

Local Government Internally Generated Revenue and Projects Execution in Enugu State, 2007-2015

Dr. Gabriel Igwebuike Ayogu¹, Ezugwu Josiah², Bello Ndanusa Abdulkareem³

¹Lecturer, Public Administration Department Dorben Polytechnic, Abuja

^{2,3}Ph.D Student, Department of Public Administration and Local Government, University Of Nigeria, Nsukka

Abstract: Local government remains the focal point of development and cultural revival through community projects and mobilization of human and material resources. In this regard, fund remains a critical issue. This is because no local government council can survive without adequate financial base. This study investigated internally generated revenue in local government and execution/abandonment of projects in Enugu State local government councils (2007-2015). It is to find out if the Internally Generated Revenues of Enugu State local governments are responsible for abandonment of projects in the councils. The study equally explored the impediments local governments' IGRs in Enugu State as well as enhancing local governments IGRs to reduce projects abandonment in the state. In pursuance of these objectives, the researcher adopted survey research design for the study. Consequently, Nsukka, Udenu, Igbo-Eze North and Uzouwani councils (Enugu North Senatorial Zone); Udi, Ezeagu and Aninri councils (Enugu West Senatorial Zone) and Enugu South, Enugu North and Isi-Uzo councils (Enugu East Senatorial Zone) were sampled for study. These represent the political zones of the state. In each zone, the selected local governments were purposively selected to represent both the urban and rural councils. Data for the work were from documented researches and structured oral interview administered to selected former and present local government officials in the councils selected. We found out that between 2007 and 2015, the IGRs of Enugu State local governments were low. We observed also that misappropriation of the little fund generated, over-reliance on external funds among others were the key challenges of IGRs in Enugu State councils. Lastly, full utilization of existing sources, modification of existing sources of revenues among others would enhance IGRs of local governments in Enugu State and reduce projects abandonment.

1. INTRODUCTION

It is a fact that the extent to which a local government can go in accomplishing its goals will largely depend on its internally generated revenue. The problem however, is that most local government councils in Enugu State like many other states lacks the capacity or political will to raise corollary funds to its statutorily allocated fund from the states and federal governments as required by fiscal federalism which she operates.

This is due to the fact that much of the internally generated revenue is embezzled by political office holders. The bureaucrats at all levels are not left in actuating corruption and other related vices which have largely contributed to the paucity of funds in the local government councils. Correspondingly, Kizito and Fadila (2015: 12) have reiterated the fact that state/local joint account has tended to become a "vehicle for deducting, diverting and misapplying the allocating to local government councils, and this has continued to drastically reduce the funds of local governments...."

In line with the above, local governments in Enugu State are by no means different. They tend to be dependent on both the federal and state's governments for their financial sustainability. Nwatu (1995) notes that it is

unfortunate that local government councils in the Nigeria's 21st century are still dependent on the State and federal allocations, and grants for their operations and sustenance. Ola and Tonwe (2003) queried why despite local governments many sources of internally generated revenue are financially incapacitated, to the extent that they depend solely on the federal government for funds to pay monthly emoluments of their workers. The primary sources of IGR according to Ola and Tonwe, (2003: 35) and Olusola (2014:90) constitutes "the live wire of a local government ... because it is the only source that the local government has control over". Furthermore, Olusola (2011: 8) defined IGR as "the revenue that local government generates within the areas of its jurisdiction". Olusola (2011) and Ola and Tonwe (2015) are agreed that extent to which a local government may achieve the realization of their developmental goals "will be largely depended upon their IGR strength".

From the above situation, it becomes very clear that the capacity of a local government to generate revenue internally is one very critical consideration for the creation of a local government council. Generating revenue internally is an important statutory function of a local government. One of the *raison d'tre* for creating local government is the belief that it could create and sustain

rapid socioeconomic and political development (with internally generated funds which complements the states and federally allocated finances) at the grassroots level. Generating revenue internally local councils in Nigeria is spike by financially unhealthy practices which tends to go on with impunity for a very long time.

Local government councils in the recent past embarked on some development projects to impact positively the lives of the rural communities in Enugu State. For instance, Nkanu East L.G.A particularly undertook the procurement of school desks in partnership with the state government; and in collaboration with the benefiting Community and Local Empowerment and Environment Management Projects (LEEMP), awarded contracts for provision of rural electrification at Oruku, Umuode, Amechi Idodo, Owo and Ubahu communities (Banko, 2015). In addition, the administration did not complete the ‘State-Local Government Joint 23 Kilometre Asphalt Road Project’ that traversed Amechi Idodo – Owo – Ubahu to Amankanu communities. The asphalt has reached about 48% completion when the term in office elapsed. The remaining portion was abandoned, despite the fact that there were omissions of concrete drainages at strategic locations on the road and the quality of work already done on the tarring relatively poor. During second term in office, the contracts awarded for grading and lateriting of roads leading to Amechi Idodo, Uzam Amagunze, Ihuokpara-Akpugo, Nومه, Amafor Ugbawka, Isiogbo Nara, Nkerefi-Mburubu-Nومه, and construction of many in-between concrete culverts, were merely graded while the laterite and the culvert components were abandoned. Also abandoned were twin Nyaba bridges earmarked for construction to link the 9 communities in Amankanu Development Centre (referred to as Idodo Zone) with their kiths and kin in the other parts of Nkanu East. Also abandoned were renovations of dilapidated school structures in Uzam Community primary school and primary schools in Amufu-Nkerefi, Uzam Amagunze, Isiagu Owo, etc. There was no work on the proposed extension of electricity to any location where it was not available in all the political wards or communities in Nkanu East.

Additionally, Uzo-uwani L.G.A awarded contracts for provision of temporal offices for three Police Divisions newly created in the area. In an interim report the council submitted to the Enugu State House of Assembly Committee on Local Government in February 2009; a year into its 1st tenure in office of two years each, it notes that, it spent N3.4 million (N3, 354,000.00) to build a mobile police post at Nimbo community; N17 million (N17,044,000.00) to build a six classroom block in Oruku community; N443 million (N442,964,754.54) to construct the Iggah Bridge along Adani-Asaba-Iggah and Ojor Road; and N20 million to grade and laterite some community roads in the council (Uzouwani Report, February 2009). Hence, we developed the following questions to guide our study;

1. How has the internally generated revenue of Enugu State Local Government Councils led to projects abandonment between 2007 and 2015?
2. What were the challenges of local governments internally generated revenue in Enugu State between 2007 and 2015?
3. How can the internally generated revenue of Enugu State Local Government Councils be improved to reduce project abandonment at the grassroots?

