



## STATES &amp; LOCAL FINANCE

## The IGR Initiative

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INDIVIDUAL PERFORMANCE in any organisation depends on three crucial factors: competence, character, and system support. Competence comprises elements such as innate abilities, learned skills and work stamina. On the other hand, character includes self-discipline, commitment, willingness to learn, and motivation. System support comprises technological appurtenances, business processes and overall strategy. Luckily, relevant and regular workforce training can considerably enhance worker possession of all three factors. As the lifeblood of subnational revenue-generating institutions, revenue collectors should regularly receive adequate albeit relevant training that enhances their capacity to deliver solid performance. Two actual outcome expectations of such skilling programmes include a better understanding of effectively delivering on their functions and aligning the latter with organisation-wide goals. The more skills the workforce possesses, the better they are likely to perform on their assignments. A critical complement is the workforce acting based on the understanding that their actions affect the firm's success or failure. That alignment mindset positively accentuates their performance tempo.

But workforce training is generally poor in most of the Nigerian public sector. Very few of the parastatals are positive outliers. The "lack of training" syndrome is comparatively worse, particularly at the local council level. It is indisputable that more than 95 percent of workers in most local government areas have not attended any training in the past 10 years. That estimate is adjustable to approximately 75 percent at the state government level. In general, the prevalence of poor skills and low motivation in the public sector may partially have its tentacles stuck on this factor. Even in the few instances where the workforce is opportune to attend some capacity-building programmes, participants' interest and the quality of their participation are often shallow. Many times, the estacode is the underlying core motivation. But without consciously building their revenue collection capacity, subnational governments would consistently fail to receive the promise of revenue opportunities critical for delivering their dreams of high-quality governance.

Usually, a fundamental challenge to the leadership of revenue-collecting agencies is what should constitute the focus of such capacity-building efforts.

The first reason for this conflict is that, loosely speaking, virtually every member of staff of a revenue-collecting institution is de facto a revenue collector, regardless of their primary function within the organisation. Second, most functions almost invariably lead to revenue collection, with closures only performed by market-facing revenue collectors. The third reason is the widespread albeit erroneous assumption that most people substantially knowledgeable about the tax laws of the state and local governments can function as revenue collectors. However, regardless of these decision-making challenges, there is a need to, albeit appropriately, selectively prim the market-facing revenue collectors.

Unarguably, the most critical skills and aptitudes are those that considerably enhance revenue collection effectiveness. Excellent revenue collection officers deliver expected results. They are to the state and local governments what salesmen and marketing officers are to corporate organisations because they pool the financial resources required for the robust functioning of the government. Therefore, the better they produce expected results, the more likely the subnational governments would deliver good governance. Key elements of this effectiveness include cost efficiency, proactivity and solid customer relationship management. Although many subnational governments apportion about 10 percent of collected revenue to cover costs, proper analysis reveals even much higher costs. One of the reasons for that is the equally high collection [revenue performance] gaps owing to low compliance rates. Many subnational governments rarely set collection targets with attendant consequences if officers underperform. The effect is the loss of substantial amounts of uncollected revenue. However, improvements in revenue collection officers' customer relationship management, strengthening their innovativeness in managing the compliance of tax and non-tax payers, help reduce high revenue gaps.

While target setting and tracking revenue collectors' performance are critical and necessary skills, they only constitute a portion of the revenue collection management ecosystem. An in-depth understanding of this system is imperative for every revenue collection officer. It comprises skills such as creating action-oriented reports, team management, and individual performance management.

Furthermore, subnational revenue officers need insights

# Skilling subnational revenue collectors

from remarkably successful domestic and global peers to meet performance targets. While the latter conforms to the so-called global best practices, the former forces revenue officers to learn from the success stories of those within their immediate environment. Lagos State's independent revenue expansion exploits are incontrovertibly a good case study for Nigeria's other states and local governments. Notwithstanding that Lagos State has its peculiarities and unique advantages, it nevertheless shares many challenges and commonalities with the rest of its peer governments. After discounting its peculiar advantages, the guiding question would be: "What is the Lagos State revenue collection office doing differently?" But such peer benchmarking and analysis should not be limited to a revenue-generation leader. Understanding the factors driving the worst-performing band of states and local governments in revenue generation is equally critical. Beyond a full scan of the domestic environment for drivers of peer performance should be a conscious distilling of inferences from the revenue generation approaches of global best performers. Another crucial area of emphasis is the professionalism of revenue collectors.

