Eagle International Journal of Multidisciplinary Research

An International Peer Reviewed, Open-Access and Multidisciplinary Journal
Volume 1 | Issue 1 | August 2026 |
Website: https://eijrihs.com/index.php/eijmr/

ENHANCING INTERNALLY GENERATED REVENUE IN THE NIGERIAN LOCAL GOVERNMENT SYSTEM FOR RURAL DEVELOPMENT: CHALLENGES, STRATEGIES AND POLICY IMPLICATIONS

Abraham Daniel[1], Achimugu, Abraham Ejigah Friday[2], Ojo, Michael Dare[3]

[1,2&3] Department of Public Administration, Federal University Lokoja.
Corresponding author: Abraham Daniel
Email: omamama1009@gmail.com
ORCID: https: https://orcid.org/0009-0005-1854-3008

ABSTRACT

Internally generated revenue (IGR) is a vital source for funding local government and a significant tool for promoting rural development in Nigeria. However, several challenges such as corruption, revenue leakages, political interference, poor taxpayer compliance, weak revenue administration and lack of digital tools hinder the capacity of local governments to mobilize adequate internal revenue. This paper examines these challenges, reviews strategies for improving revenue mobilization, and policy implications for rural development in Nigerian Local government system. It adopts a qualitative narrative literature-review design, drawing on conceptual and theoretical works, published empirical studies, official publications, and previously collected documents. The study found that despite having various sources of internally generated revenue, local government perform poorly due to systemic inefficiencies and excessive dependence on statutory allocation. The paper contributes an integrated framework linking revenue challenges and reform strategies to transparent expenditure and locally relevant development outcomes. The study concludes that revenue mobilization must be lawful, equitable, accountable and transparent spending of revenue for rural growth.

Keywords: Internally Generated Revenue, IGR Strategies, Local Government, Revenue Mobilization, Rural development.

1. Introduction

Development at the grassroot level is one of the primary objectives of local government systems worldwide. Local governments as the closest tier of government to the people at the grassroot serve as a vital instrument for promoting grassroot development through provision of essential public service delivery. In developed and developing countries, Local government foster democratic participation, advocate for local economic growth and enhance the welfare of citizens by managing primary healthcare, sanitation, education, and basic infrastructure. However, according to Okeke, Mba & Emeh (2017) noted that the capacity of local administrations to achieve these mandates is heavily depends on their fiscal strength and ability to mobilize resource to meet up with the increase demand for public service. As for a result, improving local revenue generation remain a major policy objective worldwide to promote sustainable development (World Bank 2023)

The growing demand for high-quality service delivery has intensified the necessity for financially viable local government. Numerous countries have adopted fiscal decentralization policies designed to empower local authorities to mobilize and administer financial resources for grassroot development. These reforms tagged internal generated revenue (IGR) as a critical instrument for boosting local fiscal self-reliance, reducing dependence on central government allocation and improve transparency in public financial management. However, the ability of local government to generate and utilize internal revenue remain highly uneven due to divergent administrative systems, governance structures and revenue collection system (OECD 2021).

The 1999 Constitution of the Federal Republic of Nigeria outlined in details the development functions of the local government in Nigeria. Even with this constitutional recognition making local government agent for promoting grassroot development through provision of basic infrastructure and social service, it is observed that many local governments remain heavily dependent on statutory allocation from federal account (Adekeye & Odewale 2019). Consequently, internally generated revenue contributes only small portion of their fiscal portfolios. This over dependence has drastically erode financial independence of local government and limited their capacity to deliver essential service to rural communities (National Bureau of Statistics 2024)

Internally generated revenue (IGR) represents one of the most sustainable financial foundation available for local administration, as is it derived from local economic activities through taxes, levies, fees, rates, fines, and the sale of public assets (Okeke, Mba & Emeh 2017). A strong internally generated revenue base empowers local government to independently execute development projects, and remain highly responsive to community needs without excessive depending on external funding. Furthermore, the benefit of effective revenue mobilization is beyond increase in financial resources; also strengthens accountability, fiscal discipline and transparency within local government administration (Arowo & Aluko 2022). Notwithstanding it importance, enhancing internally generated revenue in Nigeria local government remain heavily impeded. As highlighted by Omodero and Nwangwa (2023) noted that corruption, inadequate staff training, political interference, and weak institutional capacity, alongside poor taxpayer compliance and widespread revenue leakage are obstacles to efficient revenue administration in many local government areas in Nigeria. Consequently, these challenges have crippled the ability of local administration to mobilize financial resources for sustainable grassroots development and sustain qualitative public service delivery (Akinleye and Adeyemi 2023)

Several policy interventions have been lunched to improve local government revenue administration in Nigeria, including the deployment of digital architectures, automation of revenue collection, taxpayer enlightenment campaign and reforms aimed at strengthening fiscal transparency. Although these initiatives have recorded localized success, their implementation has remained inconsistent across municipal council due to a combination of institutional, political and admirative constraints. Consequently, it's very important to examine the persistent bottlenecks hindering effective revenue generation and identifying practical strategies to enhance revenue mobilization and sustain local government administration in Nigeria.

