

**NIGERIA GOVERNORS' FORUM
PEER REVIEW ON KEBBI STATE, NIGERIA
GOVERNOR: HIS EXCELLENCY, MAGATAKARDA WAMAKO**

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Title:	Nigeria Governors' Forum: - Peer Review Preliminary Report on IGR
Client:	Kebbi State Government
Date:	21st – 24th April, 2010
Duration:	4 Days
Classifications:	Public Revenue Management, Law and Public Policy
Environmental Risks:	Category "C" no significant direct impact on indigenous people in accordance with United Nations Convention

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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).

2008 Global Comparative Indices				
<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>Kebbi State</i>				<i>1.5%</i>

Recession is a Reality?:- Declining Distributable Revenue from FAAC	
FAAC	Months
• N746 bn	May 2008
• N285 bn	February 2009
• N506 bn	December, 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.	

FISCAL DEPENDENCY OF KEBBI STATE - 2009				
Description	2010	REMARKS		
IGR	4.2	0	Kebbi State is dependent on federal allocations compared to IGR, this has taken into consideration Budget and Population indices.	
Population	3.63			
FAAC	28.31	6.7		
Budget	59.90	14.3		
Capital	37.66	9.0		
Recurrent	22.23	5.3		
Personnel Cost	10.17	2.4		
Overhead Cost	8.35	2.0		
Consolidate Revenue Fund (CRF)	3.7	1.1		

BENCHMARKS & LEARNING POINTS FOR OTHER STATES

- 1) *A clear understanding that the dependence of Oil Revenue is Unsustainable.*
- 2) *Solid Agro-allied Economic Plan for targeted economic diversifications*

GAP ANALYSIS:
(Helping Kebbi State Government in Closing the Gap: Quick wins)

- 1) **The “IGR - G - factor” Comparative Index for Fiscal Autonomy:** - (Budget Components; Analysis of revenue Growth) driven by top political will from the Governor. (Lagos, Ogun, Bauchi, Jigawa and Cross Rivers).
- 2) Huge financial and business activities **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 Kebbi State. (Small scale farming; small traders; backyard employment; self-help finance; street vending and unregulated craftsmanship). This is evident from the low of Registered Business Premises/Taxable corporate entities in the state. Some of proposed immediate interventions include; Business/Corporate Taxable entities Audit; Strategic Community Involvement Partnership (SCIP); Developing SOPs; Use of Trade Associations and Unions. E.g. This is evident from the low of Registered Business Premises/Taxable corporate entities in the state. Bauchi, Ogun and Lagos.
- 3) **Revenue Board Transformation Project:** (Full deployment of the e-payment system + Training and Re-training). In addition to Granting Full Operational and Financial Autonomy for the Tax Authority & Oversight Powers over MDAs for proper co-ordination of revenue matters. (Just as contained in the FIRS Establishment (ACT) 2007). Lagos, Adamawa & Ogun.
 - ❖ **Lack of Integration between Tax Planning, Urban Planning & Urban Regeneration linking:** (Revenue Generation – to- Microfinance – to – poverty alleviation –to- Data Base Development and Tax Administration). Or linking the Various Talakawa based Intervention projects for purposes of Data Collection for Future Tax Planning.
 - ❖ **Introduction of Indirect Tax Systems:-** (Good and Services Tax – e.g. Consumption Tax for Hotels, Telecommunication Tax as it is currently being canvassed by the JTB).

- ❖ **Revenue Congruence across all channels/sources:** Integration of all revenue sources from Ministries and MDAs. In addition to the full deployment of an Integrated Tax Management Office within IRS premises (FRSC, Banks and ICT-Desk for Tax Identification Number (TIN) generation). E.g. Ogun, Lagos and Cross Rivers.
- 4) **Lands and Urban Development - Transformation Project:** (Technology deployment – Computerization, Digital Mapping, GIS, Property Audit, Re-certification; Eliminate delays in C of O and Grant of title processing)
 - 5) **Commerce & Industry - Transformation Project:** (Trade, Markets, Industries, Investment Promotion)
 - 6) **Economic Diversifications by Revenue Substitution Strategy** – 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. **Therefore Kebbi State needs to embrace Revenue Substitution Strategy (RSS): The first intervention would be replacing Oil Revenue with G/nuts Revenue – remembering the “Dala G/nut Pyramids”; Replacing Oil Revenue with Rice Revenue; Replacing Oil Revenue with Gum Arabic/Limestone/Glass Revenue.** This can be achieved by Generating the “critical-mass matrix of grassroots and commercial scale farmers” in terms of “volume & scale” as it is currently being pursued by the State.
 - 7) Establishment “**Grazing Reserves**” to substitute the “**traditional herding free range system**” with significant private sector participation to cater for millions of livestock in Kebbi State.
 - 8) **Kebbi State’s GDP is greater than 17 African Countries** (These countries are – Togo, Zimbabwe; Liberia; Swaziland, Central Africa, Sierra Leone and The Gambia; Guinea- Bissau, Burundi, Lesotho; Mauritania etc)

KEBBI STATE IGR: LOOKING TO THE FUTURE

S/No	Description	Comments/Observations
1	Kebbi (Trans- Saharan Trade and Commerce Potentials)	<p>❖ Rediscovering its Historical Legacy – Kebbi Trans-Sahara Corridor: This can be achieved by exploring the full potentials of the Inland Container Depot, Funtua and Gusau Train Station: Typically Kebbi state needs to harness the potentials associated with key;</p> <ul style="list-style-type: none"> ✓ Developing Elela Boarder Market - <i>More local private sector participation including foreign infusion of capital) - e.g. Sara Market, Gujungu Market and Maigatari.</i> ✓ Transportation Systems – <i>Construction of Train Services linking Ellela Boarder Market with the closest train station which is about 80-90km away.</i>
2	Fiscal Autonomy & Dependency	<p>❖ NFG - Revenue Substitution Strategy – (NGF-RSS): 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. Therefore Kebbi State needs to embrace Revenue Substitution Strategy (RSS): The first intervention would be replacing Oil Revenue with G/nuts Revenue – remembering the “Dala G/nut Pyramids”; Replacing Oil Revenue with Rice Revenue; Replacing Oil Revenue with Gum Arabic/Limestone/Glass Revenue.</p> <p>❖ Establishment “Grazing Reserves” to substitute the “traditional herding free range system” with significant private sector participation to cater for millions of livestock in Kebbi State.</p>

		<ul style="list-style-type: none"> ❖ Generating the “critical-mass matrix of grassroots and commercial scale farmers” in terms of “volume & scale” as it is currently being pursued by the State.
3	Africa: Comparative Ranking	<ul style="list-style-type: none"> ❖ Kebbi State’s GDP is greater than 15 African Countries (These countries are – Togo Liberia, Swaziland, Central Africa, Sierra Leone and The Gambia; Niger; Guinea- Bissau, Burundi, Lesotho etc)