

EFFECT OF INTERNALLY GENERATED REVENUE ON RURAL DEVELOPMENT OF LOCAL GOVERNMENT AREAS IN ENUGU STATE

OKEREKE, Naomi Chinyere and Olewe B.N.

Department of Public Administration

Faculty of Management Sciences

Enugu State University of Science and Technology, Enugu.

ABSTRACT

In the study, we investigated the effect of Internally Generated Revenue on development of local Government Areas in Enugu State. The specific objectives were to: examine the effect of internally-generated revenue on the provision of road infrastructure, establish the effect of internally-generated revenue on the provision of educational infrastructure and determine the effect of internally-generated revenue on the provision of water infrastructure by Local Governments Authorities in Enugu State. The research utilized survey research design. The population of the study was 820,200. Taro Yamane formula was used to determine the sample size of 625. The collected data for the study was analysed through mean score. The Chi-square statistical analysis was applied in testing the hypotheses. The findings 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 (where: D.F = 9; $\chi^2_{cal} = 357.230$, $p = 0.00$, D.F = 16; $\chi^2_{cal} = 258.945$, $p = 0.00$ and D.F = 16; $\chi^2_{cal} = 181.629$, $p = 0.11$). The study recommended among others that the local government administration in Enugu State should continue to increase its aggregate revenue mostly from internally generated revenue base, since only revenue from internal sources can boost their income given the dwindling allocations from the federation account, this will enable them to provide more road infrastructure in their domain.

ARTICLE INFO

Keywords:

Internally Generated Revenue, Development, Local Government, Road Infrastructure, Educational Infrastructure, Water Infrastructure

Article History:

Received: 10 Feb 2023

Accepted: 15 Mar 2023

Available Online: 30 Mar 2023

© 2023 The authors. Published by ZARSMI UAE. This is an open access article under the Creative Commons AttributionNonCommercial 4.0

1. INTRODUCTION

Development at the local level is one of the main goals of the Nigerian local government system. Local governments are run at the local level (Otu & Anam, 2019). They were created to increase political engagement by getting governance closer to the people. It is the type of governance that the citizens of a federal state like Nigeria are most familiar with. The local government was established to promote rural development as well. They complement the state and federal governments' development efforts. However, the success of local government in achieving its objectives largely rests on the strength of its revenue base (Okeke, Mba & Emeh) (2017). Internally produced money is a significant source of funding for local government operations. The main mechanism for social contract and infrastructural development inside a state is internally generated income (IGR). It enables the government to act responsibly and make the necessary choices to meet the requirements of the populace. IGR in Nigeria is primarily derived from taxes. It is crucial for budgeting and a potent fiscal tool for guiding and advancing the economy (Olalejan & Irewole, 2019). It makes a significant contribution by giving the state ongoing growth and development to keep society moving. As the government generates more cash domestically, more projects are commissioned, additional money is in circulation, more prospects for employment and economic growth arise, and the quality of life rises. Most notably, it is an instrument for state infrastructural development (Okwori & Sule, 2016).

According to Allison, Nwali, and Ereke (2020), the recent rise in poor revenue collection for the level of government most effectively tasked with rural development has made rural development a significant difficulty. Due in large part to its proximity to rural residents, the local government system is seen as the level of government that is most effective in

fostering rural development. The primary duty and task of local government is to oversee the hinterland's quick development. The local government finances must be significantly strengthened both internally and externally in order to accomplish this goal of rural development and to guarantee efficient local government administration. This is possible thanks to the local government executives' strong administrative skills and political goodwill, as well as other relevant personnel council (Nwali, 2018). According to Nebo and Chigbo (2015), the effectiveness of local government councils as the local form of government is determined by the caliber and scope of the services they provide to rural residents. Money is unquestionably necessary for the local government council to provide meaningful services, such as the provision of basic necessities, educational services, road construction and maintenance, the creation of employment opportunities for citizens, and the payment of staff salaries when they are due. A local government council will not only be unable to serve the people without funding, but will surely fall apart. As a result, in order for the local government to properly carry out its statutory duties, it must not only be appropriately funded but also use that funding in the best possible ways. It is now extremely urgent and crucial, in the opinion of Okeke, Mba, and Emeh (2017), for states and local governments to earn sufficient money from domestic sources.

Today, the state government in Enugu State has assumed control of local governments as a result of revenue. At this point, it needs to be emphasized once more that the local government's IGR capacity is quite weak. Similarly, the issue of internally generated revenue is taken for granted by the authority on the side of the local government administration in Enugu State. As a result, the local government's funding for recurring and capital expenses in 2014 was entirely dependent on statutory allocation, value added tax, 10% of state IGR, and excess crude oil proceeds. This is the main cause of various Local Government councils in Enugu State's lack of development. Poor internal revenue production is a problem that affects local government everywhere, not only in Enugu State. However, this had a significant detrimental impact on local government regions' development. Communities in Enugu State still lack access to reliable energy, safe roads, and adequate healthcare, demonstrating the need for greater infrastructure development. It is based on this that the study on the effect of Internally Generated Revenue on development of local Government Areas in Enugu State becomes necessary.

