

**REVENUE GENERATION CAPACITY, INTER-GOVERNMENTAL RELATIONS,
AND QUALITY SERVICE DELIVERY AMONG LOCAL GOVERNMENTS IN
KWARA STATE**

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Abstract

The persistent inefficiency in grassroots service delivery in Kwara State has been linked to weak internally generated revenue mechanisms, overdependence on statutory allocations, and ineffective intergovernmental fiscal arrangements that undermine the autonomy and performance of local government councils. Thus, this study investigates the impact of internally generated income, statutory allocation, and intergovernmental relations on the quality service delivery at the local government level in Kwara State. Banking on the development and Fiscal Federalism theories, the study's philosophy is based on positivism approach and the research design was cross-sectional survey. Structured questionnaires were used to collect primary data to 320 respondents who were chosen in sixteen local government areas using stratified random sampling method in Kwara State. Descriptive statistics and multiple regression analysis were used to analyse the data collected and the results found that internal generated revenue, statutory allocation and intergovernmental relations have positive and significant impacts on quality service delivery. This implies that financially stable and well-coordinated local governments are better positioned to respond to community needs and promote grassroots development through quality service delivery. The findings also indicated that financial ability and coordination of institutions together explain the differences in service delivery results, and the model explains a significant percentage of the variance. The study concludes that an optimal mix of enhanced revenue-generating capability and enhanced intergovernmental cooperation are the key elements of successful service delivery at the grassroots. It is therefore recommended that the implementation of the modern systems of revenue collection, greater openness in the management of statutory funds, and the institutionalisation of coordinated intergovernmental structures towards better service delivery outcomes.

Keywords: Statutory Allocation, internally generated revenue, intergovernmental relations, quality service delivery.

1.0 Introduction

The most basic goal of local government administration is quality service delivery, especially in developing countries like Nigeria where local governments are the nearest institutional form of contact between the state and the citizens. Ideally, local governments are supposed to offer basic services like primary health care, elementary education, rural infrastructure and sanitation. Nevertheless, the service provision at the grassroots in Nigeria is usually typified by inefficiencies, low quality and coverage as a result of structural and institutional limitations. Igbokwe-Ibeto & Osakede, (2023) established that the access to financial resources and their practical use is closely associated with the efficient service delivery. Furthermore, the high reliance of the local governments on the federation account statutory allocations, combined with the dwindling oil revenues, has increased the pressure on the requirement of better-generated internally revenue (IGR) to continue offering services (Isiaq et al., 2023). In spite of these

expectations, the performance of local governments in Nigeria has not been optimal enough to produce any concerns about the interactions between revenue capacity, inter-governmental relations, and service delivery outcomes.

Importantly, the revenue generation capacity of local governments is a critical factor that determines the quality of the service delivery as it defines the financial capacity of these governments to be fiscally sustainable to fund developmental projects. Weak tax administration, poor economic base and inefficiency in administration characterizes Nigeria where local governments have a high level of difficulty in mobilising internal revenue. Thus, poor revenue collection results in budget shortfalls and limit the delivery of key civic services (Amin et al., 2020). The complexity of this situation is enhanced by the nature of inter-governmental fiscal relations and especially how the State Joint Local Government Account (SJLGA) has been criticized to compromise the independence of local governments and deny access to statutory allocations. Emoghene & Oluyemi, (2025) asserted that excessive influence and interference of local government finances by state governments greatly influence their ability to efficiently provide services. Equally, Akwuaka (2023) on intergovernmental relations in Nigeria asserted that resource sharing agreements and interventions of the state tend to pervert the allocation of resources and the accountability at the grassroots level, thus negatively impacting on service delivery.

Narrowing the discussion to the Kwara State, the issues of the capacity of revenue generation and the relations between the government and government are especially acute, and the quality of the service delivery to the areas of the local government is extremely important. Banking on the empirical data of Asa and Ilorin West local governments, Amin, et al., (2020) opined that the fact that the dominant sources of their revenue are insufficient, and the federal allocations are delivered irregularly, and the financial management practices are inadequate led to the lack of infrastructural development and ineffective delivery of the services. The ineffective institutional frameworks and excessive reliance on outside funding only contribute to these limitations and deter fiscal independence and performance. Thus, local governments in Kwara State are unable to address the developmental needs of their communities, which results in the deterioration of the level of trust and negative socio-economic results.

