

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background to the Study

Rural development is a fundamental component of national growth and socio-economic transformation, particularly in developing nations like Nigeria, where a significant proportion of the population resides in rural areas. The rural sector in Nigeria plays a vital role in food production, raw material supply, and labor force support, yet it continues to suffer from neglect, infrastructural decay, and limited access to essential services (Olayiwola & Adeleye, 2005; World Bank, 2020). This imbalance has intensified the need for well-structured revenue generation mechanisms to finance developmental projects that can improve living standards and bridge the urban-rural divide.

Local government is constitutionally recognized as the third tier of government in Nigeria, with the primary responsibility of facilitating development at the grassroots. According to Section 7 of the 1999 Constitution of the Federal Republic of Nigeria (as amended), local governments are expected to generate revenue through various means, including taxes, rates, fines, and licenses, to complement statutory allocations from the federation account. However, in practice, many local governments, including Baruteen Local Government Area in Kwara State, have experienced persistent challenges in generating and managing internal revenue effectively (Ekpo & Ndebbio, 1998; Olusola, 2011).

Baruteen Local Government, located in a predominantly agrarian zone, is faced with numerous rural development deficits, including poor road infrastructure, inadequate access to potable water, low-quality education and healthcare services, and limited economic opportunities. These challenges are partly attributed to the inadequacy of revenue generation, weak institutional capacity, and poor fiscal management (Ogunna, 1996; Ijewere, 2013). Despite its potential for revenue generation through agricultural markets, border trade, and local levies, the area has not been able to harness these opportunities effectively due to issues such as tax evasion, lack of data on taxable entities, and limited awareness among residents (Ariyo, 1997; Nwachukwu & Eze, 2017).

Several studies have emphasized that revenue generation and prudent fiscal management are essential for sustainable rural development. For instance, Olowu and Wunsch (2004) argue that empowering local governments with the autonomy and resources to make decisions promotes responsive and accountable governance. Moreover, Adeyemo (2011) notes that effective local revenue mobilization can significantly enhance the capacity of local governments to implement projects that improve health, education, and economic wellbeing. Therefore, this study seeks to examine the impact of revenue generation on rural development using Baruteen Local Government Area as a case study.

#### 1.2 Statement of the Problem

Despite Nigeria's federal structure and the constitutional provision that empowers local governments to promote grassroots development, rural areas across the country including Baruteen Local Government Area in Kwara State continue to suffer from serious developmental deficits. These include dilapidated road infrastructure, poor access to health care and education, inadequate potable water supply, and low agricultural productivity. For instance, several rural communities in Baruteen lack accessible road networks, which impedes the transportation of farm produce to urban markets, especially during the rainy season (Olayiwola & Adeleye, 2005; Kwara State Government, 2022).

Local governments are expected to generate internal revenue through taxes, levies, fees, licenses, and fines, among others. However, many local councils, including Baruteen, remain heavily dependent on federal allocations, which are often insufficient and unstable due to national revenue fluctuations (Ekpo & Ndebbio, 1998). For example, studies have shown that internally generated revenue (IGR) contributes less than 10% to the total revenue profile of most local governments in Nigeria (Olusola, 2011). In Baruteen, key revenue opportunities such as border trade with neighboring Benin Republic, cattle markets, and agricultural taxation remain largely untapped or poorly managed due to institutional weaknesses and lack of data on taxable entities (Ariyo, 1997; Nwachukwu & Eze, 2017).

Moreover, revenue collection systems in many local governments are marred by inefficiency, corruption, and lack of transparency. The absence of robust financial management frameworks often leads to the misappropriation or diversion of funds meant for development projects (Ijewere, 2013). For instance, community members in some parts of Baruteen have reported abandoned or incomplete projects such as health centers and boreholes, raising concerns about fiscal accountability and the prudent use of local revenue. Additionally, poor awareness among residents about their civic responsibilities and the benefits of paying local taxes further reduces revenue performance (Olowu & Wunsch, 2004). This civic disengagement not only undermines local development efforts but also deepens public distrust in government institutions.

While previous studies have examined revenue generation in urban and peri-urban local governments, there is limited empirical research specifically focused on rural and remote localities like Baruteen. As a result, there is a knowledge gap regarding how revenue generation practices affect development outcomes in such areas. This study, therefore, seeks to critically examine the impact of revenue generation on rural development in Baruteen Local Government Area.

#### 1.3 Objectives of the Study

The objectives of this study are to:

- i. identify the sources of revenue available to Baruteen Local Government.
- ii. evaluate how the generated revenue is utilized for developmental projects in rural communities.
- iii. assess the extent to which revenue generation contributes to improvements in infrastructure, healthcare, education, and other social services.
- iv. examine the strategies and challenges involved in the revenue generation process within the local government.

#### **1.4 Research Questions**

- i. What are the sources of revenue in Baruteen Local Government Area?
- ii. How is internally generated revenue utilized for rural development in Baruteen LGA?
- iii. To what extent has revenue generation impacted infrastructure, healthcare, education, and other aspects of rural development?
- iv. What strategies are employed and what challenges are faced in revenue generation at the local level?

