



ATHENA

# *Third Tier*

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**Local Authority, Community Governance,  
and Nigeria's Development Gap**



**THE PEOPLE'S  
TOWN HALL MEETING  
LAGOS-WEST**

WITH

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Athena Centre for Policy and Leadership operates as an independent, non-partisan think tank in compliance with Nigerian laws and regulations, committed to promoting good governance, transparency, and accountability.  
Our mission is to conduct rigorous research and provide evidence-based recommendations that contribute to the development of a prosperous and forward-looking society in Nigeria.

**Cover image:** Townhall Meeting organised by the Lagos State Government for stakeholders and residents of Lagos West Senatorial District  
Credit: x (formely Twitter)

Nigeria's persistent difficulty in translating national development plans into tangible improvements in everyday living conditions is increasingly traceable to weaknesses at the sub-national level, particularly within local government systems and their interface with community governance structures. Despite constitutional recognition and decades of decentralisation discourse, local governments remain constrained in their ability to plan, finance, and deliver basic services that directly shape community welfare. This constraint has become more consequential as development responsibilities continue to shift downward without a commensurate transfer of authority, resources, or accountability mechanisms.

These institutional gaps matter now because Nigeria is entering a period of heightened fiscal pressure, rising sub-national debt exposure, and renewed debate over constitutional reform and intergovernmental relations as part of its next medium-term national development planning cycle. At the same time, population growth, rapid urbanisation, and widening regional inequalities are intensifying demand for local service delivery in health, education, sanitation, housing, and local infrastructure. The capacity of the third tier of government to respond effectively has therefore moved from a technical concern to a strategic national issue.

Local governments were constitutionally conceived as the primary interface between citizens and the state for the delivery of basic services, local planning, and community development. In practice, however, they operate within a system where decision rights are fragmented, fiscal flows are unpredictable, and accountability is oriented upward rather than toward communities. Community governance institutions, traditional authorities, ward committees, civil society organisations, and informal civic structures continue to play important social roles but are only weakly integrated into formal planning and budgeting processes.

This is not solely a local government problem. It reflects a broader intergovernmental arrangement in which state governments exercise extensive control over local functions, often substituting direct intervention for coordination and oversight. The cumulative effect is a development system in which responsibility is decentralised, but authority remains centralised, leading to uneven outcomes and persistent service delivery gaps.

The national stakes are institutional rather than rhetorical. When local governments lack protected authority and communities lack meaningful channels for participation, development outcomes become spatially uneven, public trust erodes, and national development targets lose operational credibility. Understanding and addressing these governance gaps is therefore essential to Nigeria's broader development trajectory.

# 1 Nigeria's Local Governance Problem

Nigeria's central local governance challenge is a structural mismatch between service delivery responsibility and effective authority.

The central problem is an institutional mismatch in which local governments are formally responsible for service delivery but lack protected decision rights, predictable fiscal space, and enforceable accountability to communities.

## **The Responsibility–Authority Mismatch**

Nigeria's local governance system operates within a constitutional paradox. Local governments are recognised as a tier of government under the 1999 Constitution and assigned specific responsibilities under the Fourth Schedule, yet their operational autonomy is significantly constrained by state-level controls over finance, administration, and [political leadership](#). This mismatch between formal responsibility and effective authority sits at the heart of the third-tier governance challenge.

## **Fiscal Centralisation and the Limits of Local Planning**

The most consequential distortion occurs in fiscal governance. Statutory allocations to local governments are channelled through State Joint Local Government Accounts (SJLGA), a mechanism intended to facilitate coordination and oversight. Available audit and policy analyses, however, indicate that in many states this arrangement has resulted in delayed disbursements, non-transparent deductions, and limited predictability of funding flows to [councils](#).

As a result, local governments face difficulty in undertaking multi-year planning, committing to capital projects, or maintaining infrastructure over time.

## **Administrative Control Without Local Accountability**

Authority constraints extend beyond finance. State governments frequently retain control over personnel decisions, procurement approvals, and project selection, either formally through legislation or informally through administrative practice.

In several states, elected local councils have been replaced for extended periods by caretaker committees appointed by governors, reducing democratic accountability and weakening community [representation](#). This arrangement shifts local accountability upward to state executives rather than downward to residents.

