

Revenue Generated Internally in Oyo State, Nigeria: A Catalyst for Local Service Delivery

Habeeb Afolabi Ojedokun^{[a],*}

^[a] Obafemi Awolowo University, Nigeria.

*Corresponding author.

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Abstract

This research was designed to investigate nexus between internally produced revenue and local level service provision in Oyo State. This was done by investigating the results of locally raised funds to service provision at the grassroots and analyses the degree to which service provided at the local authority have improved the lives of the people within the study region. The methodology employed the use of primary data gathered through the distribution of surveys to the certain categories of people in both Ibadan Northeast local government and Ibarapa East local government. With the use of the ordinary least square approach simple utilizing a regression analysis to test the effects as well as a significance level test at 5%. It was discovered that internally generated revenue has ($R = 0.850^a$, $p < 0.05$) significant impact on service delivery at the grassroots level. It therefore concluded that funds generated inwardly by the local authorities are more proper and efficient to make provision for services delivered to the local populace.

Key words: Revenue Generation; Internally Produced revenue; Local service delivery; Grassroots level; Local authorities

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INTRODUCTION

The Nigerian local government, just like other local authorities in the world, is a level of government beneath

the federal and state governments tasked with meeting the needs of the general public and fostering local development. Unquestionably, the most significant factor in local government's continued existence today is its capacity to deliver services effectively (Bello Imam and Roberts, 2001, p.190). Due to their distance from local communities, the Federal and State governments are unable to easily provide services that local government councils are created to provide. areas.

In the words of Adedeji (2000, p.1),

The institutions of local government in Nigeria have been consistent over the years in their failure to enhance their capacity, to engage and mobilize the people and to respond to their needs, and to administer effectively and responsibly the various local services. The most fundamental weaknesses of local governance in Nigeria today, are non-delivery... Not surprisingly therefore, local governments have failed woefully in providing good governance.

Development that originates within, development that is fuelled by the desires and will of the people, is considered to be the only sort of development that makes sense. In Nigeria, local residents are thought to be the ones who are most aware of their needs, which is the premise underlying the establishment of local government. Indeed, on June 18, 2003, Nigeria's former president, Chief Olusegun Obasanjo, said, among other things, the following reasons for a reform of the country's local administration structure:

Based on the local government reforms of 1976, the local governments became the third tier of government under our current dispensation. The expectation was that the third tier of government would act as a catalyst and aid rapid and sustained development at the grass roots level, however, what we have witnessed is the abysmal failure of the local Government system (The Guardian June 2003, p.19).

Every region has distinct geographical, social, economic, and societal characteristics, as well as a long history that its residents are more familiar with. The local government was recognized by the federal Republic of

Nigeria's 1999 constitution, as well as its predecessors from 1979 and 1989, as a third tier of government with a set of fundamental duties to be relevant in the political system.

The federal, state, and local governments make up Nigeria's three-tiered federal system of government. Each of these domains must fulfil constitutionally mandated obligations. Orewa (1983, p.96) states that it is widely accepted that no central government can satisfactorily administer the entire country from its capital using personnel who are situated at the headquarters. He contends that in order for the government to interact with the populace locally, some type of decentralization is therefore required.

The expense associated with governing the state is rising coupled with dwindling revenue as well as the inadequate and inconsistent federal allocation which in most cases are always being usurp by the state government has resulted in several Local Governing bodies nationwide are developing plans to broaden their sources of revenue, in order upgrade and improve the service delivered within their locality (Adeyemi et al, 2020, pp.213-227). Even more so, the national economy's impending collapse has put considerable financial strain on all levels of government. Regardless of the multiple revenue streams at the local administrative councils according to the Nigerian constitution of 1999, more local governments in Nigeria have relied on monthly funding from the federal government since the 1970s for most of their operations. These views are no doubt instructive. Money is undoubtedly the most pressing and important issue facing local governments today, even though it may

not be the only one preventing them from providing better services (Olojede et al., 2003, p.1). However, the reality is that because they are Nigeria's third tier of government, local governments have found it more and more difficult to fulfil the statutory and other obligations placed on them by virtue of their status (Roberts and Bello Imam, 2001, p.233).

