

FEDERALISM AND LOCAL GOVERNMENT AUTONOMY IN NIGERIA: IMPLICATIONS ON INTERNALLY GENERATED REVENUE (IGR) IN SAGBAMA LOCAL GOVERNMENT COUNCIL, BAYELSA STATE

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Abstract

Nigeria's local government administration is now dealing with a number of issues. One issue is finding sufficient funding from both the federal and state governments. Additionally, there are issues with obtaining funding from internally generated revenue. These nagging issues are the gears that keep Nigeria's local government administration operating smoothly. The issues include the theft of council funds for personal gain by dishonest tax officials, as well as the infiltration of other tiers of government through the misappropriation of local government monies. Thus, it is imperative that the revenue production of local governments be reviewed. The current study's goals are to assess critically how internally produced money affects local government operations in Sagbama local government area of Bayelsa state, and to establish a nexus between internally generated revenue, and level of development of the case study area. To analyze the machinery of internally generated revenue as well as to review the various sources of internally generated revenue, data were collected from Sagbama Local Government council. The analysis is through descriptive and inferential statistical tools. The descriptive analysis involved the use of simple percentages, tabulation and counts, while inferential statistical method employed, chi-square analytical instrument. It is concluded and recommended that keeping of appropriate accounting records and books, supply of social and economic service, establishment of people oriented projects, staff motivation; training and retraining of revenue officers can set the local government system in the right direction to improving internally generated revenue.

Keywords: Local Government Administration, Internally Generated Revenue, Development, Socio-Economic Development, Corruption, Federalism, and Bureaucracy.

Introduction

The main issue that most local government councils in developing nations like Nigeria face is finding a stable source of funding that will allow them to cover the costs of their many development and administrative initiatives. Experience has revealed that, given the limited internal revenue sources to supplement the federally provided source, local government councils' predicted financial bases have a tendency to become quite unauthentic. The majority of local government councils in Nigeria frequently struggle to raise enough money from inside for their ongoing

development needs. The main issue has often been that they haven't done a good enough job of figuring out and implementing the right plans for growing their internal income sources.

The narrow revenue base within Nigeria's local government system is a significant concern for policymakers and implementers, as it hinders the performance of local councils in promoting rural development and transformation. Infrastructure, including necessities like water, power, roads, and social facilities, is fundamental to economic growth and development, acting as a facilitator in facilitating this process.

According to Akpan & Nnanseh (2013), infrastructure development—including marketplaces, roads, bridges, hospitals, schools, energy, and water supplies—is essential for a country's economic development. In today's globalized world, revenue creation is seen as the cornerstone of infrastructure growth. This study focuses on the impact of internally generated revenue on socio-economic development in Sagbama LGA, Bayelsa States, Nigeria, highlighting the need for government review and planning due to high infrastructure costs and the need for adequate revenue to finance infrastructure development.

This study examines revenue generation and socio-economic development in local government areas like Sagbama, Nigeria. It identifies revenue sources and their impact on development. The research contributes to existing knowledge on revenue and socio-economic development in local government and helps researchers improve IGR. It also highlights the importance of efficient service delivery and the impact of improved revenue generation on overall development.

1.1. Statement of the Problem

Local councils in Nigeria generally lack the capacity to raise corollary fund to address the different challenges facing the people at the grassroots. They are financially dependent on allocation from the Federal government. Though the Nigerian federal system clearly identifies the relationship between the three tiers of government and highlights each responsibility and certain areas of revenue control, Local Governments still rely on revenue distributed from the national government. The local government system is created to help bring development to the grassroots people. It has very critical role to play in this regards. However, it should be stated that the extent to which the local government system achieves its purpose largely dependent on available funds. That is funds not only from external sources which are usually

not sufficient to meet their numerous obligations but also requires other internal revenue sources to raise additional finances. Internally generated revenue is defined as the various sources of revenue available to local councils within their jurisdictional domain to generate additional funds for their use. The goal for internally generated revenue (IGR) at the local government level is to, enable them generate additional revenue to argument funds received from the federal government. Due to the nature of responsibilities of the local councils finance remains a key factor in undertaking a successful and effective delivery of services, programmes and projects at this level of political administration. When properly and effectively administered, IGR of LGs will guarantee financial independence of this lower level of government. However, achieving this desirable objective has remained a mirage and has been a herculean task for local governments in Nigeria.

