

CHALLENGES OF REVENUE GENERATION IN ASA LOCAL GOVERNMENT AREA OF KWARA STATE, NIGERIA: IMPLICATIONS FOR COMMUNITY DEVELOPMENT

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ABSTRACT

The Asa local government area of Kwara State, Nigeria, is largely challenged by dwindling revenue generation leading to sustained budget deficits and paucity of funds for sustainable development of the area. This paper examined the income generation capacity of the local government and its implications for community development. The study used both primary and secondary data research methodology, which were interpreted and analysed. Findings from the study were that Asa local government generates insufficient revenues from both internal and external sources due to weak federal allocation and irregular remittance of its statutory financial allocation from the state joint account. The capacity of the local government to generate sufficient internal revenue is also challenged by poor tax collection capacity and enforcement policy and embezzlement of a large chunks of internally generated revenue by local government officials. The low revenue generation has reduced the construction of feeder road and community markets, and reduced drug supplies to the local government dispensary. The



study concluded that Asa local government lacks adequate capacity to generate the required revenue for community development and recommended better training for the revenue collectors, improved political and financial autonomy for local governments and proper utilisation of revenue generated to improve community development in Asa local government.

Keywords: *revenue, generation, development, state joint account*

INTRODUCTION

Local government system is very central to the development process all over the world as the system is designed to develop the rural area and its people. Thus, the local administration discharges its political and economic mandates to the people by providing them basic social amenities such as feeder roads, pipe borne water, construction of market stores and provision of primary healthcare centers, among others (Raji *et al*, 2018). As posited by Osuagwu (2008), local government is a very vital system of government involving administration of public affairs in each locality with considerable amount of responsibilities and discretionary power to administer local community. Local government all over the world also represents a political division in a federal system, constituted by law to develop the local areas. As an important lowest unit of administration in a state. The centrality of the local government to the development aspirations of the citizens cannot be over emphasized.

The ideas behind the creation of a local government in Nigeria are to bring sustainable development to the grassroots level. Every local area has its unique economic, social and physical characteristics and its historical tradition which are better understood by its people. Thus, the local government areas are created to provide personal and group development aspirations of the local people, including building the feeder roads, construction of community markets and the provision of primary healthcare, among others, which the Federal and State Governments cannot easily undertake due to their remoteness from the local communities (Uhunmwangho & Epelle, 2008). Therefore, the only reasonable form of development is the one that comes from within, as provided by local administration.

The constitutional mandates of local government in Nigeria are to

perform the statutory functions of the collection of tenement rates, radio and television licenses; establishment and maintenance of cemeteries, burial grounds and home for the destitute or infirm (Babangida, 1988). Local government areas are also saddled with the responsibility of licensing bicycles, trucks (other than mechanically propelled trucks), canoes, wheelbarrows and carts; establishment, maintenance and regulation of slaughter houses, slaughter slabs, motor parks and public conveniences. Other functions of the local governments include construction and maintenance of roads, street lighting, drainages and parks, gardens, open spaces and any other or such public facilities as may be prescribed from time to time by the State House of Assembly (The 1999 Constitution of Federal Republic of Nigeria Fourth Schedule).

In all the above statutory responsibilities of the local government to the people, revenue is very central for optimal performances of local administration because if it does not have sufficient revenue, it cannot develop the communities adequately. There are two sources of local government revenue, which are the external and internal sources. Statutorily, local governments get their monthly allocation from the federal source which they receive within the confines of their joint account with the state government which is referred to as State Joint Account Allocation. However, in many instances, the federal allocation is very insufficient. This shortfall in federal allocation is caused by many factors among them is the reduction in the price of oil and other sources of income generation such as Customs and Exercise duty, which are the main sources of income in Nigeria. Therefore, this shortfall in the federal allocation has necessitated local administration to look inward for internally generated revenue to complement federal allocation for their developmental programmes.

In spite of its centrality to the development process at the grass root, the recurrent problems of the local government in Nigeria are the ever dwindling revenue generation, discernible from budget deficits and paucity of funds for robust economic growth and development at the local level in spite of being the nearest government to the people. In fact, 100% of the Nigerian population resides in local government areas as there is no citizen without one while 100% of the urban residence also resides in a local government area. Consequently, the local government administration has the responsibility to articulate the needs of the local people and formulate

plans and strategies to realizing them in Nigeria. Even the urbanised cities are broken into local government areas such that the activities of State Governments are interwoven with those of the local governments in particular. The weak development profile of many local government areas has created many avoidable problems, some of which are massive rural-urban migration thereby causing over congestion and heating up the lives in the cities and infrastructural decay at the rural areas due to total neglect and abandonment. There is also mass poverty in the country due to lack of adequate funding of local administration. This paper examines the income generation capacity of Asa local government and its implications for community development in the area.

