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## Decentralization and Public Service Delivery in Nigeria

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Nigeria's efforts to decentralize its government system are aimed at improving service delivery. However, access to important social and economic services remains limited, especially for rural populations. The deficiencies in service delivery have been exacerbated by a strong urban bias in development policies and growing fiscal imbalances among the three tiers of government: national, state, and local. In particular, Nigeria faces a challenge in efficiently and effectively delivering agricultural and rural services at the local level to help the agricultural sector grow and alleviate poverty. To overcome this challenge, research suggests that the subnational governments, especially local governments, must be empowered with adequate tax and revenue authority to carry out their jurisdictional responsibilities. This brief summarizes existing knowledge on the decentralization of public service delivery to Nigeria's rural sector.

### Institutional Arrangements for Public Service Delivery

Nigeria's federal system of political administration is enshrined in its constitution and has important implications for the country's fiscal system and economic management. The constitution assigns expenditure responsibilities for essential public services and revenue authority to all three levels of government. Agriculture is considered a *concurrent activity*: the federal and state governments have powers to legislate and implement policies while the local governments are often responsible for the management of the services.

While payment responsibilities sometimes overlap between levels of government, revenue allocation remains skewed in favor of the federal government. This results in a mismatch between the amount allocated to the subnational government, and their spending needs, which leads to fiscal imbalances. In this respect, decentralization in Nigeria could be characterized as devolution of public functions

without adequate transfer of revenue generation and allocation power.

In addition, the current institutional arrangement allows money to leak for other purposes, potentially limiting the funding and quality of service delivery. For example, it is estimated that total government spending in the health sector (public and private) exceeds 6 percent of GDP, rather high by international standards, however health outcomes remain extremely poor, with infant and maternal mortality rates at 110 and 8 per 1,000 births, respectively, in 2005. Likewise, the federal government spent about N270 billion (or about US\$ 2 billion) on electricity between 2001 and 2005, yet power shortages remain a major development constraint and a critical social problem.

Public service delivery worsens at the subnational level, especially at the level of local government. Table 1 indicates that the state and local government share of the Federation Account stood at 24 percent and 20 percent, respectively since March 1992. This pattern of allocation may reflect

the failure of the revenue allocation mechanism to respond to the changing service delivery needs of the lower tiers of government.

**Table 1: Vertical Revenue Allocation in Nigeria**

Level of Government	1981 Revenue allocation Act (%)	Babagida Administration (%)			Abacha Administration (%)	Civilian Administration (5)
		Jan. 1990	Jan. 1992	March 1992	1993-1998	1999-2008
Federal	55.0	50.0	50.0	48.5	48.5	48.5
State	30.5	30.0	25.0	24.0	24.0	24.0
Local	10.0 p	15.0	20.0	20.0	20.0	20.0
* Special Fund	4.5	5.0	5.0	7.5	7.5	7.5
Total	100	100	100	100	100	100

*Note:* The special fund, administered by the President, takes care of ecological problems, funds to mineral producing areas as well as stabilization of the economy.

Overall, the service delivery system at the local government level is characterized by a lack of capacity to deliver, unclear guidelines on the devolution of responsibilities, a lack of administrative and fiscal autonomy, and substantial spending inefficiency.

## Policy Environment

In 2004, the Nigerian government developed the National Economic Empowerment and Development Strategy (NEEDS), to guide Nigeria's development, replacing the medium-term and rolling plans. NEEDS, which covers various policies relating to public service delivery for the key economic sectors, is complemented at the state level by State Economic Empowerment and Development Strategy (SEEDS) and at the local level by Local Economic Empowerment and Development Strategy (LEEDS). The broad goals of NEEDS include reorienting national values, reducing poverty, creating wealth, and generating employment. Along with NEEDS (now replaced by the Seven Point Agenda), the National Agricultural Policy Thrust, National Water Supply and

Sanitation Policy, National Health Policy, National Electric Power Policy, National Telecommunication Policy, Universal Basic Education Policy, National Energy Policy, among others, are in place to ensure efficient service delivery.

Notwithstanding the good intentions of these various policies, access to and provision of public services are beset by numerous operational problems that have inhibited the attainment of set targets and goals.

Apart from the education and health sectors, most of these policies are not gender-sensitive. Even in the agricultural sector, where women make up the majority of subsistence farmers and food processors, policies tend to focus on male farmers, with the expectation that women and men will benefit equally. Recognizing the gender differences in access to water, roads, and other rural services could go a long way to enhance their delivery.

In addition, although NEEDS and other policy strategies recognize the need for active participation of the private sector in service delivery, the federal government continues to dominate in the direct provision of services, justifying its heavy involvement on the grounds of market failures and weak institutional arrangements at the subnational levels.

