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## Revenue Generation and Utilization of Barangay Malama, Conner, Apayao: A Descriptive Documentary Analysis

Dr Randy A. Cabilatazan<sup>1</sup>

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The purpose of this study is to determine the sources of revenue of barangay Malama and how are these revenues utilized. A descriptive survey method was used in the study to determine the sources of revenue, utilization of revenue, total revenue generated for the past five years and programs/projects/activities implemented. The study was conducted in Malama, Conner, Apayao. Primary and secondary respondents were utilized through interview and focus group discussion. Likewise documentary analysis was used. Findings revealed that revenue of the barangay came from local sources, internal revenue allotment and subsidy from local and national government. Such revenue were utilized for social, economic and other service programs. There was an evidenced that the barangay have generated revenue from 2015 to 2019. Moreover, the implemented programs/projects/activities were under general, social service, economic services and budget requirement programs. Thus, this study concluded that there were various legal sources of revenue of barangay Malama and despite the limited revenue the barangay was able to implement its programs/projects/activities aligned with the development program of the barangay. However, there is still a need to enhance its revenue generation at the local source through making and enforced barangay ordinances so that it can generate more revenue and utilized it for more programs/projects/activities of the barangay.

Keywords: Revenue, generation, utilization social service, economic services, budget

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### INTRODUCTION

One of the measurements for the development of a certain barangay is through its efficiency and effectiveness in its revenue generation and utilization. What strategies, methods, techniques are usually employing by the barangay officials to generate revenue for the improvement of their barangay and to cope financially? In like manner, how did they utilize such funds to come

up with a projects/programs/activities that will benefit the barangay constituents. Especially that these barangay constituents are looking for visible projects/programs/activities to lessen their doubt when it comes to spending patterns of a certain barangay. Much so if these barangay officials finished their terms without any projects/programs/activities established or implemented.

<sup>1</sup>Apayao State College, Philippines

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Relative to this is being transparent and accountable in delivering services to the people they serve. The Local Government Code of 1991 empowers local authorities to manage their own internal affairs pursuant to the mandate of local autonomy, LGUs must be equally held responsible and accountable for their acts of deviating from the expressed provision of law. It cannot be overemphasized that one of the primary concerns of the national government is to ensure that public funds shall be spent judiciously and only for the very purpose or purposes for which such funds are intended.

Former President Fidel V. Ramos stressed the importance of raising more revenues to propel economic recovery and growth. He referred not only to revenues raised by revenue generating agencies of the government such as the Bureau of Internal Revenue (BIR) and Bureau of Customs (BOC), but also to revenues and receipts earned by profit making government cooperatives. It is really necessary that there should be proper accountability for all these revenue due to government sound financial condition and proper cash management is essential to the success of the organization.

Revenue has been considered as a significant issue in the economic development of any nation. And it is of great importance to planning and development. Revenue generation and utilization in any local government can hardly be overemphasized. The organization more specially local government is known to have attained or sustained high level of economic growth and development without ample supply of funds and utilization of the establishment people of the locality are used to manage their affairs and achieved the set goals. This statement explain that local government system are established and expected to perform as well as carryout specific responsibility in improving the living standard of their local dwellers.

Under the Local Tax Code (PD 231) and under the Local Government Code of 1991 (RA 7160) under Book II, states that the Local Government are vested

with a variety of taxing power are authorized to tap certain identified sources of revenue. Section 284 of the [Local Government Code](#) of the [Philippines](#) (RA 7160) sets up the formula for the distribution of the allotment. All or nearly all of the revenue that a local government has to spend comes from their Internal Revenue Allotment (IRA), though some local governments also have additional local sources of revenue such as [property taxes](#) and government fees. Typically for municipalities, the IRA accounts for 90% of total revenues. Since cities have more sources of local revenues, their IRA ranges from 50% to 70% of their total budget. A portion of each local government unit's allotment is set aside their [Sangguniang Kabataan](#) (SK) or youth council. The IRA is automatically released to each local government unit and may not be held back by the national government for any reason, except in the extreme case of an "unmanageable public sector deficit", in which case the allotment may be adjusted but provided it not be set to "be less than thirty percent (30%) of the collection of national internal revenue taxes of the third fiscal year preceding the current fiscal year"