The practice in Nigeria is that Local governments are financially dependent on both central and state governments for their operations and sustenance. This is in spite of their varied revenue sources; they rely solely on federal funds for worker emoluments and other responsibilities. Internally generated revenue (IGR) plays a crucial role in contributing to public finance at the local government level, as it is the only source they have control over. The creation of a local government council is crucial for its ability to meet grassroots needs and essential for rapid socioeconomic and political development at the grassroots level, complementing state and federal efforts in this regards. However, to be able to satisfy this developmental goal LGs need to be autonomous in political, administrative and financial aspects of their operations. Again, achieving this goal has been challenging for local government councils. Most political officeholders embezzle or misappropriate revenue, contributing to corruption and funding shortages in local government councils. State/local joint accounts often deduct, divert,

and misapply allocations, further reducing funds for local governments. This study examines the political, economic and administrative impediments on local government financial autonomy and the extent to which autonomy enhances the capacity of LGs to increase their internally generated revenue for better service delivery at the grassroots in Nigeria in general and Sagbama LGA in Bayelsa state.

1.3. Objectives of the Study

The study is guided by the following two objectives.

- i. To determine the factors affecting sources of internal revenue generation of Local Government Councils in general, and Sagbama LGA in particular.
- ii. To examine the extent to which financial autonomy enhances the internally generated revenue status of Sagbama LGA.

1.2. Research Questions

- i. What are the factors affecting internal sources of revenue generation in Sagbama LGA?
- ii. To what extent will financial autonomy improve the internally generated revenue status of Sagbama LGA?

2.0. Theoretical Framework and Literature Review:

2.1. Theoretical framework: The General Systems theory

The general systems theory, based on Easton's (1965) work, posits that all systems, including political systems, are interconnected and have subsystems that make up the entire system. This theory is crucial for understanding local government autonomy and socioeconomic growth in rural communities (Okorie, Obasi, Nwosu, Chukwu, 2023). Comprehending the inputs and outputs of a political system is essential, as subsystems rely on the environment for inputs such as resources, supports, and requests to carry out their

functions. According to the idea of systems analysis, the local government structure of a country should have adequate independence to sustain the socioeconomic advancement of rural regions, guaranteeing the best possible operation of the political system as a whole and encouraging the advancement of rural areas (Okorie, et al, 2023; Agwuyai, Ebirim, & Odeyemi, 2013). Reducing the federal government's size can help advance growth in the economy and release national leaders from onerous details. This entails promoting national awareness, enacting socioeconomic policies locally, and reducing control at the epicenter. Increased quality of life, better livelihoods, advancements in society and the economy, and a larger share of the national riches should all be encouraged by the independence of local government.

2.2. Literature Review

2.2.1. Local Government Administration in Nigeria

The local government system remains a significant level of political administration in Nigeria. Its present unified structure and the role it has come to play in grassroots development emerged in Nigeria from the 1976 local government reforms. Prior to the 1976 reforms, the local government system was under the control or jurisdiction of the different regional governments. Thus, each regional government implemented different levels or degrees of control over local governments under its jurisdiction (Okorie, Obasi, Nwosu, Chukwu, Otu & Nwuta, etc.). During this era of existence, local governments were allocated greater responsibilities in such areas as education, health, police, and judicial functions to perform (Otive, 1999).

In the immediate post-colonial era, local governments experienced a transformation in status due to reforms that reduced their autonomy, removed certain responsibilities from them, and usurped their sources of revenue generation by either the central or state governments (Adeyemo, 2005; Asaju, 2010;

Davey, 1991). Local governments were granted a certain degree of financial autonomy, as well as greater freedom and non-interference from other levels of government.

This change in status, especially in 1976, gave the state government authority over the local government system. For instance, the Nigerian federal system's legal recognition of local governments as the third tier, with clearly defined duties aimed at grassroots progress and local governance, was made possible by the 1976 changes. The changes, however, significantly limited local councils' ability to raise money within their purview by limiting their administrative and judicial authority. This shift in status led Otive (1999) to conclude that the changes totally undermined the autonomy of local governments and gave states permission to meddle in their political and administrative operations.

