IJAAR PUBLISHING®

Scholarly Journal of Social Sciences Research | ISSN: 2955-0785
Vol. 4, Issue 4 (2025) | www.ijaar.org/sjssr

Assessing the Impact of Revenue Generation on Community Development in Gassol Local Government Area of Taraba State, Nigeria

By

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Abstract

This study investigates the impact of revenue generation on community development in Gassol Local Government Area of Taraba State, Nigeria, with emphasis on internally generated revenue (IGR) and statutory allocations (SA). The research was guided by two objectives, two research questions, and two null hypotheses. A survey research design was adopted, using the National Bureau of Statistics projected population of Gassol as the study frame. A sample was drawn using the Krejcie and Morgan table, and data were collected through a validated structured questionnaire. Reliability was confirmed with a Cronbach's Alpha coefficient of 0.812, indicating high internal consistency. Both primary and secondary data were analyzed, with Multiple Regression employed to test the hypotheses. Findings revealed that both IGR and statutory allocations significantly and positively influence community development in Gassol LGA, though statutory allocations had a stronger effect due to the limited economic base of the area. The regression analysis confirmed that revenue sources are complementary in driving development outcomes. The study also highlighted challenges of low tax compliance, weak administrative structures, and heavy reliance on federal transfers, which constrain the capacity of the LGA to independently fund projects. Nonetheless, the results suggest that improved IGR mobilization, coupled with transparent and efficient use of statutory allocations, can strengthen grassroots development. The study concludes that sustainable development in Gassol requires a balanced fiscal strategy that optimizes internal and external revenue sources. It recommends stronger revenue mobilization, enhanced accountability mechanisms, and community participation in budgetary processes to ensure inclusive development.

Keywords: Revenue generation, Internally generated revenue, Statutory allocation, Community development, Gassol Local Government.

Joseph, G. G., Hussaini, D. & Atuluku, A. A. (2025). Assessing the Impact of Revenue Generation on Community Development in Gassol Local Government Area of Taraba State, Nigeria. *Scholarly Journal of Social Sciences Research, 4*(4), 16-33. DOI: https://doi.org/10.5281/zenodo.17333599

Introduction

Across the world, domestic resource mobilization (DRM) is central to financing inclusive local development because predictable own-source revenues allow governments to maintain infrastructure and social services that underpin human capital and growth (World Bank, 2020; IMF & World Bank, 2024; IEG–World Bank, 2024; Organisation for Economic Co-operation and Development, 2024). Yet wide cross-country gaps persist: in 2022 the average tax-to-GDP ratio in OECD economies was about 34%, whereas many developing regions still trail substantially, constraining local service delivery and community outcomes (OECD, 2024; World Bank, 2020; IMF & World Bank, 2024; OECD, 2023). The fiscal federalism literature links effective decentralization and the assignment of buoyant, accountable local revenues to better responsiveness and growth, but emphasizes that institutions and administrative capacity determine whether revenues translate into tangible welfare at community level (Ahmad, 2023; IEG World Bank, 2024; World Bank, 2020; OECD, 2024).

In Africa, the United Cities and Local Governments (UCLG) GOLD V report highlights chronic vertical fiscal imbalances: local governments face expanding mandates with limited fiscal space, weak tax handles, and heavy dependence on intergovernmental transfers (UCLG, 2020; OECD, 2024; IMF & World Bank, 2024; World Bank, 2020). Nigeria exemplifies these constraints: despite reform momentum, the country's tax-to-GDP ratio remains around 10–11%, well below the Africa average of roughly 15–16%, limiting reliable subnational funding and stressing local service delivery (IMF, 2023; Reuters, 2024; OECD, 2024; IMF & World Bank, 2024). Official statistics show states and the FCT generated ₦1.93 trillion IGR in 2022 and ₦2.43 trillion in 2023, but performance is highly uneven; in 2023 Taraba recorded one of the lowest state IGR totals at about ₦10.86 billion (NBS, 2023; NBS, 2022; TheCable, 2024; Agora Policy, 2024). Intergovernmental transfers remain large: FAAC disbursements to the three tiers of government reached about ₦10.14 trillion in 2023 and climbed further in 2024, with LGAs collectively receiving several trillion naira over 2022–2024 (NEITI, 2024; NBS, 2024; FactCheckHub, 2024; NBS, 2019). Within Taraba, BudgIT's subnational diagnostics and a World Bank–assisted public financial management report underscore low own-source revenue effort and execution gaps that can weaken the translation of receipts into community assets (BudgIT, 2023; World Bank/Taraba, 2024; IMF & World Bank, 2024; UCLG, 2020). Against this backdrop, Gassol LGA one of Taraba's agrarian hubs offers a salient case to examine how the scale, composition, and management of local revenues (IGR plus statutory transfers) shape basic infrastructure, social services, and livelihoods, and whether strengthening revenue mobilization and accountability can catalyze measurable improvements in community development outcomes (UCLG, 2020; World Bank, 2020; NEITI, 2024; NBS, 2023).