1.1 Statement of the problem

The main mechanism for social contract and infrastructure development inside a state is internally generated income (IGR). It enables the government to make the responsible choices necessary to meet the fundamental demands of the populace. As the government generates more cash domestically, more projects are commissioned, extra money is in circulation, more prospects for employment and economic growth, and the quality of life rises. Most notably, it is an instrument for state infrastructure development. However, the local government administration does not give the importance that it should to the issues of internally generated money in fostering rapid socio-economic growth. One of the most severe challenges to effective and efficient local government administration and development in the majority of Nigerian states continues to be low locally produced revenue. The primary source of funding for local governments now is federation allocation, which is not even enough to cover employee salaries. The difficulties of a low income base nearly brought Nigeria's grass-roots governments to ruin. The question of whether to abolish or restructure local government systems in Nigeria arose as a result of the local government administrators' inability to use methods for raising money to finance the council through internally generated revenue. This obstacle prevents them from fulfilling their constitutional development obligations, including the provision and maintenance of social services (education and health care).

Due to the local government's inadequate revenue drive, many rural residents of Enugu State may become concerned about the administration's incapacity to provide basic facilities like roads, education, and water in many local government areas. Due to the unfavorable administration of the local government, the high level of corruption, and the high tax burden placed on the populace, it may be necessary for the local government to provide the essential infrastructure. Poor road systems might have led to an unjust distribution of resources and extreme hardship throughout the State. Many local government administrations in Enugu State now lack the financial resources to maintain the state's current road, educational, and water infrastructure, let alone start and carry out new projects. The situation therefore justified the need to examine the effect of Internally Generated Revenue on development of local Government Areas in Enugu State

1.2 Objectives of the study

The general objective of the study was to examine the effect of Internally Generated Revenue on development of local Government Areas in Enugu State. The specific objectives of the study were to:

- i. Examine the effect of internally-generated revenue on the provision of road infrastructure by Local Governments Authorities in Enugu State.
- ii. Establish the effect of internally-generated revenue on the provision of educational infrastructure by Local Governments Authorities in Enugu State
- iii. Determine the effect of internally-generated revenue on the provision of water infrastructure by Local Governments Authorities in Enugu State.

1.3 Research questions

The following research questions were made to guide the study.

- i. What is the effect of internally-generated revenue on the provision of road infrastructure by Local Governments Authorities in Enugu State?
- ii. What effect does internally-generated revenue have on the provision of educational infrastructure by Local Governments Authorities in Enugu State?
- iii. How does internally-generated revenue affect the provision of water infrastructure by Local Governments Authorities in Enugu State.

1.4 Hypotheses

The following null hypotheses were raised for the study.

- i. Internally-generated revenue has no effect on the provision of road infrastructure by Local Governments Authorities in Enugu State.
- ii. Internally-generated revenue does not have effect on the provision of educational infrastructure by Local Governments Authorities in Enugu State.
- iii. Internally-generated revenue has no effect on the provision of water infrastructure by Local Governments Authorities in Enugu State.

2. REVIEW OF RELATED LITERATURE

2.1 Internally Generated Revenue

The process and many ways the local government can raise money to provide services are implied by the notion of revenue generation (Allison, Nwali & Ereke, 2020). Taxes are the significant source of income for local governments in Nigeria. And tax is a mandatory charge placed by the government on people and businesses to fund a variety of legal state operations (Olaoye, 2008). Civilization cannot exist without taxation. Without some level of financial independence, neither a foreign nor local system or 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). IGR has also been defined as state government income that come from a variety of sources, including taxes (pay as you earn, direct assessment, capital gain taxes, etc.) and motor vehicle license fees, many more (Adenugba & Chike, 2013). They also have these internal sources at the local government level. For instance, local government internal sources of revenue, according to Okolie & Eze (2004), refer to the ways that local governments make money from their local communities. The only sources of income accrued to Nigeria's local government system are internal revenue generating. These funds are those over which the local government alone has control. Prior to the local government reform in 1976, these were the main sources of funding for local government. If the external ones don't work, local government can rely back on these sources of income. They are, in fact, the traditional sources of funding for Nigeria's local government system.

2.2 Local Government Administration

The concept of local government is grounded in a philosophical commitment to democratic participation at the grassroots level. This suggests that a higher level of government will formally and administratively grant authority, power, and personnel to a group of people who have their own will, carry out certain responsibilities as part of the greater national framework, and are part of a community. According to Okpata (2003), Nigeria's local government administration has garnered significant interest on the national and international levels ever since the 1976 Great Local Government Reform. Despite being the level of government closest to Nigerian citizens, local governments do not provide advantages to their residents. The Federal Republic of Nigeria's 1999 constitution recognizes local government as the third level of government in Nigeria, with the state and federal governments acting as the superordinate ones. In Nigeria, this government collaborates with the State and Federal governments to provide for the needs of the populace, including infrastructure (Okpata, 2004). The third level of government, local government is viewed as a public sector institution with statutory duties, financial management, and allocated roles and responsibilities for maintaining itself and serving its constituents (Uguru, 2011). In Nigeria, local government authorities serve as the third tier of government and play a crucial role in carrying out both central government policies and programs. It is the nearby government to the people and deals with their issues.

