

Revenue generation and service delivery of the Anambra state local government system, an appraisal

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Abstract

The main reason for the establishment of local government system is to provide basic necessities of life to the rural dwellers. For the local government to discharge this function effectively, adequate fund is required. This study therefore examined the impact of revenue generation on service delivery of Anambra state local governments. The study revealed that factors such as poor collection mechanism, corruption among revenue collectors, lack of qualified and competent personnel, lack of awareness among the rural dwellers among others hinders the local government from generating adequate revenue for service delivery. The findings of the study showed that poor revenue generation negatively impacts on local government service delivery. It however recommended for the autonomy of the local government system and also that the joint account between the state and local government be abolished

Keywords

Local Government,
Revenue Generation,
Service Delivery,
Local Government
Autonomy.

1.1 Introduction

Local government operates at the lowest level of the human society. It works at the grassroot level close to the people, touching their everyday life. This is because no other level of government whether federal or state is as near to the people as the local government. It is a level of government that is older than the other levels of government because governance in the human society started with the organization of the people into small communities.

However, one of the major reasons for the creation of the local government system the World over is for the provision of public goods to the people at the grassroot. It is to help improve on the socio-economic and political life of the rural people. To Akhakpe,

Fatile and Igbokwe-Ibeto (2012) no human society is assumed to be developed unless some of the important indicators of good living conditions which will enhance their ability and capacity for a positive change in their ways of life are evident and present at the grassroot level where about 70% of Nigerians reside. Also, no country in the world can claim to have developed when greater number of her citizens are living below poverty line which is very common in the rural areas in Nigeria.

Based on the above postulations, in order to ensure the provision of public goods at the rural areas to alleviate the sufferings of vast majority of the people, there is need for efficient and effective local government

system to provide the needed services to the people. To achieve this objective of making the local government to be effective, government carried out a uniform reform in 1976. With this therefore, the 1976 local government reform could be said to have laid the foundation for the emergence of a modern local government system, that serve as a machinery for even and accelerated development and democratic processes at the grassroot. It is therefore, a deliberate attempt to ensure greater participation of the local people in the development process, promote balanced development so that the third tiers/level of government will be more responsive to the development initiatives of the rural communities and also to encourage the people to take part in managing their local public affairs. Apart from the 1976 local government reforms aimed at making the local governments to be effective in delivering social services to the people, the 1979 constitution of Nigeria also recognized the existence of the third tier of government as it guarantees in section 8 for the existence of a third tier level of government which provides for its establishment, structure, composition, finance and functions.

However, for the local government to be seen as a level of government guaranteed by the constitution of Nigeria, it performs such functions as provision of local roads, markets, motor parks, agricultural services, primary and adult education, health services, rural electrification, water supply. Indeed, for the local government to discharge the above functions effectively, it requires adequate revenue. According to Ogunna (1996) fund is the live-wire of any human organization as it serves as a lubricating element which greases and makes administrative machine of an organization move. This study however examined the impact of revenue generation on service delivery of Anambra state local government.

1.2 Meaning of local government

Local government has been conceived and constituted in different ways by various scholars. To this end, the united Nations Division of public Administration defined local government as a political subdivision of a nation (or in a federal system, a state) which is constituted by law and has substantial control of local affairs, including powers to impose taxes or exact labour for prescribed purposes. It is also seen as a branch of government that is closet to the people. It is seen as a medium through which the people participate actively in grassroot government and for the provision of social services to the people (Mukoro, 2003).