According to Department of Budget and Management, barangays are authorized to generate income from taxes on stores or retailers with fixed business establishments and gross sales or receipts in the preceding year of P50,000 or less in cities and P30,000 or less in municipalities at the rate not exceeding one percent (1%) on such gross sales or receipts. A barangay can also collect income from the following: service fees or charges for the use of barangay property or facilities; barangay clearance fees; fees or charges for the commercial breeding of fighting cocks and on cockpits and cockfights; fees or charges on places of recreation with admission fees; fees or charges for billboards, sign boards, neon signs and other outdoor advertisements; toll fees or charges for the use of any public road, pier or wharf, waterway, bridge, ferry, or telecommunications system funded and constructed by the barangay; revenues from the operation of public utilities and barangay enterprises (markets,

slaughterhouses, etc.); fines (not exceeding P1,000) for the violation of barangay ordinances; and, proceeds from the sale or lease of barangay property or from loans and grants secured by the barangay government.

Every barangay today is gearing towards development. Implementation of programs/projects/activities are very inevitable because of the funds provided for by the government that will help improve a certain barangay. This is where barangay officials will be able to discharge their functions as to power, trust, service, honesty, accountability and responsibility in generating and utilizing such resources. But some barangays do not generate and utilize resources as much as they should. That is why the researcher is very motivated to know the revenue generation and utilization of barangay Malama. Hence, this study.

### CONCEPTUAL FRAMEWORK

Public revenue in a federal system assumes that there are benefits to be derived from decentralization. Public revenue decentralization occurs when lower tiers of government have statutory power to raise taxes and carry out spending activities within specified legal criteria. This is referred to as the Overlapping Authority Model propounded by Wright (1978) on Intergovernmental relationships. Public revenue decentralization occurs when much of the money is raised centrally but part of it is allocated to lower levels of government through some revenue-sharing formula otherwise known as administrative decentralization.

Coupled with the problems on scarce financial resources, the broadening of the local government function, operation and responsibilities and the complexity of the government have to be responsive to increase demand of the people in the local areas. In the context of this network from problem, local authorities have to carefully ensure proposed activities, examine the corresponding estimated project on the basis of the benefit to be produced they

would assure to the intended beneficiaries. These activities are to be accomplished with the application of the basic financial management function and budgeting, furthermore the increase of revenue generated and well-balanced and distributed expenditures are dependent on the extent of implementation on the taxing power and the schemes of expenditures of the Local Government Unit based on existing policies.

Oladimeji (1985) describes revenue as the total income generated from federal, state and local government. He stated further that what makes local government as constitutional matters is the revenue sharing perspectives. However, Hepworth (1976) describes revenue as an income or funds raised to meet the expenditure. He added further that revenue is a rising resources needed to provide government services. He also stated that there are two aspects of finance, which are income/revenue and expenditure, in other words, the sources of fund and utilization of fund.

Fayemi (1991) defines revenue as all tools of income to government such as taxes, rates, fees, fines, duties, penalties, rents, dues, proceeds and other receipt of government to which the legislature has the power of appropriation. The process of sourcing for revenue by governments is called revenue generation.

Local development nowadays is been thought as the key supporting elements for the total development and social cohesion. Implementing local development by means of the specific institutions, such as Development Agencies, specially designed and established for this purpose is the most effective and convenient way for accomplishing the expected benefits from local development. Local development has several reinforcing poles. Without underestimating the other factors important for local development, three main poles can be stated as the most crucial elements for local development, namely the market knowledge and experience, academic ground and internationalization. Regarding the

content and the necessities of local development, these three factors are considerably important. In order to achieve a total development and a beneficial social cohesion, local development is seen as among the most effective path. By well-understanding the key elements for local development and by deploying the accurate and built on purpose institutions, the local development can be succeeded and sustained. (Kisman, et. al, 2014)

Good governance is to promote and sustain holistic and integrated human development. The central focus is to see how the government enables, simplifies and authorizes its people, regardless of differences of caste, creed, class, and political ideology and social origin to think, and take certain decisions which will

be in their best interest, and which will enable them to lead a clean, decent, happy, and autonomous existence. Good governance manages and allocates resources to respond to combined problems of its citizens. Hence states should be assessed on both quality and quantity of public goods provided to citizens. The policy that supply public goods are guided by principles such as human rights, democratization and democracy, transparency, participation and decentralized power sharing, sound public administration, accountability, rule of law, effectiveness, equity, and strategic vision in order to rid corruption, provides rights, the means, and the capacity to participate in the decisions that affect their lives and to hold their governments accountable for what they do. (Srivastava, 2010).