2. RESEARCH PROCEDURE

In order to carry out this research effectively, this study employed the documentary research method. The use of documentary methods refers to the analysis of documents that contain information about the phenomenon the study focuses. The materials for the study are got through secondary sources. The sources include text books, journals, magazines, newspapers, internet websites, periodicals, government documents and unpublished works.

The researcher applied and secured the approval of the Enugu State Local Government Service Commission to use their library for vital materials. We also used our contacts in the local governments in the state to access few materials needed for the study but were not found in their library. We equally made use of electronic search engines to get our online materials. These include google chrome, explorer and Mozilla. The descriptive and evaluative approaches were espoused in this work. Data were extracted, examined, and interpreted from published and unpublished sources. Thereafter, a careful analysis was conducted. Being a non-experimental research, the use of qualitative analysis was employed to analyse and present the data generated from our sources.

3. FINDINGS AND DISCUSSION

We made the underlisted findings in the course of our work:

1. The low level of internally generated revenue of Enugu State Local Government Councils led to projects abandonment between 2007 and 2015.
2. Misappropriation and over-reliance on external funds are factors militating against internally generated revenue of Enugu State Local Government Councils.
3. Enforcement of existing sources and development of new areas of revenue would enhance internally generated revenue in Enugu State Local Government Councils.

3.1 Enugu State Local Governments Internally Generated Revenue and Project Abandonment between 2007 and 2015

In most local government in Enugu State, projects execution is hampered by low internally generated revenues. This leads to a situation where the local governments depend on allocations from both the State and Federal government. Consequently, after the payment of salaries of staff from the allocation, no money is available

“Local Government Internally Generated Revenue and Projects Execution in Enugu State, 2007-2015”

for development. Below shows the summary of IGRs of selected councils in Enugu State between 2007 and 2015:

IGRs of selected Councils in Enugu State (Enugu North Senatorial Zone) between 2007 and 2015

| S/N | LOCAL GOVERNMENT | YEAR | ESTIMATED | ACTUAL |
|-------------|-----------------------|-------------|--------------------|--------------------|
| 1. U | Uzo-Uwani | 2007 | 5,600,000 | 950,859 |
| | | 2008 | 6,562,896 | 1,098,432 |
| | | 2009 | 7,000,786 | 2,990,675 |
| | | 2010 | 7,761,000 | 1,208,400 |
| | | 2011 | 8,624,000 | 2,816,010 |
| | | 2012 | 15,600,000 | 4,328,970 |
| | | 2013 | 15,528,000 | 2,438,360 |
| | | 2014 | 33,961,000 | 7,318,000 |
| | | 2015 | 33,900,000 | 6,834,897 |
| | Total | | 119,009,682 | 29,984,603 |
| 2 | Nsukka | 2007 | 28,600,000 | 10,768,500 |
| | | 2008 | 32,173,000 | 11,950,950 |
| | | 2009 | 30,345,000 | 8,537,000 |
| | | 2010 | 27,440,000 | 12,691,565 |
| | | 2011 | 34,789,000 | 8,695,130 |
| | | 2012 | 41,560,000 | 10,540,740 |
| | | 2013 | 42,870,000 | 16,637,420 |
| | | 2014 | 29,890,000 | 14,838,130 |
| | | 2015 | 33,000,000 | 12,834,060 |
| | Total | | 300,667,000 | 107,493,495 |
| 3 | Udenu | 2007 | 9,173,000 | 1,628,350 |
| | | 2008 | 11,695,000 | 5,535,310 |
| | | 2009 | 22,619,000 | 3,000,500 |
| | | 2010 | 31,600,000 | 6,901,150 |
| | | 2011 | 26,100,000 | 8,516,150 |
| | | 2012 | 30,000,000 | 6,599,300 |
| | | 2013 | 31,585,000 | 5,068,315 |
| | | 2014 | 51,325,000 | 8,247,848 |
| | | 2015 | 54,532,661 | 10,829,200 |
| | Total | | 268,629,661 | 56,326,123 |
| 4 | Igbo-Eze North | 2007 | 6,600,000 | 2,500,564 |
| | | 2008 | 8,670,000 | 1,998,765 |
| | | 2009 | 6,800,000 | 2,743,000 |
| | | 2010 | 10,829,200 | 3,000,500 |
| | | 2011 | 11,695,000 | 3,625,762 |
| | | 2012 | 22,802,000 | 5,535,310 |
| | | 2013 | 25,856,000 | 6,070,900 |
| | | 2014 | 30,650,432 | 10,070,900 |
| | | 2015 | 37,865,234 | 12,548,500 |
| | Total | | 157,767,866 | 39,094,201 |

Source: Consolidated Financial Statement of the Enugu State Local Governments (2007-2015), Enugu State Local Government Service Commission (2016).

From the table, one can see the poor performance of local government IGRs in Enugu North Senatorial Zone between 2007 and 2015. The estimated internally generated revenue

for the four local governments we picked to cover both the urban and rural councils in the zone are unusually higher than their actual revenues from their IGRs sources. The

“Local Government Internally Generated Revenue and Projects Execution in Enugu State, 2007-2015”

table show that Uzouwani Local Government had a total of **N119,009,682** but could only generate the sum **N29,984,603**; Nsukka Local Government recorded the sum of **N300,667,000** as expected IGRs targets for the period but in the real sense made **N107,493,495**; Igbo-Eze North Local Government proposed to raise the sum of **N157,767,866** from their IGRs sources but ended up making **N39,094,201** for the eight years and Udenu Local Government on her own targeted **N268,629,661** but made **N56,326,123** at the end of the day.

Let us look at the other two zones of Enugu State and see if the IGRs performance among the local governments there are anything better. Here we shall be considering Enugu North, Enugu South and Isi-Uzo Local Governments which represent both the urban and rural councils alike in Enugu East Senatorial Zone.

