

**IMPLEMENTATION OF REVENUE GENERATION ON COMMUNITY  
DEVELOPMENT IN NIGERIA: AN EXAMINATION OF ILORIN WEST LOCAL  
GOVERNMENT AREA, KWARA STATE**

**BY**

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## **CERTIFICATION**

This is to certify that this research work has been read and approved by the undersigned on behalf of the Department of Public Administration, Institute of Finance and Management (IFMS), Kwara State Polytechnic, Ilorin as meeting the requirement for the award of National Diploma in Public Administration.

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## **DEDICATION**

This work is dedicated to Almighty God for His guidance, wisdom, and strength throughout this journey.

To my beloved parents, family, and friends, whose unwavering support, encouragement, and sacrifices have been my greatest source of inspiration.

To my mentors, lecturers, and colleagues, whose knowledge and guidance have shaped me academically and personally.

Finally, to all those who believe in the pursuit of knowledge and excellence, this work is a testament to the power of dedication and perseverance.

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### **ABSTRACT**

*The adverse situation in the various local government areas of Nigeria has led the researcher to go into this very topic. Hence, the purpose of this work is to enlighten people, mostly students in the school of financial studies on how revenue is generated in local governments, problems confronting them as regards revenue generation as well as*



*prospects for the problems. However, local governments are expected to use the funds generated in embarking on income-earning projects, projects that come under fee or bill-charging utilities like portable water, electricity, construction of market squares etc. However, before funds can be generated, one must find ways of getting the funds like grants given to local governments for some purposes by the federal government. The central government also determines the sources, extent, purpose and maximum duration for which borrowing is to be embarked upon by the local government and not just going ahead to borrow. Local government raise loans to purchase plants and equipment, as well as other projects whose costs are too great for them to embark on at a time. Furthermore, local authorities in Nigeria are responsible for the establishment and maintenance of public motor parts, bad roads, market squares etc. It is therefore recommended for students in the school of financial studies at all levels (who will be opportune to lay hands on this write-up) as a ground for the much-needed funds internally generated revenue to facilitate projects execution by local governments.*

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.0 BACKGROUND OF THE STUDY**

The essence of this division of government into federal, state and local levels is to enable the government to exercise its administration easily and effectively. However, the 1979 constitution spells out the functions of each level of government. Generally, it can be said that governments are responsible for the provision of collective (social) goods and services on a non- commercial basis as well as the provision of other social and economic services. In order to meet the forecasted goals and services, the government needs to collect revenues. Local government, which this work emphasizes on, can be described as the government at the local level, exercised through a representative council, established by law to exercise specific power within definite areas. The government of such body is selected or otherwise locally selected.

The administering of government at the local level in Nigeria traced as far back as the colonial period, when native authorities were established in their rudimentary forms, that is in their own ideas. They represented a system of indirect rule, which sought to establish a form of administration through traditional authorities between 1950 and 1955; the first elected local government council based on the model was shadbushes in logos and in the former Eastern and western Region. Though the traditional members constituted a maximum of 25 per cent in most of the councils, the emergence of members elected on a

political basis instigated the traditional rulers to gradually withdraw from active participation in local administration in Nigeria.

Revenue is central to the optimal performance of local administration because if local governments do not have sufficient revenue, they cannot develop the communities. There are two sources of local government revenue. They are external and internal sources. Statutorily, local governments collect monthly allocations from Federal sources which they receive within the content of the joint account with the state government which is referred to as State Joint Account Allocation. But in many instances, federal allocation is very lean. This shortfall in federal allocation is caused by many factors. Among them is the fall in the price of oil which is the main source of income for Nigeria. Therefore, this shortfall in federal allocation has necessitated local administration to look inward for internally generated revenue to complement federal allocation for their developmental programmes.

Consequently, it has the responsibility to articulate the needs of these people and formulate plans and strategies towards realizing them. Even the urbanized cities are broken into local government areas such that the activities of state governments are interwoven with those of the local governments in particular. This development policy has created many avoidable problems some of which are massive rural-urban migration thereby causing over congestion and heating up the cities, infrastructural decay in the rural areas due to total neglect and abandonment and mass poverty in the country due to lack of proper harmonization of the nation's resources among others.

## **1.2 STATEMENT OF PROBLEM**

The problems that confront most local governments on revenue generation cannot be over-emphasized. Hence local governments having numerous means of sourcing funds, are also, faced with a lot of problems and difficulties in generating their revenue. These problems affect mostly its internal sources of revenue.

Tax avoidance and delinquencies are among the problems confronting most local governments on revenue generation, as most people of the society devise some means to source maximum reduction in the amount to be paid as tax obligation on the date it is due, thereby, escaping tax liabilities. The inability of most people of society to pay up amount due for rent and rates on local government properties, hinders local governments as regards revenue generation, as most people lack fiancé and others not willing to pay – up.

Inadequate operational vehicles and other facilities confront local governments as a problem in generating revenue. Revenue generation needs mobilization and most local governments do not have enough, which would have enabled them to move easily from one part of the area to another for the collection of various fees.

Another problem hindering local government revenue generation lies among the staff. Many staff lack job-related in-service training, and some have poor educational backgrounds, some are not dedicated, diligent and honest. Often, they do conclude with tax or ratepayers to defraud the government.

All these problems will not only affect the local governments but, every member of society and the nation in general. This is because, these problems will not enable most local governments to carry out or perform their statutory assigned functions effectively thereby, leading to and definitely, affecting the economic growth and development of the nation (Nigeria).

## **1.2 OBJECTIVE OF THE STUDY**

From experience and the prevailing circumstances or situation of the economy, it can be clearly observed that no central government can carry-on or exercise her administration effectively without the assistance of the state, and mostly, the local governments as to reach easily the welfare of the people in the rural areas, that is, people at local level. Hence, the objectives of this study are:

- 1.** To examine the sources of revenue for Ilorin West local government
- 2.** To assess the extent to which the generated revenue has been used for community development in Ilorin West Local Government; and
- 3.** To examine the challenges that are confronting Ilorin West Local Government in the generation and deployment of revenue for the development of its communities.

### **1.3 RESEARCH QUESTIONS**

1. What are the sources of revenue for Ilorin West local government?
2. What are the impacts of generating revenue that has been used for community development in Ilorin West Local Government?
3. What are the challenges that are confronting Ilorin West Local Government in the generation and deployment of revenue for the development of its communities?

