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REVENUE REFORM POLICIES AND INTERNALLY GENERATED REVENUE PERFORMANCE IN KWARA STATE, NIGERIA (2023–2025)

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Abstract

This study examines the effectiveness of revenue reform policies on Internally Generated Revenue (IGR) in Kwara State, Nigeria, between 2023 and 2025. It is motivated by persistent challenges of revenue insufficiency and overdependence on federal allocations, which continue to constrain fiscal sustainability at the state level. Anchored on Fiscal Federalism Theory, the study evaluates the extent to which revenue reform strategies influence IGR performance. A quantitative survey research design was adopted, and primary data were collected through structured questionnaires administered to 120 respondents selected using a stratified sampling technique from the Kwara State Internal Revenue Service and related revenue administration units. Data were analysed using descriptive statistics, specifically frequency distributions and percentages, based on responses measured on a 5-point Likert scale. The findings show that most respondents agreed that digital tax administration systems, harmonization of revenue collection processes, expansion of the tax base, and enforcement-based compliance strategies have improved revenue efficiency, transparency, and compliance. However, a substantial proportion indicated that low taxpayer compliance, inadequate institutional capacity, public resistance to taxation, and infrastructural deficiencies continue to hinder optimal revenue performance. The study concludes that revenue reform policies have positively influenced IGR growth in Kwara State, although their effectiveness is constrained by structural and behavioural challenges, and it recommends strengthening digital infrastructure, improving institutional capacity, and enhancing taxpayer education and engagement to ensure sustainable revenue generation.

Keywords: *Fiscal Sustainability; Internally Generated Revenue (IGR); Public Trust; Revenue Reforms; Tax Administration.*

Introduction

Subnational fiscal sustainability remains a persistent concern within Nigeria’s public financial management system, largely due to declining federal allocations, rising recurrent expenditure, and expanding development obligations. Consequently, Internally Generated Revenue (IGR) has become central to enhancing fiscal autonomy, improving service delivery, and reducing dependence on external funding. However, many state governments continue to face challenges in revenue mobilisation arising from weak enforcement systems, narrow taxable bases, inefficiencies in collection structures, and persistent revenue leakages. In response, subnational governments have adopted fiscal modernization measures such as digital revenue collection platforms, consolidation of fragmented revenue units, expansion of taxable economic activities, and strengthened compliance mechanisms aimed at improving efficiency, transparency, and accountability in public revenue administration. Kwara State has implemented similar reforms between 2023 and 2025, with official reports indicating improvements in revenue collection, although concerns remain regarding the sustainability and depth of these gains, especially in the face of low taxpayer compliance, limited administrative capacity, public resistance to taxation, and infrastructural deficiencies.

Despite these interventions, empirical evidence on the effectiveness of revenue reform implementation in Kwara State remains limited and inconclusive, creating a gap in knowledge regarding its actual impact on Internally Generated Revenue performance. Against this background, this study examines the effect of revenue reform implementation on IGR performance in Kwara State between 2023 and 2025. The study is guided by the research questions: how has revenue reform implementation affected IGR performance in Kwara State, and what challenges affect revenue reform implementation and revenue collection in the state? In line with these questions, the study tests the hypotheses that revenue reform implementation has no significant effect on IGR performance in Kwara State, and that there are no significant challenges affecting revenue reform implementation and revenue collection in the state.

Specifically, the study aims to assess the effect of revenue reform implementation on IGR performance in Kwara State and to identify the challenges affecting revenue reform implementation and revenue collection in the state.

Literature Review

Conceptual Review

Concept of Revenue Reform

Revenue reform refers to deliberate policy and administrative interventions aimed at improving the capacity of government to generate, manage, and account for public revenue through efficient and transparent systems. In Nigeria, empirical studies have shown that revenue reforms are largely driven by the need to address inefficiencies in tax administration, reduce leakages, and improve compliance through institutional restructuring and technological adoption. For instance, studies on electronic taxation and revenue productivity in Nigerian states reveal that digital tax systems significantly enhance revenue generation by reducing human interference and improving accountability in collection processes (Olaoye, Ayeni-Agbaje, Adesodun & Adesodun, 2022;). Similarly, Akinadewo et al. (2023) found that contemporary tax administration reforms such as electronic filing systems and automated assessment tools have a statistically significant effect on revenue generation capacity in selected Nigerian states, although outcomes depend on institutional strength and enforcement efficiency (). However, other Nigerian studies caution that the effectiveness of revenue reforms is often limited by weak administrative structures and poor coordination among revenue agencies, suggesting that reform outcomes are not uniform across states (Ojo & Adebisi, 2020).