As reported by Kida (Bello Iman, 2001, p. xii).

Any complicated organization (public or private) needs finance in order to maintain itself and successfully fulfil its obligations to *individuals and 6 groups of individuals that consume its output of goods and services. In fact, without money, no individual or complex organization can achieve his/its objective(s).*

However, the serious decline in the allocation getting to local government, as these funds are being syphoned by the state government has caused a reduction in the amount of money available for operations of most local governments in recent years particularly those with weak financial base. According to Bello, Imam (2001, p.58), the declining contribution of the internal revenue portion is the unsettling trend in the revenue pattern among Nigerian local governments. While local governments in the United Kingdom and the United States of America receive over 50% of their funding from this exact source, local governments in Nigeria only receive between 5% and 8.8% of their funding from this source. "Such a trend fails to promote local autonomy or meaningful democracy at the grass roots," he asserts (Bello Imam, 2001, p.58). In Nigeria, the local administrations' internal resources have long been neglected. Particularly in Nigeria, the local councils' total annual internal revenue between 1993 and 2004 was under 10 percent, see the Table 1.

Table 1 SUMMARY OF LOCAL GOVERNMENT REVENUE IN NIGERIA 1993-2004

YE: AR	Tot Rev	Fed A/C	State a/c	Stab Fund & Gen Fco	Vat	Gran 1	Othe rs	Tot Ext Rev	Tot Int. Rev	% Ext Rev over Tot Rev	% Int Rev over Tot Rev	% Fed Allo over Tot Rev	% of State Allo over Tot Rev	% of Vat over TR	% of Stab Fund over T R	% of Grant s over T R
1993	19,874.5	18,316.4	253.1	-	-	269.4	-	18,838.9	1035.6	94.8%	5.2%	92.2%	1.3%	-	-	1.4%
1994	19,223.1	17,321.3	466.4	-	-	229.5	-	18,017.2	1205.9	93.7%	6.3%	90.1%	2.4%	-	-	1.2%
1995	24,412.7	17,875.5	625.4	-	3558.1	242.9	-	22,301.9	2110.8	91.4%	8.6%	73.2%	2.6%	14.6%	-	0.9%
1996	23,789.6	17,586.5	685.1	-	3306.9	-	-	21,578.5	2211.1	90.7%	9.3%	73.9%	2.9%	13.9%	-	-
1997	32,795.8	22,300.5	703.5	-	6826.1	231.7	-	30,061.8	2734.0	91.7%	8.3%	67.9%	2.1%	20.8%	-	0.8%
1998	44,952.7	30,199.3	1097.8	-	9187.3	19.7	-	40,504.1	4448.6	90.1%	9.9%	67.2%	2.4%	20.4%	-	0.8%
1999	60,800.6	43,870.3	419.8	1056.3	9559.8	1210.6	-	56,116.8	4683.8	92.3%	7.7%	72.2%	0.7%	15.7%	1.7%	1.9%
2000	151877.3	118,589.4	1923.1	5398.5	13908.7	4904.7	-	144,724.4	7152.9	95.3%	4.7%	78.1%	1.3%	9.2%	3.6%	3.2%
2001	171,523.1	128,500.5	1598.6	12980.2	20,102.7	2320.7	-	165,502.7	6020.4	96.5%	3.5%	74.9%	0.9%	11.7%	7.6%	1.4%
2002	172,151.1	128,896.7	1,672.3	98970.0	18,727.2	2537.1	-	161,730.3	10,420.9	93.9%	6.1%	74.9%	0.9%	10.9%	5.7%	1.5%
2003	370,170.9	291,406.9	2,119.8	4610.3	39,648.4	7,992.4	4217.6	349995.5	20,175.5	94.5%	5.5%	78.7%	0.6%	10.7%	1.2%	2.2%
2004	468,295.2	375,656.3	3625.7	6082.7	45985.2	14537.5	-	445,887.4	22,407.8	95.2%	4.8%	80.2%	0.8%	9.8%	1.3%	3.1%

Source: Compiled by the writer from various Central Bank of Nigeria (CBN) annual reports and statements of accounts 1993 - 2004

