

# REVENUE GENERATION AND LOCAL GOVERNMENT DEVELOPMENT IN JALINGO LOCAL GOVERNMENT AREA

BY

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## ABSTRACT

This study assessed revenue generation and Local Government Development in Jalingo Local Government Area. Specifically, the study examine the available revenue sources in the study area, assess the effect of revenue generation on local government development in Jalingo LGA and identify the challenges affecting revenue generation and local government development in the study area. The research used quantitative research design with a sample size of 314 staff of Jalingo Local Government. Data were collected using questionnaire and analyzed using descriptive and inferential statistics. The results were presented in frequencies, percentages, tables, charts, mean and standard deviation. The hypothesis was tested using Pearson Product Moment Correlation coefficient at 0.05 level of significance. Findings of the study revealed tax as major source of revenue in the study area. It was found that revenue generation has effect on socio-economic development especially in areas of infrastructural, education, health care services and economic development. The result on challenges affecting revenue generation and local government development revealed lack of tax obligations, lack of autonomy and corruption. Other challenges faced in revenue collection, includes inadequate infrastructure, poor tax administration, inadequate finance, poor implementation of projects, lack of competent manpower, high level of illiteracy, lack of due consultation and non-involvement of local dwellers in policy decisions and hijack of local government allocation by the state government. Furthermore, the result of the hypothesis shows that revenue generation has a significant effect on socio-economic development in Jalingo LGA. It is therefore recommended that the state government should desist from hijacking elastic local government revenue points to enable it raise adequate fund for provision of quality healthcare services to the people in a sustainable manner and that there should be regular capacity building for revenue collection officers to enable them generate funds that will be deployed to construction and maintenance of road infrastructure and socio-economic development in the area.

**KEYWORDS:** Revenue, Generation, Development, Local Government, Jalingo L.GA.

## INTRODUCTION

One of the roles of government is to uphold people's rights to life, liberty, and property while also ensuring that they have access to basic services (Oluwatobi, 2019). The efficient and timely delivery of public goods to the sizable rural population is largely dependent on local government. A system of local government based on democratic principles is guaranteed by Section 7 of the 1999 Constitution, and it says that the role of the local government council is to take part in the development of their region (Okereke & Olewe, 2023). According to Ogbette *et al.*(2018), the purpose of local government is to increase involvement in governance, service delivery to promote socio-economic development, and good governance. Other specific reasons for the establishment of local government, according to Ilo *et al.* (2023), comprise, but are not limited to, ensuring that suitable services and development initiatives are responsive to local desires and initiatives by transferring or delegating them to local representative bodies. Other reasons include educating and enlisting the many communities in their areas of authority to participate in the general development of those areas.

Mostly, all local governments in Nigeria do no longer perform their responsibilities simply because of poor finances arises from adequate revenue generation drive. The bad financial situation is further aggravated by the prevailing inflationary situation in this country which erodes the value of funds available to render essential social services to the people. (Ajiteru *et al.*, 2018). Development is highly associated with fund, much revenue is needed to plan, execute and maintain infrastructures and facilities at the local government level. The needed revenue generated for such developmental projects like construction of accessible roads, building of public schools, health care centers, construction of bridges among others are sources generated from taxes, royalties, haulages, fines and grants from states, national ,international governments, NGOs and donor agencies. Thus, the Local government cannot embark, execute and possibly carryout the maintenance of these projects and other responsibilities without adequate revenue generation. This is the basic reason why development is skeletal at some Local Government councils in Nigeria (Ajiteru *et al.*, 2018).

Revenue generation is a critical component of local government development, as it enables local governments to provide essential public services and infrastructure (Mahmud *et al.*, 2017). However, local governments in Nigeria face significant challenges in generating revenue from local sources, such as taxes, rates, and fees (Nwosu and Okafor, 2014). This is due to a lack of effective tax administration, inadequate revenue collection systems, and a lack of transparency and accountability in revenue management (Agbe *et al.*, 2017). This revenue gap has severe consequences for local government development, including inadequate infrastructure, poor service delivery, and exacerbation of poverty and underdevelopment (Okeke *et al.*, 2017). Furthermore, the lack of transparency and accountability in revenue management has led to corruption and mismanagement of funds, undermining trust and exacerbating development challenges (Agbe *et al.*, 2017). Therefore, investigating the impact of revenue generation on local government development and its challenges in Jalingo L.G.A is crucial to identify strategies for improvement and promote sustainable development. The main objective of the study is to assess revenue generation and local government development in Jalingo Local Government Area. The specific objectives of the study are to: (i) examine the sources of revenue generation in Jalingo L.G.A (ii) assess the effect of revenue generation on socio-economic development in Jalingo L.G.A, and (iii) identify the challenges affecting revenue generation in Jalingo L.G.A.

## **LITERATURE REVIEW**

### **Revenue Generation**

The term revenue has been defined by various authors in different ways. According to 1999 constitution, revenue is defined as any income or returns accruing to or derived by the government from any source and include any receipt however described arising from the operation of any law, and receipt however, described from or in respect of any property held by government, and any returns by

way of interest or loans and dividends in respect of shares or interest held by government in any company or statutory body. However, revenue can also be regarded or referred to as tolls, taxes, rates, fees, royalties, rents and other receipts of government from whatever sources such as proceeds from loans given out (Section 162(10) of 1999 Constitution) (Umar, 2015). By revenue, it is meant all tools of income to government such as taxes, rates, fees, fines, duties, rents, dues, proceeds and other receipts of government to which the parliament has the power of appropriation. Otu & Anam (2019), defines revenue as an income of funds generated to meet expenditure. Revenue simply means income that is always raised by an organization be it public or private to run its day-to-day operations. The monies earned by the government to finance its activities are known as revenue. In other words, revenue is the total amount of money generated by the government (federal, state, and local) to cover its expenses for a fiscal year. This also refers to the entire amount of money earned from the source from which expenses are incurred. Internal or external revenue is possible (Out & Anam, 2019).

