

**NIGERIA GOVERNORS' FORUM  
PEER REVIEW ON OGUN STATE, NIGERIA  
GOVERNOR: HIS EXCELLENCY, MUHAMMAD DANJUMA GOJE**

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<b>Title:</b>	<b>Nigeria Governors' Forum: - Peer Review Preliminary Report on IGR</b>
<b>Client:</b>	<b>Taraba State Government</b>
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<b>Duration:</b>	<b>4 Days</b>
<b>Classifications:</b>	<b>Public Revenue Management, Law and Public Policy</b>
<b>Environmental Risks:</b>	<b>Category "C" no significant direct impact on indigenous people in accordance with United Nations Convention</b>

**I.B. GASHINBAKI**

*Policy Consultant/Advisor on Internally Generated Revenue, Nigeria Governors' Forum &  
Global Partner, (Tax & Fraud Examination Advisory), IdeaEdge Consulting,  
Wing (301) 3<sup>rd</sup> Floor, Enugu House, Plot 81 Ralph Shodeinde Street, Opposite  
Federal Ministry of Finance Headquarters, Abuja*

**SYNOPSIS**

The total value of the world's financial assets—including equities, private and government debt securities, and bank deposits— was about \$170 trillion in 2008 – (IMF & World Bank Reconciled Figures).

<b>2008 Global Comparative Indices</b>				
<i>Description</i>	<i>2008 GDP(\$)</i>	<i>Global GDP (%)</i>	<i>% Africa GDP</i>	<i>% Nigeria</i>
<i>Global</i>	<i>60.9 Trillion</i>	<i>100%</i>		
<i>G20</i>	<i>59.5 Trillion</i>	<i>85%</i>		
<i>Africa</i>	<i>1.2 Trillion</i>	<i>2%</i>		
<i>Nigeria</i>	<i>207 Billion</i>	<i>0.3%</i>	<i>16%</i>	
<i>Taraba State</i>				

<b>Recession is a Reality?:- Declining Distributable Revenue from FAAC</b>	
<b>FAAC</b>	<b>Months</b>
• N746 bn	May 2008
• N285 bn	February 2009
• N386 bn	January, 2010
• Exchange Rate: From N117 to N147.55 [official] to N150 + [Unofficial] as at January 2010.	
• Global Oil Price: From \$45 to <\$74.47 as at January 2010.	

## BENCHMARKS & LEARNING POINTS FOR OTHER STATES

- ✓ *Significant Revenue Growth from 1.8bn in 2003 to 3.8bn by 2009*
- ✓ *Robust Revenue Enhancement Strategy*
- ✓ *Lands Reforms and Revenue Generation*
- ✓ *Autonomy of the Board of Internal Revenue*
- ✓ *Motivation of staff and Good Office Infrastructures*
- ✓ *Good Technology Deployment for Tax Administration Systems*
- ✓ *Adequate Logistical Support for Tax Administration*
- ✓ *Centralization of Revenue Account & Oversight function BIRS over MDAs*

### GAP ANALYSIS:

#### Helping Taraba State Government in Closing the Gap: “Quick Wins”

- 1) **Integration of the Informal Sector into the Taxpayers Data Base:** *The aggregate financial and business activity that operates outside government control or the organized private sector contributing neither in taxes nor part of the state’s Gross Domestic Product (GDP) is larger than those under the purview of formal control in Gombe State. This includes everything from small scale farming, backyard employment and self-help finance to street vending and unregulated craftsmanship and small scale manufacturing which makes up the informal sector. Therefore, Taraba State needs to immediately deploy proactive measures/interventions built on community/grassroots foundations through Strategic Community Involvement Partnership (SCIP); Formation of Taraba Trade Council; Development of SOPs for the informal sector.*
  
- 2) **Harness the huge untapped IGR potentials from Land; Housing & Urban Development related revenue sources e.g.**



- 1) Undertake a comprehensive property audit e.g. Lagos where 46,000 properties were identified;
- 2) Introduction of Geographic Information Management System (GIMS) in the Bureau for Lands, Housing & Urban Development; e.g. FCT, Lagos, Ogun, Cross Rivers.
- 3) Scale down processing duration for the issuance of certificates and grants to the irreducible minimum lead-time ;
- 4) Service-Based Revenue Enhancement Strategy: Intensify Collection of all revenue channels and sources in Lands & Urban planning.