Professionalism in subnational revenue collection has little to do with associated qualifications that tend to enhance the perception that the holder may be a professional. On the contrary, it has a lot to do with complying with the attendant ethics of the revenue collection function, whether written or not. Therefore, whether in public view or hidden in a closet, the professional revenue collection officer consistently exhibits expertise, integrity, accountability, commitment to duty and a willingness to learn. Since this appears to be deficient in the DNA of several subnational government revenue collection officers, regular capacity building on this subject matter can provide meaningful supplementation. Often, staying professional within an organisation requires the use of a gauge. Revenue collection officers must be conversant with key performance metrics governing their function and learn how to satisfy them. The more comprehensive the critical performance measures cover workforce confidence, character and system support, the better they guide collection officers to professionalism.

Additionally, a revenue collector's effectiveness depends substantially on knowledge of and ability to deploy cutting-edge collection tools and the right strategies for maximising collection. Revenue collection officers must be abreast of digital platforms and payment systems that minimise non-compliance, delays and payment barriers. Good revenue collection officers need to know about and learn about their [state and local gov-

ernment] e-payment platforms and processes and how they differ from those of other subnational governments and the global bests. Consequently, the idea is to learn the skills for exploring untapped technology opportunities for continuous revenue collection innovations without losing sight of foundational technology utilisation competencies. For example, subnational governments would likely lose more revenue if their collection officers were not conversant with using email, telephone and social media applications to enhance their effectiveness. But even these technologies are best complemented when collection officers are professionally assertive, possess solid negotiation skills and manage customer relationships appropriately.

Revenue collection teams often perceive their functions as executing handed-down instructions. Worse yet, some of these instructions are contingent on ad hoc decisions without firm roots in robustly developed strategies. Capacity development for revenue collection officers should therefore incorporate the development of effective strategies for collection. This competence would enhance their appreciation of how their activities connect with and support the government's overall goals. Therefore, different collection teams can better define their strategic focus and align it with enterprise-wide and overall subnational government revenue and excellent governance goals. A more precise understanding of the focus and expectations of the collection teams improves their appreciation of existing gaps, risk exposures, and the functional and financial requirements to address them effectively. An important strand of this aspect of capacity building is the development of skills for articulating and implementing sound customer-sensitive collection strategies and effective strategy drive based on an action-oriented performance management system.

Again, continuous albeit robust assessment of collection risks is also at the centre of effective collection strategy and overall success. Revenue collection strategy design would be ineffectual without profound recognition of inherent risks and their mitigation. Knowledge of and skills on how to identify, evaluate, and quantify collection risks and their mitigation is therefore critical for all subnational revenue collection officers. Apart from the competencies for dealing with associated risks, good communication skills are equally important. A revenue collection officer, like a marketer or a salesperson, cannot claim to be good without efficient communication skills. Effective communication with tax and non-tax bill payers can reduce non-compliance and delayed payments in several instances. A significant pain point for many tax and non-tax bill payers is the

uncivil and uncourteous manner in which some revenue collectors demand payment. Yet, beyond good communication with tax and non-tax bill payers, revenue collectors' education of the latter on self-assessment and filing significantly eliminates these points of conflict.

But since nobody gives what he has not, revenue collection officers must also soak themselves in understanding the assessment process and be in an excellent position to pass the same knowledge to taxpayers and other payers of subnational government bills. Taxpayer self-assessment unarguably enhances compliance and the size of collectable revenue. A vital complement of this skill requirement is reading interlinked or integrated databases. Although database intelligence is currently under-deployed in most subnational governments' revenue-hunting efforts, most now agree that it is an indispensable gateway to improved collections. Tax collectors should be able to determine the quantum of tax payable by an individual or corporate organisation by searching and intelligently reading off other income-earning opportunities exploited by the candidate. For instance, by identifying the type of accommodation, the status of schools attended by their children, and perhaps movements in their bank account, a tax collection officer can dig deeper to unearth the income sources underlying them and apply appropriate assessments.

Finally, states and local governments failing to equip their revenue collectors with relevant skills and aptitudes continuously will reap sub-optimal revenue sizes. Revenue collectors, like police officers, are the face of the government in many ways. Therefore, the better trained they are, the more professionally they discharge their duties and represent the government. An uncouth, uncivil and unprofessional band of revenue-collecting officers will also naturally signal an unserious government and one not deserving of taxpayers' sweat. Areas of focus presented in this essay represent only core competency areas requiring urgency for independent revenue maximisation. Sadly, many subnational government ministries, departments and agencies do not have functional capacity development units. In a few instances where they exist, those managing them are sometimes unable to identify the right set of skills, not to talk of putting together quality curriculum and faculty to fill the gaps.

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