Revenue accruing to any tier of government may be classified as recurrent or capital. While the former is generated on day-to-day basis throughout the year, the latter arises once in a while and in a larger proportion. They are also described as internal and external sources of revenue respectively. Nevertheless, the word revenue will be used in the context of this research to mean any amount of money coming into the local government from whatever sources and which the local government has power of appropriation.

### **Concept of Local Government**

The concept of local government involves a philosophical commitment to democratic participation in the governing process at the grassroots level. This implies legal and administrative decentralization of authority, power and personnel by a higher level of government to a community with a will of its own, performing specific functions as within the wider national framework (Wuyah *et al.*, 2019).

Local government is created to provide the centre stage for the people to be openly involved in government affairs at the grassroots level. In associating with the government, people are more diverse and do not have parochial citizenship within the state. Local government is also comparatively easier to reach by being the closest to those they represent. The local people can genuinely anticipate making a positive impact or exerting a positive influence to a greater extent in initiating and implementing developmental initiatives (Sikander, 2015).

Accordingly, local governments were established in Nigeria as a third-tier administrative structure to decentralize governance, bring government closer to the people at the grassroots, and make social services vital to national development. They are strategically positioned and in charge of almost 70% of Nigeria's estimated 152 million inhabitants. As a result, they are in a unique position to gather and voice the demands of the majority of Nigerians, as well as to support rural development by deploying the necessary financial and human resources in their operations (Agba *et al.*, 2014).



## Sources of Revenue Generation

Sources of local government revenue mean the various avenues through which local governments generate financial resources to meet up with financial obligations in the course of discharging constitutional functions and duties. There are broadly two sources of revenue available to local government. They are as follows: a) External Revenue sources b) Internal Revenue Sources

### a) External Revenue Sources

These are revenues that local government gets from outside of its jurisdictions. They are those sources of revenue that accrue to the local government from other levels of government, organizations (Nongovernmental Organization, Community Development Associations) and public spirited individuals. In Nigeria, the local governments are permitted by law to receive statutory allocations from the federal government as well as grants from both the federal and state governments. Local government could go a step further to obtain loans from financial institutions but with approval of the state government via the House of Assembly. The external sources of revenue to local government according to Obona *et al.* (2022) include: i. Statutory Allocations from the Federation Account and 10 percent of the state internally generated revenue. ii. Grants in aid from both the state and federal government iii. Grants from Non-governmental Organizations and Community Development Association. iv. Loans, Borrowings and Donations.

### b) Internal Revenue Sources

Obona *et al.* (2022) see internal revenue as those sources of revenue generation available to the local government within its areas of jurisdiction. They are also considered as independent sources of revenue to the local government as they are acknowledged as the sources that the third tier has control over and it is not susceptible to fluctuations characteristic of external sources.

The process and many ways the local government can raise money to provide services are implied by the notion of revenue generation (Allison *et al.*, 2020). Taxes are the significant source of income for local governments in Nigeria. Civilization cannot exist without taxation. Without some level of financial independence, neither a foreign nor local system nor set of norms can function effectively. Internally Generated Revenue (IGR) is the term used to describe the funds that the federal, state, and local governments create within their different spheres of influence (Abiola & Ehigiamusoe, 2014). Edeh, Abah and Nwoku (2018) identified the following as the internal sources of revenue to local government:

**Rate:** This is a local tax which is imposed on every adult in a community by the local government. It has been recognized as the main source of independent revenues to the local government councils. Rate manifests in three forms namely – a) Capitation rate or poll tax. This is known as general and development rate. It is usually a fixed capital amount levied on every ratable adult on annual basis.

b) Property rate – This is a fixed amount imposed on owners of private buildings and tenements based on the current value of the property. c) Special rate – It is a fixed amount levied on every ratable adult by the local government for the singular reason of embarking on specific projects such as education, water supply, electrification project, construction etc.

### **Fees, Charges and Licenses:**

These are income that local government generates from certain services that they provide. They designed in such a manner to regulate the concerned services and make funds readily available to the councils for further development projects. Fees are charged on market stalls, lock-up stores, motor parks, advertisement, birth and death registrations, etc. They issue licenses such as radio and television, bicycle, wheelbarrow, cart, liquor, retail, wholesale licenses for certain fees.

**Fines:** They are financial penalties imposed on individuals for going against local government by-laws.

**Earnings and Profits:** These are incomes that local government receives from engagement in commercial ventures and other industrial establishments. Some local government desirous to generate more funds engages in mechanized farming, soap industry, transport services, bakery, etc. Ndubuisi and Onuba (2016) outlined the internal revenue sources available to the local government to include the following:-Property taxation such as tenement rate, Licenses, examples of which are license on liquor, television, Fees and fines, Markets, shops, kiosks, motor parks and towing operations, Outdoor advertisement, Restaurant and laundries, Revenue from commercial undertakings such as mass transit, Identification certificate and Rent on local government property.