### **1.4 SIGNIFICANCE OF THE STUDY**

The inhabitants of the various local government areas of the nation (Nigeria) will have the course to enjoy the affirmative results to a certain extent if all or parts of these problems to revenue generation in local governments are properly tackled. Hence, such myriad of problems of revenue generation, which also, give rise to untold hardship, will generally be under control or a thing of the past.

This will become a tool for most local government areas to a speedy set-up of some strategies which will enable them to generate their revenue easily, and as well as executing their projects effectively. This study will be of paramount significance to the society, mostly to those students in the school of social and management sciences who are making or intending to carry out research in the problems that confront most local governments in Nigeria on revenue generation.

This will also give potential market men and women as well as other residence of various local government councils as regards payment of tax, rates, charges, etc.

Finally, it will enable the researcher to have an in-depth knowledge of the study. Therefore, the significance of this study is by no virtue, exhaustive.

## **1.5 DEFINITION OF TERMS**

**1. Taxation:** This is one of the ways local governments generate revenue. It is a compulsory levy imposed by the local government on most of the entire members of the society who are capable of paying tax or who are expected to pay tax.

**2. Personal Income:** This is a form of direct tax, which is levied on the wages, salaries and other earnings of individuals. In assessing this kind of tax, certain allowances (wife, children, dependent relative allowance, etc.) are deducted; the balance is then taxed to determine the amount to be paid as tax.

**3. Loans:** Loan can be described as a financial aid with interest payable. Sometimes local governments borrow money in form of loan from other bodies like: Banks, State Governments, Federal (if possible) etc. to enable them to execute their projects when they are in short of funds. However, this loan is payable at a given interest rate over a specified period of time.

**4. Rent and Royalty:** these are payments made to local government properties or revenue, such as land, buildings, etc.

**5. Grants:** Grant are said to be financial aids without interest. This simply means that grants are a form of gift granted to local governments by a body (Federal, State or any other body) without paying back.

**6. Charges, Fines & Fees:** These are among the means of generating revenue by the local government. They are payments made to local governments by those who indulge in one commercial activity or the other. Such fees are: motor license fees, Road / bridge tolls, market fees etc.



## **CHAPTER TWO**

### **REVIEW OF LITERATURE AND THEORETICAL FRAMEWORK**

#### **2.1 INTRODUCTION**

This chapter reviews various works of Scholars on the sources of local government financing and its implications for the development of the grassroots. The chapter consists of three sections, namely; conceptual and empirical reviews and the theoretical framework.

#### **2.2 LITERATURE REVIEW**

##### **2.2.1 LOCAL GOVERNMENT**

Bello (in Akhakpe, 2011) defines local government as “that unit of administration with defined territory and powers as well as administrative authority with relative autonomy”. Local government as observed by Dumadu (2008) involves a philosophical commitment to democratic participation in the governing process at the grassroots level. This implies legal and administrative decentralization of authority, power and personnel by a higher level of government to a community with a will of its own, performing specific functions as within the wider national framework. Lawal (2000) defines local government as a political sub-division of a nation in the Federal system which is constituted by law and has substantial control of local affairs which includes the power to impose taxes or exact labour for prescribed purposes. Local government is described as government at the local level. Agagu (1997) defined local government as a government at the grassroots level of administration meant to meet peculiar grassroots need of the people. Olisa et al (1990)

defined local government as a unit of government below the central, regional or state government established by law to exercise political authority through a representative council within a defined area. The United Nations Office for Public Administration quoted in Ola and Tonwe (2009:4) defines local government as: “a political sub-division of a nation or (in a federal system) state, which is constituted by law and has substantial control of local affairs, including the powers to impose taxes or to exert labour for a prescribed purpose. The governing body of such an entity is elected or otherwise locally selected”.

Along this dimension, the International Encyclopedia of Social Sciences cited Adeyemo (2010:7) defines it as: A political subdivision of a Nation or Regional Government which performs functions which in nearly all cases receive its legal power from the national or regional government but possesses some degree of discretion on the making of decisions and which normally has some taxing power. Hence, the definition of local government was made more clear by Kirk Green in (Ola and Tonwe, op. cit: 4) who submit thus: Each unit of local government in any system is assumed to possess the following characteristics: a given territory and population, an institutional structure for legislative, executive and administrative purposes, a separate legal identity, a range of powers and functions authorized by delegation from the appropriate central or intermediate legislature and lastly, within the ambit of such delegation, autonomy, subject always, at least in Anglo-American tradition, to the limitation of common law such as the test of reasonableness.

The Guidelines for Local Government Reform of (1976:1) defines local government as: Government at the local level exercised through a representative council established by law to exercise specific powers within a defined area.

### **2.2.2 REVENUE**

Fayemi (1991) defines revenue as all tools of income to government such as taxes, rates, fees, fines, duties, penalties, rents, dues, proceeds and other receipts of government to which the legislature has the power of appropriation. He further classified government revenue into two kinds – recurrent revenue and capital revenue. Etuk-udo (1973) defines revenue as an income from both the fixed asset and the current asset. He further describes a fixed asset as an asset which is expected to last more than one year it is for future benefit and can be converted to cash immediately. The Longman dictionary of contemporary English (1995), defines revenue as money that a business or an organization receives over a period of time, especially from selling goods or services. It also described revenue as money that the government received from tax. Advance learning dictionary of current English (1992), defines revenue as the total annual income of the state collected for public use. It further described it as income, derived from taxation. Oladimeji (1985), describes revenue as the total income generated from federal, state and local government. He stated further that what makes local government constitutional matters is the revenue-sharing perspective. Hepworth (1976) describes revenue as an income or funds raised to meet the expenditure. He added further that revenue is a raising resource needed to provide

government services. He also stated that there are two aspects of finance – Income and Expenditure. In other words, the sources of funds and utilization.

According to Webster's New International Dictionary (Third edition), revenue could be defined as “the annual or periodic yield of taxes, exercise as the other sources of income that a nation-state or public sector collect or receives into their treasury for public use”. This means that it is a public income of whatever kind. Dixon (2000) perceives revenue as “the total amount obtained from the sale of merchandise services to customers”. According to Procter (2005), this revenue is an income.