STATEMENT OF THE PROBLEM

The Asa local government area of Kwara State, Nigeria, is largely bedeviled by development challenges, ranging from shamble social infrastructure, delay and non-payment of staff salary, lack of potable water and poor feeder road networks, among others. Many villages within the local government area lack adequate development support from the local government while many citizens show high level of displeasure with the local government whom they often accuse of enthroning more of democratic deficits rather than dividends. This paper examines the nexus between the capacity for revenue generation and sustainable community development in Asa local government area. The paper specifically investigates the challenges constraining the capacity of the local government area for optimal revenue generation and its implications for community development in the area.

REVIEW OF LITERATURE

Ola and Tonwe (2009) define local government as a political sub-division of a nation, which is constituted by law to have substantial control of local affairs, including the powers to impose taxes and hire labour for prescribed community development purposes. The governing body of such an entity is elected or otherwise locally selected. Bello (in Akhakpe, 2011) describes local government as that unit of administration with defined territory and powers as well as administrative authority with relative autonomy.

In their work, Flesher and Flesher (2007) discusses revenues as an

increase in owners' equity resulting from the performance of a service or sale of something. This definition is anchored on the concept of equity which may increase due to sale of goods or provision of services in other words there are two sides to revenue; something received and given. Dixon (2000) perceives revenue as "the total amount obtained from the sale of a merchandise services to customers.

Adewale (2018) highlights two primary sources of revenue to local government areas to include internally generated income and statutory allocation from the federation account. The author discussed further that the internally generated revenue is largely sourced from property rates and taxes. However, the author did not delve much on the challenges of generating revenue in the local governments and how to address them. Charles (2005) identifies inadequate capacity for maximum income generation and mismanagement of local government funds by its officials as the major problem of sustained funding of the local government system. What the above review summarily points at is that the weak capacity of the local government to generate adequate revenue in Nigeria is largely premised upon weak federal allocation and irregular remittance of its statutory allocation from the state joint account along weak training of revenue officials and outright corruption, which has not been properly addressed. The scholars have failed to touch on the kind of fiscal relationship that exists between the local government and other levels of government and how this intergovernmental financial relation either enhances or undermines internal revenue generation in Nigerian local governments.

THEORETICAL FRAMEWORK

The theory of fiscal federalism is adopted for this paper as its framework of analysis. The central thrust of the theory, which was originated by Musgrave (1959) borders on the disaggregation of public sector functions and finances among multiple layers of government (King, 1984). According to the author, fiscal federalism entails fiscal arrangement among the various tiers of government in a federal structure, in which funds are disbursed according to the constitutional provisions on fiscal federation. Nigeria establishes fiscal relationships that exist among the various levels of government. For example, section 149(2) of the 1979 Constitution or section 162(3)

of the 1999 Constitution stipulates that any amount standing to the credit of the Federation Account shall be distributed among the federation, state governments and the local government councils in each state on such terms as in such manner as may be prescribed by the National Assembly. Therefore, the theory of fiscal federalism has sufficient explanatory weight to establish the nexus between the capacity for income generation and community development within the confines of local government administration in Nigeria.

THE STUDY AREA

Asa Local Government is one of the 16 local government areas in the Kwara State of Nigeria, with the Headquarter at Afon. The name of the local government was derived from the popular Asa River, which supplies water to many communities within the local government and its immediate environments, including Ilorin East, Ilorin West, Ilorin South and Moro local government areas of Kwara State. Asa local government has a landmass of about 1,286km² and a projected population of about 135,000 people as of 2015 (Ganiyu, 2016). The local government has three political districts, which include Owode, Onire and Afon districts, and it is traditionally situated within the Ilorin Emirate. Mostly populated by the Yoruba, majority of the inhabitants are farmers who equally take into hunting as a traditional game. Asa local government Secretariat is located in Afon with about 756 staff, with some posted to both Owode and Onire districts as the main administrative machinery of the 17 political wards in the local government. Important towns in the local government include Ogbondoroko, Laduba, Afon, Foko, Aboto, Igbo-Aran, Oniyere, Olomoda, Ogele, Sapati Oguntoyinbo and Oloro in Afon District. Notable towns in Owode district are Budo-Egba, Kuo, Ote and Ballah, with Alapa, Awe, Madala, Sosoki and Bakase in the Onire district of Asa local government Area (Ganiyu, 2016; Amin, 2018).

RESEARCH METHODOLOGY

This research used the descriptive study design as its method of investigation. Both primary and secondary data were used. The population of this study was drawn from the Asa local government area of Kwara State with about 756 staff under the local government council. The simple random method was used for this study for avoidance of bias and to ensure equitable sample representation in response to the questionnaire administered. The sample size for this study was 240 out of which 218 were retrieved. The first section captured the bio-data information of the respondents while the second section captures information on the research objectives, using a 5-point Likert scale with “1= strongly disagree” and 5=strongly Agree. The data gathered were analysed using the Statistical Package of Social Sciences (SPSS). This primary data was analysed through pilot study, regression, correlation analysis, skewness and kurtosis.

