

# Fiscal federalism and local governments' struggle for autonomy in Nigeria

Commonwealth Journal of Local Governance

Issue 30: December 2025

<http://epress.lib.uts.edu.au/journals/index.php/cjlg>

### Seun Bamidele

Department of Peace and Conflict Studies  
Federal University Oye-Ekiti  
Oye-Are Road  
Oye-Ekiti  
Nigeria

Email: [oluwaseun.bamidele@gmail.com](mailto:oluwaseun.bamidele@gmail.com)



### Abstract

*This paper delves into the complex interplay between fiscal federalism and local government autonomy in Nigeria, a nation marked by an intricate federal structure and persistent governance challenges. The study examines how Nigeria's fiscal federalism impacts the autonomy and effectiveness of local governments, focusing on the allocation and management of financial resources, political interference, and administrative constraints. Despite significant reforms aimed at decentralising power and improving local governance, local governments continue to face substantial hurdles, including revenue misappropriation and limited autonomy. The paper highlights the ongoing struggle for genuine self-governance against a backdrop of fiscal centralisation and political manipulation. By analysing the historical context, current practices, and international comparators, this study provides insights into the systemic issues undermining local government autonomy in Nigeria and suggests potential reforms for enhancing local governance and addressing developmental disparities. The findings underscore the need for a balanced approach to fiscal federalism that supports both effective local governance and overall national cohesion.*

**Keywords:** Fiscal federalism, local government autonomy, decentralisation, political patronage, local governance, 1976 Local Government Reform

### Introduction

Nigeria's federal system presents a complex landscape where fiscal federalism and local government autonomy intersect, shaping the country's governance and development dynamics. Fiscal federalism, which deals with the distribution of financial resources and responsibilities between different levels of government, plays a critical role in determining the effectiveness of local governance (Almond 1960; Appadorai 1975; Agagu 1997; Asobie 1998; Alade 1999; Adeyemo 2005; Aliyu et al. 2013; Alao 2016). In Nigeria, the tension between centralisation and decentralisation of fiscal powers has significant implications for local government autonomy. Despite numerous reforms designed to

**DOI:** <https://doi.org/10.5130/zmfhr914>

**Article History:** Received 05/08/24; Accepted 03/12/25; Published 31/12/25

**Citation:** Commonwealth Journal of Local Governance 2025, 30: 111–127, <https://doi.org/10.5130/zmfhr914>

© 2025 Seun Bamidele. This is an Open Access article distributed under the terms of the Creative Commons Attribution 4.0 Unported (CC BY 4.0) License (<https://creativecommons.org/licenses/by/4.0/>), allowing third parties to copy and redistribute the material in any medium or format and to remix, transform, and build upon the material for any purpose, even commercially, provided the original work is properly cited and states its license.

enhance local governance, the struggle for true self-governance continues to this day (Agagu 1997; Agbodike et al. 2014).

The Nigerian federal structure, established to address the diverse needs of its multi-ethnic society, has evolved over time to include various forms of fiscal arrangements aimed at balancing power between the federal and state governments (Akpan and Ekanem 2013). However, the implementation of these fiscal policies has often been marred by conflicts and inefficiencies. Local governments, intended to serve as the tier of administration closest to the people, frequently encounter obstacles such as revenue usurpation by state governments and political interference, which undermine their autonomy and effectiveness (Alade 1999; Aliyu et al. 2013; Alao 2016).

Historical reforms have sought to address these challenges, and significant milestones, including the 1976 Local Government Reform, which aimed to decentralise authority and improve local governance (Asobie 1998; Augustin 2020), have been achieved. Yet, despite these efforts, local governments continue to struggle with financial dependency on state governments and limited control over their resources. This persistent issue highlights a gap between the theoretical framework of fiscal federalism and its practical application in Nigerian local governance.

The struggle for local government autonomy is further compounded by Nigeria's political dynamics, where state governments often exert control over local councils, affecting their ability to function independently (Balotito and Ibrahim 2012). This centralisation of power has led to a situation where local governments, despite being granted constitutional status as the third tier of government, frequently operate under significant constraints imposed by state authorities. As a result, their capacity to address local needs and drive development is severely hampered.

Comparative international perspectives provide valuable insights into how other countries have navigated similar challenges in fiscal federalism and local governance. For instance, countries like Bolivia and India have implemented various reforms to enhance local government autonomy and effectiveness, offering lessons that could be applied to the Nigerian context. By examining these global best practices, Nigeria can gain insights into potential strategies for overcoming its own challenges.

This paper aims to bridge this research gap by analysing the interplay between fiscal federalism and local government autonomy in Nigeria. It seeks to uncover the systemic issues affecting local governance and evaluate the effectiveness of existing reforms. The study will draw on secondary data and comparative analyses to propose recommendations for improving local government autonomy and addressing fiscal imbalances (Constitution of the Federal Republic of Nigeria 1999; Eneanya 2012; Kayode 2014).