IGRs of selected Councils in Enugu East Senatorial Zone between 2007 and 2015

| S/N | LOCAL GOVERNMENT | YEAR | ESTIMATED | ACTUAL |
|-----------|--------------------|-------------|----------------------|--------------------|
| 1. | Isi-Uzo | 2007 | 4,789,321 | 1,078,500 |
| | | 2008 | 6,800,000 | 1,854,700 |
| | | 2009 | 7,167,500 | 1,288,456 |
| | | 2010 | 11,695,000 | 3,450,100 |
| | | 2011 | 13,786,311 | 2,347,600 |
| | | 2012 | 14,500,000 | 1,490,045 |
| | | 2013 | 21,700,000 | 4,458,112 |
| | | 2014 | 27,075,000 | 4,887,502 |
| | | 2015 | 35,000,000 | 6,345,700 |
| | Total | | 91,477,132 | 27,200,715 |
| 2. | Enugu South | 2007 | 60,398,500 | 21,738,146 |
| | | 2008 | 64,112,000 | 20,390,655 |
| | | 2009 | 66,897,900 | 23,500,100 |
| | | 2010 | 95,000,000 | 47,182,957 |
| | | 2011 | 125,675,000 | 21,837,640 |
| | | 2012 | 137,900,000 | 72,626,960 |
| | | 2013 | 184,765,000 | 116,735,165 |
| | | 2014 | 238,500,000 | 163,790,653 |
| | | 2015 | 289,420,100 | 173,259,571 |
| | Total | | 2,503,768,500 | 661,061,847 |
| 3. | Enugu North | 2007 | 65,232,000 | 25,810,345 |
| | | 2008 | 74,500,000 | 26,906,221 |
| | | 2009 | 76,356,678 | 20,655,000 |
| | | 2010 | 85,105,300 | 34,500,000 |
| | | 2011 | 130,450,687 | 31,432,876 |
| | | 2013 | 167,400,432 | 87,654,100 |
| | | 2014 | 197,213,456 | 96,434,500 |
| | | 2015 | 256,348,000 | 90,789,400 |
| | Total | | 745,393,353 | 434,837,442 |

Source: Consolidated Financial Statement of the Enugu State Local Governments (2007-2015), Enugu State Local Government Service Commission (2016).

It shows that Isi-Uzo Local Government had a total of **N91,477,132** but could only generate the sum **N27,200,715**; Enugu South Local Government recorded the sum of **N2,503,768,500** as expected IGRs targets for the period but in the real sense made **N661,061,847** and Enugu North Local Government proposed to raise the sum of **N745,393,353** from their IGRs sources but ended up making

N434,837,442 for the eight years. It is important to note that though the IGRs generated by the urban local governments in the table above seem high, it is not encouraging considering the amount they hoped to raise.

On the part of the Enugu West Senatorial Zone, we present the IGRs of the three selected councils of Aniri, Ezeagu and Udi for the period 2007-2015.

IGRs of selected councils in Enugu West Senatorial Zone between 2007 and 2015

| S/N | LOCAL GOVERNMENT | YEAR | ESTIMATED | ACTUAL |
|-----|------------------|------|--------------|------------|
| 1. | Aniri | 2007 | 2,788,600 | 890,574 |
| | | 2008 | 3,271,520 | 1,005,345 |
| | | 2009 | 4,537,000 | 1,560,435 |
| | | 2010 | 25,856,000 | 5,321,000 |
| | | 2011 | 22,689,978 | 6,670,500 |
| | | 2012 | 11,361,380 | 3,451,670 |
| | | 2013 | 16,468,000 | 3,890,212 |
| | | 2014 | 26,223,000 | 6,000,000 |
| | | 2015 | 27,209,150 | 6,550,600 |
| | | | Total | |
| 2. | Ezeagu | 2007 | 8,012,540 | 1,756,000 |
| | | 2008 | 7,753,100 | 3,886,200 |
| | | 2009 | 14,903,000 | 1,089,000 |
| | | 2010 | 10,829,200 | 4,560,065 |
| | | 2011 | 15,578,432 | 6,690,431 |
| | | 2012 | 10,719,380 | 5,000,780 |
| | | 2013 | 32,367,000 | 8,579,400 |
| | | 2014 | 42,592,000 | 10,548,367 |
| | | 2015 | 48,128,000 | 13,875,000 |
| | | | Total | |
| 3. | Udi | 2007 | 16,745,554 | 9,310,468 |
| | | 2008 | 17,541,105 | 10,053,110 |
| | | 2009 | 20,109,000 | 8,696,670 |
| | | 2010 | 22,619,000 | 11,254,820 |
| | | 2011 | 25,856,000 | 6,900,000 |
| | | 2012 | 24,790,431 | 7,500,000 |
| | | 2013 | 32,364,465 | 9,890,430 |
| | | 2014 | 36,100,000 | 14,500,000 |
| | | 2015 | 25,960,000 | 6,745,213 |
| | | | Total | |

Source: Consolidated Financial Statement of the Enugu State Local Governments (2007-2015), Enugu State Local Government Service Commission (2016).

One can see that the poor performance of local government IGRs in the Enugu West Senatorial Zone between 2007 and 2015 just like the other zones of Enugu State. The estimated internally generated revenue for the three local governments we selected to cover both the urban and rural councils in the zone are unusually higher than their actual revenues from their IGRs sources. The table shows that Aniri Local Government had a total of **N140,404,108** but could only generate the sum **N33,779,901**; Ezeagu Local Government recorded the sum of **N190,882,652** as expected IGRs targets for the period but in the real sense made **N43,497,743** and Udi Local Government on her own targeted **N222,085,555** but made **N84,850,711** at the end of the day.

It is must to state that only one of the local governments (Enugu South) studied achieved a 50% IGR

target within the periods. This is not even a good performance but where the rest achieved less than 25% of their targets, it becomes an issue. The situation is worst among the rural local governments. The implication is that the councils depended on the volatile allocations from the federal governments and other sources.

Consequently, salaries of staff were delayed, owed and most of the councils heavily indebted. The development function of the local governments suffered greatly as well. Many hardly embarked on development projects while in other cases; the projects were either abandoned or badly executed due to paucity of fund. Below are the state of some projects embarked upon by selected local governments between 2007 and 2015. These local governments are selected 3 from each senatorial zone; covering both urban and rural councils.

