International Research Journal of Human Resource and Social Sciences
ISSN(O): (2349-4085) ISSN(P): (2394-4218)
Impact Factor 7.924 Volume 12, Issue 08, Aug 2025
Website- www.aarf.asia, **Email** : editoraarf@gmail.com

Revenue Generation and Local Government System in Nigeria: Study of Aiyekire Local Government, Ekiti State (2019-2024)

1. **Olalekan Stephen IJIDALE**
Email : Osijidale@gmail.com

2. **Professor Akeem AMODU**
Department of Politics and International Relations
Faculty of Management and Social Sciences
Lead City University
Ibadan, Oyo State, Nigeria.
Correspondent Author:

Olalekan Stephen IJIDALE
Email: Osijidale@gmail.com

Abstract

Revenue generation is a critical aspect of local governance, enabling local governments to finance development projects and provide essential public services. However, in Nigeria, local government authorities face significant financial challenges due to poor revenue mobilization, dependence on federal allocations, and systemic inefficiencies. This study examines the revenue generation strategies and financial sustainability of Aiyekire Local Government, Ekiti State, from 2019 to 2024. Despite constitutional provisions for local government autonomy, over-reliance on federal allocations has led to fiscal instability and ineffective governance at the grassroots level. This study seeks to understand the underlying factors affecting revenue generation and propose strategies for improvement. A descriptive and qualitative research methodology was adopted, utilising in-depth interviews with government officials, revenue officers, and community stakeholders, alongside a review of policy documents and financial reports. The findings reveal that poor tax compliance, corruption, ineffective revenue collection mechanisms, and lack of public trust significantly undermine revenue generation. Additionally, bureaucratic bottlenecks and political interference further weaken fiscal capacity at the local level. The study concludes that enhancing local revenue generation requires transparency, accountability, and community participation in fiscal governance. It recommends strengthening revenue collection mechanisms, leveraging technology for tax administration, and promoting alternative funding sources such as public-private partnerships. Additionally, granting greater financial autonomy to local governments would enhance their capacity to drive sustainable development.

Keywords: Revenue Generation, Local Government, Aiyekire, Ekiti State, Nigeria

Introduction

The local government system plays a pivotal role in the governance framework of any sovereign state, serving as the bedrock of grassroots administration and development (Nnamani et al., 2023). Nigeria, a country known for its diversity in culture, ethnicity, and geography, operates a federal system of government with three tiers: the federal, state, and local governments (Sadiq et al., 2023). The local government system constitutes the third tier and serves as the closest government structure to the people. Established to bring governance and development closer to the grassroots, local governments are intended to facilitate participatory democracy, ensure effective service delivery, and promote community development (Sadiq et al., 2023). However, the actualization of these objectives has been marred by various challenges, ranging from structural deficiencies to institutional weaknesses and political interference.

Historically, the evolution of the local government system in Nigeria can be traced back to the colonial era when indirect rule was employed by the British colonial administration (Abdallah, & Mansouri, 2022). This system involved the recognition and utilization of traditional rulers and institutions as agents of colonial governance at the local level. After independence in 1960, Nigeria adopted a local government system based on the principles of decentralization and devolution of powers. The 1976 Local Government Reform further redefined the structure and functions of local governments, emphasizing their autonomy and developmental roles (Abdallah, & Mansouri, 2022). Presently, Nigeria's local government system consists of 774 local government areas (LGAs) spread across the 36 states and the Federal Capital Territory (FCT) (Adekoya et al., 2021). Each LGA is administered by a council comprising elected officials, including a chairman and councilors, as well as appointed administrative and technical staff. The functions of local governments as enshrined in the Constitution of the Federal Republic of Nigeria (1999) include provision of basic amenities such as primary education, healthcare, water supply, and sanitation, as well as infrastructure development, rural development, and grassroots mobilization (Adekoya et al., 2021). The local government system in Nigeria serves as a critical tier of governance, positioned to deliver essential services and foster grassroots development. However, its effectiveness has been hampered by various challenges, with revenue generation standing out as a fundamental issue. In Nigeria, local governments heavily rely on federal allocations, which often prove inadequate for meeting the diverse needs of their communities (Adekoya et al., 2021). Consequently, there is a pressing need to explore strategies for enhancing revenue generation within the local government system to ensure sustainable development.