### **Income taxes**

Income taxes are a source of revenue for governments. They are used to fund public services, pay government obligations and provide goods for citizens. Because of exemptions, deductions, and credits, most individuals do not pay taxes on all of their income (Kagan, 2021). It is a type of tax that governments impose on income generated by businesses and individuals within their jurisdiction. By law, taxpayers must file an income tax return annually to determine their tax obligation (Kagan, 2021). Income taxes are a source of revenue for governments. They are used to fund public services, pay government obligations and provide goods for citizens. Income taxes apply to corporations, partnerships, small businesses, and self-employed people. However certain investments like housing authority bonds, tend to be exempt from income taxes (Kagan, 2021).

### **Socio-economic Development**

According to Ake (2021) development is thus the process by which people create and recreate themselves and their life circumstances to realize higher levels of civilization in accordance with their own choice and values. It also a type of social change in which new ideas are introduces into a social in order to produce higher per-capital income and levels of living through more modern production

methods and improved social organization. Socio-economic development encompasses all aspects of development ranging from infrastructural, social, educational and economic development.

The following are the place of local government in socio-economic development particularly those with firm grip of their internal revenue sources to augment shortfalls from external revenue sources:

- i. **Provision of Primary, Adult and Vocational Education:** In line with the Fourth to the 1999 Constitution of the Federal Republic of Nigeria as amended, local government is involved in the construction of primary school classroom blocks, reconstruction and maintenance of old ones. The local government engages in the campaign for universal compulsory basic education in the various communities and villages. According to Ogunna (2017) under the Universal Basic Education (UBE) scheme, the federal/state governments employ and pay teachers' salaries while the local government is required to make provision for school classroom blocks and furniture. More so, the local government is deeply involved in the control and supervision of teachers in their various domains to ensure achievement of UBE objectives.
- ii. **Establishment and maintenance of Social Amenities:** The provision of essential amenities is key to the development of communities. This is because those facilities are instrumental to enhancing the living conditions of the people at the grassroots and equally helpful to curtail to the barest minimum the incessant rural urban migration with its attendant consequences. Local government is constitutionally responsible for construction and maintenance of communities/feeder roads, drains, streets; provision and maintenance of street lights; provision and maintenance of primary healthcare facilities (cottage hospitals, clinics, dispensaries); provision of rural electricity; establishment and maintenance of cemeteries and homes for the destitute; control and regulation of slaughter houses; provision of markets, motor parks and public conveniences; provision of rural housing estates, recreational facilities and water supply (Fidelis & Olawari, 2022).

### **Challenges of Revenue Generation in Local Government Areas in Nigeria**

Local government requires large dose of revenue for it's to succeed in its mandate to entrench community development. The importance of revenue to the performance of local government motivated Wuyah *et al.* (2019) to argue that adequate financial resources are a sine-qua-non for a virile local government. Unfortunately, our local government system has been burdened by series of financial problems that have consistently acted as cog in wheel of progress in its avowed resolve to bring about community development. Some scholars attributed local governments' abysmal revenue generation on dishonesty on the part of council revenue collectors, who, in most cases, misappropriate collections made on behalf of the council. The financial challenges are discussed hereunder:

**Over-dependence on Statutory Allocation:** The 1999 Constitution of the Federal Republic of Nigeria as amended made sufficient provisions on the statutory allocations from both the federation account and 10 percent from the state government internally revenue. In view of the constitutional

provisions, local governments tend to rely on the statutory allocations thereby neglecting their independent sources of revenue, which invariably reduces the amount of revenue that accrues to them. It is important to emphasize that this source is usually susceptible to various shocks and fluctuations and that explains why most council areas are perceived currently to be financially weak in terms of undertaking their legally assigned functions to the people at the grassroots

**Non-remittance of Fund to Local Government by the State Government:** The constitution in Section 7(6a & b) provided that state government should pay 10 percent of internally generated revenue into the state joint local government account and the total sum in the joint account would be shared among the local government within the state in such terms as may be prescribed by the State House of Assembly. Unfortunately, evidences abound that state governments not only fail in remitting the 10% of their internally generated revenue but also dip hands into the joint account to the effect that what usually gets to the local government councils is just enough to pay workers' emoluments. This has posed a serious challenge to the revenue of local government with adverse effect on community development.

**Weak Revenue Points of Local Governments:** The independent sources of revenue available to local government are inelastic and poor impedes the capacity of local government to bring about the needed positive change at the localities. Although the 1976 Local Government Reforms has viability as one of the major criteria for creation of local government, most of the council areas are unviable because without federal allocation they cannot survive. A peep into the functions of local government shows that most of them are revenue yielding but most of those revenue such as bicycle, truck (other than mechanically propelled trucks) and cart licensing are no longer in vogue. People find it difficult to register their births, deaths and marriages which are equally sources of revenue to the council areas. This challenge complicates the problem of revenue to local government and by extension community development.

**State Government Interferences on the Local Government Revenue Jurisdiction:** The local governments have continued to suffer from state government encroachment into their internal sources of revenue. The state governments have shown utter disregard to the provision of the Fourth Schedule to the 1999 Constitution of the Federal Republic of Nigeria as amended as they take over viable revenue sources to local governments. Obona *et al.* (2022) identified the areas to include the management of markets, naming of streets and numbering of houses, outdoor advertising and hoarding, motor parks etc. It is now evidently clear that local governments are left with little or nothing to fall back on as their independent revenue, hence the sorry situation of development in our localities.

