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Revenue Generation and Performance in Local Governance in Nigeria: A Survey of People's Perception in Selected Local Government Areas of Edo State

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Abstract

The study investigates the revenue generation of local government councils and their performance in local governance in Nigeria. Service delivery at the grassroots level is germane to any society's socio-economic and political development. Local government is the government that is closer to the people at the grassroots and as such it plays a crucial role in the delivery of services and aids people's participation in decision making in the rural communities. Grassroots development is a serious concern, especially with the rising tide of poor revenue generation for the tier of government most effectively charged with the task of grassroots development. Thus, any local government's success is its ability to utilize its human and material resources to achieve the desired objectives i.e., rendering needed services to the community. The objective of the study is to examine if the low level of project execution at the local government level is a resultant effect of mismanagement of statutory allocations and to establish if revenue generation has a significant effect on local government performance. This study is anchored on efficiency school theory and functional school theory. This study adopts a descriptive survey design using a 4-point Likert scale questionnaire as the research instrument. The sample size for this study is 180, consisting of 60 staff each from the 3 selected local government areas in Edo State. The study findings revealed that poor revenue generation by local governments hinders grass root development in Nigeria. The study recommends that sufficient public enlightenment is required for the people in local government areas to voluntarily pay their rates and license fees.

Keywords: Governance, Grassroots, Local Government, Performance, Revenue Generation

JEL Classification Code: H70, H71

1. INTRODUCTION

The federal system of government shares the responsibilities of governance among the various levels that form the federation. Similarly, the finances of the federation are distributed among the federating units such that each level receives adequate funds to perform its functions without undue influence from another level. This is done through the process of fund transfer in which the higher-level government transfers funds to the peripheral units to enable them to develop rural communities where the majority of the citizens live (Azu, 2017). The local government plays a crucial role in the delivery of services to the citizenry. The success of any local government is its ability to utilize its human and material resources to achieve the desired objectives i.e., rendering needed services to the community. Nwanegbo (2004) explains that a unit of government needs to be sufficiently self-reliant to be qualified to be called a government; otherwise, it may be seen as an administrative unit of the sponsoring government.

Rural development has become a serious concern in recent years, especially with the rising tide of poor revenue generation for the tier of government most effectively charged with the task of grassroots development. Because of its proximity to rural residents, the local government system is widely regarded as the most effective layer of government for rural development. The local government's primary task is to ensure that the hinterlands develop rapidly. Local government finances must be significantly enhanced both internally and externally to realize this goal of rural development and assure effective local government administration and governance. This is achievable through effective administrative capacity and political goodwill of the local government executives and another related personnel council.

To improve the local government's revenue base, the dependency on external sources of funding should be decreased and attempts to improve internal revenue streams should be promoted as the current finance pattern and procedure for local government will not result in quick rural development and will make it difficult to bring government closer to the people at the local level. As a result, the goals of national integration and rural development, which are the socio-economic functions of local government as Nigeria's third tier of government in governance, are defeated.

For efficient financial improvement in the local government, all finance officials and allied local government staff, as well as the executive, should adopt a new attitude. According to Asobie (2000) in Nwali (2018), studies on the performance of local government have focused on the council's failure to create and expand revenue. This worry stems from the fact that the local government cannot properly perform its tasks without a sufficient financial base. Local government must have its financial existence to be efficiently governed; otherwise, it will continue to rely on the generosity of other levels of government for its financial needs, as has been the case in the past.

Apart from the fact that the Nigerian local government system exists to provide socio-economic services to the people at the grassroots, it is important to note that this duty cannot be fulfilled successfully until the third tier of the government's revenue base is improved. In a democratic society like ours, strategic functions must be grounded in the laws, regulations, principles, and traditions that serve as a guide for the collection and management of local government revenue.