In the same vein, the 1976 reforms were infused into subsequent constitutions of the country. In particular, sections 7 and 8 of the 1999 Constitution of the Federal Republic of Nigeria, as amended, provided that "the system of local government by democratically elected councils (which) is guaranteed by this Constitution, and accordingly, the government of every state shall, subject to Section 8 of this Constitution, ensure their existence under a law that provides for the establishment, structure, composition, finance, and functions of such councils" (FGN, 1999). Thus, the 1999 constitution, as amended, further empowered the states with respect to the establishment, structure, composition, functions, and capacity of any council area to generate revenue in their respective states. According to this clause in the constitution, unless the State House of Assembly approves a bill to that effect, a local government council is not permitted to carry out the duties given to it under Section 1 of the Fourth Schedule of the 1999 Constitution as amended (Asaju, 2010). Because of this regrettable incident, local government in Nigeria is now only an extension of the state governments' political administrative divisions.

Ugwu (2001) supports the earlier argument by stating that local government areas are simply state agencies or products of the state government, and it would be incorrect to view them as independent third tiers of government. As a result, the issue of autonomy is merely a myth rather than a reality. Similarly, Davey (1991) stated that based on the provisions of the constitution of the Nigerian State, local governments are nothing but mere stooges of the state governments. He went further to argue that state governments in the present democratic dispensation have adopted every trick aimed at obstructing local councils from having democratically elected officials as their leaders to lead the grassroots. All responsible individuals should undoubtedly be worried about the extent that state administrations in the Fourth Republic have denigrated the local government system. Careful observation reveals a growing popular need for local councils to be free from the arbitrary decrees and vagaries of overbearing state administrations.

2.2.2. The Need for Local Government Autonomy in Nigeria:

Local government autonomy is the freedom or independence granted to local councils to exercise administrative and financial authority within their sphere of competence as provided by the constitution of a given country. The rationale is to enable LGs to discharge their statutory responsibilities satisfactorily without undue interference by other levels of government (Okorie, et al., etc.). Nwabueze (1983) averred that local government autonomy in a federal system of government does not fall short of allowing each level of government to enjoy a separate existence and independence from the control of the other governments. Thus, local government autonomy implies allowing LGs to make important decisions that affect their politics, administrative, legal, economic, and social systems without the influence or control of external powers. It is more or less granting the LGs the power to

govern themselves with the authority to make, implement, and enforce their own laws for the good governance of their respective areas. Nwabueze (1983) asserts that autonomy would only be meaningful in a situation whereby each level of government is not constitutionally bound to accept dictatorship or directives from another. It implies the discretion that a local council enjoys in regulating its own affairs, taking decisions independently of external authority, and possessing a separate legal identity from other tiers of government.

There will always be two major problems when local governments are not given adequate authority. First, meaningful grassroots involvement in decision-making will be prevented at that level of government. The act of state governors in Nigeria designating "caretaker" committees in place of elected local government representatives is blatant evidence of the denial of the local populace's right to choose their own representatives. Second, denying local governments their authority means denying the people effective governance. Without good governance, there will be no development, peace and stability, economic investment, etc. Thus, local government autonomy is a prerequisite for the advancement of local areas.

The need for local government independence from the interference of higher levels of government rests on the fundamental role the local government structure is positioned to play and the key developmental goals the Nigerian federal system intends to achieve at the grassroots level. The local council areas are constitutionally empowered to perform specific roles in the nation's developmental process. Against this backdrop, this level of government has been assigned key functions and has been empowered to formulate and implement its own programs and projects for the economic, political, and social transformation of local areas. Accordingly, the local government structure required a level of freedom to take decisions independently on policy areas, including fiscal policies that would help

enhance its performance. In this regard, local government autonomy becomes imperative due to its closeness to the grassroots people, who see the local councils as the structure of government that brings the most needed rural transformation and advancement to various communities. Therefore, local councils should have direct access to finances with which to carry out development policies directed towards improving the lot of people (Okorie, et:al, 2023).

2.2.3. Areas of Local Government Autonomy:

Local government autonomy, defined as the relative independence a local government enjoys in performing its statutory role in society, should be all-encompassing. Local councils should be independent in their fiscal policies and financial dealings, in their administrative or bureaucratic activities, and in terms of having total control over their political activities. In this regard, local government autonomy should include fiscal, financial, administrative, and political autonomy. These are briefly explained below.