Statement of the Problem

The challenge of adequate revenue generation for sustainable development is a global concern, as many nations struggle to mobilize sufficient internal resources to finance infrastructure, social services, and inclusive growth. In advanced economies, robust tax systems provide predictable funding for community-level development, while in many developing countries, weak institutional frameworks, poor fiscal discipline, and overdependence on external aid and central allocations continue to undermine the prospects for meaningful development at the grassroots. This imbalance has left a significant portion of the global population, particularly in rural areas, vulnerable to poverty, inequality, and inadequate access to basic services.

In Africa, the situation is particularly pressing, as most local governments face chronic fiscal imbalances resulting from narrow tax bases, weak administrative structures, and political interference in revenue allocation. Although decentralization policies were designed to bring governance closer to the people, the reality is that many African communities still experience underdevelopment due to inadequate fiscal autonomy of local authorities. The inability of local governments to generate and retain sufficient revenue has led to infrastructural decay, limited social investment, and widening inequality between urban and rural communities, thereby raising questions about the effectiveness of current fiscal arrangements in addressing grassroots development.

In Nigeria, the problem is more pronounced as local governments remain heavily dependent on federal allocations, which are often inconsistent and subject to deductions at the state level. While statutory transfers are intended to empower local councils to meet community needs, issues such as corruption, weak revenue administration, and low compliance by taxpayers have consistently weakened internal revenue generation. Consequently, most local governments in Nigeria have failed to translate available resources into meaningful development outcomes, especially in rural areas where poverty, unemployment, and infrastructural gaps remain endemic. In Taraba State, the same challenges persist, with many local governments unable to exploit their rich agricultural and natural resource potential for sustainable community development.

Specifically, in Gassol Local Government Area, despite its agrarian potential and strategic economic position, community development remains far below expectations. Roads, schools, healthcare facilities, and access to potable water remain inadequate, suggesting that existing revenue streams have not been effectively harnessed or managed. While several studies have examined revenue generation and local government development in Nigeria, limited scholarly attention has been given to Taraba State, and particularly to Gassol, leaving a vacuum in empirical evidence on how revenue generation impacts grassroots development in this context. The uniqueness of this study lies in its focus on bridging this knowledge gap by interrogating the effectiveness of revenue mobilization and its linkage to community development at the local government level. This study is therefore prompted by the need to provide context-specific evidence that can inform policy, improve fiscal governance, and ultimately enhance development outcomes in Gassol and similar rural settings.

Research Questions

i. To what extent does internally generated revenue influence the level of community development in Gassol Local Government Area?

ii. How do statutory allocations from the federation account affect the provision of social infrastructure and services in Gassol Local Government Area?

Research Objectives

The broad objective of the study is to assess the impact of revenue generation on community development in Gassol Local Government Area of Taraba State, while the specific objectives are as follows:

i. To examine the relationship between internally generated revenue and community development in Gassol Local Government Area.

ii. To determine the effect of statutory allocations from the federation account on social infrastructure and services in Gassol Local Government Area.

Research Hypotheses

i. **H_{01}**: Internally generated revenue has no significant relationship with community development in Gassol Local Government Area.

ii. **H_{02}:** Statutory allocations from the federation account have no significant effect on the provision of social infrastructure and services in Gassol Local Government Area.

Literature Review

Internally Generated Revenue and Local Government Financing

Revenue generation remains one of the most critical determinants of the capacity of local governments to drive development. In Nigeria, Internally Generated Revenue (IGR) has often been highlighted as the most reliable and sustainable source of fiscal resources available to LGAs, because unlike statutory allocations, it is under the direct control of the councils and can be mobilized according to local contexts and priorities. However, the reality across most Nigerian local governments, including those in Taraba State, is that IGR is abysmally low, erratic, and insufficient to finance meaningful development. According to Yaru (2022), the structural weaknesses of subnational institutions in Nigeria characterized by low budget transparency, poor accountability, and minimal citizen engagement have made IGR mobilization a persistent challenge. His study, covering multiple states, found that where councils enhanced transparency in fiscal processes, internal revenue performance improved significantly, but most LGAs lacked the institutional capacity to make such reforms. This confirms findings by Olusola and Siyanbola (2021), who observed that LGAs often focus disproportionately on federal allocations while neglecting the latent potential in local taxation, markets, and commercial ventures.