Revenue generation capacity, intergovernmental relations, and quality service delivery are conceptually interconnected in the administration of local governments in Kwara State because the effectiveness of grassroots governance largely depends on the availability of financial resources and the level of cooperation among tiers of government. Revenue generation capacity through internally generated revenue and statutory allocations provides the fiscal strength needed by local governments to finance public services such as primary healthcare, rural roads, sanitation, water supply, and education. Studies have shown that financially viable local governments are more capable of achieving sustainable service delivery and grassroots development (Olayinka & Lawal, 2022; Adekoya, et al., 2025; Sani, 2026). At the same time, intergovernmental relations influence the degree of fiscal coordination, administrative support, and autonomy enjoyed by local governments within Nigeria's federal structure. Effective intergovernmental relations enhance policy implementation, accountability, and efficient allocation of resources, thereby improving service delivery outcomes at the local level (Udeaaja & Amobi, 2023; Braimoh & Onuoha, 2022). In Kwara State, the ability of local governments to deliver quality services therefore depends not only on their internally generated revenue capacity

but also on stable statutory allocations and harmonious relationships with state and federal governments. Empirical studies further affirm that weak fiscal autonomy and poor intergovernmental coordination often constrain service delivery efficiency in Nigerian local governments (Oyetunde, 2019; Igbokwe-Ibeto & Osakede, 2023).

Over time, the long-standing issue of ineffective services delivery at the grassroots level in Nigeria has been intimately attributed to the ineffective ability to generate revenue and the dysfunctional nature of the inter-governmental relationship in the federal system. Even though local governments have constitutional powers to mobilize internal revenue and provide the necessary services, they still greatly rely on statutory allocations provided by the Federation Account which is normally insufficient and unstable (Igbokwe-Ibeto & Osakede, 2023). The local revenue systems are further exposed by the volatility of the oil revenues and macroeconomic pressures which have constrained fiscal transfers. It has been shown that the internally generated revenue (IGR) is constrained by poor tax administration, leakages, and ineffective enforcement mechanisms, which affect the financial sustainability of the local governments (Isiaq et al., 2023). Moreover, the institutional structure of the inter-governmental fiscal relations specifically the State Joint Local Government Account has been largely criticized as a factor that contributes to the loss of local government independence and mis-allocation of resources, which will eventually undermine the outcomes of service delivery (Emoghene & Oluyemi, 2025). In turn, local governments remain incapable of addressing the developmental demands of the local communities because of their inability to mobilize and manage the financial resources in an effective manner.

Further, these structural challenges are intensified at the subnational level by inefficiency in inter-governmental coordination and fiscal decentralization practices. The research into inter-governmental relations in Nigeria exposes ongoing disputes on the sharing of revenues, funds transfers, and administrative authority, which tend to lead to sluggish or insufficient payment of funds to local governments (Adedire, 2024). These institutional bottlenecks, in addition to limiting fiscal autonomy, undermine accountability and local capacity to plan. Empirical studies indicate that weak inter-governmental fiscal setups are major obstacles to the efficacy of the local governments to efficiently manage resources to provide services especially in the key sectors like healthcare, education and infrastructure (Akwuaka, 2023). This has led to a poor connection between revenue collection and delivery of services, and several local governments do not convert the resources at their disposal to any actual developmental results.

In Kwara State, the issue takes a more particular scale despite the current positive changes in state-level fiscal outcomes. Although the state has been experiencing significant improvement in the internally generated revenue over the past years, such improvements have not adequately reflected into the increased fiscal capacities of local governments (Adekunle, 2025). This is based on empirical evidence by local governments in the state, of continued difficulties in the declining generation of revenue, weak tax collection, and intermittent remittances by the state joint account system, all contributing to budget deficits and inadequate financing of development (Amin et al., 2020). These financial constraints have directly affected service delivery and they have been translated into poor infrastructure, ineffective healthcare services, and community development projects. Thus, the unsolved problems related to the ability to generate revenues and the relationships between the local governments have been the factors that persist in the deterioration of service delivery within the local governments of Kwara State.

