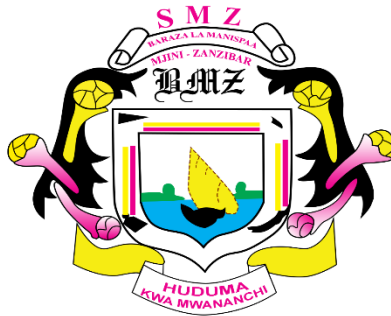


Revolutionary Government of Zanzibar



President's Office Regional Administration, Local Government and Special Department



Urban Municipal Council Revenue Enhancement, Monitoring and Evaluation Plan

May 2020

Municipal Director
Urban Municipal Council
P.O. Box 1288
Zanzibar

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List of Abbreviations

| | |
|--------|---|
| BDSP | Business Development Service Provider |
| CBD | Central Business District |
| ENGINE | Enabling Growth through Investment and Enterprise Program |
| FIs | Financial Institutions |
| FtF | Feed the Future |
| IAA | Institutional Architectural Assessment |
| ICMA | International City/County Management Association |
| ICT | Information and Communication Technology |
| IESC | International Executive Service Corps |
| IPS | Investment Promotion Strategy |
| LGA | Local Government Authority |
| MEO | M'ta Executive Officer |
| M&E | Monitoring and Evaluation |
| NSGRP | National Strategy for Growth and Reduction of Poverty |
| PESTEL | Political, Economic, Social, Technological, Environmental and Legal |
| PO | President's Office |
| POS | Point of Sale |
| PPD | Public-Private Dialogue |
| PPP | Public Private Partnership |
| PWC | PricewaterhouseCoopers |
| OECD | Organization for Economic Cooperation and Development |
| OSHA | Occupational Safety and Health Authority |
| RAS | Regional Administrative Secretary |
| RBC | Regional Business Council |
| REMEP | Revenue Enhancement, Monitoring and Evaluation Plan |
| LATRA | Land Transport Regulatory Authority |
| RUWASA | Rural and Urban Water Supply Agency |
| SAGCOT | Southern Agricultural Growth Corridor of Tanzania |
| SMART | Specific, Measurable, Attainable, Relevant and Time-Based |
| SME | Small and Medium-Sized Enterprise |
| SOP | Standard Operating Procedures |
| SoW | Scope of Work |
| SPV | Special Purpose Vehicle |
| SWOT | Strengths, Weaknesses, Opportunities and Threats |
| TZS | Tanzanian Shillings |
| UMC | Urban Municipal Council |
| UNESCO | United Nations Educational, Scientific and Cultural Organization |
| USAID | United States Agency for International Development |
| VEO | Village Executive Officer |
| WEO | Ward Executive Officer |
| ZCC | Zanzibar Chamber of Commerce |

Disclaimer and Acknowledgement

The preparation of this Revenue Enhancement, Monitoring and Evaluation Plan was done by the Urban Municipal Council with support from the Tanzanian ENGINE Program, which is a USAID-funded Feed the Future Tanzania activity that aims to streamline and enhance many of the regulatory, informational and financial channels that encourage domestic and foreign investment in the regions of Mbeya, Morogoro and Iringa within the Southern Agricultural Growth Corridor of Tanzania and in Zanzibar.

The International Executive Service Corps is the lead implementer of the ENGINE Program, joined by sub-awardees, International City Management Association, Mennonite Economic Development Association and Diligent Consulting Limited.

This REMEP has been prepared to assist the Urban Municipal Council in improving its revenue management system in order to more effectively collect revenue and consequently provide improved public services to the residents and businesses of community. This plan does not in any way give exhaustive information or instructions but rather provides additional strategies and initiatives to support the revenue enhancement activities of the Urban Municipal Council.

Some of the information contained within this REMEP was derived from information collected from the Urban Municipal Council Strategic Plan (2019), Urban Municipal Council Institutional Architectural Assessment completed by ENGINE (2018) and the Urban Municipal Council Investment Profile (2019).

The Urban Municipal Council is gratefully acknowledging the support from the USAID Funded ENGINE Program for the consultancy facilitation of developing this plan, which will guide the Municipal Council's revenue collection efforts over the next five years and beyond.

Finally, we would like to express our intellectual debt of gratitude to the consultants and authors of this Revenue Enhancement, Monitoring and Evaluation Program, Mr. Saad Mtambule (ssaady2000@gmail.com) and Anthony Jones (anthony@ajcsolutions.com) from AJC Solutions. Thanks for your willingness to share your experience and knowledge. It was truly a pleasure to work with them.

Executive Summary

The Urban Municipal Council Revenue Enhancement, Monitoring and Evaluation Plan is a 5-year plan that utilizes the existing legal framework and combines in depth stakeholder engagement with an extensive analysis of the existing revenue management system to generate sophisticated revenue forecast models and identify transformative strategies with a monitoring and evaluation framework to improve the revenue collection process for both public and private sector.

The Revolutionary Government of Zanzibar passed the Zanzibar Local Government Authority Act of 2014 to establish local governments and delegate their legal authority to collect revenue and provide designated public services. In addition, the Urban Municipal Council has enacted By-Laws that outlines the general operation and specific revenue collection system to fund the public services required by the residents and businesses within the municipality. Finally, the Revolutionary Government of Zanzibar passed the Zanzibar Public Private Partnership Act of 2015 that grants LGAs the regulatory authority and outlines the roles and responsibilities of LGAs when entering into Public Private Partnerships.

The stakeholder engagement process utilized to create this REMEP involved a participatory consultative process with UMC Staff and Private Sector that completed a detailed Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis and a comprehensive Political, Economic, Social, Technological, Environmental and Legal (PESTEL) Assessment of the revenue management system. The robust and insightful discussions were instrumental in forming the final recommendations of the REMEP.

In 2012/2013, the UMC collected 1,519 Million TZS in total revenue. By 2018/2019, the total revenue collected by UMC increased by 181% to 4,268 Million TZS. The largest sources of revenue for the UMC are Market Rents, Parking Fees, Business Licenses, Solid Waste Collection Fees and Advertisement Fees. Combined, these revenues accounted for approximately 89% of all own source revenue collected by the UMC in 2018/2019.. Market Rents has been the largest source of revenue for the UMC since 2012/2013. This REMEP provides a detailed analysis for each revenue source to better understand its annual impact, revenue trend and average collection rate.

There are five revenue enhancement themes that are proposed for the Urban Municipal Council. The revenue enhancement themes have different objectives that connect the revenue management system to the overall strategy of the local government. These themes include Revenue Optimization, New Revenue Generation, Compliance Cost Reduction, Stakeholder Engagement and Strengthening Administrative Capacity. There are 17 specific strategies that are recommended under these 5 revenue enhancement themes.

By leveraging the aforementioned revenue enhancement strategies and utilizing a time series revenue data set (2012/2013 – 2018/2019) with conservative forecast assumptions, this REMEP forecasts that the UMC will have an annual total revenue collection of 6,803,172,941 by the year 2024/2025. This is 2,534,836,375 TZS more than the actual revenue collections from 2018/2019,

which represents an increase of 59% over the forecast period. The REMEP provides individual forecasts for the top five revenue sources in order to more effectively understand their future revenue potential.

The REMEP concludes by providing a Monitoring and Evaluation Framework that identifies the interventions developed to achieve the stated objectives and their required implementation procedures with responsible implementing entity. It states the expected results of the REMEP over the 5-year period along with the data that is required for collection and analysis. Finally, the M&E Framework specifies how the UMC will be accountable to its public stakeholders throughout the implementation of the REMEP.

Statement of the Municipal Council Mayor

The Urban Municipal Council continually encounters changes in its social fabric, economic structures and environmental settings. The dynamic of these parameters compels it to create strategies to deliver improved services to the residents and businesses within UMC's area of jurisdiction. In addition, the UMC requires a stable revenue to increase the quality of health services, improve education, maintain roads, collect, transport and dispose solid wastes. UMC is committed to lead synergic interventions and ensure that the required services are delivered.

One of the Council's proactive strategies is to strengthen and improve revenue collection and management to provide improved public services to its residents and businesses. Through the support from the ENGINE Program, a USAID funded program, the UMC participated in a participatory consultative process with a team of consultants to analyze its revenue management system and identify potential revenue sources. This process was benefited by the existing Municipal Council By-Laws, past efforts to improve the business environment and existing incentivized policy framework.

I would like to express my sincere appreciation to the ENGINE Program for their invaluable support in making of this document possible. I would also like to provide a word of gratitude to UMC staff for their commitment and tireless efforts dedicated improve service delivery. Finally, I would like to thank the business community, the taxpayers and the general public for your continued commitment to our municipality.

It is the view of the Management and Leadership of UMC that this five year Revenue Enhancement, Monitoring and Evaluation Plan, if enthusiastically implemented and managed, will lead to increased revenues and improved public services. In conclusion, I sincerely urge the residents and businesses of the Urban Municipal Council to actively participate and support the UMC's effort to enhance its revenue collection to support the public services required for shared prospered within our municipality.



Khatib A. Khatib
Mayor
Urban Municipal Council

Statement of the Municipal Director

The Urban Municipal Council aspires to become a metropolitan city that provides high quality social and economic services to communities. Strategically located at the center of the World Heritage at Stone Town and the heart of Zanzibar's economy, the UMC is positioning itself to competitively delivery better services and an improved business environment.

In recent years, the Revolutionary Government of Zanzibar implemented the Decentralization By Devolution programs that encourage Local Government Authorities to champion the development realm within its area of jurisdiction. Since then, the Urban Municipal Council has worked tirelessly to improve the community. However, a lot is needs to be done to realize the council's broad objective of delivering high quality public services.

Some of the core functions of the council include beautification of the Municipality through collection of solid waste and encouraging community stakeholders to plant trees and flowers along roads and in public gardens. Provision and supervision of kindergarten and primary education, health services, improving public and economic infrastructure and ensuring public safety are a few of the required duties the UMC is obligated to discharge on a daily basis. There is a continual need for new and improved public services to accommodate the expectations of the residents and businesses within the Urban Municipal Council.

This Revenue Enhancement, Monitoring and Evaluation plan (REMEP), which was generated through a participatory consultative process. Having participated and gained capacity in the making of this revenue enhancement and monitoring plan, the Council Management Team commits itself to implementing and engaging stakeholders for successful achieving the revenue targets.

The effective implementation of the REMEP will definitely uplift internal revenue collections badly needed for improved services. In my view, this plan provides a road map for improved revenue collection and I call upon beneficiaries and service providers to take part in Council's endeavor to improve social and economic services within the Municipality.



Said J. Ahmada
Director
Urban Municipal Council

Chapter 1: Program and Project Background

1.1 Program Overview

The Tanzania ENGINE is a USAID-funded Feed the Future Tanzania activity that aims to streamline and enhance many of the regulatory, informational and financial channels that encourage domestic and foreign investment in the southern mainland agricultural regions of Mbeya, Morogoro, and Iringa, and in Zanzibar.

ENGINE works at the local government level, using a broad-based approach to engage with LGAs, private sector associations, BDSPs, FIs and SMEs. The program's activities are divided into three main components:

1. **Implement policies for growth.** Build the capacity of the private sector to effectively dialogue with the government to set the policy agenda and improve the capacity of the public sector to implement policies.
2. **Equip businesses for growth.** Strengthen SMEs capacity and foster the growth and capacity of a sustainable market for business development services in Tanzania.
3. **Access to finance for growth.** Broaden access to finance for small and medium-sized enterprises in all sectors, especially women and youth entrepreneurs and those working within agricultural value chains (excluding primary producers), to facilitate increased business viability, growth, and investment.

1.2 Project Background

The Local Government Reform Program (Tanzania Mainland) and Decentralization by Devolution (Zanzibar) are key national government development initiatives which acknowledge that a well-functioning LGA with a clear mandate to facilitate broad-based growth and improve service delivery to all communities must be supported by appropriate stakeholders. Nevertheless, in most cases, this is incomplete and LGAs often lack the required resources and technical tools to efficiently implement these reforms to have a positive impact on the business sector.

Early in the ENGINE Program, a consulting firm was engaged to assess the capacity of targeted LGAs (Institutional Architectural Assessment) with a focus on the business enabling environment. One objective of these assessments was to formulate capacity development plans that prioritize identified gaps that LGAs need to address to strengthen their capacity to create improved business enabling environments.

The Institutional Architectural Assessments results confirmed that none of the LGAs under ENGINE's zones of influence had Revenue Enhancement, Monitoring and Evaluation Plans. A REMEP is a crucial management tool for revenue planning and resource mobilization, which ensures sustainable service delivery to communities.

1.3 Project Objective

A joint study by the OECD Economics Department and the OECD Centre for Tax Policy and Administration recognized that “Tax systems are primarily aimed at financing public expenditures. Tax systems are also used to promote other objectives, such as equity, and to address social and economic concerns. They need to be set up to minimize taxpayers’ compliance costs and governments administrative cost, while also discouraging tax avoidance and evasion. But taxes also affect the decisions of households to save, supply labor and invest in human capital, the decisions of firms to produce, create jobs, invest and innovate, as well as the choice of savings channels and assets by investors. What matters for these decisions is not only the level of taxes but also the way in which different tax instruments are designed and combined to generate revenues.”¹

Therefore, the main objective is to develop a new five-year Revenue Enhancement, Monitoring and Evaluation Plan for Urban Municipal Council within Zanzibar. The REMEP will help to ensure sustainable revenue mobilization and alignment with the Strategic Plans, the Zanzibar Local Government Finance Act No.7 of 2014, Public Private Partnership Act of 2015, Public Private Partnership Regulations of 2020 and Government Planning and Budgeting Guidelines 2020/2021.

The REMEP Assignment will require the engagement of an International Development Consultant in partnership with a Local LGA Revenue Planning Consultant. The Consultant Team is expected to use a participative and collaborative approach based on action learning and to train and transfer knowledge, skills, attitudes and technology to LGA Staff so that by the end of the assignment, LGA Staff will have the capacity to undertake a similar assignment on their own in the future.

1.4 Project Methodology

1.4.1 Documentation Collection

The Project requires the collection and analysis of relevant financial information from Urban Municipal Council. The documents that were requested are listed below:

- LGA Financial Reports (5 Years)
- LGA Financial Projections (5 Years)
- LGA Financial Collections (5 Years)
- Complete List of LGA Revenue Sources
- LGA Revenue Source Legislation
- LGA Strategic Plans
- LGA Institutional Architectural Assessment
- Socio-Economic Data Points
- Central Government Regulations governing Local Government Financial Administration
- Planning and Budgeting Guidelines
- Investment Promotional Strategies
- Revenue Policies and Governing Strategies
- Previous Own Source Revenue Strategies

¹ A study jointly undertaken by the OECD Economics Department and the OECD Centre for Tax Policy and Administration (CTPA), prepared by Asa Johansson, Christopher Heady, Jens Arnold, Bert Brys and Laura Vartia. A copy of the complete study can be found at www.oecd.org/eco/working_papers.

1.4.2 Documentation Review

The Consultant Team reviewed the documentation provided in order to identify opportunities to enhance tax compliance, strengthen revenue collections and generally improve the revenue administration system for the Urban Municipal Council. The annual Guidelines for Preparation of Plans and Budget published by the Zanzibar Ministry of Finance and Planning provides general goals of improved local government tax administration, which were focused upon during the documentation review stage of the Project.

In addition, the World Bank's *Doing Business* Project annually provides objective measures of business regulations and their enforcement across 190 economies. By gathering and analyzing comprehensive quantitative data to compare business regulation environments across economies over time, the *Doing Business* Project encourages economies to compete towards more efficient regulation; offers measurable benchmarks for reform; and serves as a resource for academics, journalists, private sector researchers and others interested in the business climate of each economy.² According to the 2020 *Doing Business* Report on Tanzania, it ranked 165th out of 190 countries for ease of paying taxes, which is a score of 51.3 out of 100 in this measurement.³

The recommendations, methodology and analysis from the Budget Guidelines and the *Doing Business* Project were informative and utilized to this REMEP.

1.4.3 Stakeholder Workshop with LGA Management and Staff

The Consultant Team facilitated a meeting with the LGA Management and Staff to finalize the Vision and Mission for Revenue Enhancement, Monitoring and Evaluation Plan. The consensus gained on the REMEP Vision and Mission laid the foundation for the project. This meeting also finalized the Project Methodology, Project Schedule and Project Deliverables.

1.4.4 Environmental Assessment Meeting with LGA Staff

The Consultant Team completed a detailed assessment of the internal and external environment of each LGA by facilitating a Thematic Discussion with LGA Staff. This discussion encouraged open and honest communication from LGA Staff about existing revenue sources, previous years of revenue collection, existing guidelines and policies of revenue collection, potential investment opportunities and the identification of key gaps and capabilities that will impact the REMEP. The meeting participants were encouraged to engage in a robust discussion on the strengths, weaknesses, opportunities and threats of the existing revenue administration system in general with additional in depth discussions on specific revenue sources.

The Thematic Discussion also included an intensive Political-Economical-Social-Technological-Environmental-Legal Assessment for Urban Municipal Council's revenue administration system. The PESTEL Framework was written about by Frank Rothaermel in his book entitled *Strategic Management*, where he states that an organization's external environment consists of all the factors that can affect its potential to gain and sustain a competitive advantage. By analyzing the

² www.doingbusiness.org/en/about-us

³ <https://www.doingbusiness.org/content/dam/doingBusiness/country/t/tanzania/TZA.pdf>

factors in the external environment, managers can mitigate threats and leverage opportunities. The PESTEL model provides a straightforward way to scan, monitor and evaluate the important external factors and trends that might impinge upon the organization.⁴

1.4.5 Stakeholder's Validation Meeting

The Consultant Team presented the results and findings from the Environmental Assessment Meeting, Stakeholder Analysis and Financial Data Review. They engaged in a productive dialogue to verify or modify relevant analysis and preliminary recommendations in order to ensure that the Final REMEP Report accurately reflects the existing conditions and targeted future state of the revenue administration system within Urban Municipal Council.

1.4.6 Compile REMEP and Final Presentation

The final activity for the REMEP Assignment was to submission the Final REMEP Report that includes all findings, conclusions and recommendations pertaining to the Revenue Enhancement, Monitoring and Evaluation Plan for the Urban Municipal Council.

The Consultant Team provided a final presentation to and facilitated a productive conversation with the LGA Management and Staff on the analysis, findings and recommendations of the REMEP Assignment. This Activity encouraged strategic discussion on the monitoring and evaluation plan of the Final REMEP Document.

⁴ Strategic Management 3rd Edition; Copyright 2017; Authored by Frank T. Rothaermel, Georgia Institute of Technology; Published by McGraw Hill Education; pg. 95-96.

Chapter 2: Framework for Revenue Management

2.1 Central Government Regulations

On October 23, 2014, the Revolutionary Government of Zanzibar passed an Act to Repeal the Zanzibar Municipal Council Act No.3 Of 1995 and District and Town Councils Act No.4 of 1995 and to Re-establish the Zanzibar Local Government Authority Act of 2014 for the Purpose of Providing the Establishment of Local Governments, their Powers, Functions and Duties, Structures, Composition, Finances other matters related thereto.

The following sections of the Zanzibar Local Government Authority Act of 2014 grants LGAs the specific regulatory authority to generate revenue and outlines the sources of revenue that the LGAs have the authority to regulate.

- 69. (1) The Local Government Authority shall be funded by a combination of locally generated revenues, government grants, grants and donations from organizations and individuals, community contributions and loans in accordance with its credit worthiness or any other sources authorized by Ministry.
- (2) Each Council shall raise funds from its sources to meet its expenditures.
- 70. Subject to the approval of Minister responsible for finance, the Local Government Authority may generate Revenue from the following sources:
 - (a) Taxes:
 - (i) Council property tax;
 - (ii) any other taxes as may be authorized by law, rules and regulations.
 - (b) Local Rates:
 - (i) user service charges;
 - (ii) license fee under respective mandate;
 - (iii) administrative fines;
 - (iv) permits;
 - (v) applicable court fees and fines;
 - (vi) contract fees;
 - (vii) auction fees; and
 - (viii) any other fees and charges as may be authorized by any other law, rules and regulations.
 - c) Local Earnings from the Council Investments and Projects.

2.2 Urban Municipal Council By-Laws

Established by Article 128 of the constitution of Zanzibar and Act No. 7 of 2014, the Local Government Authorities are empowered among other functions to collect and manage own-source revenue. To perform such functions constituted by law, LGAs continue to strive to collect own source revenue to fund necessary public expenditures. Provision of good education for primary and kindergarten, delivery of services to improve health and social wellbeing of the community, collection of solid waste and promotion of trade and development of the informal

sector are just few of the core functions of Urban Municipal Council. Securing adequate funding is paramount for effective and efficiency performance of the public services.

Pursuant to section 27(1) of the Act No. 7 of 2014, LGAs have the mandate to prepare among other operational documents Council By-Laws, which enable LGAs to mobilize internal revenue collection and management. In UMC, there are four (4) By-Laws and Five (5) more By-Laws await the approval by higher Authorities. These By-Laws will help the UMC to effectively and efficiently collect the needed revenue collection and hence improve delivery of social and economic services.

According to section 7(1) of the Urban Municipal Council Solid Waste Management Regulation (2019), which was approved by the Urban Municipal Council and Minister for Regional Administration, Local Government and Special Departments, has given the UMC the mandate to collect solid waste within its area of jurisdiction. Section 7(4) gives UMC or its agent the power to collect a solid waste service charge at varying thresholds based on the type and magnitude of solid waste generated. And according to section 7(5), the Council may, when deemed necessary, amend the rate for solid waste service charge to suit the cost for collection, transportation and disposal of solid waste at the sanitary landfill. And, pursuant to section 6(5), 9(2) and section 33 of the By-Law, the UMC is given the authority to impose reasonable fines and/or imprisonment to any person or entity which contravenes the provisions of the By-Law.

