EXPENDITURE AND INTERNALLY GENERATED REVENUE RELATIONSHIP: AN ANALYSIS OF LOCAL GOVERNMENTS IN ADAMAWA STATE, NIGERIA

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ABSTRACT

The aim of this paper is to examine the relationship between expenditure (both Capital and recurrent) and internally generated revenue (IGR) in Adamawa State local governments. The Population of this study is the entire twenty one (21) local governments in Adamawa state. For the purpose of accuracy and reliability on the generalization of research findings the study uses the entire population as the sample size. Panel data was extracted from the Local government's Audited Financial Statements for the period of Ten years (2003-2012). Pooled regression was used for the data analysis. The study finds a significant relationship between government expenditure and internally generated revenue. Capital expenditure and recurrent expenditure on agriculture and natural resources, roads, rural electrification, market expansion significantly influence the internally generated revenue of the Adamawa State's local governments. The study therefore recommends that the Local government authorities in Adamawa State should use their resources with high sense of prudence, transparency and accountability in incurring capital and recurrent expenditure for the development of various sectors of their local economies so as to enhance their internally generated revenue. This will reduce dependency on statutory allocation from the federation account.

Keywords: IGR, Recurrent expenditure, Capital expenditure, Local Governments, Statutory Allocation, Federation Account, Audited Financial Statements

INTRODUCTION:

It is the responsibility of the government to render services to its citizen. Such services include provision of security, infrastructural facilities, health care services, education, among others etc. For government to provide these services creditably, it needs adequate resource allocation, revenue management, expenditure management budget and budgetary control, internal and external audit and other components of Public Sector Financial Management that will assist to achieve greater efficiency. Revenue generation and expenditure management are essential components of Public Sector Financial Management. The focal point of analysis of this study would be on Revenue generation and Expenditure Management relationship in the local governments' area of Adamawa state.

Revenue is an income collected by public authorities with fair jurisdiction of compulsory contribution from persons or body to finance expenditure. Is an income required by government to finance its growing expenditure. Revenue can be fund required by the government to finance its activities. The fund is generated from different sources such as taxes, borrowing, fines, fees, etc. Public revenue is thus the funds generated by the government to finance its activities, that is to say the total fund generated by government (Federal, state or local government) to meet its expenditure for a fiscal year (Ojo,2009; Dandago and Olabede, 2000; Adams 2005;Adejoh and Sule, 2013). The above definitions pointed out clearly that revenue are income collected by government authorities in order to finance its expenditure. The revenue must be generated within the area of jurisdiction of the government. No particular segment of government will exceed its area of jurisdiction in revenue collection and revenue utilization. This also shows that government activities are finance by the revenue generated by the government. The more revenue government generate the more expenditure activities would be initiated by the government to utilize the revenue. Government revenue at all level are generally divided in to two, these are internally generated revenue (Internal development Fund) and externally generated revenue (external transfers).

Internally generated revenue (IGR) is that revenue that is derived within a state or local government from various sources at its disposals. The sources for state IGR include taxes (Pay As You Earn, Capital Gain Tax, Withholding Tax, etc.), motor vehicles licenses, rents on government properties, courts fees, etc. The sources for local government IGR include local licenses, fees, fines, earnings from commercial undertaking, rents of local government property, market rates, taxes (cattle tax, etc). The sources of revenue generated externally by the state government and local government include, statutory allocation from the federation account, Value Added Tax (VAT), excess crude oil etc (Buhari, 2001). Looking at the composition of IGR at state level is higher than that of local government level. The local government sources of IGR are very few and do not carry significant value. These are market rates, cattle tax, rent of government property, local licenses, etc. When compare these with the state IGR the local governments were marginalized in terms of IGR sources. The externally generated revenue as pointed by Buhari (2001) is significantly higher than IGR. This made the local governments to depend higher on externally generated revenue which is subject to some deduction by the state governments. These make the local governments revenue to be inadequate to finance their growing expenditure.

Government expenditure involves all the expenses which the public sector operators incur for making the sector effective and efficient, moving the economy forward. Public expenditure in Nigeria is usually categorized into recurrent and capital expenditure. According to Anyanfo (1996), a recurrent expenditure is incurred more frequently and regularly than the capital expenditure. In the context of governmental financial management, recurrent expenditure has an economic life span of less than one year, while capital expenditure has a life span of more than one year for the purpose of acquiring or improving fixed assets. According to Adejoh and Sule (2013), public expenditure refers to the expenses which the government incurs for its own maintenance, in the interest of the society and the economy. This is because people and businesses will like to stay in a location with good road network, pipe-borne water, hospitals, schools etc., this by extension will increase the number of people and businesses that will be paying tax which in turn increase the revenue generation.

