

# UNITED REPUBLIC OF TANZANIA PRESIDENT'S OFFICE

REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT



MBEYA CITY COUNCIL

## REVENUE ENHANCEMENT PLAN

2019/2020 – 2023/2024

**City Director,**

P.O.Box 149,

Mbeya

**Phone:** DL +255 25 2502372/ GL +255 25 2502563

**Fax:** +255 25 2502488

**Email:** [cd@mbeyacc.go.tz](mailto:cd@mbeyacc.go.tz)

**Website:** <http://www.mbeyacc.go.tz>

July, 2019



# Table of Contents

- Acronyms, Abbreviations ..... 3
- 1. Executive Summary ..... 6
- 2. Introduction ..... 8
- 3. Objective Of The Study..... 9
  - a. The Impact ..... 9
  - b. The Outcome ..... 9
  - c. Output ..... 9
- 4. Methodology And Approach ..... 10
- 5. Macroeconomic Overview ..... 14
- 6. The Economic Overview ..... 15
  - a) Political ..... 15
  - b) Economic Factors ..... 15
  - c) Social – Cultural Factors ..... 15
  - d) Technological Factors ..... 16
  - e) Legal Factors ..... 16
  - f) Environment Factors ..... 17
- 7. Legal Framework ..... 17
- 8. Collection Of Local Revenue..... 19
- 9. Management And Control Of Local Revenue ..... 20
- 10. Information Communication Technology (ICT)..... 20
- 11. Revenue Sharing Mechanism..... 21
- 12. Stakeholders Satisfaction ..... 21
- 13. Challenges And Strategies ..... 22
- 14. Development Opportunity Identification And Recommendations..... 25
- 15. Potential Local Revenue Sources ..... 27
- 16. Statistical Analysis ..... 28
- 17. Investment And Financing Analysis..... 30
- 18. Economic And Social Benefit Justification ..... 31
- 19. Financial Analysis..... 32
- 20. Financial Evaluation..... 33
- 21. Conclusion ..... 34
- 22. Appendices ..... 35
- 23. Appendix 11: Monitoring and Evaluation Framework..... 49
- 24. Appendix 12: Specific Challenges and Strategies..... 60
- 25. References..... 68

## Acronyms/ Abbreviations

BID	Business Improvement District
CAG	Controller Auditor General
CIP	Capital Improvement Program
CO <sub>2</sub>	Carbon Dioxide
CVB	Conference and Visitors Bureau
DAS	District Administration Secretary
DP	Dry Port
EBS	Enterprise Budgeting System
ENGINE	Tanzania Enabling Growth through Investment and Enterprise
EZ	Enterprise Zone
GDP	Gross Domestic Product
IMF	International Monetary Fund
IRR	Internal Rate of Return
LAAC	Local Government Authority Accounting Committee
LGA	Local Government Authority
LGRCIS	Local Government Revenue Collection Information System
MCC	Mbeya City Council
MMTC	Multi-Modal Transportation Center
MOFP	Ministry of Finance and Planning
NEMC	National Environment Management Council
NGO	Non-Governmental Organization NGO
OCD	District Commanding Officer
PCCB	Prevention and Combating of Corruption Bureau
PESTLE	Political, Economic, Social, Technological, Legal Environmental.
PM	Program Management
PMO	Program Management Oversight



PO-RALG	President Office Regional Administration and Local Government
PPP	Public Private Partnership
RFP	Request for Proposal
RS	Regional Secretary
SWOT	Strengths, Weaknesses, Opportunities and Threats
TCCIA	Tanzania Chamber of Commerce, Industry and Agriculture
TIC	Tanzania Investment Center
TOD	Transit oriented development
URT	United Republic of Tanzania
USAID	The United States Agency for International Development
VEGA	Volunteers for Economic Growth Alliance

## Acknowledgment



I would like to express my sincere acknowledgment to all stakeholders who took part during the development of this plan, and to be honest, it is not possible to mention everyone for his/her valuable contributions but to acknowledge few of them as follows;

I thank Rod Carvajal, the Chief of Party –ENGINE Program for his helpful comments and excellent thoughts, especially for his leadership and guidance.