Statement of the Problem
Within the confines of Nigerian federalism, the problem of revenue allocation has remained the most dominant and contentious in the interaction between local governments, as the third tier of government, and the other two tiers, namely, the federal government and the states (intergovernmental relations). Local government was included in the mainstream of the country's intergovernmental fiscal relations, with a defined share of the federation account, among other statutory provisions and administrative arrangements,

in the 1976 Local Government Reform, which drew heavily from the Brazilian experience, and which took firm root in Nigeria (Akindele & Olaopa, 2002).

The reform, which was hailed as a major step forward, elevated local government by allowing them to establish legal bodies, which allowed them to fulfil certain functions that had been codified in the Federal Republic of Nigeria constitutions of 1979, 1989, and 1999 (as amended). Even though the reform clearly articulated the idea of a three-tiered federation in Nigeria, the recognition of revenue sharing, and administration arrangements has resulted in a slew of issues, which Adamolekun categorised into six categories: intergovernmental conflicts, structural organizational problems, financial problems, a scarcity of qualified manpower, the role of traditional authority in local government, and political and bureaucratic corruption (Murana, 2015).

Even during the fourth republic, these issues remained essentially unsolvable inside the Nigerian political scene. The 1999 constitution, which keeps the institution of local government in Nigeria (especially in its construction and control) a residual concern for state governments, has exacerbated these issues. Finance and a significant mismatch between their legislative roles and obligations; the flow of financial resources accessible to them; and the limiting constraints of their tax-raising abilities or fiscal jurisdictions are the most frequent difficulties faced by local governments in Nigeria (Murana, 2015).

Given the associated rising cost of running the local government, that is the provision of secretariats, staff salaries and allowances, rental and buildings, provision of utilities

and increasing outlays on maintained and new projects, statutory allocations to state and local government together with internal revenues have become grossly inadequate. It is against this backdrop that the study seeks to examine whether the low level of project execution at the local government level is a result of the mismanagement of statutory allocations and secondly, whether revenue generation has a significant effect on local government performance. The broad objective of the study is to investigate revenue generation and performance in local governance in Nigeria. In specific terms, the study is designed to examine if the low level of project execution at the local government level is a resultant effect of mismanagement of statutory allocations, and establish if revenue generation has a significant effect on local government performance

2. LITERATURE REVIEW

Local Government
Many academics have distinct definitions of local governance. This is due to varying opinions on the actual role of local government, which vary depending on the context. Local government, on the other hand, can be described as local government carried out by representative councils constituted by law to exercise certain authorities within defined boundaries (Local Government Reform Handbook, 1992).

Local government, according to the International Union of Local Government Authorities (IULA), is defined as a level of government with legally specified powers and responsibilities to control and administer public affairs in the sole interest of the local community (Abe & Omotosho, 2014). Ikelegbe (2005) conceives it as a segment of a constituent state or region of a nation-state established by law to provide

public service and regulate public affairs within its area of jurisdiction. The above presupposes that it is the closest level to the people with powers to perform functions and mandates over its finances and manpower. On the strength of this, the local government is a government under the responsibility of the local people and in the interest of the local population by local representative bodies (Ikelegbe, 2005:37).

To Abutudu (2011), it acts as a means of dispersing and localizing political tension, and in that way neutralizing its impact. Local government is created to provide the centre stage for the people to be openly involved in government affairs at the grassroots level. In associating with the government, people are more diverse and do not have parochial citizenship within the state. Local government is also comparatively easier to reach by being the closest to those they represent. The local people can genuinely anticipate making a positive impact or exerting a positive influence to a greater extent in initiating and implementing developmental initiatives (Sikander, 2015).

Accordingly, local governments were established in Nigeria as a third-tier administrative structure to decentralize governance, bring government closer to the people at the grassroots, and make social services vital to national development. They are strategically positioned and in charge of almost 70% of Nigeria's estimated 152 million inhabitants. As a result, they are in a unique position to gather and voice the demands of the majority of Nigerians, as well as to support rural development by deploying the necessary financial and human resources in their operations (Agba et al, 2014). Ezeani (2012) summarized the features of local government to include:

Localness. It has a legal existence enshrined in the constitution; It engages substantial autonomy; It exists within a defined territory; Local government exercises its authority over a given population; It exercises specific powers and performs specific functions allowed by the constitution. The council is composed of elected representatives of the local people; and Local government is bureaucratized into department divisions and units (Ezeani, 2012).