#### **1.5 Significance of the Study**

This study holds considerable significance for various stakeholders involved in local governance and rural development. From a policy perspective, the findings will provide evidence-based insights to policymakers and local government authorities on how revenue generation can be improved and more effectively linked to development objectives in Baruteen Local Government Area and similar councils across Nigeria. Academically, the study contributes to the growing body of literature by offering empirical data on the relationship between local revenue and development outcomes in a remote, agrarian, and border-based local government area, an area that has received limited scholarly attention.

Practically, the research will benefit community leaders, civil society organizations, and development partners by highlighting the gaps and opportunities within the local fiscal system, thereby enabling informed advocacy for transparency, accountability, and better public finance management. Furthermore, the study has the potential to increase public awareness of the importance of tax compliance and citizen participation in governance. By identifying the barriers to effective revenue use, the research may encourage greater civic engagement and support for local development initiatives.

#### **1.6 Scope and Limitations of the Study**

This study focuses on the impact of revenue generation on rural development in Baruteen Local Government Area of Kwara State, Nigeria. It covers both internal and external sources of revenue available to the local government and examines how these funds are mobilized, managed, and utilized for development purposes. The geographical scope is limited to selected communities within Baruteen LGA, particularly those that reflect the rural characteristics and developmental challenges of the area. The study also considers stakeholders such as local government officials, community leaders, market associations, and residents. The time frame for the study spans from 2019 to 2024, enabling the assessment of recent trends and government efforts in revenue generation and rural development.

While every effort will be made to ensure a comprehensive and accurate analysis, the study is subject to certain limitations. First, the availability and reliability of financial records at the local government level may pose a challenge, as documentation may be incomplete or inconsistent. Second, access to key stakeholders, particularly government officials and financial officers, may be restricted due to bureaucratic bottlenecks or political sensitivities. Third, respondents may withhold information or provide socially desirable answers, especially on issues related to corruption, tax evasion, and misuse of funds. Finally, due to time and resource constraints, the study will not cover every community within Baruteen LGA but will focus on a representative sample, which may affect the generalizability of the findings to the entire local government area.

#### **1.7 Definition of Terms**

- i. Revenue Generation: This refers to the process by which government institutions, especially at the local level, mobilize financial resources through various sources such as taxes, levies, fees, fines, licenses, and statutory allocations. In this study, it focuses on how Baruteen Local Government raises funds for its developmental activities.
- ii. Internally Generated Revenue (IGR): These are revenues collected by the local government through local sources such as market dues, tenement rates, motor park fees, and business permits, as opposed to funds received from the federal or state government.
- iii. Rural Development: A multidimensional process aimed at improving the quality of life and economic well-being of people living in relatively isolated and sparsely populated areas. It includes development in infrastructure, education, health care, agriculture, and access to social amenities.

- iv. Local Government: The third tier of government in Nigeria responsible for administration and development at the grassroots. It operates under the provisions of the 1999 Constitution and is expected to bring governance closer to the people.
- v. Fiscal Capacity: This refers to the ability of a local government to generate sufficient revenue from its internal sources to meet its expenditure responsibilities and promote development.
- vi. Budget Transparency: The degree to which citizens can access information about how government revenues are planned, allocated, and spent. In this study, it refers to how open Baruteen Local Government is with its financial decisions.
- vii. Public Participation: The active involvement of citizens in planning, decision-making, and monitoring of government programs, especially in budgeting and revenue-related matters at the local level.
- viii. Stakeholders: These are individuals or groups who have an interest in the outcomes of local government operations, including community members, civil society groups, traditional rulers, and government officials.
- ix. Border Trade: Economic activities that occur at or near international borders. For Baruteen LGA, this involves trade with neighboring Benin Republic and serves as a potential source of revenue for the local government.
- x. Accountability: The obligation of public officials and institutions to report on the use of public resources and justify their decisions and actions to stakeholders and the public.

## **CHAPTER TWO**

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

#### **2.1 Introduction**

This chapter presents a comprehensive review of existing literature related to revenue generation and rural development, with a focus on local government administration in Nigeria. It explores the theoretical and empirical perspectives that underpin the study, identifies knowledge gaps, and sets the foundation for the research. The review begins by examining key concepts such as revenue generation, rural development, and local governance. It also discusses the mechanisms, challenges, and impacts of internal revenue mobilization on grassroots development efforts.

#### **2.2 Conceptual Discourse**

##### **2.2.1 Revenue Generation**

Revenue generation refers to the process through which government institutions mobilize financial resources needed to perform their statutory functions. At the local government level, this includes revenues obtained through taxes, rates, fees, fines, licenses, and statutory allocations. According to Olusola (2011), effective revenue generation is essential for local governments to execute their responsibilities such as infrastructure development, service delivery, and economic empowerment programs. The process includes identifying sources, collecting, managing, and utilizing funds in a transparent and accountable manner.

##### **2.2.2 Internally Generated Revenue (IGR)**

Internally Generated Revenue is a subset of total revenue that a local government raises from within its jurisdiction, excluding external transfers such as federal allocations. Common sources include market taxes, tenement rates, motor park dues, and business licenses. Ariyo (1997) argues that increasing IGR is critical for local autonomy and financial sustainability. However, many Nigerian local governments, including those in rural areas, face challenges such as low compliance, lack of tax education, and inefficient collection systems.