It is therefore of the utmost urgency and significance for the local administration to produce sufficient revenue from internal sources. This requirement highlights local governments' eagerness to seek out new revenue streams or to adopt a more proactive and creative approach to raising money from their present sources, as to carry out the expected responsibility as spelt out in the Constitution (F. F. Nchuchuwe, 2007, p.75). Internal revenue streams for local governments as listed in the 1976 local government reforms as follows:

- i. Rates, which include property taxes, education taxes, and street lighting taxes;
- ii. Taxes, such as flat rates and poll taxes;
- iii. Fines and fees, which include court fines and fees, motor park fees, forest fees, public advertisement fees, market fees, regulated premises fees, registration of births and deaths and licensing fees; and
- iv. Miscellaneous sources such as rents on council estates, royalties, interest on investment and proceeds from commercial activities.

Different local administrations in the Northern and Western parts of the federation, including Lagos, generated an average of more than 70% of their revenue from internal sources before 1976, when the 301 reformed local governments were established in the nation (Orewa and Adewumi, 1992, p.90). On the other hand, starting in 1976, the internal revenue portion of the overall income of the typical local government in the nation started to decline. According to Orewa and Adewumi (1992, p.90), it varied from 13.6% in the former Bendel state to 35.5% in 1987. An unfavourable aspect of the local government system in Nigeria is the very low percentage of the total internal revenue of the local government compared to the total revenue generated. It is concerning that institutions that generated up to 70% of their entire earnings domestically until 1976 have dropped to fewer than 10%, with a number of them reaching less than 2%. (F. F. Nchuchuwe, 2007, p.75). Aside from being worrisome, it has also had a severe impact on service delivery locally. Taxes are the main source of income for local governments in Nigeria. As a result, taxing is one of the domestic economy's internal sources of income for local governments. The government is mostly responsible for its collection and provision to the government. Taxation and other internally sourced revenue are funds accessible to local authorities described in numerous ways and for the sake of this research, to perform their diverse functions. There is no gainsaying persons at the local government level profit greatly from the fact that internally generated revenue. This research study investigates how internally produced revenue affects service delivery at the level of local government in Oyo State utilizing some selected Local Authority Councils as study cases.

PROBLEM STATEMENT

Revenue Generated Internally (IGR) is the earning generated by local governments from the sphere of its authority. The main source of funding for municipal governments comes from internal sources of income. One of the most important factors in deciding whether to create a local council is the ability of local governments to earn funds on their own. According to Oguonu (2006), internal revenue is truly necessary for efficient administration given that no system of rule, whether governmental or local, can function well without some level of independent revenue. He goes on to say that "each local government can significantly explore this source (internal) to improve its funding position" (Oguonu 2006).

As Orewa and Adewunmi (1992, p.92) observed:

The people have not acquired the culture which makes them to realize that they have a civic responsibility to pay taxes, rates, and fees, the revenue from which would enable their Local Government effectively to deliver socio-economic services to them in return.

In a similar spirit, Ola and Tonwe (2005, pp.251-252) attributed the low internal revenue of the local governments to their inability to live up to the expectations of the residents of the local governments. According to them, the people's sentiments toward the local governments have been one of apathy and occasionally animosity because the performance of 20 of the local governments continues to fall short of the expectations of the people. There have been instances of violent attacks by outraged villagers on local government revenue officials because, in their eyes, local government representatives only appear when they want to collect money and never return to provide any services.

The struggle for local governments to become less dependent on the federal government is becoming more difficult. Considering the necessity for cash funding; hence, they must urgently give internal generation activities great priority. This research tried to evaluate the results or effect of internal earnings collected by local governments on service provision in Oyo State at the local area.

RESEARCH QUESTION

This research study will be guided by the subsequent research inquiries:

- Describe the various sources of internally gained earnings for the local government areas in relation to service delivery?
- To what extent has the internally generated revenue influenced the services delivered?
- Has the service delivered improved the lives of people within this locality?

- What are the problems encountered in the internal revenue generated in local administration councils?