2.3 Rural Development

Development is essentially the process by which individuals construct and renew themselves and their living conditions in order to achieve greater levels of civilization in accordance with their own preferences and ideals, according to Ake (2001). The concept of rural development, which is central to this study, entails progress, movement, and improvement for rural residents (Okoli & Onah, 2002). Both the material and immaterial components of life have improved. Action, reaction, and motion are all involved. Rural development is the process of modifying the socio-spatial structures of rural populations' productive activities in order to raise their standard of living while also ensuring their self-sufficiency. It entails a wide-ranging organization and mobilization of the rural masses and resources in order to improve

the ability of the rural populace to cope successfully with the daily tasks of their life and with the change brought on by this (Okoli & Onah, 2002). The study placed a lot of emphasis on rural infrastructural development, including the lack of roads, water infrastructure, and educational infrastructure in many rural villages in Enugu State.

2.4 Road Infrastructural Development

Usman (2016) defines infrastructure as a solid element that includes all systems of urban physical construction, the majority of which are buried underground. The process of increasing the economy is thought to be sparked by the upgrading of road infrastructure (Rostow, 1962 and Usman, 2016). According to Usman (2016), road development has been identified as a tool for reducing poverty in poor countries by the World Bank (2007) and major donor communities. The construction of new roads will have a significant impact on agricultural production. According to the African Development Bank (ADB) (2010), just 34% of rural Africa, where 80% of the population lives, has access to roads. Studies on the effects of road infrastructure in Asia and Latin America have demonstrated positive effects on a number of outcomes, according to Usman (2016). lower levels of poverty

2.5 Educational infrastructural Development

Egberibin (2014) notes that education is a social service that offers a framework for human resource development and enhances the knowledge required for a country's economic and social development. According to Adesina (2011), education may be used to control a person's attitudes, wants, emotions, and actions by ensuring that they have the essential knowledge and understanding. Education has evolved into a crucial good that defines a country's level of development or progress on a global scale. Onuma (2016), suggests that education is seen as the most significant tool for bringing about social change in all its forms throughout the world. According to the Federal Government of Nigeria (FRN, 2012), efforts must be made to link education to Nigeria's general requirements because it "is a true vehicle for social development and national integrations." Onuma (2016), argues that the success of the aforementioned goal depends on the standard of instruction provided to the populace, particularly in Nigeria's secondary schools. The broad goal of Nigerian secondary education (FRN, 2012), which is still a mirage in the State possibly due to a lack of funding, prepares students for usefulness in society. According to the report, quality education achievement is associated to instructors and students' administration, curriculum and supervision, motivation, finance, infrastructure, and technology facilities.

2.6 Water Infrastructural Development

Water infrastructure spending has a positive impact on economic development, employment, and quality of life. Everything we do requires water. Services for providing water and wastewater are necessary for every home and company in every city. More jobs will result from increased employment benefits from investments in water infrastructure. According to CH2M (2017), filling the investment gap in water infrastructure in America will enhance the economy and create jobs. The analysis found that spending the \$82 billion annually required to address the country's water infrastructure needs would lead to the creation of 1.3 million jobs and an increase in total economic activity of \$220 billion. The report's findings demonstrate that making investments in water infrastructure boosts economic activity across the country, creates high-quality jobs, and makes American companies more competitive. The aforementioned statement implies that a state's ability to grow economically and socially depends on the presence of the facilities described.

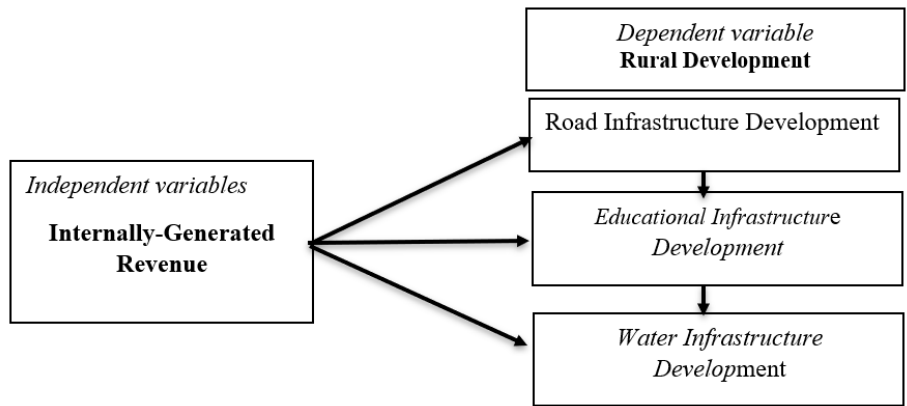


Figure 1. Conceptual Framework

2.7 Theoretical Review

2.7.1 *Endogenous Growth Theory*

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. Rural 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 rural 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.