To Awotokun (2005) local government was not only accorded its place of pride in the socio-economic wellbeing of the people, but was also seen as a way of bringing government close to the people. It is a political authority which is purposely created by law or constitution for local communities by which they manage their local public affairs within the limits of the constitution. Emezi (1984) opined that local government is a system of local administration under local communities that are organized to maintain law and order, provide some limited range of social amenities and encourage cooperation and participation of inhabitants towards the improvement of their condition of living. With this, it provides the communities with formal organizational framework which helps them in no small way to conduct their affairs efficiently for the general good of the people. To Nwanegbo and Okafor (2005), local government is defined as a political subdivision of a state which has a legal existence under the law and is run by elected representatives of the local people, with substantial autonomy in administrative and financial affairs. They are of the view that local government has a corporate personality which can sue and be sued with perpetual succession. With this therefore, it means local government exists where elections are to take place as at when due to enable the people have a direct or indirect participation in the matters that concern the people. It is a viable instrument for the delivery of social services to greater percentage of the rural masses in any given country. It is the type of government usually set up by the central authority or state government as a means of carrying out effective administration at the grassroot. It therefore provides a veritable opportunity for the people at the grassroot level to participate in local decision making and local schemes with the general national policies.

To the political Bureau (1987) local government is widely seen as a viable instrument for rural transformation and for the delivery of social services to the people. This level of government is designed to perform this function because of its nearness to the people at the grassroot. Those at the grassroot are only able to understand and recognize local government since they are able to feel the impact in their everyday life. The 1976 guideline for local government reform defines local government as government at the local level exercised through representative council established by law to exercise powers within defined areas. These powers should give the council substantial control over local affairs (including staffing) and institutional and financial powers to

initiate and to determine and implement projects so as to compliment the activities of the state and federal government in their areas and ensure through devolution of functions to those council and through the active participation of the people and their traditional institutions and local initiative and response to local needs and conditions are maximized.

The above view however suggests that the local government in Nigeria is established as the third tier of government which is protected by the constitution comprising of democratically elected representatives of the people whose main purpose is to provide essential goods to the people at the grassroot. The International Union of local authorities defined local government as that level of government with constitutionally defined rights and duties to regulate and manage public affairs, which are constitutionally defined for the executive interest of the local population. They however argued that these rights and duties shall be exercised by individuals that are freely elected or appointed with the full participation of the elected body. To Appadorai (1975) local government is seen as a government by the popularly elected bodies charged with administrative and executive duties in matters concerning the inhabitants of a particular district or place. Indeed a complex nation such as Nigeria with its ethnic groups within a divergent and diverse culture requires a high degree of decentralization which can only be achieved through the establishment of local authorities.

Nevertheless, the justification for the establishment of local government is based on the socio-economic and political mobilization towards solving the problems of the rural people. Due to its far distance from both state and federal government, this level of government is established to bring governance closer to the people since it is believed that government that is close to the people are more likely to understand the challenges of their existence. As noted by Chukwuemeka, Ananti and Okoye (2018), the rural areas in Nigeria are faced by total lack of basic infrastructure and where they exist, they are totally inadequate.

1.3 Local government revenue generation

Finance, as they say is the lifewire of any human organization. Ogunna (1996) pointed out that finance is the lubricating element which greases and makes the administrative machine of any government move. This is very important as local government have numerous functions to perform in order to provide social services

to the rural dwellers so as to enhance their living condition. However, one of the greatest challenges of the Nigeria local government system in the provision of basic necessities of life in the rural areas is the dwindling revenue generation caused by annual deficits and insufficient funds for meaningful growth and development of their localities. Local governments are the only level of government that is very close to the people at the grassroot, hence they are expected to strategically play a significant role in alleviating the sufferings of the people caused by with lack of public goods. According to Ogunna (1996), the three major factors responsible for determining the availability of revenue to the local government are dependent on the following i.e. the size of the local government areas, the scope of functions allocated to the local government and the policy of the National government on the role of the local government in community development.

