

## IMPROVING THE REVENUE BASE OF LOCAL GOVERNMENT SYSTEM FOR RURAL DEVELOPMENT IN NIGERIA

<sup>1</sup>Pat Allison, <sup>2</sup>Tiben Benz Nwali & <sup>3</sup>Kenneth I. Ereke

<sup>1</sup>Department of Business Management,  
Godfrey Okoye University, Enugu, Nigeria

<sup>2</sup>Department of Political Science,  
Evangel University, Akaeze, Nigeria

<sup>3</sup>Department of Public Administration,  
Ebonyi State University, Abakaliki, Nigeria

Corresponding Author: [deoasisworld@gmail.com](mailto:deoasisworld@gmail.com); 08037706495

---

**ABSTRACT:** This study has undertaken a critical evaluation of the challenges facing the local government revenue in Nigeria. With the application of descriptive survey design as the methodology using content analysis, the study has revealed that the abysmal performance of the local government in terms of rural development was premised on the poor revenue often gotten by the local government, especially the internally sourced revenue. Other challenges identified include corruption among revenue collecting officers among other things. Anchored on Structural Functionalism theory, the study showed that the local government being part of the society which exists as a structure with interrelated parts, with each structure performing role functions has not achieved enough in terms of rural development because of structural dysfunctionality. It was found that the revenue base of the local government can be improved through the collective responsibilities of all stakeholders. This study therefore recommends among other things that local governments in Nigeria should endeavour to exploit fully its extant internal revenue sources as approved by laws.

**Keywords:** Local government, revenue generation, rural development, financial management

### Introduction

Rural development has been a major challenge in recent time, especially

---

with the rising wave of poor revenue generation for the tier of government most appropriately saddled with the responsibility of rural development. The local government system is seen as the most effective tier of government responsible for rural development due largely to its closeness to the rural dwellers. The major function and responsibility of the local government is the responsibility to ensure rapid development of the hinterland. To achieve this goal of rural development and to ensure effective local government administration, the local government finances must be considerably improved both internally and externally. This is achievable through effective administrative capacity and political goodwill of the local government executives other related personnel council.

To enhance the revenue base of the local government, heavy reliance on the external sources of the local government finance should be reduced and efforts to enhance the internal sources of revenue encouraged.

The present pattern and method of financing local government will not lead to rapid rural development and will make it difficult to bring the government at the local level nearer to the people. This therefore defeats the aims of national integration and rural development, which is the socio-economic function of the local government as the third tier of government in Nigeria.

In view of this, attitudinal change of all finance officers and related local government personnel as well as the executive should be adopted as essential factor for effective financial improvement in the local government. Studies on the performance of local government have centered on the inability of the local government council to generate and expend revenue, argues Asobie in Nwali (2018), Okoli, (2000). This concern is premised on the grounds that without adequate financial base, the local government cannot perform its functions effectively. For Local government to be properly managed, it must have independent financial existence otherwise the local government will permanently depend on the goodwill of the other levels of government for their financial needs as has often been the case.

Apart from the very purpose of the Nigerian local government system to deliver socio-economic services to the grassroots people, it is germane to note that this role cannot be achieved successfully without improving the revenue base of the third tier of government. In a democratic era like ours, it is crucial that strategic function should be rooted in the rules, regulations, principles and conventions, which provide a standard guide in the mobilization and management of local government revenue.

Thus, the 1976 Local Government Reform in Nigeria has since remained the greatest effort in the development of local government administration in the

---

country. The objectives of the reforms were meant to make the local government in Nigeria a real third tier or level of governmental administration after the federal and state governments.

The main thrust of the reform was to enable the local government extend social services and development of rural infrastructures to the grassroots. It was in recognition of these objectives that the Fourth Scheduled of 1999 Constitution of the Federal Republic of Nigeria outlined in details the development functions of the local government in Nigeria.

In addition to the participation by the local governments with state government in drawing up the economic development policies and programs of the state, local governments should also provide, maintain and control social services at the local level. Local government also has the responsibility for primary education, agriculture and natural resources, primarily health services, construction and maintenance of rural roads and rural markets, among others, (Nwali, 2019).