Revenue

The monies earned by the government to finance its activities are known as revenue. In other words, revenue is the total amount of money generated by the government (federal, state, and local) to cover its expenses for a fiscal year. This also refers to the entire amount of money earned from the source from which expenses are incurred. Internal or external revenue is possible (Adejoh & Sule, 2013).

Revenue is defined by Aborisade (1988) as the entire income earned by the federal, state, and municipal governments. He goes on to say that the revenue sharing perspectives are what makes local governance a constitutional issue. Revenue, according to Hepworth (1976), is "an income or funds raised to meet the expenditure." He goes on to say that revenue is a way of increasing the resources available to give government services. He also claims that finance has two aspects: income and expenditure. To put it another way, finance includes both the sources of funds and how they are used. Fayemi (1991) defines revenue as all sources of revenue for the government, including taxes, rates, fees, fines, duties, penalties, rents, dues, profits, and any government receipts over which the legislature has appropriation authority. He

also divides government money into two categories: recurrent and capital revenue. The local government in Nigeria has essentially proven that it is substantially reliant on external finance, particularly from the federal account. This must-have informed Mbanefo and Bello's (2010:180) submission that "if the federal government's revenue instability as a result of the changing fortunes of oil prices in the international market is not to be allowed to introduce greater instability in the budgetary process of local governments, then there is an urgent need for local governments to explore and exploit their independent revenue sources".

Revenue Generation

The term "revenue generation" refers to the processes and methods used by local governments to raise funds for service delivery. Taxes are the primary source of revenue for Nigerian local governments. And a tax is a mandatory levy levied by the government on individuals and businesses to fund the state's various lawful tasks (Olaoye, 2008). Taxation is an essential component of civilization. No system or set of regulations, whether foreign or domestic, can be effective unless it has some financial independence. The development of direct taxation in the Nigerian local government may be traced back to the pre-colonial British period when community taxes were levied on communities (Rabiu, 2004).

Performance

Because it is a non-observable construct that can be quantified if the nature of the performance being measured is properly defined, the term performance has suffered greatly from a lack of acceptable standards for measurement. Its significance, however, is mostly determined by the scholar's or author's perspective of performance. It is

nearly impossible to quantify performance without resorting to efficiency and effectiveness, both in theory and in reality (Mikhelovba, 2011). These two notions are critical to comprehending and assessing the success of any organization or individual. Balogun (1972) divides efficiency into three types: technological, economic, and operational efficiency. It's worth noting that local government in a socialist-oriented state, and even to some extent in a mixed economy state like Nigeria, can function without necessarily having a profit margin, because the goals of such states are, in most circumstances, to offer welfare services to its residents. In these situations, it's more important to be effective than efficient. A local government may only be assumed to be performing in most developing worlds if and only if the projects and services delivered match the local expectations of its residents (Salahu, 2012).

In essence, local government success could be judged in terms of specific development projects such as the number of kilometres of rural roads built or rebuilt, the number of boreholes drilled, and the depth of wells drilled. It could also be expressed in terms of the citizens' improved quality of life, as exemplified by the primary health care programs provided, the procurement and distribution of subsidized fertilizers to farmers, effective primary education management, and the quality of public enlightenment programs provided and enjoyed by the citizens.

Sources of Local Government Revenue
Sources of local government revenue mean the various avenues through which local governments generate financial resources to meet up with financial obligations in the course of discharging constitutional functions and duties. There are two major

sources of local government finance in Nigeria, which include internally generated revenue and externally generated revenue (Alo, 2012:23).