Understanding the dynamics of fiscal federalism and local government autonomy is crucial for addressing Nigeria's governance challenges. By exploring the historical context, current issues, and international comparisons, this paper will contribute to the ongoing discourse on how to create a more effective and autonomous local government system in Nigeria, ultimately supporting better governance and development outcomes at the grassroots level.

### **Historical context of fiscal federalism in Nigeria**

Fiscal federalism in Nigeria has undergone significant transformations since the country gained independence in 1960, evolving through various stages of reform to address the complexities of its diverse and multi-ethnic society. The foundational principles of Nigeria's federal system were established to balance power between the federal and state governments, in consonance with the need to manage regional diversity and promote equitable development (Osakwe 1999; Muhammad 2007; Omotoso 2010). Initially, the federal system was designed to allocate fiscal responsibilities and revenue in a way that would foster stability and unity among the different regions of the country.

The first major reform in fiscal federalism came with the introduction of the 1967 Revenue Allocation Formula, which sought to address the financial imbalances among Nigeria's various regions. This formula aimed to allocate revenues based on the population and need of each region, reflecting an attempt to balance regional disparities and promote equitable distribution of resources (Sylvanus 2009; Okafor 2010). However, this early approach faced criticisms and challenges, including accusations of centralisation and inadequate consideration of regional specificities.

In 1976, a landmark reform reshaped local governance through the Local Government Reforms initiated under the military regime of General Olusegun Obasanjo. This reform aimed to decentralise administrative powers and enhance the capacity of local governments to manage development at the grassroots level (Victor 2013). It introduced a uniform local government structure across the country, emphasising local autonomy and financial independence. Despite its ambitious goals, the reform faced implementation challenges and produced varied results across different states, highlighting the complexities of achieving true fiscal decentralisation.

The return to civilian rule in 1999 marked another pivotal moment in Nigeria's quest for fiscal federalism. The new democratic government introduced several constitutional amendments which were aimed at reinforcing the federal structure and granting greater autonomy to local governments (Alade 1999; Wagenaer and Rutgers 2004; Ahmed et al. 2018). These amendments included provisions for more equitable revenue sharing and enhanced local government powers. However, the implementation of these reforms has been inconsistent, amidst ongoing debates about the centralisation of fiscal powers and the autonomy of local governments.

Throughout the 2000s, Nigeria's fiscal federalism continued to evolve with further reforms aimed at improving revenue allocation and local government financing being introduced. The establishment of the Nigerian Financial Intelligence Unit in 2004 was a notable development intended to enhance transparency and accountability in the management of local government funds (Ejikeme 2012). Despite these efforts, issues such as revenue misappropriation and political interference persisted, undermining the effectiveness of fiscal federalism and local governance.

In recent years, there have been calls for additional reforms to address the persistent challenges in fiscal federalism and local government autonomy. Advocacy groups and policy analysts have highlighted the need for a more balanced approach to revenue sharing and greater fiscal independence for local governments in order to enhance their capacity to drive local development (Aliyu et al. 2013; Anayochukwu and Ani 2021). These discussions underscore the ongoing struggle to reconcile the principles of federalism with the practical realities of governance in Nigeria.

The historical evolution of fiscal federalism in Nigeria reflects a complex interplay of reforms, policy changes and political dynamics. From the early revenue allocation formulas to the recent constitutional amendments, each stage of reform has sought to address the challenges of managing a diverse federation and promoting effective local governance. Understanding this historical context is crucial for evaluating current issues and proposing solutions to enhance fiscal federalism and the autonomy of local governments in Nigeria.

### **The 1976 Local Government Reform and its impact**

The 1976 Local Government Reform in Nigeria was a seminal policy initiative aimed at restructuring local governance to enhance administrative efficiency and decentralise power. Spearheaded by the military government under General Olusegun Obasanjo, this reform was driven by the need to create a more uniform and effective local government system across the country (Awa 1981; Aliyu et al. 2013; Anayochukwu and Ani 2021). The primary objective was to promote decentralisation by establishing a standardised local government structure that would bring governance closer to the people, thereby improving service delivery and administrative responsiveness.

One of the key features of the 1976 reform was the establishment of a uniform local government system, which replaced the varied structures previously in place across different regions (Anayochukwu and Ani 2021). The reform introduced a two-tier system comprising the Local Government Areas and Local Council Development Areas. This uniform structure aimed to ensure consistency in local governance practices and to provide a clear framework for administrative functions at the grassroots level (Aliyu et al. 2013).

The implementation of the reform brought about significant changes in local government operations, including the creation of a more standardised approach to local administration and to the allocation of

resources. The reform sought to enhance the financial autonomy of local governments by increasing their revenue sources and responsibilities, thereby empowering them to manage local development more effectively (Anayochukwu and Ani 2021). The introduction of financial grants and allocations from the federal government was intended to support local governments in their expanded roles.