## Access To, Use of and Satisfaction With Economic and Social Services

Rural services, including economic and social services, are a necessary foundation for growth and development, and their access and availability could contribute to pro-poor growth through improved productivity and reduced transaction costs. Invariably, the benefits of rural infrastructure services depend on accessibility by the beneficiaries.

Table 2 shows the distribution of access, use and satisfaction with some basic services in Nigeria. Clearly, there is a rural-urban disparity in access to these basic services. For example, the percentage of urban households having access to electricity is twice as large as that of households in rural areas.

The available empirical evidence has shown that socioeconomic characteristics of households correlate with their access to social and economic services. Thus investing in social and economic services is critical for households to improve their socioeconomic status. For example good roads and market infrastructure can help a farm family become more market-oriented, because they ease the burden of transporting farm produce, and improve economic mobility between farm and markets. In addition, paved roads may facilitate access to health and education services by reducing travel time and user cost.

Despite the acknowledged role of economic and social services in poverty reduction, the rural areas of Nigeria are still characterized by inadequate and poor social infrastructure, which is partly responsible for the increased cost of producing, processing, and marketing food in rural areas. Infrastructure is particularly poor with respect to transportation, telecommunication, water supply, and electricity supply, imposing a heavy cost on agricultural production. Inadequate investment in rural infrastructure is the result of insufficient budgetary appropriation, fraudulent diversion of budgetary funds, and inefficiencies resulting from mismanagement

**Table 2. Access to Water, Sanitation, Health and Communication Facilities (%)**

	National	Rural	Urban
Access to water	85.2	80.9	93.6
Access to Improved Water	51.4	40.0	73.4
Access to Safe Sanitation	57.6	47.6	77.0
Access to Improved Waste Disposal	16.1	4.8	38
Access to Electricity Supply	55.2	38.9	86.6
GSM Ownership	28.0	15.2	52.8
Access to Primary Education	75.9	71.9	86.7
Satisfaction with Access to Primary	58.3	54.5	66.7
Access to Secondary Education	47.3	37.5	69.3
Satisfaction with Access to Secondary	56.6	51.6	64.9
Access to Medical Services	55.1	47.8	70.9
Use of Medical Services	8.1	7.8	8.8
Satisfaction with access to Medical	67.0	62.7	75.1

### Impact of Access to Rural Services

The impacts of appropriate service delivery on rural livelihoods are well established in the literature, and can be summarized as follows:

Rural **infrastructure** is not an end in itself, but a means to achieving the broader goals of poverty reduction and economic growth. Important infrastructure services like water, energy, education, health-care, transport, and telecommunications in Nigeria come at relatively high costs in rural communities. These costs are referred to in the literature as one of the most important factors constraining access to and utilization of social and economic services by the poor.

The livelihoods of rural people are greatly affected by being able to participate in **factor and product markets**. The extent to which rural households can participate in labor and credit markets is a major determinant of poverty rates among households. The principal and perhaps the only asset the poor has is their own labor. Therefore, unhindered access or entry into the rural labor market by the poor provides an opportunity to exchange labor for cash or farm produce thereby generating income to meet cash needs. Participation in the food markets and nonfarm employment also provides opportunities of generating incomes.

Access to **credit markets** helps households overcome credit constraints and facilitates investment in productive assets, thereby increasing productivity. Also, access to a credit market permits consumption to be smoothed over time.

Furthermore, policies designed to improve the functioning of markets for non-labor **farm inputs** such as fertilizers, insecticides, herbicides, veterinarian services, seed, and modern farm implements is likely to increase agricultural productivity for farmers and therefore incomes, and provide opportunities for landless workers to increase their labor incomes . A substantial portion of rural-urban migration is motivated by opportunities for nonfarm employment in urban areas

Studies have found a link between the access to rural services and growth in agriculture. However, there is some empirical evidence that suggests access to rural services would also stimulate growth in non-farm income and employment. The dominant view in the literature is that growth in

agriculture and growth in rural nonagriculture complement and reinforce each other in raising incomes of the rural people. However, the extent of complementarities and synergies between the sectors depends on the nature and density of rural infrastructure and the strengths of rural-urban linkages. For example, paved road infrastructure will not only ease transportation burden on the poor but can also facilitate access by rural dweller to health and education facilities.

In conclusion, efficient public service delivery to men and women through an efficiently managed decentralized system could help reduce poverty by improving productivity, promoting market participation and enhancing incomes, reducing food insecurity, aiding access to health and education facilities and above all, engendering economic growth.

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