DATA PRESENTATION AND INTERPRETATION

Table 1: Demographic Data of the Respondents

Sex	Frequency	Percent
Male	144	66.1
Female	74	33.9
Total	218	100
Marital Status	Frequency	Percent
Single	54	24.8
Married	164	75.2
Total	218	100
Age	Frequency	Percent
18-30	56	25.7
31-40	60	27.5
41 and above	102	46.8
Total	218	100
Qualification	Frequency	Percent
Primary/S.S.C.E/Equivalent	40	18.3
NCE/ND/diploma	71	32.6

B.A/B.SC/HND	96	44
MBA/M.SC/Ph.D	11	5
Total	218	100

Source: Researcher’s Field Survey 2017

Table 2: Sources of Revenue Generation in Asa

Items	Opinion	Percent	Mean	Standard Deviation	Remark
Asa local government generates sufficient revenue both internally					
Strongly Disagree	37	17.6	2.6789	1.119044	Disagree
Disagree	82	37.6			
Undecided	20	9.6			
Agree	72	33			
Strongly agree	7	3.2			
Total	218	100			
The local government generates revenue through marriage, birth and death fees					
Strongly disagree	4	1.8	3.7202	1.14387	Agree
Disagree	47	21.6			
Undecided	16	7.3			
Agree	90	41.3			
Strongly agree	61	28			
Total	218	100			
Asa receives huge amount of money from market rates and levies					
Strongly disagree	17	7.8	3.6789	1.12271	Agree
Disagree	22	10.1			
Undecided	15	6.9			
Agree	124	56.9			

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Strongly Agree	40	18.3			
Total	218	100			
Asa local government area generates income through public convenience sewage and refuse disposal fees.					
Strongly disagree	22	10.1			
Disagree	129	59.2			
Undecided	8	3.7	2.5550	1.14369	Disagree
Agree	42	19.3			
Strongly agree	17	7.8			
Total	218	100			
Asa local government borrows from state and financial institutions					
Strongly disagree	25	11.5			
Disagree	41	18.8			
Undecided	18	8.3	3.3761	1.29008	Agree
Agree	95	43.6			
Strongly agree	39	17.9			
Total	218	100			
The local government collects permit fee on land and establishment					
Strongly disagree	17	7.8			
Disagree	23	10.6			
Undecided	17	7.8	3.6514	1.12267	Agree
Agree	123	56.4			
Strongly agree	38	17.4			
Total	218	100			

Researcher's Field Survey, 2017

Table 3: Capacity of Revenue Generation in Asa

Items	Opinion	Percent	Mean	Standard Deviation	Remark
Tax enforcement in Asa is efficient					
Strongly disagree	34	15.6			
Disagree	82	37.6			
Undecided	23	10.6	2.7064	1.17425	Disagree
Agree	72	33			
Strongly agree	7	3.2			
Total	218	100			
Asa local government revenue officers are more efficient than consultants.					
Strongly disagree	1	5			
Disagree	47	21.6			
Undecided	19	8.7	3.7477	1.10116	Agree
Agree	90	41.3			
Strongly agree	61	28			
Total	218	100			
Revenue collectors in Asa are very efficient in their job or task.					
Strongly disagree	20	9.2			
Disagree	24	11			
Undecided	21	9.6	3.5734	1.16264	Agree
Agree	117	53.7			
Strongly agree	36	16.5			
Total	218	100			
There are skilled workers to collect taxes from the tax payers in Asa local government area					
Strongly disagree	18	8.3			
Disagree	31	14.2			

Undecided	24	11	3.5505	1.19126	Agree
Agree	103	47.2			
Strongly agree	42	19.3			
Total	218	100			
The techniques employed in collecting taxes are very efficient and effective in Asa local government area.					
Strongly Disagree	27	12.4			
Disagree	42	19.3			
Undecided	22	10.1	3.3119	1.30010	Agree
Agree	90	41.3			
Strongly agree	37	17			
Total	218	100			

Source: Researcher's Field Survey 2017

Table 4: Challenges of Revenue Generation in Asa

Items	Opinion	Percent	Mean	Standard deviation	Remark
The revenue officers in Asa are not well trained					
Strongly disagree	16	7.3			
Disagree	31	14.2			
Undecided	29	13.3	3.6009	1.20345	Agree
Agree	90	41.3			
Strongly agree	52	23.9			
Total	218	100			
Community development is not visible in Asa as a result of inadequate revenue generation					
Strongly disagree	31	14.2			
Disagree	29	13.3			
Undecided	18	8.3	3.4128	1.32130	Agree