External Sources of Local Government Revenue
Statutory allocation from the federation account, grants and loans from federal, state, and other sources are all external sources of revenue for the local government. The following sources are briefly discussed: The Federation Account is obligated to make the following statutory allocations: The Federal Republic of Nigeria's 1999 Constitution establishes mandatory transfers of public funds to local government councils within the state. For example, Section 7(6a-b) of the Constitution mandates that the federal and state governments distribute monies to local governments for developmental purposes and excellent government administration. For the time being, this is a key source of money for the local government, and it is frequently evaluated to increase the revenue base. According to Nwali (2018), the statutory allocation from the federal account remains the most important external source of revenue for local governments in Nigeria. Nwali went on to say that each of Nigeria's three tiers of government, the federal, state, and local governments, has financial responsibilities, and as a result, there is a fiscal relationship between the tiers in which the states and local governments rely heavily on federal revenue sharing to meet their financial obligations.

Grants
Grants, sometimes known as grants-in-aid, are another external source of money for local governments in Nigeria, coming from the federal or state governments. Government grants to local governments are

mainly in the form of recurrent expenditure, according to Onwe (2004). According to him, recurrent awards can be divided into several categories, including:

Grants for specific purposes: According to Onwe (2004), a specific grant is a grant-in-aid intended to cover the costs of certain services such as education and health care. In Nigeria's fiscal federalism, these unique grants are always available.

Percentage Grant: According to Onwe (2004), this was the most typical type of grant to local governments before 1976. As a result, it is based on the actual expenditure made by the authority on a particular service to increase the grade of the service and encourage it, regardless of whether the expenditure is due to higher costs or inflationary trends. The drawback is that the government is usually forced to shoulder a percentage of the cost of a service, even if the loss is due to excessive costing or wastage by the local government. According to Onwe (2004), a unit award is based on the number of individuals served or units of services delivered to the community. For instance, a grant per classroom built by councils, as was the case in the Northern States, or medical treatment awarded per kid in local council dispensaries, as was the case in the Old Western States.

Block Grant: A block grant is a form of grant granted to local governments to supplement their internal or independent revenue.

According to Okoli (2005), an equalization grant is a sort of subsidy given to impoverished and backward local governments to help them catch up in terms of development.

Matching Grant: Matching grant which is financial aid made by the State or central government to a local government that embarks on development listed as priorities of the government **Loans/Borrowings** Loans and borrowings are other forms of external revenue generation accruable to local governments in Nigeria. In the words of Onwe (2004), the local government in Nigeria has the right 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. **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 an 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.

Internal Revenue Sources
Internal sources of revenue for local governments are important sources of funding for their operations. The amount of internally generated revenue generated by each local government is determined by the size of the government, the nature of business activities, the council's urban or rural nature, the rate to be charged, revenue collection instruments used, political goodwill and people's willingness to pay based on the council's legitimacy and citizens' socio-cultural beliefs about taxation. Local governments are constitutionally entitled to regulate and control certain activities within their jurisdiction, and to levy fees and rates on those activities as a means of raising cash

for operations. Rates, property (tenement) rates; general/development rates; licenses, fees such as marriage registration fees, cart/truck licenses, interest on revenues such as deposits, investments, profits from the sale of stocks, shares, and so on are some of the ways local governments generate revenue internally. Departmental recurrent revenues from survey fees, repayment of personal advances, nursery and day-care centre fees, fees on local government quarters, and other internal sources (Atakpa, Ocheni, & Nwankwo, 2012).

As a result of the preceding, tax is a critical component of revenue creation, development, and transformation. Taxes are mandatory levies placed by the government on individuals and businesses to fund the numerous lawful responsibilities of the federal, state, and municipal governments' tax jurisdictions. Local governments in Nigeria can rely on tax revenue if it is effectively collected and publicly accounted for. Inadequate and incorrect population numbers, corruption, large-scale tax evasion, unemployment and poverty, a lack of skilled people, bad planning, and poor performance of local governments all obstruct revenue collection in rural areas. Local governments must persuade rural residents to pay taxes by providing effective and efficient social services and public goods that are localized in nature. Local governments also create revenue internally through commercial activity, as previously mentioned. This includes, among other things, the ability to obtain loans or mortgage financing, the construction of stores and shopping malls, the rental of local government properties such as reception halls, chairs, canopies, and tables, local government plants such as tractors and generators, local interstate transportation, ferry and boat transportation in river line

areas, and commercial farming (Ajayi, 2000).