However, the implementation of the 1976 Local Government Reform did not proceed without challenges. Despite the reform's ambitious goals, various issues emerged that affected its effectiveness. These included inadequate funding, political interference, and administrative inefficiencies that undermined the capacity of local governments to perform their duties effectively (Sylvanus 2009; Okafor 2010). Additionally, the centralisation of some key functions and resources at the state level continued to constrain local governments' autonomy and impact.

The outcomes of the 1976 reform were mixed. On one hand, the establishment of a uniform local government structure facilitated greater consistency in governance practices and also improved the administrative framework for local service delivery. On the other hand, the reform's effectiveness was hampered by persistent issues such as inadequate financial resources and political manipulation (Victor 2013; Augustin 2020). These challenges highlighted the difficulties in achieving true decentralisation and autonomy within the existing federal structure.

The 1976 reform also laid the groundwork for subsequent local government reforms by highlighting the need for further adjustments to the local governance system. It set a precedent for future efforts to enhance local government autonomy and improve administrative efficiency. The lessons learned from the 1976 reform informed later initiatives, including the introduction of additional reforms aimed at addressing persistent challenges in local governance (Constitution of the Federal Republic of Nigeria 1999; Balotito and Ibrahim 2012).

The 1976 Local Government Reform was a significant step towards decentralising power and improving local governance in Nigeria. While it achieved some of its objectives by standardising local government structures and increasing resource allocation, its implementation and outcomes revealed important challenges that continue to fuel the need for further local government reforms. Understanding these impacts is crucial for evaluating current and future efforts to strengthen local governance in Nigeria.

### **Current fiscal federalism framework and local government financing**

The current framework of fiscal federalism in Nigeria reflects a complex system of revenue allocation and financial management designed to balance power between the federal, state, and local governments. This framework, established through various constitutional amendments and legislative reforms, aims to ensure that resources are distributed equitably while also maintaining fiscal responsibility across different levels of government (Akpan and Ekanem 2013; Agbodike et al. 2014).

At its core, the system is designed to support the autonomy of local governments by providing them with necessary financial resources to fulfill their roles in local development and service delivery.

Central to the fiscal federalism framework in Nigeria is the Revenue Allocation Formula, which dictates how federal revenues are shared among the federal, state, and local governments. This formula is periodically reviewed and adjusted to reflect changes in economic conditions and demographic factors. The allocation is typically divided into statutory allocations, which are derived from the Federation Account, and derivation-based allocations, which are based on the revenue-generating capacity of the states (Akpan and Ekanem 2013; Agbodike et al. 2014). Despite these provisions, local governments often face challenges in accessing adequate funds due to the centralisation of financial control and political interference.

The fiscal responsibilities and revenue sources of local governments are outlined in the Nigerian Constitution and various legislative acts, including the Local Government Act of 1976 and subsequent amendments. Local governments are primarily funded through allocations from the federal and state governments, as well as through internally generated revenues, such as taxes and fees (Akpan and Ekanem 2013; Agbodike et al. 2014). However, the effectiveness of these revenue sources is frequently undermined by issues such as inadequate collection mechanisms, corruption, and political manipulation. Consequently, local governments often struggle with financial constraints that limit their ability to drive local development and deliver essential services.

One of the key mechanisms affecting local government financing is the Joint Allocation Account, which pools resources from various levels of government before distributing them to local councils. While this system is intended to ensure a fair distribution of funds, it has been criticised for creating opportunities for mismanagement and inefficiency. State governments, which control the distribution of these pooled funds, sometimes divert resources intended for local governments, thereby impeding the latter's financial autonomy and operational effectiveness (Aliyu et al. 2013; Anayochukwu and Ani 2021).

In addition to financial allocations, local governments also face challenges related to fiscal management and budgeting. The lack of financial independence and control over their budgets often results in inefficiencies and delays in service delivery. Local governments are frequently constrained by bureaucratic hurdles and insufficient financial management systems, which affect their ability to plan and execute development projects effectively (Sylvanus 2009; Okafor 2010; Victor 2013). These challenges highlight the need for reforms directed at enhancing the financial autonomy and capacity of local governments.

Recent policy discussions have focused on reforming the fiscal federalism framework to address these issues. Restructuring the revenue allocation formula to provide a more equitable distribution of

resources, improving the transparency and accountability of financial management systems, and enhancing the fiscal powers of local governments (Balotito and Ibrahim 2012; Augustin 2020) have been proposed as possible avenues for reform. These reforms aim to address the systemic issues that hinder the effectiveness of local governments and to ensure that resources are used more efficiently to benefit local communities.

The current fiscal federalism framework in Nigeria, while designed to support local government autonomy and effectiveness, faces significant challenges. The mechanisms for revenue allocation and financial management often result in insufficient resources and constrained financial independence for local governments. Addressing these issues through targeted reforms is essential for improving local governance and ensuring that local governments can effectively contribute to national development.

### **Challenges to local government autonomy**

Local governments in Nigeria face a variety of challenges that significantly impede their autonomy and effectiveness. These challenges include political interference, revenue usurpation by state governments and administrative inefficiencies, all of which undermine the ability of local governments to function optimally and contribute to local development.