Agree	99	45.4			
Strongly agree	41	18.8			
Total	218	100			
There is lack of commitment and dishonesty on the part of revenue collectors.					
Strongly disagree	16	7.3			
Disagree	37	17			
Undecided	24	11	3.5275	1.19587	Agree
Agree	98	45			
Strongly agree	43	19.7			
Total	218	100			
Embezzlement of generated revenue by local government officials contribute to low revenue generation	29	13.3			
Strongly disagree	37	17			
Disagree	19	8.7	3.3578	1.31998	Agree
Undecided	93	42.7			
Agree	40	18.3			
Strongly agree	218	100			
Total					
The state government fails to remit 10 percent to Asa local government as provided by the constitution					
Strongly disagree	15	6.9			
Disagree	29	13.3			
Undecided	28	12.8	3.6514	1.19041	Agree
Agree	91	41.7			
Strongly agree	55	25.2			
Total	218	100			

Misuse of state power over state					
Joint account affects Asa local government to discharge its responsibilities as regard to provision of basic amenities					
Strongly disagree	14	6.4			
Disagree	6	2.8			
Undecided	8	3.7	4.1789	1.07768	Strongly agree
Agree	89	40.8			
Strongly agree	101	46.3			
Total	218	100			

Source: Researcher's Field Survey 2017

Table 5: Nexus Between Challenges of Revenue Generation and Community Development in Asa Local Government

Items	Opinion	Percent	Mean	Standard Deviation	Remark
Challenges of low revenue generating capacity has reduced the construction of feeder road.	23	10.6			
Strongly disagree	16	7.3			
Disagree	2	0.9	3.6468	1.11917	Agree
Undecided	151	69.3			
Agree	26	11.9			
Strongly agree	218	100			
Total					
Challenges of low revenue generating capacity has led to non-provision of borehole	44	20.2			
Strongly disagree	35	16.1			
Disagree	7	3.2	3.1560	1.37907	Agree
Undecided	107	49.1			
Agree	25	11.5			

Strongly agree	218	100			
Total					
Challenges of low revenue generation capacity has reduced drug supplies to the local government dispensary.	15	6.9			
Strongly disagree	26	11.9			
Undecided	11	5.0	3.7844	1.17749	Agree
Agree	105	48.2			
Strongly agree	61	28.0			
Total	218	100			
Challenges of low revenue generating capacity has led to stoppage of renovations of many local government primary school	13	6.0			
Strongly disagree	23	10.6			
Disagree	12	5.5	3.8716	1.14884	Agree
Undecided	101	46.3			
Agree	69	31.7			
Strongly agree	218	100.0			
Total					
Challenges of low revenue generating capacity has led to the stoppage of the construction of local government lock-up shops.	14	6.4			
Strongly disagree	26	11.9			
Disagree	4	1.8	3.9083	1.19555	Agree
Undecided	96	44.0			
Agree	78	35.8			
Strongly agree	218	100.0			
Total					

Source: Researcher's Field Survey 2017

Table 6: Normality Test of Dependent and Independent Variable

	N	Minimum	Maximum	Mean	Std.	Skewness	Kurtosis	Std Error
	Statistics							
Dependent Variable								
AV_Source2	218	1.33	4.67	3.2786	.76810	-.541	.165	-.449
Independent Variable								
AV_Capacity2	218	1.40	5.00	3.3780	.83972	-.419	.165	-.927
AV_Challenges2	218	1.17	5.00	3.6216	.78899	-.718	.165	.068
AV_Community2	218	2.20	4.80	3.6734	.51353	-.232	.165	-.036

Source: Researcher's Field Survey 2017

The assumption of normality is a prerequisite for many inferential techniques. There are a number of different ways to explore the assumptions graphically such as histogram, stem-and-leaf plot, box plot, normal probability plot and detraind normal plot (Coakes, Steed & Dzidic, 2006). There are also a number of statistics which are available to test the normality such as Skewness and Kurtosis, and Shapiro-Walk statistics.

For this study, the test for normality has already been done. However, Skewness and Kurtosis which are within the acceptable value of ± 2 as well as the overall box plot also shows normality.

Table 7: Correlation

		AV_SOURCES2	AV_CAPACITY2	AV_CHALLENGES2	AV_COMMUNITY2
AV_SOURCES2	Pearson Correlation	1		.	
	Sig. (2-tailed)				.
	N	218			
AV_CAPACITY2	Pearson Correlation	.948***	1		
	Sig. (2-tailed)	.000		.	.
	N	218	218		
AV_CHALLENGES2	Pearson Correlation	.027	.010	1	.
	Sig. (2-tailed)	.687	.882		.
	N	218	218	218	
AV_COMMUNITY2	Pearson Correlation	-.037	-.041	.258**	1
	Sig. (2-tailed)	.584	.550	.000	
	N	218	218	218	218

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Researcher’s Field Survey 2017

The above table describes the correlation coefficient among the variables being used in the course of this study. Based on the results from the table above, it was observed that the capacity of generating revenue in Asa local government has the highest value .948 which is greater than the *P*-value of 0.05, meaning that such capacity is weak.