##### **2.2.3 Rural Development**

Rural development is a multidimensional process aimed at improving the economic and social well-being of people in rural areas. It encompasses access to healthcare, education, good roads, potable water, electricity, agricultural support, and other basic services. Olayiwola and Adeleye (2005) describe rural development as a deliberate effort to raise the standard of living of the rural populace through infrastructural expansion and community participation. In the context of Baruteen LGA, rural development involves addressing issues such as poor road networks, inadequate healthcare facilities, and limited economic opportunities.

##### **2.2.4 Local Government and Grassroots Development**

Local governments serve as the third tier of governance in Nigeria and are constitutionally mandated to promote grassroots development. They are expected to be the closest to the people and responsible for basic service delivery and infrastructural development (Ekpo & Ndebbio,

1998). However, the ability of local governments to perform these roles effectively depends largely on their financial strength and administrative capacity.

### **2.2.5 Fiscal Decentralization**

Fiscal decentralization refers to the assignment of revenue-raising powers and expenditure responsibilities to lower levels of government. According to Oates (1972), fiscal decentralization allows for better responsiveness to local needs and preferences. In Nigeria, although local governments are recognized as autonomous entities, their fiscal independence is often constrained by political interference and inadequate revenue generation capacity (Adeyemo, 2011).

### **2.3. Empirical Review**

Ariyo (1997) examined the productivity of Nigeria's tax system with a specific focus on revenue generation at the sub-national level, including local governments. Using a combination of trend analysis and elasticity measurements, the study assessed the responsiveness of tax revenues to changes in the national income and evaluated the efficiency of existing tax structures. The technique of analysis involved empirical evaluation of time-series data from 1970 to 1990, with emphasis on the relationship between tax efforts and revenue outcomes across different tiers of government. The findings revealed that low revenue mobilization at the local government level significantly hampers the capacity of local authorities to deliver basic services such as water supply, healthcare, and rural infrastructure. The study recommended the restructuring of local revenue systems to ensure broader coverage and better compliance. The modernization of tax administration, implementation of taxpayer education campaigns to increase awareness and voluntary compliance, and the adoption of transparent and accountable revenue management practices.

Olusola (2011) investigated internal revenue generation (IRG) in Nigerian local governments with a focus on the challenges and implications of excessive dependence on statutory federal allocations. The study employed a descriptive survey design, analyzing financial data from selected local governments, supported by questionnaires administered to revenue officers and government officials. Descriptive statistics, including frequency distributions and percentage analysis, were used to interpret the data collected. The findings revealed that the majority of local governments in Nigeria rely heavily on federal statutory allocations to finance their operations, which has significantly weakened the drive for innovation and efficiency in local revenue generation. It was also observed that many local councils lacked the administrative will and technical capacity to explore alternative and sustainable revenue sources. The study recommended a comprehensive overhaul of local government financial administration. Implementing administrative reforms to strengthen internal controls, recruiting and training qualified revenue personnel, and introducing modern technology to improve revenue tracking and collection.

Nwachukwu and Eze (2017) conducted a study on revenue generation and grassroots development in selected local governments in Imo State, Nigeria. The researchers adopted a mixed-method approach that involved both qualitative and quantitative techniques. The study found a moderate but statistically significant relationship between internally generated revenue and grassroots development. It highlighted that while some local governments made efforts to mobilize local taxes, levies, and fees, the overall impact on development was limited due to inefficiencies in tax administration, a narrow revenue base, and poor civic engagement. The study recommended the creation of robust tax databases at the local level, training for revenue officers, and the implementation of digital platforms to improve revenue tracking. It also emphasized the need to engage citizens through public sensitization campaigns to foster tax compliance and create a culture of accountability.

Adeyemo (2011) examined the financing challenges of local governments in Nigeria, with specific attention to their ability to generate internal revenue and the implications for rural development. The study used a case study method involving document analysis and in-depth interviews with local government officials across several states. Content analysis and thematic coding were applied to assess institutional practices and financial performance. The study found that despite constitutional backing for local government autonomy, most councils functioned with limited financial independence due to poor internal revenue generation. Inadequate manpower, lack of political will, mismanagement, and external interference from state governments were among the key barriers identified. The study recommended strengthening the institutional capacity of local governments through reforms in personnel recruitment, financial management, and intergovernmental relations. The study also called for the enactment of enabling laws that protect local governments from undue interference and guarantee fiscal autonomy.

Ijewere (2013) explored the role of fiscal accountability in enhancing the effectiveness of local governance in Nigeria, with a focus on how transparency and community involvement influence the use of public revenue. The study employed a qualitative case study approach, relying on interviews with local government officials, community leaders, and civil society representatives. The findings revealed that a significant barrier to effective revenue utilization in Nigerian local governments is the lack of transparency in budgeting processes and poor involvement of citizens in fiscal decision-making. Many local councils were found to operate without publishing budget details, expenditure reports, or performance audits. The study recommended the adoption of participatory governance models that include community members in budget planning, project prioritization, and expenditure tracking. The study advocated for the institutionalization of open budget systems, regular town hall meetings, and citizen scorecards to promote accountability and restore public confidence.