It is against this background that this study interrogates the structural challenges confronting internally generated revenue in Nigeria local governments, evaluating practical strategies to optimize revenue generation, and discussing the policy implications of bolstering local fiscal capacity to achieve grassroots governance and sustainable national development.

2. Conceptual and Literature Review

2.1. Local Government

Local government is widely recognized as the third tier of government, legally instituted to manage local affairs and bridge the gap between state and the populace. It functions as a critical nexus for political participation, social-economic advancement, and efficient delivery of public service at the grassroot level. In Nigeria, this institutional role is legally anchored by the 1999 constitution (as amended), guarantee a system of democratically elected local government council tasked to facilitate grassroots development within their respective jurisdictions. The proximity of these local authorities to rural communities enables to accurately identify local needs, galvanize community participation, and implement policies and execute programmes that will improve welfare of the people (Arowolo 2021)

Scholars have conceptualized local government as a decentralized unit of government endowed with administrative, political, and fiscal responsibilities to manage local affairs. According to Adeyemi (2020), these grassroots institutions are established to provide services such as rural roads, commercial marketplace, primary healthcare facilities, basic education, environmental sanitation and community development projects. This decentralized model enhancing administrative efficiency by ensuring that development policies are strategically to the peculiar needs of local jurisdiction rather than being centrally determined. Within the Nigerian context, local government perform numerous statutory functions that are crucial drivers of rural transformation. These include the collection of local rate and licenses, maintenance of market and motor parks, registration of births and deaths, environmental waste control, agricultural extension service, development of rural road network and providing basic education. Crucially, the successful execution of diverse responsibilities depends largely on the availability of adequate financial resources. Consequently, financial sustainability has become one of the major determinants of administrative efficacy within Nigeria's local government system (Oluwu & Wunsch 2004)

Despite their constitutional mandates, many local governments in Nigeria confront persistent fiscal challenges rooted from excessive dependence on statutory allocation from the federal Account. This structural vulnerability weak fiscal autonomy, poor revenue administration, and expanding expenditure burdens. These challenges have severely compromised the capacity to provide public amenities and accelerate rural development. Therefore, strengthening financial base of local council through maximized internally generated revenue (IGR) is therefore essential for achieving sustainable grassroot development and revitalizing local governance (Akindele & Olaopa 2022)

2.2 Internally Generated Revenue (IGR)

Internally generated revenue (IGR) constitute revenue generated by a government source within its territorial jurisdiction, distinct from external source such as statutory allocation, grants and loans. At the local government, IGR comprises financial resources legally sanctioned levies, including tax, license, property rate, fine and earning from commercial activities. This revenue system is a vital component of local government finance because it provides self-determined and sustainable means of funding developmental programmes and community service. By expanding internally generated revenue base, local government can reduce excessive dependence on central government transfer and strengthening their fiscal autonomy (Ola &Tonwe 2009). The architecture of internally generated revenue is closely associated with fiscal sustainability and decentralization. In contemporary governance literature, IGR allow sub-national government mobilize local resources to address community priorities and execute developmental initiatives without relying solely on transfer from central government. Olowu and Wunsch (2004) noted that a strong revenue base is better positioned to provide sustainable infrastructure and improve grassroots public service. Thus, IGR should therefore be conceptualized not just as a financial source but also an administrative liver that enhance accountability, efficiency, and responsiveness in local governance.

Within the contemporary Nigerian context, internally generated revenue has become increasingly important due to fluctuation in national revenue, escalating public expenditure and growing developmental demands within local communities. However,

despite possessing several legally recognized revenue sources, the vast majority of local government council have not realized their revenue potential because of political interference, corruption, deficit human capital, pervasive taxpayer-compliance and ineffective revenue collection mechanisms. These systemic bottlenecks persistently threaten the financial sustainability of local government and significantly constraining their core mandate of primary public service delivery to delivery (Egwuonwu, Ikeh & Jandiya 2023)

Ultimately, effective internally generated revenue promotes fiscal responsibility by incentivizing prudent budgetary management and increasing public confidence in local authorities. When revenue is generated and utilized transparently, citizens are willing to fulfil their tax civic obligations, thereby creating a productive loop that funds continuous rural development. As Okereke and Olewa 2023) argue, enhancing internally revenue remains a critical policy threshold required to strengthen the Nigerian local government system and achieving resilient grassroots development.