**Lack of Skilled Revenue Officers:** The local government equally faces the challenge of inadequate and unqualified revenue officers who should rake in revenues into the council coffers. The paucity of

qualified revenue officers has remained an albatross to effective performance of the councils in revenue generation. The local government is dominated by administrative/executive officers, clerks, office assistants, typist etc. while professionals in accounting and related disciplines are in short supply hence, the poor performance of local government in the exploitation of their internal revenue sources.

**Corruption:** Corruption has remained a cankerworm in the fabrics of Nigerian society. The local government is no exception. The available revenue officers engage in acts of corruption by involving themselves in the illegal act of using private receipts instead of official council receipts to collect revenue for personal aggrandizement. In addition, funds earmarked for development projects and programmes are embezzled, diverted or misappropriated. These acts of corruption have apparently brought our council areas to their knees; nothing is working at the local government areas due mainly to activities of unscrupulous elements in the system.

**Lack of political will** by the operators of the local government to explore, harness and exploits available revenue points with a view to raising some revenue for purpose of community development.

**Citizens' distrust,** cynicism and refusal to pay rates, tax, charges etc due to poor record of local government in terms of performance in Nigeria.

### **Strategies and Solutions**

There have been many debates, seminars and workshop put together to improve revenue generation. Scholars have suggested some useful strategies, which include the following: According to Okwoli (1983) cited in Agbe *et al.* (2017): Retraining already employed personnel, Selection of competent revenue collectors, Undertaking in property development, Up word review of the share of the federation account, Establishment of revenue monitoring committee and task force, Procurement of modern communication gadgets, vehicles motor cycles and boats, Enactment of clearly defined bye-laws and Establishment of proper internal control to check or curtail fraud.

### **Empirical Review**

There exist in current literature a number of studies on the effects of revenue generation and local government development in Nigeria. For instance, Afukonyo (2023) studied on the issue of revenue generation and how it affects development in the rural areas: a case study of Jalingo Local Government Area. Survey was adopted for the study and the study adopted both primary and secondary source in collection of data. This research argued that local governments were faced with such challenges like inadequate finance, corruption, poor implementation of projects, lack of competent manpower, high level of illiteracy, lack of due consultation and non-involvement of local dwellers in policy decisions and hijack of local government allocation by the state government.

In a separate study, Okereke and Olewe (2023) investigated the effect of Internally Generated Revenue on development of local Government Areas in Enugu State and revealed that internally-generated

revenue had a significant effect on the provision of road infrastructure and educational infrastructure while revealing insignificant effect on the provision of water infrastructure by Local Governments Authorities in Enugu State.

Okon and Uwah (2023) conducted a study on relationship between internally generated revenue and infrastructural development, in the form of capital expenditure in Akwa Ibom State, for the period 2007- 2020. The objective was to ascertain the contribution of internally generated revenue to infrastructural development on health, education, and sanitation. The ex post facto research design was adopted, where secondary data were obtained from the office of the Accountant General of Akwa Ibom State. The data were analyzed using simple regression analyses to test the hypotheses. It was found that internally generated revenue (IGR) has a positive relationship with infrastructural development in the State, showing a positive and significant relationship with development in education, and an insignificant but positive relationship with health and sanitation. Consequently, it was concluded that a balanced approach to internally generated revenue (IGR) appropriation to the infrastructural development in all the areas was absent.

Nwokwu and Ndukwe (2023) examined the implications of local government internally generated revenue on the development of communities in Ebonyi with particular focus on selected local governments and found that internally generated revenue significantly assists local government councils in the provision of quality primary healthcare services in communities of Ebonyi State and that internally generated revenue significantly aids local government councils in the construction and maintenance of roads in communities.

Braimoh and Onuoha (2022) studied on Revenue Generation and Performance in Local Governance in Nigeria: A Survey of People's Perception in Selected Local Government Areas of Edo State and revealed that poor revenue generation by local governments hinders grass root development in Nigeria.

Aminu *et al.*(2020) focused on the Impact of State Government Revenues on Infrastructural Development in Bauchi State Nigeria and revealed that share of allocation received from the federation account as well as debt both had a positive and significant influence in the provision of infrastructure while internally generated revenue, showed a negative and significant relationship.

Wuyah *et al* (2019) conducted a study on impact of internal revenue generation on the development of Local Government Areas in Kaduna State: (A case study of Chikum Local Government) and found that internally generated revenue displayed a positive but significant influence on development of Chikum Local Government.

Olalekan & Irewole (2019) examined the Internally Generated Revenue and Infrastructural Development in Lagos and showed that there is a significant positive relationship between internally generated revenue and infrastructural development.

Odewale (2019) conducted a study on Local Government and Primary Education in Nigeria and revealed that Local government has contributed immensely to the functioning of primary education, both in mandatory and concurrent capacities with the state government especially in payments of teacher's salary and allowances, provision of instructional materials, provision of classrooms and other infrastructures needed for the smooth running of primary education in Nigeria. The majority of the studies discussed above focused on how internal revenue influences governmental spending.

Most of the studies were done outside Jalingo, Taraba State especially on the impact of locally generated income on and rural development by local governments in Nigeria, no other research has been done on revenue generation and local government development in Jalingo Local Government Area. This work was therefore required to close the gap.