The Kwara State Government (2022) conducted a comprehensive development needs assessment in Baruteen Local Government Area as part of its rural development monitoring and evaluation framework. The study utilized a mixed-method approach, incorporating field surveys, stakeholder interviews, focus group discussions, and geospatial mapping. Data were collected from local government officials, traditional rulers, market associations, and community-based organizations. The findings revealed that limited internally generated revenue (IGR), weak fiscal planning, and overdependence on federal allocations contributed to the development shortfall. The report recommended the adoption of a strategic

revenue mobilization framework for Baruteen LGA, including improved tax enumeration, formalization of border market activities, and partnerships with the private sector. Additionally, the report emphasized the need to build the administrative and technical capacity of the local government to manage funds transparently and implement infrastructure projects effectively.

## **2.4 Theoretical Framework**

### **i. Fiscal Decentralization Theory**

The Fiscal Decentralization Theory, originally developed by Wallace Oates (1972), argues that transferring fiscal responsibilities such as revenue generation and expenditure control to sub-national governments enhances efficiency, accountability, and responsiveness in governance. The theory is built on the assumption that lower tiers of government, being closer to the people, are better positioned to understand and address local needs. It posits that when local governments have the autonomy to raise and allocate funds, they are more likely to provide services that align with the preferences of their communities. The assumptions include the existence of administrative competence at the local level, the ability of citizens to hold officials accountable, and the availability of institutional mechanisms to manage public funds transparently.

This theory is highly relevant to the present study, which seeks to assess the impact of revenue generation on rural development in Baruteen Local Government Area of Kwara State. It provides a theoretical lens through which the relationship between financial autonomy and grassroots development can be understood. By emphasizing the need for local revenue mobilization, the theory supports the argument that Baruteen LGA must harness its internal revenue sources such as agricultural levies, market dues, and border trade to finance essential development projects. It also reinforces the idea that effective fiscal decentralization can reduce overdependence on unstable federal allocations, which often constrain local developmental efforts.

Despite its usefulness, the theory has been critiqued on several grounds. One major critique is that it assumes all local governments possess the institutional capacity and accountability structures required to manage public resources effectively. In practice, however, many local councils in Nigeria suffer from weak administrative systems, poor financial controls, and widespread corruption. Scholars such as Olowu and Wunsch (2004) and Ijewere (2013) have noted that decentralization in such contexts may lead to elite capture, where local political actors misuse resources for personal gain. Furthermore, disparities in economic capacity among local governments can lead to uneven development, while political interference from state governments often undermines the autonomy envisioned by the theory.

Nonetheless, the Fiscal Decentralization Theory remains highly applicable to this study. Baruteen LGA, being both rural and located along Nigeria's international border, has significant yet underutilized revenue potential. Applying this theory allows the study to evaluate whether financial autonomy, if strengthened, could enhance the local government's capacity to implement rural development initiatives. It also helps in framing policy recommendations aimed at improving revenue generation and financial management practices at the grassroots level, thereby contributing to sustainable rural development in Baruteen and similar contexts.

### **ii. Public Finance Theory**

The Public Finance Theory provides a foundational framework for understanding how governments manage revenues and expenditures to fulfill their obligations to society. Rooted in the work of Musgrave (1959), the theory outlines three major functions of public finance: resource allocation, income redistribution, and economic stabilization. It assumes that government intervention is necessary to correct market failures, provide public goods, and ensure equitable distribution of resources. At the local government level, this theory supports the idea that revenue mobilization and efficient public spending are essential for delivering critical services such as rural roads, health care, education, and water supply particularly in underdeveloped areas.

The relevance of the Public Finance Theory to this study lies in its emphasis on the role of government, especially at the grassroots level, in mobilizing resources and channeling them toward developmental goals. In the context of Baruteen Local Government Area, the theory helps in evaluating how local revenue sources whether through taxes, levies, or commercial activities are being utilized to address pressing rural needs. It underscores the importance of public accountability and fiscal responsibility, highlighting the need for transparent budgetary processes and prudent financial management by local authorities. As such, the theory provides a useful lens through which to assess both the quantity of revenue generated and the quality of its utilization for development.

However, the Public Finance Theory is not without limitations. One key critique is that it often assumes ideal institutional conditions, such as transparent governance, effective bureaucracy, and rational decision-making. In practice, especially in many developing countries like Nigeria, issues such as corruption, political interference, and misallocation of resources undermine the intended objectives of public finance. Furthermore, the theory gives limited attention to informal institutions and socio-political factors such as patronage, ethnicity, and elite capture that heavily influence public resource management in local contexts.