Theoretical Framework
This study is anchored on efficiency school theory and functional school theory.

The Efficiency School:
The basic tenet of this school of thought is that local government's existence as a tier of government can only be justified if and when it offers services to the public. It also highlights that the issue is not the simple existence of such services, but rather the effectiveness and efficiency with which they are provided. Local governments, according to Mill (1975), are in a position to efficiently supply close local services. He went on to say that if local government didn't already exist, it would have to be founded. The function of local government as a cost-effective service provider is progressively becoming the most compelling reason for its continued existence (Bello-Imam, 2010). According to Sharpe (1976), "there are some services that local government offers for its residents for which it is the most efficient provider in comparison to other levels of government." As a result, it becomes easier to defend the argument of efficiency services thinking as a solid framework for analyzing local government performance, despite its flaws, which may be found in the question of autonomy and fiscal authority.

Functional School Theory
The ideals of this school of thought are the most important in comprehending the subject of this research. This is because to the fact that the ideals of this functional school are derived from the merging of efficiency and developmental schools. The functional approach is divided into two categories at this school: the general

category and the developmental category. According to Ola (2010 and Bello-Imam), the values of democratic participative and efficient service schools are embedded in the general category, with the following primary functional items: Democratic ideals, Political participation, Protective services, and Infrastructural services. He went on to say that the developmental category includes national integration, social and economic development, and the development of human resources. However it is important to state that these theoretical frameworks as discussed above are not mutually exclusive in any system, rather they are mutually reinforcing in the most local government system.

3. METHODOLOGY
This study adopts a descriptive and survey design. Primary data were obtained through interviews and questionnaires while secondary data were obtained through books, journals and the internet. The population of the study is made up of the residents of the 18 local government areas of Edo state. The technique applied in determining the sample size for this study is the purposive sampling method. By this method, the researchers pre-determine their sample elements. This is due to the nature of the study and set objectives. The sample size for this study is 180, consisting of 60 staff each from the 3 selected local government areas (Akoko-Edo, Esan South-East and Ikpoba-Okha) across the three senatorial districts of Edo State Nigeria. The instrument used for data collection was a questionnaire structured on 4 points Likert scale. All the data collected were analyzed using the inferential statistical tool and were presented in frequency and percentage tables. The hypotheses postulated were tested with various test statistics aided by computer through the application of Statistical Package for Social Sciences (SPSS 22 version).

4. ESTIMATION RESULT AND DISCUSSION OF FINDINGS

Table 1: The low level of project execution at the local government level is a resultant effect of mismanagement of statutory allocations.

S/N	Items	SA Freq. (%)	A Freq. (%)	D Freq. (%)	SD Freq. (%)
1	The level of government presence in your ward in terms of project execution and service delivery is low	150(83.3)	20(11.1)	6(3.3)	4(2.2)
2	Allocations to local government are mismanaged by local government officials.	140(77.7)	20(11.1)	12(6.6)	08(4.4)
3	Efficient use of resources enhance performance in terms of project execution	114(63.3)	49(27.2)	0(0)	17(9.4)

Source: Fieldwork, (2021)

Table 1 above shows the response of respondents on whether the level of government presence in local government wards in terms of project execution and service delivery is low. It shows that 150(83.3%) of the respondents strongly

agree while only 4.2 (2.2%) strongly disagreed that the level of government presence in local government wards in terms of project execution and service delivery is low. The result also shows that 140(77.7%) strongly agreed and 08(4.4%) disagreed that allocations to local government are mismanaged by local government officials. In addition, the result shows that 114(63.3%) of the participants strongly agreed that efficient use of resources enhances performance in terms of project

execution in Nigeria while a handful of 17(9.4%) strongly disagreed.

Hypothesis 1:

Ho: The low level of project execution at the local government level is not a result of the mismanagement of statutory allocations.

Hi: The low level of project execution at the local government level is a result of the mismanagement of statutory allocations.