Nigeria's local government system has undergone several reforms aimed at strengthening its capacity to deliver services and promote grassroots development[5]. Despite these efforts, challenges persist, particularly in revenue generation. Local governments in Nigeria are constitutionally empowered to generate revenue through various means, including taxes, levies, and fees. However, their revenue generation capacity remains limited due to factors such as weak fiscal management systems, inadequate infrastructure for revenue collection, and widespread informality in economic activities. One of the primary sources of revenue for local governments in Nigeria is statutory allocations from the federal government (Ezeozue, 2020). These allocations are often insufficient to meet the growing demands for infrastructure, healthcare, education, and other essential services at the grassroots level. As a result, local governments face significant deficits in funding their developmental projects and addressing the needs of their communities.

Aiyekire Local Government Area, nestled in the southwestern region of Nigeria within Ekiti State, has a rich historical tapestry woven through centuries of cultural evolution and governance dynamics. Its development traces back to pre-colonial times when it was part of the traditional Yoruba kingdoms, renowned for their sophisticated political structures and vibrant cultural heritage. Since its establishment, Aiyekire Local Government has experienced both challenges and progress typical of developing regions. Factors such as population growth, economic fluctuations, infrastructural development, and political dynamics have shaped its trajectory. Efforts to enhance service delivery, promote community development, and foster grassroots participation have been ongoing, albeit with varying degrees of success.

However, Aiyekire Local Government faces significant challenges in revenue generation, which hamper its ability to fund essential services and development projects. Firstly, one major issue is the limited economic activities within the local government area. Aiyekire is primarily agrarian, with subsistence farming being the dominant livelihood. This reliance on agriculture, coupled with inadequate infrastructure and lack of industrialization, restricts the potential for revenue generation. The absence of diverse economic sectors means fewer opportunities for taxation and other revenue-generating activities (Abdallah & Mansouri, 2022). Also, there is a widespread problem of tax evasion and informal economic activities. Many residents engage in informal businesses or work in the informal sector, making it challenging for local authorities to track and collect taxes effectively. Moreover, a lack of awareness about the importance of taxation and resistance to paying taxes further exacerbate revenue collection efforts. Similarly, inadequate institutional capacity and technical expertise hinder revenue generation initiatives. The local government seems to lack qualified personnel with the necessary skills to design and implement effective revenue collection strategies. Without proper training and capacity building, efforts to improve revenue generation are likely to fall short. It is on the aforementioned indices that the study seek to to explore revenue generation and Local Government System in Nigeria with a bird eye view of the Aiyekire Local Government of Ekiti State.

Aiyekire Local Government Area, nestled within the serene landscapes of Ekiti State, faces a persistent challenge in revenue generation, which undermines its ability to meet the growing demands for development and service provision. Despite being endowed with various resources and economic potentials, the local government struggles to mobilize adequate revenue to finance essential projects and services for its residents. This dilemma necessitates a thorough examination of the factors impeding revenue generation in Aiyekire Local Government. The absence of robust fiscal policies tailored to the local government's economic context inhibits its revenue generation efforts. This lack of clarity in revenue assessment methodologies, tax structures, and collection mechanisms, leads to inefficiencies and leakages in revenue mobilization. Similarly, its overreliance on a few traditional revenue sources such as taxes and levies constrains the local government's revenue resilience. Aiyekire's revenue base remains narrow, exposing it to vulnerabilities stemming from fluctuations in economic conditions and external shocks.

