STATE-LOCAL RELATIONS AND INTERNALLY GENERATED REVENUE IN NIGERIA: HOW EFFECTIVE IS THE COLLABORATION

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ABSTRACT

State-local relations in Nigeria is intended to promote good governance in Nigeria through improving internally generated revenue, however, the nature and practice of the relationship currently, is a major obstacle to good governance. This paper assessed effect of state-local relations on internally generated revenue. The study adopted survey design that drew data using structured questionnaire and oral interviews from Ministry, Department and Agencies (MDAs) of state and local governments saddled with revenue management. Data were generated from 387 respondents, and data collected were subjected to statistical analysis such as mean and regression. Secondary data was obtained from National Bureau of Statistics (NBS). The result showed that payment of taxes through banks and creation of awareness and sensitization of the populace on the tax payment were strategies employed for improving internally generated revenue. The result also revealed that state-local relations have fairly improved internally generated revenue in the country. The result further state-local relations have not improved administrative efficiency, and transparency and accountability in the management of internally generated revenue. The study concluded that state-local relation has not effectively improved internally generated revenue in Nigeria.

Keywords: State-Local Relations, Revenue, Tax, Internally generated revenue, Strategies

INTRODUCTION

Governments are organisations established to preside over the activities of citizens that reside together in a society in order to deliver and finance essential services. Revenue is a major instrument government uses to finances its expenditure. Revenues derived from taxes are utilised by federal, state and local governments (LGs) to execute many functions such as provision of social amenities-water, education, healthcare; critical infrastructure- roads, bridges, power; and enforcement of law and order, etc.

Government all over the world depend on taxation as a major source of revenue. Taxation is an instrument of revenue generation by government to meet the need of the citizens. The three tiers of government in Nigeria (federal, state and local governments) are empowered by the constitution to administer taxes, levies or fines for the purpose of financing government activities. Hyman (2011) affirms that government utilises these revenues to deliver goods and services such as roads, police and fire protection, and national defence to its citizens.

The 2007-2009 global financial crises created serious financial stress for all tiers of government. Hardest hit are the state and local governments that have experienced unusual reduction in their share of the revenue from the Federation Account. Despite the numerous sources of revenue available to the various tiers of government as specified in the 1999 Constitution of Nigeria, over 80% of the annual revenue of the three tiers of government still comes from crude oil and oil-boom and has been so since the 1970s. However, the serious decline in the price of oil in recent years has led to a decrease in the funds available for distribution to the constituent governments (state and local government). The increasing cost of running government coupled with declining revenue has led to agitations for economic restructuring of the country in order to improve the revenue base. This paper assess strategies employed by state and local governments in improving internally generated revenue, it also evaluates the effect of state-local relations on internally generated revenue, and analysed constraints facing state-local relations affecting internally generated revenue in Nigeria.

LITERATURE REVIEW

Federalism is a system of government that entails sharing of power between a central government and the constituent units. This is to ensure that the constituent units enjoy some forms of autonomy in order to curb the concentration of power at the centre. Koko, Tayeb, and Razal (2021) admits that federations flourishes where levels of government exist and function based on shared and self-rule concurrently. However, in Nigeria, the disproportionate distribution of responsibilities and resources amongst the component units had resulted in a dysfunctional federation. This explain why state and local government can barely function without allocation from federation account.

In order to strengthen cooperation and collaboration among the component units in Nigerian federation, there is the need to build mutual trust through intergovernmental relation. This accounts for Akinsanya (2005) disposition that inter-government relations involve both vertical and horizontal relationship that exists between the various organs and departments within the sovereign government of a particular country. This implies that intergovernmental relations in Nigeria is the relationship that occurs between the various tiers of government from the federal, state to the local government level.

In the same vein, Abonyi (2005) describes intergovernmental relations as a vertical and horizontal relation, which occurs between the various tiers of government, and within the sovereign government of a particular country. Wright (1988) defines intergovernmental relations as an interacting network of institutions at national, provincial and local levels, established and innovative to promote cooperation among the various parts of government. Opeskin (1998) portray intergovernmental relations as relation between central, regional and local governments (LGs), that expedite achievement of mutual goals through co-operation. In terms of improving communication and strengthening effectiveness of the relationship, Adamolekun (1983) defines intergovernmental relations as the interactions that take place among the levels of government within a state.

Intergovernmental relations system therefore, consists of productive systems and relationships that ensure that the units of government engage effectively and implement mandate in order to accomplish governmental goals. This includes executive mechanisms, coordinating mechanisms, cooperative agreements, judicial and legislative mechanisms that all facilitate delivery by government machinery. Intergovernmental relations can thus be defined as the binding force or the interactions, relationships and the conduct of officials between governmental activities. Isioma (2010) infer that the goal of intergovernmental relations is to authorise governmental activities through synergy, effectiveness and efficiency in delivering services, to sustain democracy and strengthen delivery capacity across all spheres of government for the common good. Intergovernmental relations also involve the harmonious interaction among the levels of government in order to build mutual relationship among them and avoid intergovernmental conflict. One way of building this harmonious relationship is through state-local relation.

STATE-LOCAL RELATIONS AND INTERNALLY GENERATED REVENUE

States are constituent political entities, which shares sovereignty with the Federal Government. In the 1999 Nigerian Constitution, powers not granted to States (residual list) or shared with the federal government (concurrent list) are reserved for the federal government (figure 1). State government is a level of government which can also be referred to as a constituent unit of the central government. Local government on the other hand, is the third tier of government nearest to the grassroot. Table 1 shows the distribution of legislative list among the federal, state and local governments in Nigeria.