I'm grateful to work with the USAID funded Feed-the-Future program, ENGINE for its technical and financial support to accomplish this assignment (Revenue Enhancement Plan development).

My special gratitude goes to the Mbeya District Commissioner's Office, Tanzania Investment Center - (TIC), Mbeya Police Force office, National Environment Management Commission (NEMC), The Small Industries Development Organization (SIDO), Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA) and Tanzania Revenue Authority (TRA) for their invaluable contributions in this assignment.

Congratulations to the Mbeya City Council staff who worked tirelessly throughout the revenue planning process.

Finally, thanks to all other MCC stakeholders in particular private sector counterparts for their relevant contributions and collaboration.



**Mr. David P. Mwashilindi**  
**The honourable Mayor**  
**Mbeya City Council**

## 1. Executive Summary



The Legal Authority of this revenue plan for a Local Government Authority (LGA) such as Mbeya City Council (MCC) is established under the Local Government Finance Act, (290) section 6 (1); where the Act gives mandate to LGAs to mobilize, control and manage own source revenues, funds and resources.

The findings of this plan show that in financial year 2018/2019 on average MCC collected about 70% of the budgeted revenue which is an improvement from 36% of collections in 2012/2013.

During the stakeholders' consultative sessions, several relevant comments for the effective strategies to be pursued that will lead to improved, strengthened and enhanced own source revenue collections were given. The strategies which MCC is envisaged to effectively undertake include; establishment of tax payers' database that is adamantly crucial if the council is to collect revenues to its full potential. Currently, MCC does not have a sound and workable SMEs database needed for effective revenue projections and collection. Moreover, the council is urged to review the legal framework especially MCC's by-laws to be in-line with Finance Acts and it has to capture LGA's revenue sources. The irony is that the legal framework has to enable enforcement of revenue collection strategies.

The deployment of simple tools which guarantee effective revenue collection is paramount. Currently, point of sale (POS) machines and LGRCIS are used and in fact the later does not offer an effective collection and management of revenues. Based on the advancement in technology, the policy framework has to provide a simplified mechanism to pay and collect revenues. The use of simplified payment systems and gadgets like mobile money is highly encouraged in particular the use of Airtel Money, T-Pesa, M-pesa, Tigo Pesa, Ezy Pesa and Halo Pesa gives a wide range of choice for tax payers and definitely will reduce costs of collection. Effective and manageable internal control system is crucial to guarantee proper collection and effective utilization of resources. Given the fact that, the POS machines and LGRCIS does not merge easily with other systems, say PMIS and others, makes it even harder to track revenue collection properly. Having a synergistic link and networking between city council of Mbeya and other governmental and private institutions is crucial to obtain data and enforce revenue collection. This can be done through allowing communication between systems and strengthened by stakeholders dialoging and implementation of the agreed decrees. Knowing that the council's revenue base seems to rely heavily on traditional revenue sources, it is suggested that the council has to revamp the current sources and encourage private partners involvement to implement and operate development projects. This will increase the capacity of the council to implement more projects, create jobs and increased revenue collection and hence improved social and economic services delivery.

The idea of reviewing Revenue Enhancement Plan(REP) resulted from an intense collaboration between Mbeya CC and ENGINE program. The ENGINE program is supporting Mbeya CC to have improved business environment with implementable policies for effective and efficient service delivery. Ideally, the former REP ended in 2011 making the council prone to weak controls due to change in technology. ENGINE support to review the strategies and plan to effectively collect and manage revenues is highly appreciated by the Mbeya City council management, staff councilors and general public.

The review of the REP was done through effective engagement of stakeholders during focused group discussions and one on one round table meetings with potential policy makers and tax payers. During both discussions, participants were able to provide their views on the existing revenue collection mechanism and structures and they too gave way forward for improvement.

In addition, the consultants analyzed secondary data which largely was provided by the MCC staff. To supplement the data, consultants visited some potential revenue sources such as Mwanjelwa Market, Sisimba bus terminal and Soko Matola market where they observed and obtained raw information necessary for reviewing the old revenue plan.

The new REP is useful to people from all walks of life but most important to the MCC tax payers. Since, this REP contains strategic measures to be undertaken by the MCC for increased revenue collection and management, it is recommended that the business community and the general public be involved or consulted in the MCC's plans to increase revenue collection that will lead to provision of improved services delivery.