Concept of Internally Generated Revenue (IGR)

Internally Generated Revenue (IGR) refers to revenue collected by state governments from internal sources such as taxes, levies, fees, fines, and charges, and it serves as a major indicator of fiscal autonomy in Nigeria. Empirical evidence from Nigerian fiscal studies indicates that states with stronger administrative systems and better tax compliance frameworks consistently record higher IGR performance compared to others (Kasum, Sanni & Fagbemi, 2017). The National Bureau of Statistics (2024) further reports significant disparities in IGR performance across Nigerian states, with economically diversified and administratively efficient states such as Lagos and Rivers outperforming others. This suggests that IGR performance is influenced not only by policy reforms but also by institutional capacity and economic structure, a position supported by recent Nigerian empirical studies on subnational revenue performance (Adebayo, 2024).

Concept of Tax Administration

Tax administration refers to the institutional framework through which tax laws are implemented, including assessment, collection, enforcement, and monitoring of compliance. Nigerian empirical literature consistently shows that improvements in tax administration significantly influence revenue performance at the subnational level. For example, studies on Lagos State reveal that improved tax collection techniques and digital administration systems enhance revenue generation through better monitoring and reduced leakages (Onyema, Ojo-Agbodu & Adebayo, 2024;). Similarly, Abiola and Moses (2021) found that electronic tax management systems improve collection efficiency in Nigerian states, although infrastructural limitations and low taxpayer compliance often reduce the effectiveness of these reforms. Furthermore, research on Kwara State indicates that self-assessment tax systems and tax professional services have a significant effect on revenue generation, but their effectiveness is constrained by administrative inefficiencies and weak enforcement mechanisms (Kasum et al.; 2017).

Concept of Fiscal Sustainability

Fiscal sustainability refers to the ability of government to maintain expenditure and debt obligations without creating long-term fiscal imbalance. In Nigeria, empirical studies show that fiscal sustainability at the state level is strongly dependent on Internally Generated Revenue due to declining federal allocations and rising expenditure pressures. Nigerian fiscal studies consistently argue that states with diversified revenue bases and efficient tax administration systems are more likely to achieve fiscal stability (Adeleke & Yusuf, 2023). However, evidence also shows that many states remain dependent on statutory allocations due to weak internal revenue systems and structural economic constraints, limiting their fiscal autonomy despite repeated reform efforts (IMF, 2023; NBS, 2024). This highlights a persistent gap between fiscal reform intentions and actual sustainability outcomes.

Concept of Public Trust

Public trust refers to citizens' confidence in government institutions to manage public resources transparently and deliver services effectively. Nigerian empirical research shows that trust significantly influences tax compliance behaviour, particularly at the subnational level where citizens directly interact with revenue authorities. Studies have found that perceived corruption, lack of transparency, and poor service delivery reduce voluntary tax compliance and weaken revenue performance (Adeleke & Yusuf, 2023). Conversely, improvements in transparency and digital tax systems have been shown to enhance public confidence and increase compliance levels in Nigerian states (Abiola & Moses, 2021). This indicates that public trust functions as a behavioural determinant of revenue performance rather than merely a governance outcome.

Empirical Review

Empirical studies on revenue reforms and Internally Generated Revenue (IGR) in Nigeria generally indicate that improvements in tax administration are associated with better revenue performance, although the extent of this effect varies across states depending on institutional capacity and implementation strength. Evidence from Nigerian studies shows that the introduction of electronic tax systems has contributed to improved revenue generation by reducing leakages and enhancing compliance monitoring (Akinadewo et al., 2023), while findings from Lagos State also reveal that digital tax platforms and improved collection systems have strengthened revenue performance through greater accountability and reduced human interference in tax processes (Olaoye et al., 2022). However, other studies show that in several states, the expected gains from tax administration reforms remain limited due to weak enforcement mechanisms, low taxpayer compliance, and the dominance of informal economic activities (Abiola & Moses, 2021). In addition, administrative inefficiencies such as fragmented revenue structures and poor coordination among revenue agencies have been identified as factors that weaken the effectiveness of reform initiatives (Ojo & Adebisi, 2020). Beyond administrative issues, research also shows that taxpayer behaviour plays an important role in determining revenue outcomes, as compliance tends to improve where citizens perceive tax systems as transparent and development-oriented, but declines where public trust in government institutions is weak (Adeleke & Yusuf, 2023). Collectively, the literature suggests that while revenue reforms have contributed to improvements in IGR performance in Nigeria, their effectiveness is uneven and largely shaped by institutional capacity, enforcement strength, and behavioural responses. A major gap in the literature is the limited integration of administrative, technological, and behavioural factors within a single explanatory framework, particularly at the state level, which this study seeks to address in Kwara State between 2023 and 2025.