Other By-Laws enforceable by UMC include Permits for Advertisements whereas the Council has the mandate to define, price and issue permits for installation of Advertisements. The Pop-Up Fines (Instant fines) is another By-Law that gives the UMC the power to charge fines to individuals who contravene regulations enforceable within the Municipality. Finally, revenue collection duties are enshrined in section 83 and 84 of the regulations for council functional processes of 2018, which detail the responsibilities to mobilize and report preparation vested to the Finance and Economic Affairs Standing Committee and Council's Chief Accountant.

Given the legal duties conferred to UMC to deliver improved social and economic services, especially to beleaguered communities, the duty to effectively collect and manage revenues is paramount if the Council is to visibly achieve its broad goal of improving livelihoods. To realize such aspiration the council needs to have robust base of revenues enforceable by law.

2.3 Public Private Partnership Act and Regulations

In 2015, the Revolutionary Government of Zanzibar passed an Act to Repeal the Concession Projects Act No. 1 of 1999 and to enact a new law, which provides for the Establishment and Management of Public Private Partnerships and other matters related thereto.

The following section of the Zanzibar Public Private Partnership Act of 2015 grants LGAs the regulatory authority and outlines the roles and responsibilities of LGAs when entering into Public Private Partnerships.

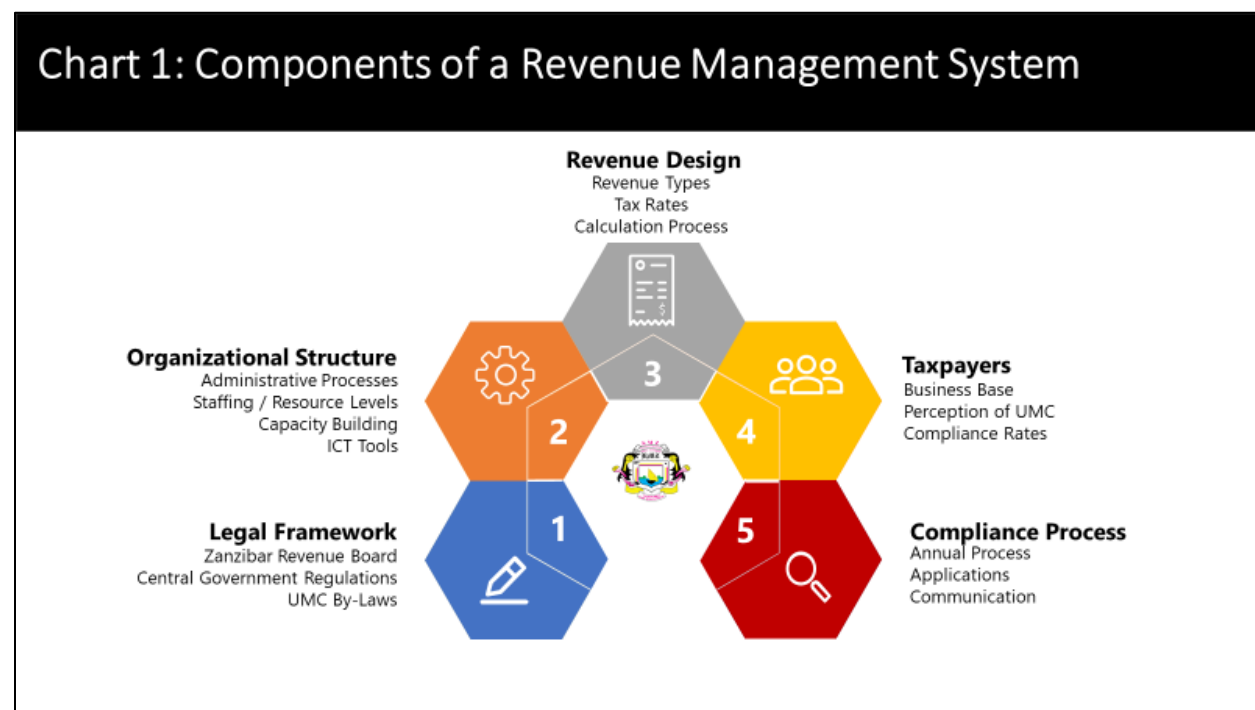
16. (1) The Implementing Authority, on behalf of the government, shall enjoy all rights set out in the Agreement, including without limit, the right to inspect the activities of the Private Partner under the Agreement and to ensure its strict compliance with the terms of the Agreement.
- (2) The Implementing Authority shall comply with the terms of the Agreement and Memorandum of Understanding and shall fulfill its obligations.
- (3) Additional responsibilities of the Implementing Authority include:
- (a) identifying projects, including development of project concept notes submitted to the Department;
 - (b) ensuring pre-feasibility and feasibility studies are conducted for projects identified;
 - (c) hiring technical and transaction advisors;
 - (d) managing the tendering and selection process; and
 - (e) hiring construction supervisors, and monitoring projects through the entire Agreement term or in some cases subcontracting monitoring to a third party.
- (4) Implementing Authorities may choose to create specialized Public-Private Partnership units within their institutions to coordinate directly with the Department.
- (5) Experts from within the Implementing Authority may be called upon by the Department to provide expertise and knowledge related to specific projects under consideration.

Chapter 3: Environmental Assessment of Revenue Management

In order to effectively provide recommendations for revenue enhancements, it is imperative to conduct an environmental assessment of the existing revenue management system. This assessment will collect valuable information from relevant stakeholders and help to identify areas for improvement and areas of existing success. The environmental assessment consisted of defining the Existing Revenue Management System, performing Stakeholder Analysis, conducting a SWOT Analysis and a PESTEL Analysis with stakeholders of the revenue management system.

3.1 Existing Revenue Management System

The existing revenue management system was segmented into 5 components to assist with the administration of the environmental assessment. The components of the revenue management system are identified within Chart 1 below. It is recognized that there are different approaches to defining the Revenue Management System, but the approached used for this project was based upon the existing project parameters outlined within the Inception Report.



3.2 Stakeholder Analysis

The primary stakeholders and their expectations of the UMC Revenue Management System were identified for the project. The potential impact of not meeting those stakeholder expectations stakeholder was delineated with a priority ranking. These expectations and the potential impacts with the corresponding priority ranking will be instrumental in shaping recommendations for the UMC REMEP. A summary of the UMC stakeholder expectations and their potential impacts are shown in Table 1 below.

Table 1: UMC Stakeholder Expectations and Potential Impacts

| Name of Stakeholder | Expectations | Potential Impact of not Meeting Expectations | Priority Rank |
|---|---|---|----------------------|
| PO - Regional Administration and Local Government | Coordination, good relationships, clear policies information flow and feedback. | Little co-operation and conflicts may result if no proper co-ordination, policies and feedback are given two way traffic. | High |
| Development Partners | Coordination, good relationships, clear policies, information flow and feedback. | Little co-operation and conflicts may result if no proper coordination is given. | Medium |
| Donor Communities | Flow of information/funds, project implementation, feedback, coordination & Evaluation Effective and efficiency utilization and management of financial resource | Little cooperation and conflicts may result if not proper coordination is given, no release of project funds | High |
| Local Communities | Tape available opportunities Enabling environment social and Economic services delivery and raise livelihood. | Increased poverty incidence and low economic growth will result if the Community needs and complaints are not addressed accordingly. | High |
| Politicians | Transparency and accountability in day to day operations of the council and good Governance exercised | Little cooperation and conflict may result if not properly coordinated, policies and feedback are given to and from the Politicians. May influence other stakeholders to lean towards their views/blocking project. | High |
| Private Sector | Enabling environment for increased participation in Social development and improving Economic productivity | Increased poverty incidence and low economic growth will result if the community needs and complaints are not addressed accordingly. Public Private Partnership must be bolstered. | Medium |
| Public Organization | Flow of information, educations and communication for effective co-ordination monitoring & Evaluation | Little cooperation and conflict may result if not properly coordinated, policies and feedback are given both ways. | Medium |
| Council's Management and Staffs | Enabling smooth delivery of Social services and facilitate improvement of community's economic productivity through transparency and accountability | Poor service delivery may result if salaries and other related payments are not paid timely. Little cooperation as well as conflicts may result if proper coordination and feedback on both sides do not exist. | High |
| Councilors | To be development activators, monitors and evaluators. They are decision makers. | Increased poverty incidence and low economic growth would result if community needs are not addressed accordingly. Council staff and councilors | High |

| Name of Stakeholder | Expectations | Potential Impact of not Meeting Expectations | Priority Rank |
|----------------------|---|---|---------------|
| Neighboring Councils | To offer the required support at the right time and place | Little cooperation as well as conflicts may result if no good neighboring relation is maintained. | Medium |

In addition, direct feedback from the Public Sector and Private Sector Stakeholders were collected and compiled to provide additional guidance for the REMEP recommendations.

Public Sector Stakeholder Feedback

- UMC Management should review and analyze revenue sources based on the current environment and challenges
- UMC Management should brainstorm and identify new sources of revenue
- PPP should be pursued to unleash potential revenue and resolve financial challenges
- ICT should simplify the process to communicate with taxpayers and other stakeholders
 - Effective use of POS machines and UMC website should be in place
- Strong Contract Management System isn't in place to effectively outsource internal revenue collection or implement PPP projects
- UMC Staff needs to commit themselves to actively participate in the making of REMEP

Private Sector Stakeholder Feedback

Private Sector Stakeholder's include Mr. Hamad Hamad, Executive Director of the Zanzibar Chamber of Commerce and Mr. Adad Komba, Director for Rafiki Tours and Travel Company.

- Minimal Dialogue/Engagement by UMC with Private Sector on Market Rents, Bus Fees, Solid Waste Collection
- Public Engagement, Awareness and Sensitization of Taxpayers is paramount for successful tax collection
- Digitalization of Service Delivery is recommended to reduce time and save money
- Review Legal Framework to ensure easy enforcement and improve business enabling environment
- Improve linkage with business community to mobilize revenue collection
- During economic crisis, UMC should consider providing relief to businesses
- Reduction or Waiver of Fees/Taxes
- Database for taxpayers and electronic issuing of demand notes is paramount
- UMC is urged to improve existing service delivery to ease with revenue collection
- Timely Removal of Solid Waste
- Improve Parking Lots and/or Construct Parking Structures
- UMC is urged to initiate revenue generating projects like the following:
 - Conference Hall
 - Recreational Areas for Kids
 - Modern Markets
- Encouraged to see Private Sector as important stakeholder to improved revenue collection and not an enemy/opponent

3.3 Strength, Weakness, Opportunity and Threat Assessment

The Strengths (S) and Weaknesses (W) of the SWOT analysis refer to the internal and existing state of the UMC revenue management system, while the Opportunities (O) and Threats (T) refer to the external and future state of the UMC revenue management system. The SWOT Analysis exercise was participatory and collaborative in nature and aimed at maximizing the involvement of UMC's key selected staff, business community and other stakeholders. A summary of the SWOT Analysis is shown below in Table 2 and Table 3.

Table 2: Strengths and Weaknesses of UMC Revenue Management

| Strengths | Weaknesses |
|---|--|
| <ul style="list-style-type: none">▪ Presence of By-Laws enforceable▪ Huge base of business community▪ Significant number of revenue sources▪ Available skilled staff | <ul style="list-style-type: none">▪ Unskilled Staff especially on revenue collection▪ Supervision of revenue sources not satisfactory▪ Lacking some By-Laws (management of community market)▪ Absence of data base for business community▪ Weak electronic system to facilitate effective revenue collection (few POS)▪ M&E not in place or ill implemented |

Table 3: Opportunities and Strengths of UMC Revenue Management

| Opportunities | Threats |
|---|--|
| <ul style="list-style-type: none">▪ LGA Act No.7/2014 detailing council functions which includes revenue collection▪ Potential increased revenue from Central Business District▪ World heritage declared by UNESCO▪ Improved communication network▪ Available and facilitative primary District court | <ul style="list-style-type: none">▪ Seasonal revenue sources (Business License, Crops)▪ Overlapping of legal framework (Act established Stone Town Authority)▪ Outbreak of diseases (Corona, Cholera)▪ Centralization of revenue sources (Fishing licenses, construction, minerals, and sands)▪ Unwillingness of businesses to pay taxes |

3.4 Political, Economic, Social, Technological, Environmental and Legal Assessment


A Political, Economic, Social, Technological, Environmental and Legal Assessment for Urban Municipal Council's revenue administration system analyzes all the external factors that can affect its potential for them to create a sustainable revenue collection system. The PESTEL is a deeper dive into external factor segments that can lead to policy recommendations that can mitigate risk and leverage opportunities. Understanding the external factors that impact revenue collection in UMC will play a significant role in addressing issues with the legal framework, organizational structure, revenue design, taxpayer sentiment and compliance systems.





Chart 2 below provides a visualization of the PESTEL Assessment Process and Table 4 below provides a summary of the UMC Revenue Management PESTEL Assessment Results.


Chart 2: PESTEL Assessment



Table 4: PESTEL Assessment Results for the UMC Revenue Management

| Element | Factor | Impact on Service Delivery |
|---|--|--|
| Political  | <ul style="list-style-type: none"> • History of stable political stability for Revolutionary Government of Zanzibar • Zero tolerance for corruption • Regular review of Finance Acts causes sustainability issues with UMC's revenue sources • Good PPP Policy | <ul style="list-style-type: none"> • Build Investors' confidence hence increased tax collection • Improved business environment (fair and competitiveness encouraged) • Unrealistic/not sustainable revenue sources because the Central Government takes existing revenue sources from UMC) • Encouraged public private partnership especially where UMC lacks necessary expertise and tools |

| Element | Factor | Impact on Service Delivery |
|---|--|--|
| Economic  | <ul style="list-style-type: none"> • Business hub with stable community income • Availability of financial institutions which provide soft loans to communities • Low inflation for years • Low interest rates issue by Peoples Bank of Zanzibar • Unprecedented high levels of unemployment | <ul style="list-style-type: none"> • Flexible purchasing power parity on commodities especially locally made goods • Increased money circulation and capital investments (domestic and Foreign Direct investment) • Availability of labour force engaging onto SMEs |
| Social  | <ul style="list-style-type: none"> • Accommodative social/cultural fabric (warm society) • Youths comprise the majority in the population structure • Population growth (2.1%) pose increased demand for improved social and economic service delivery | <ul style="list-style-type: none"> • Cultural/traditional artifacts contributes significantly to Zanzibar's economy (stone Town is the World heritage site declared by UNESCO) • Active and energetic labour force available • Increased population compromise the UMC's capacity to deliver better services given weak revenue sources |
| Technological  | <ul style="list-style-type: none"> • eGovernment introduced and functional • High dependence on abroad innovation and creativity • Weak or non-existence of incentives and finances for research on ICT | <ul style="list-style-type: none"> • ICT tolls and services simplify process and reduced cost of revenue collection • High procurement and operation cost the situation which jeopardize sustainability of ICT facilities • High dependence on imported technology which at times un-compatible to Zanzibar environment |
| Environmental  | <ul style="list-style-type: none"> • Good climate/weather which favors local products especially agricultural produces (coconut, fishing and fish products) • Delays on solid wastes collection particularly from secondary points (remove of containers) • Available sound Environmental Act No. 21 of 2004 • No huge and hazardous plants • Stone Town Conservation and Development Authority | <ul style="list-style-type: none"> • Favorable weather/climate for tourism, livestock keeping, fishing and agriculture • Policy framework has eases enforcement of and management of precious environment and artifacts (Stone Town) • Blossomed Stone Town guaranteed and so tourism attraction |

| Element | Factor | Impact on Service Delivery |
|---|---|---|
| <p data-bbox="277 275 352 306">Legal</p>  | <ul style="list-style-type: none"> • Availability of enforceable By-Laws and Acts that gave mandate UMC to collect revenue • UMC has competent legal Advisers (Advocates) • Health related Acts help to control sewage and surroundings around CBD | <ul style="list-style-type: none"> • Friendly policy framework has unified and simplified process for service delivery • Guaranteed compliancy to laws by the communities |

Chapter 4: Revenue Collection Analysis

In order to effectively provide recommendations for revenue enhancement, an analysis of the existing revenue collection system is required to identify overall growth trends, revenue percentages and collection history for each revenue type. The period of analysis is from 2012/2013 to 2018/2019. In addition to the overall analysis, the major revenue types are analyzed by their individual components. The non-major revenue analyses are included in Appendix 1.

4.1 Overall Revenue Collections

In 2012/2013, the UMC collected 1,519 Million TZS in total revenue. By 2018/2019, the total revenue collected by UMC increased by 181% to 4,268 Million TZS. In 2012, there were 16 types of revenue for UMC, but that number decreased to 14 by 2018.

Chart 3 below shows the total amount of annual revenue collected as a sum of all existing revenue types over the period of analysis. Market Rents, Parking Fees, Business Licenses, Solid Waste Collection Fees and Advertisement Fees were the largest sources of revenue each year during the period of analysis.

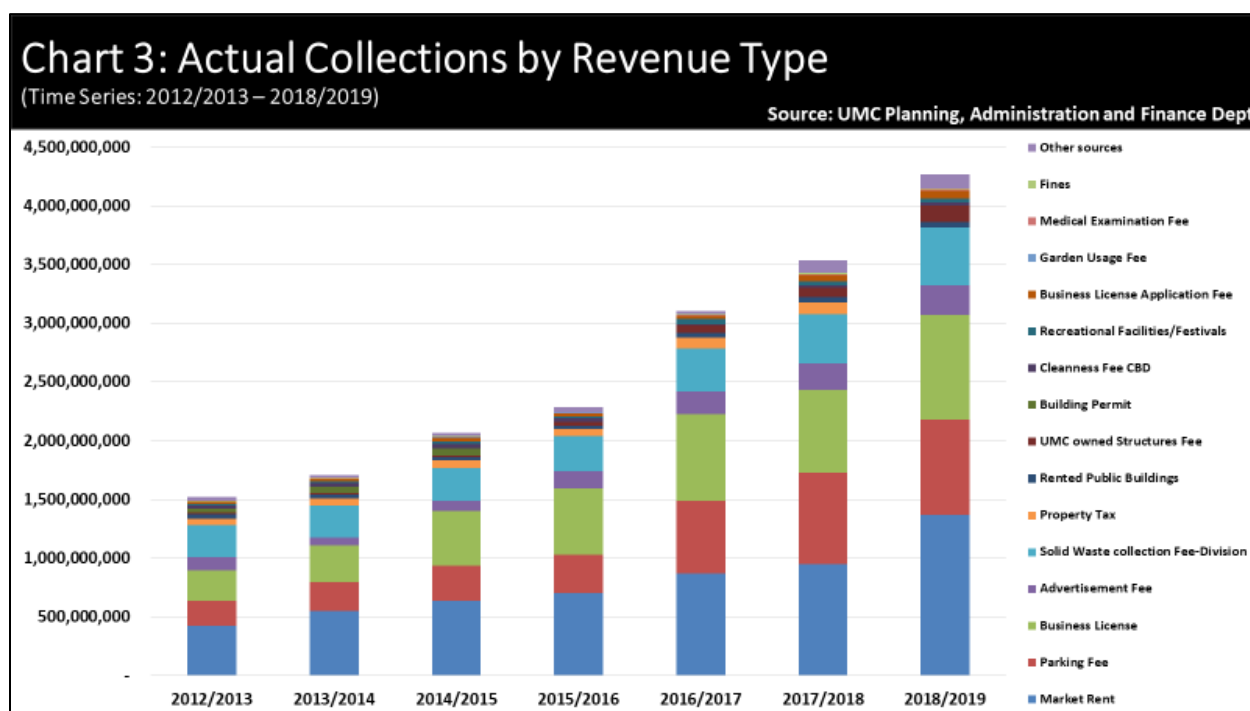


Chart 4 below shows the annual revenue collected by individual revenue type over the period of analysis. Over the period of analysis, UMC Owned Structure Fees grew by the highest percentage (842%), which was followed by Medical Examination Fees (545%), Other Sources (312%), Parking Fees (282%) and Business License Fees (238%).

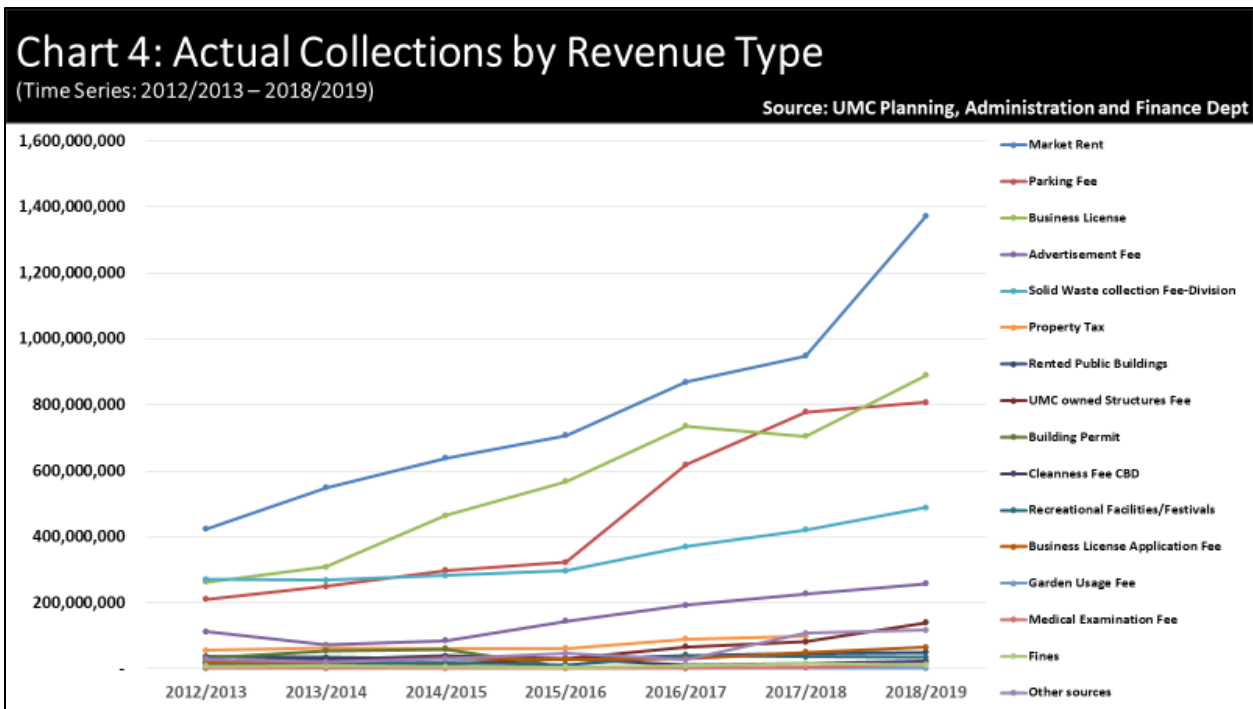


Chart 5 below shows the collection percentage for each revenue type over the period of analysis. Below 100% represents a collection amount that was below what was projected within the annual budget. Above 100% represents a collection amount that was above what was projected within the annual budget. The average collection rates converge more towards the 100% level during 2018/2019, which illustrates that UMC is becoming more effective at forecasting revenue collections.