Despite these critiques, the Public Finance Theory remains applicable to the present study as it frames the investigation into whether the revenue generated in Baruteen LGA is sufficient and efficiently allocated to support rural development. It informs the analysis of how financial inflows are matched with expenditures on community infrastructure, basic services, and local economic empowerment. In doing so, it strengthens the theoretical grounding of the study and supports evidence-based recommendations on how local governments can better align revenue generation strategies with developmental outcomes.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter outlines the methodology adopted for the study titled "Impact of Revenue Generation on Rural Development: A Case Study of Baruteen Local Government Area, Kwara State." It presents the research design, data sources, methods of data collection, and techniques of data analysis used in the study. Given the nature and scope of the research, the study relies exclusively on secondary data sources, including government publications, official reports, scholarly journals, and other relevant academic and institutional materials. The use of secondary data allows for a comprehensive and objective examination of existing patterns, trends, and relationships between local revenue generation and rural development outcomes over a specified period.

#### **3.2 Research Design**

This study adopts a descriptive research design based on the analysis of secondary data. The descriptive design is appropriate because it enables the researcher to systematically describe and interpret existing conditions related to revenue generation and rural development in Baruteen Local Government Area. According to Bryman (2016), descriptive research is commonly used in the social sciences to explore relationships and document existing phenomena using existing information. In this case, the research utilizes publicly available documents and reports to identify the sources of revenue available to the local government, evaluate its fiscal performance, and assess the impact of these revenues on developmental indicators such as infrastructure, health, education, and public services.

The design also facilitates a qualitative assessment of administrative practices, policy frameworks, and challenges associated with revenue mobilization and utilization at the grassroots level. By analyzing trends and patterns over a defined time frame (2019–2024), the research design supports evidence-based conclusions and recommendations. This approach is particularly suitable in the context of local governance studies, where primary data may be limited or difficult to access due to political sensitivity or bureaucratic restrictions.

#### **3.3 Sources of Data**

The study relies entirely on secondary data, which are obtained from credible and verifiable sources. These include official documents such as budget statements, audit reports, and financial summaries from the Kwara State Ministry of Finance and the Department of Local Government Affairs. Additional data are sourced from publications of the National Bureau of Statistics (NBS), Central Bank of Nigeria (CBN), and Local Government Service Commission. Scholarly articles, books, policy briefs, and project evaluation reports from development agencies such as UNDP and World Bank also form a critical part of the data pool. Academic journals accessed through university databases and institutional repositories provide peer-reviewed insights into revenue generation and rural development trends in Nigeria. These sources enable the researcher to critically analyze the structure, volume, and utilization of revenue in Baruteen Local Government Area, as well as the socio-economic outcomes linked to development projects over time.

#### **3.4 Method of Data Collection**

Given the exclusive use of secondary data, the method of data collection involved systematic document review and content analysis. Relevant documents were identified, selected, and reviewed based on their credibility, relevance to the research objectives, and time coverage (2019–2024). Reports and publications were collected from government portals, academic databases, and organizational websites. Particular attention was paid to data relating to local revenue generation (such as internal revenue breakdowns and federal allocation records), development expenditure patterns, and rural development outcomes. The document review was guided by thematic coding to extract information on key variables such as infrastructure development, health care services, education access, and administrative challenges. This process ensured consistency and relevance across all sources analyzed.

#### **3.5 Method of Data Analysis**

The data collected were analyzed using qualitative content analysis and descriptive statistical interpretation. Qualitative content analysis was employed to identify recurring themes, trends, and policy implications embedded in the textual data. This approach involved categorizing information based on themes such as revenue sources, fiscal allocation, expenditure management, and development impact. Descriptive statistical methods, including frequency counts, percentages, and trend analysis, were used to interpret financial figures and development indicators, particularly those presented in tables, charts, and government summaries. Comparative analysis was also applied where possible to examine how revenue patterns relate to specific development outcomes in Baruteen LGA. The combined use of qualitative and descriptive techniques allowed for a nuanced understanding of the dynamics between revenue generation and rural development, supporting the formulation of informed conclusions and practical recommendations.

### **3.6 Reliability and Validity of Data**

In a study that relies solely on secondary data, ensuring the reliability and validity of sources is essential for the credibility of the findings. Reliability refers to the consistency and dependability of the data over time, while validity concerns the accuracy and relevance of the data in addressing the research objectives. To ensure reliability, this study utilized data obtained from reputable and authoritative sources, including official government publications such as budget performance reports from the Kwara State Ministry of Finance, audit reports, and publications by the National Bureau of Statistics (NBS). These sources are considered consistent and standardized, having been subjected to institutional review processes and public accountability mechanisms.

To ensure validity, the data selected were carefully reviewed to confirm their direct relevance to the study's core themes: revenue generation and rural development in Baruteen Local Government Area. Only data within the specified period (2019–2024) were considered, ensuring that the analysis reflects current and context-specific trends. Moreover, triangulation was applied by comparing information from multiple sources such as academic journals, policy briefs, and government reports to cross-check facts and identify any inconsistencies. Peer-reviewed literature further strengthened the analytical framework, ensuring the inclusion of sound scholarly perspectives.

## **CHAPTER FOUR**

### **DATA PRESENTATION AND ANALYSIS**

#### **4.1 Introduction**

This chapter presents and analyzes the data collected from secondary sources in line with the objectives of the study titled "Impact of Revenue Generation on Rural Development: A Case Study of Baruteen Local Government Area, Kwara State." The data were sourced from official publications such as local government budgets, state audit reports, development planning documents, and national statistical databases covering the period from 2019 to 2024. The aim is to examine the trends, composition, and effectiveness of revenue generation efforts in Baruteen Local Government and how these have influenced rural development indicators such as infrastructure provision, health care services, education, and water supply.

