

## STATE CAPTURE AND LOCAL GOVERNANCE: ANALYZING DEVELOPMENTAL CHALLENGES IN ENUGU STATE WITHIN NIGERIA'S POLITICAL ECONOMY

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### Abstract

This article interrogates the relationship between state capture and local governance in Enugu State, Nigeria, with particular attention to its implications for democratic accountability, citizen participation, and grassroots development. While Nigeria's decentralised constitutional framework formally positions local governments as engines of participatory governance and service delivery, empirical evidence suggests that these institutions are systematically constrained by elite domination at the state–local interface. Adopting a political economy perspective, the study examines how fiscal, political, and administrative capture mechanisms undermine local autonomy and weaken the civic foundations of governance. Using a mixed-methods design, the research draws on survey data from 221 respondents across three Local Government Areas, twenty key informant interviews, field observations, and documentary analysis. The findings reveal pervasive state control over local government finances through the State Joint Local Government Account, the routine replacement of elected councils with caretaker committees, politicised procurement practices, and limited transparency in budgeting and oversight. These dynamics erode downward accountability, marginalise civil society and community participation, and translate into poor service delivery, abandoned projects, and uneven development outcomes. The article argues that local developmental failures in Enugu State are less the result of resource scarcity than of governance arrangements that centralise power and enable elite capture. By foregrounding the civil society and accountability dimensions of subnational governance, the study contributes to interdisciplinary debates on decentralisation, democracy, and state–society relations in the Global South.

### Keywords:

State capture; local governance; decentralisation; civil society; accountability; political economy; Nigeria; grassroots development

## 1.0. INTRODUCTION

The governance architecture of federal states often rests upon the idea of bringing decision-making closer to the people. In theory, this decentralized ideal is intended to improve responsiveness, accountability and development at the grassroots. In the Nigerian context, the constitutional framework recognizes a three-tier system — federal, state and local government tiers — aimed at enabling local governments to address local welfare, infrastructure and development directly. Yet, in practice, this promise has too often been undermined by structural and political dynamics. A particularly salient concern is the phenomenon of “state capture”: the process by which narrow elite interests come to dominate public institutions and steer state resources toward private ends, thereby weakening public governance and development outcomes. For instance, research has documented how the third tier of government in Nigeria has been “reduced to a funnel for siphoning funds and promoting corrupt practices such as embezzlement, kickbacks, bribery and contract fraud” (Page and Wando, 2022; Ezeani, 2012).

In Enugu State — located in Nigeria’s South-East geopolitical zone — local government areas (LGAs) are constitutionally intended to serve as the frontline of public service delivery, community participation and grassroots development. Yet despite legislative recognition, many LGAs struggle with inadequate funding, weak institutional capacity and excessive interference from the state tier of government. Empirical evidence across Nigeria indicates that centralized control over local government finances, politically appointed local governing committees (rather than elected councils), and opaque contract-awarding mechanisms contribute to a cycle of under-performance (Tobi and Ayodeji, 2024; Otinche, 2023; Aborisade, 2020).

Against this backdrop, the present study explores the interface between state capture and local governance in Enugu State, seeking to understand how elite control over local government institutions and resources hampers developmental outcomes in the political economy of Nigeria. In asking how state capture mechanisms operate at the local level, and how these mechanisms shape developmental challenges, the study offers both theoretical and policy insights. Specifically, the research pursues the following objectives:

1. To map the institutional and political context of local governance in Enugu State.
2. To identify and analyze key mechanisms of state capture that impede local government autonomy and service delivery.
3. To assess the developmental challenges faced by LGAs in Enugu State as a direct and indirect result of capture dynamics.
4. To propose policy and institutional reform pathways that might strengthen grassroots governance and human development in Enugu State.

The significance of this inquiry lies in its direct contribution to the broader literature on decentralization, governance and development in Africa. While there is a robust body of work on decentralization in Nigeria (Adegbami and Egbewole, 2024; Tobi and Ayodeji, 2023), fewer studies tackle the more specific question of how state capture at the state-local juncture influences local governance outcomes. Moreover, by focusing on Enugu State, the study provides a concrete empirical case of the dynamics at work in one sub-national context, offering lessons potentially applicable across Nigeria and other African federations.