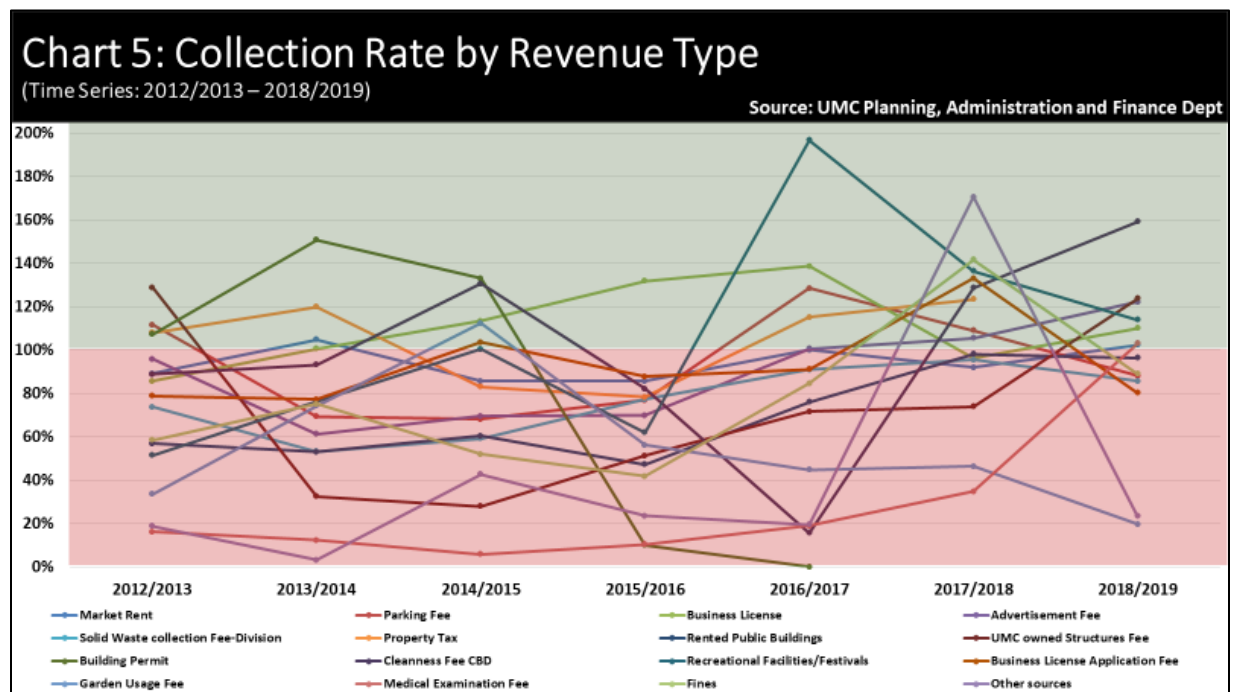
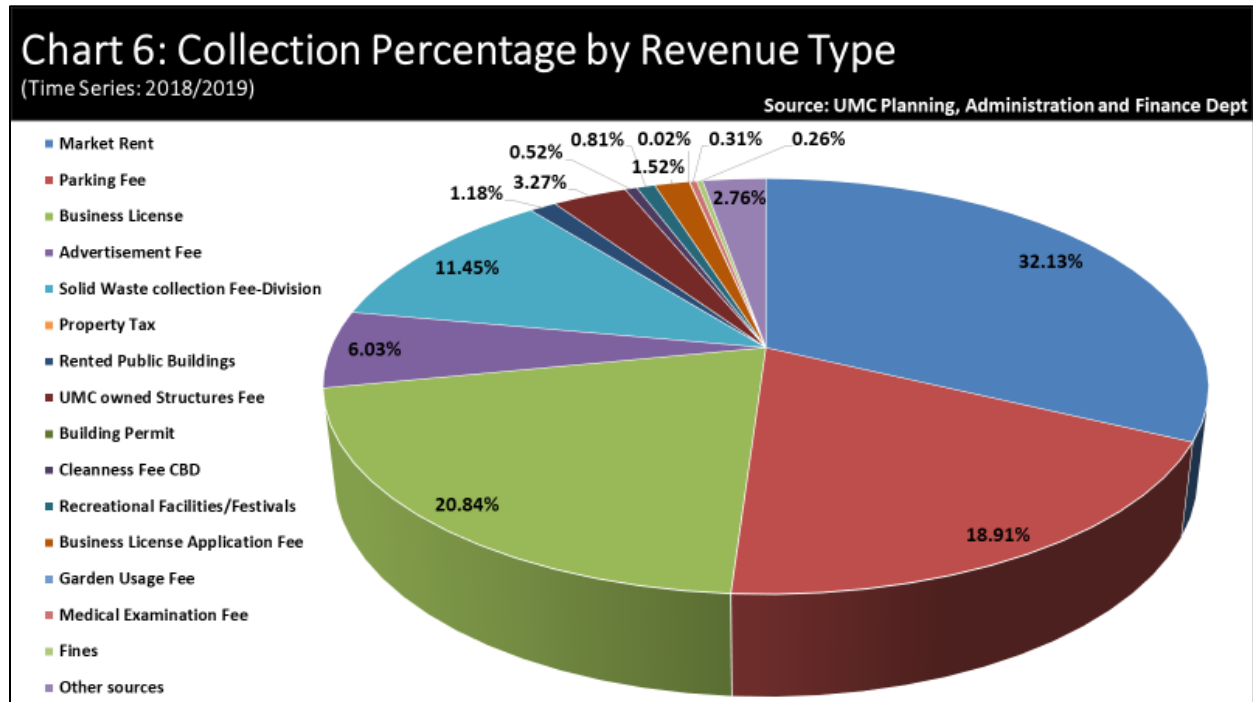


Chart 6 below shows the total collections for 2018/2019 by revenue type. Market Rent was the largest revenue source for UMC, which represented 32.13% of all revenue collected by the UMC. The next largest revenues were Business Licenses, Parking Fees, Solid Waste Collection Fees and Advertisement Fees.



4.2 Public Market Revenue

4.2.1 Legal Framework

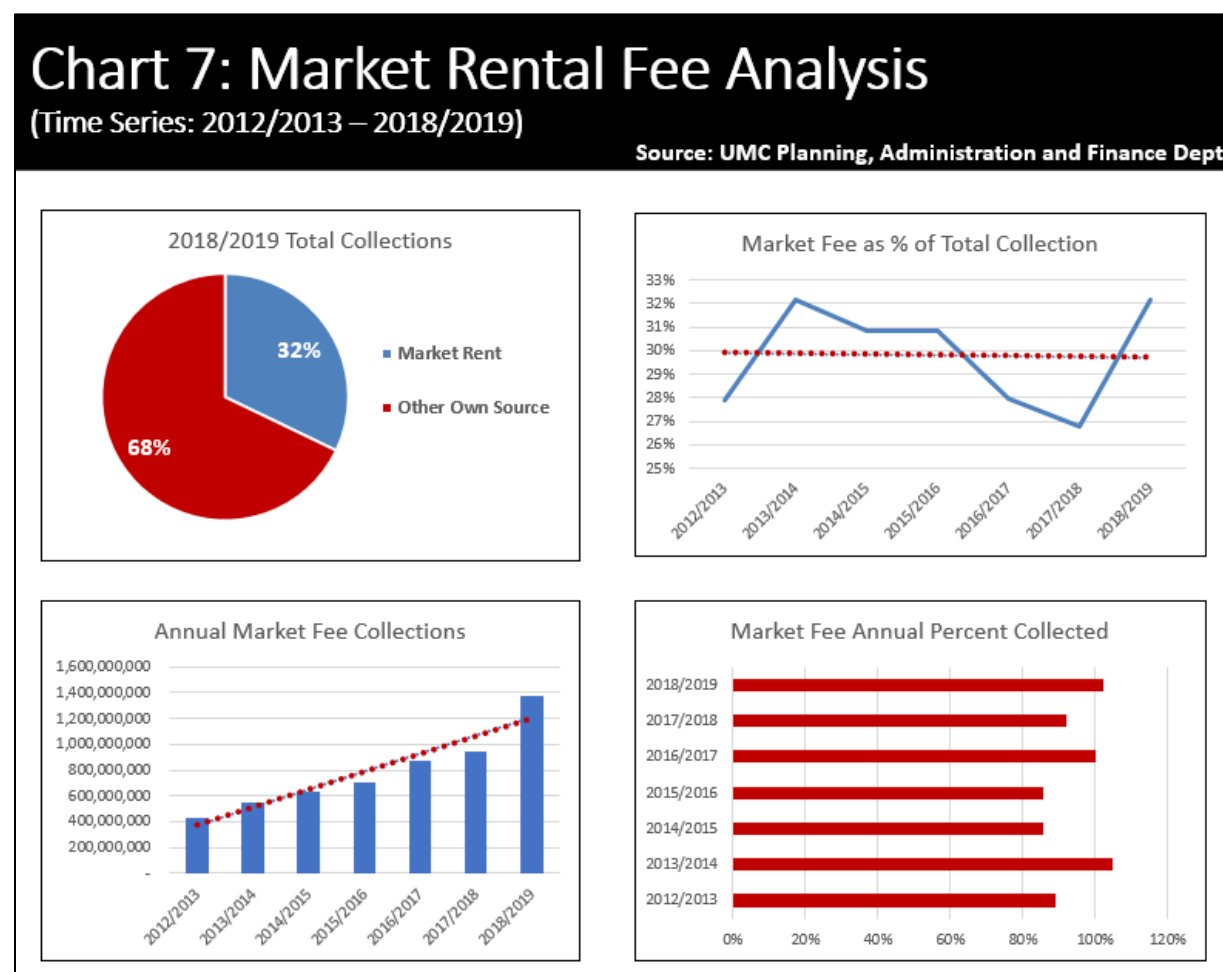
The following section of the Zanzibar Local Government Authority Act of 2014 grants UMC the regulatory authority to generate revenue for the Market Rental Fees:

- Section 70 (b) Local Rates (i) User Service Charges.

4.2.2 Tax Collection Analysis

Public Market Fees is the largest revenue stream for the UMC. Over the period of analysis, it averaged 786,743,601 in annual revenue collections between the 6 public markets in UMC. It averaged just under 30% of the total revenue collected by UMC over the period of analysis. It has experienced year over year increases and had an average annual increase of 22% over the period of analysis. The UMC Planning, Administration and Finance Department has been effective at projecting future revenues, which is evident by the 94% average collection rate for Public Market Fees. In the most recent fiscal year, Public Market Revenues accounted for 32% of the entire Own Source Revenue budget for UMC.

Chart 7 illustrates the 2018/2019 Total Collections, Percentage of Total Collections, Annual Collection Amounts and Annual Collection Rate for the Public Market Revenue in UMC.



4.3 Business License Revenue

4.3.1 Legal Framework

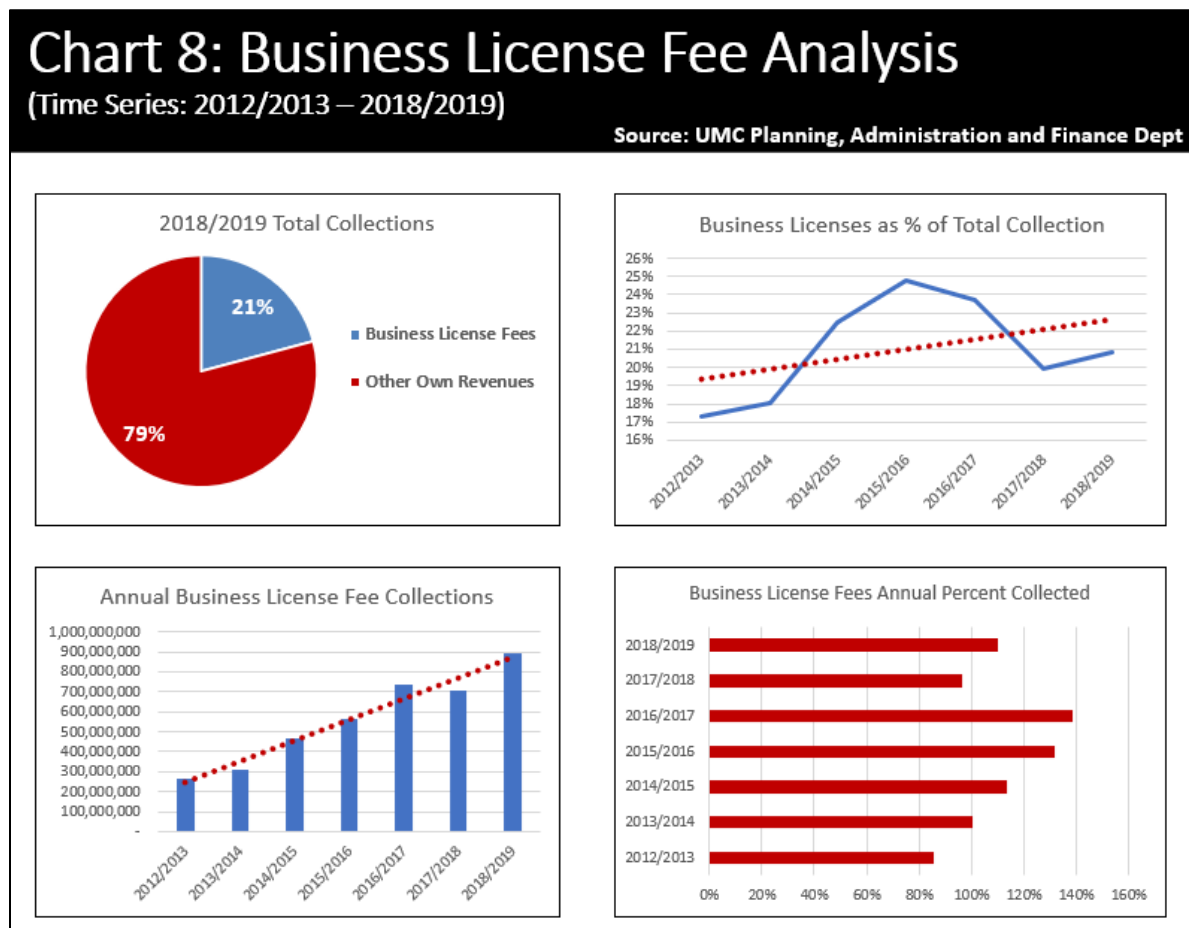
The following section of the Zanzibar Local Government Authority Act of 2014 grants UMC the regulatory authority to generate revenue for the Market Rental Fees:

- Section 70(b) Local Rates (ii) License Fee under respective mandate.

4.3.2 Tax Collection Analysis

Business License Fees is the second largest revenue stream for the UMC. Over the period of analysis, it averaged 561,848,714 in annual revenue collections in UMC. It averaged 21% of the total revenue collected by UMC over the period of analysis. It has experienced year over year increases, except for 2017/2018, and had an average annual increase of 24% over the period of analysis. The UMC Planning, Administration and Finance Department has been effective at projecting future revenues, which is evident by the 111% average collection rate for Public Market Fees. Having a collection rate of over 100% reflects an actual collection amount that is greater than the projected collection amount. In the most recent fiscal year, Business License Revenues accounted for 21% of the entire Own Source Revenue budget for UMC.

Chart 8 illustrates the 2018/2019 Total Collections, Percentage of Total Collections, Annual Collection Amounts and Annual Collection Rate for the Business License Fee Revenue in UMC.



4.4 Parking Revenue

4.4.1 Legal Framework

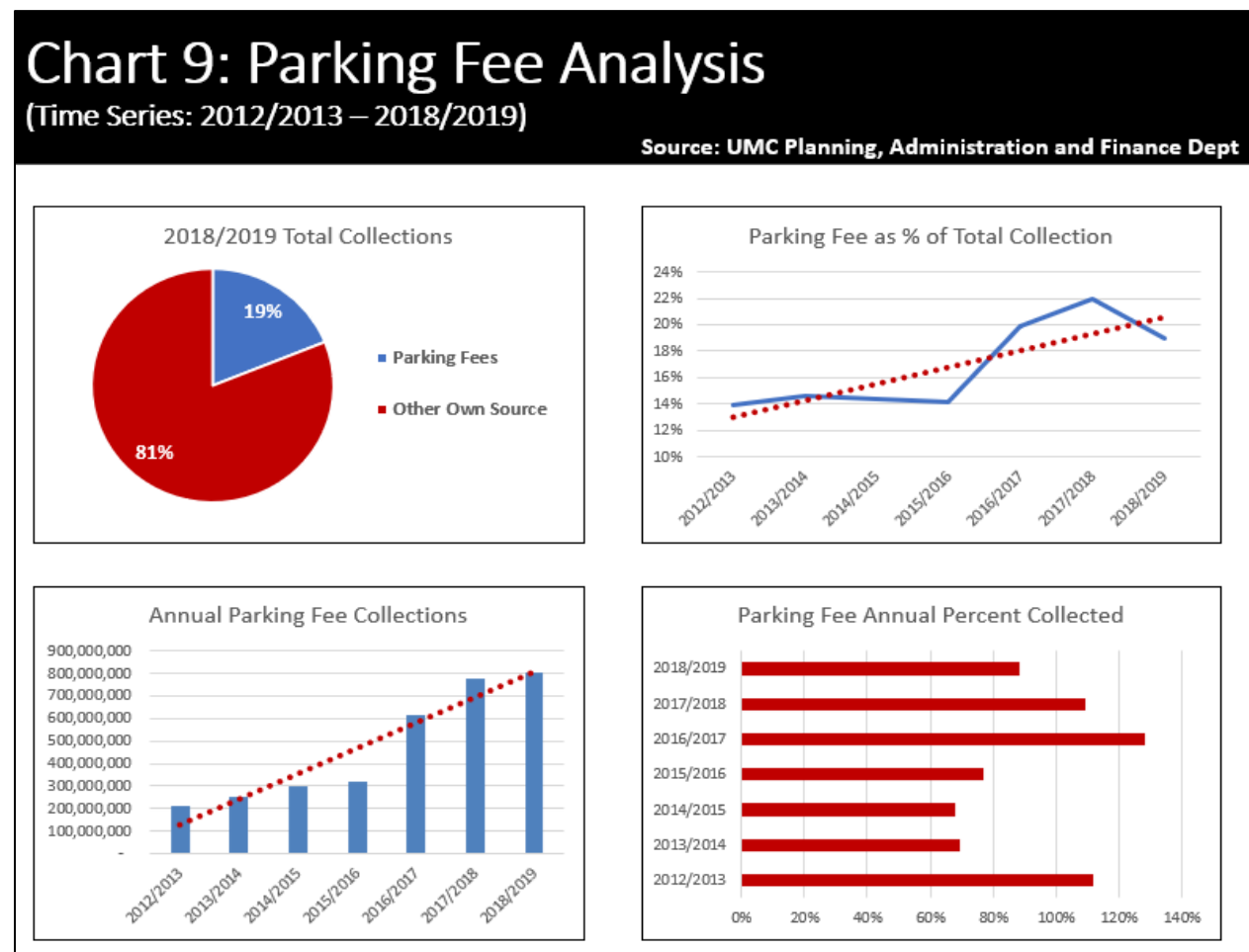
The following section of the Zanzibar Local Government Authority Act of 2014 grants UMC the regulatory authority to generate revenue for the Market Rental Fees:

- Section 70(b) Local Rates (i) User Service Charges.

4.4.2 Tax Collection Analysis

Parking Fees is the third largest revenue stream for the UMC. Over the period of analysis, it averaged 469,182,964 in annual revenue collections in UMC. It averaged 17% of the total revenue collected by UMC over the period of analysis. It has experienced year over year increases and had an average annual increase of 28% over the period of analysis. The UMC Planning, Administration and Finance Department has been effective at projecting future revenues, which is evident by the 93% average collection rate for Parking Fees. In the most recent fiscal year, Parking Fee Revenues accounted for 19% of the entire Own Source Revenue budget for UMC.

Chart 9 illustrates the 2018/2019 Total Collections, Percentage of Total Collections, Annual Collection Amounts and Annual Collection Rate for the Parking Fee Revenue in UMC.