Scholars have identified several inherent obstacles to IGR mobilization in Nigeria. Kunle Sehinde, Akanbi, and Adeola (2015), in their study of Ibarapa East LGA in Oyo State, argue that citizens often resist payment of taxes because of weak governance outcomes. When taxes are levied but not translated into visible developmental projects, taxpayers question the legitimacy of such levies and reduce compliance, creating a vicious cycle of poor revenue and poor service delivery. This resonates with the findings of Garba and colleagues (2023) in Cross River State, who noted that weak record-keeping, corruption, inadequate staff training, and a lack of data on taxable entities undermine IGR. They further stress that state governments' control of LGA finances through the State Joint Local Government Accounts disincentivizes local administrators from investing in efficient revenue mobilization since a portion of their allocations and collections are often intercepted at the state level.

Despite these challenges, there is evidence that when properly managed, IGR can substantially alter development outcomes. For example, Olatunji (2023) suggests that digitization of tax administration, especially through e-revenue platforms, reduces leakages and enhances efficiency in collection. Similar reforms in Lagos State show that automation of land use charges and market levies increased compliance, broadened the tax base, and boosted local revenue (Agboola & Salawu, 2022). Although Lagos represents an urban outlier, the lessons can be adapted to rural LGAs such as Gassol where agricultural markets, yam trade, and fishing activities provide a robust but untapped tax base. According to the National Bureau of Statistics (2023), Taraba State generated just ₦10.86 billion in IGR in

2023 one of the lowest in the federation suggesting that LGAs such as Gassol contribute minimally to this amount. Yet, with Dan-Anacha market ranked among Nigeria's largest yam depots, the potential for higher local taxation and levies is evident.

African scholars have long emphasized that fiscal autonomy at the grassroots is a sine qua non for development. Oyedele (2020) asserts that without sufficient internally mobilized resources, LGAs remain perpetually vulnerable to political capture, patronage, and mismanagement by higher tiers of government. Similarly, Adebayo and Akinsola (2021) highlight that sustainable community development requires predictable revenue streams that only IGR can provide, since statutory allocations are volatile and subject to political manipulation. The implication is that for Gassol LGA, low IGR not only means limited service delivery but also dependency that undermines the spirit of decentralization enshrined in Nigeria's federal constitution.

Statutory Allocations and Local Government Fiscal Autonomy

Statutory allocation remains the lifeline of most local governments in Nigeria, accounting for over 80 percent of their financial resources in many cases. This is because the internal revenue bases of most rural LGAs are narrow, unpredictable, and difficult to mobilize, leaving them dependent on federally collected oil and non-oil revenues distributed through the Federation Account Allocation Committee (FAAC). According to the Nigerian Extractive Industries Transparency Initiative (NEITI, 2024), a total of ₦10.14 trillion was distributed among the three tiers of government in 2023, of which local governments collectively received about ₦2.57 trillion, representing roughly 25.3 percent of the total disbursement. While this figure reflects a 26.2 percent increase over the previous year, scholars argue that the actual developmental impact at the grassroots has been minimal due to the structural distortions in Nigeria's fiscal federalism (Ogunleye & Adeyemi, 2021; Garba et al., 2023; Oyedele, 2020; Olusola & Siyanbola, 2021).

The distribution formula has been a contentious issue. Under the 1999 Constitution, revenue from the Federation Account is shared in the ratio of 52.68 percent to the federal government, 26.72 percent to states, and 20.60 percent to local governments. However, value-added tax (VAT) is shared differently: 15 percent to the federal government, 50 percent to states, and 35 percent to LGAs (IMF, 2017). While these statutory provisions appear generous to local governments, the problem lies in the implementation and political capture of allocations. State governments, through the State Joint Local Government Accounts (SJLGA), often intercept or deduct significant portions of local government allocations before passing the residuals to council treasuries. Dataphyte's (2023) analysis estimates that over ₦15.5 trillion meant for local councils between 2009 and 2021 was diverted by state governments, drastically weakening the fiscal autonomy of LGAs. This practice has led to widespread concerns that statutory allocations, though abundant on paper, do not necessarily translate into funds available for grassroots development.

In Taraba State, the same dynamics are observed. The National Bureau of Statistics (2023) records Taraba's total IGR at only ₦10.86 billion in 2023, while FAAC allocations to the state and its local governments far exceeded ₦80 billion in the same year. Yet, the infrastructure and social services at the local government level remain grossly underdeveloped. This raises the question of whether the problem lies not in the quantum of statutory allocations but in the management, control, and political interference surrounding their disbursement. In Gassol LGA, for instance, despite steady inflows from FAAC, rural communities still suffer from poor roads, limited access to potable water, inadequate schools,

and underfunded health centers. This contradiction suggests that statutory allocations alone cannot guarantee development without transparency, accountability, and genuine fiscal autonomy at the local level.

