

Finance and Functions of Local Government in Nigeria

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Abstract

*As Nigeria marks its eight National Assembly, it becomes apposite that finances and functions of local governance become paramount in national discourse in order for it to take its pride of place. This is in response to the seemingly neglect that local governance have faced over the years with the new canon of never again shall its finances be subjected to the whims and caprices of the state governments. In the lucid preparation, resort was held to textbooks, opinion of essayists, case laws and the constitution of the federal republic of Nigeria. The position of the article emphasized the fact that the import of proper import of finance makes it sustainable as it is not surprising that the finance and functions of local governments are next to each other in the Constitution, for both have symbiotic relationship. Without the finance, the functions cannot be executed, and without function, finance would come to naught. Taken together, both are the main basis of the local government system; the *raison d'être* of the councils, which *ab initio*, were established to give practical expression to local initiatives.*

*The sources of finance for local government are basically three: Direct allocation from the Federal and State Governments; internally generated revenue; and loans, grants, donations, interests, *elect ere*. The question is whether indeed there are first, enough sources of revenue for local government, second, whether the local governments themselves tap, or adequately tap these sources, and third, whether the accruable revenue are adequate for the execution of their functions.*

Introduction

The functions of the local government are almost inexhaustible. Besides those enumerated in the fourth schedule to the Constitution, the State can and often delegate functions to local governments as a residual subject. Also, a dynamic local

government leadership can initiate and/or expand local initiatives, developed *suo motu* or by the local inhabitants, groups and organizations in the locality.

In contemporary Nigeria, the payment of primary school teachers has criss-crossed from one tier of government to the other. While it was considered better to leave it with the local governments, the latter complained that corresponding revenue was not made available to meet that responsibility.

There is a host of hybrid areas of functions in the Concurrent Legislative list¹ which contains paragraphs A – L, divided into 30 items, over which the Federal (National Assembly) or the State (State House of Assembly) may deal. Other public functions not included in this list, and certainly not in the exclusive legislative list,² are regarded as residual issues over which the State Government may deal or the State House of Assembly may legislate.

Items 9 and 10 under paragraph D of the Concurrent Legislative list which deal on collection of taxes provide as follows:

Items 9: A House of Assembly may, subject to such conditions as it may prescribe, make provisions for the collection of any tax, fee or rate or for the administration of the law providing for such collection by a local government council.

Item 10: Where a Law of a House of Assembly provides for the collection of tax, fee or rate or for the administration of such law by a local government council in accordance with the provisions hereof it shall regulate the liability of persons to the tax, fee

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¹ See Part II, Second Schedule to the 1999 Constitution of the Federal Republic of Nigeria, 1999 (As amended)

² See Part I of same Schedule, *ibid.*

or rate in such manner as to ensure that such tax, fee or rate is not levied on the same liability by more than one local government council.

Similarly, paragraph J of Section 1 of the Fourth Schedule which deals with functions of a Local Government Council provides as follows:

Assessment of privately owned houses or tenements for the purpose of levying such rates as may be prescribed by the House of Assembly of a State.

These rates are often collected by the Local Governments. In other words, these are areas where the Constitution specifically recognizes that both the State and Local Governments can jointly or separately handle. Often times, these breed confusion particularly on the part of the officials. It also work hardship on the people. The constant complaint of local government functionaries are either that they have no enforcement machineries or that funds are not correspondingly released to march prescribed or ascribed functions.

This paper examines the constitutional, statutory, political and other sources of council finances, and functions, their adequacy or inadequacy, challenges and crises, and possible solutions.

Local Government Finance

Constitutional and Statutory Allocations:

Section 162 of the Constitution establishes the Federation Account “into which shall be paid all revenue collected by the Government of the Federation” It also provides that the president shall propose the allocation of such revenue to the National Assembly. Specially, sub sections (3), (5), (6), (7) and (8) of S. 162 provide, with regards to the local government, as follows:

S. 162 (3) Any amount standing to the credit of the Federation Account shall be distributed among the Federal and State Governments and the Local Government

Councils³ in each State on such terms and in such manner as may be prescribed by the National Assembly.