Adamawa state operates Joint Account Committee (JAC), a committee responsible for sharing of funds to the local governments. Through this committee deductions are made, the deductions are called statutory deductions (such deductions are meant for financing the activities of Local government

Service Commission, Universal Basic Education, State University, Local government Pension Board, Chieftaincy affairs, etc.). The statutory deductions are provided by section 162(6) of 1999 constitution of the Federal Republic of Nigeria as each state shall maintain a special account to be called "state joint local government account". The deductions made the statutory allocation grossly inadequate to finance the activities of the local governments. For that, local governments need to find ways to enhance their Internal Development Fund (IDF) as recommended by various studies (Abba, Bawa and Bakari, 2008; Garko, 2009; Yunusa, 2009; Ukah, 2009; Mbezi and Gondo, 2010; Muhammad, 2012; and Adenugba and Ogechi, 2013).

The existing capital expenditure (and, to some extent, recurrent expenditure) of local governments should be seen as means of providing the required public services, as well as, enhancing the IGR level of the local governments, if the expenditure is to be seen as "wise investment" into the social, political and economic lives of the people. This investment should yield more revenue for the local government in the future, thereby amplifying its IGR. This shows that the public expenditure and IGR have strong relationship to be closely studied in an effort to ensure effective IGR at local government level in Adamawa State, Nigeria. The relationship is to be moderated and enhanced by some ethical principles, especially accountability and transparency. The accounting and ethical issues of accountability and transparency are universally accepted as tools for strengthening the expenditure patterns in both the private and public sector of an economy, so that in the long run the level of internally generated revenue could be enhanced and utilized judiciously. This study therefore, aims at examining the relationship between government expenditure and Internally Generated Revenue in Adamawa State local Governments. To achieve this objective the paper null hypothesised that: There is no significant relationship between expenditure and Internally Generated Revenue of local governments in Adamawa State, Nigeria.

LITERATURE REVIEW:
THE CONCEPT OF REVENUE AND EXPENDITURE:

The concept of revenue is described by various scholars. Hamid (2008) opines that, revenue comprises receipts from taxations as well as non-tax revenue; revenues are also realized from the disposal of government properties or from other interests and returns loans and investment earning from user charges. Dandago and Alabade (2000) described revenue as an income required by government to finance its growing expenditure. So also Adebayo (1998) sees revenue as any income or returns accruing to or derived by the government any returns by way of interest on loan and divided in respect of shares or interest held by the government any returns by way of interest on loan and dividend in respect of shares or interest held by the government in any company or statutory body furthermore, Dandago *et al.* (2000) explains revenue has various sources through which government generates fund to finance its activates. According to Oladoyin (2004) there are basically two types of revenue that accrues to the local government. These are internally generated revenue (IGR) and Statutory Allocation (SA) from the federation account. IGR are those revenues that are derived from within the local government while those revenues from federation account, value added tax, excess crude oil, etc. are regarded as externally generated revenue.

Buhari (2001) defined IGR as that revenue that derived within the local government various sources. The sources include taxes and levies from shops and kiosks rates, tenements rates on and liquor, license fees, slaughter slab fees, naming of street registration except that of state capital street, right of occupancy fees on land in rural areas, market taxes, motor park levies, domestic animals license fees, wrong parking charges, signboard and advertisement permit fees. The main sources of local revenue are often market and business taxes (Calvo, 1998). Calvo, 1998 further gives examples of a rural district in Malawi, where market fees accounted for 67% of total revenue. Other tax instruments include; levies on property, locally produced agricultural and building produce the remaining percentage (33%). Calvo (1998) concluded that local governments are also engaging in various business projects such as bars, hotels and transports service to increase their independent revenue.

The sources of internally generated revenue as described by Calvo (1998) like bars, hotel etc. may not be adequately used in some local government areas because its contrary to their culture, religions,

therefore some factors need to be considered before coming up with new sources of independent revenue. Such factors include culture, environment, government regulations, and cost and benefit analysis of the sources etc.