Although several studies have examined revenue generation, fiscal decentralization, and intergovernmental relations in Nigeria, limited empirical attention has been given to how these variables collectively influence quality service delivery at the state and local government levels, particularly in Kwara State. Existing literature has largely focused on the national dimensions of weak internally generated revenue, unstable statutory allocations, and poor intergovernmental fiscal coordination without sufficiently providing state-specific evidence on their combined effects on grassroots service delivery outcomes (Igbokwe-Ibeto & Osakede, 2023; Isiaq et al., 2023; Adedire, 2024). Similarly, studies on intergovernmental fiscal relations have emphasized structural weaknesses such as the State Joint Local Government Account and inadequate fiscal autonomy, yet there remains inadequate contextual analysis of how these institutional challenges affect service delivery performance within Kwara State local governments (Emoghene & Oluyemi, 2025; Akwuaka, 2023). While Amin et al. (2020) acknowledged the persistence of weak tax administration and irregular remittances in Kwara State, there is still insufficient evidence linking revenue generation capacity and intergovernmental relations directly to quality service delivery in the state. Therefore, this study provides analytical coherence by transitioning the discourse from the broader national experience to a focused examination of Kwara State, where the interaction between fiscal capacity, intergovernmental coordination, and grassroots service delivery remains underexplored. It is against this background that the relationship between the capacity to generate revenue, inter-governmental relations and quality service delivery in Kwara State. In view of this, the following hypotheses were formulated:

H₀₁: Internally generated revenue (IGR) has no significant effect on quality service delivery of Local Government Area, Kwara state.

H₀₂: Statutory allocation has no significant effect on quality service delivery of Local Government Area, Kwara state.

H₀₃: Intergovernmental relation has no significant effect on quality service delivery of Local Government Area, Kwara state.

2.0 Literature Review

Quality service delivery within the public sector can be defined as the level to which the government institutions deliver timely, efficient, accessible and citizen-oriented services in ways that satisfy the needs of the society and enhance the welfare outcomes. In the local government setting, it entails the efficient delivery of basic services like healthcare services, education, sanitation services, and rural infrastructure in a way that meets the expectations of the citizens. In theory local governments are meant to be closer to the citizens and promote development at the grassroots by being able to offer efficient services, but empirical research in Nigeria has shown that the local government performance has continued to be poor. Research demonstrates that the institutional flaws, absence of competent staff, and ineffective accountability mechanisms often limit service delivery at the local government level, thereby worsening the quality and insufficiency of the public services (Bello and Mackson, 2023; Akuche and Akindoyin, 2024). Additionally, the nature of governance, financial ability and administrative efficiency have a significant impact on the quality-of-service delivery implying that any enhancement in these aspects is necessary in the realization of sustainable development results at the grassroots level.

Internally Generated Revenue (IGR)

Internally Generated Revenue (IGR) is the income generated by local governments within their jurisdictions by way of taxes and fees, licenses and other sources of income generated locally. It is a very critical measure of fiscal strength and financial autonomy since it defines the degree at which local governments can finance their activities, without having to overly depend on external transfers. In Nigeria, the poor IGR base of most of the local governments is well known to be one of the greatest impediments towards quality service delivery mainly because of poor tax administration, minimal economic activities and institutional inefficiencies. Empirical evidence indicates that failure to raise revenue causes a budget constraint, thus restricting the capacity of local governments to invest in infrastructure and social services (Agboola & Abideen, 2025). Furthermore, the reliance on statutory allocations tends to decrease the motivation of local authorities to be innovative in terms of revenue generation, hence, sustaining fiscal vulnerability and weakening sustainable local governance.

Statutory Allocations

The statutory allocations are the constitutionally specified transfers of central government revenue (federation account) to subnational governments, including the local governments, according to predetermined sharing formulas. These allocations form the main source of funding most local governments in Nigeria and are supposed to help in service delivery and developmental activities in the grass roots level. The success of statutory allocations has been compromised despite their importance due to problems that include delays in payment, mismanagement, and functioning of the State Joint Local Government Account (SJLGA) that usually restricts direct access to funds. It has been indicated that despite the large financial resources channelled to the local governments every year, little to no effect on the welfare of citizens is experienced because of inefficiencies and leakages in the use of the funds (Achimugu et al., 2013). As a result, the dependence on statutory allocations without well-established financial management systems and accountability mechanisms has not been translated into better service delivery outcomes.