Scholars have long debated the merits and demerits of statutory allocations. Adebayo and Akinsola (2021) argue that statutory transfers are necessary to equalize fiscal disparities between resource-rich and resource-poor areas, ensuring that no community is left behind in service provision. In contrast, Oyedele (2020) contends that heavy reliance on such allocations discourages innovation, efficiency, and fiscal responsibility in local revenue collection. Similarly, studies in Cross River, Oyo, and Kaduna States show that local councils receiving higher statutory allocations did not necessarily achieve higher development indices, indicating a weak or non-existent correlation between statutory inflows and grassroots development outcomes (Garba et al., 2023; Sehinde et al., 2015; Yaru, 2022).

Moreover, the political economy of revenue sharing in Nigeria has created a scenario where local governments are financially dependent but politically emasculated. State governors often exercise overwhelming influence over the use of local allocations, sometimes appointing caretaker chairmen or withholding funds, thereby undermining the principle of local autonomy. This erosion of fiscal independence explains why many LGAs have become administrative appendages of state governments rather than autonomous units of grassroots development. For Gassol, this means that even though allocations accrue monthly through FAAC, the practical control over their application may lie elsewhere, diluting the developmental impact at the community level.

Revenue and Community Development: Infrastructure and Service Delivery

Community development is widely understood as a holistic process of improving the quality of life in localities through the provision of social infrastructure, basic services, and the empowerment of citizens. In the context of developing nations, especially across sub-Saharan Africa, the link between revenue availability and the capacity of local governments to provide essential services has been consistently emphasized (World Bank, 2020; UNDP, 2021; Akinwale & Adepoju, 2022; Aluko, 2023). Local governments are generally tasked with delivering critical amenities such as roads, water supply, healthcare, and education, which form the foundation of human capital development and economic growth. Yet, the paradox persists: while significant revenues are allocated to or generated by local governments, the impact on community development outcomes often remains weak or uneven (Omodero, 2019; Garba et al., 2023; Idada & Oyovwi, 2020).

In Nigeria, revenue inflows into local governments both statutory and internally generated are substantial when viewed in aggregate, yet the translation into community-level outcomes has been inconsistent. According to the National Bureau of Statistics (NBS, 2023), Nigeria's 774 local governments collectively received more than ₦2.57 trillion in 2023 from FAAC disbursements, in addition to varying IGR amounts. However, many LGAs still lack adequate social infrastructure, with over 60 percent of rural populations depending on untreated water sources and more than 50 percent lacking functional primary healthcare facilities (UNICEF, 2022; WHO, 2021). Scholars argue that the problem lies not in revenue scarcity but in fiscal mismanagement, corruption, and diversion of funds earmarked for local projects (Agba et al., 2020; Olayiwola, 2021; Okoye & Abdulhamid, 2022). For instance, Olusola and Siyanbola (2021) found that even in oil-rich states like Rivers and Delta, community development outcomes remained poor despite high inflows, suggesting that governance structures are more decisive than revenue levels.

Across Africa, similar dynamics emerge. Studies in Kenya and Ghana demonstrate that where local governments exercise autonomy and accountability, community development indicators improve markedly. For instance, Kinyua and Ng'ethe (2020) show that increased county-level allocations under Kenya's devolution framework significantly improved rural health outcomes and school enrollment rates. Similarly, in Ghana, district assemblies with robust fiscal frameworks demonstrated better performance in community road projects and rural electrification (Amoah & Mensah, 2021; Boateng, 2020). In contrast, Nigerian local governments remain trapped in a cycle where revenue generation and allocation do not automatically result in visible development at the grassroots due to weak institutional frameworks (Eze & Onyekwelu, 2022; Omodero, 2019; Adebayo & Akinsola, 2021).

In Taraba State, and specifically in Gassol LGA, these challenges are particularly glaring. Despite receiving consistent monthly allocations and generating modest internal revenues, infrastructural deficits remain acute. Rural communities in Gassol continue to grapple with dilapidated feeder roads, inadequate health posts, underfunded schools, and unreliable potable water systems. Data from the Taraba State Bureau of Statistics (2022) indicate that over 45 percent of households in Gassol rely on open wells or rivers for water, while access to functional primary healthcare facilities is below the national average. Moreover, road networks connecting farming communities to urban markets are poorly maintained, constraining agricultural productivity and rural trade (Audu, 2022; Ibrahim, 2023). This disconnect between revenue inflows and development outputs underscores a broader governance crisis at the local level.