### **Theoretical Framework**

Endogenous Growth Theory was adopted as the theory for this paper. The efficiency school of thought is promoted by Mills and Bricks (1988), which is cited in Mackenzie (1964). They contend that provide services to the local population is the primary goal of local government. According to Sharpe (1970), local governments are the most effective means of delivering the fundamental services required to enhance the social and economic well-being of the rural population. The local government should be able to coordinate state and federal actions so that the benefits of decentralized government are distributed to rural areas. Therefore, the primary functional obligation of local governments is to carry out the local tasks assigned to them as effectively as possible. Socio-economic development is facilitated by the local government. It has developed into "a strategy intended to enhance the economic, social, and cultural life of a particular group of people as well as living in rural areas" (Anam, 2014). The primary goals of socio-economic development include ensuring that there are minimum acceptable levels of food, clothes, shelter, education, and health as well as increasing employment, productivity, and income. Thus, the local government must be efficient in the provision of these services in the nation.

### **METHODOLOGY**

This paper is quantitative study that adopts survey research design. Survey research design allows a researcher to collect data on many variables or factors to achieve research objectives (Sekaran & Bougie, 2016). Also, it is used in causal or descriptive research to collect data on people, events or situation such as in this study. Four-point Likert-scale structured questionnaire ranging from Strongly Disagree (SD), Disagree (D), Agree (A) and Strongly Agree (SA) was used to collect the data. The scope of the study is individual local government officials randomly selected from Jalingo local government area of Taraba State. The local government officials were selected in this study because of their vast knowledge and experience on revenue collection, tax administration, collection and challenges in local government area. The questionnaire was designed to capture detailed profile of the

respondents in addition to what they consider as the benefits and challenges facing the revenue generation. The questionnaire was administered through the employment of a research assistant that facilitated the process, while others were self - administered by the researcher to the respondents.

Though 314 copies of the research questionnaires were distributed to the sampled staff of Jalingo local government, only 306 of them or 97.5% were actually returned while 8 of them representing 3.5% were not returned. Of the 306 questionnaires returned, all of them constituted the final sample size of the research work, which shows a good response rate of 97.5% percent. This percentage of the returned questionnaire is considered sufficient for any realistic study based on Sekaran (2005) argued that a 90 percent response rate is suitable for any good survey. In determining the sample size, Yamane (1967) formula and a simple random sampling (SRS) was employed in the selection of the sample size of the study. This comprised departmental heads, officer’s in-charge of departmental revenue generation, revenue officers and collectors in the revenue unit of the local government. The sample size of the study and the population size are 1,456 members of staff of Jalingo Local Government (Jalingo Local Government Records, 2023). Onabanjo *et al* (2023) recommends the use of Taro Yamane’s formula for researchers in determining the sample size from a given population. It was adopted in this study.

Taro Yamane’s formula is:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

n = Sample Size [Unknown]

N = Population Size (1456)

1 = Fixed Numerical factor

e = margin of error usually 5%

To derive the optimal sample size, we have:

$$\begin{aligned} n &= \frac{1456}{1 + 1456(0.05)^2} \\ &= \frac{1456}{1 + 1456(0.0025)} \\ &= \frac{1456}{1 + 3.64} \end{aligned}$$

n= 314

Using the above formula the sample size is therefore 314.

The researcher made use of descriptive statistics such as frequency and simple percentage, mean and standard in analysing the data collected. Whilst inferential statistical tool such as the Pearson Product

Moment Correlation coefficient at 0.05 level of significance was employed to test the hypothesis. The researcher employed the use of SPSS Software Version 25 for data computation and analysis. Results were presented in tables for easy comprehension.

## RESULTS AND DISCUSSION

This section presented data analysis, findings of the study and conclusions arrived at. It starts with demographic analysis of the respondents.

### Demographic Analysis

As indicated in the methodology, 306 respondents participated in the research, out of which 197 respondents representing 64.4% are male while 109(35.6%) are female. This indicates that most of the staff in Jalingo L.G.A are males. In terms of age, 11(3.6%) fall within the age of 18-25, 29(9.5%) are between the age range of 26-30 and 104 respondents representing 34.0% fall between the age of 31-36. More so, 66(21.6%) are aged between 37-45 and 96(31.4%) are 46 years and above. This implies that most of the respondents are adults within the age of 31 and above. In terms of working experience, 38 respondents representing 12.4% have 1-5 years of working experience, 17(5.6%) have 6-10 working experience; 180(58.8%) have been working in the LGA for almost 11-15 years and 71 of the sampled respondents representing 23.2% have been working for 15 years and above. This implies that majority of the respondents have more than 10 years of working experience. The data on qualification shows that 151(49.3%) of them has Bachelor’s degree, 155(51.7%) staff have either National Diploma or Higher National Diploma.

**Table 1: Demographic Analysis**

| <b>Demographics</b>      | <b>Frequency</b> | <b>Percentage (%)</b> |
|--------------------------|------------------|-----------------------|
| <b>Gender</b>            |                  |                       |
| Male                     | 197              | 64.4                  |
| Female                   | 109              | 35.6                  |
| <b>Age Group (Years)</b> |                  |                       |
| 18-25                    | 11               | 3.6                   |
| 26-30                    | 29               | 9.5                   |
| 31-36                    | 104              | 34.0                  |
| 37-45                    | 66               | 21.6                  |
| 46 and above             | 96               | 31.4                  |
| <b>Qualification</b>     |                  |                       |
| Bachelor’s Degree        | 151              | 49.3%                 |
| ND/HND                   | 155              | 51.7%                 |
| <b>Total</b>             | <b>306</b>       | <b>100%</b>           |

Source: Field Survey, 2024.

