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Revenue Generation and Local Government autonomy issues in Anambra State

Fidelia Ifeyinwa Nzekwe-Chinwuko[1]
[1]Department of Public Administration, Chukwuemeka Odumegwu Ojukwu University Igbariam, Anambra State, Nigeria, fideliachinwuko@gmail.com

Corresponding Author: fideliachinwuko@gmail.com

Abstract: Local governments in Nigeria are often described as the closest tier to the people, yet many of them struggle to meet even basic developmental expectations. In Anambra State, this struggle is shaped largely by how revenue is raised, who controls it, and how much freedom councils actually have to make financial decisions. The study used a descriptive survey design to examine revenue generation across six local governments in Anambra State, covering Awka North, Idemili North, Aguata, Nnewi North, Anambra East, and Onitsha North. A projected population of 1,919,000 served as the study population. Using the Taro Yamane formula at a 5 percent margin of error, a sample size of 400 was determined and proportionally distributed across the LGAs. Data were collected through a validated and reliable structured questionnaire, supported by secondary sources. Analysis employed descriptive statistics and multiple regression using SPSS 20 at a 5 percent significance level to test hypotheses and identify revenue generation patterns. The gender distribution showed more female respondents [210; 58 percent] than males [153; 42 percent]. Analysis of five infrastructure indicators revealed generally low implementation levels. Palliatives on feeder roads scored low extent [33.5 percent], agro-allied implements also low [24.9 percent], and borehole water moderate [40.3 percent]. Primary healthcare outreach recorded moderate extent [28.4 percent], while environmental sanitation showed very low extent [42.5 percent]. Respondents rated infrastructure provision as low [46.16 percent], moderate [20.54 percent], and high [33.30 percent]. Hypothesis testing showed a significant negative relationship between lack of autonomy and infrastructure provision [t=1.628; p=0.002], leading to rejection of the null hypothesis. The study concludes that strengthening local government autonomy is not merely a reform proposal; it is essential for improving revenue performance and enabling more responsive, development-oriented administration at the grassroots.

Keyword: Revenue Generation, Local Government Autonomy, Fiscal Capacity, Governance, Anambra State.

INTRODUCTION

Local governments constitute the tier of government closest to the people, making them central to grassroots development, service delivery, and participatory governance. However, in many developing contexts such as Nigeria, persistent tensions surrounding revenue generation and autonomy have undermined their effectiveness. The core problem lies in the structural, financial, and political constraints that hinder local governments from generating adequate revenue and exercising genuine autonomy needed to deliver essential public services. As a result, local governments often depend heavily on federal and state transfers, making them vulnerable to political manipulation, inadequate funding, and over-centralisation (Bello & Samuel, 2023).

Revenue generation is a crucial determinant of local governments' capacity to perform statutory responsibilities, which include rural roads, primary healthcare, sanitation, and community development. Despite constitutional provisions granting local governments access to internally generated revenue and statutory allocations, actual fiscal independence remains limited. State governments, through joint state-local government accounts, often exert significant control over these funds, reducing local discretion and weakening fiscal autonomy (Obisanya & Hassan, 2022). This structural arrangement restricts local governments' ability to plan, budget, and implement development projects that address local needs.

Internally generated revenue (IGR) represents a potentially stable source of financing, yet most local governments struggle to harness it effectively. Factors such as weak tax administration, inadequate data on taxable residents, corruption, and limited economic activities within rural councils constrain the collection of revenue from markets, motor parks, property rates, and business licenses (Idowu et al, 2022). Additionally, informal sector dominance in most localities reduces the taxable base, further weakening fiscal viability. Even when revenue is collected, leakages and poor accountability often result in low remittances to local treasuries.

Local government autonomy issues are deeply rooted in political dynamics. Although the constitution identifies the local government as the third tier of government, its operational independence is frequently undermined by state interference. State governors influence administrative decisions, including the appointment or removal of local government chairpersons, often through caretaker committees rather than democratically elected councils (Nwaodike et al, 2025). This politicisation reduces democratic accountability and affects the legitimacy of local administrations. Without autonomy in governance, local councils become extensions of state political interests rather than instruments for grassroots development.