Methodology

This research study made use of descriptive research design. For the purpose of this research study, the target population of the study is ten (10) personnel from Aiyekire Local Government of Ekiti State. They include; local government officials, finance officers, tax administrator, business owners, and community representatives. The selection of 10 interview respondents for this study on Revenue Generation and Local Government System in Nigeria: A Study of Aiyekire Local Government, Ekiti State (2019-2024) is based on the need for in-depth qualitative insights from key stakeholders. Given the complexity of revenue generation within local governments, the number is adequate for thematic saturation, where additional responses are unlikely to introduce new perspectives. This study employed the non-probability techniques to enhance the richness of this study's information. The purposive variant of non-probability sampling is adopted for the research study.

The research instrument employed in the course of this study is the interview schedule. An interview schedule is a predetermined set of questions or topics that an interviewer plans to cover during an interview. This helps ensure consistency across interviews and allows for more effective comparison of candidates. This interview schedule was properly designed to expound responses from the respondents. Demographic details and interview parameters will include the followings. Organisation, sex, age, level of education etc.

This research relied mainly on primary and secondary data method of data collection. The primary data include sources like in-depth interview verbal discussions with experts from the institutions on the subject matter while the secondary sources include published (and un-published) materials, such as: books, journals, and newspapers. Documentations on the subject matter from Libraries, lecture notes, internet etc. Data collected was analysed via thematic analysis.

Results

Presentation of Data

This section delineates the data acquired from interviews regarding revenue generation and the local government system in Nigeria, specifically concentrating on Aiyekire Local Government, Ekiti State, from 2019 to 2024. The primary data were acquired from essential stakeholders, comprising local government officials, revenue officers, market leaders, business proprietors, and community representatives. The interviews offered insights on the origins, obstacles, and efficacy of revenue generation systems within the local government. Furthermore, it is feasible to examine research issues such as the presence of qualitative variations in the material and patterned perspectives that diverge from the primary topic findings presented during the interviews. Examining these two contrasting perspectives facilitates a deeper understanding of the study issue and contributes to a more accurate evaluation of the results.

Presentation of Research Questions

The research attempted the following research questions.

i. What are current revenue sources and collection methods in Aiyekire Local Government of Ekiti state and how can they improved?

ii. With keen reference to Aiyekire Local Government, how effective is the existing revenue generation strategies employed by the Local Government?

iii. What are the socio-economic factors influencing revenue generation in Aiyekire Local Government?

Discussion of Findings

Research Question One: What are Current Revenue Sources and Collection Methods in Aiyekire Local Government of Ekiti state and How Can They Improved?

1. Current Revenue Sources and Collection Methods in Aiyekire Local Government

The first respondent asserted that Aiyekire Local Government, like other local government areas in Nigeria, generates revenue from a variety of sources. These can be broadly classified into internally generated revenue (IGR) and externally sourced revenue. Internally generated revenue is crucial for the financial sustainability of the local government. The primary sources include;

Taxes and Levies which include tenement rates, land use charges, and business premises levies. Traders and business owners in Aiyekire are required to pay these levies to operate legally within the local government. Also is Market Fees and Stalls Rents. The local government manages markets and collects revenue from traders in the form of daily tolls, rent on stalls, and sanitation fees. Another one is Motor Park Dues and Transportation Fees. Transport operators, including commercial motorcyclists and bus drivers, pay daily or weekly dues at motor parks. Similarly, licensing and permit fees is also a source. This includes permits for events, signage, billboards, and radio advertisements. Hotels and recreational centers also pay operational fees. Not forgetting farming and grazing permits. Given the agrarian nature of Aiyekire, local farmers and herders pay a token to access farmlands and grazing areas.

2. External Revenue Sources

The respondent also affirmed that Aiyekire local government also relies on external sources which include:

- **Statutory Allocation:** This is the most significant source of revenue, coming from the Federation Account Allocation Committee (FAAC). The amount received depends on various factors, including population and developmental needs.
- **Grants and Aids:** Occasionally, the local government receives financial support from donor agencies, NGOs, and international development partners to fund specific projects.
- **Special Intervention Funds:** These funds, often released by the state or federal government, support infrastructure development, education, and healthcare. However, it is important to know that these sources are not always sufficient to meet the needs of the local government. The reliance on federal allocations often leads to financial instability when funds are delayed. That's why improving internally generated revenue is critical for sustainable development in Aiyekire.