**James C. Kasusura - SSP**

**City Director**



## 2. Introduction

This Revenue Enhancement Plan follows the Government of Tanzania's approach to engage Local Government Authorities (LGAs) on revenue enhancement and collection. It was supported by the Tanzania Enabling Growth through Investment and Enterprise (ENGINE) program, which aims to streamline and enhance regulatory and information management parameters which encourage domestic and foreign investment in Tanzania mainland (Mbeya, Morogoro, and Iringa) and in Zanzibar.

The Local Government Reform Program (LGRP), Tanzania Mainland and Decentralization by Devolution (D-by-D), in Zanzibar are the key National development initiatives and acknowledge that a well-functioning LGAs have a clear mandate to facilitate a broad-based growth and to improve service delivery to its communities.

Mbeya city often lacks the resources or technical skills necessary to initiate and complete the necessary evaluative processes. ENGINE engaged a consulting firm to assess the capacity of target LGAs in the Southern Agricultural Corridor of Tanzania (SAGCOT), and to assess the business enabling environment. Specific objectives of the assessment included: (1) Review and agree on key components of the business enabling environment to be assessed; (2) Conduct a comprehensive assessment on the overall business environment focusing on key government authorities in Iringa, Morogoro, Mbeya, and Zanzibar; and (3) Formulate a capacity development plan that prioritizes gaps that LGAs need to address to strengthen their capacity to create an improved business enabling environment. In May 2017, during the ENGINE Program launch and Policy Reform Priority Tool (PRPT) training, likewise during the Solid Waste and Service Levy PPDs consultations were held regarding the LGA capacity level. During all these assessments, it was recommended that ENGINE would support Mbeya City Council (MCC) to prepare revenue enhancement plan as a road-map, crucial for revenue planning and mobilization to ensure improved and sustainable service delivery to communities.

### **Problem Statement**

Tanzania LGAs are often confronted with limited financial capacity to implement strategic projects such as the review of Strategic Plans, Socio-Economic Profiles, Solid Waste Management Plan, Preparation of Investment Profiles and Revenue Enhancement Plans. Mbeya City Council had an old version of Revenue Plan and needed to review and update Revenue Enhancement Plan which serves as an important guideline for mobilizing council's internal revenues for better and improved service delivery.

MCC has many existing revenue sources, but there is a potential for other revenue sources that are still untapped and it is this assignment's objective to exhaust all potential revenue sources to improve LGA's revenues. This Revenue Enhancement Plan is the major component of the strategic plan implementation and revenue mobilization. The Revenue Enhancement Plan is for five (5) years, and to be reviewed in each financial year with a final evaluation at the end of five (5) years.



A Local Consultant providing overview of the assignment

### 3. Objective of the Study

The main objective is to develop a new five-year Revenue Enhancement Plan for Mbeya City Council (2019/2020-2023/2024), the blue print which ensures sustainable revenue mobilization and it aligns with the Council Strategic Plan, the Local Government Finance Act No.9 of 1982, Finance Act No. 4 of 2016, Finance Act No. 2 of 2017 and Finance Act No. 4 of 2018 and Government planning and budgeting guideline

- a. The impact of the improved revenue generation and enhancement, improved social and economic services and hence better community livelihoods, will sustain improved services delivery and access to public services such as public infrastructure roads and buildings, public toilets and local markets, and social services such as health, water, and sewage and waste management. This revenue enhancement will be achieved through tax payments from stakeholders. Eventually, revenue mobilization will have positive impact on the Tanzania's Gross Domestic Product (GDP).
- b. The outcome from the control and management of revenue collected for the provision of essential public services including infrastructures such as roads, hospitals, schools, etc. Strategies and recommendations to address the differences, complaints, fees setting and new amended laws for the use of public services is expected to be done in upcoming workshops, beyond this scope, to develop and establish output measures.
- c. Output: Through discussions at workshops, it is expected that effective outputs including the legal framework and by-laws review to assist mobilization of revenue collection and management as well as re-investment of revenue collected will be the most important outcome.