To carry out these functions at the grassroots, the Federal Military Government in 1976 extended a grant of sources to the then 301 local government areas in the country and also proceeded in 1977 to appoint and inaugurate the Aboyade Technical Committee to Revenue Allocation to determine a revenue formula that would be entrenched into the 1979 Constitution of the Federal Republic of Nigeria. Though, the recommendations of this committee were not included in the 1979 Constitution which made the local governments in Nigeria, for the first time, to be recognized and included among the three tiers of governments that would benefit from the statutory allocation of the Federation Account, (Chukwuemeka, 2008).

Okoli (2000) noted that prior to the Revenue Act of 1981 and the availing of the Federation Account as a result of bulging oil proceeds of the 1980s, most local governments in the country had a greater share of the total revenue coming from internally generated revenue. The percentages of internal revenue generated to the total revenue were as high as 85% for some local governments between 1962 and 1983.

However, the oil boom and revenue accruing to the Federation Account started declining as from 1983. With this dwindling of revenue sources to the local governments in Nigeria, it means that local governments in the country should seek for more potential and substantial areas of internal revenue generation if they are to perform their numerous responsibilities and programs to their people.

It should however be noted that out of the various forms of revenue, the internally generated revenue is the one which makes a differences between one

local government funds and another. It is this source that any local government can significantly exploit to better her financial position.

### **Conceptual Explication**

#### **Local Government**

Okpata (2003) succinctly opines that Local Government Administration in Nigeria has attracted serious attention both nationally and internationally since the great Local Government Reform of 1976. Local Government is the closest tier of government to the people of Nigeria; yet, the resident population in it is denied the benefits of its existence.

The historical development of Local Government Administration in Nigeria as noted by Okoli (2000) has followed very closely the pre-colonial, colonial and neo-colonial political developments in Nigeria. Thus, the fortunes of Local Government Administration in Nigeria were tied willy-nilly to the apron strings of the pre-colonial, colonial and post-colonial success or failure of Nigeria.

In contribution to this regards, Okpata (2003) noted that the origin of Local Government Administration in Nigeria's development therefore dates back to the colonial era, a system which evolved to actualize the colonial policy of indirect rule; whereby the native authority system was created to accommodate the local chiefs as instruments for the manipulation of the people. He added that the march to Local Government Administration in Nigeria started from the period of Nigerian colonial contact with the British; in which case, the principal functions of the colonial officers were to administer justice through the courts and to exploit and expropriate the minerals from Nigerian hinterland to the British metropolis.

Meanwhile, prior to the advent of the white men, there existed in the political entity called Nigeria relatively autonomous villages, towns and ethnic groups with minimum contacts usually limited to trade, social transactions and little political relationship with others, (Okoli, 2000).

However, the concept of Local Government has been variously defined by scholars and practitioners alike. In the words of Okoli (2000), Local Government is defined as a unit of government below the central, regional or state governments established by law to exercise political authority through a representative council within a defined area.

Onwe (2004) posited that Local Government is the smallest body created to take care of all local interests that require government attention. This later definition can be criticized because of its inability to capture the major essence of Local Government. First, all interests of the people at the local level are not completely left in the hands of the Local Government as issues pertaining to some

aspects of the people's health and security are handled by the State and Federal governments. Secondly, the definition failed to articulate the means and ways of achieving its objective of giving attention to the local people.

However, the United Nations Office of Public Administration in Ezeani (2006) defines Local Government as:

A political sub-division of a nation or (in a federal system) which is constituted by law and has substantial control of local affairs, including the powers to impose taxes or to exert labour for prescribed purposes. The government body of such an entity is elected otherwise locally selected.

The above definition despite its wide appeal or acceptance has some flaws. First, the powers of the Local Government to exert labour creates an impression of its tendency to resort to forced labour which is unacceptable in modern times. Again, the assertion in the definition that the government can be locally selected is faulty. It implies that all the care taker committee management and sole administratorship system instituted by various military regimes in the country can pass as Local Government Administration, whereas such appointments or appointed bodies are mere brands of local administration.