3. Method of Revenue Collection in Aiyekire

The second respondent explained that revenue collection in Aiyekire Local Government follows both formal and informal approaches. The main methods include manual collection system. This is the most common method, where revenue collectors visit businesses, markets, and transport hubs to collect cash payments. This approach is prevalent for market fees, transport levies, and petty trader taxes. Also is bank payments. For larger fees, such as land use charges and business permits, individuals and businesses are required to make payments directly to designated bank accounts before presenting receipts to the local government office for verification. Use of revenue agents is also another means. Here, local government contracts private revenue collection agents who go around collecting specific fees, such as tenement rates and licensing fees. These agents work on a commission basis.

Checkpoints and inspection teams is also another means. Here, revenue officers conduct periodic inspections to enforce compliance. Businesses operating without valid permits may be fined or temporarily shut down. Not forgetting the state joint revenue committee. In some cases, revenue collection is done in collaboration with the Ekiti State Internal Revenue Service (EKIRS), especially for taxes that overlap between local and state authorities. However, there are challenges the local government face with these collection methods. One of the major challenges is revenue leakage due to corruption and inefficiency in manual collections. Many payments are not properly recorded, and funds often get diverted. Also, cash-based transactions create loopholes for mismanagement. Another issue is resistance from residents who are reluctant to pay certain levies due to a lack of trust in how funds are used. Poor enforcement mechanisms also mean that some businesses operate without paying the necessary fees.

4. Improving Current Revenue Collection Method

The fourth respondent asserted that the revenue collection method in aiyekire local government can be improved on with the introduction of digital payment platforms where residents and businesses can pay their taxes and levies via mobile apps, USSD codes, or online banking. This would reduce cash handling and improve accountability. Also is an improved revenue database where a comprehensive revenue database is developed to track all taxable entities, including businesses, transport operators, and landlords. This would help in enforcing compliance and reducing evasion. Not forgetting public awareness and engagement. Many residents are unaware of the importance of paying levies. Community sensitization programs should be implemented to educate the public on how revenue contributes to local development, such as road maintenance and market improvements. As stressed by the respondent, use of electronic receipts and pos systems also serve as an improved collection source of revenue in the local government. Instead of manual receipts, revenue collectors should be equipped with point-of-sale (POS) machines to issue digital receipts instantly. This ensures transparency and prevents revenue officers from pocketing funds. It is also important to strengthening enforcement measures. By doing so, the local government establishes a task force to ensure that all businesses and traders comply with tax regulations. Defaulters face penalties to encourage compliance. There is also a need for collaboration with financial institutions as stressed by the respondent. Partnering with banks and fintech companies will streamline payments and create easier methods for residents to remit levies without delays. Lastly is the need to monitor and evaluate. A system should be put in place to regularly audit revenue collection processes. This would help in identifying loopholes and making necessary adjustments.

Similalrly, as stressed by the fourth respiondent, other Nigerian states, such as Lagos and Ogun, have significantly increased their internally generated revenue through digital tax payment systems and improved enforcement. If Aiyekire follows a similar approach, it could reduce leakages and boost revenue collection. Thus, Aiyekire collection methods need modernization. Transitioning to digital systems, strengthening enforcement, and increasing public trust through transparency will significantly enhance revenue generation for sustainable local development.

Research Question Two: With Keen Reference to Aiyekire Local Government, How Effective is the Existing Revenue Generation Strategies Employed by the Local Government?