4.5 Solid Waste Revenue

4.5.1 Legal Framework

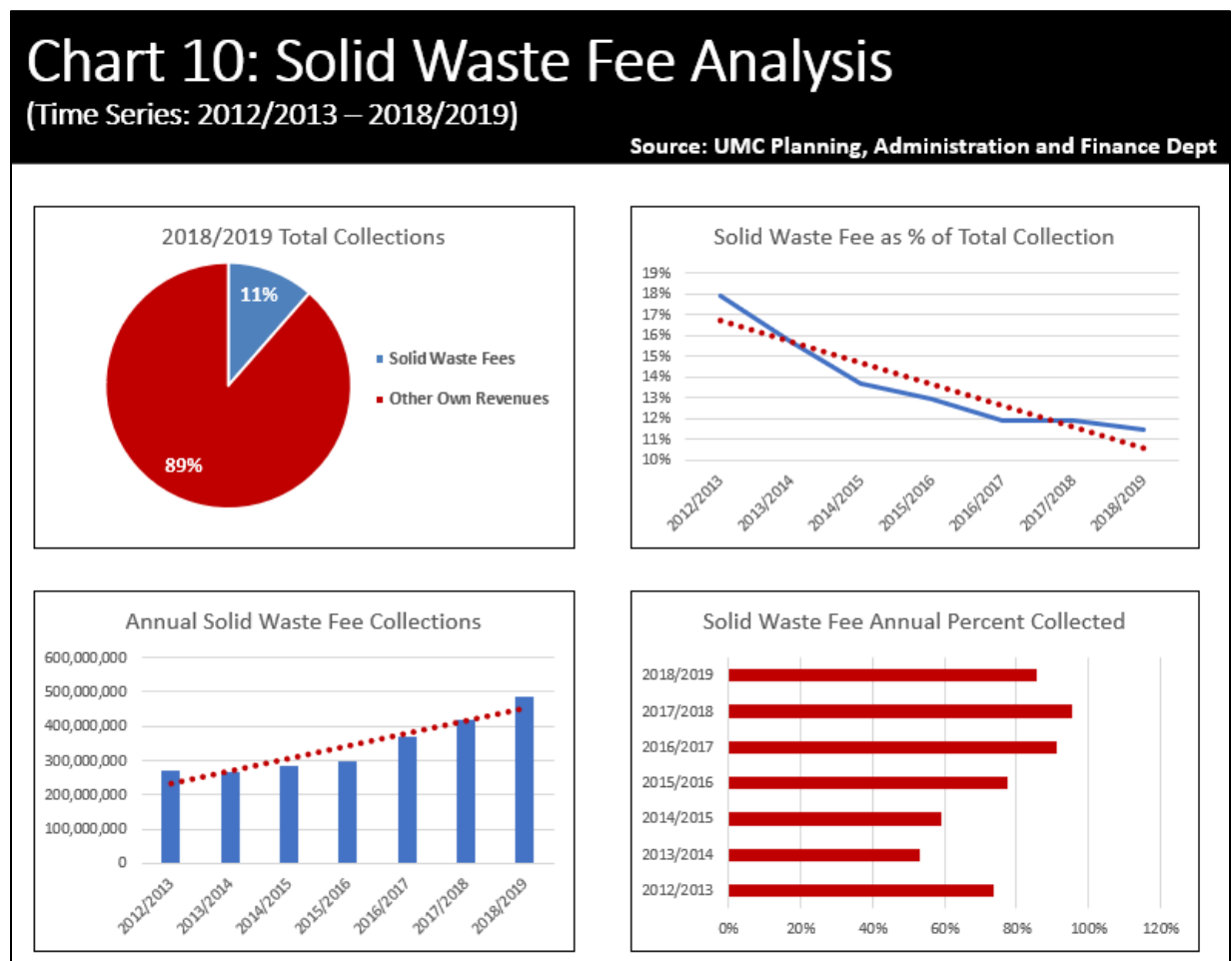
The following section of the Zanzibar Local Government Authority Act of 2014 grants UMC the regulatory authority to generate revenue for the Market Rental Fees:

- Section 70(b) Local Rates (i) User Service Charges.

4.5.2 Tax Collection Analysis

Solid Waste Revenue is the fourth largest revenue stream for the UMC. Over the period of analysis, it averaged 342,816,942 in annual revenue collections in UMC. It averaged 14% of the total revenue collected by UMC over the period of analysis. It has experienced year over year increases and had an average annual increase of 11% over the period of analysis. The UMC Planning, Administration and Finance Department has been relatively effective at projecting future revenues, which is evident by the 77% average collection rate for Parking Fees. In the most recent fiscal year, Solid Waste Revenues accounted for 11% of the entire Own Source Revenue budget for UMC.

Chart 10 illustrates the 2018/2019 Total Collections, Percentage of Total Collections, Annual Collection Amounts and Annual Collection Rate for the Solid Waste Revenue in UMC.



4.6 Advertisement Fee Revenue

4.6.1 Legal Framework

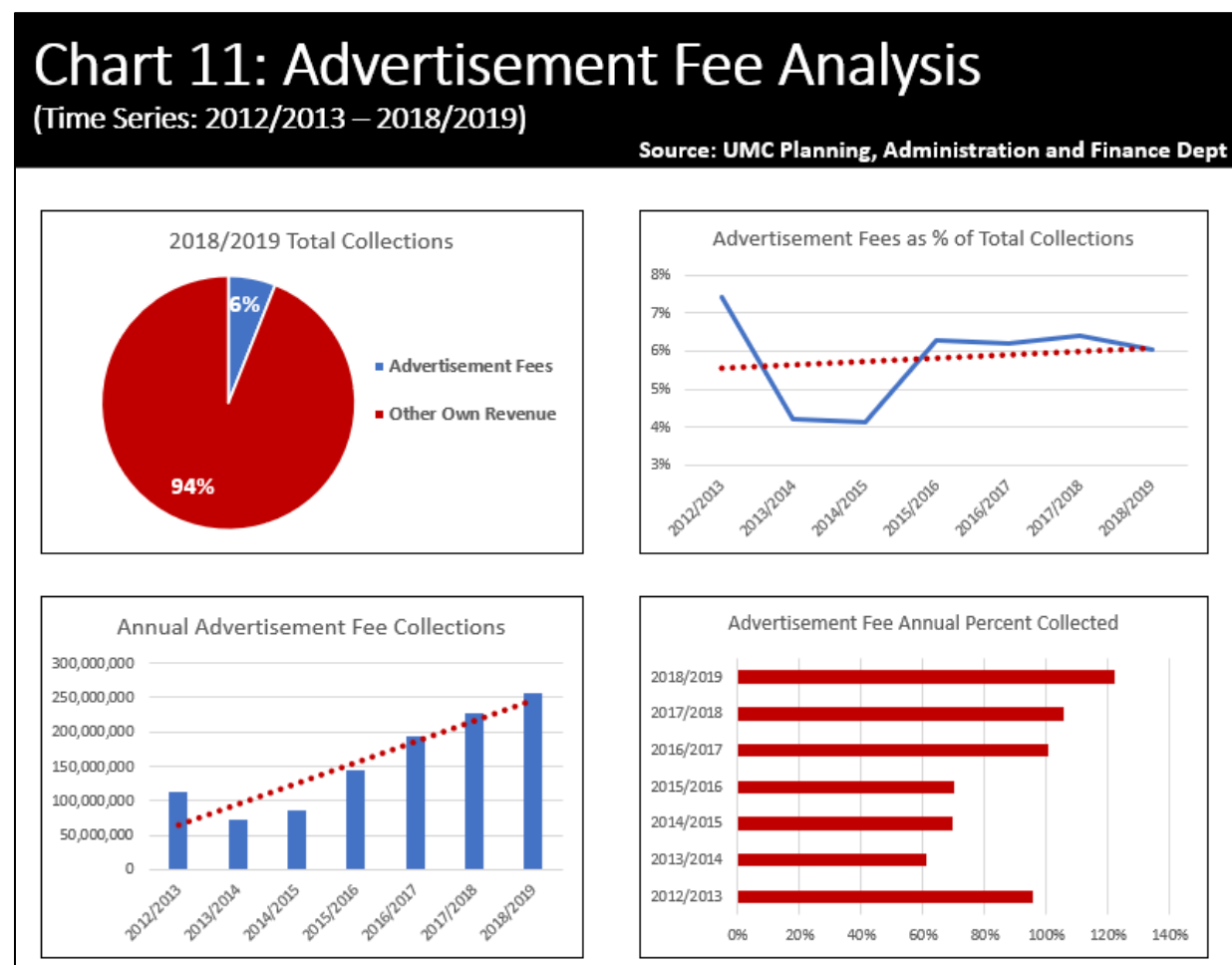
The following section of the Zanzibar Local Government Authority Act of 2014 grants UMC the regulatory authority to generate revenue for the Market Rental Fees:

- Section 70(b) Local Rates (ii) License Fee under respective mandate.

4.6.2 Tax Collection Analysis

Advertisement Fees is the fifth largest revenue stream for the UMC. Over the period of analysis, it averaged 155,963,088 in annual revenue collections in UMC. It averaged 6% of the total revenue collected by UMC over the period of analysis. It has experienced year over year increases since 2013/2014 and had an average annual increase of 19% over the period of analysis. The UMC Planning, Administration and Finance Department has been effective at projecting future revenues, which is evident by the 89% average collection rate for Advertisement Fees. In the most recent fiscal year, Advertisement Fee Revenues accounted for 6% of the entire Own Source Revenue budget for UMC.

Chart 11 illustrates the 2018/2019 Total Collections, Percentage of Total Collections, Annual Collection Amounts and Annual Collection Rate for the Advertisement Fee Revenue in UMC.

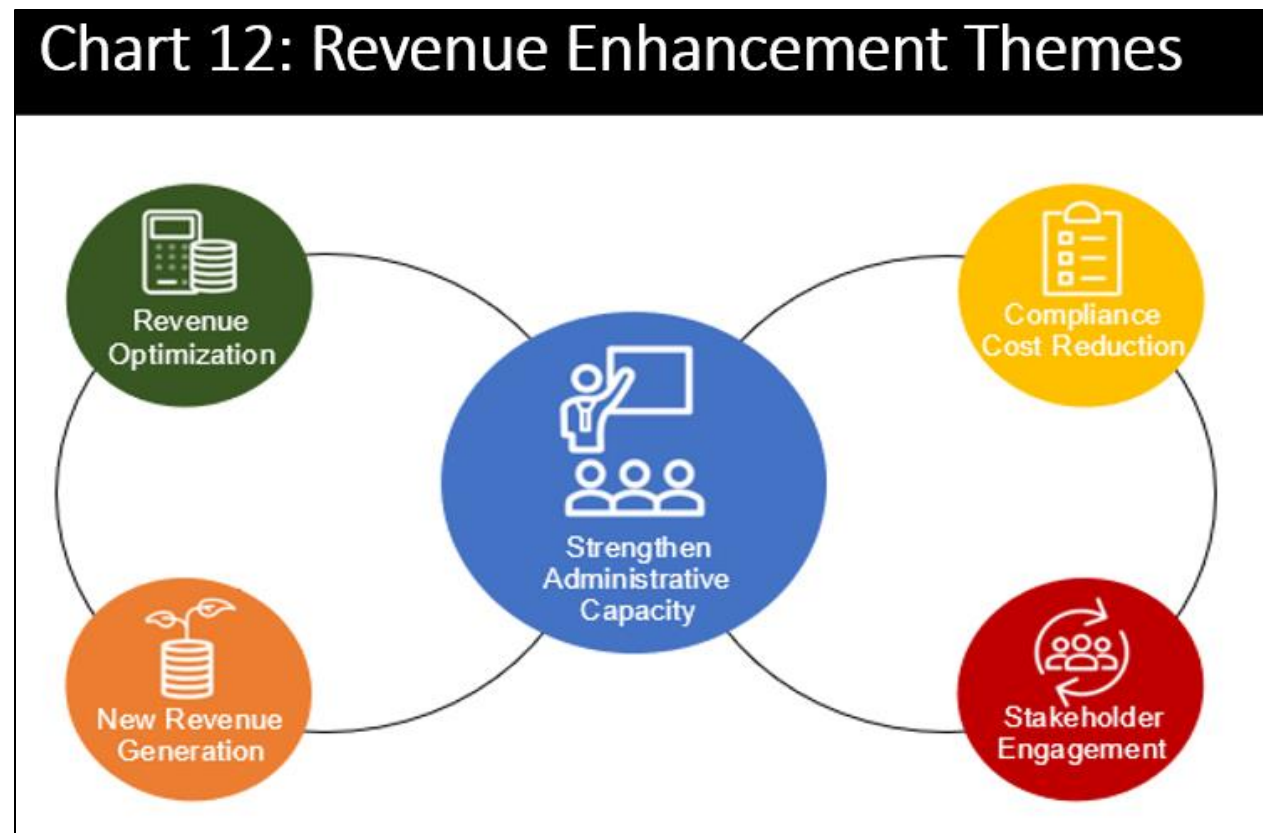


Chapter 5: Revenue Enhancement Strategies

5.1 Overall Revenue Enhancement Themes

Local government revenues are dynamic and significantly impacted by taxpayers, tax structure and the local government revenue management system. Identifying and effectively engaging with taxpayers to ensure compliance directly improves revenue collection. Creating a tax structure that is user friendly and non-punitive will lead to an increase in tax compliance. Operating an efficient revenue management system will reduce cost, improve customer service and generate additional revenue for the local government.

Understanding these dynamics, there are five revenue enhancement themes that are proposed for the Urban Municipal Council. The revenue enhancement themes have different objectives that connect the revenue management system to the overall strategy of the local government. These themes include Revenue Optimization, New Revenue Generation, Compliance Cost Reduction, Stakeholder Engagement and Strengthening Administrative Capacity. These themes are illustrated below in Chart 12.



5.2 Revenue Optimization

Revenue Optimization entails having a systematic approach to identify, track and connect with existing and potential taxpayers. It requires a completing an operational analysis of various of administrative units that generate revenue and establishing an effective management system to achieve identified revenue and operational efficiency targets. Revenue Optimization requires

having an aggressive and competitive tax rate system that is based on operational costs and a comparative analysis with similar local governments.

In order to achieve revenue optimization, it is recommended that UMC pursue the following revenue enhancement strategies:

5.2.1 Complete Enumeration of Taxpayers by Revenue Type

This strategy requires taking inventory of the existing taxpayer databases that are being used by UMC. This inventory process should categorize and catalog all taxpayer data currently being used, including documenting existing data standardization policies. This enumeration strategy also requires soliciting data from other governmental agencies to cross reference taxpayer information to ensure effective compliance and eliminate redundancy or inconsistency. The final process of enumeration is to validate the taxpayer data through targeted stakeholder engagement activities and annual compliance processes.

5.2.2 Operational Analysis of UMC Owned Revenue Generating Operations

The revenues from Public Markets, Parking Lots, Sanitation Services and Renting of UMC Structures comprised over 60% of the total revenue collected by the UMC in 2018/2019. These revenue generating operations are under the complete control of UMC and represent one of the biggest opportunities to optimize revenue collection. By completing an operational analysis for these activities, the UMC will be able to identify opportunities to reduce cost, enhance revenue, increase operational efficiency, improve customer service and engage with taxpayers in order to better understand their experiences.

5.2.3 Revenue Structure Analysis

The structure of each revenue type determines what information is needed from the taxpayer; how the information is verified; and how the tax liability is calculated. These components can significantly impact the compliance process, which directly contributes to amount of revenue collected. A transparent revenue structure that is supported by market generated data points can make it easier for taxpayers to be compliant and for local governments to verify compliance. Having opaque calculations based upon user generated data leads to uncertainty and increases the risk of corruption.

5.2.4 Comparative Fee Analysis

Similar markets should generate similar fees. UMC will increase its competitive position for attracting investment if it were to have taxes and fees that were relatively in line with competing jurisdictions. Having significantly higher taxes could encourage cost sensitive investors to consider alternative locations for investment. On the other hand, having significantly lower taxes represents a missed revenue generating opportunity since the market is shown to support higher fees in competing areas.

5.3 New Revenue Generation

New Revenue Generation is critically important to the financial sustainability of Urban Municipal Council. A systematic approach for New Revenue Generation should include an annual review of identified projects within the UMC Investment Profile; identifying priority potential projects; completing feasibility analyses on priority potential projects; and engaging the private investment market to advance priority projects. By following this process of identification, prioritization, feasibility assessment and private sector engagement, the UMC will have a continuous opportunity to advance new revenue generating projects.

5.3.1 Annual Review of Investment Profile

The Urban Municipal Council Investment Promotion Strategy was finalized in October 2019. The IPS identifies both Priority and General Investment Opportunities available within the Urban Municipal Council. As investments occur throughout the UMC, it is recommended that the UMC complete an annual review of the identified investments in order to determine if they are still relevant and remain a priority to generate new revenue for the UMC. This annual review is necessary because the existing economic and market conditions change every year. Some investments are made solely by the private sector, which would allow UMC to achieve new revenue generation without any additional involvement. The regulatory environment may change the significance of the existing revenue streams and consequently require an adjustment to the priority of identified investment projects because the projects wouldn't generate sufficient revenue based upon the new regulatory requirements. In addition, the market may present new opportunities that could generate new revenue that was not initially available.

The UMC IPS identified the following 9 Priority Investment Opportunities:

- | | |
|--------------------------------------|---------------------------------------|
| 1. Recreation and Amusement Centers | 6. Bricks and Cement Blocks |
| 2. Construction of Main Bus Terminal | Manufacturing Factory |
| 3. Modern Fish Market | 7. Fish Processing Facilities |
| 4. Parking Garages | 8. Solid Waste Collection, Management |
| 5. Shopping Malls | and Treatment Facilities |

5.3.2 Prioritizing Potential Investment Projects

The Urban Municipal Council, similar to every local government around the globe, has limited financial and human resources to provide an increasing amount of public services for its residents and businesses. This resource limitation requires a coordinated prioritization strategy to focus the amount of organizational initiatives pursued by local government staff. By prioritizing activities associated with attracting new investments for new revenue generation, the Urban Municipal Council will be more effective at advancing potential projects into their next phase of development.

Based upon discussions with UMC staff, the following projects are considered a priority in order to generate new revenue for the Urban Municipal Council.

- Commercial Complex Structure (Hotels, Conference Facilities, Shopping Malls)

- Construction of New car parking building
- Redevelopment of retail market (Kwahaji tumbo)
- Redevelopment of Mwanakwerekwe and Mombasa Dragon Market
- Construction of community hall (Funguni)
- Construction of main bus terminal (Kijangwani)
- English Medium School

It is recommended that the UMC prioritize investment projects based upon the national and regional development plans, land area and suitability, existing industry base, geographical location, financial return on investment and targeted municipally owned properties.

5.3.3 Completing Feasibility Analysis on Priority Investment Projects

The Urban Municipal Council is recommended to aggressively and proactively pursue funding and assistance to complete feasibility analyses on priority investment projects. Investment projects that generate new revenue for the local government require an extensive feasibility analysis in order to validate the legitimacy and market value of the investment opportunity. Without a feasibility analysis, the investment project will remain a priority on paper, but never achieve market reality due to the uncertainty and lack of financial and commercial viability. By complete feasibility analysis, the UMC will have the information, justification and legally strategic roadmap to engage in the next step of completing a project and creating a new revenue generating operation.

In general, each investment project feasibility study is recommended to include a Strategic Case, Economic Case, Commercial Case, Financial Case and Management Case. The Tanzanian Public-Private Partnership Regulations (2020) provides a more detailed outline of the recommended elements to be included in feasibility studies that support public private partnerships. By following these recommendations, the UMC will have a feasibility assessment that will legitimize and advance the development of a revenue generating investment project.

5.3.4 Engaging Private Investment Market to Advance Projects

The final step in converting an identified investment opportunity into a new revenue generating project is utilizing the substantiated feasibility analysis to effectively engage the private sector. A recent set of feasibility analyses were completed as part of the World Bank Group funded Zanzibar Urban Service Project. These feasibility studies pertained to the following projects: a Bus Stand and a Market.

The economic and financial analysis completed for these projects support a PPP deal structure with the utilization of a Special Purpose Vehicle (SPV). The analysis outlines the appropriate processes for completing Request for Qualifications, Request for Proposals, Project Acceptance, Legal Obligations and Deal Structures. With these feasibility analyses, the UMC is in a very advantageous position to transition these potential projects into new revenue generation opportunities within the next 4-5 years.

5.4 Reduction in Compliance Cost

The World Bank Group and PWC published a research report entitled “Paying Taxes 2020” as part of the World Bank Group’s comprehensive Doing Business study. It looks at the challenges that governments experience when implementing new technology for revenue collection and the benefits from making paying taxes easier and more transparent. In the report, they quantify and compare countries on 4 Paying Taxes indicators: Time to Comply, Number of Payments, Total Tax and Contribution Rate and Post-Filing Index.⁵ UMC is encouraged to begin tracking its revenue management system on the basis of these tax indicators in order to bring alignment with international standards of evaluating tax performance. Reduction in Cost Compliance requires creating an online presence for data sharing, establishing electronic payment systems and increasing the amount of mobile technology available for revenue administration.

In order to achieve Reduction in Compliance Costs, it is recommended that UMC pursue the following revenue enhancement strategies:

5.4.1 Creation of a Website

By creating a website, UMC will have the ability to post tax rules, regulations, frequently asked questions, forms, notifications, filing deadlines and key staff contact information. Providing this information to taxpayers electronically will allow them to better understand their responsibility for paying taxes and empower them with information to follow all compliance requirements. This will generate a significant cost savings because UMC will reduce the amount of staff time needed to answer in person questions and reduce the amount of direct outreach activities. By posting the rules, regulations, notifications and deadlines, the taxpayers within UMC will have sufficient information to properly complete tax compliance requirements. In addition, by having forms available online, the UMC can improve the data collection process. These activities will also increase the level of transparency for the UMC revenue management system.

5.4.2 Establishment of Electronic Payments

E-filing and e-payment have various benefits that have made the tax preparation process easier for businesses, including the ability to file a tax return from one’s office at a convenient time and the ability to prepopulate tax forms with data already held by the tax administration.⁶ In addition to the benefits provided to taxpayers, implementing an e-payment system will generate a significant cost savings because UMC will reduce the amount of staff time needed to interact with taxpayers during their tax submission process. It will also increase the speed of accepting payments and reduce the opportunity for corrupt practices that could exist within the manual payment system.