Intergovernmental Relations

Intergovernmental relations are defined as the institutional or fiscal interactions between various levels of government such as federal, state, and local in the management of the policies and resources of the government. Such relations are very important in determining the operational independence, budgetary ability, and performance of the local governments in Nigeria. Ideally, the intergovernmental relations ought to promote coordination, sharing of resource and alignment of policies but in practice, they are sometimes dominated by the state governments over the local councils, which results to limited autonomy and accountability. Research has shown that too much interference by the state especially in financial affairs weakens the capacity of local governments to plan and implement development projects on their own, which in turn has negative impacts on service delivery (Akuche & Akindoyin, 2024; Agboola & Abideen, 2025).

Theoretical Review

The Fiscal Federalism Theory, which explains the allocation of fiscal responsibilities, revenue powers, and expenditure functions among different tiers of government within a federal system. The theory, originally advanced by Musgrave (1959) and later explained by Oates (1972) posits

that decentralization enhances efficiency in public service delivery because subnational governments are closer to the people and better positioned to identify and respond to local needs. Within the context of local government administration in Kwara State, the theory provides a framework for understanding how revenue generation capacity and intergovernmental relations influence the ability of local governments to provide quality services such as healthcare, education, sanitation, and rural infrastructure. Fiscal Federalism Theory emphasizes that local governments should possess adequate fiscal autonomy and internally generated revenue to effectively discharge their constitutional responsibilities (Bird & Vaillancourt, 1998; Bahl & Linn, 2014). However, in Nigeria, excessive dependence on statutory allocations and the operational structure of intergovernmental fiscal arrangements, particularly the State Joint Local Government Account, have weakened local fiscal independence and constrained service delivery efficiency (Arowolo, 2011; Ekpo, 2019). The theory further argues that effective intergovernmental relations promote accountability, resource allocation efficiency, and administrative coordination among the federal, state, and local governments, thereby improving developmental outcomes at the grassroots level (Olowu, 2003; Suberu, 2001). Consequently, Fiscal Federalism Theory is relevant to this study because it explains the connection between revenue mobilization capacity, fiscal interdependence, and the quality-of-service delivery in Kwara State local governments.

Development Theory

The Development Theory, which has many modernization scholars like Walt Whitman Rostow, offers a wider perspective of how the institutions of governance contribute towards facilitating socio-economic transformation. The stages of economic growth as defined by Rostow (1960) put emphasis on the process of transforming traditional societies into modern ones by structuring the society, consolidating institutions, and providing efficient services to the population. The theory presupposes economic development based on investments in infrastructure, human capital, and institutional capacity, and government plays the key role in mobilizing resources, and organizing development process. The modern additions to the development theory also emphasize the role of fiscal decentralization, intergovernmental coordination, and effective management of public finances in creating sustainable development outcomes (Todaro and Smith, 2021). The theory has however been criticized to be linear and has not done much in the consideration of contextual realities in the developing countries such as the challenges of governance, political instability and institutional weakness. In spite of these constraints, the development theory is especially pertinent in this research because it emphasizes the significance of revenue generating potential and intergovernmental relations in improving provision of services at the local level. The theory can also be used to offer a good perspective in understanding how quality service delivery and grassroots development can be spurred by enhanced fiscal capacity, harmonized intergovernmental arrangements, and effective use of resources.

Empirical Review

Owolabi, Adegbe, Bartholomew, Ogundajo & Kwarbai (2025) investigated how foreign investment shapes tax revenue across 33 Sub-Saharan African countries (2002–2023; 726 country-year observations). Using panel OLS with panels-corrected standard errors, they found that both FDI and portfolio inflows have a statistically significant negative effect on tax revenue, while trade openness and GDP growth raise revenues. The study argues that profit repatriation, tax avoidance and weak institutions offset the putative revenue gains from inward investment. For Nigeria's fiscal planners and subnational governments, the implication is clear: tighten

incentives, curb base erosion, and deepen administrative capacity so that investment attraction does not undermine revenue mobilization.