Fiscal or Financial Autonomy: Finance presented a significant threat to LGs, particularly in developing countries such as Nigeria, where there is a general lack of trust that the ability of the LGs to carry out their statutory responsibilities depends on the resources available to them. The financial independence of LGs is derived from the way federalism functions within the Nigerian federation, where fiscal federalism refers to the distribution of tax powers, revenue retention, and strategies used to share centrally collected revenue in line with the constitutional duties of the various levels of government (Osakwe, 1999). Under a federal form of government, each of the governments maintains financial independence and is distinct from one another. This is known as financial autonomy. It's the kind of autonomy that necessitates more than just the mere presence of a government

infrastructure in law and in practice. For example, it includes the financial independence that legislatures, governors, judges, and other governmental bodies possess (Adeyemo, 2005). Consequently, fiscal autonomy refers to the freedom LGs have to manage their finances or other financial resources without external influence.

Administrative or bureaucratic autonomy:

The reign of officials is the common conception of bureaucracy (Albow, 1970; Awotokun & Adeyemo, 1999). According to Weber, bureaucracy is a logical organization that is managed rationally, with the goal of optimizing organizational efficiency, using technical expertise, hierarchical authority, and rational management (Muozelis, 1967). When an organization has the ability to hire, engage, and fire personnel, it is considered self-governing. Accordingly, Okoh (2015) said that LG should be independent, free to hire and oversee its own employees, generate and oversee its own funds, enact laws and rules, and offer services within the confines of its capabilities and capabilities without intervention. Yet, there are still several limitations on the Nigerian local government system that have prevented it from becoming more autonomous. This suggests a situation where the regional administration has full bureaucratic autonomy in hiring, managing, and serving its human resources without the interference of the state government

Political autonomy: The Federal Republic of Nigeria's 1999 constitution, as amended, grants the LGs with authority and states that the "system of local government by democratically elected local government councils is under the constitution is guaranteed; consequently, the government of every state shall, subject to Section 8 of the constitution, ensure their existence under a law that provides for the establishment, structure, composition, finance, and functions of such councils." LG, which is led by elected members and is also defined as grassroots local participation of people, is

encouraged by political autonomy. Participation in activities related to the LG's functions is fundamentally important for its members. This indicates grassroots justice. Accountability is a problem that local residents and politicians chosen by the electorate should address. As a result, performance will prove effective and efficient. Political autonomy gave the elected officials the chance to be committed to and interested in issues pertaining to the aspirations and goals of the community.

2.2.4. Limitations to Local Government

Autonomy in Nigeria's Federalism:

The Constitution of the Federal Republic of Nigeria, 1999, as Amended:

The 1999 Nigerian constitution poses a significant challenge to local government autonomy, as it allows states to determine the establishment, structure, composition, finance, and functions of local councils. This leaves the third tier of government under the control of state governors. In contrast, local governments in India have separate responsibilities defined in the residual legislative list, granting some degree of independence (Goel, 2012; Dode, 2008). This dependence on the state and interference in its political, administrative, and financial aspects further complicates the situation. State governors in Nigeria have used the constitution to control local government areas (LGAs) through various techniques. They determine who become chairman, councilor, political secretary, and supervisory councilor of their respective LGs through the State Independent Electoral Commission (SIEC). This has led to the dissolution and appointment of "caretaker committees" in place of elected officials. This has been observed in almost all 36 states of the federation in the current democratic era. Governors have used unlawful techniques to delay or refuse elections in their states.

State governments also exercise similar control over local government through administrative instrumentalities. An obvious one is the establishment of the Local Government Service

Commission (LGSC), charged with the recruitment, promotion, and discipline of local government staff (Agunyai, Ebinm, & Odeyemi, 2013). Here again, the state governor appoints the commissioners to the commission, and as such, they are likely to be more loyal to the state government than to those they are meant to serve. Obviously, then, issues of staff recruitment are likely to be determined by the state government rather than the local government itself. Apparently, the local governments are bound to face challenges in the area of personnel recruitment since such policies as employment, selection, placement, training and development, promotion, etc. are not determined by them and thus may be politicized by the government. Consequently, they are either understaffed or overstaffed and usually lack the requisite skilled manpower to perform their responsibilities effectively and efficiently in most local governments in Nigeria. Agunyai et al. (2013) affirmed that LGs in Nigeria are challenged by the number of personnel hitches, which hinders the operative and effective performance of their roles, and further argued that the establishment of the Local Government Service Commission by the state government is not in tandem with the bureaucratic autonomy of the local government in a federal state.