Political interference is one of the most significant challenges confronting local governments in Nigeria. The political landscape often leads to state governments exerting considerable control over local government operations. State executives and legislators frequently interfere in local elections, appointments, and policy decisions, which compromises the autonomy of local governments (Constitution of the Federal Republic of Nigeria 1999). This interference can manifest in various forms, including the imposition of caretaker committees instead of elected officials – an instance of federal overreach which effectively undermines democratic principles and stifles local governance.

Revenue usurpation by state governments further exacerbates the problem of local government autonomy. Despite constitutional provisions for the allocation of funds to local governments, many states exercise considerable control over these resources. The Joint Allocation Account, through which local government funds are channelled, also often becomes a site of contention. State governments have been known to divert funds meant for local councils, leading to significant financial constraints, thus impairing local governments' ability to deliver essential services (Akpan and Ekanem 2013; Agbodike et al. 2014). This centralisation of financial control creates a dependency that limits local governments' autonomy and effectiveness.

Administrative inefficiencies within local governments also play a critical role in undermining their effectiveness. Many local governments suffer from inadequate infrastructure, lack of skilled personnel, and poor financial management systems. Additionally, bureaucratic red tape and corruption within local administration can further impede progress and reduce the quality of public services.

Inadequate funding is a persistent issue that hampers the performance of local governments. While local governments are constitutionally entitled to a share of national revenue, the allocation often falls short of their needs. The disparity between allocated funds and actual requirements for effective governance and service delivery results in a persistent budget shortfall. This financial shortfall impacts the ability of local governments to maintain infrastructure, provide essential services, and undertake development projects (Almond 1960; Appadorai 1975; Asobie 1998; Eneanya 2012).

Legal and institutional constraints also contribute to the challenges faced by local governments. The legal framework governing local governments often lacks clarity and consistency, creating ambiguity in the allocation of powers and responsibilities. These constraints can lead to conflicts between federal, state, and local authorities, further complicating governance and administrative processes (Muhammad 2007; Kayode 2014). The absence of a robust legal framework for local government operations can undermine their effectiveness and autonomy.

Public perception and accountability issues also affect local government performance. Many local governments struggle with issues of transparency and accountability, which erode public trust and hinder effective governance. Corruption and mismanagement at the local level can lead to dissatisfaction among citizens and reduce the effectiveness of local governance (Osakwe 1999; Omotoso 2010). Addressing these issues is crucial for improving the relationship between local governments and their constituents.

Challenges related to reform efforts are another significant obstacle. While there have been various reform efforts aimed at enhancing local government autonomy and effectiveness, these reforms often face challenges at the implementation stage. Resistance from entrenched interests, inadequate political will, and the complexity of restructuring existing systems can impede the success of reform initiatives (Ahmed et al. 2018; Wagenaer and Rutgers 2004). Effective reform requires a comprehensive approach that addresses both structural and operational issues.

Local governments in Nigeria encounter substantial challenges that hinder their autonomy and effectiveness. Political interference, revenue usurpation, administrative inefficiencies, inadequate funding, legal constraints, accountability issues and reform challenges all contribute to the difficulties faced by local governments. Addressing these challenges is essential for improving local governance and ensuring that local governments can effectively contribute to national development.

### **Comparative analysis: global best practices and lessons learned**

A comparative analysis of fiscal federalism and local government autonomy in various countries provides valuable insights into best practices and potential solutions that could be adapted to the Nigerian context. By examining how nations like Bolivia, India, and others manage their fiscal

federalism and local governance, we can identify strategies that may enhance local government autonomy and effectiveness in Nigeria.

### ***Bolivia's decentralisation experience***

Bolivia offers a noteworthy example of successful decentralisation and fiscal federalism. The country's decentralisation process, particularly following the 1994 Popular Participation Law, significantly enhanced local government autonomy and resource control. The law aimed to empower local governments by increasing their share of national revenue and granting them greater decision-making authority over local development projects (Almond and Coleman 1960; Appadorai 1975; Awa 1981; Alade 1999; Ejikeme 2012). Bolivia's approach to decentralisation involved devolving significant administrative and fiscal powers to municipal governments, which led to improved local governance and service delivery. Key lessons from Bolivia's experience include the importance of legal reforms to ensure clarity in the distribution of powers and the need for effective revenue-sharing mechanisms that provide local governments with adequate resources.

### ***India's federal framework and local governance***

India's federal system provides another relevant model for examining fiscal federalism and local government autonomy. India's 73rd and 74th Constitutional Amendments, enacted in 1992, were pivotal in enhancing the autonomy of local governments by institutionalising a three-tier system: panchayats at the rural level, municipalities at the urban level, and state governments (Akpan and Ekanem 2013; Agbodike et al. 2014). These amendments granted local governments substantial powers and resources, including financial allocations from the central and state governments. In addition, the establishment of State Finance Commissions to oversee the equitable distribution of funds was a significant step towards ensuring financial accountability and autonomy for local governments. The Indian model underscores the importance of constitutional and legislative support for local governance and the role of independent bodies in managing fiscal transfers.