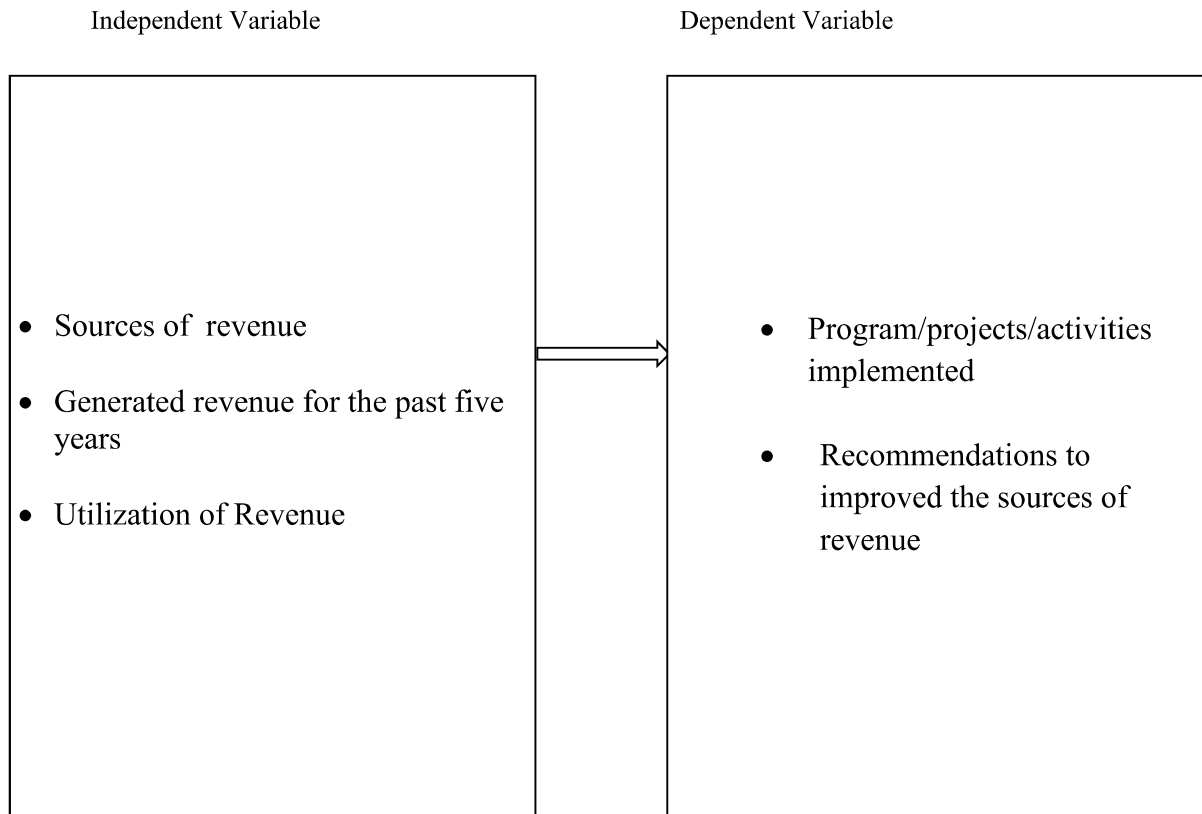


Figure 1 Research Paradigm

The paradigm showed the independent variables and dependent variables. Dependent variables consisted of the sources of revenue, generated revenue for the past five years and utilization of revenue. These variables would determine the programs/projects/activities implemented by barangay Malama and could identify recommendations to improved the sources of revenue of barangay Malama which formed part of the dependent variables.