Finally, this article is structured as follows. Section 2 reviews relevant theoretical and empirical literature on state capture and local governance in Nigeria. Section 3 outlines the institutional context of Enugu State, including its local government structure and political economy. Section 4 examines the mechanisms of state capture impinging upon local governance in Enugu. Section 5 analyses the developmental challenges observed at the grassroots in the state. Section 6 discusses the implications of the findings and forwards policy recommendations. Section 7 concludes the study with overarching reflections and suggestions for future research.

## Literature Review

### 2.1. Conceptual Foundations of State Capture

The term *state capture* originally emerged from political economy and governance literature to describe situations where narrow interest groups exert undue influence over the institutional architecture of the state—shaping laws, policies and regulatory regimes to serve private ends rather than the public good. As articulated in a study on governance in transitional and developing states, “a captured state exclusively protects private interests while the state abandons its service-delivery functions, increasing government impunity and abuse of power” (Hellman, Jones, and Kaufmann, 2000; Chipkin and Swilling, 2018).

In the Nigerian context, the concept has been used to highlight how elite networks—governors, political godfathers, legislators—subvert formal institutional channels for patronage, rent-seeking and resource diversion. For example, scholars and governance analysts describe state capture as the disproportionate and unregulated influence of powerful actors who bend state laws, policies, and regulatory mechanisms for private gain (Page and Wando, 2022).

State capture thus can be conceptualized along several dimensions relevant to local governance:

- **Institutional capture**, where formal institutions (e.g., local government councils, audit agencies) are subordinated to elite interests.
- **Fiscal capture**, where control of financial flows and resource allocation is manipulated to favour specific actors rather than community needs.
- **Policy capture**, where local plans and service-delivery programmes are shaped by elite priorities rather than citizen preferences.

These dimensions create structural barriers to accountability, responsiveness, and equitable development. They are particularly pernicious at the local government level when decentralization frameworks exist nominally but are subverted in practice (Adeleke and Egbewole, 2024; Otinche, 2023).

## 2.2. Decentralization, Local Governance and Autonomy in Nigeria

Decentralization theory posits that bringing governance and resource allocation closer to citizens enhances responsiveness, efficiency and accountability (Olowu, 2019; Otinche, 2023). In Nigeria, the constitutional design provides for a three-tier system—federal, state and local governments—where the latter are tasked with grassroots service delivery under the 1999 Constitution (Fourth Schedule) (Ezeani, 2012).

However, empirical reviews show that the Nigerian local government system remains deeply constrained. A detailed review of local governance in Nigeria stresses that “constitutional ambivalence, inadequate funding, abusive state control, political instability and corruption among local government officials” are key factors de-motivating effective grassroots governance (Adenugba and Omolayo, 2019; Adegbami and Egbewole, 2024).

In addition, issues of fiscal dependency are significant. Local governments often rely heavily on transfers via state governments—particularly through the State Joint Local Government Account (SJLGA)—which gives state executives and legislatures disproportionate control over local government finances. Emoghene and Oluyemi (2025), for instance, in their analysis of the SJLGA (2000–2024), find that the structure fosters “financial dependency, enabling state governments to control local allocations, often through caretaker committees.”

Decentralization in Nigeria thus appears more formal than substantive: local governments may exist on paper, but actual financial, administrative, and political autonomy remains significantly limited. This raises the question of whether decentralization becomes a façade that masks capture rather than citizen empowerment. For example, studies examining decentralization and development conclude that despite institutional arrangements, decentralized units in Nigeria struggle due to elite interference and weak institutional frameworks (Mukoro and Afonughe, 2025; Adeleke and Egbewole, 2024).

## 2.3. Empirical Evidence on Capture and Development

Research linking state capture and local governance in Nigeria, though somewhat limited at the sub-state level, is growing. A study of the Niger Delta Development Commission (NDDC) in Bayelsa State uses state capture as an analytical lens, finding that corruption, autonomy issues, and institutional prejudice inhibited development outcomes (Monday, 2023). Similarly, Page and Wando (2022) observe that local governments in Nigeria often function as “funnels for siphoning funds and promoting corrupt practices such as embezzlement, kickbacks, bribery and contract fraud.”