### ***South Africa's municipal governance model***

South Africa's approach to municipal governance provides another valuable comparison. The country's 1996 Constitution established a framework for decentralised local governance, emphasising municipal autonomy and accountability. The Municipal Systems Act of 2000 further empowered local governments by setting standards for municipal administration and finance, ensuring that municipalities have the capacity to deliver services effectively (Gcabashe and Pillay 2025). South Africa's model highlights the benefits of clear legal frameworks that define the roles and responsibilities of local governments, as well as the importance of capacity-building initiatives to enhance local administrative efficiency.

***Germany's federal system and local autonomy***

Germany's federal system offers insights into achieving a balance between local autonomy and central oversight. German federalism emphasises cooperative federalism, where federal and state governments work collaboratively to address common issues while respecting each other's competencies (Kuhlmann et al. 2025). Local governments in Germany, known as Gemeinden, are granted substantial autonomy and financial resources, along with clear guidelines for revenue sharing and intergovernmental relations. The German model demonstrates the effectiveness of cooperative mechanisms and transparent revenue-sharing arrangements in supporting local government autonomy.

***Brazil's decentralisation strategy***

Brazil's decentralisation strategy, particularly the 1988 Constitution, provides another example of enhancing local government autonomy. The Brazilian Constitution established a federal system with a strong emphasis on local government empowerment, including increased fiscal resources and administrative responsibilities (Berman et al. 2025). Brazil's experience underscores the significance of constitutional provisions that guarantee local governments a share of national revenues and grant them authority over local matters. This approach has contributed to improved local governance and service delivery across diverse regions.

***United States' local government system***

The United States presents a federal system where local governments enjoy considerable autonomy. The US system emphasises the principle of subsidiarity, under which local governments have the authority to manage local affairs with minimal federal intervention (Martínez-Vázquez et al. 2024). The allocation of revenues and responsibilities between federal, state, and local governments is guided by principles of fiscal federalism that balance local autonomy with national cohesion. The US system thus offers lessons on the benefits of a decentralised approach to governance and the importance of maintaining a balance between local and central authorities to ensure effective service delivery.

Drawing from these global practices, several key lessons can be applied to the Nigerian context. First, clear legal and constitutional frameworks are essential for defining the powers and responsibilities of local governments. Second, effective revenue-sharing mechanisms and independent oversight bodies can enhance financial autonomy and accountability. Third, capacity-building initiatives and cooperative federalism can improve administrative efficiency and governance. By incorporating these best practices, Nigeria can strengthen its local government system and enhance its capacity to deliver services and foster development at the grassroots level.

## **Impact of political dynamics on local government effectiveness**

Political dynamics in Nigeria significantly affect the effectiveness and autonomy of local governments. The interplay between state governments, political patronage, and local governance plays a crucial role in shaping the functioning and impact of local administrations. This sub-section explores the various ways in which political factors influence local governance and policy implementation in Nigeria.

### ***State government influence***

One of the primary political dynamics impacting local government effectiveness in Nigeria is the influence exerted by state governments. Despite constitutional provisions for local government autonomy, state governments often wield significant control over local administrations. This control is manifested in various forms, including the appointment of local government administrators and the oversight of financial allocations (Okafor 2010; Aliyu et al. 2013; Anayochukwu and Ani 2021). State governments have the authority to appoint caretaker committees or dissolve local councils, which undermines the democratic process and limits the autonomy of elected local officials. This centralisation of power often results in a lack of accountability and responsiveness at the local level, as state authorities may prioritise their own political agendas over local needs.

### ***Political patronage and appointments***

Political patronage is another critical factor affecting local government's effectiveness. In Nigeria, political patronage involves the allocation of government positions and resources based on political loyalty rather than merit (Sylvanus 2009; Victor 2013; Augustin 2020). This practice can lead to the appointment of individuals to local government positions who may lack the necessary skills or experience to effectively manage local affairs. The prevalence of patronage undermines the professionalisation of local governance and can result in inefficiencies and corruption. Local governments thus become instruments of political control rather than entities focused on addressing community needs and driving development.

### ***Election interference and political manipulation***

The interference in local elections and political manipulation also affects the functioning of local governments. State governments and political actors often exert undue influence over local elections, either through direct interference or by manipulating electoral processes to favour their preferred candidates (Constitution of the Federal Republic of Nigeria 1999; Balotito and Ibrahim 2012). This interference can undermine the legitimacy of local government elections and result in the election of leaders who may not represent the true interests of their communities. Consequently, the effectiveness of local governance is compromised as elected officials may prioritise political survival over the imperatives of public service and development.