### **STATEMENT OF THE PROBLEM**

This study aimed to determine the revenue generation and utilization of barangay Malama, Conner, Apayao: A descriptive documentary analysis, 2015-2020.

Specifically, this study sought answers the following questions:

1. What are the sources of revenue of barangay Malama?
2. How much is the generated revenue of barangay Malama for the past five years?
3. How was the revenue utilized?
4. What are the programs/projects/activities implemented for the past five years?
5. What are the recommendations to improved the revenue generation of barangay Malama?

### **SIGNIFICANCE OF THE STUDY**

This study were beneficial to the following:

**Local Government Unit.** The result of this would study serve as a basis in formulating plans and policies to be implemented by authorized agencies to increase the need of the people.

**Barangay Officials.** The result of this study could serve as guide to for them to know their strengths and weaknesses in taking their responsibilities on effective and efficient governance particularly on financial management.

**Barangay Constituents.** That this study would encouraged them to become more participative during meetings of the barangay, and continue to be an active partner in the development of the barangay.

**Entrepreneurs.** It is envision that the result of this study emphasized the importance of paying fees that they are to be benefited that adhering to such would promote the welfare of the community and would lead to the improvement and development of a certain barangay.

**Researcher.** That the study motivated him to engaged or conduct more researches.

**Future Researchers.** This study serve as a guide or basis for future researchers who would be conducting further studies along this line.

### **SCOPE AND DELIMITATION OF THE STUDY**

This study was focused in barangay Malama, Conner, Apayao, particularly on the revenue generation and utilization for the year 2015-2020.

### **Definition of Terms**

For clearer understanding, the following terms used were defined operationally in this study:

Generated revenue – the total amount of income or funds derived by the barangay from its different sources.

Revenue – the income or funds generated by the barangay.

Sources – this is the strategy use by the barangay in order to accumulate or raise its revenue

Utilization – this is the action of using the revenue of the barangay in its intended purpose or how the barangay used the revenue for productive undertakings.

## REVIEW OF RELATED LITERATURE

Adejoh et. al (2019), to increase revenue, encouragement of tax compliance is advocated. Also, control measures should be put in place to check possible frauds and embezzlement in revenue generation and utilization of State governments.

Adenugba et. al (2013), Revenue generation is the nucleus and the path to modern development.. The study revealed the various methods of generating internal revenue, which are the enforcement of tax personnel, contribution, and creating awareness to the public. The findings of the study however show that revenue administration agencies need to be reviewed to generate more revenue.

Assiamah et. al (2015), on mobilizing sustainable local government revenue revealed that property rates and business operating license fees constitute the major revenue sources for local government authorities. Accurate assessment of these revenues enhances the revenue base and effectiveness of their generation. Assessment of property rates and business operating license fees have been identified as one of the limiting factors that inhibit the revenue potential of local government authorities.

Cuillier, et. al (2011), others have had to seek revenue from other sources. Café's, for credit courses, grants and partnerships with athletics departments are just few of the ways which supplements their budgets. This study gives an overview of revenue generation ideas and issues to consider.

Dang et. al (2015), the study examines the impact of revenue generation and utilization on social service delivery. The study finds that revenue generation as a whole has an impact on social service delivery with majority of the sources of revenue, coming from federation account, capital receipts and other revenue.

Dickson (2012), examine the effectiveness of revenue generation and utilization in the local government system, the study is designed to address the issue of revenue generation and utilization.

Ibrahim (2014), revenue is a very essential element in the running of any administration or government, this government could be federal, state, or local or even private establishment or organization. This is because it is through the revenue as a source of finance to the organization that the said organization will be able to carry out its activities or affairs efficiently and effectively. This revenue could mean money which comes to a person, organization or government and such source could be property, shares, services etc. Revenue could also mean money raised by a person, organization or government of a country or state from many sources of taxes or levies available to it.

Kithatu-Kiwekete (2013) the rationale for local fiscal autonomy suggests that local expenditure and local revenue generation should remain in close proximity. This is achieved through fiscal decentralisation to local government, to ensure efficient provision of local services that align with local needs, and to improve accountability to residents.

Oduola (2019), examined sources of tax revenue and its utilisation. The study revealed that tax revenues are often sourced from fees and charges like fines, right of occupancy, motor park/market/transport. Further, the results revealed that tax revenues are mainly utilised on personnel cost, education, health and medic.