Lastly and probably most importantly, is the usurpation of the financial authority of the local government by the state and federal governments in the Nigerian federal system. First, the Nigerian Constitution of 1999, as amended, clearly states that any natural resources found within the confines of the Nigerian territory belong to the federal government (FGN, 1999). By this provision of the nation's constitution, the local governments where these resources are allocated do not have the power to extract or harness such resources and are equally denied benefits or royalty from companies operating in their domains. Not until recently, when the Petroleum Act of 2020 seceded one percent to oil host communities in the Niger Delta region. However, this money is

retained by the state government. Thus, the federal government has absolute control over every natural resource found anywhere in the country, denying local communities the ability to derive revenue from such resources. On the other hand, state governments, through the instrumentality of the Joint Account Law, exercise financial control over the local governments in their states. The 1999 Constitution, as amended, states the legislative power over public funds in Section 162(18). However, Section 58 states that

The amount standing to the credit of local government councils in the federation account shall also be allocated to the states for the benefits of their local government councils on such terms and in such manner as may be prescribed by the National Assembly. Each state shall maintain a specific account to be called 'the state joint local government account' to which shall be paid all allocations to the local government councils of the state from the Federation account and from the government of the state. Each state shall pay to the local government councils in its area of jurisdiction such proportion of its total revenue on such terms and in such manner as may be prescribed by

the national assembly. The amount standing to the credit of local government councils of a state shall be distributed among the local councils of the state on such terms and in such manner as may be prescribed by the House of Assembly of the state (FGN, 1999)

This provision gives the state government sufficient powers to control the financial autonomy of local councils in the state. Against this background, Alao (2016) posits that in Nigeria, the idea of autonomy for local government councils is lacking owing to the fact that LGs are incorporated into the control of the state government. He pointed out that the joint account as provided by the constitution is one of the biggest evils, as it gives the authority to the state-established Ministry of Local Government to hijack and misappropriate funds allocated to the councils.

The body of research on the restrictions placed on local government autonomy makes it abundantly evident that the nation's constitution's different sections give the state the ability to create and regulate the makeup, operations, funding, and structure of LGs within the various state governments. This, in turn, undoubtedly reduces the LGs' ability to make independent decisions about their own affairs. It's a sign of how the LGs have been reduced to becoming little more than state government entities. Without a doubt, the primary issue undermining local government council autonomy in Nigeria is the Federal Republic of Nigeria's constitution. Despite its well-meaning intentions, the Nigerian constitution's drafters clearly intended to restrict state administrations' ability to use the local government system for their own advantage.

The fundamental idea of the separation of governmental powers in a federal system has been completely destroyed, as evidenced by the states' financial, administrative, and political sway over local government councils (Agunyai et al., 2013). Federalism, on the other hand, foresees interdependence between the various levels of government while also suggesting a coordinated relationship with some degree of autonomy in certain areas of authority. Sadly, this is not the situation in Nigeria, where the LGs are expressly subject to the whole authority and control of the state by the country's constitution. Nweke et al. (2020) claim that adherence to local government autonomy has become extremely difficult and unrealistic due to the state's exercise of dominance and control over the local councils through action-enabled constitutional provisions, and that this situation is likely to persist for a considerable amount of time in Nigeria. Still, the majority of Nigerians feel that their local governments should have more authority, and the country's population is calling for an independent local government system. This is desired because, in the absence of a discernible degree of independence, LGs will continue to serve as the political class's stooges and agents of corruption, primarily to gratify their excessive and avaricious self-interests.

2.2.5.. Issues of Revenue Generation in Local Government Administration in Nigeria

Nigerian reforms to local governments were established by the 1976 Act, which allows elected people to support the national government in rural regions. This makes it possible to provide publically funded social amenities like stadiums, hospitals, electricity, museums, roads, and high-quality education. One of the main problems impacting local government finances in Nigeria is insufficient financing. Government clearance is needed for self-sufficient revenue streams, and local governments are not allowed to increase tax rates. Legislative steps have to be taken

separately to fund local expenditures. Economic planning, health services, land use, regulation of advertising, regulation of pets, small business markets, public conveniences, social welfare, sewage disposal, birth, death, and marriage registration, primary, adult, and vocational education, development of natural resources, and agriculture are among the challenges that local governments face. A large number of people need the necessary skills for managing finances and budgets, as well as the personnel required to create plans and carry them out.