Table 1: Distribution of Legislative list/Expenditure Responsibilities among the Federal, State and Local Governments in Nigeria

S/N	Legislative List/Expenditure Responsibilities	Level(s) of Government Assigned
1.	Defence, Police and other Security Services Foreign Affairs, Immigration, International Trade including export marketing Aviation, Railways, Shipping, Federal Trunk Roads Currency, Banking, Borrowing, Exchange Control Postal Service, Use of Water Resources, Elections Regulation of Labour, Interstate Commerce Telecommunication, Mines and Minerals, Nuclear Energy Citizenship and Naturalisation Rights Social Security, Insurance, Price Control National Statistical System (Census, Births, Deaths, etc.) Guidelines and Basis for Minimum Education Business Registration	Federal only
2.	Health, Social Welfare Education (Post-Primary/Technology) Culture, Antiquities, Monuments, Archives Statistics, Stamp duties Commerce, Industry Electricity (Generation, Transmission, Distribution) Research Surveys	Federal-State Shared
3.	Residual Power, i.e., any subject not assigned to federal or local government level by the Constitution	State only
4.	Economic Planning and Development Health Services Land use, Pets Control and regulation of advertisements Small businesses, Markets, Public Conveniences Social welfare, Sewage and Refuse disposal Registration of Births and Deaths Marriages Primary, Adult and Vocational Education Development of Agriculture and Natural Resources	Local Government

Source: 1999 Constitution of Federal Republic of Nigeria

State-local relation is a synergic relationship that promotes cooperation, coordination, and collaboration. This synergy has been effective in other nations of the world through the provision of social services and critical infrastructure as a result of their cooperation in raising revenues. Due to the complex nature of governance in the public sphere, it becomes imperative for state and local governments to work together for the interest of the society in order to bring dividends of good governance to the people. This call for efficient cooperation, coordination and collaboration between them because, according to Anyanwu (1999), the state and local governments in Nigeria have a restricted capacity to rely on their own resources because they have limited tax responsibilities. Hence, many state and local governments rely on the federation account for their revenues.

Abiola and Ehigiamusoe (2014) describe internally generated revenue as the revenue federal, state and local governments generate within their respective areas of jurisdiction. Anyanwu (1999) elaborate further that each tier of government is assigned revenue (tax) powers in order to differentiate between revenue powers generated by a level of government, but shared by that level of government as well as other levels of government. Oladimeji (1985) describe revenue as the total income generated from federal, state and local government needed to provide public services. Fayemi (1991) define revenue as income accruing to government treasury such as taxes, rates, fees, fines, duties, penalties, rents, dues, proceeds and other receipt of government to which the legislature has the power of appropriation.

Revenues accruing to government treasury could be internal and external. Internally Generated Revenue (IGR) denotes the revenue that the federal, state and local governments generate within their respective areas of jurisdiction (Abiola & Ehigiamusoe, 2014). Whereas external revenues are those borrowed or released in the form of grants from international institutions marked for specific purposes. Erhagbe (2014) portray internally generated revenue as the creation of tangible and intangible funds within the confines of one's entity. It is a combination of all non-governmental monetary accruals to the institution and may involve diverse strategies. This means that not all funds expended on critical infrastructure are borrowed or derived through Government allocation or grant or from aid. Internally Generated Revenues (IGR) are revenues generated by States within the Nigerian federation, independent of their share of revenue from the federation account. The various sources of internal revenue available to state governments and local includes taxes, fines and fees, licenses, earnings and sales, transport tickets, rent on government property, interests and dividends, among others.

Majority of the constituent units (state and local governments) in Nigeria depends solely or majorly on the allocation from federation account. The dependence on federation account has rendered all tiers of government incapacitated from being able to sustain themselves as in other federations in the world. The inability of the state and local governments to survive on their own outside the federation account has given rise to various agitations for restructuring of the country through devolution of more revenue and expenditure functions to state and local governments. This is imperative due to their closeness to the communities and people, and they will be in better position to deliver social services and critical infrastructure to the society. Despite the numerous sources of revenues available to the three tiers of government as specified in the 1999 Constitution of Nigeria as shown in figure 1, the state and local governments have failed to utilise this opportunity. Kiabel and Nwokah (2009) observed that there is need for state and local governments to generate adequate revenue from internal sources, and this has assumed a matter of extreme urgency and importance. The Initiatives (2008) listed several areas of national development that revenue mainly from internally generated revenue can impact positively. They include social infrastructure such as education with emphasis on continuing education and constantly improving health care, physical infrastructure such as energy, transportation, and security to enable private sector investment. Deloitte (2019) emphasised improvement in taxpayer education and orientation because many taxpayers cannot differentiate between the various types of taxes that they are supposed to pay.