From the decentralization-governance literature, Tobi and Ayodeji (2024) document how caretaker committees—rather than democratically elected councils—undermine accountability and exacerbate state-level interference in local governance. Moreover, studies show that although constitutional provisions earmark resources for LGAs, state-level manipulation of mechanisms such as the SJLGA significantly diminishes local autonomy (Aborisade, 2020; Otinche, 2023).

The implications for development are significant: when local governments are captured in these ways, service delivery suffers, development priorities become misaligned with community needs, and citizen trust deteriorates. Broader analyses conclude that despite Nigeria's human and natural resources, institutional failures and misaligned decentralized structures continue to constrain development outcomes (Adegbami and Egbewole, 2024; Kelsall, 2013).

## 2.4. Identified Knowledge Gap

While the above scholarship provides important insights, there are key gaps relevant to the current study. First, much of the literature addresses the federal-state axis or national institutional design; fewer works focus specifically on the state–local government interface, especially how state capture plays out in local government operations and developmental outcomes. Second, the majority of empirical studies are generalized across Nigeria or focused on major federal agencies (e.g., the NDDC) rather than specific state-level local government systems such as those in Enugu State. Third, developmental consequences—such as human development metrics and actual service-delivery performance—are often discussed conceptually but less frequently linked to the mechanisms of capture at the LGA level in a state-specific context. Therefore, by investigating how state capture mechanisms impede local governance and developmental outcomes in Enugu State, this study addresses both the institutional micro-dynamics of capture and their human-development implications (Adegbami and Egbewole, 2024; Otinche, 2023).

## Methodology

### 2.1. Research Design

This study adopts a mixed-methods approach, combining qualitative and quantitative techniques to provide a holistic understanding of how state capture affects local governance and developmental outcomes in Enugu State, Nigeria. The design reflects the complexity of political-economy phenomena that intertwine institutional, behavioural, and socio-economic dimensions. The qualitative component captures perceptions, processes, and institutional dynamics through interviews and field observations, while the quantitative aspect employs survey data and document analysis to identify measurable patterns in governance performance and development indicators across local governments.

The rationale for this approach is grounded in the view that state capture operates both as a structural (institutional) and perceptual (experiential) phenomenon. A purely descriptive or documentary method would be insufficient to reveal the informal relationships, rent-seeking

networks, and accountability deficits embedded in local governance structures. Seminal work on state capture emphasizes that it involves not merely corruption but the systematic shaping of rules and institutions by powerful actors (Hellman, Jones, and Kaufmann, 2000; Chipkin and Swilling, 2018). Thus, the combination of both primary and secondary evidence enhances validity, triangulation, and interpretive depth.

## 2.2. Study Area

The research focuses on Enugu State, situated in Nigeria's South-East geopolitical zone, comprising 17 Local Government Areas (LGAs). The state is historically known as a public-sector-driven economy with significant dependence on federal allocations. The selection of Enugu State reflects its representative position among subnational governments that grapple with the challenges of fiscal centralization, patronage politics, and developmental underperformance despite abundant human capital (Ezeani, 2012; Okeke, 2022).

### 3.3.1. Primary Data

Primary data were collected from semi-structured interviews, questionnaires, and field observations conducted between March and August 2025.

#### Interviews:

Twenty (20) key informant interviews were conducted with selected participants, including:

- Officials from the Enugu State Ministry of Local Government and Chieftaincy Affairs (5)
- Local Government chairpersons and finance officers (6)
- Traditional rulers and community development association leaders (5)
- Civil society and media representatives (4)

The interviews explored themes such as fiscal autonomy, patronage networks, accountability mechanisms, and service-delivery challenges. Interview guides were semi-structured, allowing respondents to elaborate on their experiences and perspectives.

#### Surveys:

Structured questionnaires were administered to 150 respondents drawn purposively from three LGAs—Enugu North, Nsukka, and Udi—to ensure urban-rural balance. Questions focused on perceptions of local governance effectiveness, transparency, citizen participation, and trust in local institutions. Responses were measured using a 5-point Likert scale (1 = Strongly Disagree; 5 = Strongly Agree).

### Field Observation:

Direct observations were carried out in selected communities to assess the condition of physical infrastructure projects (roads, primary schools, health centres) and to compare official project records with on-ground realities. These observations were systematically recorded using a standardized checklist, following established qualitative field documentation standards (Creswell and Creswell, 2018).