2.8 Empirical Review

2.8.1 *Internally-Generated Revenue and Road Infrastructure*

Aminu, Isah & Aliyu (2020) focused on the Impact of State Government Revenues on Infrastructural Development in Bauchi State Nigeria. Secondary data was obtained from the government's Annual Financial Statements for the period 2006 to 2018. Ordinary Least Square regression was employed as the technique of analysis. The findings of the study 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. Olalekan & Irewole (2019) examined the Internally Generated Revenue and Infrastructural Development: Of what relevance to Lagos? Data was sourced from State and Local Government Programme (SLGP) Consultants' Report 320 and Lagos state ministry of Planning and Budgeting website. The result showed that there is a significant positive relationship between internally generated revenue and infrastructural development. Mahmud, Muawiya & Saidu (2017) worked on an Assessment of Internally Generated Revenue On Local Government Administration. Data was collected from primary source of data collection and the data generated was analyzed using simple percentage method. The study also found that corruption, mismanagement and inadequate supervision of revenue staff are some of the problems associated with the revenue generation in Mubi South Local Government Area. Ironkwe and Ndah (2016) studied the impact of internally generated revenue (IGR) on the performance of local governments in Rivers State Nigeria. The study adopted the ex-post facto research design while regression analysis was used to test the hypotheses. The findings of the study revealed that TREV and NTRV had no significant impact on Local Government road construction (LGRC) in Ogba/Egbema/Ndoni Local Government Councils within the period studied.

2.9 *Internally-Generated Revenue and Educational Infrastructure*

Odewale (2019) conducted a study on Local Government and Primary Education in Nigeria: An Overview. Using the secondary method of data collection in form of content analysis, the paper 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. Otu & Anam (2019) conducted a study on Internally Generated Revenue and Local Government Performance in Nigeria: Implications for Rural Development. Data were collected primarily from secondary sources; extant literature, documentary, and new reports. The study adopted content analysis in discussing issues raised. The paper established that local governments in Nigeria are faced with poor revenue capacity and this affects their efforts in the implementation of projects for rural development. Ogbu, Okezie and Okezie (2017) worked on evaluated impacts of Internally Generated Revenue (IGR) utilization on structural development in Ebonyi State. The study employed simple regression analysis to test the hypothesized variables and using this research design to analyze the data, it showed Road Infrastructure (RDI), Educational Infrastructure, and Water Infrastructure at 0.05 alpha level of significance. It was discovered that IGR has insignificant impact on Road infrastructure but significantly impacted on Educational and Water infrastructure.

2.10 *Internally-Generated Revenue and Water Infrastructure*

Wocha and Ibama (2020) examined the challenges of private provision of potable water in Obio/Akpor Local Government Area and its Socio-economic implications. The study adopted a cross-sectional survey, and data were collected with the use of both closed and open-ended questionnaire. It also involved the collection of the private borehole points with the use of a handheld global positioning system (GPS). Data were analyzed using the descriptive method of analysis and data presented in charts and tables. The result of the study showed that there were no specific distances maintained between borehole points, a good number of borehole locations were clustered in some parts of the study area.

Omodero, Ekwe and Ihendinihu (2018) investigated the impact of internally generated revenue (IGR) on economic development of Nigeria. The statistical tool used for the data analysis was the multi-regression and t-test for test of hypotheses. The findings of the study revealed that TIGR, SIGR and LIGR have robust and significant positive impact (p-value = 0.000 < 0.05) on RGDP, while FGIR also indicated positive and significant influence on RGDP. There was an existence of high correlation between the dependent and independent variables. Oyetakin and Yahaya (2017) researched on the Analysis of Internally Generated Revenue and Infrastructural Development of Public Universities in Ondo State, Nigeria. A total number of fifty (50) management staff was used. A regression analysis was employed to test the hypotheses. A negative and significant relationship between Internally Generated Revenue and Amount Spent on Infrastructural in public universities in Ondo State in the study period.

2.11 Gaps in Empirical Review

The majority of the studies discussed above focused on how internal revenue influences governmental spending. Most of the studies were done outside Enugu State especially on the impact of locally generated income on and rural development by local governments in Enugu State, Nigeria, no other research has been done. This work was therefore required to close the gap.

3. METHODOLOGY

3.1 Research Design

The method, tactics, and techniques used in the data collecting and analysis phases of this study is descriptive survey design. This design was chosen because it gives the researcher the chance to interact directly with the community and gives them the chance to visit a location where they can freely gather information.

3.2 Area of Study

The study took place in Enugu State's three senatorial zones: Enugu East, Enugu West, and Enugu North. A local government was chosen from the senatorial districts namely: The LGAs were: Enugu North, Udi and Uzo-Uwani. **Enugu North** is a Local Government Area of Enugu State, Nigeria. Its headquarters are in the city of Enugu at Opkara Avenue. The LGA is made up of four main district areas Amaigbo Lane, Onuato, Umunevo and Ihenwuzi. Enugu North is one of the seventeen local governments in Enugu state and also one of the three LGA's that made up Enugu Town - plus Enugu East and Enugu South. **Udi** is a Local Government Area of Enugu State, Nigeria. Its headquarters is in the town of Udi on the A232 highway. The current Local government chairman is Hon Ifeanyi Agu. It has an area of 897 km² and a population of 370,002 at the 2015 census. **Uzo-Uwani** is a Local Government Area of Enugu State, Nigeria bordering Kogi State and Anambra State. Its headquarters is in the town of Umulokpa. It has an area of 855 km² and a population of 124,480 at the 2006 census. The postal code of the area is 411.