The absence of meaningful fiscal autonomy continues to intensify developmental constraints within local governments. Persistent concerns such as the mismanagement of the joint account system and inconsistent release of statutory allocations weaken the capacity of councils to initiate and sustain capital projects (Asaju, 2023). Evidence shows that a significant portion of local government revenue is often channelled toward recurrent obligations such as salaries, leaving minimal resources for infrastructural development. This pattern reflects wider governance challenges in Nigeria, where institutional inefficiencies hinder effective resource utilization (Okonkwo and Idigo, 2022). Related political analyses show that structural governance limitations frequently obstruct efforts at promoting development at the local level (Mokuye et al, 2023). In addition, the weak financial base of many local authorities aligns with national concerns about inadequate resource mobilization, particularly in areas where internally generated revenue remains poorly harnessed (Onwunyi et al, 2023). As a result, these fiscal and administrative imbalances aggravate underdevelopment and reduce public confidence in local governance structures.

Furthermore, overlapping functions between state and local governments create confusion, duplication, and conflict. For example, while local governments are responsible for primary education and healthcare, state governments often intervene in these areas, leading to shared responsibilities and blurred accountability. Such overlap limits the ability of local governments to plan effectively and discourages innovation in revenue mobilization (Ade & Onamiakhiase, 2025).

The motivation for examining revenue generation and local government autonomy issues in Anambra State stems from persistent structural, fiscal, and administrative constraints that continue to limit the developmental capacity of local councils. Although local governments are constitutionally established to promote grassroots development, several studies show that they remain financially dependent on higher tiers of government due to weak internal revenue systems and limited fiscal discretion (Gogo & Ochiga, 2025). In Anambra State, anecdotal evidence suggests that challenges such as inadequate tax data, leakages in revenue collection, and political interference through the joint account system weaken councils' financial sustainability. However, existing literature tends to focus on national-level analyses, leaving state-specific dynamics underexplored (Obisanya & Hassan, 2022).

There is also insufficient empirical investigation into how state-level administrative practices shape autonomy and revenue outcomes, particularly in relatively economically active states like Anambra. Studies highlight that local government autonomy remains largely theoretical, with state authorities exerting control over financial decisions, thus reducing councils' ability to execute development projects that reflect local priorities (Aggreh et al, 2022). These gaps provide strong justification for a focused study on Anambra State to generate context-specific insights that can inform reforms aimed at strengthening grassroots governance and sustainable revenue systems.

Objective

To examine the effects of non absolute local government autonomy on performance of local governments in the provision of infrastructure facilities in local governments in Anambra state for the period 2015 to 2024;

Research Question

What are the effects of non absolute local government autonomy on performance of local governments in the provision of infrastructure facilities in local governments in Anambra State for the period 2015 to 2024?

Hypothesis

There is no significant relationship between non absolute local government autonomy and performance of local governments in the provision of infrastructure facilities in local governments in Anambra State for the period 2015 to 2024?.

METHOD

The study adopted a descriptive survey research design, selected for its suitability in systematically describing phenomena as they exist and identifying relationships among variables within real-life contexts. This design was appropriate because it enabled the researcher to draw a representative sample from a large population, obtain extensive information from respondents, and explore patterns and trends in revenue generation across urban, semi-urban, and rural local governments. It also provided the foundation for deeper empirical inquiry into the drivers of revenue performance within Anambra State's local governments.

The area of the study comprised six (6) local government areas representing the three senatorial zones of Anambra State—Awka North, Idemili North, Aguata, Nnewi North, Anambra East, and Onitsha North. Within these LGAs, several communities were selected to ensure adequate geographical representation. These included Achalla, Amansea, and Mgbakwu in Awka North; Obosi, Nkpor, and Ogidi in Idemili North; Ekwulobia, Amesi, Uga in Aguata;

Otolo Nnewi, Umudim in Nnewi North; Aguleri, Nsugbe in Anambra East; and Onitsha GRA, Inland Town and Federal Housing in Onitsha North. This broad spatial coverage enabled a balanced evaluation of revenue generation patterns from 2015 to 2024. The population of the study was projected at 1,919,000 people, based on the 2006 census figures and uniform population growth assumptions across LGAs (Nwosu & Okafor, 2014). Using this projection, the researcher captured the total number of persons residing within the six selected LGAs, representing the group from which insights into revenue performance were drawn.