OBJECTIVE OF STUDY

This study's main goal is to investigate the effects of locally generated revenue on service delivery at the grassroots. The research's particular goals are as follows:

- Evaluating different sources of Domestically generated earnings of local government area.
- Ascertaining the volume of influence internally generated income has on service delivery.
- To find out if the various services delivered has affected the lives of the local citizens.
- To proffer solutions on how internally generated revenue can be improved to equally improve the quality-of-service delivery.

RESEARCH HYPOTHESIS

H₀: internally generated revenue has not influenced service delivery.

H₁: internally generated revenue has greatly influenced service delivery.

SIGNIFICANCE OF STUDY

This research's significance is to help local authority institutions in Nigeria assess importance of having a broad internally generated revenue base and design various strategies for improving their financial base as it gives local councils the courage to execute their initiatives for the native communities as well as developing local populace. It will also provide evidence that local government authorities can sustain if their internal revenue generation is improved thereby making them less reliant on the monthly federal allocation.

SCOPE OF STUDY

This research was conducted in two local government councils (Ibadan Northeast local government illustrating a city council and Ibarapa East local government representing rural council) in Oyo State, situated in Nigeria's south-western region within the framework of 2011 and 2015.

REVIEW OF LITERATURE

This chapter therefore state some relevant reviews of the concepts of the study, empirical study, theoretical framework and finally identifying the gap of knowledge from this review. The review enables us to know how the internally generated revenue has influenced delivering services to local populace and aids to review variables

under consideration and providing data to support the use of the methodology.

LOCAL GOVERNMENT

Local government is that level of administration established mainly for fostering development and delivering services to the grassroots people particularly their remoteness to the local populace. For three key reasons, local governments are strategically positioned to carry out the tasks assigned to them:

- proximity to the populous;
- increased responsiveness to local demands; and
- simplicity of operation given that local government structures are typically not complex..

According to the Nigerian Local Government Reforms of 1976, local government is defined as "government at the local level established by law to exercise specific powers within defined areas (and) to initiate and direct provision of services and to determine and implement projects so as to complements the activities of the state and federal government in their area (Local Government Reforms)" in the Federal Republic of Nigeria's Constitutions from 1979, 1989, and 1999.

On the other hand, local government is defined as local government that is carried out by representative councils that are established by law to exercise certain powers within specific borders (Local Government Reform Handbook, 1992). The International Union of Local Government Authorities (IULA) defines local government as a level of government with legally defined rights and duties to manage public affairs exclusively for the benefit of the local community (Abe & Omotosho, 2014). According to Ikelegbe (2005), it is a division of a component state or region of a nation-state created by legislation to conduct public business and oversee local issues. The aforementioned assumes that it is the level that is closest to the individuals who have authority to carry out tasks and mandates over its resources, including its manpower. Based on this, the local government is a government that is accountable to the locals and run in the locals' best interests by local representative bodies (Ikelegbe, 2005, p.37).

According to Maddick (1963), local government is a branch of government run by a local council that is given power by the national government to enact laws with a local impact, collect taxes or demand labour, and, within certain parameters, alter national policy to apply locally.

Local government is defined by the United Nations Office for Public Administration as a political subdivision of a country or (in a federal system) state that is established by law and has significant control over local affairs, including the authority to levy taxes or use labour for specified purposes. Such an entity's body is elected... (1983, Adamolekun). As a result of the aforementioned

claim, local government is transformed into a foundation upon which the superstructures of the federal and state governments are anchored. In other words, local government is a crucial support system for the continued existence and operation of both the federal and state governments. Local governments are described as “that unit of administration with defined territory and powers as well as administrative authority with relative authority” (Akhape, 2011), which is corroborative.