Nevertheless, the internal revenue sources of the Nigeria local government include all monies which are generated by the local government from their various undertakings. Funds generated through these sources are generally seen as internally generated revenue (IGR). The 1999 constitution however provides that the local governments have the power to generate funds from these sources for executing its diverse programmes. These includes various Taxes such as community poll tax, development levy, taxes on special services such electricity, water, night guards. Rates such as tenement rates, penalty, local license fees and fines i.e. bicycle fee, canoe licence fee, Dog licence fee, truck licence fee, liquor fee, taxi/motocycle fee, permit fees, Bus/Commercial vehicle fees, Hawker permit fees, palm wine tapper/seller fees, slaughter fees, abattoir fees, eating house fees, kiosk fees, cattle dealers fees, cold room licence fees, dried fish/meat licence, bakery house licence, marriage registration fees, naming of street fees, mobile sales promotion fees, cinema fees, movies permit fees, radio/television fees, beach permit fees, night soil disposal fees, birth and death registration fees, vault fees, earning from environmental sanitation fees, pest control fees, burial fees, laboratory test fees, general contractor fees, sand dredging fees, panel beater licence fees, vulcanizer licence fees, laundry registration fees, mechanic and car licence fees, block making licence fees, car wash licence fees, wood-making and carpentry licence fees, grinding mill licence fees, rice mill and cassava licence fees, radio/television licence fees, welding machine licence fees, painting, spraying licence fees,

hairdressing/barbing saloon licence fees, Photostat/typing licence fees, clock, watch repair licence fees, photo studio licence fees, sawmill licence fees, corn grinding licence fees, iron rod and seller licence fees.

Also revenues from fines such as vehicles/car parking violations. Earnings from commercial undertaking such as sales of agricultural products and transport services and rent from local government chairs and canopies, and government buildings among others. The above are some of the revenue windows of the Nigeria local government system as provided by the 1999 constitution of Nigeria that should be harnessed by local governments. The internally generated revenue are to be used to augment the external source of revenue to the local government to be used in the delivery services to the people at the grassroots.

1.4 Problems of revenue generation in the local government system in Nigeria

The ability of the Nigerian local government to provide public goods to the people at the grassroots level depends largely on the availability of fund. This goes with the saying that fund is the livewire of any human organization. However, Felix and Uno (2018) argued that the poor revenue outing of the local government system in Nigeria which in no small way hinders the provision of public goods to the rural dwellers is not new. According to them, this opinion was held by Adekunle (2007) when he lamented that this problem could be traced to the colonial pattern of personal recruitment into the local government which is largely based on political consideration and this continued in the post colonial Nigeria.

However, scholars are of the view that a lot of factors are responsible for poor revenue generation of the Nigerian local governments. Some of these factors include

1. Absence of reasonable tenement worthy of evaluation and ratings. In some rural local government areas in Nigeria, there is total lack of tenements to be evaluated. This problem according to Ogunna (1996) is common with markets, parks, that are located in the rural areas and as such yields very poor revenue since they are not developed. Due to the poor revenue base of some rural areas in Nigeria occasioned by total lack of basic necessities of life, has resulted to high rate of migration from rural to urban centres by the people in search of greener pastures. According to Olusola

(2011), the local government in Nigeria is bedeviled with poor environmental state, poor market infrastructures, poor state of roads, deteriorating nature of public schools and poor medical facilities. All these are as a result of poor revenue to augment the external source of revenue so as to be able to execute programmes that will enhance the standard of living of rural dwellers. To Amechi (2012) as a result of lack of adequate revenue to carry out some of its programmes, the Nigeria local government system has not really helped in facilitating rapid development at the grassroots which is the main reason for establishing local government since it is the only government close to the grassroots people. This is why Oluwatobi (2003) opined that the failure of the local government to fulfill its mandate to the people are caused by lack of adequate resources. To him, this lack of adequate revenue to discharge its constitutional function are caused by the usurpation of the powers of the local government to raise revenue by the state government.

2. Inability of the various state government in Nigeria to remit to the local government 10% of their internally generated revenue as provided by the constitution. Uhunmwangho and Aibieyi (2013) in Ola and Tonwe (2005) however lamented that the refusal by the state government to remit their 10% internally generated revenue to the local government negatively affect the revenue base of the local government system and as such hinders its capacity to execute some developmental projects that will impact meaningfully on the life of the rural dwellers.