Tijani et. al (2019), examine revenue generation and performance in local government council. Local governments should strive towards improving internally generated revenue and instill transparency and accountability in their management structure. It was recommended that there should be adequate supply of social and economic services. Efforts of local governments should not only be directed towards the revenue yielding activities alone, but also to the provision of social services like good roads, basic

health facilities, environmental sanitation, town halls, street light, water supply etc.

## **RESEARCH METHODOLOGY**

### **Research Design**

This study used the descriptive survey method which determined the sources of revenue of the barangay Malama, revenue generated for the past five years, utilization of revenue, programs/projects/activities implemented and recommendations to improved the sources of revenue.

### **Locale of the Study**

This study was conducted in Malama, Conner, Apayao. Malama is one of the twenty-one barangay in Conner, Apayao and it is the business center of Conner, Apayao.

### **Respondents of the Study**

Primary respondents to this study were the barangay officials namely the barangay Captain, barangay Kagawad and barangay secretary and barangay treasurer with a total of nine (9) respondents. Budget Officer from Local Government Unit, former barangay officials, presidents of organization in Malama, Conner, Apayao were utilized as key informants or the secondary respondents.

### **Research Instrument**

This study made use of interview. All of the barangay officials were personally interviewed by the researcher including the different informants.

### **Data Gathering**

The researcher sought approval from the barangay Captain in pursuit of this study and conducted the interview and focus group discussion to the different respondents. Then finally, the data gathered were validated to the different informants. Data obtained were consolidated, tabulated, analyzed and interpreted.

## **ANALYSIS OF DATA**

Documentary analysis was used in determining the sources of revenue of barangay Malama including the revenue generated for the past five years, utilization of revenue and the projects/programs/activities implemented. Ranking was used in identifying the recommendations which contribute to the improvement of generation of revenue of the barangay.

## **DISCUSSION OF RESULTS**

Table 1 presents the sources of revenue of barangay Malama, From the data gathered during the Focus Group Discussion (FGD) and validated from the record of the Budget Office of Conner, there were three different sources of revenue of barangay Malama these were came from local sources, Internal Revenue Allotment and subsidy from Local and National Government Unit. Local sources include share in real property tax, business tax, community tax, clearance and certification fees, interest income, permit and licenses and fines collected from individuals on violations to barangay ordinance. This shows that barangay Malama have various and legal sources of revenue. As stated in the Local Government Code of the Philippines, book II, Section 129, Each local government unit shall exercise its power to create its own sources of revenue and to levy taxes, fees, and charges subject to the provisions herein, consistent with the basic policy of local autonomy.

**Table 1. Sources of Revenue of Barangay Malama**

1.	Local Source	
	a.	Share in real property tax
	b.	Business tax
	c.	Community tax
	d.	Clearance and certification fees
	e.	Interest income
	f.	Permit and license
	g.	Fines in violation to barangay ordinances
2	Internal Revenue Allotment	
3.	Subsidy from Local and National Government Unit	
	a.	Municipal aide
	b.	Provincial aide
	c.	National aide

Table 2 presents the total revenue of barangay Malama, the source of this data was taken from the report on programmed appropriation and obligation by object of expenditures from the budget office of Local Government Unit of Conner, Apayao for the past five years. The total revenue reported from 2015-2020 was amounted to 14,424.30. From the said report showed that there was a limited revenue of the barangay to augment its yearly expenditures and said revenue was fully utilized.

**Table 2. Total revenue for the past five (5) years**

Year	Amount
2015	1,919,089.65
2016	2,232,930.00
2017	2,653,480.05
2018	2,853,598.00
2019	3,144,185.00
2020	3,621,486.60
<b>TOTAL</b>	<b>14,424,769.30</b>

Table 4 presents the programs/projects/activities implemented by barangay Malama for the past five

Table 3 presents the utilization of revenue of barangay Malama as a result of the focus group discussion conducted to the different barangay officials of Malama the revenue of the barangay was utilized for the construction and implementation of all statutory and contractual obligation or social services programs; procurement of equipment, materials and supplies of the barangay; meals and snacks during barangay meetings and assemblies; implementation of all budget requirement programs; for economic services; and trainings and seminars of barangay officials. This shows an evidenced that revenue of barangay Malama was utilized for social, economic and other service programs. Such utilization of programs, projects and activities are aligned with the development program of the barangay.