SIDO Market - Mbeya City Council

#### 4. Methodology and Approach

The REP was prepared under the facilitation of two consultants- Michael D. Mallinoff and Noel Mgutwa Kaombwe, with the support from the Tanzania Enabling Growth through Investment and Enterprise Program (ENGINE) and the Mbeya City Council (MCC). The team used both qualitative and quantitative research methodology.

In quantitative methodology, a viability analysis was done using a participatory approach by engaging fully the MCC staff, especially Planning, Revenue Collection and Information Communication Technology (ICT) departments. The team reviewed and evaluated MCC historical data and current sources of revenue that were tested for statistical relevancy and trends. The data were analyzed to produce reports such as; discounted cash flow, income report, cost analysis report, revenue projection analysis report, mean-standard deviation-probability analysis and balance sheet.

In the qualitative methodology, facts, experiences, complaints, expectations and perceptions were obtained through SWOT analysis (Strength, Weakness, Opportunities and Threats) and PESTLE analysis (Political, Economic, Social-cultural, Technology, Legal and Environment Factors). There were workshops for discussion with MCC management and staff, government agencies and private sector stakeholders as well as one-on-one discussions with top officials of MCC and government agencies such as Tanzania Investment Center (TIC), Mbeya Police Force, National Environmental Management Council (NEMC), Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA) and the private sector stakeholders.



The three workshops held at MCC were:

- i. On 27<sup>th</sup> March 2019 conducted a thematic discussion with MCC staff to obtain information from previous years/historical revenue collection, current fiscal year position of revenue collection, existing guidelines and program toward revenue collection, revenue mobilization, staff expectations toward a proposed plan, legal framework and other information were discussed by the participants.
- ii. On 28<sup>th</sup> March 2019- Undertook a second workshop with Mbeya City Council Management Team. We had the participants review and work on the MCC organizational strengths, weaknesses, opportunities and threats (SWOT analysis) towards revenue enhancement plan. We discussed the current financial system and database, pros and cons, and reviewed the proposed new financial system and database, Enterprise Budgeting System (EBS) and the potential system effectiveness on revenue mobilization, accountability and transparency.
- iii. On 29<sup>th</sup> March 2019- facilitated a third workshop with other government institution officials and private sector stakeholders. We had them in breakout groups where they wrote and presented on factors affecting revenue mobilization using the following factors: Political, Economical, Social and Cultural, Technological, Legal and Environmental (PESTLE). Through an open discussion, we also obtained facts, perceptions and complaints on how revenue is mobilized. Additionally, stakeholders listed their expectations and concerns on adopting new technology for efficient and effective revenue collection.
- iv. Between 2<sup>nd</sup> April 2019 and 5<sup>th</sup> April 2019, we held a one-on-one meetings with top local officials, governmental agencies and related private sector advocates. We conducted on-site meetings with the following officials: District Administration Secretary, Police District Commander Officer, Tanzania Investment Center (TIC), National Environment Management Council (NEMC), Tanzania Chamber of Commerce and Industry and Agriculture (TCCIA), Mbeya City Treasurer and Head of Planning Department.

Picture No.3



International Expert Volunteer session to obtain historical revenue collection

## Mbeya City Council Overview

- i. **Location:** Mbeya City Council is located in southwest Tanzania. It is one of the seven Councils in the Mbeya Region, others are; Chunya, Mbeya, Kyela, Rungwe, Busokelo and Mbarali.
- ii. **Demographics:** According to the 2012 Tanzania Population and Housing Census, there were 385,279 people in Mbeya City of which 202,659 were women and 186,620 were men. This shows an increase from 151,861 in 1988 census and 265,586 in 2002 census. More recent data is available from the Tanzania Central Governments Statistical Analysis Division (TCGS), from which in 2017 Mbeya City Population is estimated to have 435,072 people with 228,850 women and 206,222 men. Likewise, according to TCGS, in 2017, the Mbeya Region was projected to have 1,929,935 people.
- iii. **Administrative Structure:** The City is divided into two (2) divisions, Iyunga and Sisimba, has thirty-six (36) wards and one hundred and eighty one streets (181), with approximately 160km feeder and 25km trunk roads.
- iv. **Geography and Climate:** Mbeya City lies between latitude 8° 50' – 8° 57' south of the equator and Longitude 33° 30' – 35° 35' east of Greenwich. It is situated at an altitude of 1,700 meters (5,500'), and has a sub-tropical highland climate with warm humid summers and cooler dry winters. The Mbeya regional temperatures range from between -6°C in the highlands to 29°C on the lowlands. MCC has an average mean temperature of 25°C, ranging from 11°C to 28°C mean average temperatures. Mbeya City and the region enjoy abundant and reliable rainfall that stimulates agriculture growth in the rich volcanic soils, and heaviest rainfall is from December to March. MCC has a mean annual rainfall of 1,200 mm or 47" on average. The nearest mountain is Loleza, just north of the City, at 2,656 meters (8,714').

