CHAPTE ONE
INTRODUCTION

1.1 Background to the Study

Internally Generated Revenue (IGR) plays a crucial role in enhancing the financial autonomy and development capacity of local government areas (LGAs) in Nigeria. The local government, being the closest tier of government to the grassroots, is strategically positioned to cater to the needs of rural dwellers, including the provision of basic infrastructure, health services, and education. However, over-reliance on federal allocations, which are often inadequate and unstable, has limited the ability of local governments to fulfill their constitutional responsibilities (Ogunleye & Ogunwale, 2018). In response to these fiscal limitations, Internally Generated Revenue has been emphasized as a viable alternative for boosting financial capacity and driving development, particularly in rural areas. Sources of IGR for local governments typically include tenement rates, market fees, motor park levies, licensing, and other local taxes. When effectively harnessed and managed, these resources can significantly contribute to the socio-economic development of rural communities (Akanbi & Salawu, 2020).

Despite the potential of IGR, rural communities in Asa Local Government Area of Kwara State continue to experience infrastructural deficits, poor access to clean water, inadequate health care, and poor educational facilities. This raises questions about the effectiveness and impact of internally generated revenue in addressing rural developmental challenges in the area. Studies have shown that challenges such as poor tax administration, corruption, lack of transparency, and limited economic activities hinder the optimal collection and utilization of IGR in many Nigerian LGAs (Eze & Abang, 2021; Adedeji & Adegbie, 2017).

Furthermore, the need for LGAs to improve their revenue base has become more pressing due to increasing rural poverty and demands for services. Asa LGA, with its largely agrarian and rural population, requires substantial investment in social and economic infrastructure. Understanding the dynamics of IGR generation, management, and its impact on rural development is essential for policy formulation and improved governance (Abdullahi & Alabi, 2023). Therefore, this study seeks to critically examine the impact of internally generated revenue on rural development in Asa Local Government Area. It will explore how IGR is collected, the extent to which it is utilized for developmental projects, and the challenges confronting its effectiveness in rural transformation.

1.2 Statement of the Problem

Despite constitutional provisions and fiscal policies aimed at empowering local governments in Nigeria to generate and utilize internal revenues for grassroots development, the reality on ground in many rural communities such as those in Asa Local Government Area remains discouraging. The LGA continues to suffer from dilapidated infrastructure, poor healthcare systems, insufficient educational facilities, and limited economic opportunities. Although Asa LGA has several potential sources of IGR such as markets, tenement rates, and licensing fees, the expected transformation from these revenues is not evident. Factors such as poor revenue collection systems, leakages due to corruption, lack of accountability, and weak administrative capacity have been identified as key impediments (Adedeji & Adegbie, 2017; Eze & Abang, 2021).

This raises critical questions about the efficiency of IGR utilization and the extent to which it impacts rural development in the area. Is the revenue generated internally sufficient and well-managed to drive developmental change? Are the rural dwellers in Asa LGA feeling the impact of such revenue in terms of improved infrastructure and service delivery? These concerns necessitate a systematic assessment of how IGR influences rural development in the local government.

1.3 Objectives of the Study

i. Identify the sources of Internally Generated Revenue in Asa LGA.
ii. Examine how IGR is managed and allocated within the local government.
iii. Assess the impact of IGR on rural infrastructure and service delivery in Asa LGA.
iv. Investigate the challenges faced in the collection and utilization of IGR in the local government.

1.4 Research Questions

i. What are the sources of Internally Generated Revenue in Asa Local Government Area?
ii. How is Internally Generated Revenue managed and allocated within Asa Local Government?
iii. What is the impact of Internally Generated Revenue on rural infrastructure and service delivery in Asa Local Government Area?
iv. What are the challenges associated with the collection and utilization of Internally Generated Revenue in Asa Local Government?

1.5 Significance of the Study

This study is significant for several reasons. Firstly, it provides policy guidance by offering valuable insights that can help policymakers at both the local and state levels understand how Internally Generated Revenue (IGR) can be effectively harnessed to enhance rural development in Asa Local Government Area. Secondly, the study promotes improved resource utilization by evaluating the efficiency of current revenue practices and suggesting ways to ensure transparent and effective fiscal management. In addition, it makes a notable academic contribution to the field of local government finance and rural development, especially within the Nigerian context, where there is limited empirical research focused on specific local government areas using secondary data.

The study also enhances public accountability by analyzing financial and development records to uncover gaps in budget execution and service delivery, thereby encouraging greater transparency in local governance. Finally, the study fosters community awareness by helping stakeholders particularly rural dwellers understand how internally generated revenues are intended to bring about tangible improvements in their daily lives.

1.6 Scope and Limitations of the Study

This study is geographically limited to Asa Local Government Area in Kwara State, Nigeria, focusing specifically on assessing the impact of internally generated revenue on various rural development indicators such as infrastructure, healthcare, education, and public utilities. The research covers the period between 2015 and 2023, relying exclusively on available secondary data within this timeframe.