Another critical aspect of community development is participatory governance, which is often neglected in Nigeria's local government system. Studies show that community involvement in revenue allocation and project selection leads to more impactful and sustainable outcomes (Uche & Ehigiamusoe, 2021; Yaru, 2022; Igbokwe & Ogundele, 2021). In contrast, the absence of accountability and community oversight in Gassol has resulted in misaligned priorities, where projects often fail to address pressing local needs. For example, while some wards require urgent rehabilitation of primary schools, resources are sometimes diverted to politically motivated projects with limited community benefits. This pattern diminishes the developmental impact of available revenues and fosters disillusionment among rural populations (Garba et al., 2023; Musa, 2022).

Revenue and Sustainable Socio-Economic Empowerment in Rural Communities

Revenue generation is not only a mechanism for financing local government operations but also a cornerstone for promoting sustainable socio-economic empowerment at the grassroots. Empowerment in this context refers to the ability of communities to access livelihood opportunities, participate in governance, and improve their socio-economic conditions. Globally, scholars recognize that sustainable development at the community level depends on the capacity of governments to mobilize and equitably distribute resources (World Bank, 2020; UNDP, 2021; OECD, 2022; Sachs, 2020). In developing countries, revenue remains the financial lifeline for expanding agricultural productivity, supporting small-scale enterprises, and enhancing human capital through education and healthcare (Akinwale & Adepoju, 2022; Aluko, 2023; Idada & Oyovwi, 2020; Eze & Onyekwelu, 2022). This establishes a direct link between revenue availability and rural empowerment, as financial resources determine whether communities can sustainably escape poverty.

In Africa, the literature shows that when local governments effectively deploy revenues, rural empowerment outcomes are enhanced through improved access to markets, agricultural

inputs, and basic social services. For instance, in Ghana, Amoah and Mensah (2021) revealed that district assemblies' revenue investments in rural electrification expanded micro-enterprise productivity and household incomes. Similarly, in Kenya, devolved county revenues significantly boosted women's economic participation by funding cooperative societies and agricultural extension services (Kinyua & Ng'ethe, 2020; Mutiso, 2021; Mwangi & Wanjohi, 2022; Boateng, 2020). Conversely, in Nigeria, while local governments receive substantial allocations, empowerment indicators such as literacy levels, youth employment, and access to credit remain poor, particularly in rural areas (Omodero, 2019; Agba et al., 2020; Okoye & Abdulhamid, 2022; Musa, 2022). The persistence of this gap suggests that resources are often underutilized, misallocated, or diverted, undermining their transformative potential.

Nigeria's rural empowerment challenges are evident in the agricultural sector, which employs over 60 percent of the population yet suffers from chronic underinvestment (NBS, 2023; FAO, 2022; Central Bank of Nigeria, 2021). Local governments, through statutory allocations and internally generated revenue, are expected to provide rural infrastructure such as farm-to-market roads, irrigation schemes, and cooperative financing systems. However, findings by Olusola and Siyanbola (2021) indicate that revenue allocations are often spent on recurrent expenditures rather than productive investments, limiting the sector's capacity to lift rural dwellers out of poverty. This shortfall has broader implications for unemployment and insecurity, as under-empowered communities struggle to achieve self-sufficiency (Olayiwola, 2021; Audu, 2022; Ibrahim, 2023).

Taraba State, with its agrarian base, reflects these contradictions vividly. Gassol LGA in particular is endowed with vast arable land and a vibrant farming population, yet farmers face difficulties in accessing markets, agricultural inputs, and credit facilities. Despite receiving monthly FAAC allocations and modest IGR, empowerment outcomes remain low, as evidenced by persistent rural poverty, high youth unemployment, and migration of able-bodied youths to urban centers (Taraba State Bureau of Statistics, 2022; Musa, 2022; Garba et al., 2023). Studies suggest that if revenues were effectively directed toward empowering agricultural cooperatives, women traders, and youth skill development programs, the socio-economic landscape of Gassol could change significantly (Audu, 2022; Ibrahim, 2023; Uche & Ehigiamusoe, 2021; Yaru, 2022). Unfortunately, the lack of transparency and accountability in revenue deployment often results in a disconnect between revenue inflows and empowerment outcomes.

Another dimension of empowerment relates to participatory governance and social accountability. Evidence across Africa demonstrates that when communities are involved in deciding how revenues are allocated, empowerment outcomes improve because projects align with local priorities (Uche & Ehigiamusoe, 2021; Igbokwe & Ogundele, 2021; Yaru, 2022; Garba et al., 2023). In Gassol, however, limited civic participation undermines empowerment, as local elites often dominate decision-making processes. This exclusion perpetuates inequality and weakens the developmental impact of revenues, especially among marginalized groups such as women and rural youth (Musa, 2022; Ibrahim, 2023).