The fifth respondent asserted that the effectiveness of revenue generation strategies in Aiyekire Local Government has been mixed. On one hand, the local government has made commendable efforts in diversifying its revenue streams through taxation, levies, and government grants. There has been a notable increase in internally generated revenue (IGR) compared to previous years, primarily due to better enforcement mechanisms and public awareness campaigns. For instance, market stall owners and transport operators have shown improved compliance with tax obligations due to sensitization programs. However, despite these improvements, the overall revenue generated still falls short of the financial needs of the local government. One major challenge is tax evasion, which persists due to a lack of proper documentation and enforcement mechanisms. In addition, the dependence on federal allocations remains high, indicating that IGR alone is insufficient to sustain the developmental projects of the local government. Limited infrastructural investments further hamper economic activities, which in turn affects revenue generation capacity.

For example, while efforts have been made to increase revenue from land use charges and business permits, many residents and small-scale business owners struggle with irregular income, making tax compliance inconsistent. Moreover, there are cases where corrupt practices within revenue collection agencies lead to financial leakages. This means that despite the existence of sound revenue strategies, implementation gaps reduce their overall effectiveness. Hence, while Aiyekire Local Government has taken significant steps in improving revenue generation, challenges such as tax evasion, dependency on external funding, and corruption hinder full effectiveness. A more robust strategy, including improved transparency, digital revenue collection, and enhanced community engagement, is required to optimize revenue potential.

The sixth respondent similarly opined that Aiyekire Local Government has several strengths in its revenue generation strategies that have contributed to an increase in IGR. One of the major strengths is the diversification of revenue sources. The local government does not rely solely on one revenue stream but instead utilizes multiple sources, including market taxes, property rates, business permits, and transportation levies. This multi-channel approach ensures that there is a steady flow of revenue from different economic activities. Another strength is the establishment of revenue monitoring committees. These committees play a crucial role in tracking revenue inflows and identifying gaps in collection. Their presence has improved accountability and minimized cases of financial mismanagement. For instance, a recent audit revealed a reduction in revenue losses due to leakages in the collection process.

Furthermore, public engagement and awareness campaigns have strengthened the local government’s revenue strategies. Many residents are now more informed about the importance of tax payment, leading to an increase in voluntary compliance. The government has organized town hall meetings where citizens can voice their concerns about taxation, creating a sense of ownership and responsibility among taxpayers. Technology adoption is another key strength. The introduction of electronic payment systems for tax collection has helped to reduce fraudulent activities and improve efficiency. For example, businesses can now pay their levies through mobile banking and online platforms, which enhances convenience and reduces the risk of cash misappropriation.

Additionally, partnerships with private sector organizations have provided innovative solutions to revenue collection. Some businesses have been contracted to manage waste disposal and transportation services, generating additional revenue for the local government. These partnerships have not only improved service delivery but also created job opportunities, indirectly contributing to economic growth. Overall, Aiyekire Local Government has demonstrated resilience and innovation in its revenue generation strategies. By leveraging technology, community engagement, and multiple revenue sources, the local government has made significant progress.

The sixth respondent also explained that while Aiyekire Local Government has made notable strides in improving revenue generation, there are several weaknesses that limit the effectiveness of its strategies. One major challenge is inadequate enforcement of tax compliance. Many businesses and individuals still evade taxes due to weak monitoring systems. The local government lacks a comprehensive database of taxpayers, making it difficult to track and ensure compliance. As a result, a significant portion of potential revenue remains uncollected. Another major weakness is the overreliance on federal allocations. Despite efforts to boost internally generated revenue, a large percentage of the local government's budget still depends on funds from the central government. This overdependence limits the financial autonomy of the local government and makes it vulnerable to fluctuations in federal disbursements.

Corruption and financial mismanagement also pose significant challenges. Cases of revenue collectors diverting funds for personal use have been reported, reducing the actual amount that reaches the government's coffers. The lack of strict accountability measures enables such practices to persist, leading to inefficiencies in revenue utilisation. Infrastructure deficits further hinder revenue generation. Poor road networks, inadequate market facilities, and unreliable power supply negatively affect businesses, thereby reducing their ability to pay taxes. For example, traders in local markets struggle with poor sanitation and lack of security, making them less willing to comply with tax regulations as they do not see direct benefits from their payments.