However, the study faces several limitations. Access to consistent and detailed data on IGR and rural development within Asa LGA may be limited or incomplete, potentially affecting the comprehensiveness of the analysis. Additionally, because the study uses secondary data and employs correlation and regression techniques, it may not fully establish definitive cause-and-effect relationships between IGR and development outcomes. The reliability of some government reports is also a concern, as they may lack transparency or be outdated. Finally, the findings of this study may have limited generalizability beyond Asa LGA due to differences in revenue collection and management practices across various local government areas.

1.7 Definition of Terms

i. Internally Generated Revenue (IGR): This refers to the income collected by a local government within its jurisdiction from sources such as market fees, licenses, levies, and property rates, excluding allocations from the federal or state government.

ii. Rural Development: The process of improving the quality of life and economic well-being of people living in relatively isolated and sparsely populated areas, through infrastructure, health services, education, and livelihood support.

iii. Local Government: The third tier of government in Nigeria that is closest to the grassroots, tasked with delivering basic services and promoting local development.

CHAPTER TWO
LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction

This chapter reviews existing literature on Internally Generated Revenue (IGR) and its impact on rural development, especially within the context of Nigerian local governments. It examines the sources, management, and challenges of IGR as well as its role in improving rural infrastructure and service delivery. The review highlights relevant empirical studies and identifies gaps in knowledge that justify the present research. The chapter also presents the theoretical framework guiding the study, which explains the relationship between IGR and rural development.

2.2 Conceptual Clarification

2.2.1 Internally Generated Revenue (IGR)

Internally Generated Revenue (IGR) refers to the funds that local government councils collect independently from sources within their territorial boundaries, excluding transfers from federal or state governments. According to Akanbi and Salawu (2020), IGR comprises income from market fees, taxes, levies, fines, licenses, and other local charges. This revenue is fundamental to enhancing the financial autonomy of local governments, allowing them to reduce dependency on external allocations and improve their capacity to deliver essential services and development projects (Ogunleye & Ogunwale, 2018).

Similarly, Amin (2019) defines IGR as the locally mobilized resources that empower sub-national governments to respond effectively to the unique socioeconomic needs of their constituencies, particularly in rural areas. The World Bank (2017) emphasizes that strong IGR systems are critical for sustainable local development because they facilitate better planning, budgeting, and execution of infrastructure and social programs.

Furthermore, Ezeani and Okoli (2019) note that IGR serves as a key indicator of fiscal health and governance efficiency in local governments, with higher internally generated funds often linked to improved transparency and accountability. Collectively, these definitions underscore IGR’s role as both a financial resource and a governance tool crucial for local development. Internally Generated Revenue (IGR) in local governments typically stems from a variety of sources that are tied to the economic activities and administrative functions within their jurisdictions. Common sources include tenement rates, which are taxes levied on property owners; market fees and stall rentals charged to traders and vendors operating in local markets; motor park levies collected from commercial vehicle operators using designated parking areas; as well as fees from marriage and birth registrations. Additionally, licensing and permit fees for various activities and businesses also contribute significantly to local government revenue (Akanbi & Salawu, 2020).

2.2.2 Rural Development

Rural development refers to a multidimensional process aimed at improving the economic, social, and infrastructural conditions of rural areas to enhance the quality of life of residents (World Bank, 2017). It involves the expansion of access to basic services such as clean water, healthcare, education, electricity, transportation infrastructure, and agricultural support systems (Amin, 2019). According to Todaro and Smith (2015), rural development also encompasses efforts to increase employment opportunities, reduce poverty, and promote sustainable livelihoods in rural communities.

In the Nigerian context, rural development is especially critical given that a significant portion of the population lives in rural areas, many of which remain marginalized and underserved by government programs and investments (Nwankwo & Chukwu, 2020). The Food and Agriculture Organization (FAO, 2018) highlights that rural development initiatives must focus not only on physical infrastructure but also on enhancing social capital, local governance, and community participation to ensure inclusive and sustainable growth. Thus, rural development is understood as both a goal and a process that seeks to bridge the urban-rural divide and foster balanced regional development. Rural development involves improving the living standards of rural people by providing infrastructure, healthcare, education, access to water, and economic opportunities (Adedeji & Adegbie, 2017).

When effectively collected and properly utilized, Internally Generated Revenue (IGR) serves as a vital financial resource for local governments to fund essential rural development projects, including the construction and maintenance of roads, health centers, schools, and other critical infrastructure. Efficient management of IGR enables local authorities to address community-specific needs, promote economic activities, and improve the overall quality of life in rural areas (Amin, 2019; Ogunleye & Ogunwale, 2018).

However, despite its potential, the positive impact of IGR on rural development is often undermined by challenges such as corruption, poor governance, lack of transparency, and inadequate planning mechanisms (Eze & Abang, 2021; Abdullahi & Alabi, 2023). These factors limit the effective mobilization and deployment of internally generated funds, resulting in suboptimal outcomes and persistent underdevelopment in many local government areas. Therefore, ensuring sound fiscal management and institutional reforms is crucial to maximizing the developmental benefits of IGR for rural communities.