### **2.2.3 DEVELOPMENT**

Development refers to man's progressive qualitative and continued improvement of human labour (Chukwuemeka, 2013). Development is needed not only to enable citizens have higher standards of living and material advancement, but also to achieve socio-economic and political transformation as well as attain technological feats over the environment (Igbokwe-Ibeto, 2003). Development is viewed as "multi-dimensional, referring to positive changes which affect the majority and which lie in the social, economic, political and cultural spheres of societal life. According to Rudeback (1997) development is about the people, beginning from the grassroots where majority of Nigerians live. It is the ability of a people to use their cultural values over a period of time to change their situation whereby each new stage is better than the preceding one.

Development involves a departure from the past to the new situation, which is reflected in the economic, social, educational and political aspects of a nation.

Lawal and Oluwatoyin (2011) said that development as a concept is a victim of definitional pluralism. However, Gboyega (2003), subsequently cited in Lawal and Oluwatoyin (2011) opines that development implies improvement in material well-being of all citizens, not the most powerful and the rich alone, in a sustainable way, such that today's consumption does not imperil the future; it also demands that poverty and inequality of access to the good things of life be removed or drastically reduced. It seeks to improve personal physical security and livelihoods and expansion of life chances. The concept of development in this study is in tandem with the opinion of Gboyega (2003). Rodney (1972:9) defines development as: "a many-side process. At the level of the individuals, it implies increased skills and capacity, greater freedom, creativity, self-discipline, responsibility and material wellbeing". Todaro (1977) notes that development must therefore be conceived as a multi-dimensional process involving changes in structure, attitudes and institutions, as well as the acceleration of economic growth, the reduction of inequality and the eradication of absolute poverty.

In essence, development must represent the entire gamut of changes by which the entire social system turned to the diverse basic needs and desires of individuals and social groups within the system moves away from the conditions of life regarded as materially and spiritually "better". This means that development involves the re-organization and re-orientation of the entire economic and social system. This also involves, in addition to

improvement of income and output, radical changes in institutions, social and administrative structures as well as in popular attitudes, customs and beliefs. Nwali and Nkwede (2010) conclude that development at the individual level implies progressive increase in skills and capacity to earn income, gain greater freedom for action which is expressed in creativity for the attainment of both material and psychological wellbeing of the man. This definition is unique because it touches all aspects of human being and the society. More so, the definition is unique because of accommodating such elements that could enhance human and societal development.

Nwali and Nkwede believe that for development to occur, it must involve: progress i.e. whatever is development has to progress from one level to a higher level, increase in skills and capacity i.e. the skills and capacity to transcend beyond underdevelopment, income-oriented i.e. ability to command the amount of income capable of pushing such individual and society to another level, and ability to gain greater freedom for action i.e. freedom from dependence, freedom from poverty, freedom from diseases and disasters. Development is also aimed at improving the living conditions of the people through the effective management of both human and material resources. Thus, Gana (1986:2) notes that “Development concerns the capacity and creative capability of a people to effectively transform the natural resources of their environment into goods and services through the imaginative and practical application of their creative talent and productive power”. This implies that the people must be empowered to be able to meet their basic needs of food,

housing, health, transport, education, employment, reduction in poverty level and increased per capita income among others.

#### **2.2.4 Community Development**

Community development is defined within the National Occupational Standards for Community Development as a long-term value- based process which aims to address imbalances in power and bring about change founded on social justice, equality and inclusion. The process enables people to organize and work together to: identify their own needs and aspirations, take action to exert influence on the decisions which affect their lives, and improve the quality of their own lives, the communities in which they live and societies of which they are a part. Darby and Morris in Nkwede (2009) define community development as “an education which would raise levels of local awareness and increase the confidence and ability of community groups to identify and tackle their problems.

United Nations (1948) community development is viewed as the practice of coming together by Persons in the community to undertake group action and proffer common resolutions to challenges and difficulties facing the community. It constitutes the action taken by community leaders, advocates, concern citizens and experts to elevate the standard of life in the community with a view to building stronger and improved local communities. The process of community development is to foster both social and economic development for the entire people in the community through the community’s active involvement and full initiative. Ogunna (1989) believes that most writers on

community development are influenced by their fields of study in their definition of the concept. Thus, some economists would consider it in terms of “encouraging some local material development”. While some political scientists emphasize such value as enlargement of individual freedom and mass democratic process, on the other hand, some Sociologists stress “group development and group action”.

Community development agents are swept off their guard by the imperatives of local problems and this leads to the elevation of ‘community’ development to an end in itself. When this happens, ‘community’ development assumes an independent status from ‘national’ development even though this has never been intended. However an emphasis on national development programmes starts off with the premise that societal or national betterment is the goal and by stressing application at different levels, it highlights the need for coordination and continuity. The development agent at the community level is constantly reminded of the need for harmonization of efforts with those at other levels. It is therefore necessary to stress national as opposed to community development (Ifiokobong, 2016).

#### **2.2.5 INSTITUTIONS, AGENCIES AND STRATEGIES FOR COMMUNITY DEVELOPMENT IN NIGERIA**

It is imperative to examine the institutions, agencies and strategies that Nigeria has adapted over the years to tackle issues relating to community development. It is often erroneously believed that community development through the instrumentality of local



government was considered almost synonymous with increased agricultural output of productivity. Thus, government policies and strategies towards rural areas had always started with the premise that a forward thrust in agriculture is one of the essentials for initiating a broader community development process. This misconception led to a series of inappropriate policies and strategies such as the agricultural extension approach, the community development programmes, notably among which were the River Basin Development Authorities and the Agricultural Development Projects.

Ifeanyi (2006:144-149) and Enyi (2010:84-92) assertion that planning for community development dates back to 1946 when the colonial administration formulated the Ten-Year Plan for Development and Welfare for Nigeria. Under this plan, the colonial government contributed to the financing of various research institutions such as the West Africa Oil Palm Institute (Nigeria) in 1939, Nigeria Agricultural Project Mokwa in 1949, West African Research Institute (Nigeria) in 1951, Marketing Boards and Regional Development Boards in the 1950s – 1970s. These Institutes and Boards were set up with the primary motive of increasing the volume of export crops for British industries while less attention was given to the improvement of the problems of individual producers and the communities generally.