3.3 Sources of Data

The researcher made use of primary and secondary data.

Primary Source of Data: The primary data involves information collected from a direct survey which entails direct contact with the respondents. The respondents to the study were the major source primary data.

Secondary Source of Data: The secondary source of data used in this study comprised of information already in existence before the conduct of this research and this includes textbooks, journals, magazines, and the internet.

3.4 Population of the Study

The population used for the study is hereby presented in the table below;

Table 3.1

Population distribution of LGA(s) use small letter

LGA	Population	Percentage
Enugu North	326,900	40
Udi	321,700	39
Uzo-Uwani	171,600	21
Total	820,200	100

Source: National Population Commission Project 2022

Determination of Sample Size: Taro Yamane formula was used to determine the sample size. The formula is stated as follows:

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

Where: n = desired sample size; N = finite population size, 1 = unity and it is constant, e = error margin (0.05, 0.03, 0.04, 0.5, etc)

$$n = \frac{820,200}{1 + \frac{820,200(0.04)^2}{820,200 \times 0.0016}} = \frac{820,200}{1.131232} = 625$$

3.5 Sampling Technique

The sampling technique used for this study in the selection of sample population was the purposive sampling technique. In that regard, each of the sample size population was chosen for a purpose, which means the respondents were chosen for a purpose. The researcher then used purposive sampling to select respondents who were relevant to the study. To ensure the respondents were equally represented, the researcher purposively selected local government administrators, civil society organization, local government civil service commission, community leaders, traditional rulers and cabinet members, residents of the selected communities etc.

3.6 Method of Data Collection

The investigation was conducted using the questionnaire. The instruments were employed because they enabled the researcher to gather pertinent quantitative and qualitative data for use in testing the hypotheses that had been developed. The survey tool had a standardized 5-point Likert scale (Strongly agreed, agreed, undecided, disagreed, strongly disagreed)

3.7 Validity of the Instrument

In order to execute face validity of the measuring instruments, the instrument was validated by two expert researchers in Measurement and Evaluation in ESUT. These experts offered necessary corrections in such manner that the questions effectively address the goals of the study.

3.8 Reliability of the Instrument

A test-retest reliability was used. In the Nkanu West LGA, the questionnaire was given to a group of thirty respondents. Statistical analysis of the responses was done using Cronbach Alpha, which produced a reliability value of 0.88 indicating good reliability.

3.9 Method of Data Analysis

The data were presented using descriptive statistics in the form of a table, frequencies and percentages, and a mean score. The hypotheses were tested using the chi-square test and SPSS version 23.0.

$$X^2 = \sum \frac{(O - E)^2}{E}$$

Where:

X^2 = Chi-square, O = Observed Frequency
 E = Expected Frequency, \sum = Summation of all items

Assumption: Level of significance 0.05

Decision rule: Reject H_0 if the calculated value of χ^2 is greater than the critical value of χ^2 otherwise accept H_0 .

4. DATA PRESENTATION AND ANALYSIS

Research Question One: What is the effect of internally-generated revenue on the provision of road infrastructure by Local Governments Authorities in Enugu State?

Table 4.1

Effect of internally-generated revenue on the provision of road infrastructure by Local Governments Authorities in Enugu State

s/n	Response	SA	A	U	DA	SD	FREQ	Mean	Decision
1	Internally generated revenues in the LGAs has enabled them to embark of road rehabilitation in the rural communities	150	205	25	151	70	601	3.4	Accepted
2	IGR has enabled the local government construct culverts and bridges in many rural communities	232	160	38	121	50	601	3.7	Accepted
3	IGR contributed to the LGAs to construct many rural roads in many communities	160	182	20	159	80	601	3.3	Accepted
4	Many rural roads today command a new look with improved IGR	200	190	18	143	50	601	3.6	Accepted

5	IGR enables the LGAs to carry out palliatives road maintenances in many rural areas across the towns and villages	190	170	10	161	70	601	3.4	Accepted
Grand Mean								3.5	

Source: Field Survey, 2022

The responses' mean thoughts on how internally generated income affects local government authorities' ability to provide road infrastructure in Enugu State are shown in Table 4.1. The outcome showed that all of the respondents' responses were favorable. The grand mean of 3.5 indicates that internally generated revenues in the LGAs have made it possible for them to start road reconstruction in the rural villages. The respondents were optimistic in their assertions.

Research Question Two: What effect does internally-generated revenue have on the provision of educational infrastructure by Local Governments Authorities in Enugu State?