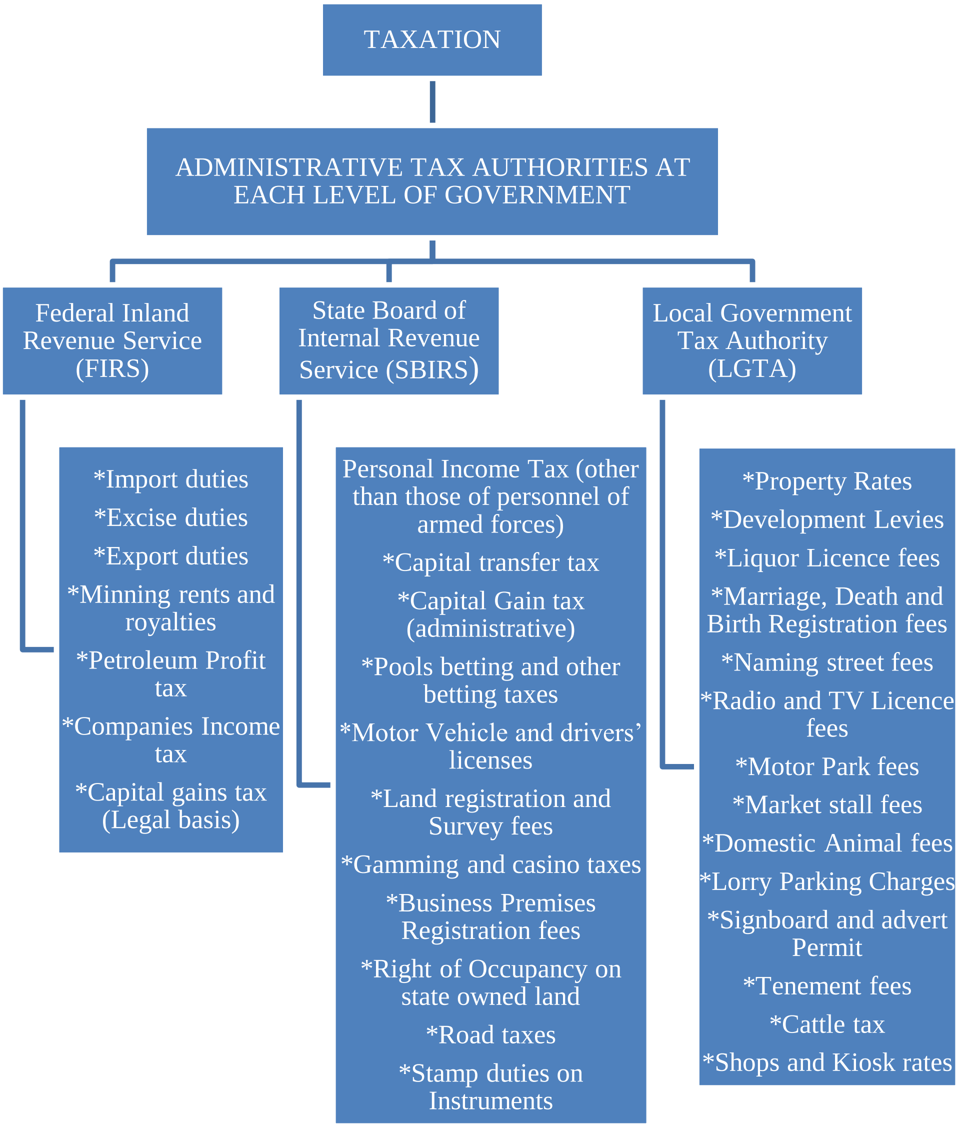

Figure 1: Sources of Revenue available to the three Tiers of Government in Nigeria
Source: Author's Adaptation

METHODOLOGY

The study employed survey design in collecting data from Ministry, Department and Agencies (MDAs) of state and local governments saddled with the responsibility of revenue management. One state was purposively selected in each of the six geopolitical zones in Nigeria. The selected states are those with the lowest internally generated revenue in each of the geopolitical zones from 2018 - 2020. Two local government areas (LGAs) were randomly selected from the chosen states based on urban and rural demography. Also, State Ministry of Finance, State Board of Internal Revenue, and the Local Government Tax Authority were purposively selected. The purposively selected states were Nassarawa state (North-central), Taraba state (North-east), Kebbi state (North-west), Ebonyi state (South-east), Bayelsa state (South-south), and Ekiti state (South-west). Also the urban and rural LGAs selected include Lafia and Eggon (Nassarawa state), Jalingo and Ussa (Taraba state), Birnin-Kebbi and Shanga (Kebbi state), Afikpo and Izzi (Ebonyi state), Yenagoa and Nembe (Bayelsa state) and Ado-Ekiti and Gbonyin (Ekiti state). Structured questionnaire and oral interviews were utilised in generating data from 387 respondents, and data collected were subjected to descriptive statistics analysis such as mean scores and inferential statistics analysis such as regression. Secondary data was obtained from National Bureau of Statistics (NBS).

EFFECTIVENESS OF STRATEGIES EMPLOYED BY STATE AND LOCAL GOVERNMENTS FOR IMPROVING INTERNALLY GENERATED REVENUE

Every government generates revenue mostly through tax, and in order to maximise revenue that is generated, governments employ some strategies. Table 3 shows results of respondents on effectiveness of strategies employed by state and local governments in order to generate more revenue. The result of the analysis is presented in mean scores of each of the item analysed through the 5-point Likert scale. Mean score lower than the average 2.5 indicates that the strategy is not effective, while mean score of 2.5 to 3.0 indicate moderately effective, while mean score of 3.1 to 3.9 is very effective, and mean score of ≥ 4.0 is highly effective.