In the 1955-1960 Development Plans, the emphasis was on increased agricultural and industrial production with a view to bringing about a rise in come and improvement in the standard of living of the people. Just like the previous plan, there were no specific projects for the benefit of the rural people of Nigeria. Various scholars have commented on

this situation. According to Nnoli (1977:139), the British colonial bourgeoisie in Nigeria succeeded in establishing a colonial economy in the country as a framework for consolidating and maintaining underdevelopment. This involved systematic appropriation of economic surplus for Britain's development, discouragement of rural manufacturing, stagnation of agriculture as well as maintenance of mass illiteracy and sustained technological backwardness. Cannor (1982:24) said that: "The private enterprise was rather entrusted with the major job of developing the economy. The government role was to create favourable conditions for this through loans, subsidiaries and technical assistance. As the private enterprise was essentially British, this meant mobilizing Nigerian resources for British capital accumulation".

The era of community development by the then regional governments was ushered in by the Western Nigeria Government when it formally launched the farm settlement scheme in 1960. They were encouraged by the lack of wide spread employment among primary schools' leavers in the region and unused areas in the riverine providences, which could be put to use. They were desirous of pioneering a new system of farming, which involved new techniques and the use of government supervised credit. The Eastern Nigerian Government operated similar schemes. The 1967 Civil War in the country and its aftermath paralyzed the operation of these schemes. The settlement schemes in the West failed to achieve their lofty goals. Reports indicated that the rates of return on investment were too low for the average farmer to endure. The demonstration effect on the

neighboring farmers was peripheral and its effect on alleviating the unemployment problems of the school leavers had been virtually insignificant.

The truly Nigeria's First Development Plan from 1962-1968 made greater financial allocations with the objective of enhancing the standard of living although there has been so far no coherent policy for rural development. The order of priority in the first plan in terms of allocation of fund was transport and communication, electricity, primary production and trade and industry. The second National Development Plan, 1970-1974, stated its order of priorities to be agriculture, industry, transportation and manpower development. The plan further strengthened the continuation of the dichotomy between the rural and urban sectors, in spite of the lofty objectives of the plan, one of which was to build a just and egalitarian society. It is important to note that the concern of the federal government for rural development, received its first articulated expression in the guideline to the Third National Development Plan 1975-1980. It was envisaged that the development of the rural sector during the Third Plan would concentrate on raising productivity in agriculture, the predominant occupation of the rural areas, through increase in per capital income, more even distribution of income, reduction in the level of unemployment, diversification of the economy, etc. It would also ensure the provision of basic social amenities such as water and electricity. Increase in the supply of high-level manpower, balanced development and indigenization of economic activity were also some of the objectives of the plan.

The government in launching the local government reforms of 1976, considered as an important milestone in the evolution of the Nigeria Local Government System, emphasized the need for the participation and mobilization of the people at the grassroots. The government stated that it was through an effective local government system that the human and material resources of this country could be mobilized for local development. It hoped that the reforms would further enshrine the principle of participatory democracy and political responsibility to every Nigerian. It stated that the reform would ensure that every stratum of the Nigerian society would benefit from the continued prosperity of the country. Owing to shortage of funds and personnel the local governments have also not lived up to the expectations of the rural populace.

The 1981–1985 Fourth National Development Plan did not make way departure from the position of the previous plans on community development. The plan maintained that the over-riding aim of the development effort remained that of bringing about an improvement in the living conditions of the people. Some of the programmes like the Directorate of Foods, Roads, and Rural Infrastructures (DFRRI), National Directorate of Employment (NDE), etc. were meant to bring about development in Nigeria. They too did not bring about much success because they were elitist conceived and implemented. The first, second, third and fourth development plans in Nigeria, like its colonial predecessor, were neither national nor developmental.

Eteng (1982:21) states “The orientation of post-colonial planning is probably the most decisive in its perpetuation of underdevelopment. First, the postcolonial environment,

which essentially defines the problem of underdevelopment, is taken as the earlier colonial environment. No serious effort is made for example to terminate the stifling post (neo) colonial domination and exploitation that is the basic generating force of contemporary underdevelopment. Eteng further maintained that even in the 1970–1974 plans when indigenization was introduced, this was not addressed to changing the structure of the post (neo) colonial capitalist planning and economy. It is equally important to state that, in Nigeria today, policies and strategies to enhance community development have enjoyed the general attention of foreign governments, international organizations, non-governmental organizations (NGO) which collaborate with Nigeria in different areas of economic, political and social sectors, visible among these organizations are the UNDP, the World Bank, the IMF, DFID, USAID, the UNO, and NGOs. At the regional front, African Union (AU) propelled initiatives such as New Partnership for African Development (NEPAD) and African Peer Review Mechanism (APRM). The cumulative impacts of the policies, programmes and activities of these institutions and organizations significantly affect the living conditions of the ordinary Nigerians and to large extent the development of the rural areas. The NEPAD is a home-grown African initiative to address the critical development challenges especially those that have to do with poverty and improving the living standards of Africans-including Nigerians. This became imperative when African leaders woke up to discover that over 340 million Africans or half of its population lived on less than \$ 1 per day. The mortality rate of children under five years of age is 140 per 1000, and life

expectancy is only 54 years. Only 58 percent of the population has access to safe water (Olokun, 2002).

Furthermore, the Millennium Development Goals (MDGs) seek to attend to the development, and particularly poverty eradication goals and issues of 189 countries of the United Nations (UN). Nigeria as an active member of the UN is decisively involved in the implementation of the policy framework of the goals by putting in place her own plan and policy structure that would enhance the success of the MDGs in Nigeria. This policy framework is the National Economic Empowerment and Development Strategy (NEEDS). NEEDS is aimed at eradicating poverty and bringing about sustainable development through agencies such as the NAPEP. The US and UK government have through the United States Agency for International Development (USAID) and the Department for International Development respectively have collaborated using various schemes and programmes to reduce poverty in Africa and particularly in Nigeria. These agencies have various collaborative efforts and partnership with the Nigeria government in supporting poverty eradication through provision of health and other social services such as the Maternal Morality Support Programme where pregnant and nursing mothers and children under five years are targeted for free health care.