### ***Resource allocation and financial control***

The control over financial resources by state governments further complicates local government effectiveness. Local governments rely on financial allocations from the federal and state governments to fund their operations and development projects. However, the centralisation of financial control at the state level often leads to delays in fund disbursement and, in some cases, the diversion of resources intended for local governments (Agagu 1997; Alade 1999; Adeyemo 2005; Aliyu et al. 2013). This financial dependency limits the capacity of local governments to implement policies and projects effectively, as they may lack the necessary funds to address pressing local issues and deliver essential services.

### ***Policy implementation challenges***

Political dynamics also impact the implementation of local policies. The influence of state governments and political patronage can result in policy decisions that prioritise political objectives over local needs. This misalignment between policy goals and community needs can lead to ineffective or poorly targeted interventions. Local governments may face difficulties in executing policies that do not align with the broader political agenda of state authorities, thereby hindering their ability to address local challenges and achieve developmental goals (Almond 1960; Appadurai 1975; Alao 2016).

### ***Corruption and accountability issues***

Corruption and accountability issues are exacerbated by the political dynamics affecting local governments. The intertwining of politics and governance often leads to corruption, as political actors may engage in corrupt practices to secure or maintain their positions (Asobie 1998; Muhammad 2007; Eneanya 2012; Kayode 2014). The lack of transparency and accountability in local government operations can further erode public trust and hinder effective governance. Efforts to combat corruption and improve accountability are often undermined by political interests that benefit from the status quo.

### ***Reform and institutional response***

Addressing the impact of political dynamics on the effectiveness of local government requires comprehensive reform and concerted institutional response. Reforms aimed at reducing political interference, enhancing transparency, and promoting merit-based appointments can help improve the functioning of local governments. Additionally, strengthening institutions responsible for overseeing local governance and ensuring financial accountability can mitigate the adverse effects of political dynamics (Omotoso 2010). Effective reform requires a commitment from both federal and state authorities to support local government autonomy and improve governance practices.

Political dynamics, including state government influence, political patronage, election interference, and financial control, play a significant role in shaping the effectiveness of local governments in Nigeria. Addressing these issues through targeted reforms and improved institutional frameworks is essential for enhancing local governance and ensuring that local governments are able to effectively serve their communities and contribute to national development.

## **Policy recommendations and future directions**

Addressing the challenges faced by local governments in Nigeria requires targeted policy recommendations and strategic reforms. This section proposes several measures to enhance local government autonomy, improve governance effectiveness, and better align fiscal policies with the needs of local communities.

### ***Strengthening legal and constitutional frameworks***

A foundational step towards improving local government autonomy is the strengthening of legal and constitutional frameworks. The Nigerian Constitution and related laws should be amended to provide clearer and more robust provisions for local government autonomy. This includes ensuring that local governments have guaranteed rights to financial resources and administrative powers without undue interference from state governments (Osakwe 1999; Wagenaer and Rutgers 2004). By reinforcing these legal protections, local governments can be empowered to operate more independently and effectively, ensuring that resources are allocated and utilised in ways that directly benefit local communities.

### ***Enhancing financial autonomy and resource allocation***

To improve local government effectiveness, it is crucial to address issues related to financial autonomy and resource allocation. Implementing a more transparent and equitable revenue-sharing formula can help ensure that local governments receive adequate funding for their operations and development projects (Ahmed et al. 2018). Establishing independent bodies to oversee the allocation and utilisation of funds can reduce the risk of financial mismanagement and corruption. In addition, introducing mechanisms for local governments to generate and retain their own revenue, such as local taxes and fees, can enhance their financial independence and reduce reliance on state governments.

### ***Promoting merit-based appointments and reducing political patronage***

Addressing the issue of political patronage is essential for improving the quality of local governance. Implementing merit-based systems for the appointment of local government officials can help ensure that qualified and competent individuals are in positions of authority (Alade 1999; Ejikeme 2012). This could involve establishing independent recruitment panels and transparent selection processes. By reducing the influence of political patronage, local governments can operate more effectively and focus on addressing community needs rather than political imperatives.

***Strengthening electoral processes and ensuring fair elections***

Reforming local electoral processes to ensure fairness and transparency is critical for enhancing the legitimacy and effectiveness of local governments. Measures such as implementing independent electoral commissions, improving voter education, and ensuring the integrity of the electoral process can help prevent interference and manipulation (Appadorai 1975; Awa 1981; Alade 1999; Ejikeme 2012). Ensuring that local elections are conducted fairly will help in electing leaders who genuinely represent the interests of their communities and are committed to effective governance.

***Implementing capacity-building programmes for local government officials***

Capacity-building programmes are vital for improving the effectiveness of local governments. Training and professional development of local government officials can enhance their skills and knowledge in areas such as financial management, project planning and policy implementation (Aliyu et al. 2013; Anayochukwu and Ani 2021). Investing in capacity-building initiatives will enable local officials to perform their duties more effectively and to implement development projects that meet the needs of their communities.