Selected Projects embarked upon by some Local Governments and their Status in Enugu North senatorial zone, 2007-2015

| S/n | Local Govt | Community | Projects Name | Details | Status | Year Awarded |
|--|--------------------|--------------------|--------------------|---|-----------------|--------------|
| 1. | Uzouwani | Umulokpa | Market Dev | Construction of modern market | Not Done | 2009 |
| | | Adaba | Water | Reactivation of ongoing borehole | Not Done | 2010 |
| | | Asaba | Health | Upgrading existing health post to health centre | Not Done | 2013 |
| | | Ogurugu | Access Road | Ogurugu-Adani Road | Not Done | 2008 |
| | | Akpugo-Ezedike | Health | Building of new health centre | Ongoing | 2015 |
| | | Uvuru | Access Road | Grading of Uvuru/Ukpata/ Adaba/Umulokpa road | Not Done | 2012 |
| | | Nrobo | Water | Construction of borehole | Not Done | 2010 |
| | | Ugbene-Ajima | Market Dev | Modern Market Dev | Not Done | 2009 |
| 2. | Nsukka | Ihe n'Owere | Education | Construction of 5 classroom block | Ongoing | 2008 |
| | | Ikwoka Obimo | Market Dev | Modern Market & Expansion | Not Done | 2011 |
| | | Ogbagu Obukpa | Electricity | Extension & Boosting | Ongoing | 2013 |
| | | Owere Obukpa | Water | Construction of Water Scheme | Not Done | 2010 |
| | | Uwani Lejja | Electricity | Rural Electrification | Not Done | 2009 |
| | | Agu Umabor | Health | Building of Health Centre | Ongoing | 2008 |
| | | Ezebunagu | Electricity | Rural Electrification | Not Done | 2014 |
| | | Umabor | Health | Building of new health centre | Not Done | 2008 |
| | | Anuka | Electricity | Extension & Boosting | Ongoing | 2012 |
| | | Okutu | Market Dev | Modern market Dev | Not Done | 2008 |
| | | Ibagwa-Agu | Health | Making the existing health centre functional | Not Done | 2010 |
| 3. | Udenu | Aguorba | Electricity | New Construction | Ongoing | 2011 |
| | | IsiEnu Obolo | Electricity | Extension & Boosting | Not Done | 2011 |
| | | Amalla | Health | Building of Health Cen. | Not Done | 2009 |
| | | Imilike Etiti | Electricity | Extension and Boosting | Ongoing | 2011 |
| | | Imilike Ani | Health | Making the existing health centre more functional | Not Done | 2011 |
| | | Ogbodu Aba | Water | Provision of borehole | Note Done | 2011 |
| | | Ezimo Uno | Water | Borehole Rehab | Not Done | 2011 |
| | | Ezimo Uno | Market Dev | Market Dev&Expansion | Not Done | 2011 |
| | | Ifuoka Amala | Portable Water | Provision of new borehole | Not Done | 2011 |
| | | Egali Amala | Electricity | Extension & Boosting | Ongoing | 2011 |
| | | Umuekwenu Obollo | Portable Water | Provision of new borehole | Not Done | 2011 |
| Selected Projects embarked upon by some Local Governments and their Status in Enugu East senatorial zone, 2007-2015 | | | | | | |
| 4. | Enugu South | Obeagu | Market Dev | Obeagu Market Dev | Not Done | 2008 |
| | | Obeagu Ugwaji | Health | Establishment of health centre | Ongoing | 2012 |
| | | Maryland | Access Road | Construction of culvert at Onukwue Maryland | Not Done | 2013 |

“Local Government Internally Generated Revenue and Projects Execution in Enugu State, 2007-2015”

| | | | | | | |
|--|-------------------|-----------------------|--------------------|---|-----------------|-------------|
| | | Awkunanaw East | Health | Establishment of new Health Centre | Not Done | 2007 |
| | | Uwani Flank to Depot | Access Road | Completion of Peter Okoye Bridge | Not Done | 2008 |
| | | Gariki | Health | Establishment of new Health Centre | Not Done | 2011 |
| | | Jioto | Electricity | Boosting of Transformer | Not Done | 2009 |
| | | Idaw-River | Electricity | Boosting | Not Done | 2009 |
| | | Ikirike | Market Dev | Modern market Dev | Not Done | 2008 |
| 5. | Nkanu West | Obeaghu Akegbe | Market Dev | Modern market Dev | Not Done | 2009 |
| | | Attakwu | Market Dev | Modern market Dev | Not Done | 2008 |
| | | Omoha Obuofia | Health | Completing and equipping the health centre | Ongoing | 2007 |
| | | Ndiagu Obuofia | Electricity | Extension and boosting of electricity | Not Done | 2007 |
| | | Ndiuno Obuofia | Electricity | Transformer Acquisition | Not Done | 2007 |
| | | Etiti Ozalla | Market Dev | Modern market Dev | Not Done | 2011 |
| | | Obe Uno | Market Dev | Modern market Dev | Not Done | 2012 |
| | | Eziokwe Amuri | Electricity | Transformer | Ongoing | 2011 |
| | | Amankanu Amuri | Health | Upgrading existing health post to health centre | Not Done | 2010 |
| | | Mgbogodo | Market Dev | Modern market Dev | Ongoing | 2010 |
| 6. | Isi-Uzo | Ikem Umaram | Post Office | Establishment of Post Office | Not Done | 2010 |
| | | Umalor | Market Dev | Modern market Dev | Not Done | 2008 |
| | | Umueze Ogbu | Market Dev | Afor Modern market Dev | Not Done | 2007 |
| | | Mburumanyi Neke | Health | Building New Health Centre | Not Done | 2008 |
| | | Akpani Neke | Market Dev | Modern market Dev | Ongoing | 2009 |
| | | Neke | Market Dev | Modern market Dev | Ongoing | 2009 |
| | | Eha Agu | Market Dev | Modern market Dev | Not Done | 2008 |
| | | Agu Amede | Market Dev | Modern market Dev | Not Done | 2008 |
| Selected Projects embarked upon by some Local Governments and their Status in Enugu West senatorial zone, 2007-2015 | | | | | | |
| 7. | Udi | Udi | Market Dev | Fencing of Orié Agu Market | Ongoing | 2014 |
| | | Obioma | Electricity | Extension and Boosting | Ongoing | 2011 |
| | | Abia | Health | Building of New Health Centre | Not Done | 2012 |
| | | Agudu | Electricity | Extension and Boosting | Ongoing | 2010 |
| | | Obinagu | Market Dev | Modern market Dev | Not Done | 2011 |
| | | Umuabi | Market Dev | Modern market Dev | Ongoing | 2014 |
| | | Umuaga | Electricity | Extension and Boosting | Not Done | 2013 |
| | | Eke | Education | Construction of 4 classroom block | Ongoing | 2008 |
| | | Ngwo Asaa | Electricity | Installation of 500KVA Transformer | Ongoing | 2009 |
| | | Uborji Ngwo | Market Dev | Modern market Dev | Not Done | 2011 |
| | | Amankwo | Health | Upgrading of existing health post | Not Done | 2007 |