#### **2.2.6 PROBLEMS OF COMMUNITY DEVELOPMENT IN NIGERIA**

The mechanistic nature of decision taking and non-involvement of the community in the decision making process for project initiation and implementation incapacitates the

potentials of the communities. According to Musa (1995) and Adefila (1995) top-down approach of decision making and project initiation typifies not only donor-driven, and limited in nature, but tend to undermine the benefiting communities. Particularly communities are hardly involved at the policy design or implementation stage, thereby excluding them as participants and stakeholders in such plans programs and projects. The problem of vandalisation and abandonment of projects occurs when communities do not understand the project as a result of non-inclusion in the decision-making process of initiation and implementation of projects and programs. Problem of loss of control over development process do occur because of lack of understanding and utilization of the project by the benefiting communities. Many community development projects are without adequate planning. They lack the needed proper cost estimate and structural designs. Many communities do not understand the socio-environmental consequences or implications of the projects that they initiate. As such many of such projects do not survive

The impact of projects on the community is minimal as a result of poorly implemented projects that do not survive thereby leaving the people in excruciating poverty. The income level of people in many communities is low. As a result, the ability of the people to generate fund to sponsor projects is greatly affected. Thus, many envisioned community projects remain unattainable. Sometimes Leadership crises exist in certain communities such as, fund misappropriation thereby impeding the progress and further development of community projects. The lack of expertise in maintenance services often renders some community projects diminished in value and dead. Thereby leading to a

waste of resources, politic considerations often affect the siting of some public projects and also affect public support for some community projects. The Implementation of the development programme itself is also affected by politics, the problem of implementation. Arising from poor supervision also exists and constitutes one major problem to community project execution. Obot (1989) asserts that many development policies are poorly implemented due to poor supervision. Thus, some water taps project in many communities remains unfunctional since after their installation. Armed conflicts in certain communities ranging from ethnic, communal, and religious issues also hinders many community projects. It creates the absence of an enabling environment sustainable development in such community ( Ifiokobong, 2016).

## **2.3 THEORETICAL FRAMEWORK**

The theory of fiscal federalism is applied for this study. The theory which was originally developed by Musgrave (1959) and Oates (1972), concerns the division of public sector functions and finances in a logical way among multiple layers of government (King 1984). Fiscal federalism is used to refer to the fiscal arrangement among the different tiers of government in a federal structure (Ekpo, 2004). Kalu (2011) defines fiscal federalism as a subfield of public economics concerned with understanding what functions and instruments are “best centralized” and “best placed in the sphere of decentralized levels of government”. It is also referred to as the system of revenue generation, allocation and distribution within a federal system. Initially, stabilization and distribution were



considered the cardinal points in a federal arrangement. The focus in federalism then was always on how to divide functions among the federating units in order to avoid functional overlapping and conflicts. Recently, attention in federalism has shifted to revenue mobilization and allocation among different tiers of government. This is due to the recognition of the fact that adequate finance is a requisite condition for effective service delivery by the federating units. According to Bello (1990), the most dominant area of intergovernmental relations is finance. This is because no level of government can perform its functions without a strong financial base. In this perspective, the main analytical task of fiscal federalism is to define the appropriate functions and finances of different tiers of government as efficiently as possible that is in such a way as to maximize community welfare.

The theory of fiscal federalism applies to local service units in metropolitan area as to states in a federation (Gramlich 1977, Rubinfeld 1987). In principle, however, there are important analytical and policy differences, not only between local metropolitan problems and federal-state problems but even between tight federal state problems but even between tight federations such as Germany and “Loose” federations such as Canada with the United States somewhere in between. These differences arise in part from the differing nature and rigidity of the constraints imposed by political institutions. The question has attracted considerable attention in recent years in part because of the emergence of nascent “federal institutions” especially in third world countries. For instance, in Nigeria, there are statutory provisions for revenue sharing and powers to generate revenue through specific sources.

The 1999 Constitution of the Federal Republic of Nigeria established the type of fiscal relationships that would exist among the various levels of government. For example, section 149(2) of the 1979 Constitution or section 162(3) of the 1999 Constitution stipulates that any amount standing to the credit of the Federation Account shall be distributed among the federation, state governments and the local government councils in each state on such terms and in such manner as may be prescribed by the National Assembly.

Similarly, the 1999 Constitution provided for state-local financial relationships under section 162 sub-sections 8. This section states that the amount standing to the credit of the local government councils of a state on such terms and in such manner as may be prescribed by the House of Assembly of a state. Apart from the constitutional provisions of external revenue to local government, the 1999 Constitution as contained in forth schedule and Model Financial Memoranda for Local Government (1991) and section 45 of Decree No 36 of 1998 provide for internal sources of revenue generation by Nigerian local governments. Despite all these constitutional provisions, in the words of Owens and Panella (1991) said “Local governments almost invariably depend in part and sometimes very heavily upon transfers from upper-level governments to finance the services for which they are responsible”. This is due to the fact that in most countries whether formally federal or not, there is clearly vertical competition between levels of government for revenue; perhaps because as rule local government have access only to those revenue sources that higher level of governments does not want for themselves.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 INTRODUCTION**

This chapter focuses on the methodology to be used to this research work successfully. It explains the research design. It also gives details about the population and sample used for the research.

#### **3.2 SAMPLE AND POPULATION OF THE STUDY**

Samples are normally used in studies that involve large populations. The reasons for using sample include; the desire to adequately manipulate the enormous population in order to avoid errors due to the calculation of large numbers and the desire to reduce the cost of producing the questionnaires that will cover the entire population. Odo (1992:47) defines a research sample “as a process of selecting a proportion of the population considered adequate to represent all existing characteristics within the target population and to any other population having similar characteristics with the target population”.

The term “population” has been defined by Odo (1992:40) as “the entire number of people, objects events and things that all have one or more characteristics of interest to a study”. The population of this study is drawn from Ilorin West local government. However, the information given by Personnel of Administrative Department of the Ilorin West shows that there are about 756 staff under the local government council.

### **3.3 SOURCES OF DATA COLLECTION**

In the process of carrying out this study, the data used were collected from two major sources. These sources include the primary and secondary sources.

#### **3.3.1. PRIMARY SOURCES OF DATA**

The primary sources of data used for the analysis of the study are those collected from the respondents through the designed questionnaire and interview. The questionnaires were administered by the researcher. I conducted individual oral interview on some top management employees in Ilorin West local government and people of the communities as well staff of Kwara State Internal Revenue Service. This was done to elicit further information from them concerning the issue under study.

#### **3.3.2 SECONDARY SOURCES OF DATA**

The secondary data for this study were collected from text books both published and unpublished that were found to be relevant for this study. These already written works include; textbooks, journals, magazines, newspaper, and some relevant documents that are relevant to this research work.