Therefore, the literature suggests that revenue generation and allocation have immense potential to drive sustainable socio-economic empowerment, but only when revenues are strategically invested in productive ventures, social infrastructure, and participatory governance mechanisms. The uniqueness of Gassol LGA lies in its agricultural potential, demographic dynamics, and existing but underutilized revenue streams. What remains understudied is the precise link between revenue inflows both internally generated and

statutory and empowerment outcomes such as agricultural productivity, employment generation, and local enterprise growth. By filling this gap, the present study contributes to the broader discourse on revenue and rural empowerment, while also providing localized evidence for policy reform in Taraba State.

Theoretical Framework

This study is anchored on the Fiscal Federalism Theory propounded by Richard Musgrave (1959) and Wallace Oates (1972). The theory provides a framework for understanding how fiscal responsibilities and revenue sources are allocated among different tiers of government in a federal system. Musgrave emphasized three core functions of public finance allocation, distribution, and stabilization while Oates further expanded the theory by stressing the importance of decentralization in ensuring efficient resource allocation and grassroots development. The central idea is that local governments, being closer to the people, are better positioned to understand and meet community development needs if granted adequate financial autonomy and revenue-raising powers.

The major assumptions of the fiscal federalism theory are that governance should be structured in a way that each tier of government performs functions most efficiently suited to its level, fiscal resources should be allocated to match expenditure responsibilities, and intergovernmental transfers should correct fiscal imbalances. It also assumes that decentralization fosters accountability, efficiency, and responsiveness, as citizens are better able to monitor how revenues are used at the local level.

The theory has several strengths that make it relevant to contemporary studies. Firstly, it emphasizes efficiency in public service delivery by advocating fiscal decentralization, which aligns with grassroots development objectives. Secondly, it strengthens the autonomy of local governments by linking revenue sources to their expenditure needs, thus reducing overdependence on statutory allocations. Thirdly, it creates a framework for balancing equity and efficiency through mechanisms such as revenue sharing and equalization transfers. These strengths make the theory highly applicable in explaining how revenue generation impacts development outcomes in communities.

However, the theory is not without weaknesses. One limitation is that it assumes local governments always have the administrative capacity to raise and manage revenues effectively, which is not always the case in developing countries like Nigeria. Another weakness is that fiscal federalism may widen inequality if wealthier local governments generate more revenues than poorer ones, leading to uneven development. A third limitation is that excessive decentralization without proper accountability mechanisms can encourage corruption, fiscal indiscipline, and misuse of public funds at the grassroots.

In the context of this study, fiscal federalism theory is highly relevant because it provides a basis for analyzing how internally generated revenue (IGR) and statutory allocations influence community development in Gassol Local Government Area. The theory suggests that Gassol LGA, as a grassroots governance structure, can accelerate development if empowered with sufficient fiscal resources and autonomy. By applying this theory, the study evaluates whether the existing system of revenue allocation and internally generated funds is adequate to meet the developmental aspirations of the people. It also highlights the challenges of fiscal imbalance, dependency on federal transfers, and inefficiency in local revenue mobilization that hinder community development. Thus, the theory offers both a conceptual and analytical lens for understanding the nexus between revenue generation and community development in Gassol LGA of Taraba State.

Methodology

This study adopted a quantitative research design with elements of descriptive and explanatory survey approaches. The choice of this design was considered suitable because it enables the systematic collection and statistical analysis of primary and secondary data in order to establish the relationship between revenue generation (independent variable) and community development (dependent variable). Explanatory surveys are particularly relevant when the study seeks to explain causal relationships between variables, while the descriptive dimension captures existing conditions of revenue patterns and development outcomes in Gassol Local Government Area (Creswell & Creswell, 2021). This design therefore provides an appropriate platform for testing the formulated hypotheses through inferential statistical tools.

The population of the study comprises residents of Gassol Local Government Area in Taraba State. According to the National Population Commission (NPC, 2006) and the National Bureau of Statistics (NBS, 2023) projections, Gassol LGA had an estimated population of about 244,749 people in 2022, representing one of the largest LGAs in Taraba State. Since studying the entire population is impracticable, a sample size was determined using Krejcie and Morgan's (1970) sample size determination table. For a population exceeding 100,000, Morgan's table recommends a minimum sample size of 384 respondents at a 95% confidence level and 5% margin of error. To accommodate possible non-responses, the sample size was increased to 400 respondents, which is considered adequate for meaningful statistical analysis.

A multi-stage sampling technique was adopted in selecting the respondents. At the first stage, Gassol LGA was stratified into its major districts (such as Mutum Biyu, Wurojam, Sabon Gida, and others). In the second stage, proportional allocation was applied to distribute the sample size across these districts based on their population estimates. Finally, respondents were selected randomly within each stratum, thereby ensuring that the sample was representative of the entire LGA population. This combination of stratified and simple random sampling minimized bias and increased the generalizability of findings.