Picture No.4



Mwanjelwa Market

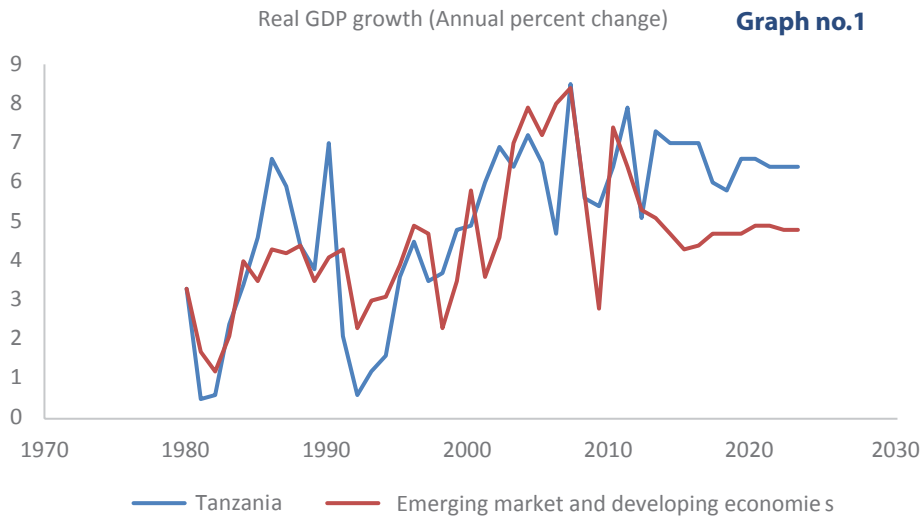
- v. **Transportation:** Mbeya City is a regional transportation hub. The TAZARA Railway at Mbeya Railway Station serves MCC and the country. The railway station is 4 km west of the City Center and provides both freight and passenger service. Songwe Airport, referred to in flight schedules as Mbeya (“MBI”) is located 20 km west of the city, in the MRC, off the A104 trunk road. The airport services daily domestic aviation including Air Tanzania. Mbeya is at a crossroads of two major road systems. Served by A104 east to Dar es Salaam and west to Zambia; and B345 south to Malawi and north to Lake Nyasa, and is part of the great north south road that runs from Alexandria to Capetown.
- vi. **Economy:** MCC is well connected by all modes of transport, and has a diversified regional economy based on agriculture, and serves as the economic hub of the southern highlands region of Tanzania, as well as parts of Malawi, Zambia and Congo.
- vii. MCC is also home to many regional businesses, institutions, governmental offices as well as many small local serving businesses and markets. MCC is the home to Mbeya Referral Hospital, Bank of Tanzania, Mbeya cement company, Afri Bottlers Coca Cola, SBC Tanzania Ltd. Pepsi Cola Company and Tanzania Breweries, to name a few.
- viii. Institutions of higher learning include Teofilo Kisanji University, Mbeya University of Science and Technology, Mzumbe University, Saint Augustine University of Tanzania, Tanzania Institute of Accounting and University of Dar es Salaam, Mbeya College of Health and Allied Science.
- ix. **Tourism.** The Mbeya region hosts a number of tourist attractions. This includes, but is not limited to, the internationally renowned Kitulo National Park also known as “The Garden of the Gods,” and is about 70km east of the City; Ngozi crater lake about 35 km west; the Mbozi meteorite; Daraja La Mingu “Gods Bridge;” Lake Nyasa, part of the African Great Lakes; Utengule Coffee Lodge; and Loleza Peak at 2,650 meters, and a walk from city center.