### **3.4. METHOD OF DATA ANALYSIS**

The data gathered analyzed using the simple percentage is used for easy analysis. This primary data analyzed through pilot study, regression, correlation analysis, skewness

and kurtosis. The questionnaire is divided into two sections. The first section captures bio-data information of the respondents while the second section captures information based on the concept of this research, using a 5-point Likert scale with “ 1= Strongly Disagree” and 5=Strongly Agree.

## **CHAPTER FOUR**

### **DATA PRESENTATION, ANALYSIS AND INTERPRETATION**

#### **4.1 INTRODUCTION**

This chapter presents findings based on the administered questionnaire. The analysis comprises the results of the demographic characteristics of the respondents from each sampled and the regression estimates of the variables. The totals of two hundred and forty questionnaires were distributed while two hundred and eighteen questionnaires were returned correctly. Simple percentage was used for analysis to determine the answer to the objective.

#### **4.2 BRIEF HISTORY OF ILORIN WEST LOCAL GOVERNMENT OF KWARA STATE**

Ilorin West is a Local Government Area in Kwara State, Nigeria. Its headquarters are in the town of Wara Osin Area. It has an area of 105 km<sup>2</sup> and a population of 364,666 at the 2006 census

### 4.3 ILORIN WEST DATA PRESENTATION AND ANALYSIS

**Table: 4.3.1 Demographic Data**

#### **Bio-Data of the Respondents**

<b>Sex</b>	<b>Frequency</b>	<b>Percent</b>
Male	144	66.1
Female	74	33.9
Total	218	100
<b>Marital Status</b>	<b>Frequency</b>	<b>Percent</b>
Single	54	24.8
Married	164	75.2
Total	218	100
<b>Age</b>	<b>Frequency</b>	<b>Percent</b>
18-30	56	25.7
31-40	60	27.5
41 and above	102	46.8
Total	218	100
<b>Occupation</b>	<b>Frequency</b>	<b>Percent</b>
Civil Servant	164	75.2
Farmer	9	4.1
Artisan	28	12.8
Others	17	7.8
Total	218	100
<b>Length of Service</b>	<b>Frequency</b>	<b>Percent</b>
Below 4years	56	25.7
Between 4 and 9years	58	26.6
9years and above	104	47.7
Total	218	100
<b>Qualification</b>	<b>Frequency</b>	<b>Percent</b>

Primary/S.S.C.E/Equivalent	40	18.3
NCE/ND/DIPLOMA	71	32.6
BA/BSC/HND	96	44
MBA/MSC/PHD	11	5.0
	218	100
Staff Category	Frequency	Percent
Management	44	20.2
Senior	86	39.4
Junior	76	34.9
Contract	12	5.5
Total	218	100

**Source:** Researcher's Field Survey 2025

The above table presents the respondents' profile. These include sex, marital status, age, and occupation, length of service, qualification and staff category. A total of 218 of respondents completed the questionnaire. The respondents consisted of 144 (66.1%) male and female 74 (33.9%) responses to the survey. That shows that the majority of the respondents were male. The majority of the respondents are married. The distributions of respondents' age are categorized into three. Respondents from 41 and above years old are the majority, 102 (46.8%). The majority of the respondents are civil servants, 162 (75.2) and 9years and above 104 (47.7%) are the majority. The majority of the respondents are BA/MSc/HND holders, 96 (44.0%) and the majority of the respondents are senior staff, 86 (39.4).



**Table: 4.3.2 Sources of Revenue Generation in Ilorin West**

<b>Research Question</b>	<b>Opinion</b>	<b>Percentage</b>	<b>%</b>	<b>Remark</b>
Ilorin West local government generates sufficient revenue both internally and externally.	Strongly Disagree Disagree Undecided Agree Strongly Agree Total	37 82 20 72 7 218	17.6 37.6 9.6 33 3.2 100	Disagree
The local government generates revenue through marriage, birth and death fees.	Strongly Disagree Disagree Undecided Agree Strongly Agree Total	4 47 16 90 61 218	1.8 21.6 7.3 41.3 28.0 100	Agree
Ilorin West receives huge amount of money from market rates and levies	Strongly Disagree Disagree Undecided Agree Strongly Agree Total	17 22 15 124 40 218	7.8 10.1 6.9 56.9 18.3 100	Agree
Ilorin West local government area generates income through public convenience sewage and refuse disposal fees.	Strongly Disagree Disagree Undecided Agree Strongly Agree Total	22 129 8 42 17 218	10.1 59.2 3.7 19.3 7.8 100	Disagree

Ilorin West local government borrows from State and financial institutions.	Strongly Disagree	25	11.5	Agree
	Disagree	41	18.8	
	Undecided	18	8.3	
	Agree	95	43.6	
	Strongly Agree	39	17.9	
	Total	218	100	
The local government collects permit fee on land and establishment.	Strongly Disagree	17	7.8	Agree
	Disagree	23	10.6	
	Undecided	17	7.8	
	Agree	123	56.4	
	Strongly Agree	38	17.4	
	Total	218	100	

Researcher's Field Survey, 2025

The table shows that objective one contains six questions. It also shows that the total number of respondents 34 (15.6) Strongly Disagree, 82 (37.6) Disagree, 23 (10.6) Undecided, 72 (33.0) Agree and 7 (3.2) Strongly Agree. The majority Disagree that Ilorin West local government generates sufficient revenue both internally and externally. The majority of the respondents Agree that Ilorin West local government generates revenue through marriage, birth and death fees as shown in the above table. The respondents of 20 (9.2%) Strongly Disagree, 24 (11.0%) Disagree 21 (9.6%), Undecided, 117 (53.7%) Agree, 36 (16.5%) Strongly Agree. The majority agree that Ilorin West receives huge amount of money from market rates and levies. The respondents of 18(8.3%) Strongly Disagree, 128 (58.7%), Disagree, 9 (4.1%) Undecided, 46 (21.1%) Agree, 17 (7.8%) Strongly Agree. Therefore, the majority of the respondents Disagree that Ilorin West local government area

generates income through public convenience sewage and refuse disposal fees. The respondents of 27(12.4%) Strongly Disagree, 42 (19.3%) Disagree, 22 (10.1%) Undecided, 90 (41.3%) Agree, 37 (17.0%) Strongly Agree. The majority of the respondents Agree that Ilorin West local government borrows from State and financial institutions. The respondents of 20(9.2%) Strongly Disagree, 24(11.0%) Disagree, 21 (9.6%) Undecided, 117 (53.7%) Agree, 36 (16.5%) Strongly Agree. The majority of the respondents Agree that Ilorin West local government collects permit fee on land and establishment.

