.	149 million	2,000	1995	74,500

Source: World Bank Publications, 2006

From the foregoing analysis, the number and size of Local Governments has implication for revenue generating capacity and personnel wages of various local governments. Nigeria with a population of 114.6 million in 1996 had 774 Local Governments and an Average population per local government of 148,062 people comparable with South Africa and Uganda as at 1996. But other countries such as Uganda, Kenya, South Africa, Brazil, and United Kingdom that have multiple tiers of local governments, Nigeria has a single tier system of local governments with uniform expenditure responsibilities and common revenue sources.

Local governments in Uganda is a multi-tier system with the district, city council, and municipalities are units under which are lower local governments structures and administrative units while South Africa had three-tier local government systems for metropolitan area, semi-urban areas and districts.

The number of municipalities in Brazil is 5,564 and the population distribution is very heterogeneous. In 2005, the population was estimated at 184.2 million. The city with the biggest population is Sao Paulo, with 10.9 million inhabitants and the smallest is Bora with more than 500,000 people, or 28.6 per cent of the national population. At the other

extreme, 2,672 cities have fewer than 10,000 inhabitants, equivalent to 7.6 per cent of the national population.

As at 2006, the Average Population per local government in Nigeria is 180,883 an increase of 22.17% over that of 1996. This has a serious implication for sustainable economic growth and physical development of major urban centres, as revenue allocation continues to dwindle, thus creating vertical imbalance between the Federal, State and Local Governments and this will increase the fiscal gap in local government finances.

3.3.2 Clear Division of Responsibilities

However, there can be no correspondence between revenue and expenditure assignment unless expenditure responsibilities are well defined. Clarity in division of functional responsibilities between the three levels of government is an essential condition of any reform in the structure of urban service delivery (William Dillinger, 1994).

Clarity is not achieved by a mere act of legislation or a constitutional demarcation of functions between tiers of government as shown in table 5 above. Despite the constitutional responsibilities of local governments in Nigeria, they are still saddled with projects initiated by the federal and state governments where they have to commit their financial resources not budgeted for in the annual financial estimates.

Clarity in the division of functional responsibilities requires the central or state government to refrain from ad-hoc interventions in responsibilities that have been nominally assigned to local governments, no matter how disagreeable the outcomes. What is required is a system of revenue assignment and budgetary discretion that permits local governments to perform the roles that have been assigned to them. Moreover, the constitution must legally recognize the different circumstances of different local governments by making distinction between urban or rural local government or between urban local governments of different sizes.

3.3.3 Solving Disparity between Revenues and Expenditures of Local Governments

Vertical Fiscal imbalance exists when Municipalities have inadequate own-sources revenues (that is internally generated revenue) to meet their expenditure responsibilities. Vertical fiscal imbalance refers to the **difference between expenditures and internally generated revenue (IGR) at different levels of government**. The resulting **fiscal gap** can be closed by an unconditional transfer that allows the municipality to spend the funds on whatever areas it deems appropriate. The amount of the transfer allocated can be determined in three ways:

- (a) as a fixed proportion of the revenues of the donor government (known as Revenue sharing)
- (b) on an ad-hoc basic, or on the basis of a formula (e.g as a percentage of specific local government expenditures or some other characteristics of the local governments such as population (Bird and smart, 2002).

The first option was contained in the Nigeria Constitution that 10% of the State (IGR) must be given to the local governments in their areas. Tax sharing is also common in Lagos and Oyo State where between 10% and 20% share of the tenement rates goes to the State government and 80% - 90% of the taxes collected are retained by the local government where they are generated.

3.3.4 Geographic Disparity in Resources Available to Local Governments

Horizontal fiscal imbalance refers to the geographic difference in resources among government the same level. It is also referred to as geographic disparity in resource potential because some municipalities are unable to provide an adequate level of service at reasonable tax rates, whereas other municipalities can. This inability to provide an adequate level of service may occur because the cost of service may occur because the cost of services is higher or the need for services is higher and the tax base is smaller.

There are great differences in the fiscal abilities of local governments across the five geo-political zones in Oyo State of Nigeria considering the level of economic activities in each zone. The inequitable distribution of local resources impedes progress towards achieving major social goals such as better education, improved health care and elimination of poverty.

