

Economic Diversification and Internally Generated Revenue



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The initiative on economic diversification began with the internally generated revenue (IGR) conference of November 2009. Its theme was “Surviving the Downturn: Refocusing on Internally Generated Revenue”. The NGF noted with concern the dwindling revenue base of the federal, state and local governments owing to the fluctuation in the price of oil and also to the fact that the oil income would not last forever. It recognised the need to identify alternative sources of revenue so as to forestall the dire consequences of overdependence on oil and to ensure that fiscal autonomy would be attained. It appreciated too the need for all stakeholders to work together in building the revenue base of the country.

Driven by these considerations, the workshop reached a series of resolutions that would help the governors to become the driving force of IGR in their state. Firstly, the resolutions encouraged them to create an enabling environment for investments in which the revenue base could be shored up through private sector participation and also to find workable ways to identify and prioritise alternative revenue-generating channels. Secondly, they recommended ensuring the participation of all relevant stakeholders in the administration of tax and generating a reliable database of taxpayers that would aid policymakers and tax experts in assessing major changes to the tax system. Thirdly, they encouraged the transformation of Inland Revenue Services by building more proactive, less intrusive relationships with the community and strongly recommended the adoption of an efficient IT platform, the employment of more tax-collection experts and the establishment of stronger collecting processes so as to help professionalise tax administration.

There was a significant improvement in IGR performance in several states after the first workshop.