Table 4.2

The effect of internally-generated revenue on the provision of educational infrastructure by Local Governments Authorities in Enugu State

s/n	Response	A	A	U	D	SD	Total	Mean	Decision
1	Local government administration makes primary education accessible to the citizenry	208	230	12	131	20	601	3.8	Accepted
2	Local Government embark on the provision and maintenance of primary, adult and vocational education in relation with State government.	170	200	10	171	50	601	3.4	Accepted
3	LGAs contributes a huge percentage of the funding of primary schools in their areas of jurisdiction	224	156	15	126	80	601	3.5	Accepted
4	LGAs provide basic educational service such as provision of desk, board, maintenance of school infrastructure	227	175	8	151	30	601	3.6	Accepted
5	LGAs are responsible for the payment of primary school teachers' salaries	170	235	15	141	40	601	3.5	Accepted
Grand Mean								3.56	

Source: Field Survey 2022

The respondents' average thoughts on how internally generated income affects local government authorities' ability to provide educational infrastructure in Enugu State are displayed in Table 4.2. The responses from the respondents demonstrated that the mean score of (3.9, 3.6, 3.6, 3.8, and 3.6) accordingly provides evidence that the respondents accepted all of the elements in the question. The respondents agreed, as evidenced by the grand mean of 3.56, that Local Government should start providing and maintaining Adult and Vocational Education in Relation to State Government.

Research Question Three: How does internally-generated revenue affect the provision of water infrastructure by Local Governments Authorities in Enugu State.

Table 4.3

How internally-generated revenue affect the provision of water infrastructure by Local Governments Authorities in Enugu State

s/n		SA	A	U	D	SD	Total	Mean	Decision
1	The share of IGR is so minimal that funds for provision of portable water supply are not adequate	160	151	10	160	120	601	3.1	Accepted
2	Poor IGR have deprived many LGAs t impinge on the LGAs ability to deliver portable water supply	120	166	15	178	122	601	2.9	Rejected
3	Poor IGR have denied the basic funds necessary to drive the provision of portable water supply	130	171	8	170	122	601	3.0	Accepted
4	With the weak IGR, the LGA fund could only cover the personnel cost which negates the provision of portable water supply	130	181	10	170	110	601	3.0	Accepted

5	Poor accountability and corruption at the local government level as funds provided are not accounted for, while the rural community suffer from communicable diseases all year round	110	131	10	210	130	601	2.7	Rejected
Grand Mean								2.97	

Source: Field Survey, 2022

The respondents' average thoughts on how internally generated income affects local government authorities' ability to provide water infrastructure in Enugu State are displayed in Table 4.3. The respondents' replies that locally generated revenue has an impact on the provision of water infrastructure in several local government areas of Enugu State were firmly held, as seen by the grand mean of 3.67.

4.1 Test of Hypotheses

Data generated from the study were used to test the hypotheses using the chi-square test tool with formular as:

$$\chi^2 = \sum \frac{(O-E)^2}{E}$$

Where O = observed frequency, E = Expected frequency

Assumptions: Level of significance = 0.05

Decision Rule:

1. Reject Ho if the P-Value cal < 0.05 at 5% level of significance.
2. Otherwise accept the null hypothesis (Ho).

Test of hypotheses one

Statement of hypothesis one

Ho: Internally-generated revenue has no significant effect on the provision of road infrastructure by Local Governments Authorities in Enugu State.

Table 4.4

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	357.230 ^a	9	.000
Likelihood Ratio	322.324	9	.000
Linear-by-Linear Association	99.385	1	.000
N of Valid Cases	601		

a. 1 cells (6.3%) have expected count less than 5. The minimum expected count is 4.48.

Degree of freedom; D.F = 9; $\chi^2_{cal} = 357.230$, p = 0.000

Decision: From the Chi-square analysis in Table 4.4, based on the χ^2_{cal} value of 357.230 and P-value of 0.00, The provision of road infrastructure is positively impacted by internally generated revenue, according to table 4.4, and this impact is statistically positively significant at the 5% level of significance. This finding shows that we should accept our alternative hypothesis one (H1), which states that locally produced revenue has a major impact on local government authorities' funding of road infrastructure in Enugu State.

Test of hypothesis Two

Statement of hypothesis Two

Ho: Internally-generated revenue does not have a significant effect on the provision of educational infrastructure by Local Governments Authorities in Enugu State.

Table 4.5

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	259.945 ^a	9	.000
Likelihood Ratio	259.874	9	.000
Linear-by-Linear Association	101.184	1	.000
N of Valid Cases	601		

a. 1 cells (6.3%) have expected count less than 5. The minimum expected count is 4.17.

Degree of freedom; D.F = 9; $\chi^2_{cal} = 258.945$, p = 0.00

Decision: From the Chi-square analysis in Table 4.5, based on the χ^2_{cal} value of 259.945 and P-value of 0.60, in table 4.5 revealed that IGR has a positive effect in the provision of Educational Infrastructure and this effect is statistically significant at 5% level of significance. This result, therefore suggests that we should accept our alternate hypothesis two

(H_i) which states the Internally-generated revenue have a significant effect on the provision of educational infrastructure by Local Governments Authorities in Enugu State.

Test of hypothesis Three

Statement of hypothesis Three

Ho: Internally-generated revenue has no significant effect on the provision of water infrastructure by Local Governments Authorities in Enugu State.