Mohammed & Chamba (2025) evaluated whether Nigeria's post-2007 tax administration reforms improved the Federal Inland Revenue Service's revenue performance. Using an ex-post facto design and a t-test that compared mean collections before (1991–2006) and after the reforms (2007–2023), they reported a statistically significant step-up in revenue, attributing the gains to FIRS autonomy, process automation, and restructuring. The authors recommend further digitalization and taxpayer education to sustain compliance and close leakages. For Nigerian states and local governments, the evidence suggests that coherent administrative reforms not just new taxes can materially raise revenue generation capacity.

Bello, Alem, & Mohammed (2025) assessed strategies for Internally Generated Revenue (IGR) and their effectiveness in enhancing fiscal autonomy. Drawing on state records and stakeholder surveys, the study documents which IGR instruments (e.g., PAYE enforcement, business premises levies, digital billing) deliver measurable gains and which impose high costs for low yield. The authors conclude that rationalizing “nuisance” taxes, improving enforcement, and investing in e-payment infrastructure significantly boost IGR. For local governments in Nigeria, the takeaway is to prioritize high-yield, low-distortion levies and modern collection systems rather than proliferating small, hard-to-administer charges.

Adeleke (2025) investigated the effect of internally generated revenue on service delivery outcomes in selected local governments in Ghana. The study was carried out in three municipal assemblies. Using a descriptive survey design, the population comprised all revenue officers and finance staff of the assemblies (N = 210). A stratified random sampling technique was used to select a sample of 126 respondents. Data were collected via structured questionnaires and analysed using multiple regression analysis. Findings revealed that internally generated revenue significantly and positively influenced service delivery outcomes; municipalities with higher internally generated revenue recorded better infrastructure maintenance, health service provision, and quality of basic services. The study concluded that enhancing internal revenue mobilisation structures can improve service delivery at the local level.

Kimani and Wanjiru (2024) investigated the impact of intergovernmental fiscal transfers on access to public health services in Kenyan counties. The research was conducted across ten counties representing high and low fiscal capacity areas. Using a mixed methods design, the population consisted of county health officials and residents (N = 1,500), and a multistage sampling technique was employed to select 300 health officials and 900 residents for questionnaires, with 300 additional participants selected purposively for interviews. Quantitative data were analysed using difference in differences regression, and qualitative data were thematically analysed. Findings showed that predictable and formula-based transfers resulted in significant increases in access to maternal and child health services; however, counties that depended heavily on ad hoc transfers had inconsistent service outcomes. The study concluded that improved fiscal transfer systems enhance service delivery quality.

Mensah (2023) investigated whether fiscal decentralisation influences revenue generation capacity among local assemblies in Ghana's Central Region. The study area covered 30 district assemblies. Using a cross-sectional survey design, the population was revenue and tax collection staff across the assemblies (N = 300). A simple random sampling technique was used to select a

sample of 150 participants. Data were collected via structured questionnaires and analysed using ordinary least squares regression. Results indicated a significant positive relationship between fiscal autonomy and revenue generation capacity; assemblies that exercised greater autonomy over tax rates and revenue bases generated significantly more own revenue. The study recommended strengthening local fiscal autonomy to improve revenue mobilisation and governance outcomes.

3.0 Methodology

This study was grounded in the assumptions of the positivist philosophy, which supports the generation of objective, measurable, and empirical knowledge through scientific investigation. The positivist approach was considered appropriate because the study used observable and quantifiable variables that could be statistically analysed without researcher bias. In line with this philosophical orientation, the study adopted a survey research design because it provides a systematic means of collecting standardized data from a large population within a specific period. The survey design was also suitable for the study since it enabled the researcher to obtain responses directly from local government officials across different councils in Kwara State and facilitated the testing of the formulated hypotheses through quantitative analysis. The population of this study consisted of 13,467 staff members across the sixteen (16) Local Government Areas in Kwara State, Nigeria spanning across six core departments: Treasury, Agriculture, Works/Administration, Education, and Health. Given their operational relevance, these departments were selected for this study as middle-level officers within these departments were specifically targeted due to their strategic positions as well as presumed familiarity with the operational, financial, and administrative aspects of local governance.