It is disturbing that local government planning board members lack formal education. State governors use the economy to keep influence over local governments by obtaining funds from outside sources such as grants and VAT. In Nigeria, this leads to the dependence syndrome. External setbacks negatively impact administration operations and program implementation, hindering internal income mobilization. State authority over local government budgets and post-budget control further limit these authorities. One major problem that local governments face is the delay in passing their yearly budgets, which results in difficulties in tasks like paying employees and installing facilities. Even after being criticized in 1996, the method of horizontal sharing system keeps producing results in a large number of local governments, especially when additional ones are formed.

Furthermore, their lack of integrity is made worse by the simple fact that the majority of council personnel on outside jobs stolen council funds for their personal benefit, denying councils of much-needed operating financing. Most city council chairmen put their subventions into savings, while other local governments had no account. A few in the local government see this as an opportunity to use public funds for personal benefit.

The Nigerian government has seen a significant improvement in local governments' revenue profile due to various factors including the introduction of statutory allocations, increased

federal revenue distribution, removal of political and administrative barriers. local governments across the country have progressed from administrative responsibilities to proactive participation in development of the economy, employment, governance, and quality of life programs. They currently have established functions, constitutional authority, and reliable financing sources. To encourage rural growth, the allocation should be raised from 15% in 2006 to around 52%.

3.0. Research Methodology

The research examines the need for local government autonomy and revenue generation in Nigeria, using a survey design to assess income generation issues in rural districts and the degree of autonomy within the local government. This study defines population as the total number of people within a geographical location, including the 249,700 people in 38 communities of the LGA and Council staff, based on common attributes and shared attributes. The study utilized Taro Yamane's formula to determine the sample size, considering the larger population of 249,700, which would be challenging for the researcher to visit all communities and generate information. This appropriate sampling technique ensures a just representation of the population.

Taro Yamane's formula is given as:

$$n = \frac{N}{1 + N(e)^2}$$

Where N = Population of the study

n = sample size (?)

e = level of significance at 5% (0.05)

1 = constant value

$$n = \frac{249,700}{1 + 249,700(0.05)^2}$$

$$n = \frac{249,700}{625.25}$$

$$n = 400$$

Therefore, the sample size for the study is 400.

Primary and secondary data were collected to achieve the objectives of the study. The primary data were collected from questionnaire items on the subject matter. The secondary data were collected from documented evidence on the subject matter and content analysis was used as a tool to analyze the data. The research instrument used a structured questionnaire to collect data on demographic characteristics and internal revenue generated by the local government council, with respondents rating their opinions using "A" (Agree), "SA" (Strongly Agree), and "D" (Disagree), and "SD" (Strongly Disagree).

The researcher used sixteen (16) questionnaire items and administered 400 copies of the questionnaire to nineteen (19) communities of the local government namely, Sagbama town, Abuku, Adagbabiri, Agbere, Agorogbene, Angalabiri, Asamabiri, Bolou-orua, Daganama, Ebedebiri, Ekperiware, Agoro, Ogobiri, Tungbo, Trofani, Toru-ebeni, Odoni, Ofoni, Elemebiri. A total of three hundred and sixty (360) copies of the questionnaire were retrieved successfully without error and used for the study. The questionnaire was divided into 3 sections. Section 1 contains the questionnaire distribution figure, and sections 2 and 3 have 16 items on local government internally generated revenue and socio-economic development of the rural communities in Sagbama LGA. Data gathered through the administered questionnaires were interpreted through the use of descriptive statistical techniques. The Mean Score was determined by computing the observations and dividing by the number of observations. The research adopted a four point

Likert Scale and numerical values were assigned to the four points as indicated below:

Strongly Agree 4

Agree 3

Disagree..... 2

Strongly Disagree..... 1

Cutting Point:

$$\text{Mean } \bar{X} = \frac{4 + 3 + 2 + 1}{4} = \frac{10}{4} = 2.5$$

The Mean Score of 2.5 was used for the level of significance to accept (Agreed) or Reject (Disagree) when the mean score is less than 2.5 on the submissions of respondents. The data gathered through the administration of questionnaire was tabulated and analyzed according to the research questions. On the other hand, Chi-square was used for the analysis of the hypotheses at $\alpha = 0.05$.