Additionally, resistance from the local population poses a challenge. Many residents view taxation as an unnecessary burden rather than a civic duty. This is due to a lack of visible development projects that justify tax payments. Without clear accountability and transparency, taxpayers feel discouraged from complying with government demands. The respondent also stressed that bureaucratic bottlenecks slow down revenue collection processes. Lengthy procedures for obtaining business permits, land documents, and other levies discourage potential investors and small business owners from formalizing their operations. Simplifying these processes would encourage greater compliance and expand the revenue base. While Aiyekire Local Government has made commendable efforts in revenue generation, weaknesses such as poor enforcement, corruption, infrastructure deficits, and bureaucratic inefficiencies limit its full potential. Addressing these challenges through stronger enforcement mechanisms, digital tracking systems, and public trust-building measures will be essential for long-term financial sustainability.

Research Question Three: What are the Socio-Economic Factors Influencing Revenue Generation in Aiyekire Local Government?

The Seventh respondent explained that socio-economic factors play a crucial role in shaping the revenue generation capacity of Aiyekire Local Government. These factors include employment levels, poverty rates, industrial activities, and the general economic well-being of the residents. One of the most significant socio-economic factors affecting revenue generation is the income level of residents. In Aiyekire, a largely agrarian community, most people engage in subsistence farming, which does not yield high income. With limited disposable income, residents struggle to pay taxes, levies, and other local government-imposed charges. This directly affects the ability of the local government to raise funds through taxation. In contrast, in more urbanized areas with higher employment and commercial activities, revenue generation is often stronger.

1. Level of Economic Activity

As expatiated by the eighth respondent the level of economic activity in the region is another key factor that should be put into consideration. Aiyekire has a few small-scale businesses and markets, but the absence of large industries or significant commercial hubs limits the revenue base. Many local governments with thriving commercial activities collect revenue through business permits, shop levies, and licensing fees. However, in Aiyekire, due to low business activity, the government cannot rely on these sources for substantial revenue.

2. Infrastructure Development

Infrastructure development also significantly impacts revenue generation as expatiated by the eighth respondent. Poor road networks, lack of electricity, and inadequate water supply make it difficult for businesses to flourish. Investors are often discouraged from setting up businesses in such areas, leading to reduced business tax contributions. For example, a local government with a well-developed market infrastructure can impose stall rents and market levies, generating significant income. However, in Aiyekire, inadequate infrastructure prevents such economic growth.

3. Rate of Unemployment And Underemployment

The rate of unemployment and underemployment in the local government is another limiting factor. When a large portion of the population is unemployed, their ability to contribute through taxation is limited. Many residents earn barely enough for their survival, making tax evasion common (Oladeji et al., 2022). Furthermore, due to financial constraints, the local government may struggle to enforce tax collection effectively.

4. External Economic Conditions

External economic conditions such as inflation and national economic downturns also influence revenue generation as postulated by the eighth respondent. If the prices of essential goods increase, residents prioritize their spending on survival rather than paying taxes. This economic pressure leads to lower revenue collection. Hence, socio-economic factors in

Aiyekire Local Government significantly affect revenue generation. Without economic diversification, improved infrastructure, and job creation, the revenue base will remain weak.

5. Effect of Political Factors on Revenue Generation in Aiyekire Local Government

Political factors, including governance quality, leadership style, policy decisions, and political stability, play a crucial role in revenue generation in Aiyekire Local Government. The effectiveness of revenue collection efforts largely depends on the political will to implement policies, enforce tax collection, and promote transparency (Miller & Stitz, 2021). One of the most significant political factors affecting revenue generation is the quality of leadership and governance. Aiyekire Local Government's ability to generate revenue depends on the commitment of its political leaders to enforcing taxation and managing public resources efficiently. When leadership is weak or lacks accountability, tax evasion becomes rampant, and revenue leaks due to mismanagement (Sadiq et al., 2023). For example, in some local governments where leaders actively engage in financial mismanagement, taxpayers become discouraged, leading to widespread non-compliance.