Fatile, Majekodunmi, and Oni (2013) defined local government as a government at the local level that functions through a representative council constituted by law to exercise particular authorities within particular areas, in accordance with Aluko (2011). This catalytic role of local government has driven governments all over the world to continuously look for new ways to provide its services since it is responsible for creating an atmosphere that is suitable and conducive for all sectors of the economy to perform optimally. The following examples might be used to illustrate the need for local government:

a. It is more democratic, to start. This is a reference to the fact that it broadens the opportunities for citizen involvement in local administration.

b. It offers important political education. Citizens are exposed to the acquisition, use, and risk of power and authority through this form of schooling.

c. It prepares persons for higher government positions. A platform or launching pad for gaining experience for a higher government job is local government.

d. Local government uses local expertise to inform decisions.

e. b. It is more attuned to local perception. Representatives and council members are more in touch with the public and are more likely to accede to their requests or face eviction.

f. It is simple to recognize and adopt local initiative, particularly when it comes to enlisting community support for projects.

g. The local government system shields residents from tyranny by distributing power more widely, which is a precaution against it.

h. Local government is better equipped to address local variances and needs in service provision because it is familiar with the needs of its own community.

INTERNALLY GENERATED REVENUE (IGR)

These are earnings that the local government receives as a result of local initiatives taken by local government officials and supported by the constitution as set down in the first schedule of the Federal Republic of Nigeria's constitution of 1999. According to Akindele, Olaopa, and Obiyan (2002), it describes funds obtained by the local government from sources inside its operational or judicial

boundaries. It includes several types of taxes, levies, and funds obtained through the granting of various licenses. The term “internally generated revenue” refers to money made internally by the local government in the territory under its control (Adebayo and Rowland, 1974).

SERVICE DELIVERY

According to the Universal Dictionary (1961, pp. 1394–1395), service is described as the execution of job or duty by an official, an act of aiding others, the ability to control or use resources, or a system or organization that provides the public with something valuable or required. According to the Universal Dictionary of 1961, page 413, the act of delivery can be characterized as producing or performing, handing over, bringing items to the intended recipient, or yielding outcomes that are expected or promised. Riekert (2001, p. 90) adopts these definitions, resulting in the following combined definition: “Service delivery is concerned with the provision of a product or service, by a government or government body, to a society that it was promised to, or that it is anticipated by that society.”

Service delivery involves the delivery of welfare services or public goods that will advance the citizens' socioeconomic well-being. The government offers a wide range of public services, including the supply of public utilities, security, initiatives for economic development, the enforcement of the law, and others. The goal of providing public goods and services at the grass-roots level of local government is to raise the general population's standard of living (Angahar, 2013). Some of Education, health, housing, water, rural power, waste disposal services, roads, transportation, and other services are anticipated from local government authorities (Adeyemi, 2013; Agba, Akwara, & Idu, 2013). In order to serve the public interest, local government councils must establish roads, public markets, healthcare facilities, drainage systems, transportation infrastructure, motor parks, and primary schools, among other things (Bolaito & Ibrahim, 2014).

Any government's primary duty might be considered as providing services. To ensure that the services they require are supplied, citizens elect officials. The elected officials and council members must take responsibility for a government's inability to meet the requirements of the people. If the anticipated level of service is not provided, the public can and should demand an explanation from their elected officials (Riekert 2001, p. 89).

EMPIRICAL REVIEW

This empirical assessment's objective is to become acquainted with things previous researchers what others have to say regarding the topic, examine their methods, and decide how much the researchers have successfully responded to the question(s) we set out to address. The

empirical assessment was primarily intended to identify shortcomings in the current studies. To understand other things researchers, have either said or not said.

Simeon, Abidogun, and Olugbenga (2013) provide statistical analyses and modelling of the monthly income expenditures of the local governments in Osun State. Internally Generated Revenue (IGR), Statutory Allocation (SA), and Value Added Tax (VAT), three main sources of local government income, were taken into consideration as predictor factors, while expenditure was taken into consideration as the response. As a statistical method, multiple linear regression was employed. Over a sixty-month period, data sets were obtained from the Osun State Ministry of Local Government and Chieftaincy Affairs. To illustrate the types of links between spending and each of the three sources of income, scatter plots were created. The normal probability plot of the standardized residual from the R statistical package was used to check the data sets for the assumption of normality before doing an ANOVA. The plot demonstrated that the assumption of normality was upheld. The assumption of homoscedasticity was further tested using the residual plot and the Fligner-Killeen test, and it was discovered that error variances were uniform throughout. Using Durbin-Watson and Farrar-Glauber tests to further examine the tolerance of autocorrelation and multicollinearity issues, it was shown that none of these issues existed in the data sets. Statutory Allocation was discovered to be the primary determinant of local government expenditure in the Southwest Zone of Nigeria after the use of the All-Possible Regression Method of Selection of the Best Regression Model.