## **Community Institutions Without Decision-Making Power**

Community governance institutions have not fully compensated for these constraints. Ward development committees, traditional councils, and civil society groups are often consulted on an ad hoc basis but rarely integrated into binding decision-making processes.

Where participation occurs, it is commonly limited to information sharing rather than joint priority setting or expenditure oversight. Consequently, local knowledge and community preferences have limited influence on budgetary outcomes.

### **Weak Oversight and Limited Performance Transparency**

Oversight mechanisms further reinforce these dynamics. State houses of assembly, constitutionally responsible for supervising local governments, often lack the incentives or capacity to conduct sustained scrutiny of council finances and performance.

At the federal level, monitoring frameworks tend to aggregate local outcomes into state-level indicators, obscuring variations in local performance and limiting targeted intervention.

The combined effect is a governance tier that carries significant service delivery expectations without commensurate authority or accountability tools. The gap between policy intent and institutional reality is therefore structural rather than episodic.



*Citizens during the South-East Town Hall Meeting in Enugu 2016.*

# 2 Mapping Institutional Control Across Government Tiers

To understand how authority is fragmented, it is useful to clarify current institutional control across tiers:

**Federal Government:** Sets constitutional framework; determines revenue allocation formula; channels statutory allocations through SJLGA; monitors development outcomes largely at aggregate levels.

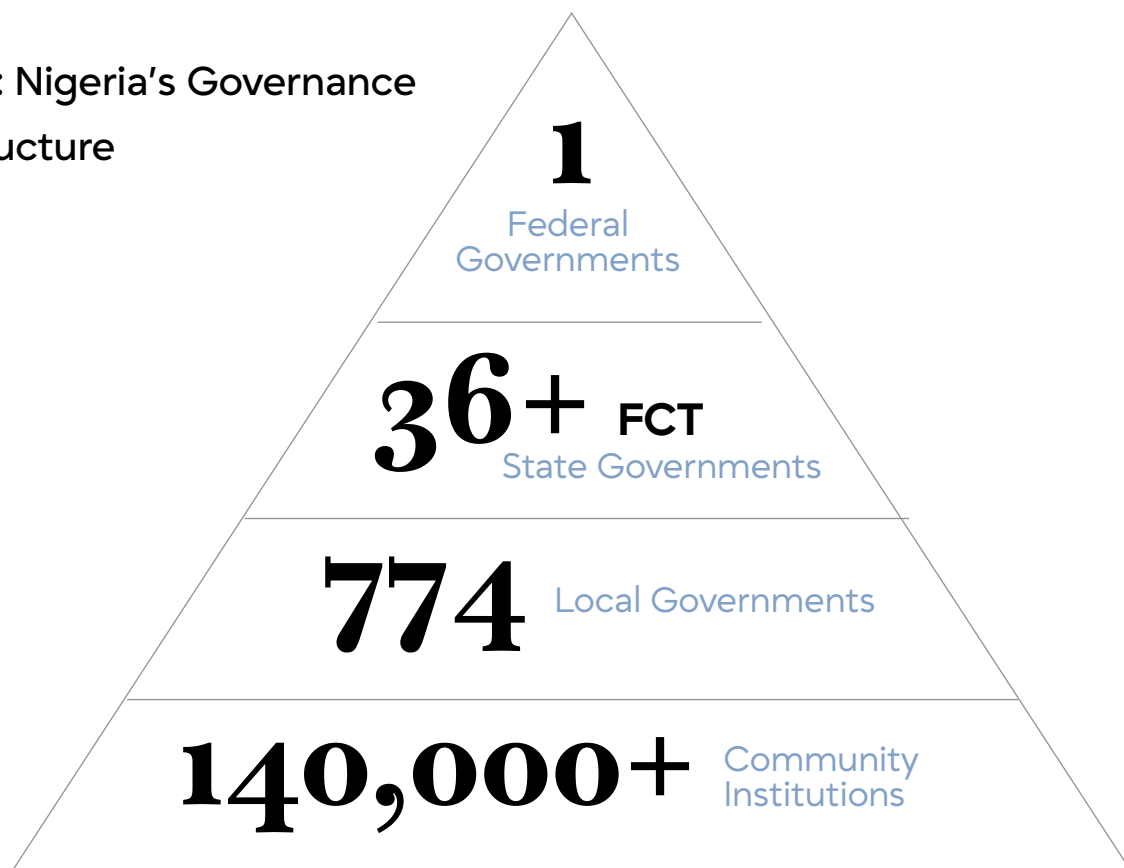
**State Governments:** Exercise control over SJLGA administration; often influence or determine local personnel arrangements; approve or override local projects; supervise councils through state assemblies and ministries.