In view of the foregoing, Ezeani (2006) believes that a more comprehensive definition of Local Government Administration and the one that captures the essential features of Local Government is contained in the guidelines for Local Government Reforms in Nigeria which had it that Local Government is the government at the local level exercised through representative councils established by law to exercise specific powers within defined areas. These powers should give the councils substantive control over local affairs as well as the staff and institutional and financial powers to initiate and direct the provision of services and to determine and implement projects, so as to complement the activities of the state and federal governments in their areas and to ensure through active participation of the people and their traditional institutions, that local initiatives and responses to local needs are maximized.

This definition implies that there are certain distinguishing features of Local Government which Ezeani (2006) & Awortowi (2014) identified some to include:

- **Localness:** This implies that Local Government is the lowest tier of government; it is government at the grassroot or local level, which is

subordinated, but not subservient to the state and federal government.

- **Legal existence:** The existence of Local Government is enshrined in the Constitution of the Federal Republic of Nigeria. This protects it from arbitrary actions of higher authority. As a legal entity, it can sue or be sued and has a perpetual succession, meaning that the life of a Local Government does not expire with the end of each administration.
- **Autonomy:** Although, Local Governments are subject to State or Federal Government control in certain areas, they enjoy a reasonable degree of independence in administrative and financial affairs such as the hiring and firing of staff, discipline and control of their own staff subject to certain upper limit, the preparation of annual estimates or budgets and the execution of certain projects.
- **Geographical Composition:** Local Government exists within a defined territory and exercises its authority over a given population. In other words, as a given or corporate entity, Local Government is created to serve citizens resident in a known location.
- **Functional Powers:** Local Government exercises specific powers and performs certain functions as enshrined in the constitution and is composed of elected representatives of the local people.
- **Departmentalization:** Local Government is usually divided into departments, divisions or units which facilitates the accomplishment of the goals, objectives and functions of the local government.

### Revenue Generation

The concept of revenue generation implies the processes and various means through which the local government can generate fund for service delivery. Revenue generation in Nigerian local government is principally derived from taxes. And tax is a compulsory levy imposed by government on individuals and companies for the various legitimate functions of the state, (Olaoye, 2008). Tax is a necessary ingredient for civilization. No system or rules can be effective whether foreign or local unless it enjoys some measures of financial independence.

Historically, the development of direct taxation in local government in Nigeria can be traced to the British pre-colonial period when community taxes

were levied on communities (Rabic, 2004).

### **Rural Development**

Since the colonial times, most development efforts of most developing countries of the world are directed towards the urban centres at the expense of the rural areas, even though most of the raw materials for the development and sustenance of the urban centres come from the rural areas.

It was until the 1970s according to Onah (2010) that governments of developing countries began to think of definite policy programmes for the development of the rural areas. They became aware that no meaningful development of any nation can take place when the bulk of its populations are still poor and neglected. This is why considerable attention is now being placed on the issue of rural development by not only making special budgetary provisions, but also inviting international assistance from development partners.

The idea of local government creation in Nigeria is perhaps one of the institutional approaches to effective rural development in Nigeria (Onah, 2010).

Local governments are administrative centres created from existing states and backed by edicts or decrees of the national government.

Agreeably, most states are pretty large and differently characterized. This partly gives reason for the creation of local governments which assumes to be closer to the people. Local government can be regarded as growth poles or growth centres which cater and care for the peculiar needs of the rural areas, (Okpata, 2003).

However, irrespective of these elegant ideas, local governments still face various challenges ranging from political problems, through social problems to financial ones.

Again, it is observable that many state governors use the opportunity of the phenomenon of local government as patronage for political loyalists who could not make it to the executive council.

Be it as it may, the major rationale behind the creation of local government is primarily to ensure rapid development in the rural areas. It is to ensure this that local government stands to:-

- Ensure stable and balanced state;
- Decentralize power to the rural populace; and
- Enhance the structure of political and social mobilization

---

Rural Development as a concept which is paramount to this study involves

progression, movement and advancement towards something better for the rural dwellers, (Okoli & Onah, 2002).

It is improvement on the material and non-material aspects of life. It involves action, reaction and motion.

Rural development concerns the improvement of the living standard of the low income people living in the rural areas on a self-sustaining basis through transforming the socio-spatial structures of their productive activities.

