

Generation revenue and local government service delivery in Njikoka and Nnewi north local government areas of Anambra state

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ABSTRACT

This work examined revenue generation and development of local government areas in Anambra State. A study of Njikoka and Nnewi South Local Government Areas. The study was anchored on the structural functionalism theory propounded by Albert Bandura in 1986. The survey research design was adopted in the study. The research instrument was structured questionnaire designed in line with objectives of the study using the likert five-point scale while the T-test statistical tool was used in testing the hypotheses. The population covers 2780 staff of Njikoka and Nnewi South Local government councils from where a sample size of 350 was drawn using the Taro Yarmeni formula. The findings of the study showed that lack of financial autonomy, and ineffective financial control mechanisms constitute a cog on the wheel of development of Njikoka and Nnewi south local government areas and also impede service delivery. In line with the above findings, it is therefore recommended that Internal financial control mechanisms should be strengthened to ensure compliance with Financial Memoranda (FM) and other financial regulations. More revenue sources should be identified and adopted in order to increase the revenue base of the local councils while the existing ones should be judiciously harnessed, properly managed and accounted for by the local government leadership.

Keywords:

Generation revenue, service delivery, Anambra state.

Article History:

Received: 10 Feb 2023

Accepted: 02 Apr 2023

Available Online: 02 Jun 2023



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1. INTRODUCTION

Revenue generation in Nigeria local governments is principally derived from tax. Tax is a compulsory levy imposed by government on individuals and companies for the various legitimate function of the state (Olaoye, 2008). In the same vein, Ojo (2013) contended that the history of man has shown that man has to pay tax in one form or the other which could either be in cash or in kind, initially to his chieftain and later on a form of organized government. It therefore suffices to say that no system of government can be effective in the absence of some measure of financial independence. This is also applicable to the local government system in Nigeria which has developed over the years from the native authority system where direct taxation in the form of community taxes was levied on communities to a more advanced system of local governance with constitutionally assigned revenue sources (Rabiu, 2014). Bode (2018) posited that it is in recognition of the indispensable role local government plays in socio-economic development of local communities that the originators of 1976 Local Government Reform made genuine efforts to assist the local government system financially. For instance in 1976, the Federal Military Government after the reform as it was contained and noted in the Guidelines for Local Government Reform 1976 stated that:

Lack of adequate funds and appropriate institution has continued to make local government ineffective and ineffectual. In embarking on the reforms, the Federal Military Government was essentially motivated by the necessity to stabilize and rationalize government at the local level. This must entail the decentralization of some significant functions of state government to local levels in order to harness local resources for rapid development (Guidelines for local government reform 1976:11).

This gave rise to provision of different sources of internal revenue generation for Nigerian local government in our subsequent constitutions. Also, various measures were taken to take care of the financial problems of the local system. For instance, there are many Edicts in various states like Anambra State Edict (1976) in favour of other sources of revenue for the local government system. The aim for provision of internal sources of revenue generation to local government is to supplement the statutory allocations from both federal and state government. It is assumed that if local government can satisfactorily generate a large proportion of its revenue internally, it will cease relying heavily on the statutory allocations. Despite these constitutional provisions for sources of internal revenue, Usman (2019) lamented that regrettably, local government in Nigeria are

still unable to tap all these internal sources. Hence, the problem of poor internal generated revenue in most local government in Nigeria leading to the concomitant debacle of underdevelopment in the rural areas. It is against this background that this study tends to examine factors that constitute impediments to generation of internal revenue in local government areas in Anambra state and how the situation has affected rural development effort of these local councils with specific emphasis on Njikoka and Nnewi North local government areas.

1.1 Statement of the Problem

The relevance of the local government councils as the government at the grassroots is measured by the quality and quantity of services rendered to the rural dwellers. For the local government council to render meaningful services in form of provision of basic amenities, construction and maintenance of roads, creation of employment opportunities for the citizens and payment of staff salaries as at when due, money is undoubtedly required. Without the availability of revenue, a local government council will not only be incapable of serving the people but will undoubtedly crumble. It therefore follows that for the local government to discharge its statutory functions effectively, it should not only be adequately funded but such fund should be efficiently applied. Nigeria's experience in local government administration, whether in military regimes or in democratic era has clearly shown that local governments are faced with daunting challenges in their mandate to promote development and provide essential services to the rural dwellers. Local government, which is statutorily established to be the closest tier of government to the people, is not doing its bidding coupled with the fact that resident population in the local government has no significant access to the benefits of its existence. This seeming failure of the local governments in the area of service delivery has made the citizens to lose their trust in government as an institution. In some areas, council officials are better known for the harassment of citizens than service delivery (Ajibulu, 2011).