### Sources of Revenue Generation in the Study Area

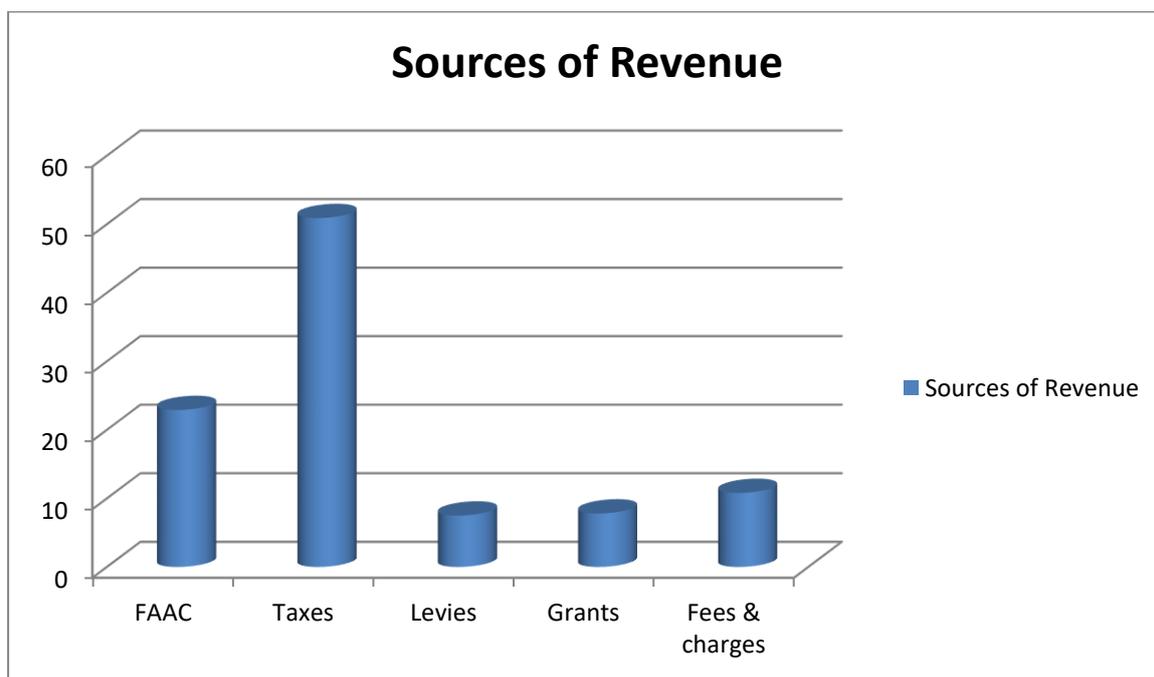
Table 2 and figure 1, depicts the respondents view on the sources of revenue generation in Jalingo Local Government Area of Taraba State. 156 respondents representing 50.9% are of the opinion that taxes forms one of the major sources of revenue generation in Jalingo Local Government Area of Taraba State; 70(22.9%) said revenue are generated from Federation Account Allocation (FAAC),

33(10.8%) agreed that revenue are sourced through fees and charges, 24(7.8%) said revenue in Jalingo are generated from grants and 23(7.5%) said revenue are generated in Jalingo through collection of levies.

**Table 2: Sources of Revenue Generation in the Study Area**

| Sources               | Frequency  | Percentage (%) |
|-----------------------|------------|----------------|
| Taxes                 | 156        | 50.9           |
| Jalingo share of FAAC | 70         | 22.9           |
| Levies                | 23         | 7.5            |
| Grants                | 24         | 7.8            |
| Fees and charges      | 33         | 10.8           |
| <b>Total</b>          | <b>306</b> | <b>100%</b>    |

Source: Field Survey, 2024.



*Figure 1: Showing the sources of revenue in the study area*

**Challenges facing revenue generation in local government development in Jalingo L.G.A**

Table 3 and figure 2, depicts the respondents view on the challenges affecting revenue generation and development in Jalingo Local Government Area of Taraba State. The issues of lack of task obligations was ranked 1<sup>st</sup>, followed by lack of autonomy which ranked 2<sup>nd</sup> and corruption as 3<sup>rd</sup>. Also, the challenges of ineffective financial control mechanism was ranked 4<sup>th</sup> in the ranking; lack of tax communication was ranked 5<sup>th</sup> and lack of tax collection centers were ranked 6<sup>th</sup> in the table.

**Table 3: Challenges facing revenue generation in local government development in Jalingo L.G.A**

| <b>Challenges</b>              | <b>Ranking</b>  |
|--------------------------------|-----------------|
| Corruption                     | 3 <sup>rd</sup> |
| Lack of autonomy               | 2 <sup>nd</sup> |
| Ineffective financial control  | 4 <sup>th</sup> |
| Lack of tax communication      | 5 <sup>th</sup> |
| Lack of tax obligations        | 1 <sup>st</sup> |
| Lack of tax collection centers | 6 <sup>th</sup> |

Source: Field Survey, 2024.