**Table 3. Utilization of revenue**

1.	The revenue was utilized for the construction and implementation of all statutory and contractual obligation or social services programs.
2.	The revenue was utilized for the procurement of equipment, materials and supplies of the barangay.
3.	The revenue was utilized for meals and snacks during barangay meetings and assemblies.
4.	The revenue was utilized for trainings and seminars of barangay officials.
5.	The revenue was utilized for implementation of all budget requirement programs.
6.	The revenue was utilized for economic services.

years, such PPA’s were classified as general services, social services, economic services and budget requirement programs. This data came from the report of certified statement of receipts taken from the budget





office of LGU Conner. As shown from the report, there were few PPA’s of the barangay but were properly implemented. In the study of Boysillo,

S.(2017) programs and projects are implemented because funds had been given to the barangay as a subsidy for continuous development

**Table 4. Programs/Projects/Activities Implemented for the past five (5) years**

Year	Programs/Projects/Activities Implemented
2015	Social Services Canal lining in Purok 1, 4 and 7 Street light in Purok 2 Economic Services Improvement of farm-to-market-road in Purok 5 Spring Development Budget Requirement Program Anti-Drug Abuse Solid Waste Management Violence Against Women and Children Calamity Mitigation and preparedness Quick response Senior citizen
2016	Social Services Street light in Purok 4 and 6 Economic Services Improvement of farm-to-market-road in Purok 1 Budget Requirement Program Anti-Drug Abuse Solid Waste Management Violence Against Women and Children
2017	Social Services Canal lining in Purok 5 Economic Services Deep well

	Budget Requirement Program Anti-Drug Abuse Solid Waste Management Violence Against Women and Children
2018	Economic Services Water system Budget Requirement Program Barangay Election Anti-Drug Abuse Solid Waste Management Violence Against Women and Children Senior Citizen and Person with Disability
2019 - 2020	General Services Construction of barangay outpost at Purok 1 Construction of stock room of barangay hall Social Services Concreting of pathway in Purok 2, 3, and 7 Canal lining in Purok 4 and 6 Economic Services Improvement of farm-to-market-road Budget Requirement Program Anti-Drug Abuse Solid Waste Management Violence Against Women and Children Gender and Development Barangay Child Protection Senior Citizen and Person with Disability COVID 19 related medical and health supplies and materials

Table 5 presents the recommendations from the barangay officials during the focus group discussion in order to improved the sources of revenue generation,

rank 1 is construction workers coming outside the municipality should pay fees in the barangay. Rank 2 collecting fees on outside ambulant vendors then rank



3 fines during absences of Barangay Officials during clean up activities and lastly Small Town Lottery outlets should also pay fees. This implies that recommendations identified by the barangay officials need barangay ordinance to be enforced so as to strengthen its revenue generation.

**Table 5. Recommendations to improved the revenue generation**

Recommendations	Rank
1. Fines during absences of Barangay Officials during clean up activities.	3
2. Collecting fees on outside ambulant vendors.	2
3. Construction workers coming outside the municipality should pay fees in the barangay.	1
4. Small Town Lottery outlets should also pay fees.	4

## CONCLUSION

Based from the results of this study, it can be concluded that:

Barangay Malama generated its revenue from various legal sources to mention Internal Revenue Allotment, subsidy from Local and National Government Unit and local sources include share in real property tax, business tax, community tax, clearance and certification fees, interest income, permit and licenses and fines collected from individuals on violations to barangay ordinance. Though the generated revenue was limited the barangay was able to fully utilized it and implemented various programs/projects and activities particularly along general services, social services, economic services and budget requirement programs that was aligned to the barangay development program.

## Recommendations

The following are recommended:

Sustain the existing revenue generation and utilization good practices. Strengthened local sources of revenue through making resolutions, policies and other ordinances. Further study or a comparative study should be undertaken to cover wider scope or coverage to include other barangay in Conner, Apayao.

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