Property values are generally low in Oke-Ogun Area and other rural areas of Ibarapa local governments where people rely more on agricultural products to generate income. What these areas lack in terms of income from property based taxes, they gain it from other sources of revenue (e.g licenses, fees, fines and earnings from agro-industrial establishments).

3.4 Framework for Citizen-Centered Local Governance

The dominant concern in this literature is that the incentives and accountability framework faced various orders of government is not conducive to a focus on service delivery consistent with citizen preference. As a result, corruption, waste, and inefficiencies permeate public governance. Top-down hierarchical controls are ineffective; there is little accountability because citizens are not empowered to hold government accountable.

Fiscal federation practices around the world are focused on structures and process, with little regard for output and outcomes. These practices support to-down structures with pre-eminent federal legislation (that is, federal legislation overrides any sub-national legislation). Hierarchical controls exercised by various layers of government have an internal rule-based focus with little concern for their mandate shared rule is source of much confusion and conflict, especially in federal system.

Local governments are typically handmaidens of states or provinces and given straight jacket mandates. They are given only limited home rule in their competences. To reverse this trend, and make government responsive and accountable to citizens, governance

should be based on subsidiarity principle, the principle of fiscal equivalency, the creation of public value, result-based accountability, and minimization of transaction costs for citizens.

These principles should be integrated into a broader framework of citizen-centred governance, to create an incentive environment in the public sector that is compatible with a public sector focus on service delivery and bottom-up accountability.

A framework of local governance that embodies three basic principles responsive governance, responsible governance and accountable governance is called citizen-centred governance.

(a) Responsive Governance:

This principle aims for governments to do the right things – that is, to deliver services consistent with citizens preferences.

(b) Responsible Governance:

The government should also do it right, that is, manage its fiscal resources prudently. It should earn the trust of residents by working better and costing less and by managing fiscal and social risks for the community. It should strive to improve the quality and quantity of and access to public services. To do so, it needs to benchmark its performance with the best-performing local government.

(c) Accountable Governance:

A local government should be accountable to its electorate. It should adhere to appropriate safeguards to ensure that it serves the public interest with integrity. Legal and institutional reform may be needed to enable local governments to deal with accountability between elections, reforms such as a citizen's charter and a provision for recall of public officials.

The above strengthen the role of citizens as the principals and create incentives for government agents to comply with their mandates.

4.0 EVALUATION CRITERIA OF LOCAL GOVERNMENT PERFORMANCE

Evaluation is often carried out through specific studies which seek to analyze aspects such as the relevance, efficiency, results, impact or sustainability of programmes and policies in accordance with that which is set forth in their goals. The goal is to improve activities in progress and subsidize planning programme and future decision making. The evaluation seeks to answer specific questions the purpose of which is to take corrective measures and guide decision makers, managers and other participants in th process of formulation and implementation. The objective of an evaluation may be to improve the quality of implementation process or to reap results.

Local governments are required not only to operate according to legislation and manage their finances well, but also to provide right services in response to citizen need, in the right or most efficient way and with the highest degree of accountability. Therefore, issues related to responsiveness, efficiency, and accountability to citizens require evaluation and they are good indicators to measure local government performance in all the activities constitutionally assigned to them.

4.1 Conformity with Legislation

Legislation defines the powers functions and responsibilities of local governments. Therefore, these criteria typically concentrates on local government conformity with legislations (and other formal requirements) regarding the setting and upholding of bylaws, the generation and collection of revenues, complying with the process requirements in resource allocation and the provision of services.

Many advanced countries usually investigate whether municipalities pass the king of laws they are meant to and whether they use their law-setting powers to facilitate development in their jurisdiction e.g.:

- * to creatively facilitate the development of low-cost housing
- * allow revenue generated for shelter and its related expenditure

- * increase the participation of vendors' association in market management in line with the Market Code
- * raise revenues in a legally sustainable way
- * implement budgeting and procurement processes in conformity with the financial management regulations.

Legal conformity in areas such as service provision, budget process development, revenue-raising activity, and local regulatory activity thus provides a foundation for evaluating local governments.

4.2 Fiscal Performance

In most settings, local governments are required to manage their fiscal matters carefully, ensuring that they do not overspend and that their expenditures are in line with their mandates as it is generally represented in the budget or as it is stipulated in national policy documents or legislation.