5.4.3 Acquisition of Mobile Equipment

According to the UMC Strategic Plan (2019), there is a Strategic Result to increase the number of POS machines from 39 to 100. In addition, there is a Strategic Result to increase the number of Modern Communication Tools from 56 to 118. These results will increase the ability for UMC staff

⁵ <https://www.pwc.com/gx/en/services/tax/publications/paying-taxes-2020.html>

⁶ <https://www.pwc.com/gx/en/services/tax/publications/paying-taxes-2020.html>

to effectively engage with taxpayers in the field in order to proactively ensure tax compliance. It will also simplify the compliance process for taxpayers because they would not have to leave their business and stand in line at government offices during designated time periods to pay their taxes.

5.5 Improved Stakeholder Engagement

Improved Stakeholder Engagement entails having a comprehensive approach that increases the opportunity for taxpayers and UMC staff to connect on revenue issues; reduces the difficulty of information sharing about revenue related items; encourages open and honest dialogue on issues and challenges with the revenue management system; and improves the perception of UMC's revenue collection efforts in order to build confidence and trust from taxpayers. Improved Stakeholder Engagement requires establishing a communication plan for each revenue type; creating an electronic feedback system; hosting regular Public Private Dialogues on existing and new By-Laws pertaining to revenue collection; and linking public service delivery to revenue collection system.

In order to achieve Improved Stakeholder Engagement, it is recommended that UMC pursue the following revenue enhancement strategies:

5.5.1 Communication Strategy designed for each Revenue Stream

Each revenue type has a unique corresponding taxpayer. Whether it is a business looking to secure a license, a shop owner renting market space, a driver utilizing public parking facilities, a resident receiving waste management services or an advertising firm seeking to promote their product, the interaction between the UMC and the taxpayer varies significantly by revenue type. The nature and frequency of these interactions demands a unique communication strategy in order to effectively engage with revenue specific stakeholders. Revenue specific communication approaches will allow for relevant, customized and content rich communication narratives that directly contribute to sensitizing taxpayers on their responsibilities to pay taxes. These communication strategies should utilize and exploit the unique relationship between the UMC and the taxpayer in order to effectively convey important information. For example, the market leases and business license applications could require businesses to provide electronic communication channels that will be utilized to communicate tax deadlines and upcoming changes to by-laws. Creating a website that is designed to provide user customized information will encourage its use by taxpayers and increase their proactive engagement with the revenue collection system.

5.5.2 Create electronic Feedback System to ensure customer satisfaction

Customer satisfaction is typically not measured during the administration of revenue collection systems at any level of government. The general government sentiment is that taxpayers are obligated to follow the law and it is their responsibility to comply with existing regulations. If this sentiment exists, taxpayers are not seen as a customer of government services, but rather just an instrument to achieve public expenditure goals. Over time, this erodes public trust in the revenue management system and directly leads to proactive tax avoidance. Requesting feedback from customers is the best way to increase their satisfaction and encourage their continued

utilization of the service, i.e. continue to pay taxes. Therefore, it is recommended that UMC create an electronic feedback system that sends a brief set of questions to taxpayers after they have successfully submitted their tax payments. This system would require an initial setup but can be designed to be automatically implemented without the need of staff resources. Having systematic feedback information would provide UMC with valuable insight as to how to improve their revenue collection process and better serve the taxpayers of the community.

5.5.3 Public Private Dialogue Strategy on Revenue By-Laws

The Private Stakeholder Analysis demonstrated a sentiment by the private sector that there has been minimal dialogue and engagement by the UMC with the private sector on Market Rents, Bus Fees and Solid Waste Collection. This minimal engagement through a lack of Public Private Dialogues creates animosity and confusion amongst taxpayers, while reducing public confidence and encouraging tax avoidance schemes. By committing to host regular Public Private Dialogues to discuss existing By-Laws and debate potential changes to By-Laws pertaining to revenue collections, the UMC will demonstrate a willingness to include private sector feedback in the legislative process. This strategy will build trust in the local government process and ultimately lead to better tax compliance and a better informed taxpayer constituency.

5.6 Strengthened Administrative Capacity

Strengthening Administrative Capacity requires establishing standard operating procedures for all activities associated with each revenue type; budgeting and implementing a systematic training program for targeted administrative functions; and instituting a comprehensive performance evaluation system for employees within the revenue management system. By implementing these administrative strategies, employees responsible for revenue collections within the Urban Municipal Council will have greater understanding, training and accountability in order to effectively collect revenue for the municipality.

In order to achieve Improved Stakeholder Engagement, it is recommended that UMC pursue the following revenue enhancement strategies:

5.6.1 Revenue Specific Standard Operating Procedures

Each revenue type for the UMC is recommended to have Standard Operating Procedures (SOPs) in order to ensure equitable implementation of revenue collection activities. Taxpayer uncertainty about the revenue collection process is a significant contributor to a deterioration of public trust in UMC's revenue management system and increases the probability of tax avoidance activities. It is recommended that UMC work with a select group of existing taxpayers to help to establish these SOPs. Having customer input during the process will ensure that the procedures are designed in a user friendly manner, which will directly contribute to increase revenue collections. Once these SOPs are completed, it is strongly recommended that they be made available to the general public in an effort to sensitize the population on their specific obligations to pay taxes and fees.

5.6.2 Systematic Training for Targeted Administrative Functions

The SWOT Analysis identified the need to improve the effectiveness of UMC staff as it pertains to administering the revenue management system. The UMC is strongly recommended to establish a comprehensive training program for the staff responsible for revenue collection activities. This comprehensive training program should be mandatory, multi-year and focused on the following administrative functions: Project Management, Contracts, Auditing, Budgeting, Community Engagement and Ethics. This will require the leadership of the UMC to proactively identify funding opportunities and aggressively secure financial resources to establish this systematic training program. Having better trained and competent staff will allow the UMC to realize improvements in their revenue management system.

5.6.3 Comprehensive Employee Performance Evaluation System

Accountability is the foundation of a successful revenue management system. Accountability is achieved within an organization through clearly defined job descriptions and documented performance evaluation procedures that are equitably and effectively administered throughout the entire organizational structure. By having current and clearly drafted job descriptions, UMC will be able to more effectively hire competent staff and communicate clear expectations to existing staff to encourage proper employee performance. In addition, having effective performance evaluation procedures will ensure that competent employees are rewarded, while allowing for dismissal of incompetent and corrupt employees. By improving employee performance and creating mechanisms to effectively dismiss underperforming employees, the UMC will improve its ability to provide efficient revenue collection services.

5.7 Specific Revenue Type Recommendations

Based upon public sector and private sector stakeholder feedback the following revenue specific analysis and recommendations are provided to improve the success of the revenue management system. Table 5 below provides the Revenue Specific Recommendations.

Table 5: Revenue Specific Recommendations

| SN | REVENUE SOURCE | COUNCIL'S STRENGTHS | COLLECTION STATUS/WEAKNESSES | STRATEGIES TO BOLSTER REVENUES |
|----|--|--|--|---|
| 1 | Markets Rents (Mombasa, Darajani and Mwanakwere kwe) | <ul style="list-style-type: none"> • Large numbers of small and medium scale businesses • UMC is the business centre; potential for visitors/tourism • Accessible; strategically positioned and well connected | <ul style="list-style-type: none"> • Worn out market infrastructures • Presence of political will and central Government support • Some revenue collection officers not faithful • Some market stalls not in use • Weak contracts with revenue collection Agents • Supervision and Monitoring not satisfactory • Other stalls and structures are not own by UMC | <ul style="list-style-type: none"> • Market infrastructures improved • All market stalls utilized • Supervision and Monitoring strengthened • Careful scrutiny of potential revenue collection agents required • Contracts to bind both sides and beneficial to the council • Where necessary defaulters dragged to court (legal enforcement) • Forums with market stall owners convened • All business owner gets direct contract with the council |
| 2 | Business License | <ul style="list-style-type: none"> • UMC is the business centre; potential for visitors/tourism • Number of different types of business are on the rise • Engagement and discussion with the private sector are in progress | <ul style="list-style-type: none"> • Some business owner escaping paying business license due to January to December licensing period • Some political interference which may affect enforcement • Supervision and monitoring of the source not satisfactory | <ul style="list-style-type: none"> • Regular Supervision and Monitoring strengthened • Mechanism for License provision improved, timely issuing • Legal action against defaulters taken • Establish database; actual list of business entities obtained |

| SN | REVENUE SOURCE | COUNCIL'S STRENGTHS | COLLECTION STATUS/WEAKNESSES | STRATEGIES TO BOLSTER REVENUES |
|----|-------------------------|--|--|--|
| | | | <ul style="list-style-type: none"> • There are not up to date data of the businesses for charging business license • Closure of businesses during follow ups | <ul style="list-style-type: none"> • Awareness created to the business-persons on the importance of paying business license • Political leaders will be facilitated in order to understand on the important of and the need for licensing |
| 3 | Market Stalls | <ul style="list-style-type: none"> • More than 150 stalls owned by UMC • Microeconomics seems vibrant • Many small scale businesses create demand for more space for doing business | <ul style="list-style-type: none"> • Supervision and monitoring of the source not satisfactory • Bad demeanor of some tenants not to pay rent • Legal enforcement not satisfactory • Worn infrastructures • No sewage systems • Rate not reviewed periodically to address O&M • Few forums with the tenants | <ul style="list-style-type: none"> • Regular Supervision and Monitoring strengthened • Legal action against defaulters taken • Infrastructures to be improved • New markets constructed • Rates to be reviewed regularly • Forums with tenants and other stakeholders encouraged |
| 4 | Liquid Waste Management | <ul style="list-style-type: none"> • More than 1 million liquid waste produced everyday • Council owned vehicle available for removing liquid waste | <ul style="list-style-type: none"> • Number of vehicles not enough • Vehicle Management {diesel and maintenance and operations} not satisfactory • Untimely provision of the required services | <ul style="list-style-type: none"> • More vehicles to be procured • Rates to be reviewed regularly • Proper management of the vehicle ensured and adhered • Services provided timely, first come |

| SN | REVENUE SOURCE | COUNCIL'S STRENGTHS | COLLECTION STATUS/WEAKNESSES | STRATEGIES TO BOLSTER REVENUES |
|----|--|--|--|---|
| | | <ul style="list-style-type: none"> • Populations' willingness to pay for the service • Change of civilization/culture from pit latrine to more improved especially flushing toilets | <ul style="list-style-type: none"> • Supervision and monitoring of the source needs improvements • Other native does not know if the council had car used to collect liquid waste | <p>first serve program applied</p> <ul style="list-style-type: none"> • Publication should be made in order for communities to understand the availability of liquid Waste management • Regular supervision and monitoring of the vehicle should be conducted |
| 5 | Bus Stands | <ul style="list-style-type: none"> • Parking areas available • Traffic count; estimated 130 vehicles/day • Owners of vehicles are willing to pay • Bylaws in place | <ul style="list-style-type: none"> • Worn out infrastructures • Stakeholders not well harmonized • There is no camera which monitor in and out car • The parking space are not enough in the Bus stand | <ul style="list-style-type: none"> • Parking structures improved • Stakeholders sensitized • Supervision and Monitoring strengthened • Parking parlors/lots allocated • Parking Signs should be in place • Improvement of the parking space should be done • Camera which monitor in and out car should be fixed • The gets should be fixed for easy revenue collection |
| 6 | Adds for Entertainments/Advertisements | <ul style="list-style-type: none"> • More than 3,000 Advertisement sign Boards available • Vans/lories used every week for | <ul style="list-style-type: none"> • Database for Billboards not available • Weak M&E • Sensitization to be increased | <ul style="list-style-type: none"> • Monitoring and supervision strengthened • Community sensitized |

| SN | REVENUE SOURCE | COUNCIL'S STRENGTHS | COLLECTION STATUS/WEAKNESSES | STRATEGIES TO BOLSTER REVENUES |
|----|----------------------------|--|--|---|
| | | advertisement within the Municipality • People are willing to pay local levies | • Follow-up on this source needed • The security stakeholder is not involved on monitoring of this source • Awareness creation, if any, it's partly done | • Security stakeholder should involve on monitoring of this source |
| 7 | Weekly and Monthly Auction | • Influx of people attend Auctions | • Community sensitization is needed • Infrastructures not satisfactory around auction/Market area | • Proper infrastructures should be in place • Use local radios, brochures to sensitize the Wananchi to attend |
| 8 | Crop cess | • Good weather for cereal crops • High yields for cereals for both food and cash crops • Markets are available | • Realist crop statistics missing • Significant # of tax avoiders (late night transportation) • Agriculture is not mechanized, traditional methods/approaches widely used; limiting productivity • Harvest statistics missing • No regular follow ups and monitoring of source | • Agriculture Extension Officers to be used to collect data and analyzed • Taxpayer education very important • Agriculture Input industries focused, use PPP • By Laws reviewed and enforced • Manpower properly managed • Monitoring and Evaluation of source should be conducted • Rate reviewed • Encourage intensive agriculture |

| SN | REVENUE SOURCE | COUNCIL'S STRENGTHS | COLLECTION STATUS/WEAKNESSES | STRATEGIES TO BOLSTER REVENUES |
|----|--------------------------|---|---|--|
| | | | | <ul style="list-style-type: none"> Control gates installed |
| 9 | Health Examination | <ul style="list-style-type: none"> Relatively large numbers of residents/populations attending requiring health check | <ul style="list-style-type: none"> Community sensitization not satisfactory, Specialized health services not available Electronic revenue collection systems not linked to council's revenue collection system M&E needs strengthened | <ul style="list-style-type: none"> Vigorous sensitization and awareness creation are paramount Electronic service delivery, reporting and revenue collection software encouraged Auditing for public funds is mandatory and weaknesses dealt with accordingly Performance management and appraisals should be carried regularly Surprise checks and internal auditing rarely done |
| 10 | Building Permits | <ul style="list-style-type: none"> New buildings constructed per annum Availability of staff (Building Engineers) | <ul style="list-style-type: none"> Community sensitization not enough Follow up/inspections not done regularly Shortage of staff to inspect and issue permits | <ul style="list-style-type: none"> Designate a staff, deploy WEOs and MEOs where possible Provide transport facilities Legal enforcement for tax avoiders |
| 11 | Forest (plant nurseries) | <ul style="list-style-type: none"> Increased awareness by community for improved environment Urban forest on the rise | <ul style="list-style-type: none"> Weak follow up Transport facilities not available Local Tax avoiders | <ul style="list-style-type: none"> Strengthen follow ups & supervision Transport facilities provided Due to shortage of staff, WEOs and |

| SN | REVENUE SOURCE | COUNCIL'S STRENGTHS | COLLECTION STATUS/WEAKNESSES | STRATEGIES TO BOLSTER REVENUES |
|----|--|--|---|---|
| | | <ul style="list-style-type: none"> • Timber for construction is on high demand | | <ul style="list-style-type: none"> • VEOs can be deployed • Legal enforcement strengthened |
| 12 | Solid Waste Management | <ul style="list-style-type: none"> • More than 150 ton of solid waste produced each day • Equipment and vehicles available (skip masters) • High # of Business community • Common citizens willing to pay for garbage produced (more than 22,307 households reside within UMC) | <ul style="list-style-type: none"> • Transport facilities not enough • Coordination for solid waste management not satisfactory • Management of vehicles (services and diesel) not properly done • POS machine not effectively used | <ul style="list-style-type: none"> • Improve coordination and organization (establish chain of communication) • Involve local Leaders (Wards and Shehias) • Encourage use of official receipts • Encourage effective collection of garbage • Monitoring and Evaluation improved • Legal enforcement |
| 13 | Management of routes for public vehicles | <ul style="list-style-type: none"> • There are more than 250 vehicles offering public transport within UMC and nearby areas • Willingness of Drivers and Vehicle owners | <ul style="list-style-type: none"> • Weak engagement of Drivers and owners of vehicles • Awareness has to be conducted • Legal enforcement for tax avoiders • There is not up to date data on the number of vehicles | <ul style="list-style-type: none"> • Round table discussion encouraged • Foster partnership with LATRA, POLICE and group leaders • Update the existing number of vehicles for better revenue projection and collection |
| 14 | Open Spaces | <ul style="list-style-type: none"> • There are open spaces • High demand of open spaces especially during holiday seasons | <ul style="list-style-type: none"> • Recreational structures not well developed and maintained • Encroachment of spaces | <ul style="list-style-type: none"> • Establish legal ownership • Remove encroachers by obtaining |

| SN | REVENUE SOURCE | COUNCIL'S STRENGTHS | COLLECTION STATUS/WEAKNESSES | STRATEGIES TO BOLSTER REVENUES |
|----|----------------|--|--|--|
| | | <ul style="list-style-type: none"> Open spaces located in prime areas | <ul style="list-style-type: none"> UMC does not open spaces Weak monitoring and No Investment plan for open spaces | <p>certificate of right of occupancy</p> <ul style="list-style-type: none"> Review contracts (those available) Regular supervision and monitoring highly needed Enforce Bylaws and so the contracts Designate a staff specifically for open spaces Establish boundaries to avoid unnecessary encroachment |
| 15 | Parking Fees | <ul style="list-style-type: none"> Demand for parking facilities on the rise Compliance by vehicle operators satisfactory, Spaces/Areas available which can be used parking | <ul style="list-style-type: none"> Few designated areas or spaces Parking lots not well developed, No sophisticated revenue collection system to reduce collection cost | <ul style="list-style-type: none"> Improve existing structures Locate and develop parking facilities within CBD Install sophisticated but simple collection infrastructures and systems |

Chapter 6: Revenue Forecasts over Five Years

A forecast has been created for Total Revenues, Market Rental Fees, Business License Revenue, Parking Revenue, Solid Waste Fee Revenue and Advertisement Revenue. This revenue forecast utilizes the trend analysis completed based upon the 7 years of actual revenue collection data that was provided for the report.

The revenue forecasts assume the following conditions:

- No changes in fee rates or charges for revenue generating activities
- No significant changes in usage rates for revenue generating activities
- No legislative changes that would impact UMC revenue generating activities

Utilizing these model assumptions combined with the statistical data generated from the trend analysis over the past seven years of actual revenue collection, a 5 year forecast for Total Revenue and the major revenue streams are provided below.

6.1 Total Revenue Forecast

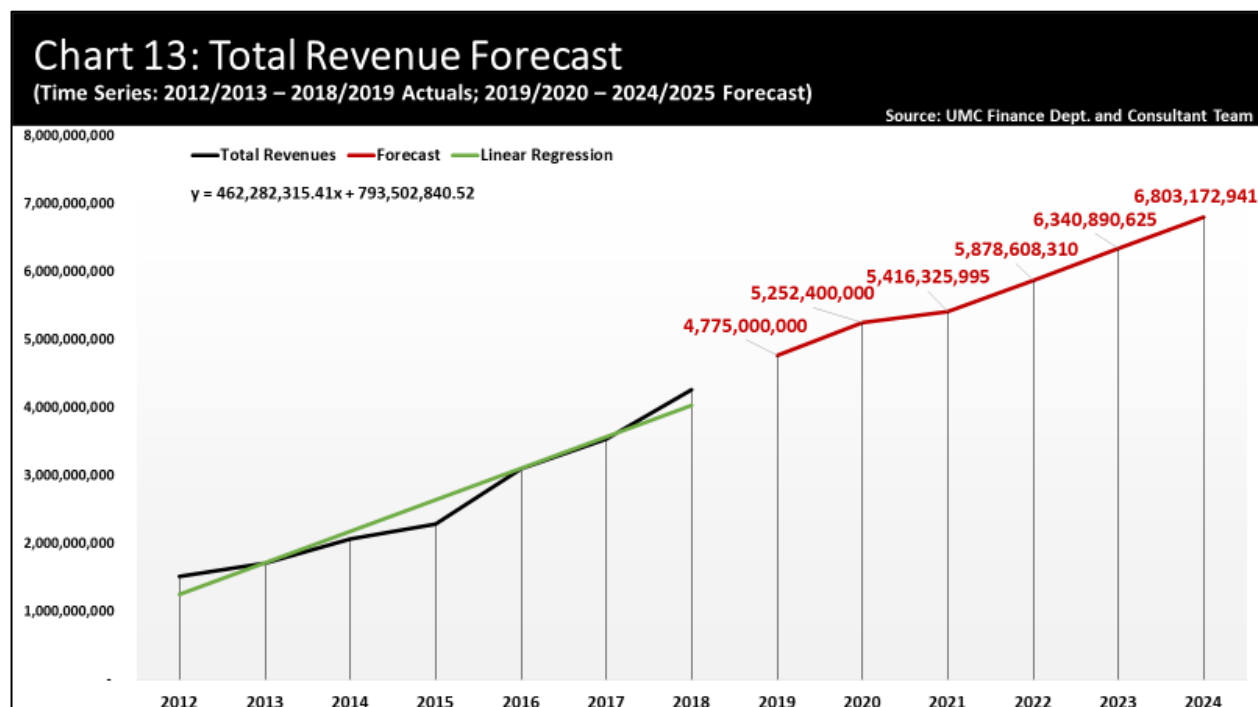
Total Revenues are forecasted to increase to 6,803,172,941 TZS by 2024/2025. This is 2,534,836,375 TZS more than the actual revenue collections from 2018/2019, which represents an increase of 59% over the forecast period.

Chart 13 below shows the Total Revenue Forecast for the time period (2019/2020-2024/2025). Table 6 shows the annual Total Revenue Forecast and Annual Percentage Change for the same period. On average, Total Revenues are forecasted to increase by approximately 7.36% on an annual basis.

| Year | Forecast | % Change |
|-----------|----------------|----------|
| 2019/2020 | 4,775,000,000* | |
| 2020/2021 | 5,252,400,000* | 10.00% |
| 2021/2022 | 5,416,325,995 | 3.12% |
| 2022/2023 | 5,878,608,310 | 8.53% |
| 2023/2024 | 6,340,890,625 | 7.86% |
| 2024/2025 | 6,803,172,941 | 7.29% |

Table 6: Total Revenue Annual Forecast and Percent Change

Source: Consultant Team and UMC Finance Dept. (*)



6.2 Public Market Revenue Forecast

Public Market Revenues are forecasted to increase to 2,031,158,873 TZS by 2024/2025. This is 659,747,773 TZS more than the actual revenue collections from 2018/2019, which represents a 48% over the forecast period.