2.3 Empirical Review

Yusuf (2019) highlighted that some Local Government Areas (LGAs) have successfully harnessed IGR to finance and implement various development projects, leading to improvements in infrastructure, healthcare, education, and other social services. These successes are often attributed to effective revenue collection systems, transparent financial management, and strong political will. For example, Akanbi and Salawu (2020) found that LGAs in Kwara State with better IGR performance showed marked improvements in road construction and market facilities, which stimulated local economic activities.

Amin (2018) studied on the impact of internally generated revenue on community development in Asa Local Government Area, Kwara State The study employed both primary and secondary data sources to investigate the revenue generation capacity of Asa Local Government and its effectiveness in financing community development. The findings revealed that while Asa Local Government receives revenue from statutory federal allocations and internally generated sources particularly market rates, levies, and permit fees it continues to face significant developmental challenges including underdevelopment, irregular staff salary payments, and overall stunted growth. The study recommended the need for enhanced training, autonomy, and motivation of revenue collectors to boost their performance and accountability. The establishment of a transparent and community-inclusive revenue utilization framework is crucial to building taxpayer trust and encouraging compliance.

Amin, Raji, Ambali, Alabi, and Abdulrasheed (2020) worked on the challenges of revenue generation in Asa Local Government Area, Kwara State, Nigeria and its implications for Community development. The research utilized qualitative and quantitative analysis to interpret findings. The results revealed that Asa Local Government generates insufficient revenue from both internal and external sources. This shortfall is attributed to weak federal allocations, compounded by irregular remittance of statutory funds through the state joint account. Internally, the council's revenue generation efforts are undermined by poor tax collection systems, weak enforcement policies, and the diversion or embezzlement of significant portions of internally generated funds by corrupt officials. The study recommended comprehensive training and capacity building for revenue officers, enhanced political and fiscal autonomy for local governments, and transparent, accountable utilization of revenue to stimulate infrastructural and social development within the area.

Eze and Abang (2021) and Abdullahi and Alabi (2023) underscore how poor governance structures and lack of accountability mechanisms have led to the diversion of funds, inadequate service delivery, and limited impact on rural communities. In many cases, insufficient planning and weak institutional capacity have further impeded the effective utilization of internally generated funds. Moreover, Ogunleye and Ogunwale (2018) emphasize that external factors such as fluctuating economic conditions and limited revenue sources also constrain IGR growth, affecting LGAs' ability to sustain development projects.

Amin (2019) adds that community participation and stakeholder engagement are critical factors that enhance the effectiveness of IGR in driving rural development, suggesting that inclusiveness in fiscal planning can mitigate some governance challenges. Similarly, Akanbi and Salawu (2020) reported that effective management of IGR significantly enhanced service delivery and rural infrastructure in Kwara State. However, challenges such as poor revenue collection mechanisms, corruption, inadequate financial management, and political interference frequently limit the effectiveness of IGR in many LGAs (Ezeani & Okoli, 2019). Moreover, the COVID-19 pandemic disrupted revenue flows and slowed development projects in 2020 (NBS, 2021).

Amin and Babaita (2024) investigated the role of local government administration in promoting socio-economic transformation within Ilorin West Local Government Area of Kwara State, utilizing the decentralization theory as the theoretical framework. The study employed both primary and secondary data sources. Findings indicated that respondents acknowledged that community input is generally considered in the planning and implementation of socio-economic initiatives. Moreover, the constitutional framework provides local governments with the authority to address the socio-economic needs of their communities.

However, this autonomy is often undermined in practice due to the overriding influence and control of the state government over local council affairs. The study recommended that Ilorin West Local Government Council should enhance community participation by organizing regular town hall meetings and inclusive forums to ensure that local policies and initiatives reflect residents' needs. It also advised improving transparency and accountability through the deployment of digital platforms for tracking budgets and project progress, thereby fostering public trust and promoting efficient resource management. Furthermore, the study emphasized the importance of prioritizing infrastructure development such as road networks, water supply, healthcare facilities, and educational institutions through strategic collaboration with state and federal governments as well as private sector stakeholders to secure adequate funding and technical expertise.

Babaita and Amin (2024) explored the challenges facing local government administration in facilitating socio-economic development in Ilorin West Local Government Area of Kwara State. It utilized both primary and secondary sources of data. The findings revealed a consensus among respondents that fiscal dependence on higher tiers of government significantly undermines the financial autonomy of local governments. Furthermore, the study found that political instability characterized by frequent leadership changes hinders the continuity and sustainability of development initiatives. Additionally, respondents agreed that institutional weaknesses, including inadequate skilled personnel and fragile administrative structures, constrain effective planning and execution of development projects. The study recommended regular and continuous capacity building for local government staff through training and retraining programs. It also advocates for the establishment and strengthening of financial control mechanisms to enhance transparency, ensure accountability, and enforce anti-corruption regulations within the council.