Table 2

Value		Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	23.216(a)	4	.063
Likelihood Ratio	10.996	4	.026
Linear-by-Linear Association	4.911	1	.029
N of Valid Cases		180	

Table 2 is the output of the computed Chi-Square values from the cross-tabulation statistics of observed and expected frequencies with the response options of agreeing and disagree based on the responses of the research subjects from the selected respondents. Pearson Chi-Square computed value (X^2 = 23.216) is greater than the Chi-Square tabulated value (X^{2t} = 9.49) in degree of freedom (df) 4 at 0.05 level of alpha (X^{2c} =23.216, p,< .05)

Decision Rule

The decision rule is to accept the alternate hypothesis if the computed Chi-Square

value was greater than the tabulated Chi-Square value, otherwise reject the null hypothesis.

Decision

Since the Pearson Chi-Square computed X^{2c}= 23.216 is greater than the Chi-Square table value X^{2t} = 9.49, the null hypothesis is rejected, and the alternate hypothesis is accepted. Thus, we conclude otherwise that the low level of project execution at the local government level is a result of the mismanagement of statutory allocations.

Table 3: Revenue generation does not affect local government performance

Data Analysis and Result Presentation

S/N	Items	SA Freq. (%)	A Freq. (%)	D Freq. (%)	SD Freq. (%)
4	Poor revenue generation by local governments hinders grass root development.	155(86.1)	15(8.3)	5(8.3)	5(8.3)
5	Direct Federal Allocation to Local Government will enhance performance	140(77.7)	20(11.1)	12(6.6)	08(4.4)
6	Internally generated revenue has an impact on local government performances	148(65.5)	12(6.6)	10 (5.5)	10(5.5)

Source: Fieldwork, (2021).

Table 3 above shows the response of respondents on how poor revenue generation by local governments hinders grass root development. It shows that 155(86.1%) agreed that poor revenue by local government hinders grass root development and 5(8.3%) participants strongly disagreed that poor revenue by local government hinders grass root development. Also, the result of the study shows that 140(77.7%) agreed and 8(4.4%) strongly disagreed that direct federal allocation to local government will enhance performance and 148(65.5%) and 10(5.5%) strongly agreed and disagreed respectively that internally generated revenue has an impact on local government performances

Hypothesis 2:
Ho: Revenue generation does not affect local government performance

Table 4:

Value		Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	18.772(a)	4	.067
Likelihood Ratio	11.645	4	.020
Linear-by-Linear Association	.550	1	.458
No. of Valid Cases	180		

Table 4 is the output of the computed Chi-Square values from the cross-tabulation statistics of observed and expected frequencies with the response options of agree and disagree based on the responses of the research subjects from the selected respondents. Pearson. Chi-Square computed value (X^{2c}= 18.772) is greater than the Chi-

Square tabulated value (X^{2t} = 9.49) with 4 degrees of freedom (df) at 0.05 level of alpha (X^{2c} = 18.772, p,< .05)

Decision Rule
The decision rule is to accept the alternate hypothesis if the computed Chi-Square value is greater than the tabulated Chi-Square value otherwise rejects the null hypothesis.

Decision
Since the Pearson Chi-Square computed X^{2c} = 18.772 is greater than the Chi-Square table value X^{2t} = 9.49, the null hypothesis is rejected and concludes otherwise that revenue generation has a significant effect on local government performance in Nigeria.

Discussion of Findings
In Nigeria, since the 1976 local government reform, and subsequent inclusion of the articles of the reform into the constitution, significant legal provisions have been made to situate the local government system as a third-tier governmental level within the federal structure to define its autonomy and improve its stakes in IGR (Ikeanyibe, Chukwu, & Ibietan, 2020). The main reason for establishing local governments/ administrations is to extend governance and development to the grassroots from the socio-political perspective of every political system.