Asur and Nkereuwem (2013) look into the issues with taxpayers' non-compliance in Borno State and the variables influencing taxpayers' adherence. They emphasize once more how important taxes are to maintaining the state's expansion and prosperity. According to the analysis, there is a significant disparity between the state and federal accounts' tax revenues. Edogbanya and Ja'afaru (2013) examine how Nigeria's local government development has been impacted by income generating. According to the study, there is a strong link between revenue earned and government development efforts, inadequate area development, a lack of basic social facilities for rural residents, and a lack of cash for maintaining current infrastructure.

According to Samuel and Tyokoso (2014), taxation significantly contributes to Nigeria's GDP and revenue production. The Federal Republic of Nigeria's 1999 Constitution's fiscal federalism provisions are examined by Agba, Stephen, and Nnamani (2014) along with the issues affecting the financial viability of local government councils in Nigeria. They come to the conclusion that growing capacity at the grassroots level is essential for the legitimacy of creation and sustainable growth. Financial viability supported by good management, public

accountability, budgetary autonomy, employee motivation, and a servant leadership approach among politicians are all essential.

The root cause of the revenue allocation crisis in Nigerian federalism, according to Akujuru (2015), is the demotion of the principle of derivation in revenue allocation as a result of the focus of the nation's revenue shifting from agricultural products to oil. He goes on to say that the development of financially unsound state and municipal governments is a direct result of the country's political, economic, and social degradation and that the emphasis on revenue sharing rather than income generation is to blame.

THEORETICAL REVIEW

According to various schools of thought, local government means different things to different people. While some scholars contend that local governments are fundamentally democratic institutions because it is their responsibility to promote representative and participatory democracy at the local level of government, others believe that local governments should place a greater emphasis on providing the services that their constituents actually need. Here is a review of these two universities.

DEMOCRATIC – PARTICIPATION SCHOOL

John Stuart Mills's work have largely been of great influence to this school particularly given his efforts on Utilitarianism, Representative government and freedom. In it, he argues that representative government was the best type of government as it promoted liberty, equity, and fraternity and forced people to look beyond their immediate interests in order to understand the legitimate needs of other people; promote education, engagement, and communication in politics. In addition, he claims that regardless of the services it offers, local government is a key component of democracy and exemplifies its fundamental principles. Only until all demographics are represented in government can it be said to be truly representative. The closest level of governance to public participation and consultation is the municipal one. Local authorities level is a refuge for such operations since British and American governments are founded on the principles of democracy and representative government. Local governments serve to promote democracy, offer possibilities for political engagement to the populace, as well as to inform and socialize people regarding politics in such entities and, in fact, other progressed western nations. Local administration's top priority should be informed decision-making, conflict management, and conflict resolution because they are fundamental aspects of politics and development. Panter (1953) asserted that participation is essential to democracy since it is only within a community that people can respect and tolerate

one another's viewpoints and develop a grasp of real-world politics. The ruling class and members of the upper level of government legislature now train in local administrations.

This democracy function's capacity to foster civic and political engagement is a crucial component. Such an environment aids the inculcation of democratic ideas such as community mobilization, public debates, the election or selection of local government boards and committees, as well as pressure and interest group activities. Local authorities must keep up these principles in order to support democratization.