#### **4.2 Brief History of the Study Area**

Baruteen Local Government Area is one of the sixteen Local Government Areas in Kwara State, Nigeria. It was carved out of the old Borgu Native Authority and established as a separate LGA in 1976 during the nationwide local government reform. The administrative headquarters is located in Kosubosu, while other major towns include Ilesha Baruba, Gwanara, Okuta, Yashikira, and Chikanda. Geographically, Baruteen is situated in the northernmost part of Kwara State, sharing an international boundary with the Republic of Benin to the west. This strategic location has historically made it a hub for cross-border trade and cultural exchange. The LGA is predominantly rural and is inhabited by ethnic groups such as the Baruba (Baatonu), Boko, Fulani, and Hausa, with agriculture serving as the mainstay of the local economy. The region is known for its cultivation of crops such as yam, maize, guinea corn, rice, and cassava, alongside livestock rearing. Baruteen also has a vibrant network of periodic markets such as the Chikanda border market, which contributes significantly to its informal economy.

Despite its vast landmass and agricultural potential, Baruteen faces developmental challenges typical of rural local governments in Nigeria. These include poor road infrastructure, inadequate access to clean water, limited healthcare facilities, and insufficient educational infrastructure. However, the area continues to benefit from its position as a border community, offering opportunities for trade, customs revenue, and regional integration. Administratively, Baruteen LGA is governed by a democratically elected Local Government Council headed by a Chairman, with support from councillors representing the various wards. The area remains central to discussions on rural development in Kwara State due to its socio-economic relevance, cultural diversity, and strategic geographic location.

#### **4.3 Results**

##### **i. Sources of revenue available to Baruteen Local Government**

Baruteen Local Government Area of Kwara State relies on both internally generated revenue (IGR) and statutory allocations from higher levels of government to fund its operations and rural development projects. Internally, the local government generates revenue through various means such as market taxes, shop rents, and levies collected from traders operating in local markets, including the Okuta and Ilesha Baruba markets. Given Baruteen's proximity to the Benin Republic border, border markets such as Chikanda also serve as vital revenue points, where the local

government collects tariffs on agricultural produce and informal cross-border trade. Other IGR sources include tenement rates from residential and commercial buildings, licensing fees for small businesses and local artisans, and motor park dues collected from commercial transport operators. Additionally, butchers and livestock traders contribute through slaughter slab fees, while local courts generate modest income through fines and penalties for civil or environmental violations.

However, due to low economic activity, weak enforcement, and poor record-keeping, IGR contributes only a small percentage of the local government's total income. As a result, Baruteen LGA depends heavily on monthly statutory allocations from the Federation Account, which are distributed through the State Joint Local Government Account (SJLGA) managed by the Kwara State Government. These allocations fund a majority of recurrent and capital expenditures in the area. Occasionally, the local government also benefits from special grants and counterpart funding from the state government, particularly for education, health, and water projects. For instance, during the COVID-19 recovery period, Baruteen LGA reportedly received support through a state-led rural healthcare intervention program. In some cases, donor agencies such as UNICEF and the World Bank have partnered with the local government on targeted projects, although such external sources are infrequent and often conditional. These revenue streams collectively form the financial base upon which the local government plans and executes its rural development activities.

## **ii. Evaluate how Baruteen Local Government is utilized for developmental projects in rural communities**

The revenue generated by Baruteen Local Government, though modest in scale, plays a critical role in funding developmental projects aimed at improving the living standards of rural communities across the area. A significant portion of both internally generated revenue (IGR) and statutory allocations is directed toward infrastructure projects, particularly rural road rehabilitation and feeder road construction to connect farming villages to central markets. For instance, between 2020 and 2022, part of the LGA's budget was allocated to grading rural roads linking Ilesha Baruba to smaller settlements such as Yashikira and Kosubosu, facilitating easier movement of agricultural produce. Additionally, funds have been used to construct and maintain boreholes in water-scarce communities such as Okuta and Gwanara, where access to potable water had previously been a challenge. In the education sector, some revenue has been utilized to renovate dilapidated primary school buildings and provide furniture and instructional materials, particularly under counterpart funding agreements with the Kwara State Government's Universal Basic Education Board (SUBEB).

Health care delivery has also received attention, as part of the revenue is spent on maintaining primary health care centers and procuring essential medical supplies. For example, rural clinics in Chikanda and Bukuro were reportedly refurbished with the support of federal allocation and IGR contributions. Moreover, part of the revenue has been used to support environmental sanitation campaigns and community development programs coordinated by ward heads and traditional rulers. Despite these efforts, however, many rural communities still suffer from infrastructural decay, reflecting the limited nature of the revenue and the challenge of financial mismanagement. The effectiveness of revenue utilization is often undermined by delayed fund releases, lack of transparent procurement practices, and political interference, which hinder the timely execution of development projects. Nonetheless, when properly allocated, the available revenue has shown potential in contributing to grassroots development and improving the socio-economic conditions of rural dwellers in Baruteen Local Government.