**Table: 4.3.3 Impact of Revenue Generation on Community Development in Ilorin West**

Research Question	Opinion	Percentage	%	Remark
The level of development has encouraged more people to pay taxes.	Strongly Disagree	73	33.5	Disagree
	Disagree	74	33.9	
	Undecided	21	9.6	
	Agree	39	17.9	
	Strongly Agree	11	5.0	
	Total	218	100	
Ilorin West is ahead of other local governments in Kwara State in provision of basic amenities.	Strongly Disagree	92	42.2	Strongly Disagree
	Disagree	67	30.7	
	Undecided	15	6.9	
	Agree	28	12.8	
	Strongly Agree	16	7.3	
	Total	218	100	
Revenue generation supports availability of borehole and	Strongly Disagree	53	24.3	
	Disagree	38	17.4	

well water.	Undecided	28	12.8	Agree
	Agree	76	34.9	
	Strongly Agree	23	10.6	
	Total	218	100	
Grading of roads is executed on yearly or quarterly basis by the council through Ilorin West Internal Generated Revenue.	Strongly Disagree	60	27.5	Disagree
	Disagree	91	41.7	
	Undecided	15	6.9	
	Agree	49	22.5	
	Strongly Agree	3	1.4	
	Total	218	100	
Poor basic amenities have led to loss of lives.	Strongly Disagree	7	3.2	Agree
	Disagree	14	6.4	
	Undecided	24	11	
	Agree	101	46.3	
	Strongly Agree	72	33	
	Total	218	100	
The income generation in Ilorin West is used to build and maintain hospitals.	Strongly Disagree	87	39.9	Strongly Disagree
	Disagree	58	26.6	
	Undecided	18	8.3	
	Agree	41	18.8	
	Strongly Agree	14	6.4	
	Total	218	100	

Internal generated revenue is used to build shopping complex and modern market in Ilorin West local government area.	Strongly Disagree	62	28.4	Disagree
	Disagree	66	30.3	
	Undecided	18	8.3	
	Agree	56	25.7	
	Strongly Agree	16	7.3	
	Total	218	100	
Maintenance of schools in Ilorin West local government is done through Internally generated revenue.	Strongly Disagree	83	38.1	Strongly Disagree
	Disagree	79	36.2	
	Undecided	11	5	
	Agree	37	17	
	Strongly Agree	8	3.7	
	Total	218	100	

Researcher's Field Survey, 2025

**Table: 4.3.4: Challenges of Revenue Generation in Ilorin West**

Research Question	Opinion	Percentage	%	Remark
The revenue officers in Ilorin West are not well trained.	Strongly Disagree	16	7.3	Agree
	Disagree	31	14.2	
	Undecided	29	13.3	
	Agree	90	41.3	
	Strongly Agree	52	23.9	
	Total	218	100	
Community development is not visible in Ilorin West as a result of inadequate revenue generation.	Strongly Disagree	31	14.2	Agree
	Disagree	29	13.3	
	Undecided	18	8.3	
	Agree	99	45.4	
	Strongly Agree	41	18.8	

	Total	218	100	
There is lack of commitment and dishonest on the part of revenue collectors.	Strongly Disagree	16	7.3	Agree
	Disagree	37	17	
	Undecided	24	11	
	Agree	98	45	
	Strongly Agree	43	19.7	
	Total	218	100	
Embezzlement of generated revenue by local government officials contribute to low revenue generation.	Strongly Disagree	29	13.3	Agree
	Disagree	37	17	
	Undecided	19	8.7	
	Agree	93	42.7	
	Strongly Agree	40	18.3	
	Total	218	100	
The State Government fails to remit 10 percent to Ilorin West local government as provided by the Constitution,	Strongly Disagree	15	6.9	Agree
	Disagree	29	13.3	
	Undecided	28	12.8	
	Agree	91	41.7	
	Strongly Agree	55	25.2	
	Total	218	100	
Misuse of state power over State Joint Account affects Ilorin West local government to discharge its responsibilities as regard to provision of basic amenities.	Strongly Disagree	14	6.4	Strongly Agree
	Disagree	6	2.8	
	Undecided	8	3.7	
	Agree	89	40.8	
	Strongly Agree	101	46.3	
	Total	218	100	

Source: Researcher's Field Survey 2025

#### **4.4 DISCUSSION OF FINDINGS**

The result of findings reveals that majority of the respondents disagree that Ilorin West local government generates sufficient revenue both internally and externally. This makes it difficult for Ilorin West local government to embark on projects that will bring development to communities. The result is in line with Ola and Tonwe's (2005) assertion that the dearth of finance had always been one of the major handicaps that hinder local governments in the performance of their functions in the country. It is similar to previous study that lack of adequate funds and appropriate institutions have continued to make local government ineffective. The majority of the respondents agreed that Ilorin West local generates revenue through marriage, birth and death fees. The majority also agreed that Ilorin West receives huge amount of money from market rates and levies. This is in line with interview report that Ilorin West local government generates more income in Alapa, Ote,Eyekorin markets amongst others. However, majority disagreed that the local government generates revenue through public convenience sewage and refusal disposal fees. The result is true because it is in line with interview report that Ilorin West local government did not generate revenue through public convenience sewage and refuse disposal since majority of the communities are in the rural areas. The finding shows that Ilorin West local government borrows from State and financial institutions and collects permit fee on land establishment within its jurisdiction.

The finding reveals that majority disagreed that the level of community development has encouraged more people to pay taxes. Also, majority of the respondent strongly disagree that Ilorin West is ahead of other local governments in Kwara State in the provision of basic amenities while the majority agreed that revenue generation supports availability of borehole and well water. This is similar to. Edogbanya and Jafaaru (2013) stated that provision of clean water for the people in the local government area. From the findings, majority of the respondents disagreed that grading of roads is executed quarterly or yearly basis by the council through Ilorin West Internal Generated Revenue. The study revealed that the majority of the respondent agreed that poor basic amenities have led to loss of lives while the majority strongly disagreed that the income generation is used to maintain and build hospitals in Ilorin West. It is also discovered that majority of the respondents disagreed that internal generated revenue is used to build shopping complex and modern market in Ilorin West local government area while the majority strongly disagreed that maintenance of schools in Ilorin West local government is done through Internally generated revenue.