- S. 162(5): The amount standing to the credit of local government councils³ in the federation Account shall be allocated to the States for the benefit of their local government councils on such terms and in such manner as may be prescribed by the National Assembly.
- S.162(6): Each State shall maintain a special account to be called “State Joint Local Government Account” into which shall be paid all allocations to the local government councils⁴ of the State from the Federation Account and from the Government of the State.⁵
- S. 162(7): Each State shall pay to local government councils in its jurisdiction such proportion of its total revenue on such terms and in such manner as may be prescribed by the National Assembly.⁶
- S. 162(8): The amount standing to the credit of local government councils of a State shall be distributed among the local government councils of that State on such terms and in such manner as may be prescribed by the House of Assembly of the State.

³ Emphasis mine.

⁴ Emphasis mine.

⁵ Note the contribution of State Government.

⁶ It is noteworthy here, that the proportion (quantum or percentage) may be at the State’s discretion whilst the terms and manner are left to the National Assembly.

It is thus clear that local government constitutionally receive allocation from both the Federal and State Governments. Today, these allocations constitute between 80 – 95%⁷ of the total revenue of the councils, depending on each council's location and ability to generate internal revenue. It is now common place to hear of "zero-allocation" from council leaders. What they mean by this is that all they receive from statutory allocations go into recurrent expenditure leaving nothing for capital.

But it has not always been so. In fact the opposite obtained during the Native Authority/Indirect Rule regime, when revenue was generated at the local level and remitted to the Regional and/or Central Governments. Native authorities were known to be self-sufficient and self-reliant, able to generate revenue for administrative costs, maintain their own Police and Prisons, build and maintain infrastructures and other local public services. The greatest assistance they received from the Regional Governments was in form of cooperation or joint undertakings to run public schools, hospitals, agricultural extensions, etc.

The transformation of the native authority system to the local government system and the vast reforms of the latter, particularly the reforms of 1976, could thus be said to be more of forms and symbols and less of contents and substance. Instructively, the operators of the system, and their State and Federal superintendents, in the post 1976 era, were not as keen on the autonomy and fiscal responsibility of the councils as they were on the control and exploitation of their finances.

For example, from 301 councils in 1976, the number proliferated to about 900 during the second republic (1979 to 1983). Councils that could not pay their own wage bills, much less implement any social service, were created. It is worthy of note that while the Military Government, known for its anti-democratic tendencies, worked for the democratization of the local

⁷ Prof. Adebayo Adedeji, *Op. Cit.*, p.11, argues that none of the Local Governments today, is able to generate up to 20% of its budget.

government, strengthened and funded it, the civilians that took over in 1979, imposed unelected structures, underfunded and generally undermined the councils! It is curious that while the Military tended to circumscribe the powers of the State Governments, they worked for the strengthening of the local governments. On the other hand, while the State Governments, particularly the Civilian Governors, rose to protect and advance their powers, they moved to circumscribe the powers of local governments! Be that as it may, the departing Military Government of Gen. Obasanjo,⁸ introduced guaranteed funding of the local government into the 1979 Constitution,⁹ and also approved a model national financial memorandum for local government.

When the Military returned in 1984,¹⁰ steps were also taken to revitalize the local government system. These included the abolition of the new local governments created by the politicians between 1979 and 1983, which the Military described as “mushroom”; establishment of a Training Fund for Local Government Staff; introduction of uniform budgetary format for all local governments; introduction of management audits in the local government system; etc.

Similarly, the succeeding Military Government of Gen. Ibrahim Babangida¹¹ boldly reformed and strengthened the local government system in many areas, including:

- (i) Increasing the statutory allocation to local government from 10% to 15% and again to 20%.
- (ii) Direct payment of allocation to the local government (to stop or reduce the spate of diversion of local government funds by State Governments).
- (iii) States were directed to promptly pay to local governments their share of the internally generated revenue in the State otherwise the Federal Government would deduct same at

⁸ General Olusegun Obasanjo was Military Head of State between 1976 and 1979.