Chi-square formula is given as:

$$X^2 = \frac{\sum(O - E)^2}{E}$$

Where X^2 = (observed frequency – expected frequency

O = Observed frequency

E= Expected frequency.

3.1. Data Presentation and Discussion of Findings

The data gathered are presented according to the order in which they were arranged in the research questions and simple percentages were used to analyze the demographics information of the respondents and responses from them. The table shows the distribution of the questionnaire to the selected communities and staff of the local government council.

Table 1. Showing the sampled population for the research.

S/N	Sampled Category	No. Distributed	No. Retrieved	Percentage %
1	Sagbama town	45	42	18.0
2	Abuku,	20	18	2.25
3	Adagbabiri,	20	18	3.60
4	Agbere,	20	17	3.20
5	Agorogbene,	25	22	2.10
6	Angalabiri,	20	17	4.00

7	Toru-ebeni	30	29	1.00
8	Bolou-orua,	20	18	3.60
9	Ofofi	27	25	1.20
10	Ebedebiri,	25	22	1.95
11	Trofani	35	31	2.25
12	Agoro,	20	17	4.00
13	Ogobiri,	28	24	3.24
14	Tungbo,	25	24	1.50
15	Council Staff	40	36	3.00
	Total	400	360	81%

Source: Field Survey, 2023

Table 3.2 above shows the selection and distribution of the questionnaire to the sampled population of the study. It indicates that a total of four hundred (400) questionnaires were distributed and three hundred and sixty (360) were retrieved from respondents, representing

81% which is adequate for analysis of the research questions.

3.2. Analysis of Research Questions

3.2.1. Research objective one: To determine the factors affecting Sagbama local government council's sources of internally generated revenue.

Table 3.2.1. Research Question 1: What are the factors affecting internally generated revenue in Sagbama LGA?.

Statement	SA	A	D	SD	Total	Mean (X)	Remarks
1. Most of the sources of revenue in the government have been taken over by the state government.	82	198	52	28	360	2.9	Accept
2. Society attitude is one of the major problems confronting internally generated revenue in Sagbama local government area.	95	195	51	19	360	3.0	Accept
3. The council areas have inadequate trained staff for collection of revenue.	62	174	68	56	360	2.8	Accept
4. The cases of tax evasion, avoidance and concession are rampant in the LGAs	97	184	63	16	360	3.0	Accept
5. Most of the councils' revenue collectors are not honest, reliable and trustworthy.	45	63	48	204	360	1.9	Reject
6. Task force put in place by the councils on internally revenue generation are ineffective.	71	192	55	42	360	2.8	Accept
7. The dependence syndrome on monthly allocation from the federation account by the LGAs Has weakened its internal revenue mobilization drive.	92	211	37	20	360	3.0	Accept
8. The enabling laws (Bye-laws) guiding revenue generation are obsolete and outdated	97	215	30	18	360	3.1	Accept
9. There are many other viable sources of revenue which had not been discovered by the LGAs.	88	186	76	10	360	3.0	Accept
Grand Mean						2.9	Accept

Field survey, 2023

Table 3.2.1 shows the responses and the mean scores from respondents on the factors affecting councils' internal revenue generation sources. The grand mean 2.9 indicates that all the items

identified are factors affecting internal revenue generation in the local government council in Bayelsa state.

Research objective 2: To examine the extent to which autonomy enhances or improves internally generated revenue status of Sagbama LGA.

Table 3.2.2. Research question 2: To what extent autonomy enhances or improves the internally generated revenue status of Sagbama LGA?