EFFICIENCY SERVICES SCHOOL

The proponents of efficiency services think that, especially in light of contemporary reality, the democratic ideal espoused by Mills and Panter above does not apply to many political systems in the same manner. The core of their argument is that local governments exist primarily to serve the needs of their citizens. The French professor Langood (1953), who believed that democracy was the affairs of the nation-state as a whole issue of majority rule, equality, and uniformity are the norm, is prominent among the proponents. Local autonomous government, on the other hand, was exclusive and focused on regional division. The fact that the two co-evolved in the 19th century was solely by historical accident because they are incompatible. He continued by saying that it was equally erroneous to believe that local government serves as a platform for democratic teaching. According to him, the local scene has only been successful in producing a small number of national leaders. Local politics are more likely to support specialized sectional interests than a love of democracy. The likelihood of a citizen learning about democracy via national politics and issues is higher. In a similar spirit, Moulin makes the argument that whereas national objectives are more expansive in scope, local administration is far more constrained. Local expertise and experience are scarcely relevant to international concerns. Sharpe (1970) made a compelling argument for local governments by arguing that they were the most effective agent for delivering services that are basically local. He asserted that local government is absolutely necessary since the efficient delivery of these services makes it necessary to establish something else in its place if local government does not exist. Due to the degree of coordination local governments can establish, even a decentralized form of national government is unable to perform this function. Therefore, the primary functional obligation of local governments is to carry out the local tasks assigned to them as effectively as possible.

RESEARCH METHODOLOGY

The research study is set to investigate the internal generated revenue as it affects service delivery at the level

of local government. This chapter, therefore, discusses methods as well as procedures used in carrying out this study. These include research design, sample and sampling procedures, study population, research instrument, data collection, reliability and validity of data and data analysis technique. This research will be carried out in two different local governments in Oyo State with one representing the urban council and the other representing a rural council, Ibadan Northeast local government and Ibarapa East local government respectively.

The research is also designed using the survey's layout which includes acquiring knowledge otherwise known as data through the use of Questionnaires on the result of internal generated revenue on providing services at the local administration. The study population used in this research study comprises of three thousand and sixty-four (3064) across the study groups. In view of this research seven groups were chosen across the local government. In Ibadan North East local government, the study group comprise of the following; 15 members of the traditional council, 23 traditional chiefs, 47 Staffs (Senior and Junior) of the local government council, 621 landlord association members, 147 NURTW members, 134 members of the youth Development Association, and 220 market women. In Ibarapa East local government, the study group comprise of the following; 15 members of the traditional council, 59 traditional chiefs, 73 Staffs (Senior and Junior) of the local government council, 842 landlord association members, 259 NURTW members, 338 members of the youth Development Association, and 271 market women.

A stratified sampling method will be used. in drawing sample from above study population. The two local governments were chosen purposively to evaluate how internally produced income affects the provision of services locally both from the rural and urban viewpoint. A sample/proportional fraction of 10% will be used to draw the sample size from the study population.

The research study used 307 as its sample size which will be administered in the two local governments as drawn from the above study population with adequate representation of the study population such as; traditional council, traditional chiefs, Staffs (Senior and Junior) of the local government, landlord association, NURTW, youth development association, and market women. The research study used questionnaires as its research instrument. Secondary data as well as primary data will be needed for this research. The two measures were employed to ensure that reasonable, robust and reliable analysis was made. Qualitative data will be used in the cause of this study, with the use of a structured questionnaire as tool for study. Primary data shall be gotten utilizing the management of questionnaires in local government areas of concern. Secondary data will be obtained through different journals and governmental publications.

Table 1
Distribution of Sample Size in the Research Study

S/N	Ibadan Northeast Local Government				Ibarapa East Local Government		
	Study Group	Study Population	Sample Fraction	Sample Size	Study Population	Sample Fraction	Sample Size
1	Traditional Council	15	10%	2	15	10%	2
2	Traditional Chiefs	59	10%	6	23	10%	2
3	Staffs of Local Government	73	10%	7	47	10%	5
4	Landlord Association	842	10%	84	621	10%	62
5	NURTW	259	10%	26	147	10%	15
6	Youth Development Association	338	10%	34	134	10%	13
7	Market Women	271	10%	27	220	10%	22
	Total	1857		186	1207		121

Note: Field Survey; 2023.

According to Orodho (2002), reliability is the consistency of empirical indications of a theoretical notion across two or more tests. It explains how a test measures the things that it claims to measure. The extent to which what is under research is adequately represented by the results of the analysis of the real data is known as validity (Mujenda and Mujenda, 1999). The content that is chosen and incorporated into the survey must be pertinent to the variables being examined to determine how well the instrument is working to gather data on the subject.