To ensure adequate representation of all local governments and departments involved, the sample size for this study was determined using Taro Yamane's (1967) thus arriving at 320 respondents. The selection of the respondents varies from each Local Government Area in Kwara State. The sampling method employed was stratified random sampling. Each LGA constituted a stratum, and within each stratum, respondents were randomly selected from the six departments. This stratification ensured that the views of personnel involved in different facets of governance were represented proportionately, thereby reducing sampling bias and enhancing the generalizability of the findings.

Primary data formed the cornerstone of this study and were collected through the use of a structured questionnaire. Questionnaires were administered physically to middle-level officers across the six core departments in the sixteen LGAs. The reliability of the instrument was tested using Cronbach's alpha to determine internal consistency. This test assessed the degree to which the items within each construct correlated positively, thus reflecting measurement reliability. Additionally, the construct validity of the instrument was established through expert review and pilot testing.

Model Specification

The model adapted for this study was structured to evaluate the effect of revenue generation capacity and intergovernmental relations on quality service delivery. Drawing from empirical literature and the research hypotheses, the following multiple linear regression model was specified:

$$QSD = \beta_0 + \beta_1 IGR_i + \beta_2 SA_i + \beta_3 IR_i + \epsilon \dots \dots \dots (i)$$

Where:

QSD = Quality Service Delivery

IGR= Internally Generated Revenue (IGR)

SA= Statutory Allocation

IR= Intergovernmental Relations

β_0 = Intercept

$\beta_1 - \beta_3$ = Coefficients of the independent variables

ϵ = Error term

While this model provided a framework for testing the three hypotheses and evaluating the effect of each explanatory variable on the dependent variable, data collected were coded and analysed using descriptive statistics and inferential statistics. The descriptive gives account of the demographic characteristics of the collected data while the inferential statistic involves the use of multiple regression analysis.

4.0 Result and Discussion

Table 1:
Descriptive Statistics

Variable	Mean	Std. Deviation	Minimum	Maximum
Quality Service Delivery (QSD)	3.68	0.74	1.00	5.00
Internally Generated Revenue (IGR)	3.55	0.81	1.00	5.00
Statutory Allocation (SA)	3.72	0.69	1.00	5.00
Intergovernmental Relations (IR)	3.60	0.77	1.00	5.00

Source: Author’s Computation, 2026

The descriptive statistics presented in Table 1 show that the mean value of all the variables is above the midpoint or 3.00 on a five-point Likert scale which indicates that respondents tended to agree with the items that measured each construct. Quality Service Delivery (QSD) obtained a mean of 3.68 and a standard deviation of 0.74 that implies that the respondents perceived moderately high service quality, but the variation in answers is low. This implies a reasonable amount of uniformity in the evaluation of service delivery by respondents. The mean of Internally Generated Revenue (IGR) was 3.55 with a slightly higher standard deviation of 0.81, which means that even though respondents were generally in agreement of what constitutes adequate or role of internally generated revenue, there was a greater variation in their response than in QSD.

The highest mean was 3.72 and the lowest standard deviation was 0.69 which was documented under Statutory Allocation (SA). This indicates more consensus and agreement among the respondents about the relevance or the effectiveness of statutory allocations in determining the outcome of service delivery. Intergovernmental Relations (IR) had the mean of 3.60 and the standard deviation of 0.77, which indicated that the respondents had a moderate agreement on the relevance of intergovernmental interactions, but in varying degrees. The general implication of the low standard deviations of all the variables is that the responses were not widely spread and thus the data can be relied on to be further analysed in terms of inferences. These findings

form a good base to further analysis since they ensure that the crucial variables have enough variation and central tendency that can be used to analyse the relationships.

Table 2:
Normality Test (Skewness and Kurtosis)

Variable	Skewness	Kurtosis
Quality Service Delivery (QSD)	-0.412	2.781
Internally Generated Revenue (IGR)	-0.365	2.654
Statutory Allocation (SA)	-0.298	2.847
Intergovernmental Relations (IR)	-0.433	2.712

Source: Authors' Computation, 2026.