In the words of Oguonu (2016) "what makes the difference between local governments is the ability of a local government to internally generate revenue". The inability to generate income apart from resources from the federal government has been a persistent problem in local government administration and the bane of rural development in Anambra State. Revenue generation entails generating and exploring all the sources of revenue for the local councils. Most of the local government councils in Anambra State relies heavily on external sources for funds and have failed to explore the various sources of internal revenue generation at the

disposal of the councils; hence the problem of internally generated revenue with its concomitant debacle of rural underdevelopment. However, there is a great concern in Nigeria about the efficiency and effectiveness of Local Government administration as an instrument of development and rural transformation. Some of the aims for the establishment of Local Government as envisaged by the 1976 Local Government reform which include among other things as mobilization of the grassroots, citizen participation in governance, rural development, poverty reduction, service delivery, infrastructural transformation of the rural communities among others appear not to have been realized. In spite of all the reforms and the injection of huge resources into Local Government administration over the years, the infrastructural development on ground appeared not satisfying coupled with a brazen disconnection between resources and efficient services delivery. Given this situation, one begins to wonder if corruption and weak machinery for check and balances in the generation of revenues, lack of financial autonomy, incessant state government interference, poor financial control framework, false declarations of statements of revenue by revenue collector's and treasury staff, political instability and lack of socio-political philosophy among others have contributed to the poor performance of the local government system in Anambra State in their rural development effort.

1.2 Research Questions

The following research questions guided the study:

1. To what extent does lack of financial autonomy affect revenue generation and rural development in Njikoka and Nnewi South Local Government Areas of Anambra State?
2. What is the relationship between revenue generation and service delivery in Njikoka and Nnewi South Local Government Areas of Anambra State?

2. CONCEPTUAL REVIEW

2.1 The Concept of local government

The term local government has been defined variously by different scholars. Akindele, (2010) defines local government down to earth to reflect Nigerian local government system when he maintains that: The Nigeria 1976 Guideline for Local Government Reform define local government as: Government at the local level exercised through representative council, established by law to exercise powers within defined areas. These powers should give the council substantial control over local affairs and institutional and financial powers to initiate, determine and implement projects so as to compliment the activities of the state and federal government in their areas while ensuring active participation of the people and their traditional institutions so that local initiative and response to local needs and conditions are maximized (Akindele et al, 2010:71). The United Nations Division of public Administration defined local government as a political subdivision of a nation (or in a federal system, a state) which is constituted by law and has substantial control of local affairs, including powers to impose taxes or exact labour for prescribed purposes. It is also seen as a branch of government that is closest to the people. It is seen as a medium through which the people participate actively in grassroot government and for the provision of social services to the people (Mukoro, 2003). To Nwanegbo and Okafor (2015), local government is defined as a political subdivision of a state which has a legal existence under the law and is run by elected representatives of the local people, with substantial autonomy in administrative and financial affairs. They are of the view that local government has a corporate personality which can sue and be sued with perpetual succession. With this therefore, it means local government exists where elections are to take place as at when due to enable the people have a direct or indirect participation in the matters that concern the people. It is a viable instrument for the delivery of social services to greater percentage of the rural masses in any given country.