### 3.3.2. Secondary Data

Secondary data were used to complement and validate the primary data obtained from interviews and surveys. These sources provided broader empirical and theoretical perspectives on decentralization, fiscal federalism, and local governance in Nigeria.

The secondary evidence comprised peer-reviewed journal articles, official government documents, national statistics, and grey literature such as policy briefs and governance reports. Key academic works reviewed include studies on decentralization and local governance, which highlight the persistent tensions between statutory devolution and the practical realities of state-level interference in Nigeria's local government system (Tobi and Ayodeji, 2024). Additional scholarship outlines the structural weaknesses in decentralization reform, identifying constitutional ambiguities, weak fiscal autonomy, and political capture as major impediments to effective local governance (Ogunnubi, 2022).

Empirical analyses addressing service delivery gaps in Nigerian local governments were also reviewed. These studies observe that inefficiencies stem from corruption, limited fiscal capacity, state-level control, and bureaucratic constraints (Akuiche and Akindoyin, 2024). Macro-level analyses further indicate that Nigeria's long-term fiscal decentralization efforts have not significantly stimulated economic growth, suggesting systemic institutional issues within the intergovernmental framework (Adefeso, 2014).

To supplement academic literature, the study relied on official data from the National Bureau of Statistics (NBS), fiscal allocation records, and policy reports. National-level fiscal studies and decentralization profiles show that Nigerian local governments remain heavily dependent on federally distributed revenues, with internally generated revenue forming a negligible proportion of local financing (Local Public Sector Alliance, 2010). Broader governance analyses similarly emphasize the disjuncture between constitutional provisions on decentralization and the persistent centralization of fiscal and administrative authority (Otinche, 2023).

This combination of scholarly literature, institutional reports, and statistical data enabled the triangulation of emerging themes from primary data and strengthened the credibility of findings. Secondary data were therefore essential for contextualizing local-level evidence within broader national governance patterns.

### 3.4. Sampling Techniques

For primary data, purposive and stratified sampling methods were employed. Purposive sampling ensured inclusion of respondents with direct involvement or insight into local governance processes, while stratification by local government area (urban–semi-urban–rural) allowed for diversity in socio-economic conditions. The sample distribution was as follows:

- Enugu North (urban) – 85 respondents
- Nsukka (semi-urban) – 66 respondents
- Udi (rural) – 70 respondents

Within each stratum, respondents were further classified by occupation (public officials, community leaders, civil society actors, and citizens). Stratified sampling is commonly employed in governance and development research to improve representativeness across heterogeneous local populations (Creswell and Creswell, 2018).

### 3.5. Data Analysis

Data analysis followed a triangulated thematic and statistical procedure:

#### Qualitative analysis:

Interview transcripts and field notes were coded using NVivo 14, producing thematic categories such as fiscal control, elite patronage, administrative interference, and citizen marginalization. Thematic analysis is appropriate for identifying patterned meanings within qualitative datasets (Braun and Clarke, 2006).

#### Quantitative analysis:

Survey responses were analyzed using SPSS 29 to generate descriptive statistics (mean, standard deviation, frequency distribution) and cross-tabulations identifying relationships between perceived governance quality and socio-demographic variables. This approach aligns with established quantitative procedures for governance and public administration research (Field, 2018).

#### Integration:

Both data streams were synthesized to explain how observable development outcomes correlate with institutional capture patterns. Mixed-methods integration enhances explanatory depth and robustness by enabling corroboration between qualitative and quantitative findings (Creswell and Plano Clark, 2018).

### 3.6. Reliability and Validity

Reliability was ensured through data triangulation across interviews, surveys, and documentary sources. Interview instruments were pre-tested in neighbouring Anambra State to refine wording and reduce ambiguity. For quantitative reliability, a Cronbach's alpha coefficient of 0.81 was obtained, confirming internal consistency of survey items. Validity was enhanced through respondent verification (member checking) and peer debriefing with two political-economy scholars. These approaches are consistent with established standards for qualitative and mixed-methods research in governance and social sciences (Creswell and Creswell, 2018; Lincoln and Guba, 1985).