2.2.1 Sources of Internally Generated Revenue in the Nigerian Local Government System

Internally generated revenue (IGR) is derived from authorized local sources within municipal borders and constitutes an important means for funding grassroots governance and rural transformation. Acoording to Ola and Tonwe (2009), the operational efficacy of local government administration depends largely on the institutional capacity to identify, mobilize and prudently manage its internal revenue sources. Similarly, Atakpa, Ocheni and Nwankwo (2012) argue that Nigerian local government is characterized by a vast spectrum of unexploited revenue source which, if properly harnessed, can significantly reduce the dependency on central government statutory allocations and improve fiscal sustainability.

The various ways local government generate revenue internally are;

- Tax and Rate (tenement/property rates)

- License and permit
- Rent on local government properties
- Market and motor parks levies
- Fees and user charges
- Advertisement and signboard fee
- Fines and penalties
- Slaughter slap and abattoir fees
- Birth, Death and marriage registration fees
- Earning from commercial ventures and investment

These sources provide financial resources to fulfill constitutional responsibilities such as the establishing of primary health, construction of local roads, environment sanitation, basic education and other grassroots development projects, making these sources crucial instruments for local government administration.

2.2.2 Internally Generated Revenue and Rural Development

Rural development is one of the main objectives of Nigerian local government system, requiring sufficient financial resources to deliver basic infrastructure, social amenities and economic opportunities for rural communities. Given the instability of statutory allocation, internally generated revenue (IGR) has emerged as important source of funding developmental activities. Scholars have argued that to enhance financial capacities of local councils to implement developmental programmes that directly improve living condition of people at the grassroot is largely by expanding it IGR base (Oluyombo 2024). Recent studies shows that internally generated revenue (IGR) contributes to rural development by achieving basic amenities and other grassroot developmental projects. For instance, the study of Achegbulu et al. (2025), in their evaluation of Idah Local Government Area, demonstrated that effective mobilization and deployment of internally greatened revenue significantly enhance rural infrastructure, including access road, water supply, and public lighting, thereby driving grassroot socio-economic transformation. Another empirical evidence reveals that direct allocations from boosted IGR streams in Enugu have successfully funded targeted grassroots projects, including borehole rehabilitation, electrification of rural

market hubs, and routine maintenance of agricultural access roads (Onwuka, et al 2023).

However, the development impact of internally generated revenue is contingent upon its volume but also on how effectively it is administered and utilized. Adu et al. (2026) note that IGR cannot be converted into meaningful community project when local councils operate with lack of fiscal discipline, transparency and accountability. Likewise, recent evidence from rural development in some local government in Nigeria indicates that optimizing IGR administrative efficacy strengthens public service delivery and fosters sustainable local government.

Notwithstanding these potentials benefits, system bottlenecks such as political interference, capacity deficits. Corruption and inefficient revenue administrative stifled many local governments from fully translating internally generated revenue to meaningful rural transformation. This aligned with the Studies of local governments in Bauchi State which identify administrative inefficiency, corruption, weak accountability, and collection problems as barriers to converting available revenue into services (Launi, Musa, & Dass, 2022; Yakubu & Alhaji, 2025). Mitigating these challenges is vital for ensuring that IGR serve as a viable mechanism for sustainable rural development and improved public service across local governance tier.

2.3 Empirical Review

The empirical review explored previous research studies and findings regarding the impact of internally generated revenue (IGR) in enhancing local government capacity and rural development in Nigeria. This section discusses the successes and challenges faced in local government administration, offering lessons that can be used to improve IGR for rural development.

Nwaigwe (2018) examine internally generated revenue and local government administration in umunneochi local government area of Abia state. Qualitative data were generated using documentary method and these were analyzed using qualitative descriptive analysis. The study revealed that the bulk of IGR within the study period came from a single revenue head, in spite of the abundance of other sources from which revenues could be harnessed. It also described governance and accountability problems.

The study advocates for the systematic mobilization and formal documentation of all statutory revenue heads, alongside the strengthening of institutional audit frameworks. Its documentary approach provides useful insight into institutional context, but does not measure the extent to which revenue generation influence specific rural development metrics.

Ifeanyi and Frank (2022) examine the effects of internal revenue generation on the performance of local government units, using Billiri local government area of, Gombe state, Nigeria. Questionnaire was used in gathering information. All the data collected was organized presented and analyzed using both descriptive and Chi-square tools. The study found that effective generation of local government revenue positively impact on the performance. This provides empirical quantitative evidence supporting the strategic importance of Internally Generated Revenue (IGR), although the localized sample and aggregate performance metrics constrain the

In another study based in Bauchi state, Launi, Musa, Dass (2022) reviewed internally generated revenue and service delivery across local government in the state. The study revealed that while local governments have access to numerous internal revenue streams, their actual fiscal capacity is crippled by structural challenges. The author identified political interference, administrative inefficiency, corruption and poor accountability drained the resources meant for grassroot development. The study emphasized the need for institutional reforms, but the description available in the reviewed material provides limited detail about its sampling and analytical framework, making it difficult to I dependently verify the empirical strength and validity of its conclusions