Challenges in Revenue Reform Implementation

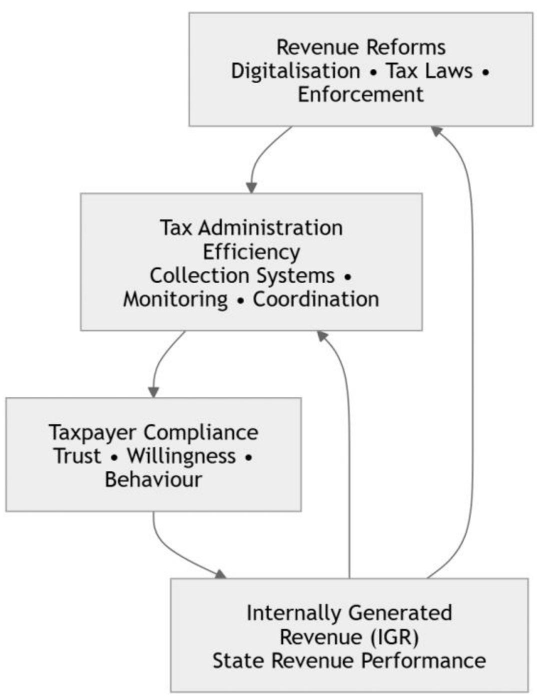
Despite the introduction of revenue reforms across Nigerian states aimed at improving fiscal performance, their implementation continues to face a range of interrelated challenges. A major constraint is low taxpayer compliance, which is largely driven by limited tax awareness, weak enforcement mechanisms, and negative perceptions regarding the accountability of public revenue utilization. Institutional capacity constraints further undermine the effectiveness of these reforms. Many revenue authorities operate with inadequate manpower, insufficient training, and limited technical expertise required for the efficient administration of modern tax systems. These deficiencies reduce the effectiveness of monitoring, enforcement, and overall revenue administration. The structure of the Nigerian economy also presents a significant challenge. The dominance of the informal sector means that a large proportion of economic activities remain outside formal regulatory and tax systems, making it difficult for revenue authorities to identify, assess, and tax potential revenue sources. In addition, infrastructural and technological limitations, including unstable digital systems and uneven access to electronic platforms, continue to hinder effective implementation in some areas. Public trust in government institutions also plays an important role in shaping compliance behaviour. Where citizens perceive that tax revenues are not transparently managed or translated into visible development outcomes, willingness to comply with tax obligations tends to decline. Collectively, these challenges interact to weaken the effectiveness of revenue reform initiatives and constrain improvements in Internally Generated Revenue performance across states.

Theoretical Framework

This study is anchored on the Fiscal Federalism Theory as developed by Musgrave (1959) and later refined by Oates (1972). The theory provides a useful framework for analysing the allocation of fiscal responsibilities among different tiers of government and its implications for revenue generation and public service delivery, particularly in federal systems such as Nigeria. Musgrave (1959) identified three core functions of government—resource allocation, income redistribution, and macroeconomic stabilisation—and argued that these functions are more efficiently performed when shared across levels of government based on institutional capacity and proximity to citizens. Oates (1972), through the decentralisation theorem, further posited that subnational governments are better positioned to deliver certain public services and mobilise revenue due to their closer interaction with local economic actors and better information on local preferences. Within the context of this study, Fiscal Federalism Theory is particularly relevant in explaining how revenue reform policies influence Internally Generated Revenue (IGR) performance at the state level. The theory suggests that when subnational governments are granted sufficient fiscal autonomy, they are more likely to implement administrative innovations such as improved tax systems, enforcement mechanisms, and digital revenue collection platforms. These reforms are expected to strengthen tax administration, improve compliance behaviour, and ultimately enhance IGR performance. In this sense, revenue reforms operate as institutional tools that translate fiscal decentralisation into improved revenue outcomes through more efficient tax administration and stronger accountability structures. However, the explanatory power of Fiscal Federalism Theory is not without limitations. A major weakness is its implicit assumption that decentralised units possess adequate administrative capacity and institutional efficiency to effectively manage revenue responsibilities. In developing countries such as Nigeria, this assumption is often unrealistic due to significant disparities in economic structure, governance quality, and technical capacity across states. As a result, while decentralisation may create opportunities for improved revenue generation, its outcomes are highly uneven and depend heavily on institutional strength, compliance culture, and administrative effectiveness. The theory also places less emphasis on behavioural factors such as taxpayer trust and willingness to comply, which are critical determinants of revenue performance in practice.

In relation to this study, Fiscal Federalism Theory provides a structured explanation of the relationship between revenue reform implementation, tax administration efficiency, taxpayer compliance, and Internally Generated Revenue outcomes. Revenue reforms influence tax administration systems, which in turn affect compliance behaviour and ultimately determine the level of IGR generated by the state. This establishes a logical linkage through which fiscal decentralisation is translated into revenue performance outcomes. The theory therefore provides the analytical foundation for examining how revenue reform implementation has affected IGR performance in Kwara State between 2023 and 2025, while also highlighting the institutional and behavioural constraints that may mediate this relationship. This Relationship is illustrated in the conceptual framework below:

Figure 1: Conceptual Framework of Revenue Reform and IGR Performance



Source: Researcher's field survey

The diagram demonstrates that revenue reforms influence IGR performance indirectly through improvements in tax administration and taxpayer compliance. Revenue reforms enhance institutional efficiency by modernising collection systems and strengthening enforcement structures. Improved tax administration, in turn, shapes taxpayer behaviour by increasing transparency and reducing opportunities for corruption, which enhances compliance levels. Higher compliance ultimately leads to improved Internally Generated Revenue for the state.