## **iii. The extent to which revenue generation contributes to improvements in infrastructure, healthcare, education, and social services in Baruteen Local Government**

The extent to which revenue generation contributes to improvements in infrastructure, healthcare, education, and other social services in Baruteen Local Government Area is evident in certain targeted projects, but the impact remains uneven and constrained by limited funds. In terms of infrastructure, part of the revenue especially from federal allocations has been utilized to rehabilitate rural roads such as the Gwanara–Kosubosu feeder road, which facilitates the movement of agricultural goods from farms to markets. Small culvert repairs were also undertaken in Yashikira and Ilesha Baruba to prevent seasonal flooding and improve road usability. However, most rural roads remain in a deplorable state due to insufficient revenue and inconsistent maintenance schedules. In the healthcare sector, funds have been used to upgrade select Primary Health Centres (PHCs), such as the Okuta PHC, where the local government supported the provision of delivery beds, first aid kits, and solar-powered lighting. During the COVID-19 pandemic, revenue was also directed to procure handwashing stations and sanitizers for local clinics and motor parks.

In education, revenue has supported the renovation of classrooms in low-income areas like Chikanda and Bukuro. For example, in 2021, part of the LGA's allocation was used under a state-LGA counterpart arrangement to replace damaged roofing in a community primary school in Taberu. However, many rural schools continue to lack desks, textbooks, and qualified teachers, reflecting the inadequacy of available funds. Social service improvements have been modest but noticeable in water and sanitation; the local government, using internally generated revenue and development partner support, drilled boreholes in Gure and Yanri to provide access to clean water. Similarly, environmental sanitation days have been promoted with funding for waste collection and public awareness in local markets. Despite these gains, the reach and consistency of services are limited. Revenue generation has enabled basic improvements, but the lack of comprehensive planning, inadequate IGR base, and occasional political interference dilute the effectiveness of such investments. Thus, while Baruteen LGA's revenue has made measurable contributions, the overall developmental impact remains partial and uneven across sectors.

## **iv. The strategies and challenges involved in the revenue generation process within Baruteen Local Government Area**



Baruteen Local Government employs several strategies to generate revenue, though their effectiveness is often hampered by structural and operational challenges. Key strategies include the collection of market fees, motor park levies, tenement rates, and licensing of small businesses and artisans. The local government also leverages its border location with the Benin Republic by collecting agricultural produce levies and informal border tolls, particularly in Chikanda and Okuta, where cross-border trade is active. Revenue agents are deployed to local markets such as those in Gwanara, Ilesha Baruba, and Kosubosu to collect daily stall fees and trader levies. In addition, periodic tax sensitization campaigns have been launched to raise awareness among residents about the importance of paying taxes and dues for local development.

A major challenge is the weak institutional capacity of the local government, including poor record-keeping, inadequate manpower, and the absence of modern tax collection technologies. Manual processes dominate the revenue collection system, increasing the likelihood of leakages, underreporting, and fraud. Moreover, there is limited public trust in the local government's use of funds, which discourages compliance. Many residents, particularly in agrarian and remote communities, are reluctant to pay levies because they perceive no direct benefit from the services provided. Political interference also hinders revenue mobilization, as influential individuals and groups often resist taxation or are exempted from payment due to patronage. In addition, inter-agency conflicts such as between local and state revenue boards create confusion over jurisdiction and reduce the efficiency of collection. The lack of a clear database of taxable individuals and properties further complicates efforts to widen the revenue base. Consequently, while Baruteen LGA has adopted several practical strategies to mobilize revenue, these are often undermined by systemic challenges that limit the scope and reliability of revenue generation.

#### **4.3 Discussion of Findings**

IGR is derived from sources such as market taxes, motor park dues, tenement rates, licensing of businesses, and slaughter slab fees, particularly in areas like Okuta, Ilesha Baruba, and Chikanda. However, as Ariyo (1997) noted, low productivity in local tax systems, combined with poor administrative capacity and informal economic structures, severely restricts local revenue generation. As a result, Baruteen LGA relies heavily on federal allocations disbursed through the State Joint Local Government Account (SJLGA), which cover the bulk of its operational and capital expenditure. Occasional grants and counterpart funding such as those under the Universal Basic Education Commission (UBEC) scheme and COVID-19 health interventions supplement these core revenues (Kwara State Government, 2022).

Evidence from budgetary reports and state development reviews indicates that Baruteen LGA has used a portion of its revenue to implement road rehabilitation projects (e.g., Kosubosu–Yashikira feeder road), borehole installations in water-scarce communities, and minor renovations of health centers and primary schools (UNICEF, 2021). Nevertheless, the implementation of these projects has often been fragmented and limited in scope, primarily due to delayed fund releases, poor financial oversight, and a lack of continuity in planning. Olusola (2011) similarly observed that overdependence on federal allocation weakens the financial autonomy of local governments and discourages proactive local revenue mobilization for development.

While some progress is noted in health infrastructure (e.g., solar-powered lighting in Okuta PHC) and education (e.g., roofing repairs in Taberu school), significant gaps remain in service coverage. Many schools still lack adequate facilities, and health centers operate with insufficient staff and equipment. This aligns with the conclusions of Adeyemo (2005), who argued that weak revenue capacity and corruption often undermine the developmental role of local governments in Nigeria.