**Local Governments:** Formally responsible for primary education, primary healthcare, sanitation, local roads, markets, and community development; operate with limited fiscal discretion and constrained administrative autonomy.

**Community Institutions:** Provide social legitimacy, informal dispute resolution, and local mobilisation; largely excluded from binding fiscal and planning decisions.

This distribution illustrates that while responsibility for outcomes is decentralised, control over inputs remains concentrated at higher tiers.

Fig: Nigeria's Governance Structure



# 3 What the Evidence Suggests

## Fiscal Dependence and Limited Revenue Autonomy

State-level fiscal reports indicate that state governments collectively generate substantially higher internally generated revenue (IGR) than local governments, with local councils in many states accounting for only a small fraction of total sub-national [IGR](#).

In more than twenty states, available budget data suggest that combined local government IGR remains below the annual capital expenditure of a single mid-sized [state ministry](#). This reflects not only economic structure but also the assignment of revenue instruments, many of which are controlled or administered by states.

## Regional Variation in Local Governance Capacity

Regional disparities are pronounced. Southern local governments operating in denser economic environments tend to demonstrate relatively stronger outcomes where informal revenue mobilisation and administrative discretion are tolerated.

In contrast, many northern local governments remain almost entirely dependent on statutory allocations, with limited community engagement and significant service delivery gaps.

## Service Delivery Constraints at the Local Level

Case evidence from selected local governments indicates low capital project completion rates relative to total allocations received over multi-year [periods](#).

Recurrent expenditure, particularly personnel costs, often dominates budgets, while maintenance spending remains limited.

Policy and audit reviews suggest that these patterns are associated with constrained procurement autonomy, funding uncertainty, and limited project continuity rather than solely with [financial mismanagement](#).

Service delivery indicators mirror these fiscal constraints.

Primary healthcare centres under local government management frequently report shortages of essential drugs, uneven staffing, and infrastructure [deficits](#). Primary education outcomes are affected by unclear lines of authority between state education boards and local councils, particularly in school maintenance and non-salary expenditure. Water and sanitation services remain among the weakest local government functions, especially in rural and peri-urban [areas](#).

## Urban Pressures and Weak Planning Authority

Urban local governments face additional pressures. Councils serving populations exceeding one million residents often lack commensurate fiscal authority or planning control.

Land-use decisions, transport planning, and major infrastructure investments are commonly centralised at the state level, while local councils are left to manage congestion, waste, and informal settlements without adequate tools.

# 4 The Political Economy of Institutional Weakness

## Why States Resist Devolution

The persistence of these governance gaps is shaped by political economy dynamics rather than capacity deficits alone. Existing intergovernmental arrangements distribute costs and benefits in ways that reduce incentives for reform.

## Incentives Facing Local Officials

State governments benefit from retaining control over local fiscal flows and administrative decisions. Control over local resources can support patronage networks, provide fiscal flexibility, and reduce political competition at the grassroots level. Appointed caretaker committees, when used, lower electoral risk and consolidate administrative influence.

State legislatures often face limited incentives to exercise robust oversight over local governments, particularly where audit findings may implicate state-level actors or where political alignment reduces scrutiny.

At the federal level, reliance on state-aggregated indicators simplifies monitoring and avoids confrontation with powerful sub-national executives.

Local officials respond rationally to these incentives. With uncertain tenure and limited discretion, they prioritise short-term administrative compliance over long-term planning or community engagement. Skilled professionals are less likely to remain within a system offering limited career stability and constrained authority.

## Community Disengagement and Informal Governance

Communities, in turn, adjust expectations downward. Participation declines not primarily due to apathy but because engagement is perceived as having limited influence on outcomes. Informal governance structures persist but remain disconnected from formal resource allocation processes.

This equilibrium is stable because it concentrates benefits at higher tiers while diffusing development costs across communities. Without deliberate institutional adjustment, these dynamics are likely to persist.

# 5 Comparative Lessons from Decentralisation Reforms

Comparative experience demonstrates that similar governance challenges have been addressed through institutional rather than programmatic reform.