According to Adekoya (2020) local governments as an institution are created to entrenched grassroots democracy and ensure social and economic wellbeing of the citizens in the areas of security, infrastructural developments, and provision of goods and services. Therefore, the creation of local government is to ensure and promote grassroots development and local participation in governance. It is also to facilitate democratic self-government at the grassroots level; act as a channel of communication between the local government and the other tier of government; ensure infrastructural, socio-economic development activities; gives the local citizens the opportunity to conduct their own affairs in their own way; provides the ground for art of learning governance and administration of

justice; and to ensure the involvement of traditional rulers in effective leadership, decision making and entrenchment of better administration. Aworom, (2012) defined local government as an essential instrument of national and state government for the performance of certain basic services which can best be decided upon and administered locally on the intimate knowledge of the needs, conditions and peculiarities of the area concerned. Scharicles (2014) posited that one of the major justifications for local government in modern times is that it promotes participation by local communities in governmental activities as well as serving as machinery for harnessing local level efforts for development purposes. And local government he said also serves as a bridge and channel of interactions between local populations and the central arena of government. Local government is therefore not sovereign; it is Nevertheless, the justification for the establishment of local government is based on the socio-economic and political mobilization towards solving the problems of the rural people. Due to its far distance from both state and federal government, this level of government is established to bring governance closer to the people since it is believed that government that is close to the people are more likely to understand the challenges of their existence. As noted by Chukwuemeka (2013), the rural areas in Nigeria are faced by total lack of basic infrastructure and where they exist, they are totally inadequate.

2.2 Local Government Revenue

Revenue in Local government is a generic term that involves tax and non-tax sources of revenues. According to Agya, Ibrahim, and Emmanuel (2015) revenue is all form of monetary receipts from both taxes and non-taxes sources. Tax revenue is a compulsory payment on income, profit and property while non-tax revenue are collectables that are subjects to usage or activities, these are fees, fines, rates, tolls, licenses, permits and other miscellaneous revenues. According to Federal Ministry of Finance (2012) the National Tax Policy (NTP) defined revenue as income received from all activities engaged in by the receiving entity. It is the entire amount received by the government from all sources within and outside the government entity. Revenues generation is vital to local government because local governments are established to provide for the immediate needs of the people at the grassroots level.

2.3 Interface between Local Government Revenue Raising Power and Service Delivery

There are basically two major sources of funds for the states and local governments. These are allocation from the Federalism Accounts (including VAT, Stabilization Receipts and General Ecology) and internal revenue generation (tax revenue and non-tax revenue) (Odoko and Nnanna, 2015) Intergovernmental transfers are made from the federal account to the states. The funds are meant to provide general revenue to all tiers of government to fund basic operations where their own revenue would not be sufficient to fulfill such responsibilities. The states then transfer funds to local governments. Allocation of funds in Nigeria is decided by the National Revenue Mobilization, Fiscal and Allocation Commission (NRMFAM) based on criteria to ensure that there is equity in allocation, both vertically between tiers of government and horizontally, across Nigeria (Aniakon. 2009).

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

The ability of the Nigerian local government to provide public goods to the people at the grassroot level depends largely on the availability of fund. This goes with the saying that fund is the livewire of any human organization. However, Felix and Uno (2018) argued that the poor revenue outing of the local government system in Nigeria which in no small way hinders the provision of public goods to the rural dwellers is not new. According to them, this opinion was held by Adekunle (2017) when he lamented that this problem could be traced to the colonial pattern of personal recruitment into the local government which is largely based on political consideration and this continued in the post-colonial Nigeria. However, scholars are of the view that a lot of factors are responsible for poor revenue generation of the Nigerian local governments. Some of these factors include:

Absence of reasonable tenement worthy of evaluation and ratings: In some rural local government areas in Nigeria, there is total lack of tenements to be evaluated. This problem is common with markets, parks, that are located in the rural areas and as such yields very poor revenue since they are not developed. The poor revenue base of some rural areas in Nigeria occasioned by total lack of basic necessities of life has resulted to high rate of migration from rural to urban centres by the people in search of greener pastures. To Amechi (2012) because of lack of adequate revenue

to carry out some of its programmes, the Nigeria local government system has not really helped in facilitating rapid development at the grassroot which is the main reason for establishing local government since it is the only government close to the grassroot people.

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

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

State Government Encroachment on Local Government Revenue Sources: It is sad to note however that the 1999 constitution of Nigeria created some confusion in relation to governance at the local government level. Section 7 (6b) of the constitution states that the house of assembly of a state shall make for statutory allocation of public revenue to the local councils within the state. Also the section 162(b) provided for the establishment of a joint account between the state and the local government. With this, the state governors capitalized on this and took over all the revenue windows of the local government. Today, state governments collect taxes from major markets in their states and motor parks leaving the local government with ones in the rural areas. Also, the state governors usually take over counterpart fund due to the local government and engage in all manner of illegality committed through over deduction of primary school teachers' salary, spurious state/local government joint account, non-payment of pensioners and non-utilization of training fund despite deducting these monies. All these illegal dealings are possible through the appointment of caretaker committees or transition committee to manage the affairs of the local government.