Table 4.6

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	181.629 ^a	9	.061
Likelihood Ratio	202.605	9	.000
Linear-by-Linear Association	102.577	1	.000
N of Valid Cases	601		

a. 2 cells (12.5%) have expected count less than 5. The minimum expected count is 3.67.
Degree of freedom; D.F = 9; $\chi^2_{cal} = 258.945$, $p = 0.061$

Decision: From the Chi-square analysis in Table 4.4, based on the χ^2_{cal} value of 181.629 and P-value of 0.00, in table 4.6 revealed that IGR has a negative effect in the Provision of Water Infrastructure and this effect is statistically insignificant at 5% level of significance as the P-value is within 5% significance level. This result, therefore suggests that we should accept our null hypothesis one (H_o) which states the Internally-generated revenue has no significant effect on the provision of water infrastructure by Local Governments Authorities in Enugu State.

5. DISCUSSION OF FINDINGS

5.1 Internally-Generated Revenue and Road Infrastructure

The result of hypothesis revealed that Internally-generated revenue has a significant positive effect on the provision of road infrastructure by Local Governments Authorities in Enugu State. This is evident from the fact that D.F = 9; $\chi^2_{cal} = 357.230$, $p = 0.000$. The data in Table 4.1 is an indication that the respondents accepted that local government administration improved on road infrastructure in Enugu State. From the look of things, most of the respondents may have attributed the road infrastructure in the state which were mainly done by the State government as that of local government. Moreover, most of the roads done in the rural areas were done through State-Local governance joint account, a good example was the Old Enugu-Port Harcourt road that traverses through Akpasha-Ozalla-Agbogugu-Ihe-Owelli Court-Ogugu-Nenwe communities. So the respondents may not be totally wrong. The result revealed that the respondents were all positive in their responses. The respondents were positive in their assertions, the grand mean of 3.5 is an indication that Internally generated revenues in the LGAs has enabled them to embark of road rehabilitation in the rural communities.

5.2 Internally-Generated Revenue and Educational Infrastructure

The result of hypothesis two indicated that Internally-generated revenue has a significant positive effect on the provision of educational infrastructure by Local Governments Authorities in Enugu State. Evidence from the Chi-square test showed a D.F = 16; $\chi^2_{cal} = 258.945$, $p = 0.00$. The view of the respondents was all positive going by the data in table 4.2. From the constitutional provision, one of the primary duty of local government administration is the primary school education, so Local government administration makes primary education accessible to the citizenry, Local Government embark on the provision and maintenance of primary, adult and vocational education in relation with State government etc. The responses from the respondent showed that the mean score of (3.9, 3.6, 3.6, 3.8 and 3.6) respectively is an indication that the respondents accepted all the items in the question asked. The grand mean of 3.56 showed that the respondents agreed that Local Government embark on the provision and maintenance of primary, adult and vocational education in relation with State government.

5.3 Internally-Generated Revenue and Water Infrastructure

Equally, the result of hypothesis three indicated that Internally-generated revenue has no significant positive effect on the provision of water infrastructure by Local Governments Authorities in Enugu State. This is where: D.F = 16; $\chi^2_{cal} = 181.629$, $p = 0.11$. Data in table 4.3 is a strong affirmation to that effect. The grand mean of 3.67 showed that the respondents were firm in their responses that the internally regenerated revenue affects the provision of water infrastructure in many local government areas of Enugu State.

5.4 Summary of findings

The following are the findings from the study.

- i. Internally-generated revenue had a significant positive effect on the provision of road infrastructure by Local Governments Authorities in Enugu State (where D.F = 9; $\chi^2_{cal} = 357.230$, $p = 0.000$). This suggested that IGR in the LGAs had made it possible for them to start road rehabilitation in the rural areas.
- ii. Internally-generated revenue had a significant positive effect on the provision of educational infrastructure by Local Governments Authorities in Enugu State (where D.F = 16; $\chi^2_{cal} = 258.945$, $p = 0.00$). This demonstrated that LGAs offer fundamental educational services including providing desks, boards, and maintaining school facilities.
- iii. Internally-generated revenue had a significant positive effect on the provision of water infrastructure by Local Governments Authorities in Enugu State (where D.F = 16; $\chi^2_{cal} = 181.629$, $p = 0.11$). According to this, the LGA fund could only pay for human expenses due to the low IGR, negating the need for a portable water supply.

5.5 Conclusion

The study concluded that Internally Generated Revenue had affected to a significant extent the provision education and road infrastructure in Enugu State while the IGR negatively affected the provision of water infrastructure by the local government administration in Enugu State. By providing social services and rural infrastructure, local governments are able to drastically improve the quality of life in their areas (construction and maintenance of roads, drainages, culverts, markets, schools, and health centers). However, despite the fact that the constitution of Nigeria specifically addresses local government funding, it has suffered greatly, resulting in deficit financing in a significant number of local governments in Nigeria.