Policy decisions and tax regulations also impact revenue collection. If the local government imposes high tax rates without providing adequate services in return, residents may resist paying taxes (Zehnle, 2020). In some cases, businesses relocate to areas with more favorable tax policies, reducing the local tax base. On the other hand, well-structured tax policies that balance tax rates with service delivery encourage compliance and improve revenue collection. Another major political factor is political interference and corruption. In many local governments, political elites influence tax collection for personal or party gains. In Aiyekire, if political leaders grant tax exemptions to their supporters or misappropriate collected funds, it weakens the revenue system (Nwaoburu, 2023). Furthermore, corruption within tax administration reduces efficiency, as funds meant for local development are often siphoned for personal enrichment.

Political stability and security also play a role in revenue generation. If Aiyekire experiences political instability, residents may refuse to comply with taxation due to a lack of trust in the government. In some cases, disputes between political factions disrupt economic activities, further reducing taxable income sources (Maigari, 2023). A stable political environment fosters economic growth, encouraging businesses to operate, thereby increasing tax revenue. Similarly, public perception and trust in government significantly impact tax compliance. If residents believe that their taxes are used for community development, they are more likely to comply with tax regulations[7]. However, in cases where there is widespread distrust due to a history of mismanagement, tax evasion becomes common. Aiyekire Local Government must improve transparency, ensure proper fund allocation, and engage residents in decision-making to enhance revenue generation. Therefore, political factors heavily influence revenue generation in Aiyekire Local Government. Strengthening governance, enforcing tax laws fairly, reducing corruption, and ensuring political stability are critical to improving revenue collection and economic development.

Conclusion

This study examined revenue generation and the local government system in Nigeria, focusing on Aiyekire Local Government in Ekiti State from 2019 to 2024. The study concludes that revenue generation remains a critical challenge for local governments in Nigeria, with factors such as inadequate fiscal autonomy, poor tax administration, corruption, and weak institutional capacity hindering effective resource mobilization. Despite constitutional provisions granting local governments the authority to generate revenue through taxes, levies, and federal allocations, the dependency on federal allocations continues to undermine financial independence and local development.

The study also made the conclusion that internally generated revenue (IGR) in Aiyekire Local Government is significantly low due to limited economic activities, lack of proper revenue collection mechanisms, and resistance from taxpayers. Additionally, political interference and bureaucratic inefficiencies further exacerbate the financial constraints faced by the local government. While efforts have been made to enhance revenue generation through improved tax collection strategies and public-private partnerships, these initiatives have yielded minimal impact due to systemic weaknesses and lack of political will. Moreover, the study emphasise that there is a broader implication of revenue challenges on governance and development at the grassroots level. The inability to generate sufficient revenue has led to poor infrastructure, inadequate social services, and weak institutional performance in Aiyekire Local Government. This, in turn, affects public trust and participation in local governance. The research underscores the need for structural reforms, including strengthening fiscal decentralization, enhancing revenue collection efficiency, and promoting transparency and accountability in financial management.

Thus, while local governments in Nigeria, particularly Aiyekire Local Government, face significant revenue generation challenges, strategic reforms and policy interventions can improve their financial viability. Strengthening institutional frameworks, enhancing local economic activities, and promoting accountability will be essential in ensuring sustainable revenue generation and effective local governance.

5.3Recommendations

This study thereby make the following recommendations:

1. Aiyekire Local Government should adopt innovative revenue mobilization strategies by diversifying its revenue sources beyond the traditional methods. Implementing digital tax collection platforms, engaging in public-private partnerships (PPPs), and leveraging community-based funding initiatives can significantly enhance revenue generation.
2. Many residents and businesses fail to comply with tax obligations due to a lack of awareness. The local government should invest in community sensitization programs to educate citizens on the importance of tax compliance. Public campaigns through radio, television, and social media will help in fostering a tax-paying culture among residents.