3. Bureaucratic Control. Another reason for the poor revenue generation of the Nigerian local government is excessive bureaucratic control by the ministry of local government and chieftaincy affairs of the state government. Ojukwu, Okeke and Obiora (2014) however lamented that the ministry of local government are in the habit of causing unnecessary delays in issuing receipts, birth certificates, and other revenue documents needed by these local governments in discharging their functions as they indirectly causes unnecessary scarcity of these materials. To make matters worse for the local governments, bye-laws are usually not approved on time and this hinders them from collecting revenues such as taxes, fees and fines.

4. The state governments have taken over all the revenue windows of the local government systems in Nigeria as provided by the constitution. It is sad to note however that the 1999 constitution of Nigeria created some confusion in relation to governance at

the local government level. Section 7 (6b) of the constitution states that the house of assembly of a state shall make for statutory allocation of public revenue to the local councils within the state. Also the section 162(b) provided for the establishment of a joint account between the state and the local government. With this, the state governors capitalized on this and took over all the revenue windows of the local government. Today, state governments collect taxes from major markets in their states and motor parks leaving the local government with ones in the rural areas. Also the state governors usually take over counterpart fund due to the local government and engage in all manner of illegality committed through over deduction of primary school teachers' salary, spurious state/local government joint account, non-payment of pensioners and non utilization of training fund despite deducting these monies. All these illegal dealings are possible through the appointment of caretaker committees or transition committee to manage the affairs of the local government, a practice where the state governors normally appoints their cronies as managers of the local governments. With all these therefore, the local government system in Nigeria is seen as an appendage of the state government.

5. Another problem of revenue generation in the Nigerian local government is corruption among the revenue collectors. According to Anikeze (2010) corruption takes many forms in the public service such as individual corruption to abuse of office by public servants, bribery, inflation of contract sum, extortion, nepotism, kickbacks and gratification. In the Nigerian local government system, there is high incidence of corruption among revenue collectors. Today revenues are collected by officials and in return issue fake receipts, and as such these kind of monies are never remitted into government purse. It was also noted that the unwillingness on the part of the people in the rural areas to pay taxes is as a result of the magnitude of corruption going on in the system, hence there is high incidence of tax evasion among the populace.

6. Poor collection mechanism is another challenge which hinders the local government from generating adequate revenue. Sometimes huge amount of money are spent in collecting very meager amount of money. This is why Ojukwu, Okeke and Obiora (2014) noted that in the local government system, that expenditure to be incurred by the local government in their bid to generate revenue from a particular source often a times is higher than the actual revenue to be generated. Also majority of these rural dwellers are poor farmers who

engage only in subsistence farming who grows crops only for their family consumptions and not for commercial purposes.

7. Another problem which hinders adequate revenue generation in the local government system is lack of qualified and competent staff, while Ojukwu, Okeke and Obiora (2014) were of the view that most revenue officials of the local government for example market managers and evaluation officers lack professional training which will help them perform their immediate task, training at this level of government are seen as a source of additional income as both selection of officers and attendance to training were not taken serious. The effect of this is that the local government system lack adequate and qualified staff.

8. Lack of awareness among local populace poses a great challenge to revenue generation at the local government. The local government system in Nigeria loses most of their revenue due to ignorance on the need for people to pay tax, rates and other fees. In view of this, Ogunna (1996) opined that the negative attitude of the people towards payment of tax, levies and fees that would have increased the revenue of the local government was as a result of lack of basic necessities of life at the grassroot level and also lack of public accountability on how funds are being managed at the local levels. This is because the people do not participate in taking decision that will affect their lives. This is the reason why people see any government business as nobody's business primarily because they were not being carried along (Ananti, Onyekwelu and Okpalaibekwe, 2018).

9. Instability in local government administration occasioned by the appointment of caretaker committee to manage the business of governance at the local government levels. The constant changes by the governors over the affairs of the local government does not give room for long term planning, experiments on solutions of problems, with different alternatives, learn from past mistakes as well to establish a culture of stabilization in managing local affairs. The use of caretakers committee in the local government administration negates the basic principles of democratic governance which allows the people choose who will govern them and negatively affect service delivery of the local government.