5.6 Recommendations

The study recommended as follows:

- i. Given the declining allocations from the federation account, the local government administration in Enugu State should continue to improve its overall revenue, primarily from domestically generated revenue base. This will enable them to construct more road infrastructure in their territory.
- ii. Equal funding should be allocated to the State's educational infrastructural development in order for IGR to be used effectively. The LGAs are also recommended to keep an eye out for opportunities to boost IGR in order to guarantee progress in the development of the state's water resources and educational system.
- iii. In order to address the acute perennial water crisis in the state, the study recommended that the Enugu State Government upgrade outdated water facilities to ensure regular water supply to the populace in both the city center and rural communities. This can be done by requiring local government administrations to yearly install boreholes in each rural community within their jurisdiction.

6. REFERENCES

- Abiola, G.A., & Ehigiamusoe, U.K. (2014). Analysis of internally generated revenue and its Implications on fiscal viability of states governments in Nigeria. *Journal of Empirical Economics*, 2(3), 216-228.
- Adenugba, A. A., & Chike, F. O. (2013). The effect of internal revenue generation on Infrastructural development. A study of Lagos State Internal Revenue Services. *Journal Of Education and Social Research*, 3(2), 419 – 436.
- Adi, A.A & IMagaji, Y.I. (2015). Internal revenue generation in the Taraba State, Nigeria: Problems and Prospects. *International Journal of Economics, Commerce and Management*, 1(2), 1-13.
- Anorom, A. (2012). Philosophy and Society. *African Journal for Culture.(AJC)* 2(1): 101-115.
- Asimiyu, A.G., & Kizito, E.U. (2014). Analysis of internally generated revenue and its implications On fiscal viability of State Governments in Nigeria. *Journal of Empirical Economics*, 2(4), 216-228.
- Ayegba, S.F. (2013), "Automated internal revenue processing system: A panacea for financial problems in Kogi State," *West African Journal of Industrial and Academic Research*, 7(1), June, 56-69.
- Balogun, A. (2015). Developing internally generated revenue in an era of diversification. <http://www.vanguardngr.com/2015/04/>.
- Elamah, O. (2015), "Enhancing internally generated revenue in Edo State: Issues, Prospects and challenges". The Nigerian Observer. Monday October 26.
- Ironkwe, U.I., & Ndah, E.N. (2016). Impact of internally generated revenue on performance of local government in Rivers State, Nigeria. *International Journal of Business and Law Research*, 4(4), 42-58.
- Mahmud, A., Muawiya, S. S. & Saidu, S. (2017). An assessment of internally generated revenue on local government administration. *International Journal of Innovative Research & Advanced Studies*, 5(6), 291-300.
- Nebo, C. S. and Chigbo, U. J. (2015). Effective revenue utilisation and substantive development: A study of Nnewi North local government area of Anambra State. *Journal of Policy and Development Studies*, 9(5), 25-37.
- Nwosu, D. C & Okafor, H. O. (2014). Government revenue and expenditure in Nigeria: A disaggregated analysis. *Asian Economic and Financial Review*, 4(7): 877-892.
- Obadan, M.I. (2018). Inauguration of chairman of Esan South Local Government Area, Benin Paper presented at the Inauguration of Newly Elected Local Government Chairmen in Edo State, Benin City

- Odey and Oti (2017). The relationship between internally generated revenue and capital expenditure utilization in Cross river state, Nigeria from 2007 to 2015. *International Journal of Development and Economic Sustainability*, 6(1), 9-18,
- Okeke. M., C. Mba, Eme. O. I. (2017). Enhancing internally generated Revenue: issues, strategies, foresight & Insights. Science Arena Publications Specialty Journal of Humanities and Cultural Science, 2 (1): 1-22
- Okolie, D.O. & Eze, F.E. (2004). *Local government administration in Nigeria*, Enugu: John Jacob Classic Publishers Ltd.
- Olaoye, F.O., & Adedeji, Q.A. (2017). Performance benchmarking of selected Southwest States Government. *Advances in Social Sciences Research Journal*, 4(24), 88-94.
- Omodero, C.O. Ekwe, M. C.& Ihendinihu (2018) U. G. (2018). Impact of internally generated revenue (IGR) on economic development of Nigeria. *Accounting and Finance Research* , 7,(2), 166-163.
- Oti, P. A., Odigbo, B. E. & Odey, F. I. (2016). The fluxional relationship between internally generated revenue and cost of collection in Cross River State, Nigeria: Tax education and sensitization measures. *Global Journal of Management and Business Research: D Accounting and Auditing*, 16(2), 33- 41.
- Oyetakin, A.I. and Yahaya, L.O (2017). Analysis of internally generated revenue and infrastructural development of public universities in Ondo State, Nigeria. *G.J.C.M.P.*, 6(1):24-33
- Scharticles, O. (2014) Enhancing local government effectiveness in Nigeria. administrative democrat, *Public Policy and Administration Research*, 13(10): 7 -14.
- Uhunmwuango S.O. & Stanley A. (2013) Problems of revenue generation in local government administration in Nigeria, *Business and Management Research Journal* Vol. 2(3), 89 - 96, (<http://www.resjournals.com/RBM>, Retrieved 10th Jan. 2014.)