“Local Government Internally Generated Revenue and Projects Execution in Enugu State, 2007-2015”

| | | | | | | |
|-----------|------------------|------------------------|-----------------------|---------------------------------------|-----------------|-------------|
| | | Ngwo | | to health centre | | |
| 8. | Ezeagu | Umaji-Imezi Owa | Portable Water | Provision of Borehole | Not Done | 2011 |
| | | Amankwo Oghe | Electricity | Extension | Ongoing | 2014 |
| | | Neke Oghe | Portable Water | Provision of borehole | Ongoing | 2008 |
| | | Okpogho | Electricity | Rural Electricity | Ongoing | 2009 |
| | | Awha Ndiagu | Electricity | New Construction | Ongoing | 2011 |
| | | Amagu Umulokpa | Health | Establishment of new health centre | Ongoing | 2009 |
| | | Aguobu Umana | Health | Establishment of new cottage hospital | Note Done | 2011 |
| | | Obunofia Ndiagu | Market Dev | Modern market Dev | Note Done | 2010 |
| | | Isigwu Umana | Health | Establishment of Health Centre | Not Done | 2010 |
| | | Etiti Obeleagu Umana | Health | Establishment of Health Centre | Note Done | 2013 |
| 9. | Oji-River | Aduachi | Health | Establishment of Health Centre | Not Done | 2013 |
| | | Amaetiti Achi | Electricity | Extension and boosting | Ongoing | 2011 |
| | | Enugu Inyi | Portable Water | Sinking of a new Borehole | Not Done | 2008 |
| | | Ugwu Inyi | Health | Establishment of Health Centre | Not Done | 2011 |
| | | Agbalenyi | Health | Construction of Health Centre | Not Done | 2010 |
| | | Okpuno Agude | Bridge Construction | Construction of Offia Bridge | Ongoing | 2009 |
| | | Etiti Awlaw | Portable Water | Drilling of new motorized borehole | Not Done | 2010 |

Source: Visit Every Community (VEC) Initiative, 2015

This does not contain all the ongoing and abandoned projects in these local governments. We merely picked randomly maximum of 10 of such suffering project to make our points. From the table, we can see that a lot of development projects identified and budgeted for by the local governments suffered neglect or outright abandonment as indicated under “Not Done/Ongoing”. Some have been in such condition for period over 6 years as seen under year of award. The ugly situation is as a result of the dwindling or lack of adequate internally generated revenue to drive development projects in communities. The local governments in Enugu State therefore depend on the Federal allocation which is very volatile for relatively all their obligations. This also leads to poor project execution in their communities. The few that are bent on doing projects resort to large borrowing from commercial banks with higher interest. This in particular mortgages the future of such councils.

3.2 Internally Generated Revenue in Enugu State Local Governments and Militating Factors.

There is a high incidence of corruption, fraud and embezzlement among local government revenue officials. Some of these unscrupulous council’s officers collect

revenue for which they issue fake receipts to the payers, and the funds collected are not paid into the councils’ treasuries. Others collect revenue without issuing receipts. It is by so doing that large sums of revenues are lost by local governments in Enugu State to some corrupt and fraudulent rates and fee's collectors, licensing officials, collectors of fees and fines, market masters, and valuation officers. Furthermore, some tenement assessments are under evaluated, or they completely escape valuation and rating. At particular points, it is very common for local government enforcement officers ensure that the poor are the payer of the tenement rates, whereas the rich and the well-connected escape payment. In Enugu State local governments’ revenue drives, corruption and fraud are serious problems. For example, the Enugu South Local Government Council in 2013 suspended 20 Revenue Collectors for diversion of large sums of the Council’s internally generated revenue (Nnaji, 2014). Indeed, Atakpa and Ocheni (2012:14) corroborated that “most local governments in Nigeria today have become centres or fortresses of corruption.” They further highlighted that “all the Chairmen of the twenty-one local governments in a particular state were pronounced guilty of financial irresponsibility; that the local government

councils had become fortresses of financial malpractices....” These fraudulent and corrupt practices have tended to deprive the local government of their legitimate finances.

Another version of corruption tendency negating revenue generation efforts of Local Governments in Enugu State is the practice of farming out revenue generation on the basis of political patronage. These revenue agents are given arbitrary monthly targets to remit to the council, contrary to the Financial Memoranda regulation which states that “where appropriate, a Local Government may appoint a person other than an employee as a revenue collector and such person shall receive an appropriate portion of taxes or fees he collected as commission” (Financial Memoranda, 6: 2). The implication of not complying with this regulation, as observed by an Audit Inspection Report on by the Enugu State Local Government Service Commission (2011) is that the revenue agents cashed on the loophole created by the councils to exploit helpless public by fixing rates other than those approved by the council, who could not pay the exorbitant rates. This ugly trend has resulted to loss of dire needed funds to Local Government councils, as lesser targets were often given to the revenue agents (Edoyugbo, 2012).

On the other hand, a substantial number of rural and urban dwellers are indigent. They are not only indigent but remain redundant in most cases. The poor and unemployed are not endowed with the capacity to contribute to internally generated revenue in their localities, since they lack the wherewithal to pay the demanded rates or taxes (Olalekan, 2015). This problem becomes heightened in a situation where, for example, demands for tenement rate's payment are contracted out to an agency/contractor who turns around to make tenement rate demands that by far outpaced the actual revenue for the house owner, or the cost to the building. Under such circumstances, the probable revenue will dwindle due to the inability of the house owners to pay the projects. Consequently, the probable internal revenue source would not yield expected revenue layout. This is due to an absence of reasonable tenements worthy of valuation and rating. Nzelibe (2010) observed that most of these local government markets and motor parks in Enugu State are not fully developed to yield expected revenue. That is, most of the internal revenue sources assigned to the local government councils are either undeveloped or absent in some of the council areas. This may be as a result of neglects of such revenue sources by the local government council areas. For instance, due to dependence of local governments in the state and federal government for financial sustenance, television and bicycles, fees are hardly considered as sources of their revenues in most local governments in the state. Again due to the imposition of very high tenement rate on private buildings, and the noncompliance by house owners, the revenue derivable therefrom is extremely minimal.