The impact of poor revenue generation on service delivery of Anambra state local government system

Local government system anywhere in the world exists to provide public goods to the people at the grassroots. As was noted by Akhakpe, Fatile and Igbokwe-Ibeto (2012) that no human society is said to be developed unless some important indicators of good living condition which will enhance the capacity for effective change are evident in their lives. It is sad to note that even though local government is the nearest level of government to the rural dwellers yet the people are being denied the benefits of enjoying social services that will enhance their wellbeing. Olusola (2011) however lamented the existence of poor environment, deteriorating public school buildings, poor market facilities, poor network of roads and total lack of health facilities. This total lack of basic infrastructures at the grassroots level however encourages rural-urban migration hence compounding the problems of urban areas. Indeed for the Nigerian local government to really serve as an agent of rural transformation, there must be a participatory form of government where the people should take part in taking major decisions that affects them. Nevertheless, the inability of the local government to fulfill the aspiration of the people through the provision of public goods are primarily caused by lack of adequate fund, inappropriate fiscal base, usurpation of the powers of the local government by the state government, corruption, instability in local government administration, lack of qualified and competent staff, absence of reasonable tenements worthy of evaluation, lack of awareness, use of caretaker committees to manage the affairs of the local government among others.

Nevertheless, it is to be pointed out here that the Anambra state local government systems have remained a mere administrative offices rather than service delivery offices as the local government exist only to pay staff salaries. The implication of the above is that the Anamba state local government is seen as an extension of the state ministry of. The local government system in the state must always seek for directive from the state government before discharging any task. The local governments in the state have failed to perform its constitutional roles of providing basic infrastructures to the people. There is poverty, disease, high rate of illiteracy, insecurity, rural-urban migration as a result of lack of infrastructure at the

grassroot level in Anambra state. The ability of the Anambra state local government system in providing the necessary services to the rural dwellers is largely dependent on improved revenue base and a well organized system of collection of the revenue. By way of illustration, the primary health care system in the rural areas in Anambra state is in a state of dilapidation as the rural health centres lack qualified medical personnel and drugs to cater for the wellbeing of the rural people. There is little evidence to show for the provision of health services at the grassroots due to lack of adequate fund. This problem is made complex as both the statutory allocation and the internally generated revenue of the local government has been taken over by the state government as the local government is left with nothing. Also, as part of the functions of the local government in the area of community mobilization for developmental programmes through self-help projects in the rural areas in Anambra state has been very minimal due to lack of funds as many communities in the rural areas do not feel the impact of local government in terms of the provision of basic necessities of life. On the provision of adequate water which the national Water and Sanitation Policy 2004 empowers the local government to establish, operate and maintain rural water supply, it is regrettable to state here that there is total lack of water supply in the rural areas in Anambra state. In some areas where contract for this water projects have been awarded, the projects are usually being abandoned while the contract sum is diverted into private pockets. Today, the Anambra state local government system has abandoned its constitutional roles of provision of roads, scholarships and bursaries, public libraries and reading rooms, agricultural extension services rural electrification projects among others due to lack of adequate fund as no human organization can function effectively without adequate fund. Worse still many communities are not accessible as there is poor network of roads. This therefore makes life difficult for the rural people. This is because many communities in the state do not have motorable roads to transport their agricultural products to the urban market.

Conclusion

This study examined the impact of revenue generation on the provision of social services at the grassroots level in Anambra state. As fund is the livewire of any human organization, the study however identified some of the challenges which hinders adequate revenue generation by the local government to include, state governments takeover of the revenue windows of the local government, bureaucratic control, poor collection mechanism, corruption, instability in local government administration among others. The study however argued that lack of adequate revenue to augment the external financial resources hinders service delivery by the Anambra state local government system.

However, for the local government system in Nigeria to perform their constitutional functions of enhancing service delivery at the rural areas in Nigeria, there should be autonomy of the local government, the notion of managing the affairs of the local government through the use of caretaker committee should be abolished and also the joint account between the state and the local government should also be abolished, so that the local government should enjoy effective utilization of their revenues.

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