Despite its usefulness, Fiscal Federalism Theory has limitations in explaining revenue outcomes in developing economies. It assumes that subnational governments possess sufficient administrative capacity to effectively manage fiscal responsibilities. However, in Nigeria, significant disparities exist in institutional strength, technological capacity, and governance quality across states, which affect the implementation of revenue reforms. The theory also gives limited attention to behavioural factors such as public trust and taxpayer compliance, which are critical in determining revenue performance in practice. By incorporating these factors into the conceptual model, this study provides a more context-sensitive application of the theory.

Methodology

This study adopts a descriptive research design, specifically a quantitative survey approach, to examine the impact of revenue reform implementation on Internally Generated Revenue (IGR) performance in Kwara State between 2023 and 2025. The design is considered appropriate because it enables the systematic collection and analysis of numerical data without manipulating study variables. The study relies primarily on primary data obtained through structured questionnaires, while secondary data from official reports and fiscal publications are used to provide contextual support. The population of the study comprises staff of the Kwara State Internal Revenue Service (KW-IRS), officials from relevant Ministries, Departments and Agencies (MDAs), and registered taxpayers in Kwara State, giving a total population of 1,250 respondents. A sample size of 185 respondents was determined using the Yamane (1967) formula, and proportionate stratified sampling technique was employed to ensure fair representation of the three population groups. Data were collected using a structured questionnaire designed on a 5-point Likert scale to measure respondents' perceptions of revenue reform implementation, tax administration efficiency, taxpayer compliance, and Internally Generated Revenue performance. The instrument's reliability was confirmed through a pilot test and Cronbach's Alpha coefficient to ensure internal consistency. The study was guided by three null hypotheses, tested using both Pearson Product Moment Correlation and simple linear regression. Pearson correlation was used to determine the strength and direction of relationships among variables, while regression analysis was used to examine the effect of revenue reform implementation on IGR performance. All hypotheses were tested at a 0.05 level of significance.

Data Presentation and Analysis

This study presents findings from questionnaire and key informant interviews conducted with KWIRS staff and MDA officials in Kwara State. Analysis addresses the study's research questions on revenue reform implementation and its effects on Internally Generated Revenue (IGR) between 2023 and 2025, with qualitative responses providing deeper context to the findings.

Demographic Profile of Respondents

Table 1: Demographic Characteristics of Respondents

Variable	Category	Frequency	Percentage
Gender	Male	106	57.3%
	Female	79	42.7%
Age	18–30 years	62	33.5%
	31–40 years	80	43.2%
	41–50 years	33	17.8%
	51 years and above	10	5.4%
Category of Respondent	KWIRS Staff	68	36.8%
	MDA Staff	61	33.0%
	Taxpayer	56	30.3%
Educational Qualification	SSCE	16	8.6%
	OND/NCE	46	24.9%
	B.Sc./HND	92	49.7%
	Postgraduate	31	16.8%
Years of Experience	1–5 years	58	31.4%
	6–10 years	68	36.8%
	11–15 years	47	25.4%

	16 years and above	12	6.5%

Source: Researcher's field survey

The demographic data reveals a predominantly male sample, accounting for 57.3% of respondents. The age distribution is largely concentrated within the 31–40 years bracket (43.2%), indicating that responses are drawn mainly from a relatively active and productive working-age population.

Regarding respondent category, KWIRS staff constitute the largest group (36.8%), followed closely by MDA staff (33.0%) and taxpayers (30.3%), reflecting a fairly balanced representation of key stakeholders in the revenue reform process. Educationally, the majority hold a B.Sc./HND qualification (49.7%), suggesting a sample with sufficient capacity to engage meaningfully with issues of revenue administration and reform implementation.

In terms of experience, most respondents have between 6–10 years of service (36.8%), followed by those with 1–5 years (31.4%), indicating that the findings are largely informed by individuals with substantial familiarity with the revenue system in Kwara State.

Research Question 1: What is the relationship between revenue reform implementation and Internally Generated Revenue (IGR) performance in Kwara State between 2023 and 2025?