The result shows that payment of taxes through banks is very poor in the north-eastern states ($\bar{X}=1.75$), and north-western states ($\bar{X}=1.92$), but very effective in the north-central states ($\bar{X}=3.13$), and highly effective in the south-eastern states ($\bar{X}=4.19$), south-southern states ($\bar{X}=4.14$) and south-western states ($\bar{X}=4.26$). This is attributed to the fact that many of the public service employees and private sector organisations are highly literate, and they and their employees pay their taxes through the banks into government treasuries in the north-central, south-east, south-south and south-west. A Director in Kebbi State Ministry of Finance attributed the poor revenue from individuals in the region to culture and that a lot do not deposit their funds in banks but keep their funds at home, farms or bury them somewhere. Table 2 shows internally generated revenue for all the states in Nigeria from 2018 to 2020. Taxes that attract huge revenues are pay as you earn (PAYE) and those of Ministries, Departments and Agencies (MDAs) and are revenues paid directly to banks. Results in table 3 reveal that south-west, south-south, and the north-west are the geopolitical zones with highest internally generated revenue respectively; and Lagos, Rivers, Ogun, Delta, Kaduna and Kano states are states with highest internally generated revenue respectively, and they are from three geopolitical zones.

The result also reveals that demanding tax clearance certificate before approving certificate of occupation (C of O) to residents as a strategy of improving internally generated revenue is very poor in the north-eastern states ($\bar{X}$=1.92), and poor in north-central ($\bar{X}$=2.13) and north-western states ($\bar{X}$=2.17), but highly effective in the south-eastern states ($\bar{X}$=4.25), south-southern states ($\bar{X}$=4.27) and south-western states ($\bar{X}$=4.36). A Director in a state ministry of lands in Nassarawa state adduced the reason to elevation of the traditional institution in the northern part of the country by placing them in charge of land, implies that land for any purpose is purchased from them. This means that up in the northern part of the country, majority of the state governments are not taking advantage of issuing certificate of occupancy as a lucrative source of tax revenue, which is usually on the high side.

The result likewise indicates that direct deduction of tax from emolument or remuneration of federal, state and local government employees as a strategy of improving internally generated revenue is highly effective in the north-eastern states ($\bar{X}$=4.18), north-central ($\bar{X}$=4.23) north-western states ($\bar{X}$=4.26), south-eastern states ($\bar{X}$=4.32), south-southern states ($\bar{X}$=4.38) and south-western states ($\bar{X}$=4.46). Since the three levels have a large workforce, the use of technology in deducting their income tax from the source before they are paid their salaries through the pay as you earn (PAYE) system, accounts for the highly effective scale as well as responsible for high internally generated revenue of most of the state governments.

The result affirms that prosecution of tax defaulters for failure to produce tax certificate as a strategy of improving internally generated revenue is very poor in the north-eastern states ($\bar{X}$=1.86), north-central ($\bar{X}$=1.91) and north-western states ($\bar{X}$=1.86), however, it is moderately effective in south-eastern states ($\bar{X}$=2.78), south-southern states ($\bar{X}$=2.63) and south-western states ($\bar{X}$=2.85). This implies that the non-prosecution of tax defaulters in northern Nigeria is responsible for the low internally generated revenue in the region. Presentation of tax clearance certificate is a mechanism meant to improve internally generated revenue by enforcing citizen's willingness to paying taxes. However, there is racketeering and abuse of tax clearance certificate through collaboration between tax defaulters and officials of tax administration agencies.

In the same vein, result discloses that creating awareness and sensitizing the populace on the tax payment as a strategy of improving internally generated revenue is below average in the north-eastern states ($\bar{X}$=2.32), north-central ($\bar{X}$=2.41) and north-western states ($\bar{X}$=2.27), while, it is above average in south-eastern states ($\bar{X}$=3.34), south-southern states ($\bar{X}$=3.16) and south-western states ($\bar{X}$=3.86). This means that that tax evasion may be attributed to weak awareness, therefore there is need for the levels of government to embark on massive awareness and sensitization campaign in order to shore up their internally generated revenue.

Furthermore, adequacy of logistics for the agency of government responsible for tax administration as a strategy of improving internally generated revenue is below average in the north-central ($\bar{X}$=2.09), very poor in north-eastern states ($\bar{X}$=1.81), and north-western states ($\bar{X}$=1.77), while, it is average in south-eastern states ($\bar{X}$=2.88), south-southern states ($\bar{X}$=2.76) and south-western states ($\bar{X}$=2.94). This indicates that agencies of government need more logistics to be able generate more revenues.

The result also, acknowledges that training and retraining of staff of agency of government responsible for tax administration as a strategy of improving internally generated revenue is below average in the north-central ($\bar{X}$=2.27), very poor in north-eastern states ($\bar{X}$=1.64), and north-western states ($\bar{X}$=1.71), while, it is average in south-eastern states ($\bar{X}$=2.79), south-southern states ($\bar{X}$=2.71) and south-western states ($\bar{X}$=2.65). The result establishes that staff of agency of government responsible for tax administration have not been adequately sent on training and retraining in tax administration. Finally, the results reveals that frequent and regular on the spot check for tax clearance as a strategy of improving internally generated revenue is below average in the north-central ($\bar{X}$=2.27), very poor in north-eastern states ($\bar{X}$=1.64) and north-western states ($\bar{X}$=1.71), while, it is average in south-eastern states ($\bar{X}$=2.79), south-southern states ($\bar{X}$=2.71) and south-western states ($\bar{X}$=2.65).