***Encouraging public participation and accountability***

Promoting public participation and accountability in local governance is essential for ensuring that local governments are responsive to community needs. Implementing mechanisms for citizen engagement, such as public consultations and feedback systems, can help local governments better understand and address the concerns of their constituents (Sylvanus 2009; Okafor 2010). Transparency in decision-making and accountability measures, such as regular audits and performance reviews, can also enhance public trust and ensure that resources are used efficiently.

***Fostering intergovernmental cooperation and coordination***

Fostering cooperation and coordination between federal, state and local governments is crucial for effective governance. Establishing frameworks for intergovernmental collaboration can help address issues related to overlapping responsibilities and resource allocation (Victor 2013; Augustin 2020). Encouraging dialogue and cooperation between different levels of government can lead to more coherent and integrated policy approaches, benefiting local governance and development.

Implementing these policy recommendations can significantly improve local government autonomy and effectiveness in Nigeria. By strengthening legal frameworks, enhancing financial autonomy, reducing political patronage, reforming electoral processes, investing in capacity-building, promoting public participation, and fostering intergovernmental cooperation, Nigeria can create a more effective and responsive local government system that better serves its communities.

## Conclusion

The intricate interplay between fiscal federalism and local government autonomy in Nigeria presents both significant challenges and opportunities for reform. This paper has examined the historical context, key reforms, and current dynamics affecting local governance in Nigeria, with a focus on the impact of fiscal policies, political interference and administrative inefficiencies. The analysis highlights that while local governments are theoretically positioned as critical entities in Nigeria's federal system, their effectiveness is often undermined by a complex web of political and financial constraints.

The 1976 Local Government Reform was a landmark initiative aimed at decentralising power and enhancing local governance. However, despite its ambitious objectives, the reform's impact has been mixed. While it succeeded in establishing local governments as a third tier of government, the practical challenges related to financial control, political patronage and electoral interference have hindered its success. The findings underscore the need for a more robust legal and constitutional framework that guarantees local government autonomy and ensures more effective allocation and management of resources.

Current fiscal federalism frameworks, while providing a structure for revenue allocation, have often failed to address the disparities between federal, state and local governments. The centralisation of financial control and the diversion of resources by state governments significantly impair the ability of local governments to function independently and address local needs. Reforming the revenue-sharing mechanisms and enhancing financial transparency are critical steps towards improving local government performance and autonomy.

Political dynamics play a crucial role in shaping the effectiveness of local governance. The influence of state governments, political patronage and election interference have created an environment where local governments struggle to operate effectively and serve their communities. Addressing these issues requires a concerted effort to promote merit-based appointments, ensure fair electoral processes and reduce political interference in local government affairs.

A comparative analysis of global practices reveals that other countries have successfully implemented reforms to enhance local government autonomy and effectiveness. Lessons from nations such as Bolivia and India suggest that decentralisation, coupled with strong legal frameworks and citizen engagement, can lead to improved local governance. Nigeria could benefit from adopting these global best practices and adapting them to its unique context to address its local government challenges.

The proposed policy recommendations offer a pathway to addressing the identified issues. Strengthening legal protections for local government autonomy, enhancing financial independence, reducing political patronage, reforming electoral processes and investing in capacity-building are

essential measures for improving local governance. Additionally, fostering public participation and intergovernmental cooperation can further support effective local governance and development.

Achieving effective local governance in Nigeria requires a multifaceted approach that addresses both structural and operational challenges. By implementing the recommended reforms and learning from global experiences, Nigeria can create a more responsive, accountable and autonomous local government system. This transformation is crucial for addressing the needs of local communities, promoting equitable development and enhancing the overall effectiveness of Nigeria's federal system.

### **Declaration of conflicting interest**

The authors declared no potential conflicts of interest with respect to the research, authorship and/or publication of this article.

### **Funding**

The authors received no financial support for the research, authorship or publication of this article.

### **References**

Adeyemo, D.O. (2005) Local government autonomy in Nigeria: a historical perspective. *Journal of Social Sciences*, 10 (2), 77–87. <https://doi.org/10.1080/09718923.2005.11892462>

Agagu, A.A. (1997) Local government. In: Kolawole, D. (ed.) *Readings in political science*. Ibadan: Dekaal, pp. 112–130.

Agbodike, F.C., Igbokwe-Ibeto, C.J. and Nkah, B.C. (2014) Local government administration and the challenges of sustainable development in Nigeria. *Review of Public Administration and Management*, 3 (6), 1–12.

Ahmed, W.D., Abdulkadir, A. and Ado, U. (2018) Local government autonomy in Nigeria: struggles and challenges. *American Scientific Research Journal for Engineering, Technology, and Sciences*, 55, 49–60.

Akpan, F. and Ekanem, O. (2013) The politics of local government autonomy in Nigeria. *European Scientific Journal*, 9 (35), 193–205.

Alade, S.O. (1999) State governments' financial crisis: causes and consequences for economic growth and development, in *Proceedings of the Annual Conference of the Nigerian Economic Society*. Lagos, pp. 101–120.