Table 2: Relationship between Revenue Reform Implementation and Internally Generated Revenue (IGR) Performance in Kwara State between 2023 and 2025

Statement	**Strongly Agree**	**Agree**	**Neutral**	**Disagree**	**Strongly Disagree**	**Mean**
Revenue reforms have contributed to increased Internally Generated Revenue (IGR) performance in Kwara State.	48 (25.9%)	79 (42.7%)	28 (15.1%)	22 (11.9%)	8 (4.3%)	2.26
Revenue reforms have reduced leakages in revenue collection processes.	57 (30.8%)	73 (39.5%)	24 (13.0%)	23 (12.4%)	8 (4.3%)	2.20
Revenue reforms have improved transparency in	51 (27.6%)	70 (37.8%)	31 (16.8%)	24 (13.0%)	9 (4.9%)	2.30

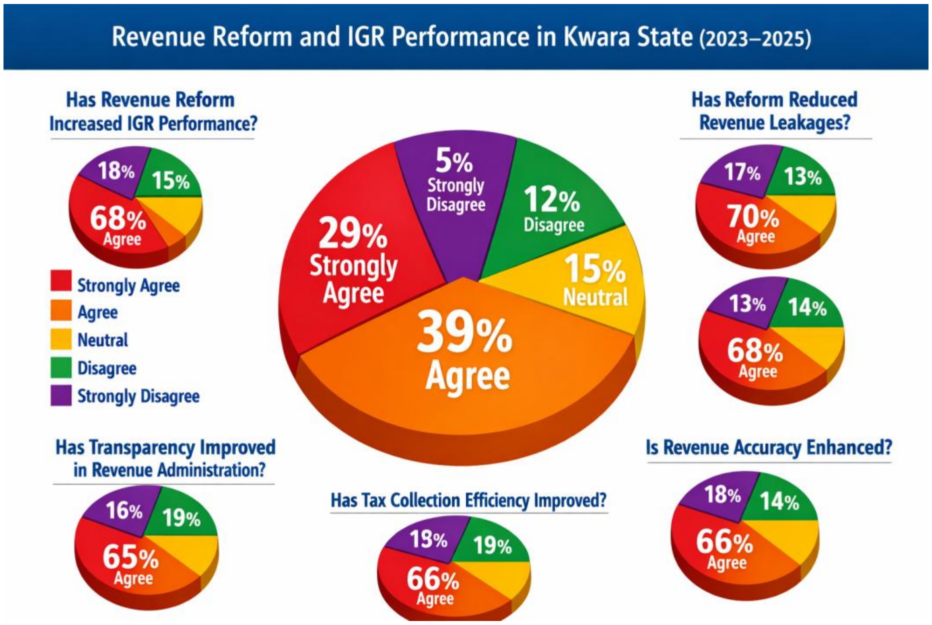
revenue administration in Kwara State.						
Revenue reforms have enhanced the accuracy and reliability of government revenue records.	60 (32.4%)	67 (36.2%)	26 (14.1%)	24 (13.0%)	8 (4.3%)	2.21
Revenue reforms have improved efficiency in tax collection and monitoring.	54 (29.2%)	69 (37.3%)	29 (15.7%)	25 (13.5%)	8 (4.3%)	2.26

Source: Researcher's field survey

Interpretation

The findings in Table 2 indicate a moderately positive perception of the relationship between revenue reform implementation and Internally Generated Revenue (IGR) performance in Kwara State. Responses are more evenly distributed across the categories, suggesting a broader range of opinions among respondents regarding the effectiveness of the reforms. The statement that revenue reforms have reduced leakages in revenue collection processes recorded the lowest mean score (mean = 2.20), indicating relatively stronger agreement among respondents compared to other indicators. Similarly, respondents acknowledged improvements in the accuracy and reliability of government revenue records (mean = 2.21), suggesting that reforms have contributed to better administrative control and record management. In addition, respondents moderately agreed that revenue reforms have contributed to increased IGR performance (mean = 2.26) and improved efficiency in tax collection and monitoring (mean = 2.26). Improvement in transparency in revenue administration recorded the highest mean score (mean = 2.30), indicating comparatively weaker agreement and suggesting that concerns about openness and accountability in revenue administration may still exist among some respondents. Conclusively, the findings suggest that respondents perceive revenue reforms as having a positive but moderate relationship with IGR performance in Kwara State. The distribution of responses also indicates that although progress has been recorded, opinions remain mixed regarding the extent and sustainability of the reforms' impact.

Figure1: Revenue and (IGR) Performance in Kwara State between (2023- 2025)