Furthermore, the finance and audits' departments of many local governments in Enugu State are not sufficiently staffed with well trained, qualified and experienced financial managers, accountants, clerks, auditors and property valuation officer who would apply their skills and initiatives to develop pragmatic plans and strategies to enable them harness and exploit fully and effectively the internal revenue sources. Atakpa and Ocheni (2012:17) posits that some local government officials “exhibit their inability to keep proper and adequate accounting records” because they” have little or no knowledge about the accounting systems in local government.” In the case of Enugu State, these problems are further compounded by poor assessment methods as most of the local government councils in Enugu State do not have well trained planning and budgeting officers necessary for efficient financial plans in the areas of internally generated revenue sourcing.

Above all, local governments in Enugu State mobilize their funds solely from external sources. The external sources include federal and state governments financial transfers like grants, statutory allocations, share of value added tax (VAT), receipts and loans. These external sources introduce a dependence syndrome in local government revenue mobilization effort. Any setback from the external sources would have adverse effect on the administrative machinery and execution of some viable projects. This also has weakened their internal revenue mobilization capacity.

3.3 Enhancing Enugu State Local Government Councils' IGR to reduce Project Abandonment at the Grassroots

It is a truism that if the existing legal sources of revenue are fully exploited and tapped, most local governments will need not to bother themselves seeking additional sources since the present sources provided by the existing laws will suffice. Therefore, the strategies we discuss below would help the Enugu State local governments maximize their internal revenue generating capacity for development in the state

3.3.1 Exploitation of the Existing Revenue Sources: Local government in Enugu State should endeavour to exploit to the full existing sources of internal revenue, especially in the following areas (Leyira, Chukwuma and Umobong, 2012):

- i) Community rates: Less than 30 percent of male taxable adults pay this tax at the local government level and machinery for its administration is inadequate and unsatisfactory. The traditional rulers or village heads should be made to assist in the collection of this rate since they know their subjects better.
- ii) Property (Tenement) rates
- iii) Licenses, Fees and Charges: (1) Advertisement fees. (2) Brick making and block industry licenses (3) Contractors' registration fees (4) Forestry and fuel exploitation fees (5) Hawkers' permits/licenses in the markets (6) Liquor brewing/sales licenses (7) Control of noise licenses – for record and cassette sellers and loud speaker system – both in

the markets and large ceremonial public gathering (8)
Produce buying licenses (9) Rents and plot fees (10)
Wholesale and retail trade licenses

3.3.2 Modification of Extant Laws on Existing Revenue Yielding Sources

The existing laws on internal revenue yielding sources of local governments in Enugu State could be modified so as to improve their internal revenue yielding potentials in the following areas:

- i) Taxes and Rates: Nigerians have recently become profligate spenders in merry-making and entertainment especially in the areas of marriages, funeral rites, title taking, birthday, house-warming, ceremonies, etc. Local governments should design local entertainment tax laws which will tap from and curtail the spending spree of Nigerians in those areas especially in these austere times.
- ii) Rural Property (Tenement) Rates: Rural areas are not potential money yielding sources from commercial property rating. But many affluent Nigerians make their wealth in urban areas and come home to the rural areas to build mansions and palatial houses. Local governments should be able to exploit this tendency by designing appropriate property rates on rural residential house so that these wealthy Nigerians who evade taxation where they live in urban areas could be netted into the tax bracket by their rural local governments taxing their wealth through this improved source of tenement rating, known as rural property rates (Atakpa and Ocheni, 2012).
- iii) Wholesale and Retail Trade Licenses: Experience has shown that Nigerians are very artful tax dodgers by nature. The result is that it is only public servants whose incomes are taxed from source under the PAYE system of taxation, who pay their taxes as and at when due. Wholesale and retail traders who make thousands of Naira every month in the rural markets only pay their community rates to the local governments. Local governments in Nigeria should as a matter of urgency design appropriate laws that tax both wholesale and retain traders in our rural markets.
- iv) Produce Buying/Sale Licenses: Local government areas especially in Enugu State like counterparts in Anambra, Imo, Abia and Ebonyi States are famous for their palm oil/kernel and timber produce and sales, among others. Local governments in the state could modify the existing licenses and fees on produce purchases and evacuation from their areas of authority.

3.3.3 Development of New Areas of Revenue Sources:

Local governments in Enugu State could embark on investments that can yield them regular sources of revenue, apart from investing on stocks and shares in companies

where they have little or no control. The new investment areas could be in the following areas (Olalekan, 2015):

- Mass Transit Transportation Programmes: Many local governments are already exploiting this potentially lucrative revenue source. This could be further improved and sometimes Federal Government help or assistance in this direction could be sought.
- Petrol Filling Stations: Local government could establish petrol filling stations in the rural areas to augment those of the private sector and this could improve the revenue base of local governments.
- Rural Pharmacy Houses and Medicine Stores: The Health Departments of our local governments should embark on this venture in the rural areas.
- Establishment of Poultry Farms/Fish Ponds: This could be established and commercially managed by the local government Department of Agriculture.
- Nursery Schools and Day-Care Centres: Local government could establish schools for children to pay fees, etc.

3.3.4 Minimization of Corruption and Administrative Waste

No matter the amount of revenue generated internally in our local governments, no progress will be made if the present level of corruption, embezzlement of public funds, etc. by local government office holders (whether political, career officers) and the wider Nigerian community, continues (Edoyugbo, 2012). According to Transparency International (2018), depicts Nigeria's worst performance in the Corruption Perception Index as it moved backward from 136th in 2014 to 148th out the 180 countries studied in 2017. This remains a factor in Enugu State. Unless corruption and waste in our local governments are minimized, the above strategies for improving the internal revenue generation capacities of Enugu State local governments will be unrealizable. The strategies in eliminating corruption and waste of funds and resources in the local government system in Enugu State include developing adequate supervision and inspection technique to monitor revenue collection and ensure proper accountability.