Okereke and Olewa (2023), Reviewed effect of Internally Generated Revenue on development of local government Areas in Enugu State. The research utilized survey research design and Chi-square statistical analysis was applied in testing the hypotheses. The findings revealed that: Internally-generated revenue had a significant effect on the provision of road infrastructure and educational infrastructure while revealing insignificant effect on the provision of water infrastructure by Local Governments Authorities in Enugu State. However, the reported statistical association

does not inherently establish a direct causal linkage between Internally Generated Revenue (IGR) and the observed developmental outcomes.

Yakubu and Alhaji (2025) examine strategies of internally generated revenue for the management of Bauchi State in North-East Nigeria. The study adopted a descriptive survey research design. Questionnaires and interviews were used in gathering information. The results indicated that revenue collection still remain a challenge in spite of several strategies that have been put in place such as tax reforms, automation of revenue collection, education of taxpayers, issues coined from poor compliance, weak enforcement mechanisms, corruption, and lack of innovation still hinder effective revenue generation. The use of mixed-method data approach that combine questionnaire and interviews enhance multiple sources of evidence. However, the existing narrative lacks sufficient methodological detail to determine the representativeness of the sample or quantify the discrete impact of each respective strategy.

Collectively, this body of empirical literature confirm that internally generated revenue is indispensable to local government development in Nigeria. Yet, the literature also reveals that structural bottlenecks such as fragile institutional capacity, corruption, political interference and administrative inefficiencies, which continue to hinder effective revenue mobilization and utilization of internally generated for long-term rural development.

2.4 Gap in Literature

Most research on Nigeria's internally generated revenue (IGR) focuses on the impact of local government performance, service delivery, community development and fiscal constraints. However, there is a critical gap remaining in the literature, as existing studies have not comprehensively synthesized the IGR challenges, practical mobilization strategies and policy implication explicitly tailored to rural development. This study addresses this gap by providing an integrated review of literature and offering policy-driven recommendations for strengthening internally generated revenue as a sustainable engine for rural growth.

2.5 Theoretical Framework

Fiscal federalism theory was pioneered by Richard Musgrave (1959) and subsequently expanded by Wallace Oates (1972). The theory of fiscal federalism explains how financial responsivities, spending obligations and revenue-raising power across various levels of government to achieve economic efficiency, equity and balanced development. It dictates that each level of government should possess sufficient resources to perform assigned responsibilities while promoting institutional accountability and local responsiveness.

This framework assumes that sub-national authorities, particularly local governments, possess a distinct information advantage regarding the needs of their communities because of immediate proximity to grassroots. Consequently, local government must move beyond relying on intergovernmental transfer and proactively strengthen mechanism for generating internal revenue. Recent studies on fiscal federalism in Nigeria point out that lack of financial independence and excessive dependence on monthly allocations have constrained local government performance and stall rural service delivery.

Fiscal federalism theory is relevant to this study because its emphasis on financial self-sufficiency and localized resource mobilization. Enhancing internally generated revenue enables local authorities to fund essential rural infrastructure, education, primary healthcare, sanitation and other development programs independently. The theory offers an excellent guide for evaluating how enhanced internally generated revenue can fortify local governance capacity and sustainable rural growth in Nigeria.

2.6 Challenges Affecting IGR in Nigerian Local Government

a. Corruption and Revenue Leakages

Corruption and revenue leakages remain one of the major obstacles to enhancing internally generated revenue within Nigerian local governance. This fiscal strain manifest through embezzlement of public funds, issuance of unauthorized receipt, underreported earnings, and fragile oversight frameworks, thereby reducing the resources available for rural development. This aligns with Adegite's (2019) observation that poor management cripples' revenue system, erode public institutions

and hinders service delivery in developing nations. This inefficiency undermines the public's confidence in the system and leads to revenue leakages.

b. Weak revenue Administration

Many local governments continue to experience challenges associated with weak revenue administration. Inefficient collection systems, poorly supervised tax officers, substandard record-keeping and weak enforcement of revenue regulation inevitably led to depressed internally generated revenue levels. As observed, these challenges reduce the effectiveness of internally generated revenue making local government financially incapable to achieve constitutional responsibilities (Launi, Musa, and Dass 2022).

c. Political Interference

Political interference is a persistent barrier to effective internally generated revenue administration in many Nigeria local governments. This intrusion typically manifest as politicization of revenue collection, appointment of unqualified staff and dictate financial decisions weaken institutional independence and accountability framework. According to Adu et al. (2025) political influence undermines local government fiscal autonomy, compromises financial management and limit effective utilization of local revenue for rural development. Protecting local government internally generated revenue system requires strengthening institutional reforms that isolate revenue administration from political pressure.