Table 2: Internally Generated Revenue at State Level from 2018-2020 (=N=Billion)

S/N	Geopolitical Zones & States	2018 (=N=billion)	2019 (=N=billion)	2020 (=N=billion)
1.	North-central:			
	Benue	11.215	17.850	10.463
	Kogi	11.334	16.389	17.357
	Kwara	23.046	30.646	19.604
	Nasarawa	7.566	10.858	12.476
	Niger	10.432	12.765	10.524
	Plateau	12.726	16.480	19.122
	TOTAL	**76.319**	**104.988**	**89.546**
2.	North-east:			
	Adamawa	6.204	9.704	8.329
	Bauchi	9.690	11.696	12.502
	Borno	6.524	8.175	11.578
	Gombe	7.343	6.803	8.537
	Jigawa	9.246	12.926	8.667
	Taraba	5.968	6.533	8.114
	Yobe	4.382	8.494	7.779
	TOTAL	**49.357**	**64.281**	**65.506**
3.	North-west:			
	Kaduna	29.446	44.956	50.768
	Kano	44.107	40.593	31.819
	Katsina	6.961	8.496	11.399
	Kebbi	4.881	7.367	13.778
	Sokoto	18.762	19.005	11.796
	Zamfara	8.206	15.416	18.499
	TOTAL	**112.363**	**135.883**	**138.059**
4.	South-east:			
	Abia	14.834	14.769	14.376
	Anambra	19.305	26.369	28.009
	Ebonyi	6.144	7.455	13.591
	Enugu	22.145	31.069	23.650
	Imo	14.584	16.095	17.081
	TOTAL	**77.312**	**95.757**	**96.707**
5.	South-south:			
	Akwa-Ibom	24.210	32.291	30.696
	Bayelsa	13.636	16.342	12.180
	Cross River	17.552	22.597	16.183
	Delta	58.439	64.678	59.732
	Edo	28.425	29.478	27.184
	Rivers	112.780	140.398	117.189
	TOTAL	**255.042**	**305.784**	**263.164**
6.	South-west:			
	Ekiti	6.465	8.546	8.716
	Lagos	382.181	398.732	418.988
	Ogun	84.554	70.922	50.749
	Ondo	24.788	30.135	24.848
	Osun	10.381	17.922	19.668
	Oyo	24.635	26.746	38.042
	TOTAL	**533.004**	**553.003**	**561.011**

Source: Adapted from National Bureau of Statistics, 2018-2020

GALAXY INTERNATIONAL INTERDISCIPLINARY RESEARCH JOURNAL (GIIRJ)
ISSN (E): 2347-6915
Vol. 9, Issue 7, July (2021)

Table 3: Effectiveness of Strategies Employed by State and Local Governments in Improving Internally Generated Revenue in Oyo State

S/N		NC Mean Score ($\bar{X}$)	NE Mean Score ($\bar{X}$)	NW Mean Score ($\bar{X}$)	SE Mean Score ($\bar{X}$)	SS Mean Score ($\bar{X}$)	SW Mean Score ($\bar{X}$)
1.	Payment of taxes through the banks	3.13	1.75	1.92	4.19	4.14	4.26
2.	Demanding tax clearance certificate before approving certificate of occupation (C of O) to residents	2.13	1.92	2.17	4.25	4.27	4.36
3.	Direct deduction of tax from emolument or remuneration of federal, state and local government employees	4.23	4.18	4.26	4.32	4.38	4.46
4.	Prosecution of tax defaulters for failure to produce tax certificate	1.91	1.86	1.83	2.78	2.63	2.85
5.	Creating awareness and sensitizing the populace on the need to pay tax	2.41	2.32	2.26	3.34	3.16	3.86
6.	Providing the needed logistics for the agency of government responsible for tax administration	2.09	1.81	1.77	2.88	2.76	2.84
7.	Training and retraining of staff of agency of government responsible for tax administration	2.27	1.64	1.71	2.79	2.71	2.65
8.	Frequent and regular on the spot check for tax clearance certificate administration	1.89	1.84	1.79	2.47	2.52	2.49

Source: Author's Field Report, 2021

Note: NC-North-central; NE-North-east; NW-North-west; SE-South-east; SS-South-south; SW-South-west

EFFECT OF STATE-LOCAL RELATIONS ON INTERNALLY GENERATED REVENUE IN NIGERIA

Collaboration between state and local governments is expected increase internally generated revenue in Nigeria, however, data on internally generated revenue from 2018-2020 (Table 3) showed that there is no significant increase in the internally generated revenue of states within the period. Tables 4 and 5 shows the effect of state-local relations on internally generated revenue in Nigeria.

The result as shown in tables 4 and 5 revealed that state-local relations have not improved strategies for internal revenue mobilisation in the entire states and geopolitical zones of the country (Nasarawa: $\beta = .026$, $t = .365$, $p>.05$; Taraba: $\beta = .016$, $t = .222$, $p>.05$; Kebbi: $\beta = .014$, $t = .391$, $p>.05$; Ebonyi: $\beta = .018$, $t = .130$, $p>.05$; Bayelsa: $\beta = .012$, $t = .574$, $p>.05$; Ekiti: $\beta = .027$, $t = .600$, $p>.05$). This claim indicate that state-local relations have not significantly influenced the strategies for internal revenue mobilisation in the country. Some Directors at the selected States Ministry of Finance and State Board of Internal Revenue, Internal Auditors in the selected local governments and Head of Accounts in the Local Government Tax Authority infer that the state and local governments are unable to mobilise adequate revenue in the form of fees and taxes including rates, rents, royalties and registration, as well as licensing fees and all those revenues which are specified in the sixth schedule of the Local Government Act to help achieve its obligations of providing public goods and services.