Data gathered through questionnaires were analysed using statistical methods information analysis. Statistical tables or data tabulation are tools used in data analysis. In Asika's words (1991, p.114), tabulation is the procedure for gathering data for additional analysis using tables. Basically instruments used in arranging or reporting statistical data in a clear and thorough manner. Descriptive analysis with numbers will be utilized in summarising the information from the study that will allow for the proper analytical method/s possibly used to determine how the variables are related. Simple regression analysis was used to test if the variables in the hypotheses are independent. It serves as test of significance or independence.

DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

The visualization, analysis, as well as interpretation of data gathered from administration of questionnaire in two (2) selected LGAs in Oyo State, Nigeria are the topics covered in this chapter. Three hundred and seven (307) prints of the survey were given out all together to collect data regarding effect of internal earnings on service provision at the local level between 2011 and 2015. Two hundred and sixty-eight (268) prints of survey recovered from fieldwork, thereby indicating 87.3% of the overall copies of survey that were gave out.

This chapter consists of the respondents' sociodemographic details and the variables used in measuring its four (4) specific aims: the different sources of internally generated earnings of local government area from 2011 - 2015; the services delivered to the quality of life for those under this locality from 2011 to 2015; the volume of locally generated income has influenced service delivered within the study period; and the challenges encountered in the generation of internal revenue at the time of study in the region of research. The quantitative data were fittingly presented in frequency, percentage, mean and standard deviation as well as regression test statistics using tables and graphs.

SUMMARY OF FINDINGS

This study revealed that tenement rate (95.5%), local taxes (pay as you earn) (90.6%), rates and fines (84.0%), fees and licenses (84.3%) and profit-oriented activities/services (81.7%) were evaluated to be the key sources of locally generated revenue at the grassroot level in Oyo State, Nigeria. However, these sources were believed to be revenue areas that are exploitable by the local authority councils in the research region. These sources were revealed from the qualitative data which are inclusive part of the enlisted sources of finance as spelt out under the Federal Republic's 1999 constitution.

Furthermore, domestically produced revenue has been discovered to have ($R = 0.850^a$, $p < 0.05$) significant influence on the provision of services at grassroots level. The afore said statement maintained that fund generated inwardly by the local authorities are at good position to make provision for services delivered to the local populace; but they are somewhat handicapped on the basis of their institutional strengths, poor access to detailed information about their community, as well as selfish interest of local officials.

Also, the study analysed challenges encountered in the generation of internal revenue at the local government.

Suggesting each RII of the challenges in parenthesis: refusal of citizen in paying fees and costs and so on owing to inadequate performance evidence of the local authorities (RII = 4.37), dishonesty and some revenue collectors' lack of dedication (RII = 4.15), over-bearing misuse of the state's authority over the local councils (RII = 4.14), corrupt an selfish interest of council officials (RII = 4.08) and non-innovative revenue generation strategies (RII = 3.94) were the identified challenges confronting local governance on the generation of internal revenue during the time frame of the research at the investigated location.

CONCLUSION

This research concluded the existence of a known connection between internally generated revenue and service delivery at the local level in Oyo State, Nigeria between 2011 and 2015. The internally generated fund plays significant role towards enhancement of service delivered to the grassroots populace specifically through tenement rates, local taxes (including Pay as You Earn), rates & fines, fees & licenses and profit-oriented services or commercial activities at the local level in Oyo State Nigeria between 2011 and 2015. The research indicated extent of locally generated earnings strengths on service delivery. Internally generated funds had significant effect on the various components of service delivery. However, the locally generated funds were challenged by refusal of citizen to pay due to poor record of performance and dishonesty and lack of dedication from revenue collectors to no-innovative revenue generation strategies. "The time is ripe for an innovative look at the service delivery obligation of the Local Governments in line with evolving realities," as stated by Imam (2001, p.260). In addition, this study found out that internal revenue generation's biggest issue in the study area is the excessive emphasis placed on cutting the national cake without giving the baking sufficient thought. Over time, the spotlight on funding local government has shifted from locally generated money to foreign revenue (Omapariola and Adewale, 1998, p.139).

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