Adequate supervision and inspection technique will include among other things some of the following (Adedokun, 2014):

- Ascertainment of all sources of revenue accruable to the local government as defined by law;
- Strict application of rules relating to payment and collection of revenue from different types or sources;
- Investigation of the procedures used by the revenue collectors in assessing the payers and
- Investigation and appraisal of possible weakness – evasion, avoidance, administrative inefficiency that could lower the fiscal strenght of the revenue collector.

3.3.5 Checking and Supervising the Revenue Collectors:

This is a strategy for discovering internal revenue leakage, which simply means the loss of revenue by the local government through the connivance of the revenue collectors with the members of the public. It involves such activities as under-assessment of the revenue payers; illegal exemption of some revenue payers (e.g. friends, relations, wife, etc.) by the revenue collector; forging of receipts and non-remittance of revenue collected (Uhunmwangho and Epele, 2008). The prevention and detection techniques in internal revenue generation would entail the following:

- Serious bounding of revenue collectors and other revenue staff of the local government by well-known and wealthy Nigerians as a means of discouraging misappropriation;
- Revenue collectors and cashiers not being allowed to stay too long in one position to avoid perfection of strategy for misappropriation. In other words, constant change or reassignment of revenue collectors;
- Staff of proven integrity and honesty be employed as revenue collectors and cashiers, especially when the responsibility is not contracted out to private agents. Efforts should be made by the local government authority to ensure that dishonest staff or those with suspicious character are not recruited as revenue collector or cashier. Detailed investigation about the staff conduct, morals, life and background as well as previous records of service if any should be instituted.

Particularly, government inspector should regularly supervise and inspect the revenue books of the revenue collectors. Similarly, Internal Audit Unit of the local governments in Enugu State must be strengthened and be up and doing in auditing the accounting records and revenue books of the revenue collectors and cashiers to ensure that no fund is diverted to private use. The Internal Audit Unit should be able to raise Audit Alarm when necessary.

On the other hand, as much as possible, efforts should be made to ensure that staff entrusted with the responsibility of revenue collections are those with sound financial discipline. A staff that is well known to be always applying for loan, overdrafts or salary advance should not be deployed as a revenue collector because he will constitute a serious threat to the local government revenue (Leyira, Chukwuma and Umobong, 2012).

Finally, the revenue collector and cashier should be adequately paid and rewarded to avoid the temptation of tampering with the revenue collected or colluding with the members of the public to defraud the local government of the much needed revenue. Adequate remuneration will encourage work motivation and satisfaction which will serve as a deterrent to dishonest or fraudulent practices.

4. RECOMMENDATIONS

The following measures, although hardly exhaustive, would contribute to improved IGRs of the Enugu State local government councils and reduce project abandonments.

Local governments in Enugu State should endeavor to exploit the existing sources of internal revenue to the full. It is a truism that if the existing legal sources of revenue are fully tapped, most local governments will hardly seek additional sources since the present sources provided by the existing laws will suffice. But institutions with ability and will should be put in place to checkmate any possible abuse.

The extant laws on internal revenue sources of local governments in Enugu State should be amended through legislation by the Enugu State House of Assembly to improve their yielding potentials. Local governments should design local entertainment tax laws which will tap from and curtail the spending spree of Nigerians in those areas especially in these austere times. Local governments in Enugu State should as a matter of urgency design appropriate laws that tax both wholesale and retail traders in our rural markets. Local governments in the state could modify the existing licenses and fees on produce purchases and evacuation from their areas of authority.

Local governments in Enugu State should embark on investments that can yield them regular sources of revenue, apart from investing on stocks and shares in companies where they have little or no control. For instance, they could establish petrol filling stations in the rural areas to augment those of the private sector and this could improve the revenue base of local governments. Also, the Health Departments of our local governments should embark on Rural Pharmacy Houses and Medicine Stores in the rural areas. Establishment of Poultry Farms/Fish Ponds could be established and commercially managed by the local government Department of Agriculture. Local government could establish schools for children to pay fees, such as nursery schools and day-care centres.

On project abandonment, we recommend among others that the executive/caretaker chairmen need to be more patriotic in handling development projects in the councils. In most cases, projects are abandoned because of lusts of the administrators of the councils to pave way for self-enrichment. The handlers of our various councils should be Christian in managing public monies. However, severe penalty should be in place to deter prebendal attitudes of some officials.

The local governments also need to be more rational in embarking on projects. The awarding of contracts for projects extensively when the revenue is dwindling will only lead to abandonment. The councils should select few projects tantamount to resources available. It is appropriate that each leadership at the local government system have performance rating chart that captures its revenues and expenditure profile. The set project target should be proportional to the revenue.

5. CONCLUSION

Local government system is statutorily conferred with the task of rural development. However, it is an indisputable and incontrovertible fact that the internal revenue generation of local governments in Enugu State are far below what it should be, all things being equal. Several reasons have been adduced/advanced for why internal revenue generation is unsatisfactory.

Based on the identified problems facing local government internally generated revenue as exemplified in Enugu State, it is appropriate that local government should be reformed and restructured to cope with the challenges of rural development; to improve the conditions of rural environments; augment rural economic wellbeing and living standard.

This will be achieved by granting it financial autonomy with immediate dissolution of State and Local Government's Joint Accounts. This will be the first step to unbundle local government system from state control. With restoration of democratic instruments in the operations of the system, it will go a milestone in wiping the tripartite devils of bad leadership, corruption and mismanagement that plague the system, by restoring checks and balances in the system. The inability of Enugu State local governments to implement substantial rural development projects during the periods under study was due to lack of transparency and accountability and it should be seriously enforced. It accounted for dwindled commitment to project execution and translated into rampancy of abandoned projects which costs are of monumental effects on the people despite huge financial allocations being collected monthly. The available statistics on rural development projects executed in the state did not justify such huge revenue allocations. It is appropriate that each leadership at the local government system have performance rating chart that captures its revenues and expenditure profile. The set project target should be proportional to the revenue.