Table 8: Regression Result

Model Summary^b					
Mode	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.948 ^a	.898	.897	1.48015	1.734

a. Predictors: (Constant), AV_COMMUNITY2, AV_CAPACITY2, AV_CHALLENGES2

b. Dependent Variable: AV_SOURCES

Source: Researcher’s Field Survey 2017

The above table shows that R is .948a, R Square is .898, adjusted R square is .897 and the Durbin Watson is 1.734. Therefore, since the value of Durbin Watson is greater than the standard value of 1.5 and less than 2.5. This really makes this work to be alright and make the standard value to be correct.

Table 9: ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	4140.041	3	1380.014	629.901	.000 ^b
	Residual	468.840	214	2.191		
	Total	4608.881	217			

a. Dependent Variable: AV_SOURCES

b. Predictors: (Constant), AV_COMMUNITY2, AV_CAPACITY2, AV_CHALLENGES2

Source: Researcher’s Field Survey 2017

The above table shows that significant value of regression is .000b and the sum of square of regression is 4140.041.

Table 10: Coefficient^a

Model	Unstandadardised Coefficients		Standardised Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.821	.890		2.047	0.42
AV_CAPACITY2	5.199	.120	.947	43.401	.000
AV_CHALLENGES2	.110	.132	.019	.835	.405
AV_COMMUNITY2	-.033	.203	-.004	-.161	.872

a. Dependent Variable: AV_SOURCES

Source: Researcher’s Field Survey 2017

Table 11: Relationship between Sources of Revenue and Capacity of Revenue Generation

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std Error	Beta		
(Constant)	1.821	.890		2.047	.042
AV_CAPACITY2	5.199	.120	.947	43.401	.000

Source: Researcher’s Field Survey 2017

The table shows that the difference between sources of revenue generation and capacity of revenue generation is 5.199 while significant level of AV_Capacity2 is .000. Therefore, the hypothesis is rejected.

Table 12: Relationship between Sources of Revenue and Challenges of Revenue Generation

Model	Unstandardised Coefficients		Standardised Coefficients	T	Sig.
	B	Std Error	Beta		
(Constant) AV_Challenges2	1.821	.890		2.047	.042
	.110	.132	.019	.835	.405

Source: Researcher's Field Survey 2017

The table shows that the difference between sources of revenue generation and challenges of revenue generation is .110 while significant level of AV Challenges is .405. Therefore, the hypothesis is rejected.

Table 13: Relationship between Challenges of Revenue Generation and Community Development in Asa

Model	Unstandardised Coefficients		Standardised Coefficients	T	Sig.
	B	Std Error	Beta		
(Constant) AV_Community2	1.821	.890		2.047	.042
	-.033	.203	-.004	-.161	.872

Source: Researcher's Field Survey 2017

The table shows that the difference between sources of revenue generation and challenges of revenue generation is -.033 while significant level of AV Challenges is .872. Therefore, the hypothesis is accepted.

DISCUSSION OF FINDINGS

The findings from Objective 1 revealed that majority of the respondents disagreed that Asa local government generates sufficient revenue both internally and externally. This makes it difficult for Asa local government to embark on community projects that could provide the basic needs for the communities, especially pipe borne water and feeder roads. The results are in line with Ola and Tonwe's (2009) position that the dearth of finance had always been one of the major handicaps that hinder local governments

in the performance of their statutory functions in the country. The findings are also similar to their previous study that lack of adequate funds and appropriate institutions has continued to make local government ineffective. Majority of the respondents agreed that Asa local generates revenue through marriage, birth and death fees while they also agreed that Asa receives huge amount of money from market rates and levies. This is in line with the interview report that Asa local government generates more income in Alapa, Ote, and Eyekorin markets. However, majority disagreed that the local government generates income through public convenience sewage and refuse disposal fees. The results are true because they are in line with the interview report that Asa local government did not generate revenue through public convenience sewage and refuse disposal since majority of the communities are in the rural areas. The findings show that the Asa local government borrows from State and financial institutions and collects permit fee on land establishment within its jurisdiction.