The result (Nasarawa: $\beta = .197$, $t = 1.936$, $p>.05$; Taraba: $\beta = .277$, $t = 2.175$, $p<.05$; Kebbi: $\beta = .299$, $t = 2.168$, $p<.05$; Ebonyi: $\beta = .257$, $t = 3.372$, $p<.05$; Bayelsa: $\beta = .311$, $t = 2.536$, $p<.05$; Ekiti: $\beta = .334$, $t = 2.638$, $p<.05$) also showed that the level of implementation of fiscal policy in Nigeria do not guarantee autonomy of local government to generate revenue internally. This assertion proved true for all the states with varying degrees of undermining of local government autonomy. With the extent of undermining being highest in Taraba, Nasarawa and Kebbi States, whereas it is a bit high in Ebonyi, Bayelsa and Ekiti States respectively. The implementation of fiscal policy has led to the undermining of local government autonomy due to the operation of the State Joint Local Government Account System that tend to empower state governments at the expense of local governments. This has constrained the fiscal independence of local governments. State governments disburses funds allocated from the federation account into the State Joint Local Government Account to local governments. Thus, state governments do not disburse what is due to local governments thereby weakening local government autonomy. This result affirms the assertions of Awotokun (2009), Asaju (2010) and Lawson (2011) who argued that constitutional anomaly accounts for the poor implementation of fiscal policy as it affects fiscal relationship and jurisdictional distribution of powers in Nigeria.

State-local relations in Nigeria did not induce decline in their internally generated revenue. (Nasarawa: $\beta = .053$, $t = 1.464$, $p>.05$; Taraba: $\beta = .079$, $t = 1.456$, $p>.05$; Kebbi: $\beta = .107$, $t = 1.557$, $p>.05$; Ebonyi: $\beta = .139$, $t = 1.884$, $p>.05$; Bayelsa: $\beta = .012$, $t = 1.456$, $p>.05$; Ekiti: $\beta = .136$, $t = 1.567$, $p>.05$). This affirmation alludes to the fact that state-local relations has improved internally generated revenue as a result of collaboration and cooperation between states and their local governments. This vertical relationship has rather helped to improve the internally generated revenue. Though some state governments hijacked revenue functions of local governments, nevertheless, they are able to increase their internally generated revenue because they mobilise their more qualified, competent and well trained personnel compared to that of the local government to embark on the revenue drive. The result is in agreement with Adeyemo (2005); Asaju (2005); Awotokun (2005); and Ikeanyibe (2016) declaration who acknowledged that the constitutional provisions are clearly not complied with in the state-local government relationship in Nigeria.

Similarly, the results (Nasarawa: $\beta = .065$, $t = .952$, $p>.05$; Taraba: $\beta = .031$, $t = .709$, $p>.05$; Kebbi: $\beta = .068$, $t = .989$, $p>.05$; Ebonyi: $\beta = .073$, $t = 1.040$, $p>.05$; Bayelsa: $\beta = .114$, $t = 1.340$, $p>.05$; Ekiti: $\beta = .115$, $t = 1.566$, $p>.05$) also shows that the current measure of fiscal decentralisation encourage drive for internally generated revenue in Nigeria. This acknowledgement attest to the fact that the present measure of fiscal decentralisation does not support or spur internally generated revenue. Nevertheless, the current measure of fiscal decentralisation concentrates high yielding revenue heads and allocate the average and low yielding revenue heads to the state and local government respectively. This implies that balancing of fiscal powers among the various tiers of government means that each tier of government has adequate capacity to carry out the fiscal responsibilities assigned to it. Fiscal decentralisation will enhance capacity building among the lower tiers of government.

In the same vein, the results further revealed that state-local relations in Nigeria have not improve transparency and accountability in the management of internally generated revenue (Nasarawa: $\beta = -.018$, $t = -.130$, $p>.05$; Taraba: $\beta = -.080$, $t = -.644$, $p>.05$; Kebbi: $\beta = -.106$, $t = -.793$, $p>.05$; Ebonyi: $\beta = -.183$, $t = -1.535$, $p>.05$; Bayelsa: $\beta = -.122$, $t = -1.136$, $p>.05$; Ekiti: $\beta = -.212$, $t = -1.715$, $p>.05$), and this has made negative impact on internally generated revenue of states and local governments in the country. Some Directors in the selected local governments were of the view that state-local relations have not promoted transparency and accountability in the management of internally generated revenue, disbursement of funds to local governments and in providing expenditure profile carried out on behalf of the local government by state governments. Furthermore, they also admitted that the expenditure profile of local governments is shrouded in secrecy, and lacks every clue of transparency and accountability. The magnitude of corruption, poor internal control, bad attitude to public service has exacerbated lack of fiscal transparency in the management of internally generated revenue and expenditure.

With regards to effect of training and retraining on quality of staff of tax administration agencies, the result (Nasarawa: $\beta = .048$, $t = .652$, $p>.05$; Taraba: $\beta = .096$, $t = .695$, $p>.05$; Kebbi: $\beta = .029$, $t = 1.219$, $p>.05$; Ebonyi: $\beta = .007$, $t = .100$, $p>.05$; Bayelsa: $\beta = .088$, $t = .614$, $p>.05$; Ekiti: $\beta = .118$, $t = 1.530$, $p>.05$) is statistically not significant. This imply that state-local relations in Nigeria have not enhanced quality of staff of tax administration agencies through training and retraining. Inadequacy of competent and qualified staff is confronting states and local tax administration agencies. The majority of staff of these agencies are not well trained, thus they are ill equipped in efficient budgetary and financial management systems. Senior staff of State Board of Internal Revenue and the Local Government Revenue Committee admitted that staff of these agencies have not attended training and retraining for about seven years indicating that staff have not been updated with application of relevant technology on tax administration