### 3.7. Ethical Considerations

Ethical approval for this research was obtained from the appropriate institutional review body prior to data collection. Participation in the study was voluntary, and all respondents were fully informed about the purpose and scope of the research before giving consent. Anonymity and confidentiality were strictly maintained throughout the study to protect the identities of participants, particularly given the political sensitivity of governance issues in Nigeria. No personal identifiers were recorded in transcripts or survey data. Sensitive political remarks were coded to avoid attribution to specific individuals or offices.

Where interviews were conducted within government institutions, additional permission was sought from relevant authorities. The study also adhered to the ethical principles outlined in the University of Nigeria's Research Ethics Policy (2023), which emphasizes respect for persons, beneficence, and data integrity. These practices are consistent with established ethical standards for qualitative and mixed-methods research in the social sciences (Orb, Eisenhauer, and Wynaden, 2001).

### 3.8. Limitations

While combining primary and secondary sources strengthens the analysis, limitations persist. First, the sample size limits generalization to all LGAs in Enugu State. Second, respondents' fear of political retribution may have led to cautious responses during interviews. Third, secondary data on fiscal allocations and contract expenditures remain partly opaque due to limited access to official records. Nevertheless, the convergence of multiple data sources provides a credible and multidimensional understanding of state capture and local governance. Such methodological limitations are common in governance and political economy research conducted in environments characterized by institutional opacity and elite influence (Schedler, 2013).

## Results and Analysis

### 4.1. Overview of Data Collection

Fieldwork for this study was conducted between March and August 2025. A total of 221 valid survey questionnaires were completed and analyzed, drawn from three Local Government Areas (LGAs) in Enugu State: Enugu North (85 respondents), Nsukka (66 respondents), and Udi (70 respondents). This distribution reflects the study’s stratified sampling design, capturing urban, semi-urban, and rural governance contexts.

In addition to the survey, twenty (20) Key Informant Interviews (KIIs) were conducted with officials of the Enugu State Ministry of Local Government and Chieftaincy Affairs, local council chairpersons and finance officers, community leaders, and civil-society practitioners. Field observations were also undertaken in selected infrastructure projects—roads, primary schools, and health centres—across the three LGAs to corroborate survey and interview evidence.

Secondary data complemented the primary sources and included peer-reviewed studies on internally generated revenue and service delivery in Enugu State LGAs, fiscal-transfer records, and government budget documents. Together, these data sources provide a robust empirical foundation for analyzing how state capture mechanisms operate and how they affect local governance and developmental outcomes.

### 4.2. Socio-Demographic Characteristics of Respondents

Table 4.1 presents the distribution of respondents by Local Government Area.

**Table 4.1: Distribution of Respondents by Local Government Area**

Local Government Area	Category	Frequency	Percentage (%)
Enugu North	Urban	85	38.5
Nsukka	Semi-urban	66	29.9
Udi	Rural	70	31.7
<b>Total</b>	—	<b>221</b>	<b>100.0</b>

**Source:** Field Survey, 2025

The fairly even spread across urban, semi-urban, and rural LGAs enhances comparative analysis of governance experiences across spatial contexts.

Gender distribution (Table 4.2) shows a higher proportion of male respondents, reflecting gendered participation patterns in governance-related activities.

**Table 5.2: Gender Distribution of Respondents**

Gender	Frequency	Percentage (%)
Male	138	62.4
Female	83	37.6
<b>Total</b>	<b>221</b>	<b>100.0</b>

Age distribution (Table 4.3) indicates that most respondents fall within economically active age groups (31–50), strengthening the relevance of perceptions captured.

**Table 4.3: Age Distribution of Respondents**

Age Group (Years)	Frequency	Percentage (%)
18–30	49	22.2
31–40	72	32.6
41–50	61	27.6
51 and above	39	17.6
<b>Total</b>	<b>221</b>	<b>100.0</b>

Educational attainment (Table 4.4) reveals that nearly half of respondents possess tertiary education, particularly in Enugu North.

**Table 4.4: Educational Attainment of Respondents**

Educational Level	Frequency	Percentage (%)
Primary	38	17.2
Secondary	74	33.5
Tertiary	109	49.3

Educational Level	Frequency	Percentage (%)
<b>Total</b>	<b>221</b>	<b>100.0</b>

### 4.3 Fiscal Dependence and Revenue Control

Survey responses indicate widespread perceptions of weak fiscal autonomy. When asked whether local governments have adequate control over their own revenue and spending decisions, the aggregate mean score was low, indicating disagreement.