d. Tax Evasion and Low Compliance

Tax evasion and low compliance is another major obstacle to increasing internally generated revenue in Nigerian local government. Many citizens and commercial enterprises deliberately avoid paying taxes and other levies due to lax of trust in government, low awareness, lax enforcement and a perceived lack of accountability in the utilization of tax revenues. Furthermore, Adekoya et al. (2020) observed that the large informal sectors complicate tax collection effort, as significant portion of economic activities is largely unregistered and operate outside the formal regulatory framework Nigerian local government. This particular obstacle substantially reduces

the revenue needed for local government development initiatives (Atakpa, Ocheni, and Nwakwo 2012).

e. Inadequate Adoption of Information and Communication Technology (ICT)

The limited adoption of information and communication technology (ICT) in revenue administration has continued to hold back effective internally generated revenue collection in Nigerian local governments. Many local councils rely on obsolete manual collection and book keeping record, they face ongoing challenges with financial leakages, inefficiency and fraud. As observed in recent studies, digital revenue collection reduce human error, enhances fiscal transparency and accountability (World Bank 2021).

f. **Inadequate Human Capacity and Training**

The effectiveness of internally generated administration relies on the competence and integrity of revenue officials. However, many Nigeria local governments suffer from shortages in staff training, limited professional skills and low staff morale, all of which directly hinder effective assessment and collection enforcement Aminu et al. (2020). Weak institutional capacity is one of the major obstacles that restrict local revue mobilization

2.7 Strategies for Enhancing Internally Generated Revenue in Nigeria Local Government

Digitalization of revenue collection: Digital technologies are one of the most effective strategies of improving internally generated revenue in local governments. Electronic payment platforms, automated databases, digital revenue monitoring system reduce human error, prevent revenue leakages and enhance accountability. Bird and Zolt (2021) argue that digital administration increases compliance and reduce collection costs. Similarly, Digital transformation in public administration reinforce transparency and record keeping and improve fiscal performance (OECD, 2021). To secure sustainable rural development, Nigerian local government should embrace digital collection.

Strengthening Transparency and Accountability: Transparency and accountability are another major strategy of improving internally generated revenue, which build public trust and minimize opportunities corruption. An accountable revenue system ensures that every revenue generated is tracked, managed and utilized for grassroots developmental. According to the UNDP (2022) highlights that strengthening financial transparency and accountability enhances local revenue mobilization, promotes efficient resource utilization and improves public trust in local governance. Consequently, Local government authorities should mandate regular audit, transparent financial exporting and publicly disclose how revenue are utilized.

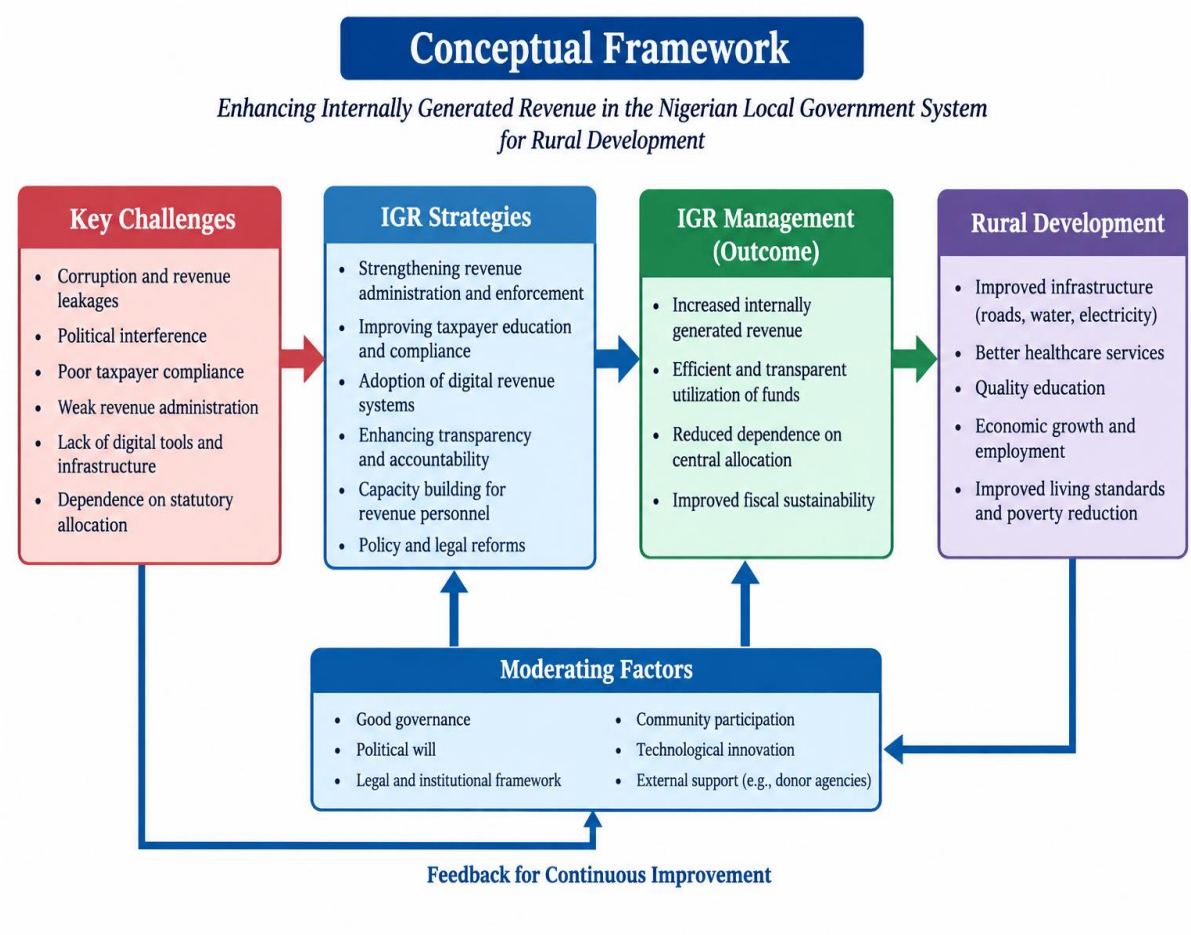
Capacity Building for Revenue: To an extent, the effectiveness of internally generated revenue system depends to on the competence of the tax officials. Continuous training ensures revenue officer are well versed I with modern tax administration, financial management, digital systems, and customer relations. McCluskey and Franzsen (2019) identified capacity building as a key strategy for enhancing institutional efficiency and revenue collection in developing countries. Kelly (2020) also argued that well-trained staff enhances taxpayer compliance and administrative efficiency. Therefore, local government council in Nigeria can enhance internal generated revenue through regular professional development programmes.