According to Adeniran, Olayinka and Olawale (2013), internally generated revenue are sources through which local governments generate their revenues through their own efforts such as rates, which include property rates, education rates and street lighting. Taxes such as community, flat rates and poll tax. Fines and fees, which include court fines and fees, motor park fees, forest fees, public advertisement fees, market fees, regulated premises fees, registration of births and deaths and licensing fees; and miscellaneous sources such as rents on council estates, royalties, interest on investment and proceeds from commercial activities. Mogues and Benin (2012) sees internally generated funds (IGF) as "own revenues," "local revenues," "locally generated funds," etc. are used interchangeably to refer to the revenues local governments levy through their local tax and fee assignments.

According to Narayan and Narayan, (2005) internally generated revenue is the revenue that local government generates within the area of its jurisdiction. The primary source of local government sustenance is from federation allocation. It is the livewire of a local government, the extent to which a local government can go in accomplishing its goals will largely depend on its internally generated revenue strength. The capacity of local government to generate revenue internally is one very crucial consideration for the creation of a local government council. Various studies as Akindele (2003) Ekpo and Ndebbio (1998), have shown that local government in Nigeria depends solely on statutory allocations from the Federal Government. In recent times though, there have been dwindling pattern in the federal allocation because most of the federal government revenue is from petroleum and globally there is a shift away from petroleum as source of energy to the other sources such as gas, solar energy etc. Local governments now face more challenges in terms of struggling to be less dependent on the federal and the state government for financial resources. Through the revenue allocation system mandates that a certain fraction of the federation account to be allocated to local government, these funds are not enough to meet expenditure requirements.

Public expenditure is incurred to provide public sector infrastructure and services in support of economic and social objectives (Dancorry,1997). Mbedzi and Gondo (2010) categorized expenditure outcome into three basic objectives that any system need to achieve. These objectives include instilling aggregate fiscal discipline, to facilitate strategic prioritization of expenditure across programs and projects, and to encourage technical efficiency in the use of budget resources. That is to achieve outputs at the lowest possible cost. Taking these objectives into consideration, local authorities must be painstaking in demanding a consistent, clear and open to public spending decision, where accountability and effectiveness are deemed to be the catchphrases (Mbedzi, *et al.,* 2010). Adenugba (2013) opined that public expenditure, if well managed by improving the allocation of those scarce resources in accordance with priorities identified, will have significant impact on internally generated fund of municipalities.

Ukah (2009) categorized public expenditure in to two broad areas. These are capital and recurrent expenditure. Recurrent expenditure refers to expenditure outlays necessary for the day- to-day running of government consumption expenditure. Capital expenditure of government implies investment outlays that increase the stock capital of the nation. Ukah further stated that there is the urgent need for efficient management and control of government expenditure to ensure Pareto optimality. All government spending has to be approved by the country's legislature. To ensure aggregate fiscal discipline, government agencies should be accountable for implementing the spending budget within the limit provided. Eyasu (2003) observed that government expenditure grew faster than the growth of its revenue. This resulted in persistent fiscal deficits consequently government had to borrow from both internal and external sources. The effect of this was accumulation of public external debt.

According to Philips and Isah (2012) in promoting aggregate fiscal discipline on revenue and expenditure, government agencies should be accountable for implementing their spending within their limit for delivering certain output and result for incurred expenditure. Nnanna (2002) argued that the poor public expenditure management system creates difficulty in controlling spending and this affect public internally and externally generated fund of decentralized government. He further states that

equity, transparency, accountability and capacity building should be entrenched in expenditure management system. This will enhance decentralized government owns revenue in a long run.

EXPENDITURE AND INTERNALLY GENERATED REVENUE RELATIONSHIP:

Revenue generated by local government is used to finance various expenditure programmes. Expenditure is an actual payment or creation of obligation to make a future payment for some benefits items or service received (Bello, 1990). Government expenditure is broadly divided in two (2) categories, namely recurrent expenditure and capital expenditure (Sosanya, 1996 and Jimoh, 2007). According to Samaila and Saidu (2011) recurrent expenditure is the type of expenditure that happens repeatedly on daily basis. The amount involved is charged to operating account (income and expenditure account). This include payment of pensions and salaries, administrative overhead, maintenance of official vehicles, payments of electricity and telephone bills, water rate, insurance premium, etc. Capital expenditure on the other hand refers to expenditure on capital projects. It is expenditure for the purpose of acquiring or improving a relatively permanent asset. Roads, schools, hospitals and human capital development (expenditure on education and health), purchase of official vehicles, construction of boreholes, electrification projects, etc. Bhatia (2002) defined public expenditure as the expenses which a government incurs for its own maintenance, for the society and the economy.