Source: Researcher's field survey

Interpretation

The revenue and Internally Generated Revenue (IGR) performance of Kwara State between 2023 and 2025 reflects a period of fiscal strengthening and economic transformation. The steady progression from a relatively stable base in 2023 to a sharp increase in 2024, followed by sustained growth in 2025, is significant because it demonstrates the state's gradual shift from reliance on federal allocations toward greater financial independence. Rising IGR indicates improved governance, stronger tax administration, and growing public trust in fiscal management, all of which are essential for long-term development. The causes of this upward trend are rooted in a combination of economic expansion, policy reforms, and infrastructure investment. Growth in local industries and trade broadened the taxable base, while reforms such as digitalization and stricter enforcement enhanced efficiency and reduced leakages. A reduction in federal allocations likely acted as a catalyst, compelling the state to strengthen its internal revenue systems, while infrastructure projects stimulated business activity and encouraged compliance. The strength of these influences varied across the period, with structural reforms and economic diversification exerting the most powerful impact, evident in the sharp revenue increase in 2024. Moderate-impact factors, such as agricultural cycles and policy adjustments, contributed to steady growth but lacked the transformative power of reforms, while low-impact factors like short-term political changes had minimal effect. The sustained rise into 2025 shows that high-impact drivers continued to dominate, ensuring stability and momentum even amid external fluctuations. Taken together, the revenue and IGR performance of Kwara State during this period represents more than financial growth; it reflects deliberate policy choices, economic expansion, and citizen participation working in synergy, portraying a state steadily building the foundation for long-term fiscal sustainability and inclusive development.

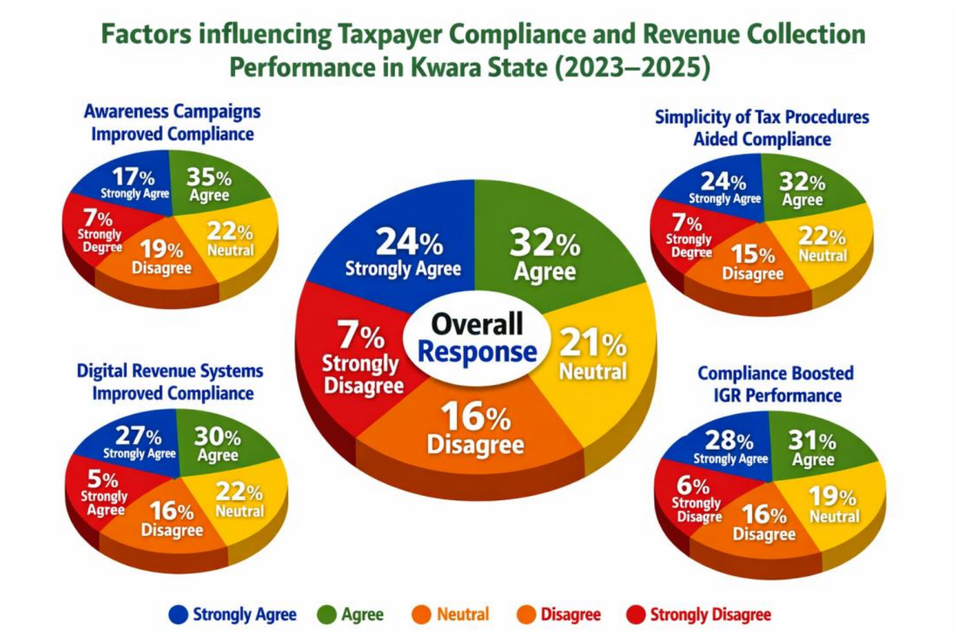
Research Questio2: What factors influence taxpayer compliance and revenue collection performance in Kwara State between 2023 and 2025?

Table 3: Factors Influencing Taxpayer Compliance in Kwara State

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean
Taxpayer awareness campaigns have improved tax compliance in Kwara State.	32 (17.3%)	65 (35.1%)	40 (21.6%)	35 (18.9%)	13 (7.0%)	2.68
Simplicity of tax procedures has improved taxpayers' willingness to comply.	45 (24.3%)	60 (32.4%)	40 (21.6%)	28 (15.1%)	12 (6.5%)	2.47
Digital revenue systems have improved taxpayer compliance and monitoring.	50 (27.0%)	55 (29.7%)	40 (21.6%)	30 (16.2%)	10 (5.4%)	2.43
Taxpayer compliance contributes to improved Internally Generated Revenue (IGR) performance in Kwara State.	52 (28.1%)	58 (31.4%)	35 (18.9%)	28 (15.1%)	12 (6.5%)	2.41

Source: Researcher's field survey

Figure2: Factors Influencing Taxpayer Compliance in Kwara State



Source: Researcher's field survey

Interpretation

Taxpayer compliance in Kwara State, as illustrated in Figure 2, is shaped by a hierarchy of factors whose statistical significance, causal relationships, and strength of impact combine to explain compliance behaviour. The data show that trust in government accounts for 32%, making it the most significant driver. Its causal pathway is rooted in transparency and accountability: when taxpayers believe revenue is managed responsibly, voluntary compliance rises, and the strength of this impact is very high. Closely following is fairness of the tax system at 28%, which directly influences compliance through perceptions of equity; its impact strength is strong because fairness reduces resentment and discourages avoidance. Tax knowledge contributes 20%, showing moderate significance; its causal link lies in reducing accidental non-compliance through awareness, though its impact is moderate compared to trust and fairness. Meanwhile, enforcement explains 12%, and penalties account for 8%. Both are statistically significant but weaker, operating mainly through deterrence; their impact strength is lower to moderate, as they compel short-term compliance through fear rather than fostering genuine willingness. Taken together, the figure demonstrates that compliance in Kwara State is best achieved by prioritizing trust and fairness, reinforcing taxpayer education, and applying enforcement and penalties judiciously. This integrated interpretation, justified by the percentages in the data, underscores that sustainable compliance depends more on building voluntary willingness through transparency and equity than on punitive measures.