**3) Introduction of Indirect Taxes/Revenues instead of the application of direct taxes:** (1) *State Hotel Occupancy, Restaurants and Events Centres Consumption Tax Law, 2009 (the Lagos State Consumption Tax)*. The Law imposes a five per cent (5%) tax on all goods and services consumed in Hotels, Restaurants and Events Centres (situated within the territory of Lagos State). Typically, the Lagos State Consumption Tax is targeted and imposed on those who can afford to stay in hotels; eat in restaurants or those that can afford even a bottle of drink or beer in bars, invariably the middle-class and the upper middle-class people within the society are the primary targets. There is no significant direct impact on this new tax regime on prices of food stuffs in the market. (2) Telecommunication User fees charged by telecom operations (3) Harnessing hidden Revenue Channels by Reviewing both the Current & Future Fiscal Statutes (Federal & States) – e.g. Third Party Insurance on Motor Vehicles and Accident Emergency Response Scheme; Warehouse Receipt Bill.

#### **TARABA STATE IGR: LOOKING TO THE FUTURE**

S/No	Description	Comments/Observations
<b>1</b>	<b>Taraba State Potentials)</b>	❖ Taraba State needs to take advantage of the over 15million livestock endowment covering cattle, goats, sheep, poultry and pigs. If these resources are properly hooked

		to local industries, the multiplier effects of the outcome can significantly change the poverty equation in the state thereby imparting IGR.
2	<b>Fiscal Autonomy &amp; Dependency</b>	<ul style="list-style-type: none"> <li>❖ Currently Nigeria is a slave to its oil-rich resources because within the last 50 years since independence, the country has failed to change from a typical petro-dollar and mono-product economy into a diversified industrial economy despite its huge potentials in human capital and other natural resources.</li>   <li>❖ Learning from history, it's pertinent to note that the then Northern Region contributed over 65% of the total national revenue between 1914 to 1926 which was purely an agricultural economy. <b>Therefore Taraba State needs to embrace Revenue Substitution Strategy (RSS): The first intervention would be replacing Oil Revenue with Livestock Revenue; Replacing Oil Revenue with Groundnuts Revenue; Replacing Oil Revenue with Maize Revenue.</b></li>   <li>❖ Refocusing on IGR in Taraba State would mean taking the following steps to sustain the current economic policies; <ul style="list-style-type: none"> <li>✓ <i>Re-emergency of the Grazing Reserves that would have significant private participation and involvement. (Gangoshi, Nassarawo Jada, Jibiro, Sorau and Chekelek Grazing Reserves).</i></li>   <li>✓ <i>Generating the critical-mass matrix of grassroots and commercial scale farmers in</i></li> </ul> </li> </ul>

		<p><i>terms of “<b>volume &amp; scale</b>” as it is currently being pursued by SPPU and AADIL alongside the formation of Industrial Clusters by leveraging on Agricultural incentives. e.g. Bauchi &amp; Ogun</i></p> <p>✓ <i>The construction of the inter-state Rail Way System from Calabar to Maiduguri will accelerate exports and facilitates the development of ICDs, Satellite Container Depots and easy road congestion.</i></p>
<b>3</b>	<b>Africa: Comparative Ranking of Gombe State</b>	<p>❖ <b>Taraba State’s GDP several African countries</b> (These countries are: Lesotho 3times; Burundi – 4times; Liberia – 5times; The Gambia -6times; Comoros – 8time; Guinea-Bissau – 10times and Sao Tome &amp; Principe – 26times).</p>