⁹ See S. 149.

¹⁰ The Federal Military Government of Gen. Muhammed Buhari.

¹¹ 1985 – 93.

source from the States share in the Federation Account before disbursement.

- (iv) Federal Government undertook to pay 52% of primary school staff salaries, (teaching and non-teaching), leaving the State to pay 28% and local government 20%.
- (v) Local Government Chairmen were made both the Chief Executive and Accounting Officers.
- (vi) The Local Government Service Commission was given increased responsibility in the management of human resources while the Ministry of Local Government in the State was abolished.¹²
- (vii) Office of Auditor General for Local Governments in the State was created as well as an internal audit department in each local government, headed by a qualified accountant.
- (viii) Establishment of a Local Government Audit Alarm Committee, etc.

These bold measures – though some have been amended and/or reversed – have not translated into a strong, autonomous, viable and successful local governments. As Bamidele Ayo noted that,¹³ since 1977, the Federal Government has tried with good intention to stabilize the financial position of local governments across the country, through a fairly constant upward review of the statutory allocation accruing to the local governments from the federation account. But ironically, rather than strengthen the financial position of local governments, the statutory allocation have made the local governments to be financially irresponsible and solely dependent on Federal subventions, thus dampening incentives for local governments to actively generate their own sources of revenue with a view to making them more self-reliant. It is the same federal subvention that were designed to shore up the financial viability of the local governments which have fuelled

¹² This Ministry has since re-surfaced in some States, eg Delta State.

¹³ Putting in Place People –Controlled Structural Frameworks – Which Way forward? People Centered Democracy in Nigeria? The Search for Alternative System of Governance at the Grassroots, Ed. 232 – 233.

pandemic corruption among officials of the local government. What we see, in the circumstances are local governments that do not take seriously their internally – generated revenue drive.

Other Sources of Local Government Revenue/Internally Generated Revenue

Before the 1976 reforms, local governments were able to generate between 78% to 96% of their total revenue, internally.¹⁴ This was considered good when compared with subsequent developments, but poor when compared with the prior situation when Native Authorities were able not only to be self sufficient but also remitted money to the central and Regional Governments. Today, however, the internally generated revenue of most local governments is less than 10% of their total revenue.

While it is true that the advent of crude oil income generally discouraged government from internal revenue drive, there are few discernible areas of local government income, which, regrettably, have also failed or they have not been able to exploit due to attenuating circumstances.

General or flat rate tax was easily the most potent source of local government internal revenue. It constituted between 55% to 85% of their total income in the early 70s but were abolished in 1980 by the new political leaders in the various States, except Kaduna State (under Alh. Balarabe Musa) and Lagos State (under Alh. Lateef Jakande), in the build-up to the imminent local government elections. The local government functionaries had neither input nor say in this action as they were, at this time, appointed officials of the State Government, the elected leadership having been dissolved after the 1979 elections. Although it remains an avenue of huge council finances, succeeding administrations did not or could not re-introduce these rates / taxes for fear of political repercussions.

¹⁴ See Orewa, G.O, op. cit at pp104-114.

Tenement rates are also good avenues for council revenue but its collection is usually resisted by Landlords. Other areas include:

- (i) Rates from market stalls, motor parks, slaughter houses and slabs, public conveniences; cemeteries, etc.
- (ii) Fees from licencing motor cycles, bicycles, trucks (not mechanically propelled trucks) carts, canoes, wheel barrow, radio, television, etc.
- (iii) Fees for naming of Streets, use of parks, sewage and refuse disposal, etc
- (iv) Fees from registration of births, deaths and marriage;
- (v) Fees from outdoor advertising, shops kiosks, restaurants, bakeries, laundries, etc.
- (vi) Profits from commercial ventures
- (vii) Development Levies
- (viii) Donations and Grants.