To determine an appropriate sample size, the Taro Yamane formula was applied using a 5% margin of error. Substituting the population of 1,919,000 into the formula yielded a sample size of 400 respondents. A purposive sampling technique was used to select respondents who were knowledgeable and relevant to the study's focus on revenue generation. Bowley's proportional allocation formula was subsequently applied to distribute the 400 questionnaires across the LGAs based on their population sizes, resulting in the following distribution: Awka North (33), Idemili North (128), Aguata (111), Nnewi North (46), Anambra East (45), and Onitsha North (37). This ensured proportional representation of residents across different population densities.

Both primary and secondary data sources were utilized. Primary data were obtained through structured questionnaires administered in the six LGAs. Secondary data were sourced from library materials, journals, textbooks, and existing publications on local government finance. For data collection, a structured questionnaire with two sections was used. Section A captured demographic information, while Section B contained closed-ended items measured on a 5-point Likert scale ranging from Very Low Extent (1) to Very High Extent (5). The structured nature of the instrument minimized response variability and aligned the questions with the study's research objectives.

Validity of the instrument was established through expert review. Copies of the questionnaire were given to consultants in statistics and the study supervisors to assess clarity, relevance, content coverage, and appropriateness of language. Their recommendations were incorporated into the final version, ensuring both face and content validity. Reliability was determined through the test-retest method, involving repeated administration of the questionnaire to selected respondents in the study area at different times. The high similarity in responses confirmed the instrument's reliability. Data analysis involved both descriptive and inferential statistics. Frequencies and percentages were used for demographic data, while multiple regression analysis using the Ordinary Least Squares method was applied to test hypotheses and answer research questions. Analyses were conducted with SPSS version 20. Key statistical tools included F-statistics, coefficients of determination (R^2), and regression coefficients. A 5% significance level was used to accept or reject hypotheses based on probability values.

RESULTS AND DISCUSSION

Table 1: Gender Distribution of the Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Female	210	58.0	58.0	58.0
Male	153	42.0	42.0	100.0
Total	363	100.0	100.0	

Table 1 showed the gender distribution of the respondents. The result indicates that 210 respondents representing 58.0% were female while the remaining 153 respondents accounting for 42.0% were male. This indicates that there are more female respondents than male respondents in the selected Local Government Areas in Anambra State. This tends to imply that 58% females and 42% male of the population were studied.

Table 2: Analysis of Lack of local government autonomy and provision of infrastructure facilities in local governments in Anambra State?

SN	Question Items	Very Low	Low	Moderate	High	Very High	Remark
1)	Palliatives on feeder roads and culverts	27 (8.8%)	105 (33.5%)	87 (27.8%)	61 (19.5%)	33 (10.5%)	Low extent
2)	Provision of agro-allied implements such as fertilizers and pesticides	34 (10.9%)	78 (24.9%)	71 (22.7%)	66 (21.1%)	64 (20.4%)	Low extent
3)	Provision of borehole water	29wate3%)	126 (40.3%)	67 (21.4%)	63 (20.1%)	28 (8.9%)	Moderate extent
4)	Facilitation of primary healthcare outreaches using volunteer Doctors & Nurses	36 (11.5%)	106 (33.9%)	48 (15.3%)	89 (28.4%)	34 (10.9%)	Moderate extent
5)	Carry out environmental cleanup and sanitation services	45 (14.4%)	133 (42.5%)	33 (10.5%)	66 (21.1%)	36 (11.5%)	Very low extent
	Cumulative % Average Response	54.9/5 **10.98%**	175/5 **35.02%**	97.7/5 **19.54%**	110.2/5 **22.04%**	51.3/5 **10.26%**	Low extent

Source: Statistical Package for Social Science, version 20 (SPSS 20)

Results of the baseline information on the status of lack of local government revenue generation autonomy and provision of infrastructure facilities in Anambra State is presented on Tables 2. Five question items were used to capture the extent of the effect of lack of local government autonomy and provision of infrastructure facilities in local governments in Anambra State. The results scored low extent for revenue generation and provision of palliatives on feeder roads and culverts; Revenue generation and provision of agro-allied implements such as fertilizers and pesticides also scored low extent; while Revenue generation and provision of potable water infrastructure such as boreholes had moderate extent; Revenue generation and primary healthcare outreaches using volunteer Doctors and Nurses also scored moderate extent; whereas Revenue generation and environmental cleanup and sanitation services scored very low extent. The summarized result showed that the respondents scored the government 46.16% on low level of infrastructure facilities provision in Anambra State; 20.54% on moderate implementation and 33.30% high implementation. This showed that majority of the respondents posit that the provision of infrastructure facilities in Anambra State is low.