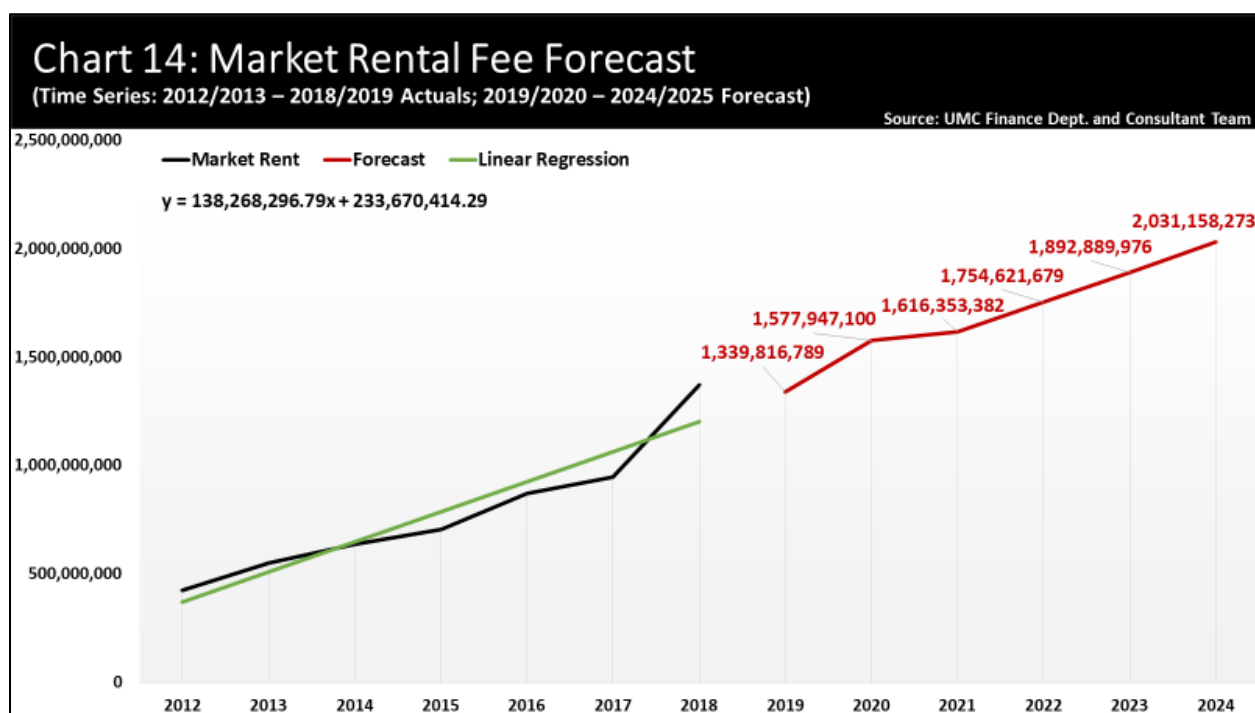
Table 7 shows the Annual Market Revenue Forecast and Annual Percentage Change for the time period (2019/2020-2024/2025). On average, Market Revenues are forecasted to increase by 8.79% on an annual basis.

Chart 14 below shows the Annual Public Market Revenue Collections from (2012/2013-2018/2019), the linear regression trend line and the Annual Public Market Revenue Forecast amount from (2019/2020-2024/2025). The Annual Public Market Revenue Forecast for fiscal year 2020/2021 was provided by the UMC Finance Department.

| Year | Forecast | % Change |
|-----------|----------------|----------|
| 2019/2020 | 1,339,816,789 | |
| 2020/2021 | 1,577,947,100* | 17.77% |
| 2021/2022 | 1,616,353,382 | 2.43% |
| 2022/2023 | 1,754,621,679 | 8.55% |
| 2023/2024 | 1,892,889,976 | 7.88% |
| 2024/2025 | 2,031,158,273 | 7.30% |

Table 7: Market Revenue Annual Forecast and Percent Change

Source: Consultant Team and UMC Finance Dept. (*)



6.3 Business License Revenue Forecast

Business License Revenues are forecasted to increase to 1,507,102,482 TZS by 2024/2025. This is 617,637,482 TZS more than the actual revenue collections from 2018/2019, which represents a 69% over the forecast period.

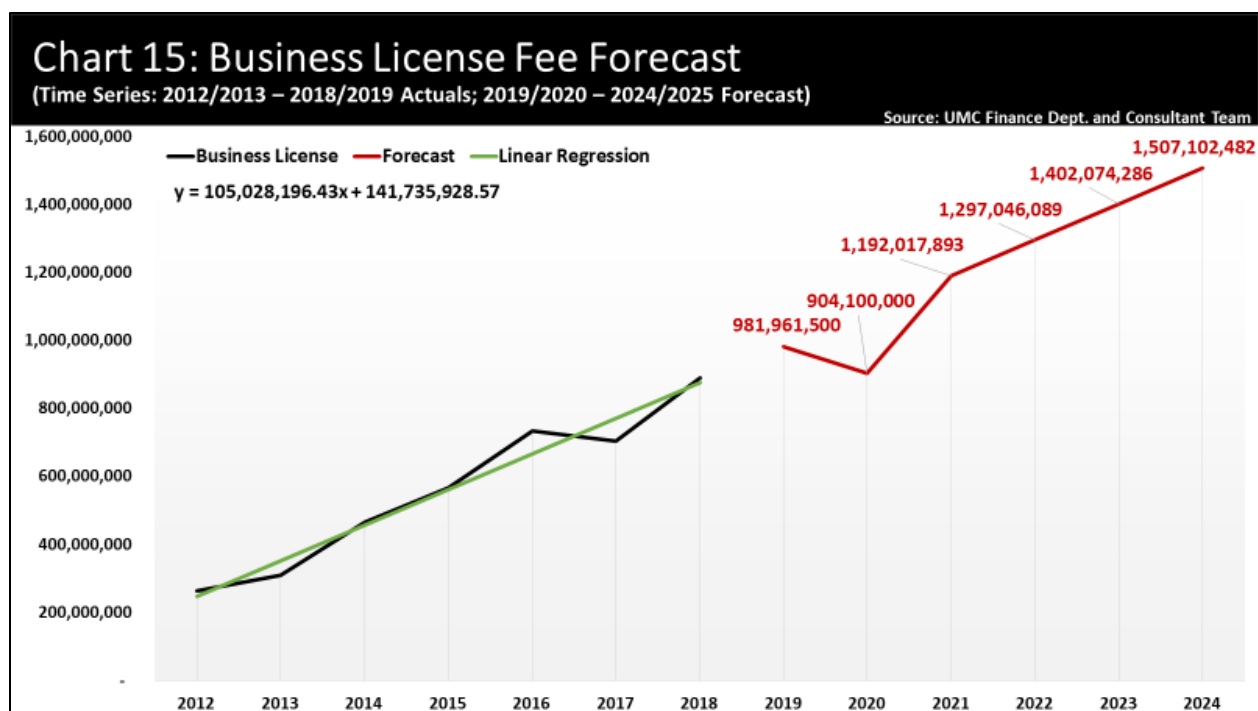
Table 8 shows the Annual Business License Revenue Forecast and Annual Percentage Change for the time period (2019/2020-2024/2025). On average, Business License Revenues are forecasted to increase by 9.66% on an annual basis.

Chart 15 below shows the Annual Business License Revenue Collections from (2012/2013-2018/2019), the linear regression trend line and the Annual Business License Revenue Forecast amount from (2019/2020-2024/2025). The Annual Business License Revenue Forecast for fiscal year 2020/2021 was provided by the UMC Finance Department.

| Year | Forecast | % Change |
|-----------|---------------|----------|
| 2019/2020 | 981,961,500 | |
| 2020/2021 | 904,100,000* | -7.93% |
| 2021/2022 | 1,192,017,893 | 31.85% |
| 2022/2023 | 1,297,046,089 | 8.81% |
| 2023/2024 | 1,402,074,286 | 8.10% |
| 2024/2025 | 1,507,102,482 | 7.49% |

Table 8: Business License Revenue Annual Forecast and Percent Change

Source: Consultant Team and UMC Finance Dept. (*)



6.4 Parking Revenue Forecast

Parking Revenues are forecasted to increase to 1,486,743,825 TZS by 2024/2025. This is 679,420,325 TZS more than the actual revenue collections from 2018/2019, which represents a 84% over the forecast period.

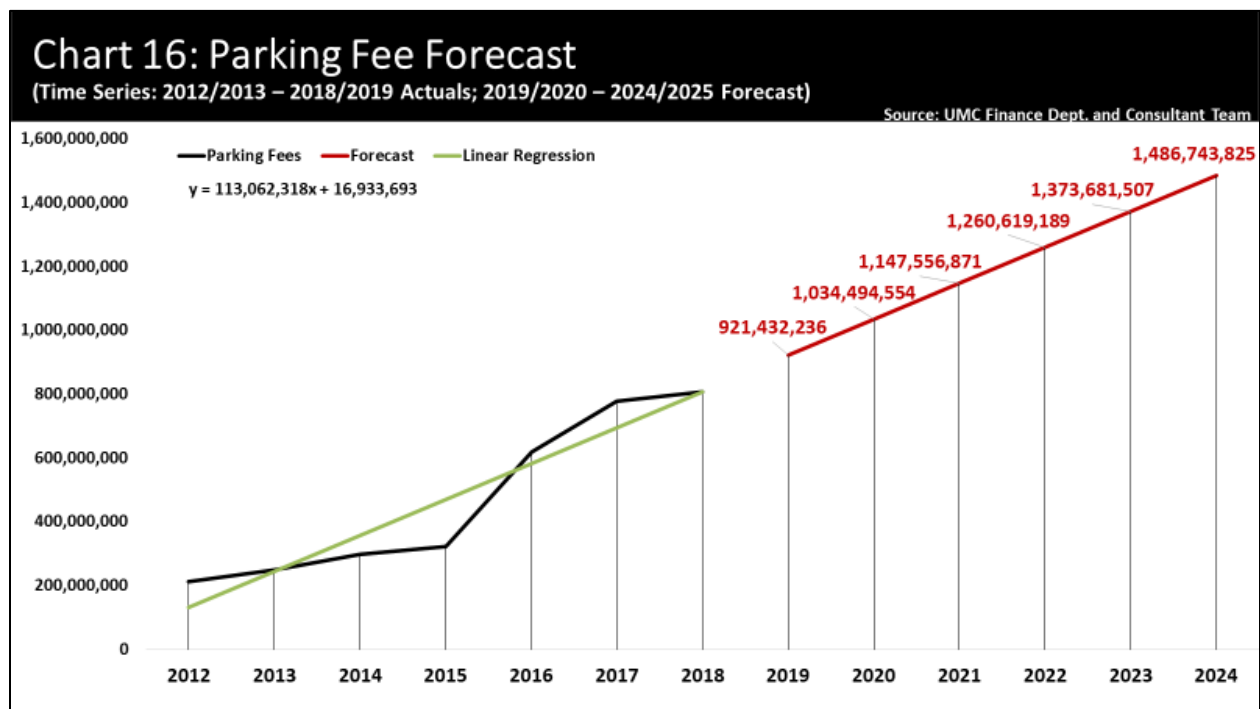
Table 9 shows the Annual Parking Revenue Forecast and Annual Percentage Change for the time period (2019/2020-2024/2025). On average, Parking Revenues are forecasted to increase by 10.05% on an annual basis.

Chart 16 below shows the Annual Parking Revenue Collections from (2012/2013-2018/2019), the linear regression trend line and the Annual Parking Revenue Forecast amount from (2019/2020-2024/2025).

| Year | Forecast | % Change |
|-----------|---------------|----------|
| 2019/2020 | 921,432,236 | |
| 2020/2021 | 1,034,494,554 | 12.27% |
| 2021/2022 | 1,147,556,871 | 10.93% |
| 2022/2023 | 1,260,619,189 | 9.85% |
| 2023/2024 | 1,373,681,507 | 8.97% |
| 2024/2025 | 1,486,743,825 | 8.23% |

Table 9: Parking Revenue Annual Forecast and Percent Change

Source: Consultant Team



6.5 Solid Waste Revenue Forecast

Solid Waste Revenues are forecasted to increase to 678,033,726 TZS by 2024/2025. This is 189,453,826 TZS more than the actual revenue collections from 2018/2019, which represents a 39% over the forecast period.

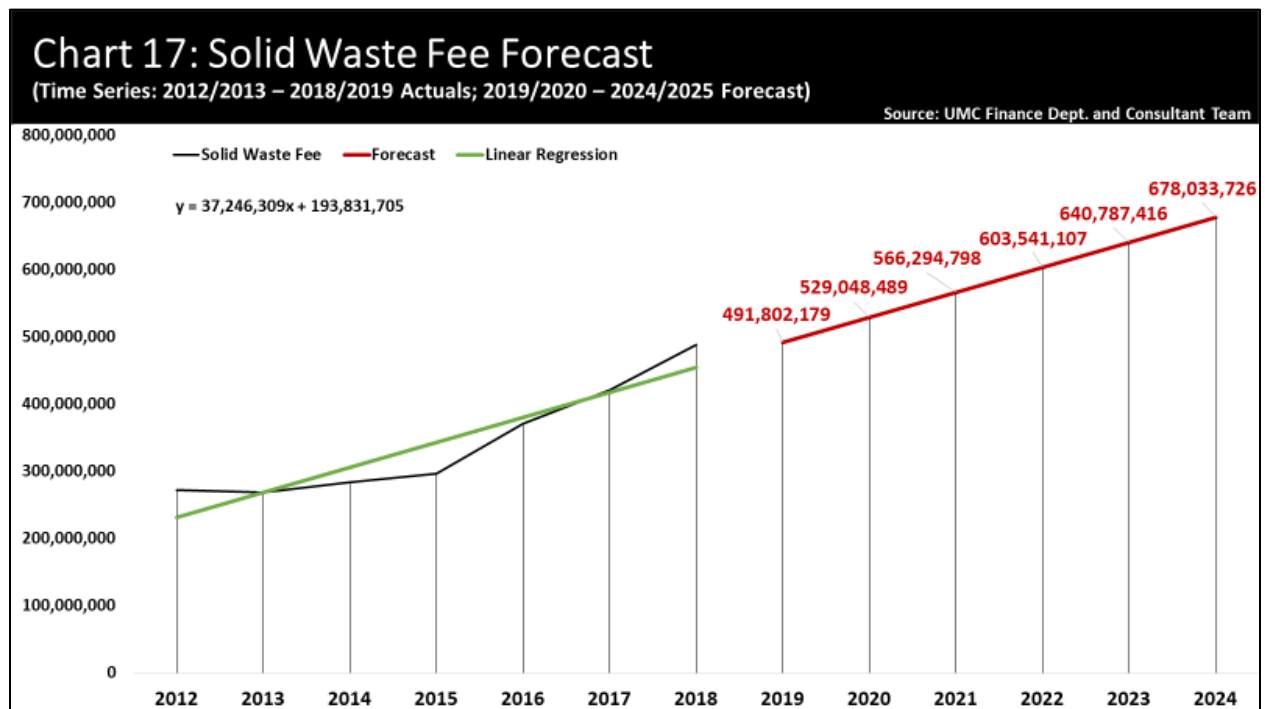
Table 10 shows the Annual Solid Waste Revenue Forecast and Annual Percentage Change for the time period (2019/2020-2024/2025). On average, Solid Waste Revenues are forecasted to increase by 6.63% on an annual basis.

Chart 17 below shows the Annual Solid Waste Revenue Collections from (2012/2013-2018/2019), the linear regression trend line and the Annual Solid Waste Revenue Forecast amount from (2019/2020-2024/2025).

| Year | Forecast | % Change |
|-----------|-------------|----------|
| 2019/2020 | 491,802,179 | |
| 2020/2021 | 529,048,489 | 7.57% |
| 2021/2022 | 566,294,798 | 7.04% |
| 2022/2023 | 603,541,107 | 6.58% |
| 2023/2024 | 640,787,416 | 6.17% |
| 2024/2025 | 678,033,726 | 5.81% |

Table 10: Solid Waste Revenue Annual Forecast and Percent Change

Source: Consultant Team



6.6 Advertisement Fee Revenue Forecast

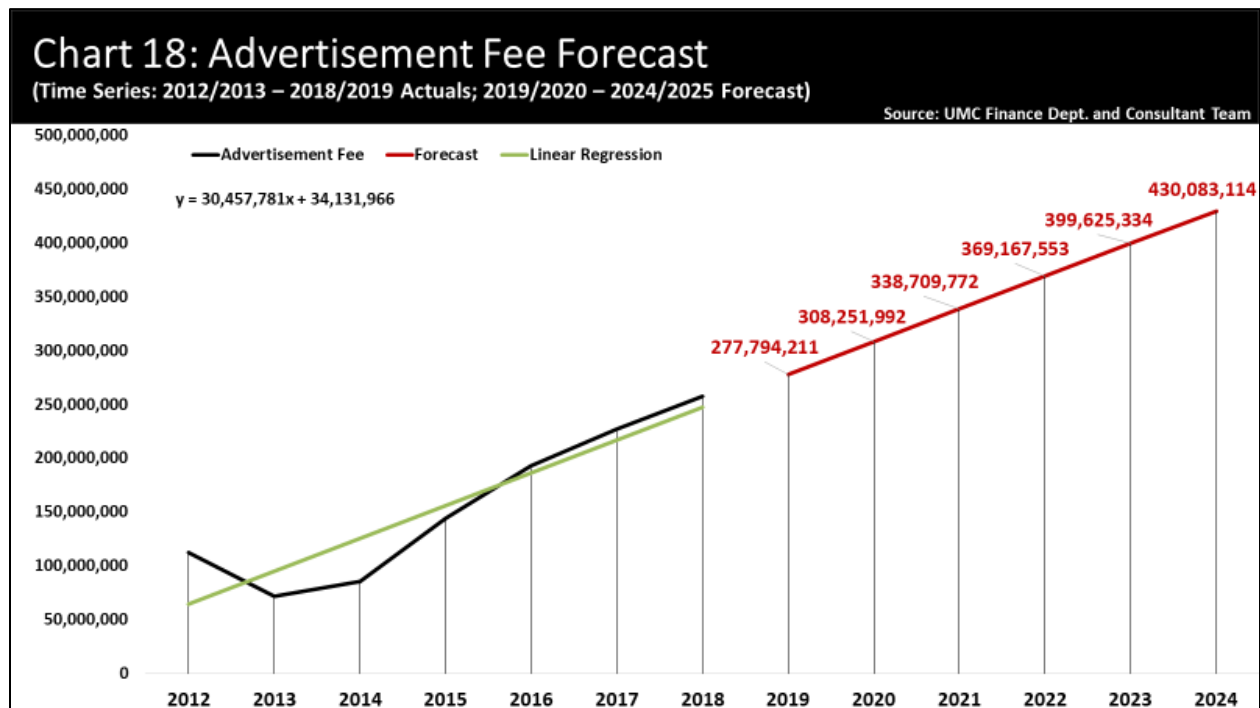
Advertisement Revenues are forecasted to increase to 430,083,114 TZS by 2024/2025. This is 172,514,699 TZS more than the actual revenue collections from 2018/2019, which represents a 67% over the forecast period.

Table 11 shows the Annual Advertisement Revenue Forecast and Annual Percentage Change for the time period (2019/2020-2024/2025). On average, Advertisement Revenues are forecasted to increase by 9.14% on an annual basis.

Chart 18 below shows the Annual Advertisement Revenue Collections from (2012/2013-2018/2019), the linear regression trend line and the Annual Advertisement Revenue Forecast amount from (2019/2020-2024/2025).

| Year | Forecast | % Change |
|-----------|-------------|----------|
| 2019/2020 | 277,794,211 | |
| 2020/2021 | 308,251,992 | 10.96% |
| 2021/2022 | 338,709,772 | 9.88% |
| 2022/2023 | 369,167,553 | 8.99% |
| 2023/2024 | 399,625,334 | 8.25% |
| 2024/2025 | 430,083,114 | 7.62% |

Table 11: Advertisement Revenue Annual Forecast and Percent Change
Source: Consultant Team



Chapter 7: Monitoring and Evaluation Plan

This Monitoring and Evaluation (M&E) Plan will help to track and assess the results of the interventions throughout the five year period of the UMC REMEP. It is a living document that will be referred to and updated annually by Urban Municipal council with stakeholders' engagement. Ideally, this M&E Plan stipulates the performance indicators and timing for carrying out internal assessments (monitoring) and external more vigorous assessment of the impact of revenues projected vi-as-vis actual collections (evaluation). It is a benchmark to be adhered by UMC.

This Monitoring and Evaluation plan is sought to be useful because it will require generation of written reports that contribute to transparency and accountability and will allow for lessons learned to be more easily shared throughout the organization. Additional benefits of the M&E Plan include the following:

- Provide a consolidated source of information showcasing progress of revenue collection
- Reveal the mistakes and offers paths for learning and improvements
- Provides a basis for questioning and testing revenue collection assumptions
- Provide a way to assess the crucial link between revenue collectors who are beneficiaries tasked with implementation and Councilors who are the decision-makers responsible for making public policy

7.1 Goals and Objectives of M&E Plan

The main goal of developing a revenue enhancement plan is to increase internal collections that are critically needed for delivery of improved socio-economic services within the Urban Municipal Council. Furthermore, the REMEP is designed to effectively engage stakeholders, especially the business community, in order to implement large market validated projects aimed at improving service delivery and increased revenues to the council.

To achieve this goal, the M&E Plan must identify the Problem, determine a Solution and articulate Success. These definitions were identified by stakeholder engagement throughout the REMEP participatory consultative process and are shown in Table 12 below.