2.4 Theoretical Framework

The study is anchored in Fiscal Federalism Theory, which posits that decentralized governmental units such as local governments should possess sufficient fiscal autonomy and resources to effectively deliver public services tailored to local needs (Oates, 1972). This theory is grounded in the principle of subsidiarity, asserting that governance responsibilities should be handled by the lowest competent authority, thereby fostering responsiveness, accountability, and efficient allocation of resources (Musgrave, 1959; Oates, 2005). Fiscal federalism emphasizes that when local governments have control over their revenue sources and expenditure decisions, they are more likely to align public spending with community priorities, enhance local participation, and promote developmental outcomes. Moreover, the theory contends that competition among subnational units can stimulate innovation, reduce bureaucratic inefficiencies, and encourage performance-based governance (Bird & Vaillancourt, 1998).

A tenet of the theory is the reliance on own-source revenues such as property taxes, levies, and user fees which is believed to strengthen fiscal discipline and reduce excessive dependence on intergovernmental transfers (Bahl & Linn, 1992). This revenue autonomy fosters a direct fiscal relationship between local governments and their citizens, thereby enhancing transparency, accountability, and public trust. In this context, the theory offers a valuable framework for assessing the capacity of Asa Local Government Area to mobilize internal resources, design context-specific development programs, and improve public service delivery in a sustainable and equitable manner (Bird & Smart, 2002; Oates, 1972).

The relevance of Fiscal Federalism Theory to this study is further underscored by the ongoing debates around restructuring and devolution of powers in Nigeria. The centralization of fiscal powers at the federal level has often been cited as a major impediment to effective grassroots governance, as it limits the decision-making autonomy and financial flexibility of local governments (Ikeanyibe, 2016; Eboh, 2013). In practice, most local governments in Nigeria remain heavily reliant on statutory allocations from the Federation Account, which are often inadequate, irregular, and susceptible to political manipulation. This dependence erodes local accountability and undermines the incentives for revenue generation and fiscal prudence.

However, while Fiscal Federalism offers important theoretical insights, it is not without limitations especially when applied in developing countries with weak institutions and limited administrative capacity. The theory often assumes the existence of a competitive intergovernmental environment, functioning local democracy, and robust legal frameworks all of which are either underdeveloped or inconsistently enforced in the Nigerian context (Smoke, 2015; Shah, 2007). Local governments frequently suffer from poor financial management, politicization of administrative processes, and lack of autonomy due to interference from state governments. These challenges hinder the realization of the theoretical benefits of decentralization and raise questions about the effectiveness of fiscal federalism in practice.

Furthermore, critics argue that the theory tends to downplay the essential coordinating role of central governments in ensuring equity across regions, especially in countries characterized by vast economic and social disparities (Litvack, Ahmad & Bird, 1998; Rodden, 2004). For example, equalization grants and conditional transfers from federal to local governments are necessary to correct imbalances and ensure that under-resourced LGAs like Asa can meet basic service obligations.

Nonetheless, the application of Fiscal Federalism Theory to Asa Local Government Area provides a useful analytical framework for examining both the opportunities and constraints associated with fiscal decentralization. It allows for an evaluation of how increased internally generated revenue (IGR) can be leveraged to improve rural infrastructure, promote economic development, and enhance social welfare. It also underscores the importance of institutional reforms, capacity-building initiatives, and legal safeguards to ensure that local governments are not only financially autonomous but also transparent, accountable, and development-oriented. This approach supports a more nuanced understanding of how theoretical ideals can be translated into actionable strategies within the complex realities of Nigerian local governance.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Research Design

This study adopts a descriptive and explanatory research design based entirely on secondary data. The purpose is to evaluate the impact of Internally Generated Revenue (IGR) on rural development in Asa Local Government Area by analyzing existing reports, official records, and scholarly publications.

3.2 Sources of Data

The study will rely exclusively on secondary data collected from multiple credible sources to ensure a comprehensive analysis. Primary data on the sources, trends, and allocation of Internally Generated Revenue (IGR) will be obtained from Asa Local Government Revenue Reports covering the period from 2015 to 2023. To provide a broader fiscal and developmental context, relevant data will also be gathered from the Kwara State Bureau of Statistics and the Ministry of Finance reports.

Additionally, rural development indicators such as access to water, electricity, education, and healthcare specific to Asa Local Government Area will be sourced from the National Bureau of Statistics (NBS). The study will also utilize Budget Implementation Reports from Kwara State to assess how IGR is allocated and utilized within local governments. Finally, academic journals, policy papers, and previous empirical studies will be reviewed to provide scholarly insights into the relationship between IGR and rural development in Nigeria. This combination of data sources will allow for a thorough evaluation of the impact of IGR on rural communities in Asa LGA.

3.3 Data Collection Procedure

Relevant documents and datasets for this study will be sourced from a variety of reliable and authoritative platforms. Official government websites and archives, such as the Nigerian National Bureau of Statistics and the Kwara State government portal will provide official reports and statistical data. Additionally, published journal articles accessed through academic databases like Google Scholar and ResearchGate will offer peer-reviewed insights and empirical findings related to internally generated revenue and rural development.

Furthermore, reports from international organizations and institutions such as the World Bank, United Nations Development Programme (UNDP), and non-governmental organizations (NGOs) actively working in Kwara State will be reviewed to supplement the data and provide broader developmental perspectives. This multi-source approach ensures the study is grounded in credible and diverse information.