Local governments budgeting, financial management and control.

Budgeting, or local government annual estimates was once a coherent system of planning but has in contemporary times reduced practically to cash budgeting to meet salaries and allowances and thereafter, claims on a most-urgent-case basis. Local government budgeting varies from State to State. Generally, draft estimates are submitted to the State and are defended by the designated local government functionary. This provides for some uniformity. But the crave for autonomy and demands of democracy have made this approach to budgeting different from one State to the other.

At the end of the financial year, the finance department prepares the accounts, process and forwards same to the Auditor General of Local Governments, who prepares and sends the Account to the Public Accounts Committee.

In practice, budgeting and finance managements and control, at the local government level is fraught with a lot of challenges.

First the Chairman of the Council is not only the Chief Executive but also the Accounting Officer. He most probably campaigned round the entire local government area and attracted huge political followership, responsibilities and dependants who he has to service after assumption of office. These push him to search for ways and means of exploiting council resources. The most popular device has been the sponsorship of workshops and seminars, which are largely not provided for in the annual estimates.¹⁵ Using this device, huge sums of money, being extra budgetary expenditures, are carted away as advances. All the Chairman needs is the support of at least 3 of the Supervisors (who in any case, are his appointees and often co-beneficiaries) and the connivance of the Director of Personnel Management, to get the expenditure through the local government executive council. Under the old order, the Secretary to the local government who was a career officer controlled the votes and ensured compliance with extant rules.

Budgets treated more as a formality, an annual ritual to fulfill all righteousness, while in practice every step is taken, often times consciously, to obviate or undermine the budget. Here, the use of virement warrants is constantly resorted to, whereby monies are transferred from one vote to the other at the pleasure of the Chairman.

Since the annual financial statement and annual budget are the principal documents which form the basis for auditing the receipts, payments vouchers and other accounting records of the local governments, it is impossible for the Auditor-General of Local Governments in such a State, to perform his functions effectively. It is now clear that the auditing of local government accounts for the State is running into arrears for two years. In the prevailing circumstance, the Auditor-General Reports on each Local

¹⁵ The State Local Government Training Fund, pooled from 1 Percent of Employee's Emoluments is for staff training. It is supervised by the Commission.

Government to the States Public Account Committee will serve no useful purpose in enforcing accountability on the part of the accounting officers, if the reports became post-mortem exercises in respect of local government chairmen who have probably left office two or three years earlier.¹⁶

In a paper, Prof. Oyovbaire added to the problems constraining service delivery by local governments. He said.

The third category of constraint is the phenomenon of moral turpitude of local government functionaries. It is perhaps unfair to isolate local government for the practices of corruption, corruption which used to be an aberration is almost now being erected as a normalcy and an objective and directive principle of government business. What indeed could earn condemnation is increasingly being elevated into a moral plenitude such that the bigger the corruption take-home, the more thanksgiving is arranged in the Church!!..... Corruption is a major constraint to fulfilling electoral promises and delivery of services to the people.¹⁷

Statutory Provisions and Control Over Local Government Finances

S.9 of the Delta State Local Government Law,¹⁸ provides that:

In addition to the allocation of revenue accruing to the State Joint Local Government Account from the Federation Account for the benefit of

¹⁶ Orewa, *Op Cit.*

¹⁷ Oyovbaire, S: *Promises and Service Delivery: from Myth to Reality*: Published in proceedings of a Two-day Training Workshop for Local Government Functionaries in Edo State, Benin City, 2008, pp.17 – 18.

¹⁸ Delta State Local Government Law 2004; amended that of 1999, and has also been amended but only in parts.

the Local Government Council, the Local Government Councils shall be entitled to a minimum of 10% of the internally generated revenue accruing to the State from time to time which shall be credited into the State Joint Local Government Account.