Table 12: M&E Plan Definitions

| | |
|-----------------|---|
| Problem | Dwindling internal revenues compared to ever changing demand for improved socio-economic services within the Urban Municipality |
| Solution | Improve effectiveness and efficient revenue collection and management systems |
| Success | Increased revenue collected which is translated onto improved delivery of socio-economic services to communities |

7.2 Performance Indicators

Performance Indicators provide a signpost of change in collected revenues along the path to achieving the main objective of the UMC REMEP. These performance indicators help to track the progress towards achieving the Council's goal of improving internal revenue collection and delivery of better socio-economic services. The identified Performance Indicators include:

- Percentage of revenue collected
- Number of new revenue sources developed and collected
- Number of trainings held with revenue collection personnel
- Number of revenue sources coded in the council data base
- Number of public private dialogue convened and implemented
- Number of By-Laws reviewed and enacted
- Number of ICT tools and software used
- Number of supervision activities conducted at sources of revenue
- One stop center for simplified communication and tax payment
- Number of revenue sources reviewed for tax rate

7.3 Data Collection Methods and Timeframe

The staff of the Urban Municipal Council is recommended to collect the secondary data obtained from financial reports prepared by the Council. This will help to make the data collection process easier to accomplish within a short timeframe. In addition to these financial reports, focus group discussions with representatives of the business community and common citizens (disaggregated data) will also help to capture information to prepare needed qualitative indicators. All of the information obtained will be analyzed and communicated to stakeholders through the proposed information sharing and distribution procedures of this M&E Plan. The recommended information to be collected is shown in Table 13 below.

Table 13: M&E Plan Data Collection Requirements

| Information to be Collected | Data Source |
|--|--|
| Implementation process and progress on revenue collection | Revenue Enhancement Plan-M&E tools |
| Revenue collection statistics (Actual collections) | Financial reports, Revenue collection systems (POS, LGRCIS) |
| The success of the REMEP intervention at community level within the Municipality | Surveys with business communities and common citizens (e.g. communities paying Business License, Solid Waste service charge) |

| Information to be Collected | Data Source |
|---|---|
| Council performance in delivering socio-economic services (e.g. community's perception) | Open Performance and Appraisal forms, Council service charter, council annual performance reports |
| Trained revenue council staff | Training reports, Capacity Building plan, Career development reports |
| Qualitative data about the outcomes of the council's efforts to collect revenue and improve socio-economic services | Focus groups, in-depth interviews, listener/viewer group discussions, individual, case studies |
| ICT tools in place and functioning | ICT policy, Performance reports, Audit reports |
| Number of supervision activities conducted at sources of revenue | Supervision reports |
| Number of By-Laws reviewed and enacted | By-Law review report and Approval minutes |

During the life time of the REMEP, different data and information may collected and analyzed from time to time depending on requirements of the Urban Municipal Council, the desires of community stakeholders, the financial resources at disposal to undertake data collection, the timeline of the interventions and activities, and requirements from new legal provisions. Some data will be continuously gathered by the Council (such as the number of trainings), but these will be recorded once a year according to this M&E plan. Other types of data depend on outside sources, such as qualitative data about the outcomes of the Council's efforts to collect revenue and improve socio-economic services. This data collection process will require engagement of private sector, specifically the local business community and Wananchi.

7.4 M&E Roles and Responsibilities

Identifying and defining roles and responsibilities is a crucial part for effective implementation of this M&E Plan. Throughout the participatory consultative process, specifically the Stakeholder Meeting and the Council Management Meeting, Council staff discussed and distributed roles and responsibilities for implementation of Revenue Enhancement, Monitoring and Evaluation Plan.

There will be multiple departments responsible for data collection and analysis and every one of the M&E Team will have to work together to get data collected accurately and in a timely fashion. Each individual member of M&E Team is identified in Table 14 below. The table also shows the assigned Performance Indicator, Data Source and Timeframe for Data Collection.

Table 14: M&E Plan Indicators and Responsible Parties

| Indicator | Data Source | Timing | Data Manager |
|---|--|----------------|---|
| Implementation process and progress on revenue collection | Financial reports, Council Management reports on revenue | Every 6 months | Chief Accountant |
| Revenue collection statistics (Actual collections), percent of revenue collected | Point of Sale Machines, Local Government Revenue Collection system | Monthly | Assistant Director Planning and Administration |
| The success of the REMEP intervention at community level within the Municipality | Client survey reports, | Annually | Chief Accountant, Assistant Director Socio-economic Affairs |
| Number of trainings held with revenue collection staffs | Training attendance sheets | Every 6 months | Assistant Director Human Resource Management |
| Number of supervision activities conducted at sources of revenue | Activity sheet | Every 3 months | Revenue Accountants |
| Council performance in delivering socio-economic services (e.g. community's perception) | Survey reports, Focus group reports | Annually | Assistant Director Human Resource Management |
| ICT tools in place and functioning | Procurement reports, ICT implementation report | Every 6 months | ICT Staff |
| Number of By-Laws reviewed and enacted | By-Laws available | Annually | Council Solicitor |

7.5 M&E Plan Implementation

The effective implementation and management of this REMEP requires the identification of the existing state of the revenue management system (Baseline) as it pertains to the identified performance indicators. In addition, it is required to have a period of analysis in order to show the progress that is being made to achieve the targeted objective. Table 15 below provides the

Baseline, Period of Analysis and Progress Report. It is important to note that this table will have to be updated each year in order effectively implement the requirements of this M&E Plan.

Table 15: M&E Baseline and Target Information

| Indicator | Baseline | Year 1 | Lifetime Target | % of Target Achieved |
|---|----------|--------|-----------------|----------------------|
| Implementation process and progress on revenue collection | 0 | 20 | 100 | 20% |
| Revenue collection statistics (Actual collections), percent of revenue collected | 82% | 90% | 100% | 90% |
| The success of the REMEP intervention at community level within the Municipality | 60% | 70% | 100% | 70% |
| Number of trainings held with revenue collection staffs | 0 | 2 | 5 | 40% |
| Number of supervision activities conducted at sources of revenue | 8 | 12 | 60 | 20% |
| Council performance in delivering socio-economic services (e.g. community's perception) | 20 | 40% | 100% | 40% |
| ICT tools in place and functioning | 4 | 5 | 8 | 62.5% |
| Number of By-Laws reviewed and enacted | 5 | 5 | 12 | 42% |

7.6 M&E Plan Reporting

This REMEP requires thorough report preparation and communication with the Council Director, Assistant Directors, Councilors and Stakeholders, especially the business community and the general public. These reports and communications are should include analysis of the progress made in accomplishing the identified indicator and the required next steps for achieving the targeted results. These M&E reports are recommended to be prepared internally by Council staff using simple computer systems and software (MS Excel and Word) for data analysis and

preparation. It is also strongly recommended that these M&E reports be made available for public review in order to increase transparency and accountability of the UMC. Table 16 provides the M&E Reporting Requirements for the UMC REMEP.

Table 16: M&E Reporting Requirements

| Indicator | Data Manager | Report Mechanism | Frequency |
|---|---|---|-----------|
| Implementation process and progress on revenue collection | Chief Accountant | Report to Councilors and Council Director | Annual |
| Revenue collection statistics (Actual collections), percent of revenue collected | Assistant Director Planning and Administration | Report to Council Director | Quarterly |
| The success of the REMEP intervention at community level within the Municipality | Chief Accountant, Assistant Director Socio-economic Affairs | Report to Councilors and Council Director | Annual |
| Number of trainings held with revenue collection staffs | Assistant Director Human Resource Management | Report to Council Director | Quarterly |
| Number of supervision activities conducted at sources of revenue | Revenue Accountants | Report to Council Director | Quarterly |
| Council performance in delivering socio-economic services (e.g. community's perception) | Assistant Director Human Resource Management | Report to Councilors and Council Director | Annual |
| ICT tools in place and functioning | ICT Staff | Report to Council Director | Quarterly |
| Number of By-Laws reviewed and enacted | Council Solicitor | Report to Councilors and Council Director | Annual |

Appendix 1

Chart 19: UMC Owned Structure Fee Analysis (Time Series: 2012/2013 – 2018/2019)

Source: UMC Planning, Administration and Finance Dept

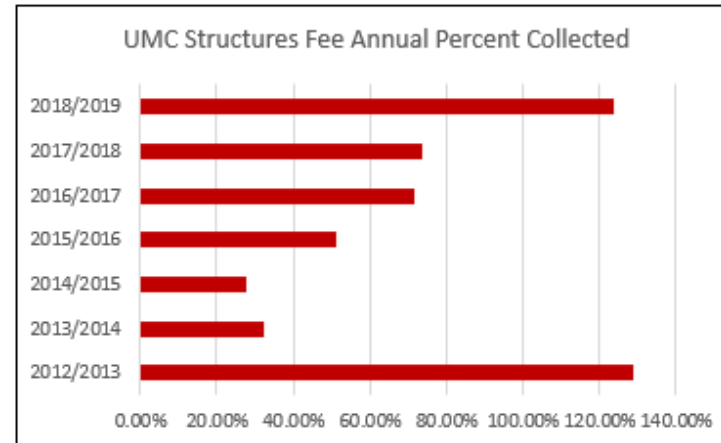
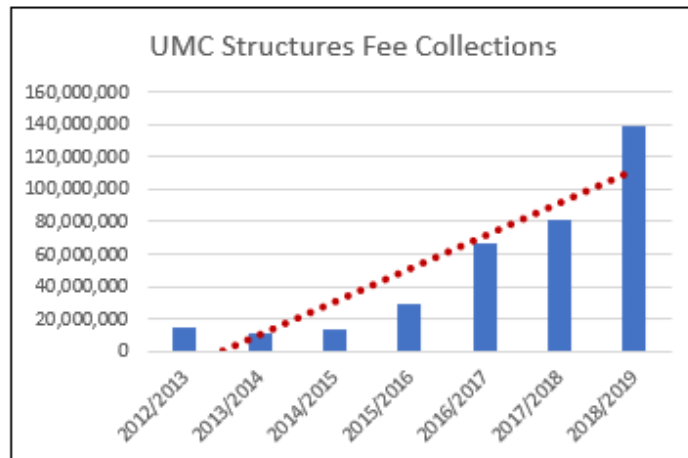
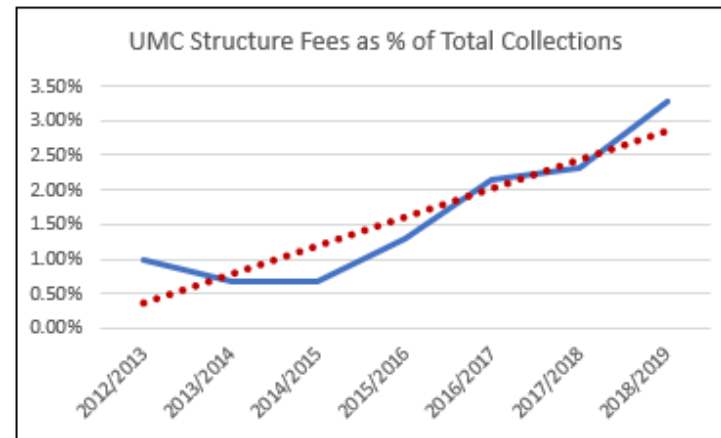
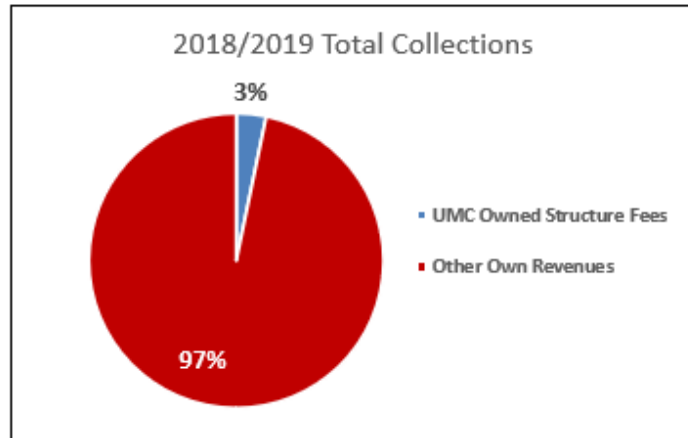


Chart 20: Rented Public Building Fee Analysis

(Time Series: 2012/2013 – 2018/2019)

Source: UMC Planning, Administration and Finance Dept

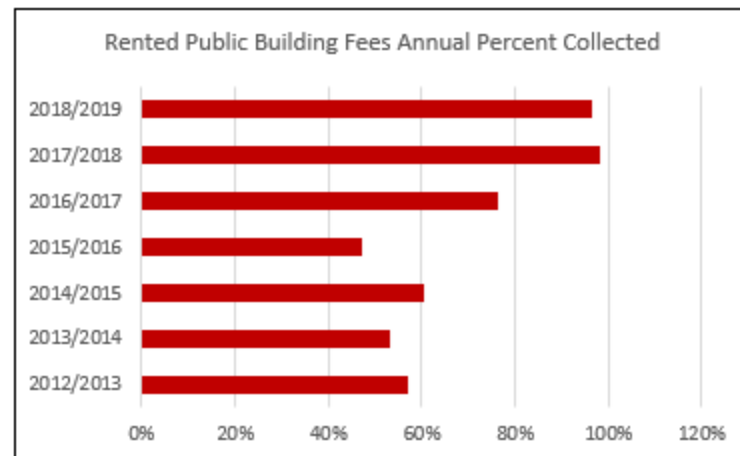
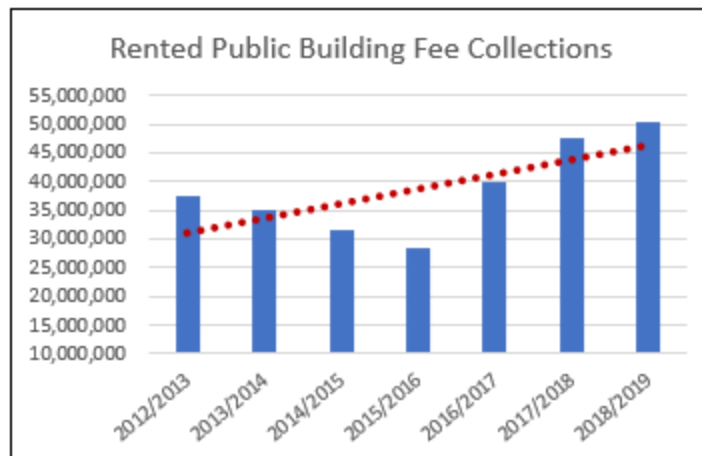
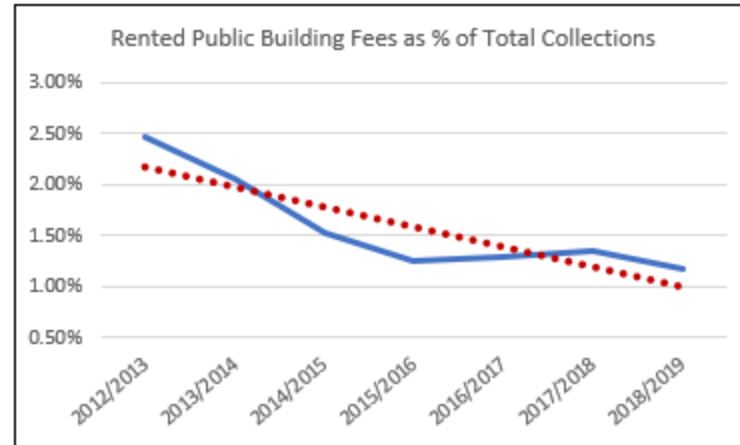
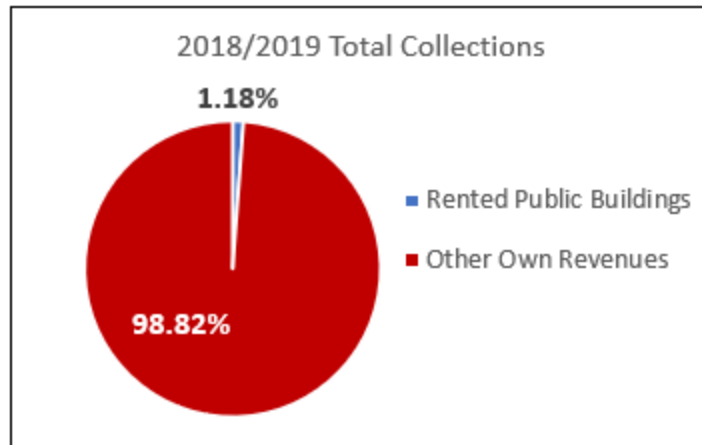


Chart 21: Building Permit Fee Analysis

(Time Series: 2012/2013 – 2018/2019)

Source: UMC Planning, Administration and Finance Dept

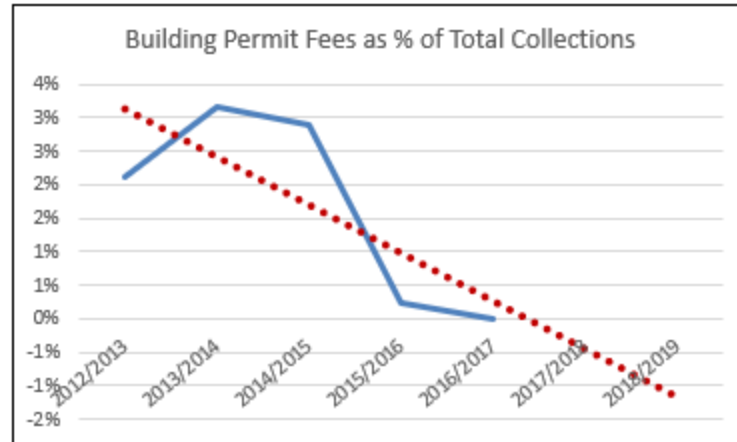
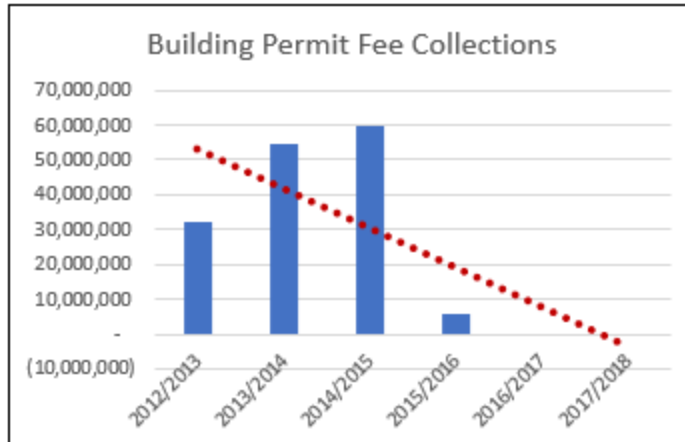


Chart 22: Cleanness Fee Analysis

(Time Series: 2012/2013 – 2018/2019)

Source: UMC Planning, Administration and Finance Dept

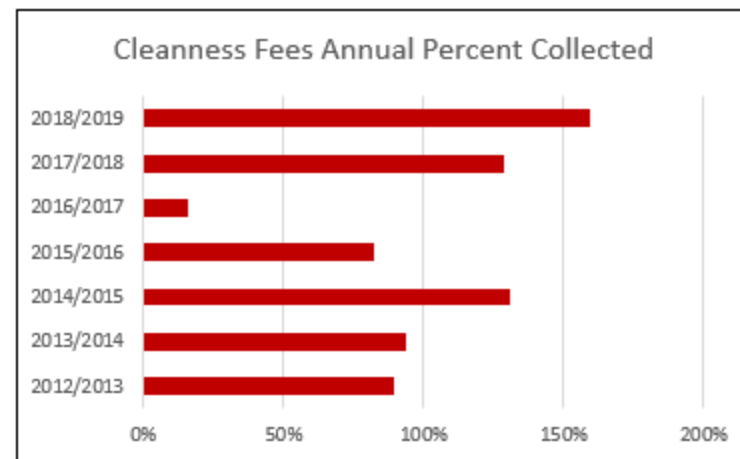
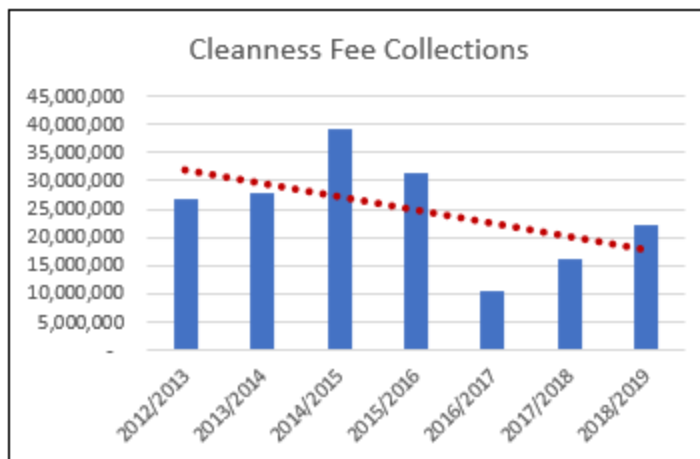
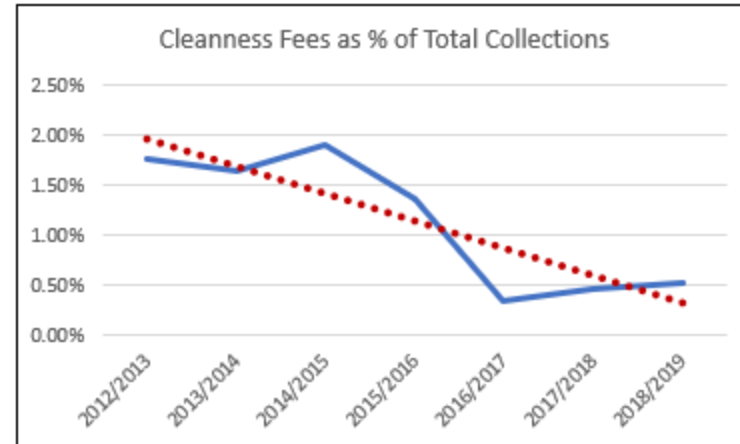
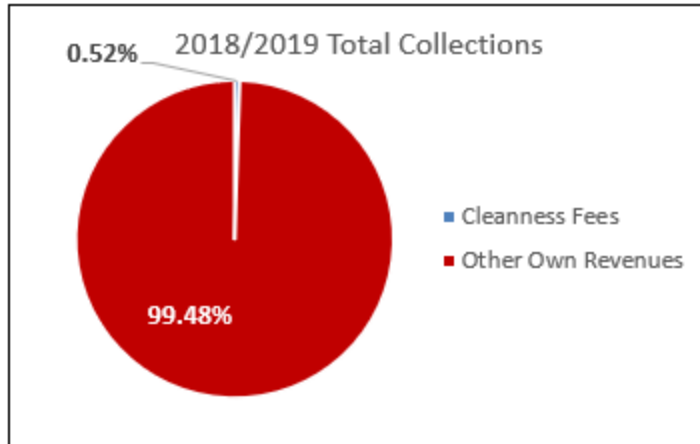