In countries such as South Africa, such requirements on fiscal matters are legislated, with municipalities and districts allowed to spend money only in accordance with agreed-upon budgets, and not allowed to run a deficit on their operating accounts. Municipalities that overspend are considered as poor performers because they create a fiscal burden for the constituents thus reducing their ability to allocate resources to service in future periods because of debt-servicing commitment (Huther and Shah, 2005).

Corruption in revenue administration is closely associated with the quality of governance. A high incidence of corruption is associated with poor governance, whereas, a low incidence is associated with good governance. Hence, an anti-corruption strategy should be based on reforms reflecting the broad institutional environment. The rule of law and citizen empowerment should take priority in reform efforts.

Public Officers who engage in revenue collection should be motivated to perform their duties honestly by paying them adequate or reasonable salaries or to provide regards

for meritorious work. Mookherje (2004) argues that government officials are self-interested individuals who cannot be expected to forgo money-making opportunities for private gain at public expense.

Although a lot of funds had been allocated to states and local governments from the Federation Account and Excess Crude Oil accumulated funds and Value Added Tax (VAT), there is nothing to show for it in terms of good roads and power supply. Other indicators to measure fiscal performance of local government are:

- The potential local resources available to the government;
- Revenue collection effort relative to revenue base;
- Repayment records of local government credit funds;
- Local government debt-service ration;
- Transparent and efficient management of expenditures, revenues, and Local Government assets, publicly disclosed and audited; and
- Viable domestic local government finance market.

Judicious management of funds by Council managers of these funds is very crucial. They must not be allowed to divert them into personal use or have personal interest in their uses and application of such funds.

There was an urgent need for states to domesticate the Fiscal Responsibility and Public Procurement Acts. This will provide the institutional framework to fight corruption, prevent mismanagement and make public and private partnership attractive to the private sector.

4.3 Responsiveness

In a democratic context, decentralization leads to greater responsiveness to constituent demands with local candidates having to please the voters who are indeed their neighbours. Most importantly, local governments must be sensitive to needs of the poor and

disadvantage residents and to gender differences in service requirement. A responsive local government must also:

- Have budget priorities consistent with citizens preferences;
- Offers security of life and property;
- Provide healthy environment (that is, clean air, safe water and sanitation);
- Have primary schools at a walking distance;
- Preserve cultural heritage of urban areas for enjoyment by residents including Parks and recreation programmes and facilities;
- Remove barriers to access to housing, land, credit and infrastructure; and
- Fully integrate all groups in urban society, including women and minorities.

4.4 Local Government Efficiency

Local governments more than ever before are saddled with the responsibility to provide the right services that meet the demand of the people at the local level or urban residents.

However, a survey of many urban centres revealed the inefficiency in service provision which has led to individuals providing their own facilities including manufacturing industries and many services providers thus adding to cost of production and the resultant high prices of commodities.

Good living condition of urban residents is measured by the following monitoring indications:

- ❖ Percentage of households with access to piped water, good sanitation, un-interrupted power supply etc;
- ❖ Percentage of income spent by low-income households on housing, water, energy consumption, transport, food and social services;
- ❖ Percentage of household with sacred land tenure;

- ❖ Percentage of household in informal housing or slum neighbourhoods;
- ❖ Housing affordability and use of public transport;
- ❖ Percentage and frequency of solid waste adequately disposed;
- ❖ School drop-out rates;
- ❖ Response time to distress;
- ❖ Infant or child mortality rate; and
- ❖ Urban poverty rates and income inequality.

Providing own facilities is a very inefficient way of service delivery in our cities.

If efficiency is assured in the delivery of services, costs will come down, benefits will be maximized and these can dramatically impact upon poverty reduction.

4.4 Accountability and Transparency

A local government should be accountable to its electorate. That is, it should adhere to appropriate safeguards to ensure that it serves the public interest with integrity. Legal and institutional reforms may be needed to enable local governments to deal with accountability between elections and should include citizens charter and provisions for recall of public official.

Transparency and accountability require that elected and appointed officers of local governments and their management staff should set an example of high standards of personal and professional integrity. The right to Information Act passed by the Indian Parliament is a milestone in the road to transparency and should help curb corruption at all levels.

The remedy for corruption, whether at the national or the local level, is transparency in the operations that beget the body. Land and property deals and contract for construction of public assets can potentially put large sum of money into the hands of senior government officials. If the government is to get its due, such transactions must be processed openly through tenders and advertisements in the media.

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