Broadening the Local Revenue Base: Enhancement of internally generated revenue in Nigeria local government is another vital strategy towards broadening the local government revenue base. Identifying and developing alternative revenue activities such as tourism, agricultural value chains, public-private partnership (PPPs) and local investments are very important for expanding local revenue base rather than relying on traditional levies and tenement rates. As Bahl and Bird (2018) point out, reducing reliance on a single revenue source significantly strengthen financial resilience. Furthermore, The International Monetary Fund (2023) states that diversification of economic activities good for fiscal sustainability for grassroots development. Therefore, local governments can safeguard and boost its revenue base through identifying of untapped economic opportunities capable for generation revenue.

Strengthening Taxpayer Education and Public Participation: Taxpayer education helps improve awareness, encourage compliance, and strengthen government and taxpayers' relationship. Often citizens and businesses do not understand the importance of IGR, or so not know the specific taxes they are required to pay. When taxpayers are well educated, it increases their level of voluntary compliance, which broadens the tax base and enhances internally generated revenue (Isreal & Ogbolu 2021). Tax education also promotes accountability and trust between government and citizen by reducing resistance to pay tax (United Nations). Therefore, effective tax education is an important strategy for local council to change public perception and achieve fiscal sustainability for rural development.

Institutional and Policy Reforms: improving internally generated revenue over a long-term requires strong institutional and policy reforms that will promote efficiency, transparency and accountability. These interventions should focus on strengthening legal structures, modernizing revenue administration, ensuring strict compliance and improving intergovernmental fiscal relations. Institutional reforms are crucial for improving internal revenue generation, as well as vital strategy for strengthening local financial management and service delivery (Word Bank 2023). Implementing these reforms will equip Nigerian local government the capacity to generate and to invest revenue into sustainable rural development.

2.8 Conceptual Framework



Source: Author's conceptualization (2026).

Figure 1: The framework summarizes the relationship proposed by the reviewed literature. Challenges can reduce the amount of revenue collected and weaken public confidence. Administrative and accountability strategies may improve mobilization and the integrity of financial management. Development outcomes depend on whether collected funds are transparently allocated, effectively spent, and directed toward locally identified needs. This framework is an organizing proposition for the review; it is not a causal model tested with new data

3. Methodology

This paper uses a narrative literature review approach. It brings together theoretical publications, research studies, official reports and other related documents about local government revenue, how that revenue is managed, fiscal decentralization, delivering

services and developing rural areas in Nigeria. The goal is to look at what has been found in studies and see what problems keep coming up and what possible solutions have been suggested. It is not about creating numbers or claiming new findings from the field.