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

2.5 Theoretical Framework

It is a tradition in the Social and management Sciences to adopt existing paradigms or theories to enable us articulate our analysis. In the light of the above, this study is anchored on the Structural- Functional Theory. The Structural-Functional Theory is an important tool of investigation with predominantly sociological concept, applied by political scientists, particularly in the study of the nature/structure of government, comparative politics and the political system. Key exponents of Structural-Functional theory in political science are Gabriel Almond, William C. Mitchell and David Easton. Structural-Functional theory revolves around the concepts of 'structure' and 'functions'. The former, according to Almond and Powell means 'the observable activities which make up a system'. The latter, is the 'contribution of some elements in a system to the maintenance of the system in a given state'. While functions deal with the consequences involving objectives as well as processes of the patterns of action, structures refer to those arrangements within the system which perform the functions (Das & Choudhury 2002). The Structural-Functional Approach will be clearer with a concise explanation of functionalism and structuralism. These are very close related paradigms. Despite their mutuality, Anikpo (2006) observes that they appear as 'the opposite ends of the same continuum'. Both actually view the society as comprising of interrelated parts. The major difference however is that

while functionalism adopts a holistic attitude to the analysis of society, structuralism prefers a particularistic approach. However, takes 'a teleological posture which appreciates the significance of the component parts only to the extent that they function 'to keep the society in equilibrium'. On the other hand, structuralism accepts the sub-units of a society as autonomous entities irrespective of the interrelationship existing among them. Hence, the dynamics or workings of society is better understood by a detailed examination of each sub-unit rather than subsuming the existence of the parts into the whole. The reason is that different sub-units of a society can co-exist without necessarily being indispensable or material to the maintenance of the larger society. This synergy is given credence by the position of Das & Choudhury (2002) that few concepts in the history of modern social sciences have generated as much discussion as those of 'structures' and 'functions' and the type of analysis associated with them.

3. METHODOLOGY

This study adopted survey research design was considered appropriate. Data for the study were collected through two main sources which include primary source and secondary source. The primary sources were the data obtained from the field through interviews, questionnaire and observations. The secondary sources of data were obtained from the review of related literature. In other words, the researchers consulted published and unpublished works of some authors, journals, workshop materials, newspapers, and magazines, office documents (Njikoka and Nnewi South Local Government Councils). The population of the study comprise of the staff and management of Njikoka and Nnewi South Local Government Area of Anambra state, which according to information from the personnel departments of the two local governments put their staff strength as follows: Nnewi 1230 and Njikoka 1550 putting the population of the two local governments at 2780. Therefore, the population of this study is 2780 staff of Njikoka and Nnewi South Local government areas. All the data collected were organized presented and analyzed using both descriptive and inferential statistical tools. The opinion of our respondents are presented in tables, percentages, standard deviations and average were used as descriptive statistical tools, while T-test analysis of SPSS 16.0 was used to test hypotheses to determine the nature and strength of the relationship between revenue generation and service delivery in the local governments being studied.

4. DATA ANALYSIS

Respondents' mean and standard deviation ratings on whether lack of financial autonomy affect revenue generation and rural development in Njikoka and Nnewi South Local Government Areas of Anambra State?

| S/N | Item Statement | X | SD | Decisions |
|------------|--|------|------|-----------|
| 1 | The state joint local government account limits the financial autonomy of the local councils. | 3.25 | 0.77 | Agreed |
| 2 | Poor financial autonomy of local councils limits their capacity to generate revenue. | 3.23 | 1.06 | Agreed |
| 3 | Provision of basic facilities to the rural dwellers is hampered by the state government usurpation of the council's revenue sources. | 3.18 | 0.98 | Agreed |
| 4 | The state government dictates the limit of spending of the local government and determines the project to be executed by them. | 3.01 | 0.99 | Agreed |
| 5 | State encroachment on the councils revenue sources affects the implementation of development policies at the grassroots | 3.16 | 0.97 | Agreed |
| Grand Mean | | 3.17 | | |