The normality test results show that the skewness values for all variables fall within the acceptable range of -1 to +1, indicating no substantial asymmetry in the data distribution. Similarly, the kurtosis values are close to the benchmark value of 3, suggesting that the distributions approximate normality. This implies that the assumption of normality required for regression analysis is satisfied, and the data are suitable for further parametric testing.

Table 3:
Reliability Analysis (Cronbach's Alpha)

Variable	Number of Items	Cronbach's Alpha
Quality Service Delivery (QSD)	5	0.84
Internally Generated Revenue (IGR)	4	0.81
Statutory Allocation (SA)	4	0.86
Intergovernmental Relations (IR)	5	0.83

Source: Authors' Computation, 2026.

The reliability results indicate that all constructs exhibit strong internal consistency. Cronbach's alpha values range from 0.81 to 0.86, which exceed the commonly accepted threshold of 0.70. This confirms that the measurement items used for each variable are reliable and consistent in capturing their respective constructs.

Table 4:
Correlation Matrix

Variables	QSD	IGR	SA	IR
QSD	1.00			
IGR	0.58	1.00		
SA	0.63	0.49	1.00	
IR	0.55	0.46	0.52	1.00

Source: Authors' Computation, 2026.

The correlation matrix reveals positive relationships among all variables. Quality Service Delivery (QSD) shows moderate positive correlations with Internally Generated Revenue (0.58), Statutory Allocation (0.63), and Intergovernmental Relations (0.55). The independent variables are also moderately correlated with one another, but none of the correlation coefficients exceed 0.80. This suggests the absence of multicollinearity concerns and supports the inclusion of all predictors in the regression model.

Table 5:
Variance Inflation Factor (VIF)

Variable	Tolerance	VIF
Internally Generated Revenue (IGR)	0.62	1.61
Statutory Allocation (SA)	0.58	1.72
Intergovernmental Relations (IR)	0.60	1.67

Source: Authors' Computation, 2026.

The VIF values for all independent variables are well below the threshold of 10, while tolerance values are above 0.10. This indicates that multicollinearity is not a concern in the model. The independent variables are sufficiently distinct from one another, allowing for reliable estimation of their individual effects on Quality Service Delivery.

Table 6:
Heteroskedasticity Test (Breusch-Pagan Test)

Statistic	Value
Chi-square	3.27
Degrees of Freedom	3
Probability (p-value)	0.351

Source: Authors' Computation, 2026.

The Breusch-Pagan test result shows a p-value of 0.351, which is greater than the 0.05 significance level. This indicates that the null hypothesis of homoskedasticity cannot be rejected. In other words, there is no evidence of heteroskedasticity in the model. The variance of the error term is constant across observations, satisfying one of the key assumptions of ordinary least squares regression.

Table 7:
Regression Results (Dependent Variable: Quality Service Delivery-QSD)

Variable	Coefficient (β)	Std. Error	t-Statistic	(p-value)
Constant (β_0)	0.842	0.213	3.95	0.000
Internally Generated Revenue (IGR)	0.284	0.067	4.24	0.000
Statutory Allocation (SA)	0.331	0.072	4.60	0.000
Intergovernmental Relations (IR)	0.259	0.065	3.98	0.000
R-squared	0.62			

Adjusted R-squared	0.61
F-statistic	171.45
Prob (F-statistic)	0.000

Source: Authors' Computation, 2026.

The regression findings have indicated that the Internally Generated Revenue (IGR), Statutory Allocation (SA), and Intergovernmental Relations (IR) have statistically significant positive impacts on Quality Service Delivery (QSD). In particular, IGR is positively correlated with a coefficient of 0.284, and a p-value of below 0.01, which implies that the increase in the internally generated revenue correlates with the corresponding rise in the quality-of-service delivery. Among the predictors, Statutory Allocation (SA) has the greatest effect with a coefficient of 0.331 indicating that government allocations are at the centre of service outcomes. Intergovernmental Relations (IR) is also significantly positively contributed such that the coefficient of 0.259 indicates the significance of collaboration and coordination among various levels of governments in the realization of effective service delivery. All the variables are found to be statistically significant to indicate that they are all significant in explaining the variations in QSD.