Alao, M. (2016) Governors can be impeached for what they do to local governments. *Sunday Tribune*, 4 December, p. 24.

Aliyu, M.K., Afolabi, O.S. and Akinwande, A.E. (2013) The state governors and the administration of local governments in Nigeria: implications for good governance. *International Journal of Advanced Legal Studies and Governance*, 4 (1), 75–82.

Almond, G.A. (1960). Introduction: a functional approach to comparative politics. In: Almond, G.A. and Coleman, J.S. (eds.) *The politics of developing areas*. Princeton: Princeton University Press, pp. 3–24.

Almond, G.A. and Coleman, J.S. (eds.) (1960) *The politics of developing areas*. Princeton: Princeton University Press.

Anayochukwu, G.I. and Ani, V.A. (2021) Local government autonomy in Nigeria: its problems and prospects. *Review of Public Administration and Management*, 9 (8), 300–315.

Appadurai, A. (1975) *The substance of politics*. New Delhi: Oxford University Press.

Asobie, H.A. (1998) Centralizing trends in Nigerian federalism. In: Babalade, T.K., Olufemi, O.F. and Adewumi, F. (eds.) *Re-inventing federalism in Nigeria: issues and perspectives*. Lagos: Friedrich-Ebert Foundation, pp. 43–57.

Augustin, N.E. (2020) The impact of fiscal federalism on local government autonomy in Nigeria. *NAJOPS*, 4 (2), 78–90.

Awa, E.O (1981) The theory of local government. *Quarterly Journal of Administration*, 15 (1 & 2), 5–20.

Balotito, S. and Ibrahim, S. (2012) Challenges of local government administration in Nigeria: an appraisal of Nigerian experience. *International Journal of Science and Research*, 3 (7), 562–568.

Berman, E.M., Grin, E., Lotta, G., Abrucio, F.L., Gonzalez, L., de Souza, M.G.S., de Melo, Y.M. and dos Santos, J.G. (2025) Brazil's public administration and the challenge of new democracies: promoting social inclusion. *Public Administration Review*, 1–16. <https://doi.org/10.1111/puar.70045>

Constitution of the Federal Republic of Nigeria. (1999) *Fourth Schedule: Local Government Functions*. Abuja, Nigeria: Government Press.

Ejikeme, N. (2012) Fiscal federalism and local government finance in Nigeria. *World Journal of Education*, 2 (5), 19–27. <https://doi.org/10.5430/wje.v2n5p19>

Eneanya, A.N. (2012) *Local government administration in Nigeria: a comparative perspective*. Lagos: University of Lagos Press.

Gcabashe, S.W. and Pillay, S. (2025) Promoting financial management in local municipalities through accountability. *Journal of Local Government Research and Innovation*, 6, 241. <https://doi.org/10.4102/jolgr.v6i0.241>

Kayode, O. (2014) *Fiscal federalism and development in Nigeria: an overview of core issues*. Available at: <https://saharareporters.com/article/fiscal-federalism-and-development-nigeria-overview-core-issues-kayode-oladele>

Kuhlmann, S., Wollmann, H. and Reiter, R. (2025) *Introduction to comparative public administration: administrative systems and reforms in Europe*. Edward Elgar Publishing.

Martínez-Vázquez, J., Sanz-Arcega, E. and Tránchez-Martín, J.M. (2024) Fiscal aspects of subnational governments. In: Avellaneda, C.N. and Bello-Gómez, R.A. (eds.) *Handbook on subnational governments and governance*. Edward Elgar Publishing, pp. 2–20. <https://doi.org/10.4337/9781803925370.00007>

Muhammad, A.A. (2007) Federalism and political instability in Nigeria: current perils and future hopes. *African Journal of Stability and Development*, 1 (2), 55–68.

Omotoso, F. (2010) Nigerian fiscal federalism and revenue allocation formula for sustainable development in Niger-Delta. *The Social Sciences*, 5 (3), 246–253. <https://doi.org/10.3923/sscience.2010.246.253>

Osakwe, J.O. (1999) Fiscal relations among three tiers of government in Nigeria. In: *Fiscal federalism and economic development*. Ibadan, Nigeria: Ibadan University Press, pp. 45–60.

Okafor, J. (2010) Local government financial autonomy in Nigeria: the state joint local government account. *Commonwealth Journal of Local Governance*, (6), 127–131. <https://doi.org/10.5130/cjlg.v0i6.1621>

Sylvanus, N.A. (2009) *Inter-government relations: The Nigerian experience*. Enugu, Nigeria: Immaculate Publication Limited.

Victor, I. (2013) Revenue allocation formula in Nigeria: a continuous search. *International Journal of Public Administration and Management Research*, 2 (1), 1–15.

Wagenaer, F.P. and Rutgers, M. R. (2004) Symposium: caught between polis and empire: on centralization and decentralization in public administration theory. *Administrative Theory & Praxis*, 26 (4), 509–522. <https://doi.org/10.1080/10841806.2004.11029459>