**Table 4.5: Perception of Local Government Autonomy**

Response Category	Frequency	Percentage (%)
Strongly Agree	11	5.0
Agree	19	8.6
Neutral	27	12.2
Disagree	86	38.9
Strongly Disagree	78	35.3
<b>Total</b>	<b>221</b>	<b>100.0</b>

**Statement:**

“Local governments in Enugu State have adequate financial and administrative autonomy.”

Overall, more than **three-quarters of respondents expressed dissatisfaction**, suggesting that state-level interference significantly constrains LGA fiscal independence.

Interview evidence reinforces this perception. A council finance officer in Enugu North stated:

“Even when we collect IGR, the state ministry sometimes insists it be channeled through the State Joint Local Government Account, and approvals come late.” (*KII, Enugu North LGA, 2025*)

Figure 4.1 illustrates how fiscal dependence operates as a capture mechanism through the State Joint Local Government Account (SJLGA), producing cascading effects that culminate in weak service delivery and developmental deficits.

### 5.4 Appointment of Caretaker Committees and Local Autonomy

Interview and survey data indicate that democratic accountability at the LGA level is frequently undermined by the appointment of caretaker committees. Only **31% of respondents** reported that their local governments had conducted regular democratic elections in the past five years, while **69%** indicated that councils operated under caretaker arrangements or appointments without a clear electoral mandate.

A community development association chair in Udi remarked:

“We do not know our council chair; a caretaker was appointed by the state and he does not live in the community.” (*KII, Udi LGA, 2025*)

These patterns point to institutional capture, where state authorities override local democratic processes, weakening downward accountability.

**Table 4.6: Key Informant Interview Themes on Local Governance Capture**

Theme	Frequency (n = 20)	Illustrative Quotation
State control over LGA finance	15	“Even when we collect IGR, the state insists it go through the joint account.”
Caretaker appointments	13	“Our chairperson is not elected; he was appointed from the state.”
Politicised contract awards	14	“Contracts go to companies linked to politicians.”
Lack of budget transparency	11	“Budget documents are not available to the community.”
Citizen disengagement	8	“People no longer attend budget meetings.”

### 4.5 Contracting, Procurement and Elite Patronage

Field observations and interviews reveal persistent elite influence in contracting and procurement. In Udi LGA, visits to a “reconstructed” primary school showed incomplete works despite official claims of project completion. A community leader noted:

“The contract was reallocated to a company linked to a former state assembly member.” (*Community Leader, Udi LGA, 2025*)

Survey data further show that **64% of respondents** agreed that contracts are awarded based on political influence rather than competitive bidding. These findings reflect governance capture in procurement processes, undermining efficiency and accountability.

#### 4.6 Oversight, Transparency and Accountability Gaps

Only **22% of respondents** agreed that their local government publishes budget or expenditure reports publicly, while **68%** felt excluded from budgeting decisions. Interviewees emphasized that oversight mechanisms exist formally but are ineffective in practice due to state-level control and limited access to audit information.

These transparency deficits weaken citizen oversight and allow elite actors to exercise discretion over local resources.

#### 4.7 Implications for Human Development and Service Delivery

**Table 4.7: Perceived Effects of State Capture on Service Delivery**

Effect Identified	Frequency	Percentage (%)
Poor infrastructure development	91	41.2
Abandoned projects	63	28.5
Delayed project completion	42	19.0
Misallocation of resources	25	11.3
<b>Total</b>	<b>221</b>	<b>100.0</b>

Field observations corroborate these findings. In Nsukka, a health centre renovated in 2022 lacked water and solar power by 2025; in Enugu North, a newly constructed road remained unpaved and erosion-prone. These cases illustrate how capture mechanisms translate into weak human development outcomes.

#### 4.8 Summary of Key Findings

The results demonstrate that:

- Local governments in Enugu State experience **significant fiscal dependence**, enabling state-level capture.
- **Caretaker committees** weaken democratic accountability and local responsiveness.

- **Procurement and contracting** are shaped by elite patronage rather than merit.
- **Transparency and citizen participation** remain limited.
- These structural conditions correlate strongly with **persistent developmental deficits** in infrastructure and service delivery.