It implies a broad based organization and mobilization of the rural masses and resources so as to enhance the capacity of the rural populace to cope effectively with the daily tasks of their lives and with the change consequent upon this (Okoli & Onah, 2002).

### **Theoretical Framework**

This study is anchored on Structural Functionalism theory. Structural Functionalism theory (or in many contexts, simply theory of functionalism) sets out to interpret society as a structure with interrelated parts, with each structure performing role function. The failure of one structure leads to dysfunctionality or disorderliness in the system. Structural-functionalists like Gabriel Almond and Bingham Powell posited that for proper understanding of the structures (institutions) in the society, there is need to place them in a meaningful and dynamic historical context.

Situated within the present study, the above postulations have relevant applicability in understanding and analyzing performances in terms of service delivery in Nigerian local governments, which is determined by available resources at the disposal of the local governments. Local governments are structures created in Nigeria to perform specific functions that will help bring government closer to the people and achieve rural development.

As advised by Almond and Powell, a historically study of local governments in Nigeria from its traditional forms like the traditional political system, Native Authority system and modern local government has brought to fore some of the service delivery functions of local governments in Nigeria, which are difficult, if not impossible, to accomplish without strong revenue base. The efficiency and effectiveness of internal revenue generation in the local government largely depends on the political good will to set the necessary machineries in motion.

Furthermore, the idea of dysfunctionality or disorderliness advanced by structural functionalists could be used in explaining the incapacities of local governments to maximize their internal systems, considering the interrelated parts



or components make which makes local governments not to exist in isolation.

Put differently, local government councils in Nigeria consist of departments like finance, works, land, survey and housing; agricultural and natural resources, health, education and social services; administration; budget and statistics and treasury. Each of these departments must interact together to keep the local government moving and effective. Besides, the interactions within the local government milieu, interactions with bodies like the federal government, states local government service commissions, local government councils, rural communities and others must be sustained in an atmosphere of intergovernmental relations aimed at delivering quality service in a timely, satisfactory, honest, effective and transparent manner.

To justify the reasons for creating local governments, local government spending, functions performed by local government workers, interactions between and among its component parts, projects executed by local governments should be aimed at providing the basic services to which each citizen is entitled in a timely, fair, honest, effective and transparent manner.

Nigerians have the right to be served right whether at federal, state or local government levels. Therefore, “dysfunctionalism” in the operations of local governments in Nigeria can be corrected through identifying factors that have hampered effective and efficient generation of revenue, especially the internal revenue sources, for service delivery.

### **Sources of Local Government Revenue**

Sources of local government revenue means the various means through which local government generate financial resources to meet up with financial obligations in the course of discharging constitutional functions and duties. There are two major sources of local government finance in Nigeria, which include internally generated revenue and externally generated revenue (Alo, 2012:23).

#### **1. External Sources of Local Government Revenue**

The external sources of revenue to the local government include statutory allocation from the federation account, grants and loans from federal, state and other sources. These sources are briefly discussed below:

- i. **Statutory Allocation from the Federation Account:** The 1999 Constitution of the Federal Republic of Nigeria provides for statutory allocations of public revenue to local government councils within the state. For instance, Section 7(6a-b) of the Constitution provides that the federal

and states governments are required by law to provide funds for local governments for developmental purposes and the administration of good government. For now, this is a major source of revenue to the local government and it is usually reviewed to boost revenue base. According to Nwali (2018), the major external source of revenue accruable to local governments in Nigeria remains the statutory allocation from the federation account. Nwali further noted that the responsibility of each of the three tiers of government in Nigeria; the federal, state and local governments carries financial burden and as such, there exists a fiscal relationship among the tiers which the states and local governments depends heavily on the federal revenue sharing to meet their financial responsibilities.

ii. **Grants:** Grants which is often called grants-in-aid is another external source of revenue accruing to local government from the central or state governments in Nigeria. According to Onwe (2004), government grants to local governments are usually in either recurrent expenditure. Recurrent grants according to him can broadly be categorized into many types namely:

*Ut*

- **Specific Grants:** Specific grant in the words of Onwe (2004) is a grant-in-aid to meet the cost of particular services like education and health. These specific grants are always operational in Nigerian fiscal federalism.
- **Percentage Grant:** This form of grant in the words of Onwe (2004), is the most common type of grant to local authority prior to 1976. Accordingly, it is based on the actual expenditure incurred by authority on particular service in order to raise the standard of the services and encourage it whether such expenditure is due to higher cost or inflationary trends. The disadvantage is that government is usually constrained to bear the percentage cost of a service even if such loss arises from excessive costing by local government's reckless planning or wastages.
- **Unit Grant:** In the words of Onwe (2004) unit grant is related to the actual number of people served or units of services rendered to the community. For example, grant per classroom constructed by councils as used to be the case of council in the Northern States or the medical treatment granted per child in local council dispensaries as was the case in the Old Western States.

- **Block Grant:** This is a type of grant given to local government in order to augment the local government's internal or independent revenue.
  - **Equalization Grant:** The equalization according to Okoli (2005) is that type of grant which is made to poor and backward local governments to enable them catch up developmentally.
  - **Matching Grant:** Matching grant which is a financial aid, is made by the State or central government to a local government that embarks on development listed as priorities of government.
- iii. **Loans/Borrowings:** Loans and borrowings are other forms of external revenue generation accruable to local government in Nigeria. In the words of Onwe (2004), local government in Nigeria has the rights to borrow money and secure such borrowing upon the property and authority. However, the borrowing power of local government areas is statutorily restricted to a certain ratio of their tangible assets.
- iv. **Overdraft:** This is another form of external revenue generation source available to local governments in Nigeria. According to Onwe (2004) local governments in Nigeria have the right with the approval of the Commissioner for Local Government Affairs to obtain advance from banks by overdrafts provided that no such overdraft shall at any time in any circumstance exceed the income of the local government in the proceeding financial year.

## 2. Internal Sources of Revenue

Internal sources of local government revenue are strategic sources of financing local governments operation. The level of internally generated revenue by each local government depends on the local government, nature of business activities, urban or rural nature of the council, rate to be charged, instruments used in the collection of revenue, political good will and acceptability by the people to pay based on the legitimacy of the council and the socio-cultural beliefs of the citizens regarding the issue of taxation. Local Government is constitutionally empowered to control and regulate certain activities in its jurisdiction, and in so doing, impose some fees and rates on the economic activities as a way of generating funds for operations.

The various ways local government generate revenue internally are; rates, property (tenement) rates; general/development rates; licenses, fees and charges

like marriage registration fees, cart/truck licenses, interest on revenues such as deposits, investments, profits from the sale of stocks, shares, etc. other internal sources are departmental recurrent revenues from survey fees, repayment of personal advances, nursery and day-care centres fees, rents on local government quarters, etc, (Atakpa, Ocheni, and Nwankwo, 2012).

From the foregoing, tax is an imperative ingredient of revenue generation, development and transformation. Tax is compulsory levies imposed by the government on individuals, companies for the various legitimate functions of the tax jurisdiction of federal, state and local governments.

Tax, if properly collected and transparently accounted for is a sustained source of annual income for local governments in Nigeria. Unfortunately, inadequate and unreliable population statistics, corruption, large scale tax evasion, unemployment and poverty, lack of qualified personnel, poor planning and poor performance of local governments hinder tax collection in rural areas by local authorities. To motivate rural dwellers to pay tax, local governments must convince them through effective and efficient delivery of social services and public goods that are localized in nature.

Local governments also generate revenue internally as noted earlier through commercial activities. This involves the ability to engage and loans or mortgage finance, building of stores and shopping malls, renting local government properties like reception halls, chairs, canopies, tables, local government plants like tractors, generators, local interstate transportation and ferry and boat transportation in the riverrine areas and commercial farming among others (Ajayi, 2000).