## **India: Constitutional Protection and Fiscal Devolution**

In India, the 73rd and 74th Constitutional Amendments established local governments as constitutionally protected planning authorities with defined fiscal powers. Subsequent reforms required states to transfer functions, funds, and functionaries in coordinated packages, reducing discretionary interference. Evaluations of decentralised planning initiatives, particularly in Kerala, indicate improved alignment between local priorities and expenditure [outcomes](#).

## **South Africa: Cooperative Governance and Municipal Oversight**

South Africa's post-1996 framework embeds municipalities within a cooperative governance system that combines constitutionally protected mandates with enforceable oversight. Intergovernmental transfers are transparent, and public participation in planning and budgeting is legally required, strengthening downward [accountability](#).

## **The Philippines: Predictable Transfers and Civic Participation**

The Philippines' Local Government Code of 1991 granted local governments clear revenue powers and mandated civil society participation in budget processes. National transfers are formula-based and predictable, enabling medium-term planning. While capacity disparities remain, the local authority is not contingent on political alignment with [higher tiers](#).

## **Brazil: Participatory Budgeting and Local Accountability**

Brazil's experience with participatory budgeting illustrates how fiscal autonomy combined with structured citizen engagement can improve transparency and service delivery. Empirical studies link these arrangements to improved social outcomes and reduced elite capture in participating [municipalities](#).

Across these cases, reform focused on clarifying authority, protecting fiscal space, and linking participation to real decision-making power.

# 6 Policy Priorities for Strengthening Local Governance

## 1. Restore Local Administrative and Fiscal Authority

Responsible institutions:

- I. Federal Government (constitutional and fiscal framework)
- II. State Governments (implementation and coordination)
- III. Local Governments (operationalisation)

Local governments require protected control over planning, budgeting, procurement, and personnel management within existing constitutional structures. Statutory allocations should be disbursed transparently and predictably, with clear limits on discretionary deductions. Revenue instruments traditionally associated with local governance, such as property rates and market levies, should be reassigned or jointly administered with enforceable local shares.

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## 2. Embed Community Participation in Formal Governance

Responsible institutions:

- I. Local Governments
- II. State Ministries of Local Government
- III. Community Institutions and Civil Society

Community participation should be embedded within existing ward and local government structures rather than through the creation of new bodies. Ward-level consultative mechanisms can be strengthened to support priority setting, project monitoring, and feedback, with participation linked directly to budget cycles.

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## 3. Reposition State Governments Toward Oversight Rather Than Substitution

Responsible institutions:

- I. State Governments
- II. State Houses of Assembly

States should focus on standard setting, capacity support, and oversight rather than direct substitution for local functions. Legislative oversight of local governments should be strengthened through regular hearings, published audit reviews, and follow-up mechanisms.

#### 4. Improve Transparency and Performance Accountability

Responsible institutions:

- I. Local Governments
- II. State Audit Institutions
- III. Federal Oversight Agencies

Local budgets, procurement decisions, and performance reports should be publicly disclosed in accessible formats. Performance-based incentives can reward councils demonstrating improved outcomes, while persistent underperformance should trigger legally grounded corrective measures.

Reform Area	Lead Institution	Supporting Institutions	Timeline	Indicator
Transparent SJLGA disbursement rules	State Govts	Federal Ministry of Finance	12–18 months	Publication of disbursement schedules
Strengthened ward participation	Local Govts	CSOs, Traditional Councils	6–12 months	Documented ward inputs in budgets
Legislative oversight hearings	State Assemblies	State Auditors	Annual	Published oversight reports
Public budget disclosure	Local Govts	State ICT Units	6 months	Online access to budgets

# 7

## Conclusion: Nigeria's Development Challenge Is Also a Local Governance Challenge

Nigeria's local governance challenge is fundamentally institutional. A development system that assigns responsibility without authority cannot deliver equitable outcomes or sustain public trust. Strengthening the third tier is therefore not a technical adjustment but a strategic policy choice about how authority, accountability, and community voice are structured within the state.

As fiscal pressures intensify and development demands grow, the costs of maintaining current arrangements will increase. Re-anchoring local authority and integrating community governance within existing institutional frameworks offers a pathway toward more responsive, credible, and sustainable development outcomes.

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### Author

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