**Effect of revenue generation on the socio-economic development of Jalingo Local Government Area of Taraba State**

Table 4 presents the results of a survey examining the effects of revenue generation on the socio-economic development of Jalingo Local Government Area (LGA) of Taraba State. The table includes responses to five statements, rated on a Likert scale ranging from "Strongly Agree" (SA) to "Strongly Disagree" (SD). The total responses, mean (X), standard deviation (STD), and the overall remark for each statement are provided. Result indicates that in item 1; most of the respondents (64.1%) agree that revenue generation has significantly enhanced infrastructure development in Jalingo LGA. The mean score of 2.67 suggests a positive perception, although there is notable variability in responses, indicated by the standard deviation of 1.33. Responses in item2, depicts that majority (70.3%) of respondents disagree that increased revenue generation has positively influenced employment rates in the study area. The mean score of 2.23 reflects a general disagreement, with a moderate spread of responses (standard deviation of 1.12). More so, it could be revealed in item 3 that the responses are mixed but lean towards agreement (43.8%) that the quality of public services has improved due to higher revenue generation. The mean of 2.50 suggests a slight positive trend, though a significant proportion of respondents (56.2%) disagree, indicated by a standard deviation of 1.24. In addition, data in Table 5 shows that majority (64.2%) of the respondents agree that revenue generation has contributed to economic growth and diversification. The mean score of 2.70 supports this positive perception, despite the variation in responses (standard deviation of 1.35). Finally, result reveals that a significant majority (63.7%) disagree that increased revenue generation has effectively reduced poverty levels. The mean score of 2.30 indicates a general disagreement, with a moderate standard deviation of 1.14

**Table 5: Effect of revenue generation on the socio-economic development of Jalingo Local Government Area of Taraba State**

| S/N | Response  | SA          | A            | D            | SD          | Total       | X    | STD  | Remark   |
|-----|---|-------------|--------------|--------------|-------------|-------------|------|------|----------|
| 1   | Revenue generation has significantly enhanced infrastructure development in Jalingo LGA.  | 25<br>8.2%  | 171<br>55.9% | 94<br>30.7%  | 16<br>5.2%  | 306<br>100% | 2.67 | 1.33 | Agree    |
| 2   | Increased revenue generation has positively influenced employment rates in the study area   | 35<br>11.4% | 56<br>18.3%  | 160<br>52.3% | 55<br>18.0% | 306<br>100% | 2.23 | 1.12 | Disagree |
| 3   | The quality of public services, including education and healthcare, has improved as a result of higher revenue generation in Jalingo LGA. | 32<br>10.5% | 102<br>33.3% | 158<br>51.6% | 14<br>4.6%  | 306<br>100% | 2.50 | 1.24 | Agree    |
| 4   | Revenue generation has contributed to economic growth and diversification in Jalingo LGA.   | 40<br>13.1% | 159<br>51.1% | 83<br>27.1%  | 24<br>7.8%  | 306<br>100% | 2.70 | 1.35 | Agree    |
| 5   | Increased revenue generation has effectively reduced poverty levels in Jalingo LGA.   | -           | 111<br>36.3% | 175<br>57.2% | 20<br>6.5%  | 306<br>100% | 2.30 | 1.14 | Disagree |

Source: Field Survey, 2024.

### 4.3 Hypothesis Testing

The following hypothesis was tested at 0.5 level of significance.

**H<sub>1</sub>:** Revenue generation has a significant effect on socio-economic development in Jalingo LGA.

**H<sub>0</sub>:** Revenue generation does not have a significant effect on socio-economic development in Jalingo LGA.

**Table 5: Relationship between the revenue generation and effect on socio-economic development in Jalingo L.G.A**

|                            |                     | Correlations       |                            |          |
|----------------------------|---------------------|--------------------|----------------------------|----------|
|                            |                     | Revenue generation | Socio-economic development |          |
| Revenue generation         | Pearson Correlation | 1                  | -.373                      | Rejected |
|                            | Sig. (2-tailed)     |                    | .000                       |          |
|                            | N                   | 306                | 306                        |          |
| Socio-economic development | Pearson Correlation | -.373              | 1                          |          |
|                            | Sig. (2-tailed)     | .000               |                            |          |
|                            | N                   | 306                | 306                        |          |

\*S= Significant  $p < 0.05$

The result in Table 5 shows the relationship between the revenue generation and effect on socio-economic development in Jalingo LGA. Pearson correlation coefficient demonstrates a weak negative relationship between the two variables  $r = -.373$ , indicating that there exists a weak negative

relationship between the revenue generation and socio-economic development in Jalingo LGA. Furthermore, the null hypothesis which states that revenue generation does not have a significant effect on socio-economic development in Jalingo LGA was rejected and the alternate hypothesis is accepted [(P=.000)  $p < 0.05$ ]. This implies that Revenue generation has a significant effect on socio-economic development in Jalingo LGA.

### **Discussion of Major Findings**

Based on the results it can be revealed that majority of the respondents are of the opinion that Jalingo Local Government Area's major source of revenue is taxes collected across the L.G.A. This finding is in agreement with that of Afukonyo (2023) reported that tax is a major source of revenue in Local Government Areas in Jalingo, Taraba State. This result also confirms with a study by Braimoh and Onuoha (2022) who asserted that revenue generation is a critical component of local government development. The authors found that the local government in Nigeria relies heavily on internal revenue sources, such as taxes, fines, fees which account for over 70% of its total revenue.