### **Challenges to Local Government Revenue Generation in Nigeria**

Despite the various sources of revenue generation available to local governments in Nigeria, scholars have contended that they still suffer from poor state of fund. It is an indisputable and incontrovertible fact that the internal revenue generation of most local governments in Nigeria is far below what it should be. Several reasons have been adduced to explain why internal revenue generation is unsatisfactory. Some of the factors that have contributed to these are as follows:

- i. **Absence of reasonable tenement worthy of valuation and rating:** It has been argued that in the rural local government areas, there is absence of reasonable tenements worthy of valuation and rating. For instance, most rural markets and motor parks are not developed as they do not yield

- revenue. As a result, most of the internal revenue sources assigned to local governments are either undeveloped or absent in most rural local government areas as a result of the neglect of the rural areas. The poor state of the rural communities in turn results in a fast drift to the urban cities by taxable adults in search of jobs and decent life which in turn further impoverishes the rural local government areas.
- ii. **Poor/inelastic and difficult method of revenue collection:** Scholars have severally argued that the current revenue collection procedures of the local governments in Nigeria are characteristically poor, inelastic and summarily difficult. Sometimes, the expenditure to be incurred in collecting revenue from a particular revenue source would even far exceed the expected proceeds from that revenue source. Accordingly, the state governments have acquired all the more lucrative, elastic and collective revenue sources leaving the local governments with low ceiling revenue which are administratively and politically difficult to exploit in an environment where the vast majority of the people are poor, self-employed and dispersed in rural areas.
  - iii. **Corruption among revenue officials:** Outcome of studies affirm high incidence of corruption, fraud and embezzlement among the local government revenue collection officials. Some revenue officials collect revenue for which they issue fake receipts to the payers and the fund so collected are not paid to the council's treasury. Thus, huge sums of revenue are collect revenues without issuing receipts, leading to loss of revenue by local government to some corrupt and fraudulent rate collectors, licensing officials, collectors of fees and fines, market masters and valuation officers who sometimes collude with property owners so that their tenements are under-assessed or completely escape valuation and rating.
  - iv. **Lack of professional training:** It is the contention of most scholars that most of the revenue officials like market managers, valuation officers and a host of others lack professional training or that the department is not staffed with well qualified and experienced financial managers, accountants, auditors and property valuation officers who would apply skills and initiatives to develop plants and strategies which would enable them harness and exploit fully and effectively the internal revenues sources.

- v. **Excessive bureaucratic control:** The reason for the low extractive capacity of local government is excessive bureaucratic control. In most cases, the State's Ministry that is directly related to local government delays the issuance of receipts, birth certificates and other revenue documents which are necessary for revenue collection. Consequently, revenue collection is always halted whenever these relevant documents are not available. On the other hand, the Ministry of Local Government at times delays the approval of bye-laws empowering the imposition of taxes, fees or fines and these cannot be collected until the empowering bye-laws are approved. Late approval of the budgets of local governments in some states in 1985 made it practically impossible to collect vehicle parking permit fees which were to be revised annually and thus, the local government lost heavily the potential revenue. This late approval of local government annual estimates appeared as a heavy or serious problem to local government administration that Dasuki Committee report recommended that; provisions should be made in the existing local governments laws or edicts to empower local governments to take their budgets as having been noted by the State Governments if by two months of submission no written reply is received from the ministry and once this happens, each local government should proceed to implement its proposals, subject to availability of funds.
- vi. **Inability of local government to enforce bye-laws:** Another reason that has been adduced to the poor revenue generation in local government in Nigeria is its inability to enforce to the letter its bye-laws. In the words of Okoli (2004), the problem of poor revenue generation of Nigerian local governments hinges on the local government's inability to enforce bye-laws which could enhance their revenue collection. There are local governments that have approved laws in tenements rates which could relieve them of their dependence on the monthly allocation from federation account, but have been unable to enforce the bye-laws. Most local governments have taken the pains to revise the relevant bye-law that concerns their internal revenue generation and collection to be in line with recent development or changes in the society.
- vii. **Inadequate public enlightenment:** Local governments in Nigeria lose a lot of revenue as a result of inadequate public enlightenment on the need for them to pay rates, fees and other contributions and that money collected is
-

applied judiciously for the provision of amenities for them. The gap in communication is one of the major factors often cited as being responsible for the poor revenue collection in local government by the report of the committee on the fiscal and financial performance of local government in the federation.