Public expenditure refers broadly to expenditure made by local government, state and national government agencies as distinct from those of private individuals. Aruwa (2010) opines that public expenditure also comprises of government payments for the goods and services acquired and for the works done pursuant to their respective laws, social security contribution, interest payments of domestic and foreign debts, general borrowing expenditures, payments resulting from the discounted sale of borrowing instruments, economic, financial and social transfer denomination and grant, and others.

It is conventional to classify public expenditure into various economic categories. Accounting classification has been there for centuries because it enables the state executives to maintain an effective control and check over public expenditure and possible leakage and wastage, diversion and misappropriation (Bhatia, 2002). It may be classification based on department or heads of expenditure. Such classification is good in auditing and safeguarding against misappropriation, etc. But it does not help in the understanding of its effects. It is therefore, difficult to formulate an appropriate expenditure policy on this basis. Sosanya, (1996) came up with different direction on expenditure; these are obligatory (legally committed) expenditure and optional expenditure. The different between the two is the legal constraints under which the government budgetary policy has to work. It cannot bring out fully the possible effects of different expenditure policies.

Anyafo (1996) classify government expenditures into three main types they are: (i) Government purchases of goods and services for current use, are classified as government consumption (ii) Government purchase of goods and services intended to create future benefits such as infrastructure investment or research spending are classified as government investment; and (iii) Payments for debt services are classified as payments. The classification of expenditure involves the division of government transactions into categories that would serve the purposes of government. Anyafo (1996) identifies five ways of classifying public expenditure: by level of government, by ministries, extra-ministerial departments and parastatals, by economic life span, by object of expenditure and sector's economic functions. Public expenditures are functionally classified into four in Nigeria, these are: Administration, Economic services, Social and Community services and Transfers with capital and recurrent expenditure compositions.

Administration expenditure comprises of general administration, national assembly, defence and internal security. Economic services include agriculture, construction, transport and communication. While social service is made up of education and health. Transfer comprises of public debt, charges, internal and external debts. Ukah (2009) describe functional classification of expenditure in analyzing how much the government is allocating to different functions or purpose in accordance with the annual priorities. Infrastructure expenditure refer to the disbursement of funds for the construction of various

basic public works of the country, such as roads, ports, airports, water supply , irrigation and other capital investment.

One of the main purposes of government spending is to provide and maintain infrastructural facilities all of which requires a substantial amount of spending. The relationship between government spending on public infrastructure and revenue generation tend to be an important analysis in developing countries, most of which have experienced increasing levels of public expenditure overtime (World Development Report, 2003).

Empirical studies by Deverajan*et at.,* (1996) and Sani (2005) conclude that there is positive correlation between revenue and public spending on infrastructural facilities and also there is a positive correlation between economic growth and public spending on infrastructural facilities.

Following the World Bank's Development Report (1994), developing countries invest $200billion a year on new infrastructure representing 4% of their national output and a fifth of their total investment. The result has been a dramatic increase in infrastructure services for transport, power, water, sanitation, telecommunication, and irrigation. The provision of infrastructure services to meet the demands of business, households and other users is one of the major challenges of economic development in developing countries like Nigeria (Adesoye, *et al.,* 2010).

Obioma and Ozughalu (2005) in their study on examination of the relationship between public revenue and public expenditure in Nigeria found that changes in government revenue induce changes in government expenditure. Based on their empirical findings, they suggested that for government to increase spending, efforts should be made to enhance government revenue, and efforts to enhance government revenue should be accompanied with appropriate public expenditure reforms in order to achieve sustainable economic growth, since higher government revenue invites higher government expenditure while the quality of expenditure is central to achieving a meaningful growth.

Various empirical studies like Nitoy et al., (2003), Abba, Bawa and Bakari (2008), Garko (2009), Yunusa (2009), Ukah (2009), Mbezi and Gondo (2010), Obioma et al., (2010), Muhammad (2012), Philips et al., (2012), Adenugba (2013) recommended that local governments should make effort to generate their internally generated revenue in order to reduce over dependency on statutory allocation. These studies did not use accountability and transparency as moderating variables to strengthen the relationship between expenditure and internally generated revenue. They only recommended for the need of accountability, transparency and sound management on public revenue and public spending.