The mean was accepted at an average point of the weight of the response as shown below:

SA (4), A (3), D (2), SD (1)

$$\text{Acceptance region} = 4+3+2+1 \div 4 \\ = 10 \div 4 = 2.5$$

Table 1 shows the mean ratings of respondents on whether lack of financial autonomy affect revenue generation and rural development in Njikoka and Nnewi South Local Government Areas of Anambra State. The result showed that items 1, 2, 3, 4 and 5 had mean scores above the criterion mean of 3.0, hence the respondents agreed on them. The grand mean of 3.17 indicates that respondents believed that lack of financial autonomy affects revenue generation and rural development in Njikoka and Nnewi

South Local Government Areas of Anambra State. Similarly, the standard deviation scores ranging from 0.77 – 1.06 means that the difference between the standard deviation scores were not much, therefore this shows that the items were homogenous.

Table 4.1. Respondents' mean and standard deviation ratings on whether revenue generation affect service delivery in Njikoka and Nnewi South Local Government Areas of Anambra State?

| S/N | ITEM STATEMENTS | X | SD | Decisions |
|------------|---|-------|------|-----------|
| 6 | Inadequate revenue generation limits the capacity of the councils to deliver and maintain primary healthcare services | 3.31 | 0.89 | Agree |
| 7 | Local government insufficient revenue sources accounts for the poor provision and maintenance of educational facilities in the primary schools. | 3.88 | 0.97 | Agree |
| 8 | Provision of basic amenities at the grassroot is hampered by poor local government IGR | 3.15 | 0.93 | Agree |
| 9 | Poor revenue generation affects Service quality at the local government level | 3.04 | 1.20 | Agree |
| 10 | Maintenance of good service culture at the local level is hampered by paucity of fund | 3.095 | | Agree |
| Grand Mean | | 3.30 | | Agree |

The mean was accepted at an average point of the weight of the response as shown below:

$$SA (4), A (3), D (2), SD (1)$$

$$\text{Acceptance region} = 4+3+2+1 \div 4$$

$$= 10 \div 4 = 2.5$$

Table 2 reveals the item by item analysis on whether revenue generation affects service delivery in Njikoka and Nnewi South Local Government Areas of Anambra State. The result revealed items 6, 7, 8, 9 and 10 with mean scores 3.31, 3.88, 3.15, 3.04 and 3.095, were above the criterion mean of 3.0. The grand mean of 3.095 indicates that revenue generation affects service delivery. However, the standard deviation scores ranging from 0.84 – 1.20 means that the difference between the standard deviation scores were not much, therefore this shows that the items were homogenous.

Hypothesis 1

H₀: Lack of financial autonomy does not affect revenue generation and rural development in Njikoka and Nnewi South Local Government Areas of Anambra State.

Table 4: One-sample t-test on Lack of financial autonomy does not affect revenue generation and rural development.

| Statements | N | X | SD | Df | p-value | Alpha level | Decision |
|--|-----|-------|------|-----|---------|-------------|-------------|
| Lack of financial autonomy does not affect revenue generation and rural development. | 220 | 30.65 | 7.59 | 194 | 0.00 | 0.05 | Significant |

The result in Table 4.2.1 indicates that since the p-value of 0.00 is less than the alpha level of 0.05 (0.00 < 0.05), the null hypothesis is therefore rejected while the alternate hypothesis is accepted. This means that Lack of financial autonomy affects revenue generation and rural development.

Hypothesis 2

H₀: There is no significant relationship between revenue generation and Service delivery in Njikoka and Nnewi South Local Government Areas of Anambra State.

Table 4: One-sample t-test on relationship between revenue generation and Service delivery

| Statements | N | X | SD | Df | p-value | Alpha level | Decision |
|---|-----|-------|------|-----|---------|-------------|-------------|
| There no relationship b/w revenue generation and Service delivery | 220 | 29.82 | 7.83 | 194 | 0.00 | 0.05 | Significant |

The result in Table 4.2.2 indicate that since the p-value of 0.00 is less than the alpha level of 0.05 (0.00 < 0.05), the null hypothesis is therefore

rejected while the alternate hypothesis is accepted. This means that there is a significant relationship between revenue generation and service delivery in Njikoka and Nnewi South Local government areas.