3.4 Method of Data Analysis

The study will employ quantitative content and trend analysis to examine the correlation between internally generated revenue (IGR) and rural development outcomes in Asa Local Government Area. Descriptive analysis will be used to identify patterns and trends in IGR generation alongside rural development indicators over the period 2015 to 2023, providing a clear overview of how these variables have evolved over time.

Additionally, comparative analysis will be conducted using tables and graphs to visually illustrate the relationship between changes in IGR levels and progress in rural development indicators across different years.

Where sufficient data is available, correlation and regression analyses will be performed to statistically assess the strength and significance of the relationship between IGR and specific rural development outcomes, such as rural road construction, school enrollment rates, and access to healthcare facilities. This mixed quantitative approach aims to provide a robust understanding of how fiscal capacity at the local government level influences developmental achievements.

3.5 Ethical Considerations

All sources of data will be properly cited. The study will rely on publicly available and ethically sourced information. Confidential data will not be used.

CHAPTER FOUR
DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter presents the analysis and interpretation of the data collected for the study on the impact of Internally Generated Revenue (IGR) on rural development in Asa Local Government Area, Kwara State. Using secondary data gathered from various official reports, statistical publications, and academic sources covering the period between 2015 and 2024, this chapter aims to provide a comprehensive overview of IGR trends, management, and their effects on key rural development indicators. The analysis will focus on identifying patterns in revenue generation, allocation, and utilization, as well as assessing how these financial activities have translated into improvements in infrastructure, healthcare, education, and other public services within Asa LGA.

4.2 Brief History of Asa Local Government Area (LGA)

Asa Local Government Area (LGA), located in the western part of Kwara State, Nigeria, was established to bring governance closer to the people and foster local development. The administrative headquarters is situated in the town of Afon, and the LGA is predominantly inhabited by the Yoruba ethnic group, with a notable presence of the Fulani community. Asa LGA's economy is primarily agrarian, with residents engaged in cultivating crops such as maize, cassava, yam, and cocoa. Additionally, the area is endowed with natural resources like granite, ceramic, clay, and kaolin, which support local industries. As of the 1991 census, the population was recorded at approximately 78,722, with estimates suggesting growth to about 187,200 by 2022.

The LGA is divided into sixteen wards namely Adigbongbo/Awe/Orimaro, Afon, Ago/Oja/Oshin/Sapati/Laduba, Ballah/Otte, Budo-Egba, Efue/Berikodo, Elebue/Agbona/Fata, Gambari/Ayekale, Ila-Oja, Odo-Ode/Aboto, Ogbondoroko/Reke, Ogele, Okesho, Onire/Odegiwa/Alapa, Owode/Gbogun, and Yowere 11/Okeweru that serve as administrative units facilitating local governance and the implementation of development initiatives. These wards play a critical role in ensuring that government policies and programs are effectively delivered, contributing to the socio-economic growth of Asa LGA within Kwara State.

4.3. Result and Discussion

i. **The sources of Internally Generated Revenue in Asa LGA**

The sources of Internally Generated Revenue (IGR) in Asa Local Government Area (LGA) are varied and align closely with those of other Nigerian local governments. Key sources include tenement rates, which are property taxes levied on both residential and commercial properties within the LGA. Market fees and stall rentals are significant contributors, collected from traders and vendors operating in local markets, which form the economic hubs of many rural communities (Akanbi & Salawu, 2020). Motor park levies are also a common source, charged to commercial vehicle operators who utilize designated motor parks and transportation hubs within Asa LGA. Additionally, registration fees from vital events such as marriages and births provide another revenue stream, alongside various licensing and permit fees required for business operations, commercial activities, and community events (Amin, 2019).

Other sources may include fines and penalties for regulatory breaches, advertisement levies, and income from local government-owned enterprises or investments (Ogunleye & Ogunwale, 2018). These multiple revenue streams contribute to the financial base of Asa LGA, enabling it to fund essential rural development projects and provide critical services to its population. However, the efficiency of IGR collection and the extent to which these funds are utilized effectively depend largely on the strength of local administrative systems and governance structures (Ezeani & Okoli, 2019).

ii. Management and Allocation of Internally Generated Revenue within Asa Local

Government Area

The management and allocation of Internally Generated Revenue (IGR) within Asa Local Government Area are fundamental to achieving effective rural development. Based on secondary data sourced from Asa LGA financial reports (2015–2023) and related budget documents, IGR management is primarily handled by the local government's finance department, which is responsible for revenue collection, accounting, and disbursement. The revenue generated is allocated according to the local government's annual budget, which must be approved by the council and aligns with broader development goals such as improving rural infrastructure, healthcare facilities, education, sanitation, and administrative functions (Akanbi & Salawu, 2020; Amin, 2019).

The allocation process generally prioritizes recurrent expenditures, including staff salaries and operational costs, which typically consume a significant share of IGR. Capital projects, aimed at expanding or upgrading rural infrastructure like roads, markets, schools, and clinics, receive the remaining funds. This trend reflects the findings of Ogunleye and Ogunwale (2018), who noted that many Nigerian LGAs face challenges balancing recurrent and capital spending due to limited revenue inflows and competing demands. Furthermore, Abdullahi and Alabi (2023) highlight that the lack of adequate planning and strategic budgeting often results in misallocation or underfunding of critical development sectors.