3. The inefficiency of revenue collection mechanisms hinders the financial sustainability of local governments. Strengthening the institutional capacity of revenue collection agencies through training, provision of necessary tools, and enhanced monitoring mechanisms will improve efficiency and transparency in revenue administration.
4. Corruption and leakages in revenue collection processes remain a significant challenge. The introduction of electronic payment systems, automated tax assessment, and digital monitoring tools will minimize revenue losses, enhance accountability, and improve overall efficiency in revenue management.
5. The informal sector constitutes a large portion of the economy in Aiyekire Local Government but remains largely untaxed. The local government should develop simplified tax regimes for small businesses, artisans, and traders, ensuring that they contribute to revenue generation without being overburdened.
6. The state and federal governments should increase financial support to Aiyekire Local Government while allowing for greater autonomy in revenue utilization. Advocacy for an improved revenue allocation formula that favors local governments will ensure adequate funding for grassroots development projects.
7. Revenue leakages due to corruption undermine local government financial sustainability. Implementing anti-corruption measures such as regular audits, strict penalties for fraudulent activities, and the adoption of whistleblower policies will enhance transparency and accountability in revenue management.
8. Involving community members in revenue generation efforts can enhance voluntary compliance and trust in the local government. Establishing community development associations (CDAs) that collaborate with the local government in identifying revenue sources and monitoring collection can improve revenue mobilisation.
9. Aiyekire Local Government should invest in economically viable projects that can generate sustainable revenue. Initiatives such as building markets, recreational centers, transportation hubs, and agro-processing plants will create employment opportunities while boosting internally generated revenue (IGR).
10. The legal frameworks governing revenue collection should be reviewed and strengthened to address gaps and inefficiencies. Enforcing strict compliance with revenue laws, reducing bureaucratic bottlenecks, and implementing fair tax policies will ensure a more effective and sustainable revenue generation system.

References

Abdallah, B., & Mansouri, N. (2022). *British colonial rule in Nigeria (1900–1960)* (Doctoral dissertation). Université Ahmed Draïa-Adrar.

Adekoya, A., Agbetunde, L., & Akinrinola, O. (2021). COVID-19 pandemic and internally generated revenues in local governments: Nigeria experience. *International Journal of Applied Economics, Finance and Accounting, 9*(2), 63–75.

Ezeozue, C. (2020). Local government reforms as instrument for national development in Nigeria. *International Journal of Trend in Scientific Research and Development, 4*(3), 129–135.

Maigari, M. (2023). An analysis of traditional institutions and peace building: Case of Yobe State of Nigeria (2015–2020). *Fane-Fane International Multi-Disciplinary Journal, 7*(2), 348–363.

Miller, R., & Stitz, O. (2021). The international law of colonialism in East Africa: Germany, England, and the doctrine of discovery. *Duke Journal of Comparative & International Law, 32*(1), 1–40.

Nnamani, D., Odeh, E., & Eze, O. (2023). Citizens participation and local government responsiveness in Enugu State, Nigeria (2008–2015). *NG Journal of Social Development, 12*(1), 59–75.

Nwaoburu, L. (2023). Ethnic politics and the challenge to national integration. *University of Nigeria Journal of Political Economy, 13*(2).

Oladeji, S., Grace, O., & Ayodeji, A. (2022). Community participation in conservation and management of cultural heritage resources in Yoruba ethnic group of South Western Nigeria. *SAGE Open, 12*(4), Article 21582440221130987. https://doi.org/10.1177/21582440221130987

Sadiq, S., Usman, A., Iqbal, R., & Bukhari, S. (2023). Local government administration in Nigeria and Pakistan: A cross-cultural content analysis. *Pakistan Journal of Humanities and Social Sciences, 11*(2), 2702–2714.

Zehnle, S. (2020). *A geography of jihad: Sokoto jihadism and the Islamic frontier in West Africa*. Walter de Gruyter GmbH & Co KG.