5- DISCUSSION OF FINDINGS

After various data were collected, presented and analysed, the following findings were reached; It was found that in the two Local Government Areas, the IGR was very low compared to the external source. This has affected the level of revenue generation and service delivery. That effective management of local government revenue positively impacts on the effort of local government in promoting development unfortunately there are no active control mechanisms in place to checkmate how these revenues are generated and utilized.

5.1 Conclusion

The findings from this study have shown that Njikoka and Nnewi South local government councils in Anambra State have not been able to meet the purpose for the creation of local government which is service delivery. The study recognized the structural changes made over the years to advance the course of local government in terms of enhancing its revenue profile and to increase autonomy and service delivery. Perhaps, the creation of more local government councils has brought about increase in the number of employees, increase in wages, increase in the cost of maintaining staff and overhead (recurrent expenditure). Empirical evidence from this study showed clearly that Njikoka and Nnewi South Local Government Councils virtually depend on other tiers of government, particularly federal allocation. Furthermore, the pattern of relationship between local government and other higher tiers of government on the one hand, and inter-relationship between purpose, finance and structure of local government on the other hand need to be reviewed, such that dominance is absolutely conceded to purposes. The purpose of creating local government should determine the administrative structure and financial arrangements, and not the other way. Based on the data collected, presented and analysed and the result of statistical tests, the following conclusions are discernable:

That service provisions by local government is the product of the ability to generate revenue. Therefore, based on this, the higher the revenue the higher the number/quantity of services provided and vice versa.

That a strong financial control framework is indispensable in revenue generation and utilization in the local government councils and that the availability of properly exploited, well managed and viable revenue sources couple with commercial/economic activities are great determinants of local government revenue and subsequently service provision. It is therefore concluded that, as a result of the growing level of economic/commercial activities and viable revenue sources in Nnewi South Local Government Area that are not much available in Njikoka Local Government Area is the reason why the former is more developed than the later.

5.2 Recommendations

The following recommendations are therefore adduced in line with the findings of the study:

The authority to determine the structure, composition, finance and function of local government should rest in the Constitution of the Federal Republic of Nigeria not on the State Government. This will ensure stable local government, and strengthen local government autonomy. The revenue to the local Government from Federation Accounts should also be paid directly to the local Government without passing same through Joint State /Local Government Account Committee. The purpose is to avoid diversion of local Government funds by the State Governments and to reduce unnecessary interference and deductions of allocation by the State Governments, and this will enhance the desired autonomy.

Having established that the more the revenue generated the more services are provided to the citizenry, more revenue sources should be identified and adopted in order to increase and improve the revenue base of the local governments. The present revenue sources should also be fully tapped to improve the revenue base of the local government. Here, it is strongly recommended that the local government should adequately be involved in commercial transportation. By this, it means that commercial vehicles (cars, buses and trailers) should be purchased and operated; not on subsidized bases but purely on commercial bases i.e. profit maximization. However, these commercial vehicles should not be managed

by any official or any department of the local government council, but a management consult be given to manage.

This will undoubtedly improve the revenues of the Local Government Areas under study. In the same vein diversification of income sources should be made in the two local governments under study. However, Njikoka local government should be more diversified since our findings revealed that Nnewi South local government has more revenue sources than Njikoka local government perhaps due to the fact that the former is having more commercial and economic activities than the latter. This diversification could be done even in terms of agriculture in addition to the commercial undertakings. For these local governments to be diversified, sound policies should be made that can attract investors especially with regards to commercial farming and food processing through cottage industries and more specifically selling plot at subsidized price to only those who would want to establish food processing factory and commercial farms.

5.3 Suggestion for Further Studies

Due to the limited coverage of the scope of this study both in its literature and findings which is tailored towards revenue generation and service delivery only in Njikoka and Nnewi South Local Government Areas, the researcher suggest that further studies should also be carried out in the following areas:

1. Obstacles to effective policy making and implementation in the Nigeria local government system should be examined.
2. Financial control mechanisms in the local government and its application should also be evaluated.

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