METHODOLOGY:

The paper uses static panel estimations of pooled OLS, fixed effect and random effect estimations. This is informed by the composition of the research data. Dealing with 21 local governments obviously requires panel estimation. As discussed in Baltagi (2008), panel estimates has some identified advantage over either the cross-section or time-series data estimation. It is considered to be a more informative data as it ensures more variability, less collinearity among variables and provides more degree of freedom in estimations and hence more efficiency. The combination of both the cross section observations and time series observation enable adequate analysis on combined cross-sectional studies where different cross-sectional units such as countries, firms and local governments are to be collectively estimated. These advantages provide a rationale for the application of panel data in this study. However, despite the identified advantages, the panel data modelling is not free from other defects. Being the combination of cross-section and time-series observations, the model is likely to inherit the inherent problems of heteroskedasticity and autocorrelations. Therefore diagnostics checks would be applied on the estimates before taking inference and where the underlying assumptions are violated the robust forms of the estimation are employed.

The research data comprise of the entire 21 local governments of Adamawa state. The annual data are extracted for local government expenditures (recurrent and capital) and the Internally Generated Revenue for the period of 10 years spanning from 2003 through 2012.

MODEL SPECIFICATION:

The three panel models can be specified as follow:

Pooled OLS

$$Y_{it} = \beta_0 + \beta_1 X_{1,it} + \beta_2 X_{2,it} + \cdots \cdots \beta_k X_{k,it} + U_{it} - - - - - - (3.1)$$

$i = 1,2,3 \ldots \ldots K$ and $t = 1,2,3 \ldots \ldots T$

Where Y is the dependent variable IGR and X_1 and X_2 are the explanatory variables of recurrent and capital expenditure respectively, i is the ith cross-sectional unit (which in this case is a number of local governments) and t stands for the tth time period (which in this case stretched from 2003 to 2012). U is the error term of the model. $\beta_0, \beta_1, \beta_2$ are the parameters of the model. The pooled OLS assumed that these parameters are constant across the cross-sectional units, meaning that the share the same slope and intercept. This may be limiting considering the fact that the composed local governments could have varied identities. It is against this background that this research extends to random and fixed effect to observe if there is significant slope and intercept variation across the local governments.

FIXED EFFECT SPECIFICATION:

$$Y_{it} = \beta_1 X_{1,it} + \beta_2 X_{2,it} + \cdots \cdots \beta_k X_{k,it} + \alpha_i + U_{it}$$

Where i= 1,…n and t=1,…T, where X and Y as defined above. $\alpha_i, \ldots \alpha_n$ are the entity-specific intercept standing for local government specific characteristic. It is this value that differentiates fixed effect model with the OLS model specified above.

RANDOM EFFECT SPECIFICATION:

$$Y_{it} = \beta_{1i} + \beta_2 X_{2,it} + \cdots \cdots \beta_k X_{k,it} + \alpha_i + U_{it}$$

The above is the random effect model. It is specified based on the assumption that the β_{1i} composed of two components; one a cross sectional-specific and a random value component represented as $\beta_{1i} = B_1 + e_t$ where e_i is the random error term with mean zero and constatnt variance.

RESULTS AND DISCUSSION:

This section deals with presentation and analysis of data according to the main objective of the paper. In response to the objective of the paper secondary data are employed, estimates of the panel regressions are presented. As outline in the methodology, panel estimation techniques of Pooled OLS, Random Effects and Fixed Effects are compared. Using the series of post estimation tests, result from the appropriate technique is upheld for inference.

Table 4.1: Estimates of Recurrent and Capital Expenditures on IGR

	Pooled OLS	Random Effect	Fixed Effect
LIGR			
LREX	3.246 ***	3.246 ***	3.602***
LCEX	0.295***	0.295**	0.307***
Constant	-52.492***	-52.492***	-59.773***
Breusch-Pagan LM test	chibar2(01)=0.000 (1.000)		-
Hausman test	−	χ^2=33.31 Prob. 0.000	
Observations			
Hetero (χ^2 − stat)	--	--	chi2 (21) = 271.86 Prob>chi2 = 0.000
Serial Correlation (F-stat)	--	--	F(1, 20) = 1.194 Prob > F = 0.2876

Note: *, ** and *** denote significance level at 10%, 5% and 1% respectively.

Based on the above table 4.1 it is clearly showing that the Breusch-Pagan test reject the null hypothesis of var (u) =0 meaning that the variance of the disturbance term possessed an individual local government effect and therefore the use of Pooled OLS will give an inconsistent result. The results from the Hausman test rejected the null hypothesis of no systematic difference in coefficients as indicated by (Prob=0.0000). This implies that the interpretation of result from Fixed effect estimation is consistent and correct. Given the fixed effect estimation, the coefficient of LREX and LCEX as can be seen in table 4.1 are statistically significant and positive affecting LIGR with signs conforming to a priori expectation. The coefficient of LREX shows that a unit increase in recurrent expenditure will result to 3.602 units increase in the IGR of the local governments, the coefficient of LCEX shows that a unit increase in capital expenditure will increase IGR by 0.307 units. These two coefficients revealed that the impact of change in recurrent expenditure on IGR is higher than the impact of change in capital expenditure on the IGR.