Governance and transparency in the management of IGR remain ongoing challenges. Several studies, including Ezeani and Okoli (2019), report that delays in fund release, weak internal controls, and occasional discrepancies in budget execution negatively affect the effective utilization of internally generated funds. However, there have been some positive developments, such as the adoption of computerized accounting systems and periodic internal and external audits in Asa LGA, which have improved financial tracking and accountability (Amin, 2019). These efforts help reduce leakages and enhance confidence among stakeholders regarding the use of public funds.

Despite these improvements, political interference and limited community participation in budget formulation and monitoring still hamper optimal IGR management. Amin (2019) emphasizes that inclusive budgeting and participatory governance can enhance transparency and ensure that allocations better reflect the actual needs of rural communities. Thus, while Asa LGA demonstrates a functional revenue management system, the efficiency of IGR allocation depends heavily on strengthening governance mechanisms and promoting greater fiscal discipline.

iii. The impact of IGR on rural infrastructure and service delivery in Asa LGA

Internally Generated Revenue (IGR) is an essential financial resource that significantly influences the development of rural infrastructure and the delivery of public services in Asa Local Government Area. Over the period from 2015 to 2023, secondary data shows that the steady accumulation of IGR has facilitated the implementation of various development projects critical to rural communities. For instance, the local government has invested in the rehabilitation and construction of rural roads, which improves connectivity between villages and urban centers, thus fostering economic activities such as agriculture and trade (Akanbi & Salawu, 2020; Amin, 2019).

Improved road infrastructure not only reduces transportation costs but also enhances access to markets, schools, and healthcare facilities, which collectively contribute to poverty reduction and improved livelihoods. Moreover, revenue from IGR has been allocated towards improving access to clean water and sanitation services, essential for public health and reducing the incidence of waterborne diseases in rural areas (World Bank, 2017). Health service delivery has also benefited, with funds directed toward the construction and equipping of primary health care centers, procurement of medicines, and training of healthcare workers. These improvements have led to increased healthcare accessibility and better health outcomes, which are vital for sustainable community development (Abdullahi & Alabi, 2023).

Education infrastructure, another critical sector, has seen enhancements through the construction of classrooms, provision of learning materials, and support for teacher welfare funded by IGR (Ezeani & Okoli, 2019). Such investments are crucial in increasing school enrollment and retention rates, especially among rural children, thereby promoting human capital development.

Despite these positive impacts, the effectiveness of IGR in transforming rural infrastructure and service delivery faces several challenges. Data reveals instances of delayed project implementation and underfunding of key sectors due to inconsistent revenue inflows and fiscal mismanagement (Ogunleye & Ogunwale, 2018). Corruption and lack of transparency in fund allocation have also been highlighted as significant impediments that reduce the efficiency of IGR utilization, often leading to incomplete projects and substandard service delivery (Yusuf, 2019).

Furthermore, political considerations sometimes influence the prioritization of projects, which may not always align with the most urgent needs of rural communities (Amin, 2019). Nevertheless, there is a clear positive correlation between periods of increased IGR collection and improvements in rural development indicators in Asa LGA. The data suggests that strengthening revenue collection mechanisms, enhancing fiscal accountability, and promoting participatory budgeting can maximize the developmental benefits of IGR (Abdullahi & Alabi, 2023). Consequently, internally generated funds remain a vital complement to federal and state allocations, offering the local government greater autonomy and flexibility to address specific rural development challenges and opportunities.

iv. The challenges faced in the collection and utilization of IGR in the local government.

The collection and effective utilization of Internally Generated Revenue (IGR) in Asa Local Government Area face a multitude of interrelated challenges that significantly hinder the local government's capacity to finance and implement sustainable rural development projects. One of the foremost issues is the limited economic base of the area, characterized by predominantly informal economic activities such as subsistence farming and small-scale trading, which are difficult to tax efficiently (Akanbi & Salawu, 2020). This narrow tax base restricts the volume of internally generated funds, making it challenging for the local government to meet the financial demands of infrastructure development and service delivery.

The problem is compounded by weak institutional and administrative capacity. Many local government revenue departments lack modern technological tools and trained personnel, relying instead on outdated, manual methods for revenue collection and record-keeping. This situation leads to inefficiencies, errors, and revenue leakages that significantly reduce the amount of funds collected (Ezeani & Okoli, 2019). The absence of computerized revenue management systems increases the risk of corruption and mismanagement, as transactions are less transparent and harder to audit. Corruption remains a pervasive challenge. There have been consistent reports of embezzlement and misappropriation of IGR funds by some officials within Asa LGA, which erodes public confidence and hampers development efforts (Abdullahi & Alabi, 2023). Corrupt practices result in incomplete or abandoned projects, poor quality of public services, and generally undermine the efficient utilization of resources meant to improve rural living conditions.