The findings from Objective 2 of this study showed that Asa local government does not have efficient tax enforcement policies, hence losing huge revenue. These findings are in line with the opinion of Ezeani (2004) that Asa local government administration cannot adequately enforce byelaws on revenue collection in the area. In some cases, the law on revenue collection is not updated nor brought to the public attention. The majority of the respondent agreed that revenue officers are more efficient than the consultants while also revealing that there are sufficient skilled workers to collect taxes from tax payers in Asa local government area and that the techniques employed in collecting taxes are very efficient and effective in the local government.

Findings from objective 3 showed that majority of the respondents agreed that revenue collectors are not well and regularly trained in Asa local government for optimal revenue generation to prosecute community development project to a logical conclusion. The respondents also agreed that there is a lack of commitment and dishonest on the part of revenue collectors for adequate revenue generation and agreed that embezzlement of generated revenue by local government officials contribute significantly to the low income inflow to the area. More so, the results confirmed that the Kwara State Government often fails to remit its 10 percent statutory allocation to the Asa local government as provided by the Constitution in

line with Ola and Tonwe's (2009) findings that although the constitution provided that 10 % of the total revenue of state should be disbursed to their local councils, the state governments had in most cases paid in only a small fraction of the sum to their local government councils, and in some cases, nothing at all was paid to them.

The respondents agreed that misuse of state power over state joints accounts affects the Asa local government to discharge its developmental responsibilities optimally as regard the provision of basic necessity of life to its people. This finding is in line with a previous study by Obi (2001) that the essence of granting autonomy to the various tiers of government in a federal system such as Nigeria is to ensure self-governance and initiatives. Political and administrative autonomy to local government is provided in section 7 of the 1999 constitution to enable local governments to take initiatives in the administration of their localities. These autonomies also include the rights to revenue drives and other economic activities. Unfortunately, this constitutional provision has become a mere rhetoric as local governments in Nigeria have been reduced to puppets and political instrument in the hands of state governments. The results are similar to Oguonu's (2003) findings that a fundamental reason for poor internally generated revenue by the local governments in Nigeria is that local governments were not created on the basis of their viability but as a mere political and geographical expression. The findings also confirmed the authors earlier discovery that the State Governments make several deductions from the local government accounts, which largely rendered them financially distressed to carry out community development project and meet statutory obligations, including regular payment of staff salary. These unfavourable deductions include deduction of counterpart funding of projects, income tax (upfront) by local government employees (payee), among others, before remitting to councils whatever it deems fit.

Finding from Objective 4 of this study revealed that low revenue generating capacity has reduced the construction of feeder road in Asa local government. This is in line with Ifeayekwu (2015) that the impact of projects implementation on the rural communities is minimal as a result of poor funding of such projects due to weak income generating capacity of the local government thereby leaving the people in excruciating poverty. The income level of people in many communities is low. As a result, the ability

of the people to generate funds to sponsor community projects is greatly affected. Thus, many envisioned community projects remain unattainable. The majority of the respondents also agreed that low revenue generation has led to non-provision of borehole and other projects, including feeder roads and construction of new local government maternity and dispensary. The respondents also agreed that low revenue generating capacity has reduced drug supplies to the local government dispensary. The study showed that respondents agreed that low revenue generating has equally led to the stoppage of renovations of many local government primary schools while also agreeing that low revenue generating has led to the stoppage of the construction of local government lock-up shops. This finding confirm Tonwe's (1995) study that lack of adequate funds had hindered the effective and successful execution and completion of many projects at the local government level.

CONCLUSION

This paper examined the challenges of revenue generation in the Asa local government area of Kwara State of Nigeria and its implications for community development. Finding from the study were that Asa Local Government generates insufficient revenues from both internal and external sources due to weak federal allocation and irregular remittance of its statutory allocation from the state joint account. The capacity of the local government to generate sufficient internal revenue is also challenged by poor tax collection capacity and enforcement policy and embezzlement of a large chunk of internally generated revenue by local government officials. The implications of revenue on community development are that low revenue generating has reduced the construction of feeder road and led to stoppage of renovations of many local government primary schools in Asa local government. The study concluded that Asa local government lacks adequate capacity to generate the required revenue for community development.

RECOMMENDATIONS

It is recommended that revenue records from the collectors should be checked on regular basis by the Internal Auditor of the council to curtail financial fraud and anyone found guilty of corrupt practices should be punished accordingly. The generated revenue should be used judiciously, especially for community development projects so as to encourage many people to pay tax. Enough staff should be recruited into the revenue department to boost the capacity of the unit for wider revenue collection coverage. Logistic supports, including communication gadget, vehicle and motorcycles should be provided for the revenue personnel for optimal performance while provision of good incentives, including improved remuneration should be made available to workers. This will encourage and boost their morale in discharging their duties. There should be periodic monitoring of project to ensure that contractors do what is expected of them to ensure judicious use of revenue. Training and re-training of revenue officials should be encouraged while enlightenment campaigns on the revenue to be paid by individual should be carried out to improve the capacity of Asa local government to generate sufficient funding for community projects and sustainable development in the area.