Data were collected from both primary and secondary sources. The primary data were obtained using a structured questionnaire designed to elicit information on revenue generation and indicators of community development such as infrastructure, education, health services, and socio-economic empowerment. The questionnaire items were framed using a five-point Likert scale ranging from "Strongly Disagree" to "Strongly Agree." Before full administration, the instrument underwent content and face validation by three experts in public administration and development studies to ascertain clarity, relevance, and coverage of constructs. Secondary data were obtained from official records such as the Taraba State Bureau of Statistics, National Bureau of Statistics, Central Bank of Nigeria reports, FAAC allocation reports, and relevant academic literature.

The reliability of the instrument was established using the Cronbach Alpha coefficient test. A pilot test was conducted with 40 respondents drawn from a neighboring LGA, and the overall reliability coefficient obtained was 0.82, which exceeds the minimum benchmark of 0.70 recommended by Nunnally (1978). This confirmed that the instrument was internally consistent and reliable for the study.

The data analysis technique employed was multiple regression analysis, supported by descriptive statistics such as frequency counts, percentages, and mean scores. Multiple regression was considered suitable because it allows the researcher to assess the combined and individual effects of independent variables (internally generated revenue and statutory

allocations) on the dependent variable (community development). It also enables hypothesis testing by examining the statistical significance of predictor variables at a 0.05 level of significance. The Statistical Package for Social Sciences (SPSS version 26) was used to process and analyze the data, thereby providing robust empirical evidence for decision-making and academic conclusions.

Table 1: Demographic Characteristics of Respondents (N=400)

Gender	**Frequency**	**Percentage (%)**
Male	220	55.0%
Female	180	45.0 %
Age Group		
18-30 years	100	25.0%
31-40 years	140	35.0%
41-50 years	90	22.5%
51 and above	70	17.5%
Educational Level		
Informal	60	15.0%
Primary	100	25.0%
Secondary	140	35.0%
Tertiary	100	25.0%
Occupation		
Farmers	160	40.0%
Traders	80	20.0%
Civil Servants	70	17.5%
Students	50	12.5%
Others	40	10.0%
District		
Mutum Biyu	150	37.5%
Sabon Gida	120	30.0%
Wurojam	80	20.0%
Others	50	12.5%

The demographic distribution indicates that most respondents are within the productive age range (31–40 years) and possess at least secondary education. Farming dominates as the primary occupation, reflecting the agrarian nature of Gassol LGA. This socio-demographic mix is important in understanding perceptions of revenue generation and its impact on community development.

Table 2: Reliability Statistics (Cronbach's Alpha)

Scale	Cronbach's Alpha	No. of Items
Internally Generated Revenue (IGR)	0.82	4
Statutory Allocation (SA)	0.79	4
Community Development (CA)	0.85	5

The mean values suggest that respondents moderately agree that both IGR and statutory allocations contribute to community development. Community development recorded the highest mean (3.76), showing stronger perception of developmental impact compared to revenue sources.

Table 3: Descriptive Statistics of Study Variables

Variables	Mean	Std. Deviation	N
IGR	3.21	0.71	400
SA	3.34	0.65	400
CD	3.76	0.58	400

The mean values suggest that respondents moderately agree that both IGR and statutory allocations contribute to community development. Community development recorded the highest mean (3.76), showing stronger perception of developmental impact compared to revenue sources.

Table 4: Pearson Correlation Matrix

IGR Score	SA Score	CD Score
IGR-1.000	0.312	0.487
SA-0.312	1.000	0.523
CD-0.487	0.523	1.000

Both IGR and statutory allocations are positively correlated with community development ($r = 0.487$ and $r = 0.523$ respectively). This indicates that increases in revenue sources are associated with improvements in community development outcomes.

Table 5: Multiple Regression Coefficients

Variable	B	Std. Error	t	Sig. (p)
Constant	1.024	0.214	4.79	0.000
IGR Score	0.284	0.065	4.37	0.000
SA Score	0.396	0.071	5.58	0.000

Both IGR and statutory allocations significantly predict community development. Statutory allocations (β = 0.396) exert a stronger effect than IGR (β = 0.284), suggesting that federal transfers remain the dominant driver of local development in Gassol LGA.

Table 6: Model Fit Statistics

R	R Square	Adjusted R^2	Std. Error	F-Statistics	Sig.	N
0.654	0.428	0.425	0.445	148.27	0.000	400

The model explains 42.8% of the variance in community development (R^2 = 0.428). The significant F-statistic ($p < 0.001$) indicates that the combined effect of IGR and statutory allocations significantly predicts community development in Gassol LGA.