S. 10 of the Law provides for annual audit of local Government Accounts while S. 11 authorizes both the House of Assembly and the State Governor to enquire into the accounts or affairs of the Councils. S. 54 creates the Consolidated Revenue Fund into which all revenues or other moneys raised or received by the Local Government Council shall be paid and bars withdrawals thereof except with statutory or legislative authorization. Sub. Section (5) of the Section 54 provides as follows:

The Chairman shall cause to be prepared and laid before the Legislative House at any time before the commencement of each financial year estimates of the revenue and expenditure of the Council for the next financial year.

For the purpose of administrating the funds so appropriated, a cash Budget Committee was established under S. 55 of the Law with large composition ostensibly to avoid arbitrary use or misuse of funds, namely: the Chairman, Vice Chairman, Secretary, Supervisory Councillors, Head of personnel Management and Treasurer.

Local Government Councils were also authorized to “raise Loans or overdraft within Nigeria.” With some degree of variance, similar provisions are contained in the Edo State Local Government Law, 2000. S. 80 of this law lays out in comprehensive details, the sources of Local Government finances, as opposed to the summarized manner it was handled under S.9 of the Delta State Law. Much of the sources have already been

covered under the penultimate sub head of this chapter. With regards to Budget, the provision of S.92 (1) is that:

Every Local Government Council shall each year:

- (a) Cause to be prepared in accordance with any directive made in that behalf by the Local Government Chairman a detailed estimate of its revenue and expenditure for the next financial year:
- (b) Submit to the legislative arm of the Council for consideration and approval by Bye-law of same.

It is suggested here that after the Legislative Council has passed the budget, the Chairman should present and defend same before the House of Assembly, so that once the Assembly approves—

- (a) Release of funds become (or should be) easier;
- (b) Legislative (House of Assembly) over-sight which bugs down Council activities would reduce.
- (c) Joint planning and implementation of policies and projects would be facilitated ; and
- (d) Some uniform economic development across the State would be enhanced.

Functions:

Perhaps this is the only aspect of the Local Government system that has received considerable and deliberate constitutional attention. S. 7 empowers the States to make Laws for the establishment, structure, composition, finance and functions of Councils. Besides finance which had to be dealt with, functions¹⁹ of Local Government are specifically, though not exhaustively dealt with in the Fourth Schedule to the Constitution which is hereunder set out, verbatim:

¹⁹ Sometimes referred to as Duties (See S. 7 (3) as example).

Fourth Schedule**Functions of a Local Government Council**

1 The main functions of a local government council are as follows -

- (a) The consideration and the making of recommendations to a State commission on economic planning or any similar body on –
 - (i) the economic development of the State, particularly in so far as the areas of authority of the council and of the State are affected, and
 - (ii) proposals made by the said commission or body;
- (b) Collection of rates, radio and television licences;
- (c) Establishment and maintenance of cemeteries, burial ground and homes for the destitute or infirm;
- (d) Licensing of bicycles, trucks (other than mechanically propelled trucks) canoes, wheel barrows and carts;
- (e) establishment, maintenance and regulation of slaughter houses, slaughter slabs, markets, motor parks and public conveniences;
- (f) construction and maintenance of roads, streets, street lightings, drains and other public highways, parks, gardens, open spaces, or such public facilities as may be prescribed from time to time by the House of Assembly of a State;
- (g) naming of roads and streets and numbering of houses;
- (h) provision and maintenance of public conveniences, sewage and refuse disposal;
- (i) registration of all births, deaths and marriages;
- (j) assessment of privately owned houses or tenements for the purpose of levying such rates as may be prescribed by the House of Assembly of a State; and
- (k) control and regulation of-
 - (i) out-door advertising and hoarding,

- (ii) movement and keeping of pets of all description,
- (iii) shops and kiosks,
- (iv) restaurants, bakeries and other places for sale of food to the public,
- (v) laundries, and
- (vi) licensing, regulation and control of the sale of liquor.