The effect of state-local relations on promoting high incidence of corruption in the administration of internally generated revenue is statistically significant (Nasarawa: $\beta = .335$, $t = 3.016$, $p<.05$; Taraba: $\beta = .069$, $t = 2.231$, $p<.05$; Kebbi: $\beta = .089$, $t = 2.478$, $p<.05$; Ebonyi: $\beta = .081$, $t = 2.094$, $p<.05$; Bayelsa: $\beta = .050$, $t = 2.006$, $p<.05$; Ekiti: $\beta = .277$, $t = 2.175$, $p<.05$). this indicates that state-local relations have increased high incidence of corruption in the administration of internally generated revenue in Nigeria. Corruption has continued to grow due to bad leadership, weak institutional measures, poor implementation of the ethical code and employing processes that discourages rent-seeking opportunities by minimising physical interaction between taxpayers and tax officials. Also, many of the tax officials do not remit the exact amount collected. This result corroborated the outcome of Ekweremadu (2012) position, who established that state governments have taken advantage of the State-Joint-Local Government Account as a drain pipe for siphoning of local government funds, rather than be a tool for interdependent fiscal relations. Fabiyi and Atoyebi (2019) also aver that state government employs defects in the laws to spend funds belonging to the local government in executing projects on behalf of the local governments. State governments go to the extent of using local government funds to buy tractors, ambulances and even cars for police patrol without the consent of the local government authorities. Though, the state joint local government account was established in order to strengthen interdependent fiscal relations, however, the state governments have interfered into the activities of local government by spending their funds without consulting with local governments.

In like manner, the results (Nasarawa: $\beta = .066$, $t = .975$, $p>.05$; Taraba: $\beta = .160$, $t = 1.188$, $p>.05$; Kebbi: $\beta = .088$, $t = .661$, $p>.05$; Ebonyi: $\beta = .084$, $t = 1.470$, $p>.05$; Bayelsa: $\beta = .201$, $t = 1.881$, $p>.05$; Ekiti: $\beta = .165$, $t = 1.381$, $p>.05$) indicated that state-local relations in Nigeria have not enhanced institutional arrangement for financial transfers management. The extent and variation differs from state to state and from geopolitical zone to geopolitical zone as indicated by the result. As shown by the results, the inability of state-local relations in Nigeria to enhance institutional arrangement for financial transfers management is higher in Kebbi, Nasarawa, and Taraba states, while it is milder in Bayelsa, Ebonyi, and Ekiti states. This could be attributed to the non-adherence to fiscal rules that ensure that the needed institutional framework required to promote fiscal discipline and fiscal policy coordination are implemented. This result was in consonance with the position of Obikeze and Obi (2004), who opined that local governments have been neglected, politicised, marginalised and neglected when it concerns strengthening institutional arrangement for financial management as it affects intergovernmental relations.

Furthermore, with regards to impact of state-local relations in Nigeria on improving administrative efficiency of internally generated revenue (Nasarawa: $\beta = .016$, $t = .222$, $p>.05$; Taraba: $\beta = .026$, $t = .686$, $p>.05$; Kebbi: $\beta = .014$, $t = .428$, $p>.05$; Ebonyi: $\beta = .022$, $t = .597$, $p>.05$; Bayelsa: $\beta = .031$, $t = .709$, $p>.05$; Ekiti: $\beta = .064$, $t = .547$, $p>.05$) the result shows that it is statistically not significant. This result corroborated the findings of Anyanwu (2008), who argued that state and local governments can increase their internally generated revenue above what they currently earn by improving their administrative efficiency in revenue collection from already existing revenue sources, increase the rate of existing taxes, and broaden revenue base of by initiating new types of taxation. However, while the federal and state governments have increased the rate of taxes in order to broaden the revenue base of the levels of government, they have not improved administrative efficiency, hence corruption continues to persist thereby leading to leakages in revenue. This was reiterated by some officials of the State Board for Internal Revenue Service and Local Government Revenue Committee that these agencies require urgent reform to enhance its administrative efficiency in order to cut loses in revenue due to leakages and corruption.

The result of the study (Nasarawa: $\beta = .063$, $t = 2.635$, $p<.05$; Taraba: $\beta = .070$, $t = 2.378$, $p<.05$; Kebbi: $\beta = .077$, $t = 2.219$, $p<.05$; Ebonyi: $\beta = .456$, $t = 4.593$, $p<.05$; Bayelsa: $\beta = .108$, $t = 1.970$, $p<.05$; Ekiti: $\beta = .119$, $t = 3.586$, $p<.05$) acknowledges that state-local relations in Nigeria have improved internally generated revenue. The result reveals that the improvement in internally generated revenue differs from state to state depending on strategies employed by the states and their local governments. The increase experienced in the internally generated revenue is not as a result of state-local relations but as a result of urbanisation and as a result of government increasing taxes. This result contradicts the inference of Bahl and Smoke (2003), who acknowledged the ineffectiveness of state and local governments to effectively collect revenue assigned to them. The result was consistent with Alao, Osakede, and Owolabi, (2015) assertion that both state and local governments have not effectively exploited sources of revenue assigned to them. Rather, they relied on allocation from federation account; and state governments have taken over tax assignments such as large markets, naming of street, and tenement rate among others under the jurisdiction of local government that are high yielding revenues taxes or levies.