- viii. **Inability to keep proper financial records:** Local governments have been known to exhibit their inability to keep proper and adequate accounting records. In particular, many Chairmen and Councilors have little or no knowledge of the accounting systems in the local governments system. To them, that should be left to the experts who are in short supply in local governments. All these have combined with the relaxation of the erstwhile effective role of the States Local Government Service Commission to call local governments to order and prevent them from drifting away from the path of financial sanity.
- ix. **Low ceiling revenue source:** The problems of internal generation in the Nigerian local government system are also compounded by the fact the state governments have acquired the more lucrative, elastic and collectable revenue sources (e.g. water rates, motor vehicle license fees, form bidding plans), leaving local government with taxation with low ceiling revenues, which are administratively and politically difficult to exploit in an environment where the vast majority of the people are poor, self-employed and dispersed in rural areas.
- x. **Poor data on tenement rates:** Inadequacy and inaccuracy of data were reported as the major setbacks in the collection of tenement rate; a source which is particularly lucrative in the urban areas. Similarly, rates and fees neither expanded with the growth of the economy nor with the rate of inflation. For example, some of the rates fixed in 1974 were still in force unrevised in the council.

### **Implications of Poor Revenue on Rural Development**

When the revenue base of the local government is not improved, it will lead to poor or lack of rural development which manifests in the following features”

- (i) **Extreme Poverty:** The rural masses are poor because they have suffered age long neglect in the provision of infrastructural facilities that are

necessary for social and economic development. The people depend mainly on subsistence agriculture as well as on the middlemen to get their produce sold in distant markets at prices which are determined by the buyers and customers. Hence, they generate low incomes that can hardly cater for their basic needs. This makes them to be below poverty level on yearly basis (Okoli & Onah, 2002).

- (ii) **Malnutrition:** The bulk of goods consumed is made of carbohydrates and less of protein and other food types that can help their body to fight against diseases. The most vulnerable groups are the children who suffer from kwashiorkor and other childhood diseases. Lack of education and proper medical devices in the rural environment have contributed to poor knowledge of the type of food to be consumed.
- (iii) **Prevalence of Diseases:** Poor nutrition, poor environmental sanitation, general state of poverty and lack of personal hygiene are responsible for the high incidence of communicable disease in the rural environment.
- (iv) **Exploitation of Disease:** The low standard of living and resultant high poverty level have exposed the rural masses to exploitation by the rich and educated urban elites. The labour of the rural masses is hired at low prices. They work for long hours and paid meager wages. Even for those of them who migrate to the urban centres are subjected to the same treatment as their counterparts in the rural areas.
- (v) **Lack of Infrastructural Facilities:** This is the main bane for rural poverty and isolation. The rural areas are not provided with good roads and transportation system, communication, medical facilities (hospitals and clinics), educational institutions (except primary schools under ramshackle accommodation), portable water, electricity etc. Lack of all these put the rural areas in a perpetual cycle of poverty.
- (vi) **Poor Housing and Sanitation:** Most of the houses are made from simple resources that are less durable and attractive. The building walls are made from mud and clay, while the roofs are made of thatched grasses or bamboo leaves that are woven together in sheets. All these can easily give way under the vagaries of strong weather conditions such as heavy rainstorms or windstorms. Because of lack of pipe borne water, there is no good toilet



system; rather, simple pit latrines and open sewage disposal are common within the rural areas.

- (vii) **Subsistence Agriculture:** This is the main sector of livelihood for rural dwellers and involves the use of cutlass and other simple hand tools such as hoes. They cultivate land that are fragmented using land tools as well as ban and slash method, lack the use of fertilizer, insecticides and pesticides; highly labour intensive and low yields per hecter of cultivation. The poverty level of the rural farmers makes it difficult for them to introduce mechanized farming and purchase the necessary inputs that can boost production.
- (viii) **High Rate of Illiteracy:** Lack of educational institutions in the rural areas is responsible for high level of illiteracy among the rural people. Even where schools are located in the rural areas, there is the dearth of qualified teachers because most teachers do not want to be posted to teach in the rural environments. The reason is simply because of lack of incentives and poor infrastructural facilities.
- (ix) **Unemployment:** The large rural populations that are illiterates have contributed to the high incidence of unemployment opportunities. And when young people migrate to the urban centres, they only go there to add to the army of the unemployed people.