2. The functions of a local government council shall include participation of council in the Government of a State as respects the following matters-
- (a) the provision and maintenance of primary, adult and vocational education;
 - (b) the development of agriculture and natural resources, other than the exploitation of minerals;
 - (c) the provision and maintenance of health services; and
 - (d) such other functions as may be conferred on a local government council by the House of Assembly of the State.

S.2 of the 4th Schedule (above) would appear to be a corollary of S.7(3) of the Constitution which provides as follows:

S.7(3): It shall be the duty of a local government council within the State to participate in economic planning and development of the area referred to subsection (2) of this section and to this end an economic planning board shall be established by a Law enacted by the House of Assembly of the State.²⁰

²⁰ This subsection has hardly been implemented by the States.

Surely “Planning and development” as used in subsection (3) of section 7 (above) tantamount to “participation” as used in section 2 of the 4th Schedule. This means that both tiers are to function together in a broad spectrum of subjects. Although there are such joint undertakings as Universal Basic Education and Primary Health Care schemes, which are Federal Government initiatives that involve both the State and local Governments, the constitutionally envisaged collaboration between the State and Local Governments is, in practice, less than profound. The reasons for this are many.

First, from the federalist argument, local governments are not only under, but totally part of the State Government. As part or agency or department of State Government, whatever happens in the State is the business of the State Government to which successes and failure are or ought to be attributed. The straight short coming to this argument is that assuming it is part of, agent of, or department of the State Government, it ought to have responsibilities assigned to it, with corresponding machineries for executing such responsibilities. In any case, the constitutionally assigned functions of local governments defeats, at least in Nigeria, this argument. Nevertheless, State Governments, as well as the general public, still place successes or failure in the State at the door step of the State administration in office for the period.

Secondly, the Local governments themselves are burdened by structural and institutional challenges. The parliamentary system which local governments have been used to over the years has been abandoned for the presidential type which is yet to be fully understood and perfected at both the Federal and State levels. The Council Chairman who used to be a Councillor representing a ward is now elected from the entire local government area, sometimes with his constituency wider than that of a State legislator. This imposes on him avoidable political responsibilities that hinder his job. The separation of the legislative arm from the executive rather than serve as checks and balances in the system, precipitate conflict and crises, and bug down Council work. Also local governments, not yet attractive to superior and highly trained

personnel, are saddled with inferior work force, which grapple eternally with their functions and at the same time trying to support the political leadership.

Thirdly, the political environment and legal regime are often too constraining for Council leaders. Besides the insatiable demands of the electorate, the uncertainty surrounding their tenure lures them into desperately looking for avenues to fleece council vaults. Many times of councils have been dissolved before their tenure effluxes. Also Chairmen face the double jeopardy of being suspended by the House of Assembly of the State and being sacked by the State Governor.²¹ The Spate of dissolution of Councils by State Governments across the Country and the appointment of care-taker committees, (which contravene S.7 of the Constitution) have been subjects of widespread criticisms in recent times. The orderly Society Trust, in a roundtable discussion²² called for security of tenure and real financial autonomy for local governments, in order for them to deliver the dividends of democracy.

Commenting on these failures. Orewa,²³ said that since the public has lost hope in the capability of many local governments to deliver services efficiently, community – based organizations in forward-looking communities have, on ad-hoc basis, moved to help provide for themselves such basic services as refuse disposal, repair of roads and drains, but refuse to make cash contributions to finance community projects in which local governments are participating.

Before rounding up discussion on functions of local government, it is important to (i) see the instrument or machinery available to the local government for the implementation of their functions. Here, the Delta State Local Government Law, 2004 is taken as example. Part IV, section 41 – 42 provide for the main functions and other powers, respectively as follows:

²¹ See, for example, S. 20 of Edo State Local Governments Law, 2000 as amended by Local Government (Amendment) Law No. 5 of 2006.

²² See the Guardian, Sunday, June 26, 2011, P. 13.

²³ *Op Cit*, 107.