Chart 23: Recreational Fee Analysis

(Time Series: 2012/2013 – 2018/2019)

Source: UMC Planning, Administration and Finance Dept

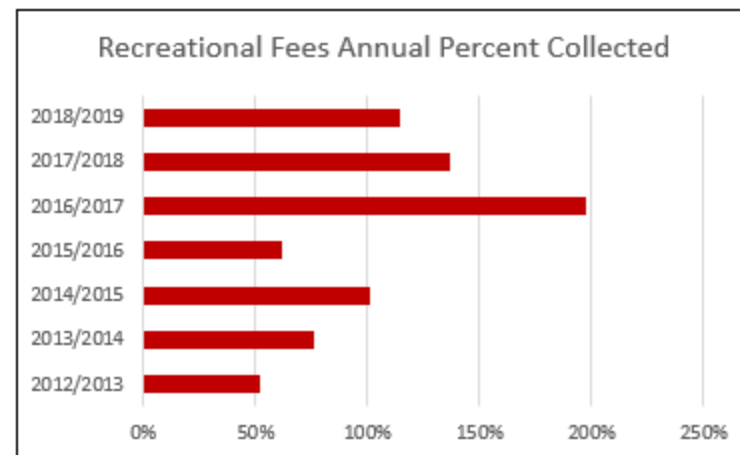
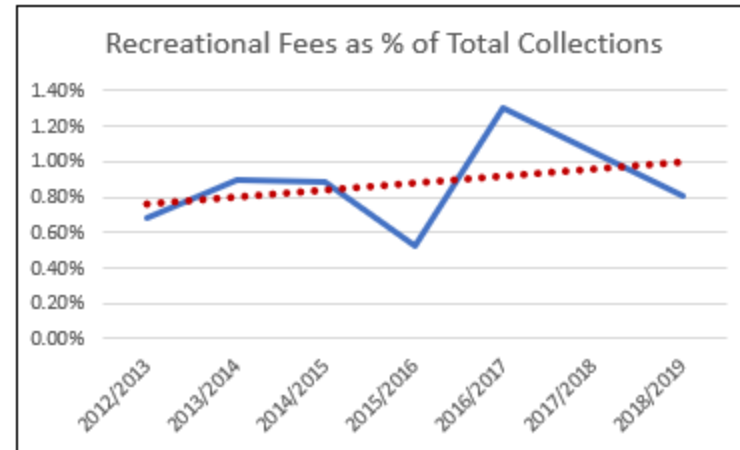
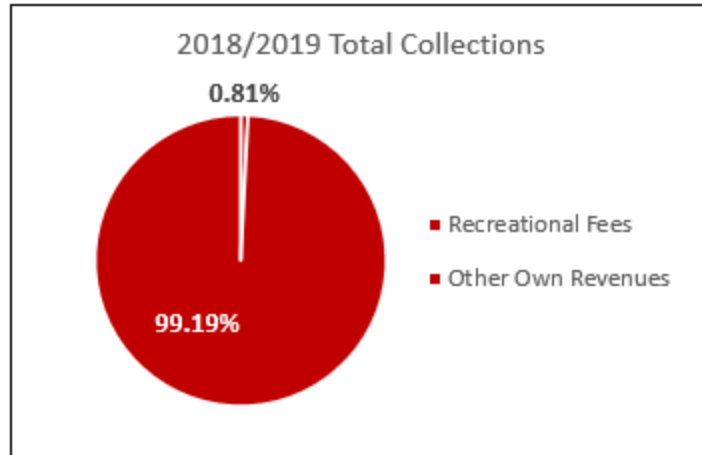


Chart 24: Business License Application Fee Analysis

(Time Series: 2012/2013 – 2018/2019)

Source: UMC Planning, Administration and Finance Dept

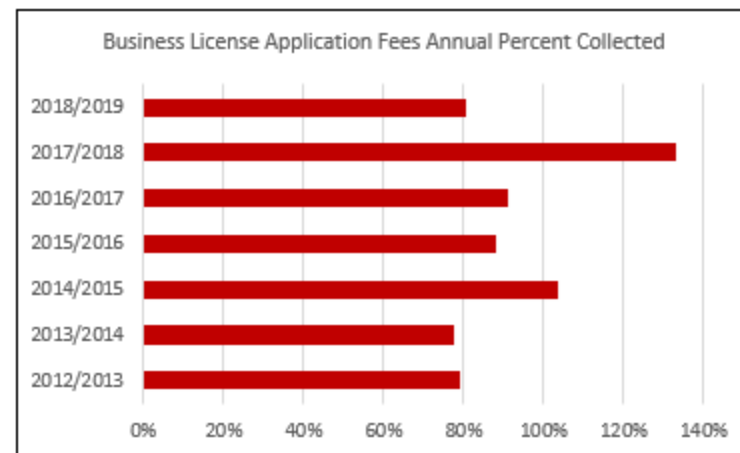
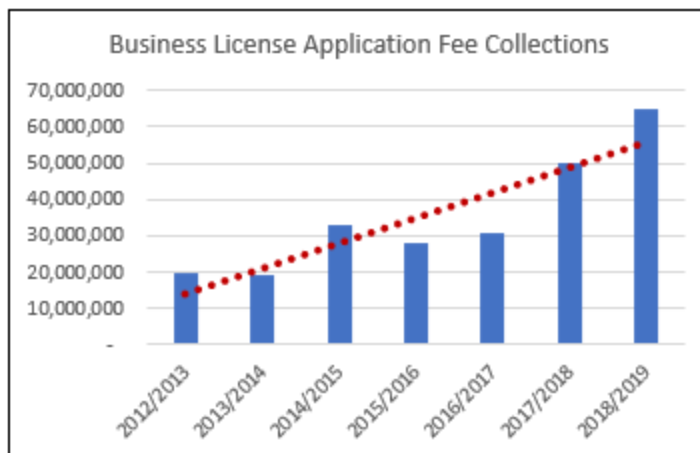
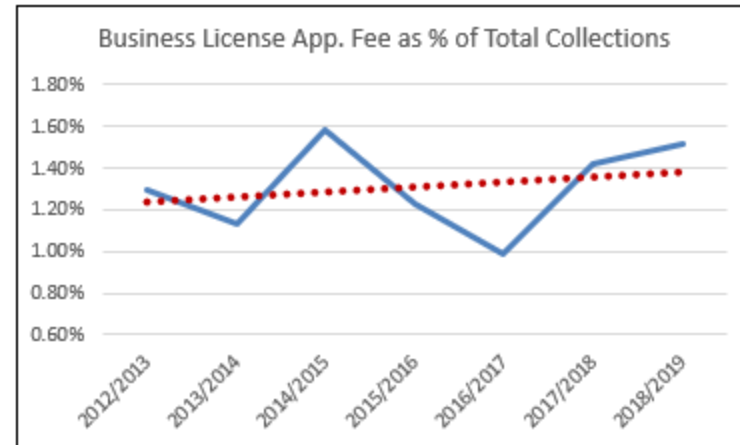
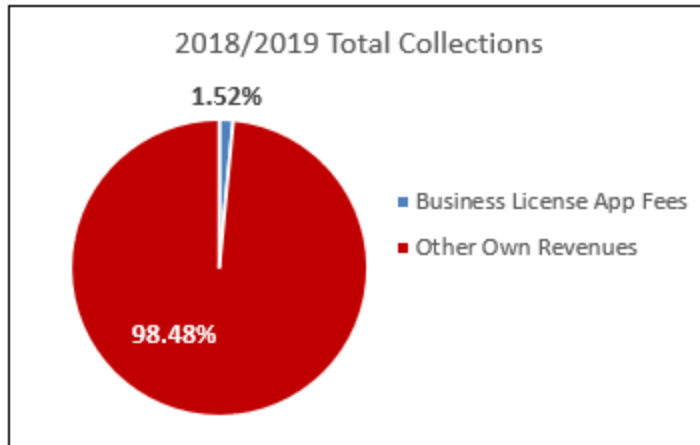


Chart 25: Garden Fee Analysis

(Time Series: 2012/2013 – 2018/2019)

Source: UMC Planning, Administration and Finance Dept

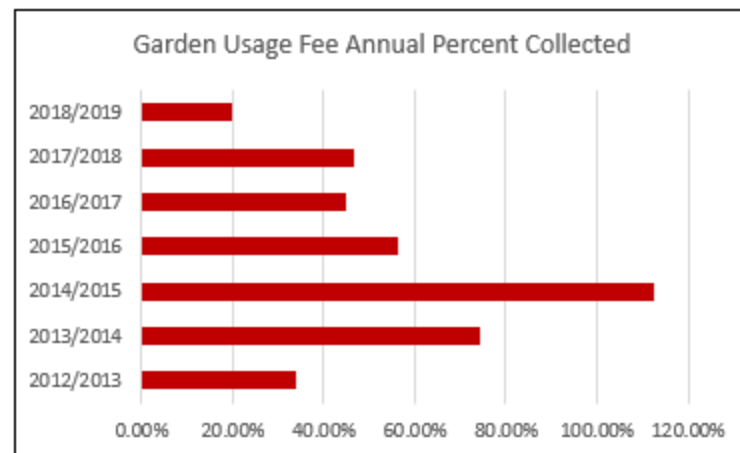
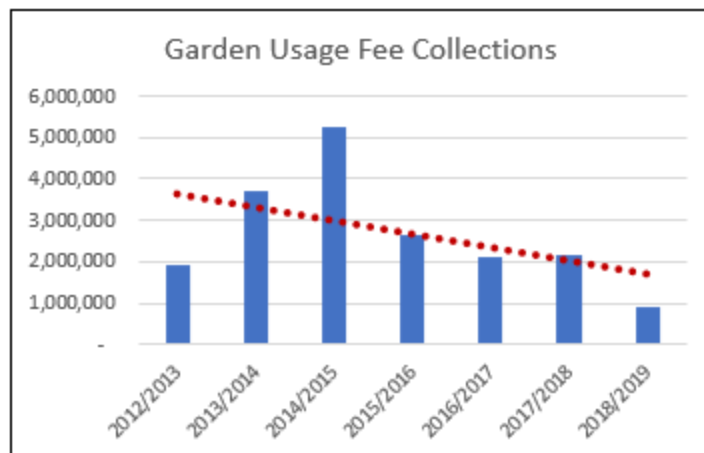
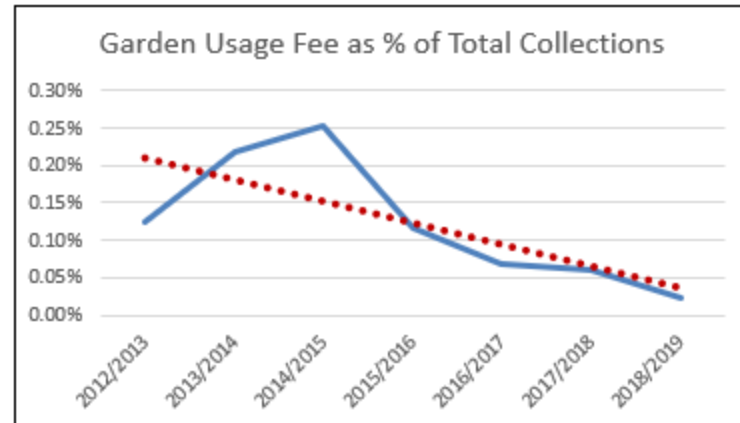
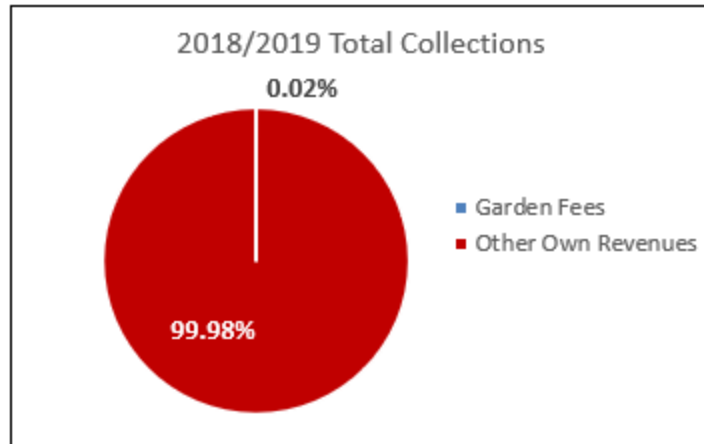


Chart 26: Medical Exam Fee Analysis

(Time Series: 2012/2013 – 2018/2019)

Source: UMC Planning, Administration and Finance Dept

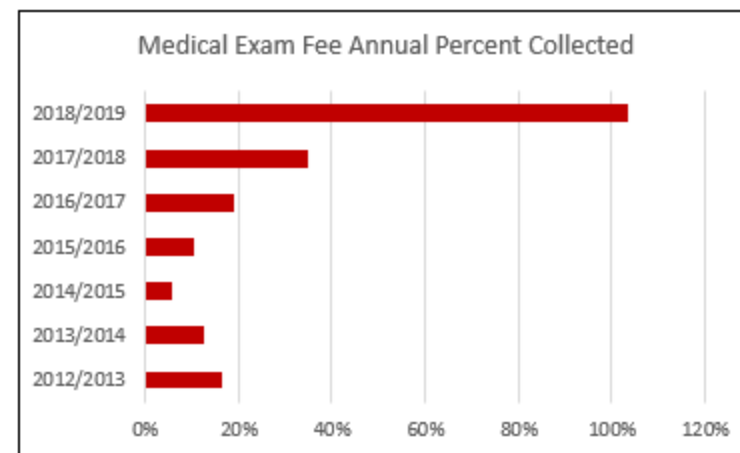
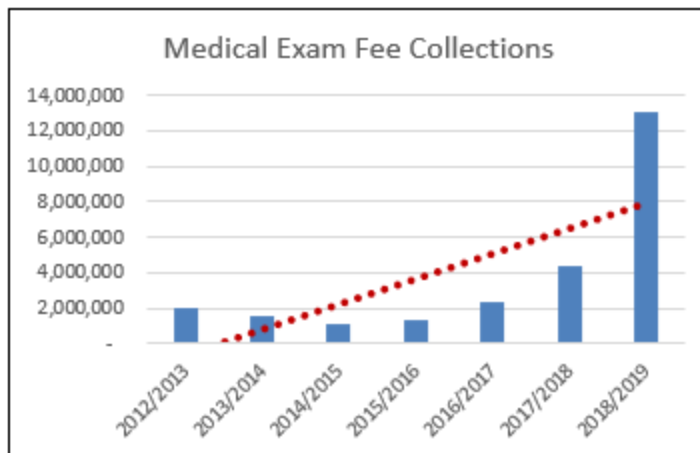
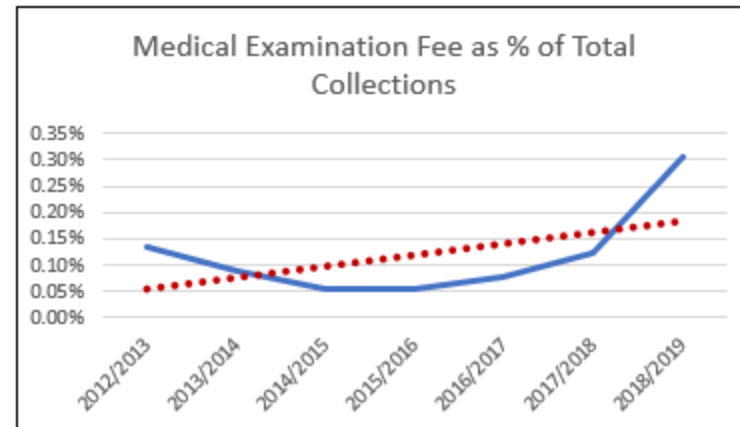
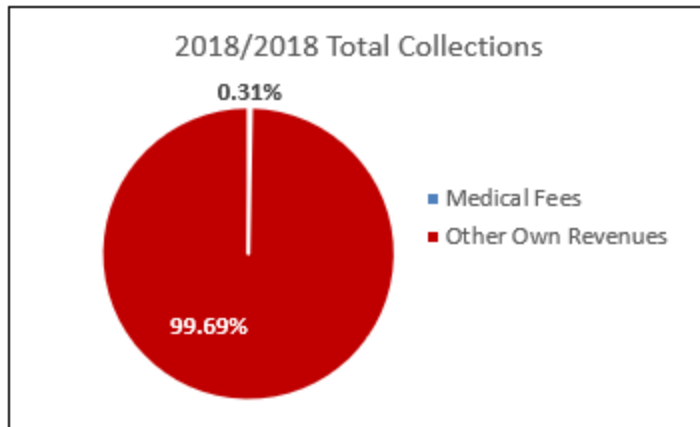


Chart 27: Fines Analysis

(Time Series: 2012/2013 – 2018/2019)

Source: UMC Planning, Administration and Finance Dept

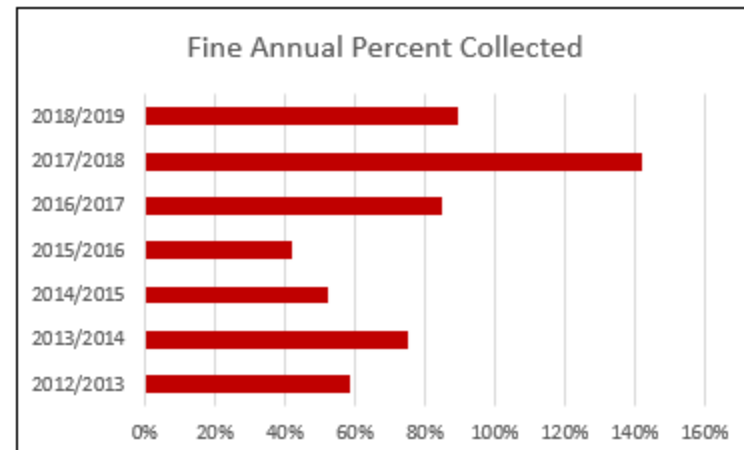
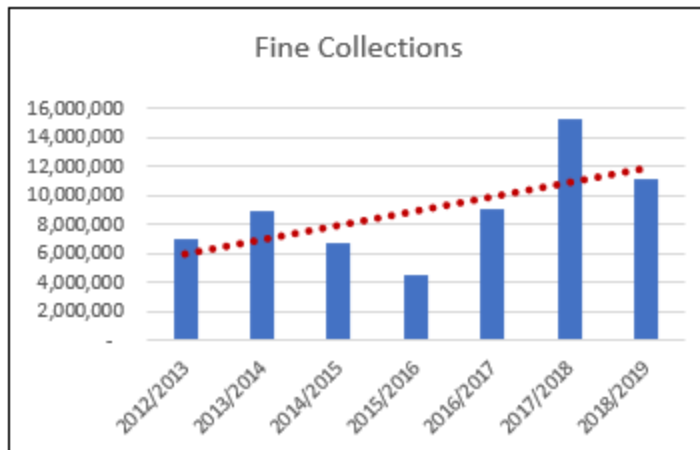
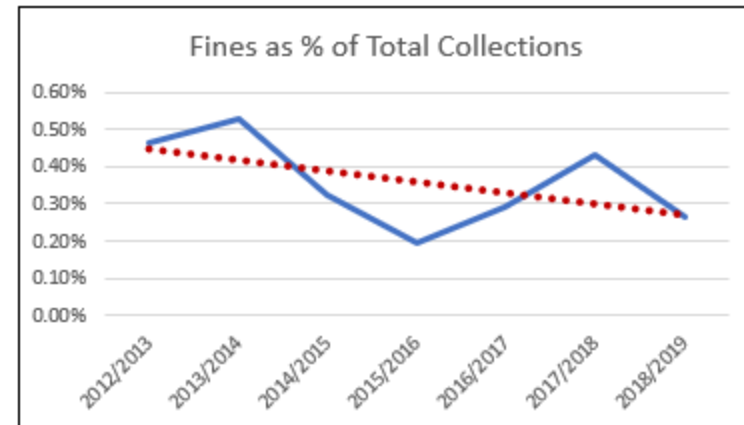
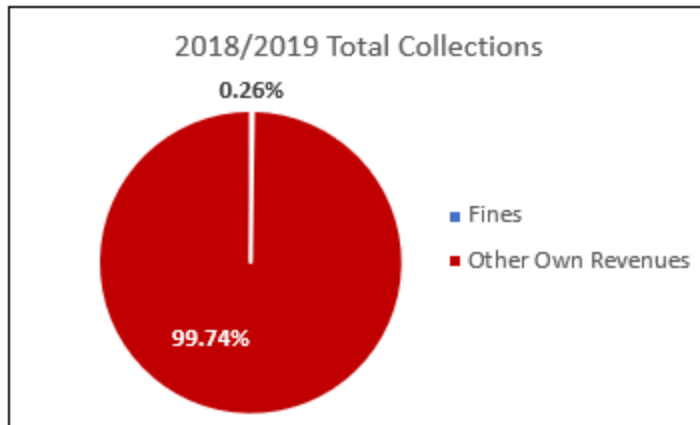


Chart 28 : Other Revenue Analysis

(Time Series: 2012/2013 – 2018/2019)

Source: UMC Planning, Administration and Finance Dept