The literature was found using Google Scholar and other academic websites and databases that were used while preparing the paper. It also included journal and publisher sites, websites from organizations, articles and documents the authors had gathered before. The search terms used were combinations of words like " generated revenue " "local government finance," "revenue mobilization," "fiscal decentralization," "service delivery," and "rural development," along with "Nigeria" and the names of specific local governments or states when needed. The authors did not keep a record of their search as it happened. So, it is not possible to report all the databases used, the dates, the number of results found or how many were included or left out. The method is explained clearly as a narrative review based on the sources that were used in making the paper, not as a systematic review.

Materials were included if they talked about sources of government funding and how that money is handled, financial independence, responsibility, delivering services or developing rural areas in Nigeria or if they provided a known theory to explain these issues. Any material that did not clearly connect to revenue and development was not added to the review. This is so because the sources of collection were not done with a system, there was no proper way to remove duplicates, register the process in advance or check each item carefully. This means that the review might not have every piece of writing and should not be seen as a full list of all the evidence available.

The analysis looked at the themes and compared different pieces of work. The literature was grouped into four areas: sources of revenue and the financial situation; problems in collecting and using money; ways to make management and responsibility better; and the results seen in development. Studies were compared by where they were done, how they were set up, what data they used, how they were and what they found. Special attention was given to the difference between ways of looking at local government performance and specific service results. It also looked at how hard it is to make broad conclusions, from studies done in just one state or local government area.

4. Policy Implications

These findings have great implications for rural development local and government finance in Nigeria. Given the dependence on federal location, policy reforms must focus on strengthening local governments' ability to raise their own revenue without placing overburdening rural communities. To achieve this requires the need for strong institutional accountability, training financial personnel to eliminate waste, digital system to reduce leakages and promote transparency. Most importantly, revenue policies should align with rural development strategies to improve infrastructure and public service. Thus, enhancing IGR should not be viewed as a mere revenue generation exercise but as part of broader reforms in governance, accountability, grassroot development.

5. Conclusion

Internally generated revenue remains a critical component for financing local government towards achieving rural development in Nigeria. However, corruption, revenue leakages, weak administrative capacity, political interference, poor taxpayer compliance, and limited adoption of digital technologies are challenges hindering effective revenue mobilization in Nigerian local government. The findings reviewed that IGR can be improve through effective revenue administration, digitalization, revenue diversification, taxpayer education, institutional accountability and capacity building. Also, beyond enhancing the volume of revenue generated, more attention should be given to transparency and efficient utilization to ensure that revenue contribute to rural infrastructure and public service delivery. Therefore, reforms on internal generated revenue should be strengthen to improve local government sustainability, accountability, and capacity to promote sustainable rural development in Nigeria.

6. Recommendations

Based on the issues examined in the review, the following recommendations are proposed:

1. Local governments should strengthen revenue administration to reduce leakages and improve revenue performance.
2. Local governments should prioritize digital revenue collection through electronic payment platforms and computerized revenue database to reduce human interference and to enhance transparency.
3. Local governments should diversify their revenue sources by identifying untapped economic opportunities within local government areas, including agriculture, tourism, markets, and local economic enterprises.
4. Local governments should ensure that revenue personnel receive regular training and capacity development to improve their competence in modern revenue assessment.
5. Local Governments should strengthen accountability and financial management practices by introducing regular audits, transparent reporting systems, and strict disciplinary measures against financial misconduct.
6. Local government should improve taxpayer education and stakeholders' engagement through public enlightenment programs that explain the important of tax compliance and how it contribute to community development.
7. There should be a robust monitoring and evaluation framework to ensure that all funds generated are channeled directly into visible community development projects such as road rehabilitation, water supply, healthcare facilities, and market construction. Such visible projects will help build public trust and promote inclusive rural development.

REFERENCES

Achegbulu, J. O., Abraham, D., & Onyambayi, E. T. (2025). Revenue generation and rural development in Idah Local Government Area of Kogi State. ASRIC Journal on Social Sciences and Humanities, 6(1), 212–225. https://asric.africa/social-sciences/asric-journal-social-sciences-2025-v6-i1/revenue-generation-and-rural-development

Adegite, E. O. (2019). Accountability and public sector financial management in Nigeria. *Journal of Public Administration and Governance, 9*(2), 45–58.

Adekeye, A. J., & Odewale, A. D. (2019). The practice of local government administration in the Fourth Republic: Challenges and prospects. *African Journal of Institutions and Development, 14*(25–26).

Adekoya, A. A., Samuel, A. O., & Babatunde, A. L. (2020). Informal sector and tax in Nigeria: Challenges and opportunities. *International Journal of Emerging Trends in Social Sciences, 8*(2), 57–69. https://doi.org/10.20448/2001.82.57.69

Adeyemi, O. O. (2018). Local government administration in Nigeria: A historical perspective. *Commonwealth Journal of Local Governance*.

