**Keynote Address Delivered by His Excellency Kayode Fayemi,**

**Governor of Ekiti State and Chairman, Nigeria Governors’ Forum (NGF)**

7th NGF IGR Learning Event held at Congress Hall, Transcorp Hilton Abuja | 29th September 2021

PROTOCOL

I am delighted to be here today at the 7th NGF Annual IGR Event, a learning event instituted to bring together critical stakeholders, policy makers and professionals to discuss and proffer innovative strategies to assist States achieve their revenue potential. The event also fosters peer learning amongst States on associated reforms.

Recommendations from this annual event continues to provide us, State Governors, with invaluable guidance on reform prioritisation year-on-year. Over the last six years domesticating various reforms advocated by this platform, States have recorded a compound annual growth of 12% from NGN687 billion in 2015 to NGN1.21 trillion by 2020. These reforms comprise of legal revisions, policy directives, institutional restructuring, and technological innovations to improve tax administrative processes and procedures. Still, the marginal growth in the IGR of States recorded year-on-year from 2016 peaked in 2019 and recorded a decline of NGN43.15 billion (3.4%) for 2020.

Although, the COVID-19 pandemic contributed strongly to the decline recorded, our tax effort (tax-to-GDP) as States is estimated to be less than 3%. Advancing beyond our current revenue levels will warrant more systemic reforms to address low tax morale and voluntary compliance by taxpayers. The growing wave in tax avoidance and evasion especially among the informal sector, is not unconnected with their belief that such cognitive dissonance is right. Such justification is often predicated on the principle of reciprocity and economic exchange for which they fault government’s commitment. Thus, where these incalcitrant taxpayers perceive a weak social contract, they call to question the legitimacy of taxes imposed on them by the law.

Whilst we remain resolute to delivering on our mandate as elected officials, we are confronted with economic and socio-economic challenges beyond the fiscal space we have. This is what has caused us to aim for “as close to even” development as we can deliver, a compromise non-beneficiaries will continue to fault us for. This is despite social intervention initiatives, programmes and projects we have introduced to service various disadvantaged spectrums of the population including the poor, vulnerable and unemployed.

Nonetheless, we must stand up to the trust placed in us as Chief Executives of our States, and devise a more equitable social minimum, sustainably funded to strengthen our social contract with the citizenry. To this end, this learning event and the tax-for-service (TfS) initiative is timely and strategic to our desire to achieve universal health coverage for all Nigerians. Health financing has remained a challenge not just for us as Government but for citizens who periodically pay huge sums out-of-pocket for healthcare. This is the situation, as less than 5% of our population is covered by any form of prepayment mechanism for healthcare. High out-of-pocket payments for healthcare has been proven to be highly regressive and a major barrier to seeking treatment for many.

This redistributive measure, tax-for-service, is intended to bring about additional funding for healthcare, improve service delivery, promote trust in government and strengthen the legitimacy for taxes collected.

As you subject the year-long research work done by the NGF Secretariat to a constructive discourse, bringing to bear your individual experiences and contextual State peculiarities, it is our expectation as a Forum that you avail us a fit for purpose implementation plan to run with, improve States’ IGR and deliver better healthcare to the people.

On behalf of my colleagues, I welcome you all and look forward to a fruitful deliberation.

**His Excellency, Kayode Fayemi**

**Executive Governor of Ekiti State**

**Chairman, Nigeria Governors’ Forum**