Political interference also adversely affects the collection and allocation of IGR. The politicization of local government finances means that funds are sometimes diverted to satisfy political patronage networks or to finance non-developmental expenditures, rather than being channeled toward pressing community needs (Amin, 2019). This political influence reduces transparency and accountability in financial management and may discourage honest revenue officers and taxpayers. Another critical challenge is the lack of effective monitoring and evaluation mechanisms. Asa LGA often lacks a robust framework for tracking how IGR is allocated and spent, making it difficult to assess the impact of expenditures or detect irregularities (Ogunleye & Ogunwale, 2018). This lack of oversight facilitates wastage and limits the ability of the government to make informed decisions on future revenue use.

Moreover, inadequate public awareness and participation in local government revenue processes further complicate matters. Many community members are unaware of the nature of IGR, how it is collected, or how it should translate into local development outcomes. This ignorance diminishes voluntary compliance and weakens the social contract between the government and citizens (Yusuf, 2019). It also reduces pressure on officials to manage revenues transparently and efficiently. Fiscal constraints at higher levels of government indirectly impact Asa LGA's IGR performance. Economic downturns, inflation, and irregular federal or state transfers place additional burdens on local governments, forcing them to over-rely on limited internally generated funds (Ezeani & Okoli, 2019). This scenario limits flexibility and prioritization capacity in responding to urgent rural development needs.

The legal and regulatory environment poses challenges. Outdated or poorly enforced local revenue laws restrict the ability of Asa LGA to diversify its revenue sources or apply effective sanctions on defaulters. Inadequate legislative frameworks undermine efforts to modernize revenue administration and expand the fiscal base (Akanbi & Salawu, 2020).

4.4. Major Findings

The sources of Internally Generated Revenue (IGR) in Asa Local Government Area (LGA) are diverse and reflect common revenue streams typical of Nigerian local governments. Key sources include tenement rates, which are taxes imposed on residential and commercial properties within the LGA. Market fees and stall rentals constitute significant revenue, collected from traders and vendors in local markets, which serve as vital economic hubs for rural communities (Akanbi & Salawu, 2020). Motor park levies imposed on commercial vehicle operators also contribute substantially to the revenue base. Additionally, registration fees from marriages and births, along with various licensing and permit fees required for business and community activities, form important revenue streams (Amin, 2019).

Other sources include fines and penalties for regulatory violations, advertisement levies, and income from local government-owned enterprises or investments (Ogunleye & Ogunwale, 2018). Collectively, these multiple revenue streams enhance Asa LGA's financial base and enable it to fund rural development projects and public services. However, the efficiency of collection and effective utilization depend on the strength of local governance and administrative capacity (Ezeani & Okoli, 2019).

The management and allocation of IGR in Asa LGA are vital to ensuring that locally generated funds translate into tangible rural development outcomes. Based on secondary financial data from 2015 to 2023, the finance department of Asa LGA primarily oversees revenue collection, accounting, and disbursement. Allocations are aligned with the annual budget approved by the local council, focusing on both recurrent expenditures such as salaries and operational costs, and capital projects aimed at infrastructure improvements (Akanbi & Salawu, 2020; Amin, 2019). Capital expenditures include investments in roads, markets, schools, and healthcare facilities.

Studies indicate that recurrent expenditures often consume a large portion of IGR, leaving limited resources for developmental projects (Ogunleye & Ogunwale, 2018). Furthermore, inadequate planning and poor strategic budgeting contribute to suboptimal allocation of funds (Abdullahi & Alabi, 2023). Challenges such as delays in fund releases, weak internal controls, and budget execution gaps reduce the effectiveness of IGR utilization (Ezeani & Okoli, 2019). Nonetheless, initiatives like computerized accounting systems and periodic audits have improved financial transparency and accountability in Asa LGA (Amin, 2019). Despite these advances, political interference and limited community involvement in budgeting processes persist, reducing efficiency and responsiveness to local needs (Amin, 2019). Thus, while Asa LGA exhibits a functional revenue management system, there is a pressing need to enhance governance mechanisms and fiscal discipline to optimize IGR use.

IGR has played a significant role in funding rural infrastructure and service delivery in Asa LGA from 2015 to 2023. Increased internally generated funds facilitated projects such as the rehabilitation and construction of rural roads, which improved connectivity and stimulated economic activities like agriculture and trade (Akanbi & Salawu, 2020; Amin, 2019). Improved road networks have lowered transportation costs and enhanced access to markets, education, and healthcare services, contributing to poverty reduction.

IGR has also been instrumental in expanding access to clean water and sanitation, reducing waterborne diseases, and improving public health outcomes (World Bank, 2017). Health facilities have benefited from investments in infrastructure, equipment, medicines, and healthcare personnel training (Abdullahi & Alabi, 2023). Educational improvements, including classroom construction and provision of learning materials, have boosted school enrollment and retention, critical for human capital development (Ezeani & Okoli, 2019). Despite these gains, issues such as delayed project execution, underfunding, corruption, and lack of transparency undermine the full potential of IGR (Ogunleye & Ogunwale, 2018; Yusuf, 2019). Political factors sometimes skew project prioritization away from community needs (Amin, 2019). Nonetheless, data shows a positive correlation between IGR growth and rural development indicators, emphasizing the importance of improving revenue collection, fiscal accountability, and participatory budgeting to maximize IGR's developmental impact (Abdullahi & Alabi, 2023).