LIMITATIONS OF THE STUDY

The limitations to the study include time and financial constraints as well as non-availability of some documents that are relevant to this research work. The sample size of the respondents was small compare to the 2006 population census of Asa local government.

SUGGESTION FOR FUTURE RESEARCH

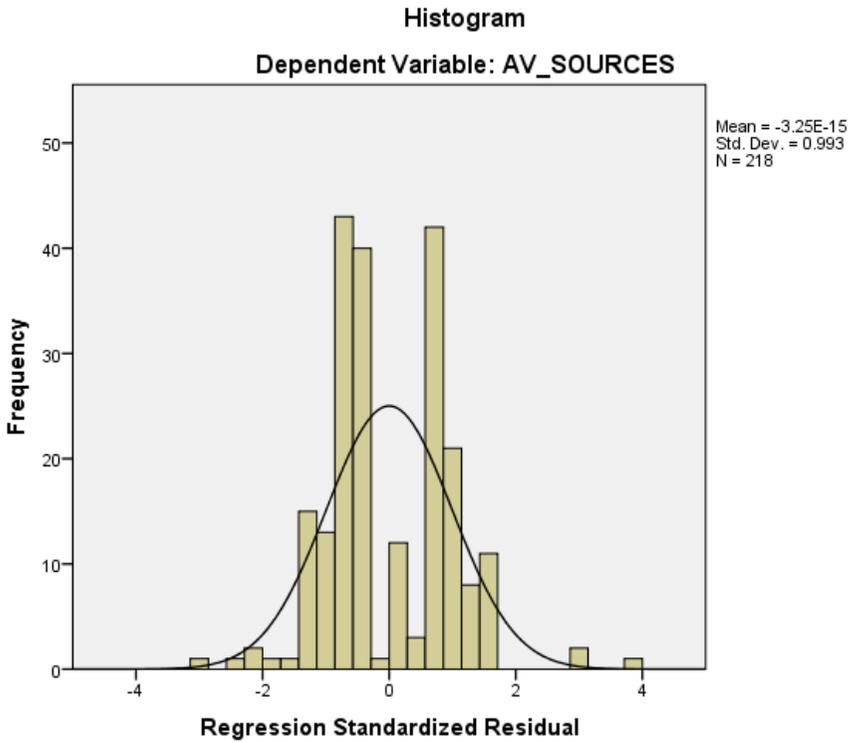
The sample size should be bigger. It should cut across every ward in the local government. The duration of the questionnaire should be longer to give respondents a more convenient time in filling up questionnaires rather than filling up in the office and home instantly. The observation method or interviews may be adopted.

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APPENDIX



CORRELATIONS

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AV_COMMUNITY2  
/PRINT=TWOTAIL NOSIG  
/MISSING=PAIRWISE.
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CORRELATIONS

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Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics for each pair of variables are based on all the cases with valid data for that pair. CORRELATIONS
Syntax		/VARIABLES=AV_SOURCES2 AV_CAPACITY2 AV_CHALLENGES2 AV_COMMUNITY2 /PRINT=TWOTAIL NOSIG /MISSING=PAIRWISE.
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	Elapsed Time	00:00:00.03

[DataSet1] C:\Users\User\Desktop\log\SP SMRJ Update.sav

CORRELATIONS

		AV_ SOURCES2	AV_ CAPACITY2	AV_ CHALLENGES2	AV_ COMMUNITY2
AV_ SOURCES2	Pearson Correlation	1	.948	.027	-
	Sig. (2-tailed)		.000	.687	
	N	218	218	218	
AV_ CAPACITY2	Pearson Correlation	.948***	1	.010	-
	Sig. (2-tailed)	.000		.882	
	N	218	218	218	
AV_ CHALLENGE	Pearson Correlation	.027	.010	1	.2
	Sig. (2-tailed)	.687	.882		
	N	218	218	218	
AV_ COMMUNITY	Pearson Correlation	-.037	-.014	.258**	
	Sig. (2-tailed)	.584	.550	.000	
	N	218	218	218	

**. Correlation is significant at the 0.01 level (2-tailed).

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 /STATISTICS=MEAN STDDEV MIN MAX KURTOSIS SKEWNESS.