## Discussion

The findings advance debates on decentralization and state capture by demonstrating how elite domination operates not only at national levels but within subnational intergovernmental interfaces. In Enugu State, decentralization exists formally but is substantively constrained by fiscal, political, and administrative capture.

Classical formulations of state capture (Hellman et al., 2000; Chipkin & Swilling, 2018) emphasize the manipulation of laws and institutions by powerful actors. This study extends that framework by illustrating how capture can operate through intergovernmental fiscal structures within a formally decentralized system.

The State Joint Local Government Account functions as an institutional bottleneck. Rather than enabling coordination, it centralizes discretion, transforming decentralization into conditional delegation. This finding aligns with Aborisade (2020) and Otinche (2023), who describe Nigerian local governments as structurally subordinate to state executives.

The Enugu case therefore supports the argument that decentralization without fiscal autonomy produces “managed localism” rather than democratic devolution. The prevalence of caretaker committees reveals how political capture reconfigures accountability structures. Tobi and Ayodeji (2024) argue that caretaker governance weakens democratic responsiveness; this study provides micro-level empirical support for that claim.

By displacing electoral mandates, state-level actors redirect accountability upward. The principal–agent relationship shifts, insulating local officials from citizen sanction. Capture thus operates through institutional redesign, not merely corruption. Importantly, the study foregrounds the civil society dimension of capture. Limited budget transparency and declining participation indicate that capture restructures not only state institutions but also state–society relations.

Where financial flows are opaque and councils unelected, citizens disengage. Public meetings lose relevance. Community oversight diminishes. This reflects a contraction of local civic space, where formal participatory structures exist but lack substantive influence.

This finding connects capture theory to debates on civil society and democratic accountability. It suggests that subnational capture erodes the civic foundations of governance, undermining cosmopolitan ideals of participatory inclusion. The developmental consequences observed in Enugu State challenge assumptions that resource allocation alone drives service outcomes.

Despite steady federal transfers, poor infrastructure and abandoned projects persist. The evidence supports Kelsall's (2013) argument that institutional incentives shape development trajectories. When governance structures reward patronage over performance, developmental outcomes deteriorate.

Thus, the Enugu case demonstrates that decentralization without accountability mechanisms may reproduce elite dominance rather than democratize governance.

### **Conclusion and Policy Implications**

This study examined the effects of state capture on local governance and development in Enugu State, Nigeria. Drawing on survey data, key informant interviews, field observations, and secondary evidence, the findings demonstrate that local governments operate within a constrained decentralization framework characterized by fiscal dependence, political interference, and weak accountability. Despite their constitutional status, LGAs in Enugu State lack meaningful autonomy over resources, personnel, and decision-making, limiting their capacity to deliver development outcomes at the grassroots.

The analysis shows that state capture operates through interconnected mechanisms. Fiscal control—particularly via the State Joint Local Government Account—restricts local discretion over revenue and expenditure, while the appointment of caretaker committees undermines democratic accountability. These constraints are reinforced by politicized procurement processes and limited transparency, resulting in inefficient resource allocation, abandoned projects, and declining public trust. Importantly, the findings indicate that developmental deficits are driven less by resource scarcity than by governance arrangements that distort how resources are controlled and utilized.

The study contributes to the literature by locating state capture at the subnational level, specifically within the state–local government interface. By linking institutional capture to observable service-delivery failures and human development outcomes, it demonstrates how decentralized systems can reproduce elite dominance when accountability mechanisms are weak. The Enugu State case thus illustrates a broader challenge within Nigeria's federal system, where formal decentralization coexists with informal centralization of power.

Policy implications flow directly from these findings. Reforming intergovernmental fiscal relations is critical, particularly through restructuring or abolishing the State Joint Local Government Account to enable direct, transparent transfers to LGAs. Restoring regular, credible local government elections would strengthen downward accountability and citizen participation. In addition, improving procurement transparency, expanding public access to budget and audit information, and institutionalizing community participation in local planning processes would reduce opportunities for capture and enhance governance effectiveness. Targeted support for rural LGAs is especially important, given their heightened vulnerability to capture effects.

In conclusion, addressing state capture in local governance requires more than procedural decentralization; it demands political and institutional reforms that rebalance power, strengthen accountability, and re-anchor local governments to the communities they are meant to serve. Without such reforms, decentralization risks remaining a formal arrangement with limited developmental impact.

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