REFERENCES

Books

1. Denga, D.I. (2003) Local government administration in Nigeria: Past, present and futuristic projections. Nigeria: Rapid Educational Publishers Ltd
2. Easton, D. (1965). A system analysis of political life. New York: John Wiley and Sons.
3. Egonmwan, J. A. (1984). *Principles and practice of local government in Nigeria*. Benin City: S. M. O. Aka and Brothers Press.
4. Ezeani E.O. (2006). Fundamentals of public administration. Enugu: Snaap press Ltd.
5. Mabogunje, A. (1980). The development process: A spatial perspective. London: Hutchinson and Co. Publishers Ltd.

6. Moseley, M. J. (2003). Rural development: Principles and practice. London: SAGE.
7. Nwatu, D. N. (1995). *Local government in Nigeria: An introduction*. Enugu: Agathe Service Publishers Ltd.
8. Nzelibe, C. G. O. (2010). *Current issues in public and local government administration*. Fourth Dimension Publishers. Enugu.
9. Okoli, F. C & Onah, F. O. (2002). Public administration in Nigeria: Nature, principles and application. Enugu: John Jacob's Classic publishers Ltd.
10. Ola, R. O. F., & Tonwe, D. A. (2003). *Local administration and local government in Nigeria*. Lagos: Mixon Publishers.
11. Oladosu, A.S. (1981). Essay in local government. Kaduna: Dosu Publications
12. Van Assche, K. & Hornidge, A. (2015). Rural development: Knowledge & expertise in governance. Wageningen: Wageningen Academic Publishers

Journals

1. Agba, M.S; Ogwu,S.O; and Chukwurah, D.C.J (2013). An empirical assessment of service delivery mechanism in Idah Local Government of Kogi State, Nigeria from 2003-2010. *Mediterranean Journal of Social Science*, 4 (2), 621-636
2. Atakpa, M., Ocheni, S., & Nwankwo, B. C. (2012). Analysis of options for maximizing local government internally generated revenue in Nigeria. *International Journal of Learning & Development*, 2(5): 94-104.
3. Banko, O. H. (2015). Local government and rural development in Nigeria: A case study of Nkanu East Local Government Area (2008-2015). *International Journal of Innovation Research and Development*, 5(7): 110-119.
4. Coker, M. A., Eteng, F. O., Agishi, T. V., & Adie, H. I. (2013). Challenges of expanding internally generated revenue in local government council areas in Nigeria. *Journal of Sustainable Development*, 8 (9): 79-88.
5. Easton, D. (1957). An approach to the analysis of political systems. *World Politics*, 9, 383- 400.
6. Egberi, A. E. and Madubueze, M. C. (2014). Corruption and service delivery in local government system in Nigeria: A content analysis. *International Journal of Business and Social Sciences*, 5 (10), 98-107.
7. Johnston, B. F. (1970). Agriculture and structural transformations in developing countries: A Survey of the Research, *Journal of Economic Literature*, 8(2) pp. 369-404.

“Local Government Internally Generated Revenue and Projects Execution in Enugu State, 2007-2015”

8. Kayode, A; Adagba, S.O and Anyio, S. F (2013). Corruption and service delivery: The case of Nigeria public service. *Woodpecker Journal of Public Administration*, 8 (1), 001-006.
9. Leyira, C. M. , Chukwuma , E and Umobong , A. A. (2012). Tax system in Nigeria: Challenges and the way forward. *Research Journal of Finance and Accounting*, 3(5): 8-17.
10. Olalekan, M. A. (2015). local government finance in Nigeria: A case study of Iwo local government area of Osun State. *International Journal of Politics and Good Governance*, VI, (6), 35-48.
11. Olusola, O. O. (2011). Boosting internally generated revenue of local governments in Ogun State, Nigeria. *European Journal of Humanities and Social Sciences*, 8(1) (Special Issue).
12. Olusola, O. O. (2014). The role of internally generated revenue in local government administration in Nigeria. *Journal of Management & Social Sciences Research*, 3(5): 24-33.
13. Uhumwuangho, S.O. & Epelle A. (2008). Strategies for managing challenges and ensuring effective governance in local governments in Nigeria. *Journal of Citizenship Education*, 7 (2): 23-36
14. Uhumwuanyo, S. O., & Aibieyi, S. (2013). Problems of revenue generation in local government administration in Nigeria. *AFRREV IJAH*, 2(3):192-209
3. Agba, A. V. and Ben, O. (2006). Oil rent management and fiscal federalism: The Nigerian experience. Mimeo, Department of Economics, University of Abuja, Nigeria
4. Edoyugbo, J.E (2012). The problems of revenue generation in the local government administration: A case study of Oredo Local Govt. Council, Benin City, Edo State; *Unpublished Masters in Public Administration Project, Department of Political Science and Public Administration, University of Benin, Benin City.*
5. El-Rufai, N. A (2012). Local government: The missing tier of government. Columnist (Internet material downloaded Feb 10, 2017)
6. Iniodu, P. U. (1999). Fiscal dependence of local governments in Nigeria’s fiscal system: The case of Akwa Ibom State. In fiscal federalism and Nigeria’s economic development. Selected papers presented at the 1999 Annual Conference.
7. Internally Generated Revenue of Nigerian States- Trends, challenges and options, 2015. www.nggovernorsforum.org. Retrieved 12/5/2017
8. Onyishi, A. O. (1995). Accounting for revenue in the Nigerian local government system. A paper presented at the national seminar/workshop on internal revenue generation: Strategies, problems and prospects held in Awka at First Date Search Ltd.
9. Takaya, B. (2002). Towards strengthening the third tier in emerging rights to good governance.

Government Documents

1. Enugu State Local Government Service Commission (2016). Consolidated financial statement of Enugu State Local Governments, 2007-2015.
2. Enugu State Local Government Service Commission (2011). Audit inspection report.
3. Report submitted to the Enugu State House of Assembly Committee on Local Government by Nkanu East Local Government, February 2009.
4. Report submitted to the Enugu State House of Assembly Committee on Local Government by Uzo-uwani Local Government, February 2009.
5. Visit Every Community (VEC) Initiative (2015), Enugu

Unpublished Sources

1. Adedokun, A. A. (2014). Local government tax mobilization and utilization in Nigeria: Problems and prospects. Senior Lecturer Dept. of Public Admin. & Local Govt. Studies The Polytechnic, Ibadan, Nigeria. *Unpublished*
2. Adewumi, J. B. (1994). Essential feature of the revised financial memoranda for the local government. A commissioned background paper