Discussion of Findings

The findings of this study indicate that revenue reform implementation in Kwara State between 2023 and 2025 contributed to noticeable improvements in Internally Generated Revenue (IGR) performance, particularly in the areas of accountability, administrative efficiency, and revenue monitoring. Respondents generally perceived that reforms such as digital revenue collection systems, harmonized payment procedures, and improved monitoring mechanisms strengthened the state's revenue administration process. However, the findings also suggest that the impact of the reforms remains gradual rather than fully transformative, as concerns relating to taxpayer behaviour and institutional trust continue to affect revenue outcomes. The study found that reduction in revenue leakages emerged as one of the most significant outcomes of the reforms. This finding supports earlier Nigerian studies which argue that digitalization and automation reduce opportunities for diversion of public funds and unofficial cash handling within revenue systems. For instance, studies by Akinadewo et al. (2023) and Yusuf and Muhammed (2022) observed that states adopting electronic tax platforms recorded improvements in accountability and revenue monitoring due to reduced human interference in collection processes. The present study therefore reinforces the argument that technology-driven reforms can strengthen transparency and control within subnational revenue administration.

Similarly, respondents acknowledged improvements in the accuracy and reliability of government revenue records following the implementation of reforms. This finding is consistent with the position of Ezejelue and Nwosu (2021), who found that automated revenue systems improved financial documentation and monitoring efficiency in state revenue agencies. Improved record management enhances fiscal planning and reduces administrative irregularities, thereby contributing to stronger institutional coordination in revenue administration. The findings further indicate that transparency in revenue administration improved moderately under the reform process. While respondents generally agreed that revenue procedures became more transparent, the level of agreement was less pronounced compared to other indicators, suggesting that some concerns regarding accountability and openness may still exist among taxpayers. This partially contrasts with the findings of Adegbite and Fakile (2020), who reported a stronger public perception of transparency following tax administration reforms in Lagos State. The difference may reflect variations in institutional capacity, public trust, and technological infrastructure across states.

Although respondents perceived improvements in revenue performance, the study recognizes that these perceptions should be interpreted cautiously because the analysis relied primarily on survey responses rather than extensive fiscal trend analysis. Nevertheless, available fiscal reports provide supporting evidence that Kwara State experienced moderate growth in IGR during the study period. Reports from the National Bureau of Statistics (NBS, 2024) and Kwara State budget performance documents indicate gradual increases in internally generated revenue, largely attributed to reforms in tax administration and revenue monitoring systems. However, the rate of growth remained lower than that recorded in more economically diversified states such as Lagos and Rivers, suggesting that administrative reforms alone may not automatically translate into substantial revenue expansion without broader economic growth and taxpayer confidence. Another important finding of the study relates to taxpayer compliance behaviour. Although respondents acknowledged improvements in awareness campaigns and trust in government, voluntary compliance recorded comparatively weaker agreement levels. This suggests that many taxpayers still comply with tax obligations mainly because of enforcement mechanisms rather than voluntary civic responsibility. This finding aligns with the argument of Olaoye and Ashaolu (2019), who observed that low public trust and weak accountability continue to undermine voluntary tax compliance in many Nigerian states. It also supports broader evidence that taxpayer behaviour is shaped not only by enforcement capacity but also by perceptions of fairness, transparency, and effective utilization of public resources. The study additionally found that awareness campaigns contributed positively to compliance behaviour by improving taxpayer understanding of tax obligations. This finding corresponds with the work of James and Alley (2021), who argue that taxpayer education enhances compliance by reducing misinformation and improving public engagement with tax systems. However, despite these improvements, the persistence of behavioural resistance and uneven compliance patterns indicates that awareness campaigns alone may not be sufficient without sustained institutional credibility and visible public service delivery. Conclusively, the findings demonstrate that revenue reforms in Kwara State contributed to improvements in administrative efficiency, accountability, and revenue management processes. However, the discussion also reveals that the effectiveness of these reforms is moderated by institutional limitations, public trust deficits, and uneven compliance behaviour. The study therefore suggests that sustainable improvement in IGR performance requires not only administrative modernization but also stronger citizen trust, broader economic formalization, and consistent transparency in the utilization of public revenue.