DESCRIPTIVES

Notes

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	Cases Used	All non-missing data are used.
Syntax		DESCRIPTIVES VARIABLES=AV_SOURCES2 AV_CAPACITY2 AV_ CHALLENGES2 AV_ COMMUNITY2 /STATISTICS=MEAN STDDEV MIN MAX KURTOSIS SKEWNESS.
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Resources	Elapsed Time	00:00:00.03

[DataSet1] C:\Users\User\Desktop\log\SP SMRJ Update.sav

DESCRIPTIVE STATISTICS

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
		Statistic	Statistic	Statistic	Statistic	Statistic	Std Error	Statistic	Std Error
AV_SOURCES2	218	1.33	4.67	3.2768	.76810	-.541	.165	-.449	.328
AV_CAPACITY2	218	1.40	5.00	3.3780	.83972	.83972	.165	-.927	.328
AV_CHALLENGES2	218	1.17	5.00	3.6216	.78899	.78899	.165	.068	.328
AV_COMMUNITY2	218	2.20	4.80	3.6734	.51353	.51353	.165	-.036	.328
Valid N (listwise)	218								

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/COMPRESSED.
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/HISTOGRAM NORMAL
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FREQUENCIES

Notes

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Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on all cases with valid data.
Syntax		FREQUENCIES VARIABLES=AV_ SOURCES2 AV_CAPACITY2 AV_CHALLENGES2 AV_COMMUNITY2 /HISTOGRAM NORMAL /ORDER=ANALYSIS.
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Statistics

	AV_ SOURCES2	AV_ CAPACITY2	AV_ CHALLENGES2	AV_ COMMUNITY2
N Valid	218	218	218	218
Missing	0	0	0	0

FREQUENCY TABLE

AV_SOURCES2

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.33	3	1.4	1.4	1.4
	1.50	1	.5	.5	1.8
	1.67	3	1.4	1.4	3.2
	1.83	5	2.3	2.3	5.5
	2.00	12	5.5	5.5	11.0
	2.17	3	1.4	1.4	12.4
	2.33	9	4.1	4.1	16.5
	2.50	7	3.2	3.2	19.7
	2.67	14	6.4	6.4	26.1
	2.83	9	4.1	4.1	30.3
	3.00	11	5.0	5.0	35.3
	3.17	11	5.0	5.0	40.4
	3.33	21	9.6	9.6	50.0
	3.50	11	5.0	5.0	55.0
	3.67	32	14.7	14.7	69.7
	3.83	22	10.1	10.1	79.8
	4.00	15	6.9	6.9	86.7
	4.17	18	8.3	8.3	95.0
4.33	3	1.4	1.4	96.3	

	4.50	3	1.4	1.4	97.7
	4.67	5	2.3	2.3	100.0
	Total	218	100.0	100.0	

AV_CAPACITY2

	Frequency	Percent	Valid Percent	Cumulative Percent
	1.40	1	.5	.5
	1.80	9	4.1	4.6
	2.00	14	6.4	11.0
	2.20	10	4.6	15.6
	2.40	10	4.6	20.2
	2.60	15	6.9	27.1
	2.80	7	3.2	30.3
	3.00	9	4.1	34.4
	3.20	11	5.0	39.4
Valid	3.40	10	4.6	44.0
	3.60	27	12.4	56.4
	3.80	23	10.6	67.0
	4.00	25	11.5	78.4
	4.20	26	11.9	90.4
	4.40	7	3.2	93.6
	4.60	10	4.6	98.2
	4.80	3	1.4	99.5
	5.00	1	.5	100.0
	Total	218	100.0	100.0

AV_CHALLENGES2

	Frequency	Percent	Valid Percent	Cumulative Percent
1.40	1	.5	.5	.5
1.80	9	4.1	4.1	4.6
2.00	14	6.4	6.4	11.0
2.20	10	4.6	4.6	15.6
2.40	10	4.6	4.6	20.2
2.60	15	6.9	6.9	27.1
2.80	7	3.2	3.2	30.3
3.00	9	4.1	4.1	34.4
3.20	11	5.0	5.0	39.4
Valid 3.40	10	4.6	4.6	44.0
3.60	27	12.4	12.4	56.4
3.80	23	10.6	10.6	67.0
4.00	25	11.5	11.5	78.4
4.20	26	11.9	11.9	90.4
4.40	7	3.2	3.2	93.6
4.60	10	4.6	4.6	98.2
4.80	3	1.4	1.4	99.5
5.00	1	.5	.5	100.0
Total	218	100.0	100.0	

AV_COMMUNITY2

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2.20	2	.9	.9	.9
	2.40	2	.9	.9	1.8
	2.60	4	1.8	1.8	3.7
	2.80	6	2.8	2.8	6.4
	3.00	12	5.5	5.5	11.9
	3.20	27	12.4	12.4	24.3
	3.40	26	11.9	11.9	36.2
	3.60	31	14.2	14.2	50.5
	3.80	30	13.8	13.8	64.2
	4.00	33	15.1	15.1	79.4
	4.20	26	11.9	11.9	91.3
	4.40	7	3.2	3.2	94.5
	4.60	8	3.7	3.7	98.2
	4.80	4	1.8	1.8	100.0
Total	218	100.0	100.0		

HISTOGRAM