Adeyemo, D. O. (2005). Local government autonomy in Nigeria: A historical perspective. *Journal of Social Sciences, 10*(2), 77–87.

Adu, E. O., Popoola, O. O., & Patrick, E. E. (2026). An assessment of internally generated revenue and its effects on community development in Alimosho Local Government Area, Ikotun, Lagos State. *Asian Journal of Economics, Business and Accounting, 26*(5), 171–186. https://doi.org/10.9734/AJEBA/2026/v26i52263

Aminu, A., Isah, A., & Aliyu, M. (2020). Impact of state and local revenue generation on infrastructural development in Bauchi State, Nigeria. *International Journal of Economics and Financial Issues*, 10(4), 112–119.

Atakpa, M., Ocheni, S., & Nwankwo, B. C. (2012). Analysis of options for maximizing local government internally generated revenue in Nigeria. *International Journal of Learning and Development, 2*(5), 94–110.

Bahl, R., & Bird, R. M. (2018). Fiscal decentralization and local finance in developing countries. *Public Budgeting & Finance, 38*(1), 3–25.

Bird, R. M., & Zolt, E. M. (2021). *Technology and tax administration: Improving revenue mobilization in developing countries*. ICTD Working Paper Series.

Commonwealth Journal of Local Governance. (2022). Decentralisation and local governance in Nigeria: Issues, challenges and prospects, *27*, 5–16. https://doi.org/10.5130/cjlg.vi27.7935

Constitution of the Federal Republic of Nigeria, 1999 (as amended).

Ibrahim, M., & Salihu, A. (2022). Revenue administration and local government performance in Nigeria. *Journal of Public Administration and Policy Research, 14*(2), 35–47.

Ifeanyi, C., & Frank, O. (2022). Effects of internal revenue generation on the performance of local government units: A study of Billiri Local Government Area, Gombe State, Nigeria. *International Journal of Public Administration and Policy Research, 8*(1), 1–10.

International Monetary Fund. (2023). *Fiscal monitor: Climate crossroads—Fiscal policies in a warming world*. International Monetary Fund.

Kelly, R. (2020). *Property tax reform and local government finance*. Lincoln Institute of Land Policy.

Launi, S., Musa, L., & Dass, J. I. (2022). Review of internally generated revenue in local government and service delivery in Bauchi State. *Bayero Journal of Administration, 2*(1), 59–71.

McCluskey, W., & Franzsen, R. (2019). *Property tax in Africa: Status, challenges, and prospects*. Lincoln Institute of Land Policy.

Musgrave, R. A. (1959). *The theory of public finance: A study in public economy*. McGraw-Hill.

National Bureau of Statistics. (2024). *Nigerian gross domestic product report (2024)*. National Bureau of Statistics.

Nwaigwe, H. C. (2018). Internally generated revenue and local government administration in Umunneochi Local Government Area of Abia State. *South East Journal of Political Science, 4*(1).

Okereke, N. C., & Olewe, B. N. (2023). Effect of internally generated revenue on rural development of local government areas in Enugu State. *Nigerian Journal of Social Development, 11*(1), 25–36.

Onwuka, E. C., & Eze, F. C. (2023). Effect of internally generated revenue on rural

Ola, R. F. O., & Tonwe, D. A. (2009). *Local administration and local government in Nigeria*. Amfitop Books.

Olowu, D., & Wunsch, J. S. (2004). *Local governance in Africa: The challenges of democratic decentralization*. Lynne Rienner Publishers.

Oluyombo, O. O. (2024). Internally generated revenue and local government development. *BAZE University Journal of Management and Social Sciences, 1*(2), 87–96.

infrastructure development in local government areas of Enugu State, Nigeria. *Nigerian Journal of Social and Development Issues*, 11(1), 32–45.

Organisation for Economic Co-operation and Development. (2021a). *Fiscal federalism 2022: Making decentralisation work*. OECD Publishing. https://doi.org/10.1787/201c75b6-en

Organisation for Economic Co-operation and Development. (2021b). *Tax administration 2021: Comparative information on OECD and other advanced and emerging economies*. OECD Publishing.

Organisation for Economic Co-operation and Development. (2024). *Adapting intergovernmental fiscal transfers for the future: Emerging trends and innovative approaches*. OECD Publishing. https://doi.org/10.1787/6389ca23-en

United Nations Development Programme. (2022). *Governance for sustainable development: Strengthening public institutions*. UNDP.

World Bank. (2021). *Enhancing government effectiveness and transparency: The fight against corruption*. World Bank.

World Bank. (2023). *Fiscal decentralization, local public sector finance and intergovernmental fiscal relations: A primer*. World Bank.

Yakubu, A., & Alhaji, K. (2025). Assessment of internally generated revenue (IGR) strategies for the management of Bauchi State in North-East Nigeria. *International Journal of Social Sciences and Management Research, 11*(4).