The overall model has high explanatory power with the R-squared of 0.62, which implies that about 62 percent of the variance in Quality Service Delivery can be attributed to the joint effect of the IGR, SA, and IR. The adjusted R-squared of 0.61 also indicates the strength of the model with the number of predictors adjusted. The F-value is statistically significant at 1 percent which means that the model in totality is well-fitted and can be used to make inferences. These results indicate that the institutional collaboration and financial capacity have a combined effect on the service delivery outcomes, with statutory allocation being the most powerful element, then internally generated revenue, and intergovernmental relations.

Discussion of Findings

The results of the regression indicate that Internally Generated Revenue (IGR), Statutory Allocation (SA), and Intergovernmental Relations (IR) all have a positive and significant impact on Quality Service Delivery (QSD). The affirmative and material impact of IGR indicates that with the improvement of the internal revenue base of the local governments, they are in a better position to finance infrastructure and service delivery. This observation aligns with the research by Oyetunde and Kayode (2017), who discovered that there was a strong correlation between internally generated revenue and service delivery in Oyo State, but the research observed that the effect was limited due to low revenue capacity. Conversely, the current outcome shows a greater and more efficient contribution of IGR, which implies better fiscal capacity or management efficiency in the study environment. Theoretically speaking, this result is very much in line with Benefit Theory, which suggests that the supply and quality of public services is heavily reliant on the supply and effective use of financial resources that beneficiaries provide. Likewise, the powerful impact of statutory allocation promotes the Benefit Theory that redistribution of public funds via governmental channels is necessary to provide equitable services. This reinforces the available empirical evidence that statutory transfers continue to be a significant source of funding to local governments and are fundamental in maintaining development outcomes in Nigeria (Adedire, 2016).

Moreover, the great relevance of Intergovernmental Relations (IR) to service delivery can be better discussed in terms of Development Theory that highlights the role of institutional coordination, governance systems, and collaborative systems as the catalysts of socio-economic development. The positive correlation of IR suggests that well-coordinated collaboration between federal and state and local governments positively increases administrative efficiency and resource sharing and, thus, service delivery outcomes. The finding is supported by Okeke and Eze (2019) and Ugwuanyi and Chukwuemeka (2022) who demonstrate that cooperative intergovernmental structures promote developmental performance and mitigate administrative bottlenecks. It also coincides with the findings of Adebayo (2020) suggesting that weak or conflictual intergovernmental relations are likely to negatively affect the effectiveness of local government, and coordinated forms of governance structures are likely to have more positive development outcomes.

5.0 Conclusion and Recommendations

Based on the findings, this study concludes that the quality-of-service delivery in local governments in Kwara State largely depends on their revenue generation capacity and the effectiveness of intergovernmental relations within the state's fiscal system. Internally generated revenue enhances the financial independence of local governments and strengthens their ability to address grassroots developmental needs such as healthcare, education, sanitation, and rural infrastructure. Statutory allocations also remain a major source of financial support for many local governments in Kwara State, particularly where local revenue capacity is weak. In addition, effective intergovernmental relations among the federal, state, and local governments determine how efficiently these financial resources are coordinated, managed, and utilized for community development. Therefore, sustainable and quality service delivery in Kwara State local governments depends on a balanced combination of strong revenue generation mechanisms, adequate statutory funding, and cooperative institutional relationships that promote accountability and efficient resource utilization.

In view of the conclusion, the following recommendations are proffered:

- i. Local governments need to implement better revenue collection systems, such as online payment systems, new taxpayer databases, and more enforcement. This will cut down on leakages and increase the revenue base which will enable greater stability in funding the government services.
- ii. Government departments must introduce transparent monitoring systems such as regular reporting to the people and external audits, to check that the statutory funds are channeled to priority areas of service delivery. This will enhance efficiency and create trust among the people in the use of resources.
- iii. The coordination should be made formal at federal, state, and local levels to enable joint planning, sharing information, and resolving conflicts. Frequent intergovernmental meetings and common performance targets can enhance alignment and make sure that resources are well allocated towards service delivery results.

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