Similarly, findings on the effects of revenue generation on local government development indicate that most of the respondents agree that there is significant relationship between revenue generation and infrastructural development in the study area. The positive perception regarding infrastructure development suggests that revenue generation efforts are translating into tangible improvements in physical infrastructure. This could be a reflection of visible projects and upgrades within the LGA. This result is similar to that of Okereke and Olowe (2023) who reported that internally-generated revenue had a significant effect on the provision of road infrastructure and educational infrastructure. More so, the negative response regarding employment rates indicates a gap between revenue generation and job creation. This may suggest that while funds are being generated, they are not effectively channeled into sectors that create substantial employment opportunities. This result agrees with that of Nwokwu and Ndukwe (2023) who argued that internally generated revenues are very critical for local government to deliver on its mandates of stepping development down to the grassroots and that the state government should desist from hijacking elastic local government revenue points to enable it raise adequate fund for provision of quality healthcare services and employment and job creation to the people in a sustainable manner.

Mixed responses on the quality of public services such as education and healthcare indicate that while some improvements may be recognized, there is still significant dissatisfaction among residents. This result is connected to a study by Wuyah *et al.* (2019) who found that revenue generated and allocated to health and education sectors were not adequately utilized in relation to total revenue generated for the period 2006 to 2015 in Plateau. Finding on effect of revenue generation on economic development and diversification shows significant relationship. The general agreement on economic growth and diversification is promising, suggesting that revenue generation is supporting broader economic

activities. However, the significant minority who disagree highlights the need for more inclusive economic policies that benefit a wider section of the population. This finding correlates with that of Agbe *et al* (2017) who studied on internal revenue generation and economic development in local government areas in Nigeria and shows significant relationship between revenue generated and economic development in local government areas.

Furthermore, finding revealed that majority of the respondents are of the opinion that revenue generated does not have significant relationship on poverty reduction in the study area. The disagreement on poverty reduction is a critical concern. It suggests that revenue generation has not yet translated into meaningful poverty alleviation, emphasizing the need for targeted poverty reduction programs and more effective use of generated revenue. This result is in agreement with the result of Okeke *et al.* (2017) who reported that revenue gap in any local government area has severe consequences for local government development, including inadequate infrastructure, poor service delivery, and exacerbation of poverty and underdevelopment.

To buttress more, the result on challenges affecting revenue generation and local government development depicts that issues like lack of tax obligations, lack of autonomy and corruption thwarts the process of revenue generation in the study area. This result corroborated the finding of Eteng and Agbor (2018) who studied the challenges of internal revenue generation and inclusive development of local government areas in Cross River State and found out the local government faces challenges in revenue collection, including inadequate infrastructure, poor tax administration and corruption. This result in tandem with that of Afukonyo (2023) who identified challenges like inadequate finance, corruption, poor implementation of projects, lack of competent manpower, high level of illiteracy, lack of due consultation and non-involvement of local dwellers in policy decisions and hijack of local government allocation by the state government. A study on Adi and Magaji (2015) also identified corruption, insufficient fund, lack of tax administration and mismanagement as challenges affecting revenue generation.

Finally, the null hypothesis which states that revenue generation does not have a significant effect on socio-economic development in Jalingo LGA was rejected and the alternate hypothesis is accepted [( $P=.000$ )  $p<0.05$ ]. This implies that Revenue generation has a significant effect on socio-economic development in Jalingo LGA. This finding agrees with that of Okereke and Olewe (2023) who disclosed that generated revenue had a significant effect on the provision of road infrastructure and educational infrastructure while revealing insignificant effect on the provision of water infrastructure by Local Governments Authorities in Enugu State. This finding also confirms with that of Okon and Uwah (2023) who posited that internally generated revenue (IGR) has a positive relationship with infrastructural development in the State, showing a positive and significant relationship with development in education, and an insignificant but positive relationship with health and sanitation.

Wuyah *et al.* (2019) also found out that internally generated revenue displayed a positive but significant influence on development of Chikum Local Government.

## **CONCLUSION AND RECOMMENDATIONS**

This paper attempted to assess revenue generation and Local Government Development in Jalingo Local Government Area. The results revealed taxes are the major source of revenue in the study area. The study established that there is significant relationship between revenue generation and infrastructural development. More so, mixed responses on the quality of public services such as education and healthcare indicate that while some improvements may be recognized, there is still significant dissatisfaction among residents. Finding on effect of revenue generation on economic development and diversification shows significant relationship. The challenges affecting revenue generation and local government development depicts that issues of lack of tax obligations, lack of autonomy and corruption thwarts the process of revenue generation in the study area. Conclusively, revenue generation has a significant effect on socio-economic development in Jalingo LGA. Based on the findings, the following recommendations were made:

- i. The local government tax administrators should also exploit all revenue sources to the local government.
- ii. There is need for adequate training of revenue staff so as to know how to manage public funds.
- iii. The local government administrators need to establish a good internal control system to monitor and control the activities of the LGA. This will also ensure that all money collected is accounted for and all money is expended for the purpose which it meant to serve.
- iv. There should be periodic monitoring of project so as to ensure that contractors do what is expected of them. And also, political consideration in the allocation of contracts should be discouraged.
- v. Local government should embark on meaningful project so as to improve the standard of living of the community level or the local populace. This can be done through the provision of bore-hole, portable water, health services, schools and libraries e.t.c.
- vi. The local government can also party with big manufacturing companies to establish factories, this not only in increasing it revenue drive but provide employment opportunities for the indigenes of the local government. Financial regulation instructions and guide to procedure should be kept as simple as possible.
- vii. Finally, state government should however adopt policies of consciously involving more budgetary power and responsibilities to local authority and develop a sense of political control of the local people by making them aware of the important of local prudent financial management and their welfare. With these numerous suggestions and recommendations, the researcher believes that the performance of local government can highly be improved and this will go a long way to contribute to the socio-economic development of the local government, state and country at large.

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