S.41 Subject to the provisions of the Constitution, the main functions of a Local Government Council shall be as follows:

- (a) Formulation of economic plan and development schemes for a local Government Area;
- (b) Collection of rates and issuance of radio and television licences;
- (c) Establishment and maintenance of cemeteries, burial grounds and homes for the destitute or infirm;
- (d) Licensing of bicycles, trucks (other than mechanical propelled trucks) canoes, wheel barrows and carts;
- (e) Establishment, maintenance and regulation of slaughter houses, slaughter slabs, markets, motor parks and public convenience;
- (f) Construction and maintenance of roads, street lightings, drains, parks, gardens, open spaces or such public facilities as may be prescribed from time to time by a Law of the State House;
- (g) Naming of roads and streets and numbering of houses;
- (h) Provision and maintenance of public conveniences, sewage and refuse disposal;
- (i) Assessment of privately owned house or tenement for the purpose of levying such rates as may be prescribed by a law of the House
- (j) Control and regulation of:
 - (i) Out-door advertising and boarding;
 - (ii) Movement and keeping of pets of all description;
 - (iii) Shops and kiosks;
 - (iv) Restaurant, bakeries and other places for sale of food to the public;
 - (v) Laundries and
 - (vi) Licensing, regulation and control of the sale of
- (k) Liquor removal of broken down or accidented vehicles from the highways;
- (l) Imposing of levy on owners of broken down vehicles abandoned in the roads within the local government area for more than twenty- four hours;

- (m) Removal of human corpses and animal corpses from street and or roads within the local government to appropriate places designated for such bodies within twenty-four hours.

42: The other functions of a Local Government Council shall include participation of such Council in the Government of a State as respects the following matters, that is-

- (a) Provision and maintenance of primary, adult and vocational education;
- (b) Development of agriculture and natural resources, other than the exploitation of minerals;
- (c) Provision and maintenance of health services; and
- (d) Such other functions as may be conferred on a Local Government Council by a Law of the House.

The main instrument for execution of local government functions is local government Bye-laws and to lesser extent, motion and resolutions.

Local Government Bye-Laws comprise rule, regulations, resolutions and other statutory undertakings that have successfully undergone the legislative processes of a Local Government and are assented to by the Local Government Chairman.

The Delta State Local Government Law provides in S.49 the mode of exercising legislative power as follows

- S.49:(1)
- (1) The powers of the Legislative House to make bye-laws shall be exercised by draft bye-laws passed by the Legislative House and assented to by the Chairman.
 - (2) A draft bye-law shall not become law unless it has been duly passed and assented to in accordance with the provisions of this section.
 - (3) Where a draft bye-law is presented to the chairman for assent, he shall within twenty-one days signify that he assents or that he withholds assent.

- (4) Where the Chairman withholds his assent and the draft bye-law is again passed by the Legislative House by two-thirds majority of the members, the draft bye-law shall become bye-law.

An example (excerpt) of a local Government Bye-law, taken from Ndokwa West Local Government Council of Delta State.

In discussing the finance and functions of local governments, the need for greater autonomy has constantly recurred. Indeed it forms part of the recommendations in this work. But it is not no borne out of the Executive Bill on Local Government autonomy recently (October, 2012) presented to the National Assembly. Any item that is similar to the recommendations in this work is co-incident.

Conclusion

Although local Government operators often complain of paucity of funds. The problem really is their inability or neglect to go outside the box (allocations) for revenue generation. The Native Authorities of old succeeded in running their affairs, including the maintenance of their bureaucracies and executing various projects and programmes without supports from the Central Governments. This is certainly not the case in modern times. The challenge therefore is for the local governments to reinvent themselves in self-sufficiency. This process will certainly be helped by the reduction of State interference and the improvement of Local autonomy.

Fortunately the sphere of functions, which appears to be limited in the Constitution are in practice, by virtue of their “residual” nature, limitless. If their functions are limitless, so too should be the avenues for revenue generation.