Hypothesis:

Ho_1: There is no significant correlation between lack of local government's autonomy and provision of infrastructure facilities in the local governments in Anambra State

H_{i1}: There is significant correlation between lack of local governments autonomy and provision of infrastructure facilities in the local governments in Anambra State

The test of null hypothesis one is done using the t-test (1.628; $p > 0.00$). Since the p.value is less than 0.05 level of significance, the study rejects the null hypothesis. It therefore concludes that lack of local governments autonomy has significant negative (coef = 0.053, t=1.628; $p = 0.002$) influence on provision of infrastructure facilities in the local governments in Anambra State

Discussion

The result on objective one of the studies revealed that lack of local government revenue generation autonomy has a significant negative influence on the performance of local governments in the provision of infrastructure facilities in Anambra State. The findings agreed with the notion that revenue generation autonomy issues as examined in Aggreh and Nworie, (2022) has the capacity to significantly influence performance of local governments in the provision of infrastructure facilities.

The major autonomy question is the interference of the other tiers of government (especially the state governments) in the affairs of local governments in Nigeria, which in indeed is disturbing, (Obi, 2010). According to him, state governments have usurped all lucrative, elastic and collectible revenue sources such as: Motor parks fees, water rates, motor vehicle license fees, building plans approval fees, signage fees, business premises fees, etc; leaving local government with very low ceiling revenue windows such as birth and death certificate registration fees, local government letter of identification fee, rural streets approval/renewal fees etc.

In his words, local government autonomy does not necessarily mean absolute independence, rather it implies what Obikeze and Nwodu (2010), relying on the view of the defunct Center for Democratic Studies, see as the relative discretion which local governments enjoy in regulating their own affairs. Their view is premised on the argument that since the federal, state and local governments rule over the same population, and if they must achieve their individual and collective objectives, there must be definition of the boundaries of operation of each as well as areas of relations.

It may not be an overstatement to say that the 1999 Constitution is the main constraining element on local government autonomy. In the first instance, section 7(1) of the Constitution states that: The system of local government by democratically elected local government councils is under this constitution guaranteed, and accordingly the government of every state shall, subject to section 8 of this constitution, ensure their existence under a law which provides for the establishment, structure composition and functions of such councils. The implication of the above section 7(1) of the Constitution according to Obi (2010), is that the various state governments are fully in control of the local governments. The question remains whether it is appropriate to subject elected officials to the control of other elected officials? Who are they answerable to? Is it the electorates or the other superior elected officials that also enjoy a different mandate.

Even with the recent supreme court order and subsequent elections of local government chairmen across the federation of Nigeria in 2024, the question of local government autonomy remains a huge challenge especially as it concerns the ability of local governments to generated revenue to take care of their constitutional responsibilities to their grassroots. Thus, for the local governments in Anambra state and Nigeria at large to perform effectively, they should be given absolute autonomy and made accountable to their electors, and not to somebody else.

CONCLUSION

The study underscored how deeply the question of autonomy shapes the performance of local governments in Anambra State. Across the six LGAs examined, the evidence pointed to a clear pattern: when local governments lack control over their own revenue sources, their capacity to provide even the most basic infrastructure tends to weaken. The low ratings recorded in areas such as feeder roads, agro-allied support, sanitation, and other community services reflected this constraint. Only a few sectors, like borehole provision and healthcare outreach, showed moderate implementation, yet even these fell short of what communities require.

The statistical results reinforced this reality, demonstrating a significant negative relationship between non-absolute autonomy and infrastructure provision. What this suggests is that the current framework, where state governments retain decisive power over major revenue streams, leaves local governments operating with restricted fiscal space and limited discretion. These structural constraints keep undermining their ability to meet local needs effectively. The study therefore concludes that meaningful development at the grassroots will remain difficult unless local governments are granted fuller autonomy over their finances and administrative decisions. Strengthened autonomy would not only improve internally generated revenue systems but also promote more responsive, accountable, and predictable service delivery. For Anambra State, and indeed Nigeria more broadly, empowering local governments remains essential for bridging infrastructure gaps and restoring public confidence in the third tier of government.

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