The finding shows that the majority of the respondent agreed that revenue collectors are not well trained. This is in line with previous study by Agbu (2004) posits that the lack of trained revenue collectors poses a serious constraint to effective revenue collections in local government councils across Nigeria. He added that many of the revenue collection agents do not have the requisite knowledge or expertise required for proper revenue collection. For instance, revenue collection involves writing receipts,



accounting and recording and these require literacy whereas many of the revenue collection agents are illiterates. It is also supported by Bello (1990) that “the major constraint to internal revenue generation in local government is the shortage of well trained and qualified personnel which supposed to serve as tool for collection of taxes and rates at the local level”.

The majority of the respondents agreed that community development is not visible in Ilorin West as a result of inadequate revenue generation. The majority of the respondents also agreed that there is lack of commitment and dishonesty on the part of revenue collectors. This is similar to Orewa (1986), problems are shortage of trained manpower, ignorance of the councilors over their duties and non-commitment to duty on the part of the staff and councilors alike. The result is also in line with Obi (1996) that the poor state of accountability in the local government studied was as a result of interwoven tragedy emanating from the Nigeria factor, weak accounting control mechanism lack of prosecution of offenders, dishonesty, absence of adequately maintained financial records, conflict in role perception by the chairmen and many others.

The majority of the respondents agreed that embezzlement of generated revenue by local government officials contribute to the problem of revenue generation. This is similar to Ezeani (2004), states corruption remains a major problem which has constrained local government especially in developing countries from contributing meaningfully to the upliftment of the standard of living of the local people. It is rife in the areas of revenue generation and declaration by collectors to embezzlement of local government funds by

officials of local government. As stated by Obinna (1995) that some unscrupulous revenue collectors and senior financial officers of the local government defraud the local government by printing fake receipts which they use to collect unaccounted revenue.

The majority of the respondents agreed the state government fails to remit 10 percent to Ilorin West local government as provided by the constitution. This is similar to Ola and Tonwe (2005) noted that although the constitution provided that 10 % of the total revenue of state should be disbursed to their local councils, the state governments had in most cases paid in only a small fraction of the 10% to their local government councils, and in some cases, nothing at all was paid to the local government councils by the State Governments.

The majority of the respondents agreed that misuse of state power over State Joint Account affects Ilorin West local government to discharge its responsibilities as regard to provision of basic amenities. This is in line with previous study by Obi (2001) posits that the essence of granting autonomy to the various tiers of government in a federal system such as Nigeria, is to ensure self-governance and initiatives. Political and administrative autonomy to local government is provided in section 7 of the 1999 constitution to enable local governments take initiatives in the administration of their localities. These autonomies also include the rights to revenue drives and other economic activities. Unfortunately, this constitutional provision has become a mere rhetoric as local governments in Nigeria have been reduced to puppets and political instrument in the hands of state governments. The result is similar to Oguonu (2003) pointed out that another

fundamental reason for poor internally generated revenue is that Nigerian local governments were not created on the basis of their viability. She maintained that they are mere political creations. Further she stated that: “some of the newly created local governments were as a result of political patronage to ruling party loyalists”. the State Governments make several deductions, such as counterpart funding of projects, income tax (upfront) by Local Government employees (payee) etc. before remitting to councils whatever it deems fit. This situation is worsened under transition committee chairmanship of Local Government Councils. As usual, no transition committee chairman has the guts to question the governor of a state that magnanimously appointed him.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 SUMMARY**

The study examined the sources of revenue generation, the capacity, the challenges and impact of revenue generation in Ilorin West local government. Statistical Package for Social Sciences was used for analysis. The male respondents are more than female. The relationship between sources and capacity of revenue generation is rejected at .000. The relationship between revenue generation and community development is accepted at .251 while the relationship between revenue generation and utilization is also accepted at .078. The Kwara State Internal Revenue Service is in charge of revenue collection in Ilorin West thereby remitting or disbursing 30% of its income to Ilorin West local governments monthly.

#### **5.2 CONCLUSION**

This study identified and examined various sources of revenue generation, the capacity, impact and challenges of revenue generation in Ilorin West local government of Kwara State. The study revealed that Ilorin West local government is confronted with several problems which include corruption on the part of revenue collectors, lack of bye-laws on revenue tariff and so on. It has become obvious that corruption is the major issue

in the developmental study of the local government councils in Ilorin West Local Government of Kwara State, Nigeria.

### **5.3 RECOMMENDATIONS**

The generated revenue should be used to provide basic needs for the populace so as to encourage many people to pay tax. Autonomy should be given to local government so as to enable the council to function appropriately. Revenue collectors should be checked on regular basis by the Internal Auditor of the council in consonance with the provisions of financial regulation and anyone found guilty of corrupt practices should be punished accordingly. The use of council staff should be encouraged. Enough staff should therefore be employed by the council to man the various revenue units of Ilorin West local government. Adequate legislation on revenue tariff is very necessary therefore; the council should ensure that its legislative body makes an up-to-date tariff to forestall instances of use of discretion by revenue collectors. Revenue Agents should be abrogated and replaced with local government employed staff. The local government chairman should ensure that machinery be in place to generate more revenue internally to enable them do more developmental projects. The State Government or Kwara State Internal Revenue service should ensure justice, transparency and accountability in disbursing the generated revenue to Ilorin West local government. The local government authorities should not be over-dependent on statutory allocation from the federal government. Training and re-training programmes for the revenue officials should be organized to enable them meets the

challenge of the new millennium. Competent hands should be employed in the revenue section. Enlightenment campaigns on the revenue to be paid by individual should be carried out. Control measure should be put in place to check possible frauds and embezzlement. Communication gadget, vehicle and motor cycles and security should be provided for the revenue personnel. Revenue monitoring committee should be formed to check revenue collector. Provision of good incentive and remuneration should be made available to workers. This will encourage and boost their morale in discharging their duties. There should be periodic monitoring of project so as to ensure that contractors do what is expected of them. Ilorin West local government should embark on meaningful project so as to improve the standard of living in the community level or the local populace. This can be done through the provision of bore-hole, health services, schools and libraries.

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