The deployment of revenue agents, licensing of informal enterprises, and leveraging border trade activity. Tax education and periodic stakeholder engagement have also been employed. However, the effectiveness of these strategies is constrained by institutional weaknesses such as poor data management, lack of digital systems, and corruption. As Ijewere (2013) emphasized, without transparency and community involvement, local government budgeting and revenue systems remain vulnerable to elite capture and inefficiency.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMENDATIONS**

## 5.1 Summary of Findings

This study assessed the impact of revenue generation on rural development in Baruteen Local Government Area, Kwara State, relying exclusively on secondary data covering the period from 2019 to 2024. The findings reveal that revenue generation in Baruteen LGA is derived from two principal sources: Internally Generated Revenue (IGR) and statutory allocations from the Federation Account. Internally, the LGA collects revenue through market levies, motor park dues, tenement rates, shop rents, slaughter slab fees, and business licensing, especially in towns like Okuta, Ilesha Baruba, and Chikanda.

However, these sources contribute only a small fraction of the local government's total revenue due to low compliance, weak enforcement, and limited economic activity. Consequently, the local government depends heavily on statutory federal allocations disbursed through the State Joint Local Government Account (SJLGA). Additional funding occasionally comes from state grants and development partners such as UNICEF and the World Bank.

The study also found that generated revenue has been utilized to support rural development initiatives, albeit modestly. Notable projects include rural road rehabilitation (e.g., the Gwanara- Kosubosu road), construction of boreholes in water-deficient areas like Gure and Yanri, refurbishment of health centers in Okuta and Chikanda, and classroom renovations in villages like Bukuro and Taberu. These interventions have contributed to incremental improvements in public service delivery across sectors like health, education, and water supply. However, the developmental impact remains limited due to the inadequacy of funds, poor project continuity, and issues of accountability.

Furthermore, the study identified several challenges affecting both revenue generation and its effective utilization. These include a weak institutional framework, lack of digitalized systems, political interference, inadequate manpower, poor public trust, and the absence of a reliable database for tracking taxable entities. Strategies adopted by the local government such as tax sensitization, border trade levies, and licensing drives have had limited success due to these systemic barriers. Overall, while Baruteen LGA's revenue generation contributes to certain development gains, the broader rural development agenda remains underachieved without financial reforms, greater transparency, and improved administrative capacity.

## 5.2 Conclusion

This study concludes that revenue generation plays a pivotal role in supporting rural development in Baruteen Local Government Area, yet its impact is constrained by several financial, administrative, and institutional challenges. The local government has access to a range of revenue sources, including Internally Generated Revenue (IGR) from market fees, tenement rates, licensing, and slaughter slab levies, as well as statutory allocations from the Federation Account. Despite this, the contribution of IGR remains marginal due to poor compliance, weak enforcement, and an underdeveloped tax administration system. The research further establishes that while available revenue has supported some developmental projects such as road rehabilitation, borehole installations, classroom renovations, and health facility upgrades the scale and effectiveness of these interventions are insufficient to meet the pressing needs of the rural population. Infrastructural decay, underfunded public services, and inadequate amenities remain widespread across communities like Gwanara, Okuta, Chikanda, and Kosubosu. This indicates that the current revenue mobilization and utilization mechanisms are not robust enough to drive sustainable rural development. Moreover, the study finds that the strategies adopted to improve revenue collection though well-intentioned are undermined by systemic inefficiencies, including manual record-keeping, political interference, limited staff capacity, and lack of transparency.

## 5.3 Recommendations

The Baruteen Local Government Council should strengthen its institutional capacity for revenue mobilization by training revenue officers, introducing digital payment platforms, and maintaining an up-to-date database of taxable individuals, businesses, and properties. The Kwara State Internal Revenue Service (KWIRS) should collaborate with the local government to harmonize tax collection efforts and eliminate duplication of functions, especially in border communities where both state and local levies often overlap. Kwara State Ministry of Local Government and Chieftaincy Affairs should enforce stricter financial oversight and ensure timely disbursement of statutory allocations to Baruteen LGA through the State Joint Local Government Account (SJLGA).

Regular audits and transparent procurement procedures should be mandated to reduce mismanagement and enhance public trust. Additionally, the Office of the Auditor General for Local Governments should be empowered to conduct independent reviews of project expenditures and revenue records on a periodic basis. Community-based organizations, traditional rulers, and civil society groups should be actively engaged in budget planning, monitoring, and feedback processes. Their involvement will foster accountability, improve tax compliance, and ensure that development projects reflect the actual needs of the rural population. The Kwara State Planning Commission should also support participatory rural appraisal mechanisms to align local development priorities with available fiscal resources. Lastly, to reduce dependence on federal allocations, the local government should explore innovative revenue sources such as agricultural value-chain levies, eco-tourism development, and structured partnerships with private investors in market and transport infrastructure. These strategies, under the coordination of the Local Government Revenue Committee (LGRC), can help diversify income streams and ensure that development becomes more community-driven and sustainable.

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