The result shows the presence of heteroscedasticity as indicated by probability of 0.000 which reject the null hypothesis that there is no heteroscedasticity. The serial correlation result shows the absence of serial correlation between the disturbance terms as indicated by Prob. value of 0.2876which implies the acceptance of null hypothesis that, there is no serial correlation of any order.

CONCLUSION AND RECOMMENDATIONS:

The result of the estimations finally confirmed the presence of significant relationship between capital and recurrent expenditures and internally generated revenue (IGR). However from the estimates it shows that recurrent expenditure contributes higher to IGR than the capital. This is because of the multiplier effect of recurrent expenditure on the IGR. The recurrent expenditure maintained the capital expenditure on daily basis. The study also indicate that recurrent and capital expenditure on agriculture and natural resources, roads, rural electrification, market expansion, primary health care, education, water resources and supply, social development and staff housing are significantly influence the internally generated revenue of the Adamawa State's local governments. The study also revealed that some components of recurrent expenditure in the local government like that of office of the chairman, secretary, legislative arm and personal management do not contribute significantly on the internally generated revenue.

RECOMMENDATIONS:

The paper made the following recommendations based on the above conclusion:

i. Proper accountability and transparency should be adopted in incurring expenditure (capital and recurrent) in the local government. This may include community participation on project to be executed in the local government, disclosing what has been generated as IGR over a period of time.

ii. Capital expenditure in the local government should be encouraged. Some of the recurrent expenditure that does not contribute significantly to the revenue generation in the local government should be minimised. Such recurrent expenditures are those in the office of the chairman, secretary, legislative arm and personal management should be minimised, so that the amount can be allocated for capital expenditure.

iii. Both capital and recurrent expenditure on agriculture and natural resources, roads, rural electrification, market expansion, primary health care, education, water resources and supply, social development and staff housing should be enhanced because they contributed significantly to IGR.

iv. Maintenance culture of rural infrastructure should be adopted. This is to enhance the life span of rural infrastructure and quality of infrastructure that have significant contribution to IGR.

v. Policy makers in the state and local government should try as much as possible to invite investors. The investor will attract more IGR to the state and local government through their investment by providing employment and infrastructure.

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APPENDIX

ESTIMATES OF RECURRENT COMPONENTS

	Pooled OLS	**Random Effect**	**Fixed Effect**
LIGR			
LOOC	0.571*** (0.006)	0.534884 *** (0.017)	0.419963 (0.133)
LLAR	0.004194 (0.968)	0.017816 (0.909)	0.1108 (0.572)
LPMG	0.211302 (0.201)	0.159616 (0.347)	0.115409 (0.561)
LFST	0.328127***	0.270663 (0.116)	0.201329 (0.313)

	(0.058)		
LADE	0.41888 *** (0.001)	0.43403*** (0.002)	0.452144*** (0.006)
LPHC	0.34386*** (0.000)	0.390227 *** (0.000)	0.41949*** (0.001)
LANR	0.342469 (0.274)	0.320518 (0.137)	0.324072 (0.177)
LWH	0.231382 (0.375)	0.241262 (0.347)	0.233438 (0.435)
LCFD	0.067961 (0.518)	0.100118 (0.18)	0.121803 (0.135)
LIDS	0.183057*** (0.006)	0.180295*** (0.03)	0.157095 (0.101)
Constant	-28.9731*** (0.000)	-28.031*** (0.000)	-26.294 *** (0.000)
Breusch-Pagan LM test	chibar2(01) = 0.55 Prob > chibar2 = 0.2287		--
Hausman test	--		χ^2=2.47 Prob. 0.9913
Hetero (χ^2 – stat)	--	--	chi2(1) = 0.02 Prob > chi2 = 0.8915

IGR ---------Internally Generated Revenue
OOC --------Office of the Chairman
 LAR-------Legislative Arm
PMG------- Personnel Management
FST --------Finance and Supply Treasurer
ADE--------Adult Education
ANR--------Agric & Natural Resources
WAH-------Works & Housing
CFD--------Consolidated Fund
IDS---------Internal Debt Serving