### Conclusion

This study has examined the strategies for improving the revenue base of local government for rural development in Nigeria. Specifically, the study took a look at the various sources of internal and external revenue in order to unravel the problems of exploiting the various sources of revenue generation in the local governments in Nigeria. It revealed that the internal revenue of most local governments in Nigeria is far below what it should be. In fact, despite the numerous sources of revenue available to local governments in Nigeria, there is still poor revenue generation. As a matter of fact, local governments in the country must seek for more potential and substantial areas of internal revenue generation if they are to perform their numerous responsibilities and programs to the people.

### Recommendations

- This study therefore recommends that local governments in Nigeria should

endeavor to exploit fully its extant internal revenue sources as approved by laws. As revealed by the study, many of such internal revenue sources have not been fully tapped by the local governments.

- Local governments in Nigeria should immediately tackle the identified problems of exploiting the various sources of internal revenue generation in the area. For instance, the current revenue collection procedures should be made elastic so that the expenditure incurred in collecting the revenue from a particular revenue source would no more exceed the expected proceeds from the source.
- The problem of the revenue valuation officers should be equally tackled headlong, so much so that they should no longer collude with property powers to under assess them.
- Again, there should be sufficient public enlightenment so that people in local government area would come voluntarily on their own to pay their rates and licenses fees without using force on them.
- Local governments in Nigeria should design more revenue yielding sources as Rural Property Rates, Wholesale and Retail Trade Licenses, Product Buying and Sales Licenses, among others. Above all, payments of rates, licenses, fines etc, to the local government should henceforth be made directly into the local government Bank Accounts in designated banks.

## References

- Aduba, D. (2014). *Improving Local Government Internally Generated Revenue in Nigeria*. A commissioned paper presented at training programme. Ibadan: NCEMA.
- Ajayi, K. (2000). *Tips on Local Government Revenue in Nigeria*. Enugu: Joance Educational Publishers Ltd.
- Alo, B. N. (2012). *Strategic Local Government Finance in Nigeria*. Ile-Ife: University Press.
- Anifowose, H. & Enemuo, G. (1999). *Problems of Revenue in Nigerian Local*

- Government*. Benin: SMO Brothers Press.  
Federal Republic of Nigeria (Guidelines for local Government Reforms. Kaduna:  
Government Printer.
- Ibietan, J. (2010). The Role of Local Government in Rural Development Issues.  
*Knowledge Review Vol. 20 (2) April*.
- Lawal, S. (2000). *Local Government Administration in Nigeria: A practical  
approach* in Ajayi K. (ed). Theory and practice of local government. Ado-  
Ekiti: UNAD Press.
- Nwali, T. B. (2018). *Public Accountability and Rural Development: A Study of  
Ebonyi State Local Government, 2004-2014*. Unpublished PhD Thesis:  
Department of Public Administration, UNIZIK, Awka
- Nwali, T. B. (2018). *Contemporary Public Sector Management: Africa in  
Perspective*. Abakaliki: De Oasis Communications & Publishers
- Ojo, N. S. (2003). *Principles and Practice of Taxation in Nigeria*. Ibadan: cobat  
Publishers.
- Okpata, F. O. (2003). *Contemporary Issues and Practices in Nigerian Local  
Government Administration*. Enugu. Jones Communication Publishers.
- Okoli, F. C. (2000). *Theory and Practice of Local Government: A Nigerian  
Perspective*. Enugu: Bismark Publications.
- Okoli M. U. (2005). *Local Government Revenue Generation in Nigeria*. Onitsha,  
Abbot Books Ltd.
- Olaoge, A. J. (2008). *Local Government in West Africa Since Independence*.  
University of Lagos press Nigeria.
- Onah, F.O. (2010). *Managing Public Programmes and Projects*. Nsukka: Great  
AP Express Publishers.
- Onwe, S. O. (2004). *Local Government Administration: A Classical and*

*Contemporary Approach*. Abakaliki Pack Publishers.

Onwuka, P. C. (2010). *Community and Rural Development: An Historical Discourse*. Abakaliki: De Oasis Communications and Publishers.

Rabiu, T. A. (2004). *Finance Problems and Prospect*. Ibadan: Heinemann Education Books, Nigeria.