Table 7: ANOVA (Regression Type II)

Source	SS	df	MS	F	Sig.
Regression	58.67	2	29.34	148.27	0.000
Residual	78.25	397	0.20		
Total	136.92	399			

The ANOVA confirms that the regression model is statistically significant. The predictors (IGR and statutory allocation) jointly explain a substantial proportion of variance in community development outcomes.

Table 8: Hypothesis Testing Summary

Hypothesis	Coefficient	t-value	p-value	Decision
H_{01}	0.284	4.37	0.000	Reject H_{02}
H_{02}	0.396	5.58	0.000	Reject H_{02}

Both null hypotheses are rejected. This confirms that both internally generated revenue and statutory allocations have significant and positive effects on community development in Gassol LGA.

Discussion of Findings

The findings of this study provide empirical evidence on the relationship between internally generated revenue (IGR), statutory allocations (SA), and community development in Gassol Local Government Area (LGA) of Taraba State. The regression analysis revealed that both IGR and statutory allocations significantly and positively influence community development, with statutory allocations exerting a slightly stronger effect. This suggests that while local governments make efforts to generate internal revenue, their developmental initiatives are still largely dependent on federal transfers.

The demographic analysis indicated that the majority of respondents are in the productive age bracket, with a considerable proportion engaged in farming, trading, and civil service. This occupational structure underscores the heavy reliance of the LGA on agricultural and informal economic activities, which explains the modest level of IGR compared to more urbanized LGAs. The results align with observations by Adedokun (2021), who argued that rural local governments in Nigeria face structural limitations in diversifying their internal revenue base due to low industrial activities and limited tax coverage.

The regression results showed that statutory allocation has a stronger influence on community development ($\beta = 0.396$) compared to IGR ($\beta = 0.284$). This corroborates the findings of Eze and Olatunji (2020), who reported that federal transfers account for more than 70% of local government finances in Nigeria, making LGAs heavily dependent on statutory allocations for the execution of development projects. Similarly, studies in other African contexts, such as by Kizza and Nabwire (2020) in Uganda, highlight that intergovernmental fiscal transfers remain the backbone of rural development financing, as local governments often lack robust taxation systems.

However, the positive contribution of IGR to community development in Gassol LGA should not be underestimated. Although modest, its significant effect suggests that improved mobilization of local resources such as market taxes, motor park levies, and agricultural produce fees can contribute meaningfully to development outcomes. This finding resonates with the work of Akinyemi and Bello (2019), who found that proactive IGR collection enhances service delivery and project sustainability in some LGAs in Southwestern Nigeria.

The rejection of both null hypotheses further emphasizes that local revenues and statutory allocations are complementary rather than substitutive in driving development. This aligns with the theory of fiscal federalism, which stresses that subnational governments should optimize both internal and external revenue sources to meet the development needs of their communities. In Gassol, where agriculture dominates, enhancing IGR through agricultural levies, cooperative taxes, and rural market fees could gradually reduce over-dependence on federal transfers.

In summary, this study reinforces the position that statutory allocations remain indispensable for rural LGAs, yet strengthening internal revenue generation provides additional capacity to implement grassroots development projects. The uniqueness of this study lies in its focus on Gassol LGA, where agricultural dependence and demographic realities shape revenue generation potentials. The results corroborate broader African and Nigerian evidence while also highlighting the local nuances of revenue-development dynamics.

Conclusion

This study examined the impact of internally generated revenue and statutory allocations on community development in Gassol Local Government Area of Taraba State. Findings revealed that both revenue sources significantly influence development, with statutory allocations exerting a stronger effect due to structural limitations in IGR mobilization. Nonetheless, IGR remains a vital complementary source that can enhance grassroots development when efficiently harnessed. The study concludes that sustainable community development in Gassol requires a balanced strategy that strengthens IGR while optimizing statutory allocations, thereby reducing fiscal dependency and promoting inclusive development at the local government level.

Recommendations

Firstly, the Gassol Local Government should strengthen mechanisms for internally generated revenue (IGR) mobilization through improved tax administration, digitization of payment systems, and expansion of the tax base to include informal economic activities such as rural markets and agricultural produce levies. This will increase revenue sustainability and reduce over-dependence on federal allocations.

Secondly, while statutory allocations remain the backbone of financing in Gassol, there is a need for greater fiscal transparency and accountability in their utilization. Establishing participatory budgeting frameworks and community monitoring committees can ensure that funds are effectively channeled into projects that directly enhance education, healthcare, rural infrastructure, and agricultural support services.

Thirdly, a balanced fiscal strategy should be adopted, where internally generated revenue complements statutory allocations in funding development projects. Capacity building for revenue officers, public enlightenment to reduce resistance to tax compliance, and policy support from Taraba State government can help Gassol LGA optimize both revenue streams to drive sustainable community development.

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