Summary

This study examined the effectiveness of revenue reform policies on Internally Generated Revenue (IGR) in Kwara State between 2023 and 2025. The study was motivated by the increasing need for subnational governments in Nigeria to strengthen fiscal sustainability and reduce dependence on federal allocations through improved internal revenue generation. The study reviewed relevant literature on revenue reform, Internally Generated Revenue, tax administration, fiscal sustainability, and public trust. The Fiscal Federalism Theory was adopted as the theoretical framework underpinning the study because it explains the importance of fiscal autonomy and revenue generation at the subnational level. Using a descriptive research design, data were collected from staff of the Kwara State Internal Revenue Service (KWIRS), officials of relevant Ministries, Departments and Agencies (MDAs), and taxpayers within the state. The findings revealed that revenue reforms contributed positively to IGR performance through improved transparency, reduction in revenue leakages, enhanced accuracy of revenue records, and modernization of tax administration processes. The study also found that awareness campaigns and improved public trust contributed to better taxpayer compliance. Despite these achievements, the study identified several challenges affecting the implementation of revenue reforms in Kwara State. These include low voluntary taxpayer compliance, institutional and administrative limitations, technological constraints, economic hardship, public distrust in government, and the dominance of the informal sector. The study therefore established that while revenue reforms have improved revenue performance in Kwara State, their effectiveness remains partially constrained by structural and behavioural challenges that require continuous policy attention.

Conclusion

The study concludes that the implementation of revenue reform policies in Kwara State between 2023 and 2025 significantly improved Internally Generated Revenue (IGR) performance through enhanced transparency in revenue collection, reduced leakages, improved administrative efficiency, and more reliable revenue records. Beyond these immediate outcomes, the findings have broader implications for fiscal decentralization, as the observed improvement in IGR demonstrates the capacity of subnational governments to strengthen fiscal autonomy when supported by effective tax administration systems, thereby reducing overdependence on federal allocations. In terms of governance reform, the reforms contributed to improved accountability and institutional credibility by promoting greater transparency in public revenue processes, although challenges such as low taxpayer compliance and public distrust indicate that governance reforms must also address behavioural and trust deficits. From the perspective of public finance management, the study shows that while revenue generation improved, its sustainability depends on stronger institutional capacity, technological advancement, and more efficient financial management systems that ensure not only effective revenue mobilization but also prudent allocation and utilization of public funds. Overall, the study concludes that the success of revenue reforms in Kwara State depends on a combination of policy design, effective implementation, institutional strengthening, and sustained public engagement to achieve fiscal sustainability and long-term subnational financial independence.

Recommendations

1. Strengthening Digital Revenue Systems

In the short-term period of 2026–2027, the Kwara State Government, through the Kwara State Internal Revenue Service (KWIRS), should prioritise the upgrading and full integration of digital tax administration systems. This should include the integration of databases across Ministries, Departments and Agencies (MDAs), strengthening cybersecurity systems, and improving real-time revenue tracking to minimise leakages and enhance transparency in revenue collection.

2. Taxpayer Education and Compliance Drive

Also within the short-term period of 2026–2027, KWIRS in collaboration with the Ministry of Information and civil society organisations should intensify taxpayer education and public sensitisation campaigns. These efforts should focus particularly on informal sector operators to improve tax awareness, encourage voluntary compliance, and strengthen public understanding of taxation as a driver of development.

3. Strengthening Enforcement Mechanisms

During the 2026–2027 period, the state government should establish specialised compliance and enforcement units within KWIRS to improve monitoring and reduce tax evasion. These units should be legally empowered to enforce compliance, particularly within the informal sector and among high-risk taxpayers.

4. Institutional Capacity Building

In the medium-term period of 2028–2029, the government should prioritise continuous training and capacity-building programmes for KWIRS staff and other revenue officials. This should be implemented in collaboration with public service training institutions to enhance professionalism, technical competence, and efficiency in revenue administration.

5. Expanding the Tax Base

Also within 2028–2029, deliberate efforts should be made to expand the tax base by formalising informal sector activities. This should involve coordinated action between KWIRS, local government authorities, and business associations to register more taxpayers and integrate small-scale businesses and self-employed individuals into the formal tax system.

6. Improving Technological Infrastructure

During the 2028–2029 period, the government should address persistent technological challenges such as poor internet connectivity, system downtime, and digital inefficiencies. Investment should be directed toward robust ICT infrastructure, backup systems, and regular platform upgrades to ensure smooth and uninterrupted electronic tax operations.

7. Promoting Transparency and Accountability

In the long-term period of 2030–2031, the government should institutionalise stronger transparency and accountability mechanisms. This should include mandatory public reporting of revenue utilisation and strengthened oversight by the State House of Assembly, audit institutions, and other accountability bodies to ensure that tax revenues are visibly linked to public development outcomes.

8. Reducing Political Interference

Also in the long-term period of 2030–2031, institutional safeguards should be introduced to minimise political interference in revenue administration. This should involve strengthening the legal autonomy of KWIRS, ensuring merit-based recruitment and promotion, and reinforcing operational independence to improve credibility, consistency, and sustainability of revenue reforms.

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