Table 4 Regression Analysis showing Effect of State-Local Relations on Internally Generated Revenue in Northern Nigeria

S/N		States and Geopolitical Zone	B	Std. error	t	p
1.	State-Local relations has strengthened strategies for internal revenue mobilisation	Nasarawa (NC) Taraba (NE) Kebbi (NW)	.026 .016 .014	.071 .072 .037	.365 .222 .391	.716 .825 .696
2.	The level of implementation of fiscal policy do not guarantee autonomy of local government to generate revenue internally	Nasarawa (NC) Taraba (NE) Kebbi (NW)	.197 .277 .299	.102 .128 .138	1.936 2.175 2.168	.056 .031 .032
3.	State-Local relations has induced decline in their internally generated revenue	Nasarawa (NC) Taraba (NE) Kebbi (NW)	.053 .079.1 07	.036 .055 .068	1.464 1.456 1.557	.144 .147 .121
4.	Current measure of fiscal decentralisation does not encourage drive for internally generated revenue	Nasarawa (NC) Taraba (NE) Kebbi (NW)	.065 .031 .068	.069 .043 .068	.952 .709 .989	.342 .479 .324
5.	State-Local relations has improved transparency and accountability in the management of internally generated revenue	Nasarawa (NC) Taraba (NE) Kebbi (NW)	-.018 -.080 -.106	.139 .124 .201	-.130 -.644 -.793	.897 .521 .430
6.	State-Local relations has enhanced quality of staff of tax administration agency through training and retraining	Nasarawa (NC) Taraba (NE) Kebbi (NW)	.048 .096 .029	.074 .138 .024	.652 .695 1.219	.515 .489 .226
7.	State-Local relations has high incidence of corruption in the administration of internally generated revenue	Nasarawa (NC) Taraba (NE) Kebbi (NW)	.335 .069 .089	.111 .031 .036	3.016 2.231 2.478	.003 .028 .015
8.	State-Local relations has enhanced institutional arrangement for financial transfers management	Nasarawa (NC) Taraba (NE) Kebbi (NW)	.066 .160 .088	.068 .135 .134	.975 1.188 .661	.332 .237 .510
9.	State-Local Relations has improved administrative efficiency	Nasarawa (NC) Taraba (NE) Kebbi (NW)	.016 .026 .014	.037 .072 .033	.222 .686 .428	.825 .494 .669
10.	State-Local Relations has improved internally generated revenue	Nasarawa (NC) Taraba (NE) Kebbi (NW)	.063 .070 .077	.024 .029 .035	2.635 2,378 2.219	.010 .020 .029

Source: Author's Field Survey Computation

Table 5:Regression Analysis showing Effect of State-Local Relations on Internally Generated Revenue in Southern Nigeria

S/N		States and Geopolitical Zone	B	Std. error	t	p
1.	State-Local relations has strengthened strategies for internal revenue mobilisation	Ebonyi (SE) Bayelsa (SS) Ekiti (SW)	.018 .012 .027	.139 .021 .044	.130 .574 .600	.897 .568 .550
2.	The level of implementation of fiscal policy do not guarantee autonomy of local government to generate revenue internally	Ebonyi (SE) Bayelsa (SS) Ekiti (SW)	.257 .311 .334	.076 .123 .126	3.372 2.536 2.638	.001 .013 .010
3.	State-Local relations has induced decline in their internally generated revenue	Ebonyi (SE) Bayelsa (SS) Ekiti (SW)	.139 .160 .136	.074 .135 .087	1.884 1.188 1.567	.061 .237 .120
4.	Current measure of fiscal decentralisation does not encourage drive for internally generated revenue	Ebonyi (SE) Bayelsa (SS) Ekiti (SW)	.073 .114 .115	.071 .085 .073	1.040 1.340 1.566	.299 .181 .119
5.	State-Local relations has improved transparency and accountability in the management of internally generated revenue	Ebonyi (SE) Bayelsa (SS) Ekiti (SW)	-.183 -.122 -.212	.119 .107 .121	-1.535 -1.136 -1.715	.129 .259 .091
6.	State-Local relations has enhanced quality of staff of tax administration agency through training and retraining	Ebonyi (SE) Bayelsa (SS) Ekiti (SW)	.007 .088 .118	.069 .143 .077	.100 .614 1.539	.921 .541 .127
7.	State-Local relations has high incidence of corruption in the administration of internally generated revenue	Ebonyi (SE) Bayelsa (SS) Ekiti (SW)	.081 .050 .277	.039 .025 .128	2.094 2.006 2.175	.037 .048 .031
8.	State-Local relations has enhanced institutional arrangement for financial transfers management	Ebonyi (SE) Bayelsa (SS) Ekiti (SW)	.084 .201 .165	.057 .107 .124	1.470 1.881 1.381	.143 .064 .187
9.	State-Local Relations has improved administrative efficiency	Ebonyi (SE) Bayelsa (SS) Ekiti (SW)	.022 .031 .064	.038 .043 .116	.597 .709 .547	.551 .479 .586
10.	State-Local Relations has improved internally generated revenue	Ebonyi (SE) Bayelsa (SS) Ekiti (SW)	.456 .108 .119	.099 .056 .033	4.593 1.970 3.586	.006 .053 .001

Source: Author's Field Survey Computation

CONCLUSION

The present study sought to contribute to the analysis and evaluation of relationship between state - local relations and internally generated revenue. The paper resolved that a number of strategies and government programmes aimed at improving internally generated revenue have not been very effective and that state-local relations have been very poor in mobilising revenue in the form of fees, taxes and rates, licensing fees and all other revenues. The implementation of fiscal policy did not guarantee autonomy of local government to generate revenue internally, which has further resulted in the subversion of local government autonomy through the operation of State Joint Local Government Account System, leading to empowerment of state governments at the expense of local governments as a result of weak institutional measures, poor implementation of ethical code and lack of autonomy for local governments.

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