Thus, the study posited that the level of government presence in the wards in terms of project execution and service delivery is low. Murana (2016) affirmed this position when he argued that "local government councils in Nigeria are charged with several responsibilities most of which touch on the welfare and living standards of large segments of the country's population particularly those living in the rural areas,

however, institutional and structural problems have rendered them functionally impotent in the areas of effective service delivery". Again, the study found that allocations to local government are mismanaged by local government officials. Corroborating this view, Uhummuangho (2013), asserts that challenges like visionless leadership, incompetent manpower, terrible fund generation strategies, improper record-keeping, political patronage, nepotism, prebendalism, patrimonialism and indiscriminate intervention from the federal and particularly the state governments are responsible for the mismanagement resources at the LGAs. The respondents concurred that the efficient use of resources will enhance performance in terms of project execution. Adekoya (2020), asserts that efficient use of resources will ensure that the managers of local government carry out their duties efficiently, effectively and for the wellbeing of the people and the communities at large.

The study posited that poor revenue generation by local governments hinders grass root development. Otu, and Anam (2019), affirmed this position when they assert that local governments in Nigeria are faced with poor revenue capacity, and this affects their efforts in the implementation of projects for rural development. Also, the study established that direct federal allocation to local government will enhance performance. Supporting these findings, Oyetunde and Oyedele, (2017) observed that "local government found it difficult to execute its developmental programmes when statutory allocation is not forthcoming due to economic challenges confronting the nation; the activities of the local councils often come to a standstill". Lastly, the study revealed that internally generated revenue

impacts on local government performances. Yahaya, Ohiaka, Mohammed, Mustapha, Jimoh and Onyabe (2015) affirmed that "local government revenue is essential in enabling local governments to transform the lives of local communities through the provision of social services and rural infrastructures (construction and maintenance of roads, drainages, culverts, markets, schools, and health centres)".

The study's first hypothesis revealed that there is a significant relationship between low-level project execution at the local government level and mismanagement of statutory allocations. While the second hypothesis revealed that there is a significant relationship between revenue generation and local government performance. Bello-Imam (2010) noted, "local government is the level of administration in Nigeria at which the impetus to sustain national progress is formed". Nigerian local government, like the country's other tiers of government, has constitutionally given roles and responsibilities. Local government development is measured in terms of specific projects such as kilometres of rural roads built or rehabilitated and maintained, several boreholes and deep wells sunk or rehabilitated and maintained, and several utility vehicles purchased, refurbished, repaired, and maintained.

This could also be expressed in terms of the citizens' improved quality of life, as exemplified by the primary health care programme provided, the procurement and distribution of subsidized fertilizers to farmers, the effective and efficient management of primary education, as well as the regularity and quality of public enlightenment programmes provided and enjoyed by the citizens. According to Bello-Imam, the effective and efficient provision of these services qualifies local governments as viable instruments of rural development. Given the magnitude of these responsibilities, local governments should be provided with adequate human and financial resources to carry out their responsibilities.

In the view of Bello-learn and Roberts, local government exists in most parts of the world for a variety of reasons that can be summarized into the following narrow units: to promote local freedom, to provide local services, to promote national unity through administrative efficiency, and to strengthen grassroots democracy. Bello-Iman (2010) goes on to suggest that the role of local government as an efficient service provider is progressively emerging as the most significant justification for its existence.

5. CONCLUSION AND RECOMMENDATIONS

This study has examined local government revenue and performance in some selected local governments in Edo State. Specifically, the study took a look at the various sources of internal and external revenue to unravel the problems of exploiting the various sources of revenue generation in the local governments in Nigeria. In fact, despite the numerous sources of revenue available to local governments in Nigeria, there is still poor revenue generation. Local governments in the country must seek more potential and substantial areas of internal revenue generation if they are to perform their numerous responsibilities and programs to the people.

Local governments in Nigeria should design more revenue yielding sources such as Rural Property Rates, Wholesale and Retail Trade Licenses, and Product Buying and Sales

Licenses, among others. Above all, payments of rates, licenses, and fines to the local government should henceforth be made directly into the local government Bank Accounts in designated banks. Also, there should be sufficient public enlightenment so that people in local government areas would come voluntarily on their own to pay their rates and license fees without using force on them.

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