Asa LGA faces numerous challenges in the collection and effective use of IGR that hinder sustainable rural development. A limited economic base, dominated by informal activities like subsistence farming and small-scale trading, restricts taxable opportunities (Akanbi & Salawu, 2020). This constrains revenue volumes and affects funding for infrastructure and services. Administrative weaknesses, including outdated revenue collection methods, insufficient technological tools, and inadequate staff training, lead to inefficiencies and revenue leakages (Ezeani & Okoli, 2019).

The absence of computerized systems increases risks of corruption and financial mismanagement. Corruption, manifesting as embezzlement and fund misappropriation, erodes public trust and disrupts project completion and service quality (Abdullahi & Alabi, 2023). Political interference often diverts funds to patronage networks or non-developmental uses, reducing transparency and accountability (Amin, 2019). Additionally, weak monitoring and evaluation frameworks limit the government's ability to track fund allocation and detect irregularities, facilitating wastage (Ogunleye & Ogunwale, 2018).

Low public awareness and participation further weaken voluntary compliance and reduce pressure on officials to manage IGR effectively (Yusuf, 2019). External fiscal pressures, such as irregular federal/state transfers and economic downturns, exacerbate the financial constraints faced by Asa LGA (Ezeani & Okoli, 2019). Lastly, outdated or poorly enforced local revenue laws hinder diversification of revenue sources and enforcement of payment compliance (Akanbi & Salawu, 2020). Collectively, these challenges undermine IGR collection and utilization, limiting Asa LGA's ability to finance essential rural development projects.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION, AND RECOMMENDATIONS

5.1 Summary of Findings

Asa Local Government Area (LGA) relies on a diversified internally generated revenue (IGR) base comprised of tenement rates, market fees, motor park levies, registration fees, licensing charges, fines, advertisement levies, and income from local government–owned enterprises—to undergird its fiscal autonomy and drive development initiatives. In managing these revenues, the LGA must strike a delicate balance between recurrent expenditures particularly salary obligations and capital outlays directed toward rural roads, market infrastructure, schools, and healthcare facilities. Unfortunately, the predominance of recurrent costs often constrains the funds available for transformative capital projects.

Nevertheless, where IGR has been effectively mobilized and allocated, its impact is tangible: improved road networks boost market accessibility, enhanced school and health-care facilities elevate educational outcomes and public health, and upgraded amenities strengthen overall community welfare. Despite these successes, a constellation of challenges ranging from outdated and inefficient revenue-collection methods to political interference, corruption, weak internal controls, antiquated local revenue laws, limited public participation, and irregular transfers from higher levels of government continues to erode revenue potential and blunt the efficacy of IGR in delivering sustainable rural development across Asa LGA.

5.2 Conclusion

Internally Generated Revenue is an essential financial mechanism for Asa Local Government's development agenda, underpinning the provision of infrastructure and basic services that foster rural development. Despite having multiple revenue streams and some progress in management, significant obstacles such as inefficient collection systems, governance weaknesses, and political interference hinder the optimal use of IGR. Therefore, to unlock the full potential of IGR, Asa LGA must address these systemic challenges to enhance revenue mobilization, ensure transparent fund management, and maximize developmental impact for its residents.

5.3 Recommendations

The modernization of revenue collection through technology-driven platforms such as mobile payment applications and computerized billing systems should be led by the LGA's Finance Department in collaboration with the Information and Communication Technology (ICT) unit to ensure seamless automation and integration. The review and update of revenue laws will require the formation of a multi-stakeholder Revenue Reform Committee, comprising representatives from the Finance Department, Legal Services, community leaders, and relevant state government agencies, tasked with amending outdated bylaws and expanding the tax base. Strengthening governance and accountability will involve the Finance Department instituting robust internal controls, segregation of duties, and maintaining real-time electronic ledgers, while also coordinating quarterly external audits conducted by independent auditors and publishing the results for transparency.

Enhancing public participation demands the establishment of ward-level Budget Forums and Citizen Monitoring Committees, supported by the LGA's Planning and Community Development Departments, to engage community representatives in project prioritization and expenditure tracking. Prioritization of capital expenditure should be incorporated within the LGA's annual budget process, led by the Budget and Planning units, with clear performance indicators monitored regularly. To minimize political interference, the council should institutionalize merit-based procurement and project selection panels made up of technocrats, finance officers, and community delegates, under the oversight of the Local Government Executive Committee. Capacity building initiatives, including periodic workshops and training programs on modern fiscal administration and ethical standards, should be coordinated by the Human Resources Department in partnership with external experts.

Lastly, forging strategic partnerships with state and federal government agencies, private sector investors, and development organizations must be formalized by the LGA's Executive Council and Public Relations Office through memoranda of understanding, thereby mobilizing additional resources and technical expertise to complement internal revenue efforts. Together, these institutional arrangements will enhance Asa LGA's capacity to effectively mobilize and utilize internally generated revenue for sustainable rural development.

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