Statement	SA	A	D	SD	Total	Mean (X)	Remarks
Scrapping of the joint account and allocation committee with the State government and direct funding of the LGA from the Federation account.	93	218	38	11	360	3.1	Accept
Returning of internal sources of revenue hitherto usurped by state government back to the local government	96	210	34	20	360	3.1	Accept
Total elimination of illegal deductions and diversion of local government funds to other agencies of state government.	118	196	28	18	360	3.2	Accept
Joint projects involving local government and other tiers of government should be clearly defined in terms of funding.	98	235	25	2	360	3.2	Accept
Local governments should be represented in FAAC of the Federal Government.	76	182	67	35	360	3.2	Accept
Financial operations of LGAs should be determined by local government bye-laws in line with the constitution of the country.	92	210	32	26	360	3.0	Accept

Source: field survey, 2023

Table 3.3.3 shows the grand mean 3.1 indicating the correlation between financial autonomy of council's socio-economic development. The responses show that autonomy of local governments can enhance and improve internally generated revenue.

3.4. Discussion of Findings

The study's conclusions revealed the following factors that affect the local government's ability to generate revenue: the public's attitude toward taxes and levies; the state government's usurpation of viable sources; a lack of trained

staff; tax evasion; avoidance and concession; dependency syndrome; Local Government officials' misappropriation and embezzlement of council funds; dishonest and unreliable revenue collectors; out-of-date bye-laws; and undiscovered viable sources of revenue in Sagbama Local Government.

The results of the study also show a relationship between the enhancement of domestically produced revenue and socioeconomic growth in the case study area and political and administrative autonomy. For example, the establishment of a reformed local government commission controlled by a Council of LGAs, non-interference of other tiers of government on administrative activities of the LGA, and local government workers to enjoy the same service conditions as their counterparts at the state and federal level. Local councils' political and administrative autonomy is directly related to the administrative framework and authority granted to them by the federation's constitution, among other things.

A further crucial factor is local governments' financial independence. The study finds that significant steps include eliminating the joint account and allocation committee with the State government, funding local government directly from the Federation Account, giving back internal revenue sources that the State government had usurped, completely eliminating illegal deductions, and redirecting local government funds to other state government agencies. Additionally, joint projects involving the local government and other tiers of government should be clearly defined in terms of funding, local governments should be represented in the Federal Government's FAAC, and local government bye-laws should govern the financial operations of LGAs in accordance with the nation's constitution. These are very vital steps towards financial autonomy of local governments.

Ultimately, the research findings revealed that the local government has more alternatives and approaches to consider in enhancing its IGR status. For example, in order to effectively

collect and mobilize all collectible penalties and taxes, the right means and processes must be identified. Apart from managing and controlling their money, Sagbama LGA should be able to invest in areas where it has a competitive advantage. All statutorily assigned revenue should be transferred to their account straight from the federation account, without any deductions by the State government. In a same spirit, all income streams that have been shelved should be revived and revenue generation officers should be hired on the basis of merit, properly educated, and overseen.

4.0. Conclusion

This research project analyzed Sagbama LGA's IGR and socioeconomic growth, focusing on two primary goals and two research questions. Data was collected from primary and secondary sources, and descriptive and inferential statistical procedures were used. Findings revealed several issues hindering IGR generation. Issues like undertrained staff, tax evasion, dependency syndrome, and misappropriation of council funds were identified, highlighting the connection between socioeconomic growth and domestic revenue enhancement. Local government regions in Nigeria struggle with poor IGR management due to inadequate resource mobilization. This instability leads to unstable financial situations and hinders equitable development. The root causes of this issue are multiple. The report highlights the severe financial strain on local government units, including Sagbama, due to reduced revenue opportunities and corruption, stifling development initiatives. Effective rural development in Nigeria relies on local government autonomy for financial, political, and administrative tasks. However, challenges such as inadequate human resource management, inefficient program management, and insufficient authority have led to a quest for autonomy, requiring higher levels of government. Local government in Nigeria should collaborate with other levels for proper

rural development, emphasizing the importance of autonomy for effective governance.

5.0. Recommendations

To enhance public services, local governments should explore new revenue sources, including commercial transportation, to strengthen their financial base and increase their services. Commercial vehicles should be used for business purposes, with a management consultant overseeing them, rather than local government officials, to maximize profits and increase earnings.

The local authority under investigation needs to diversify its income sources, including agriculture, through sound policies and subsidized plots for commercial farming and food processing. For ten years, factories should be granted tax leave for their operations.

Public awareness campaigns should be organized to ensure timely tax payment, emphasizing the importance of revenue generation and service delivery. Local governments should focus on creating domestic revenue to meet the needs and desires of the public.

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