## 5. Macroeconomic Overview

The macroeconomic overview underpins the overall assessment of the main economic indicators affecting Tanzania as well as Mbeya City Council e.g. Inflation.

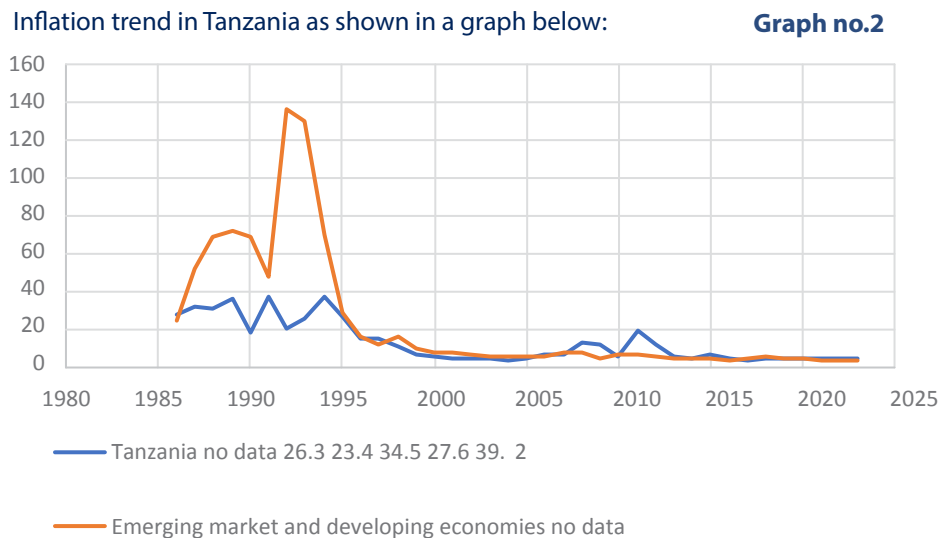
Growth Domestic Product (GDP) trend in Tanzania as shown in a graph below:



- Tanzania economy registered strength with GDP growth by 6.6 percent in year 2019.
- Emerging market & developing countries experienced slowdown in growth rates by 4.4% & 4.7% in year 2016 & 2017. Thereafter maintained at 4.7% up to year 2019.

Source Data: IMF official website

Inflation trend in Tanzania as shown in a graph below:



- In Tanzania, the inflation increased from 4.3 percent to 5 percent between year 2018 and 2019.
- Emerging market and developing countries inflation rate is expected to decrease from 5.7 to 4.7 percent between 2018 and 2019.

Source Data: IMF official website

## 6. The Economic Overview

The MCC economic overview is summarized in the PESTLE analysis as follows:-

### a) Political factors

Stable political environment supported with good regional and national leadership coupled with sound legal framework, supports collection of revenues. This national political economy mandate can impact the envisaged revenue enhancement plan in many different operational situations. For example, some politicians attempt to influence communities not to pay local taxes, this leads to inadequate revenue mobilization for the City Council. The MCC is to sustain channels for local revenue collection and mobilization through taking advantage of its good cooperation with other public and private institutions and use these opportunities to enhance revenue collections and growth.

### b) Economic Factors

The economic environment can impact effectiveness of this plan and the stakeholders' attitude because it can reduce or increase the amount of cash flow that individuals can spend on development services, commercial plots, construction of buildings and other uses. The economic cornerstone and effectiveness for the revenue enhancement plan are as follows:

- i. Improve operational economic development by strengthening the existing revenue sources through effective revenue collections (i.e. by using a state of the art cloud based ICT financial computer system, or Enterprise Budgeting System (EBS)).
- ii. Toward capital economic development, MCC is currently focused on service economic development such as investing in primary schools and secondary schools. In order to enhance revenue in more diversified approach, MCC is shifting to capital economic development such as building a bus stand and truck terminal along TANZAM highway, that will attract different revenue sources such as tourists' activities, parking fees, ticket fees to enter bus stand, other business and financial economic activities in surrounding area.

### c) Social – Cultural Factors

The overall social and cultural success in Tanzania is due to cultural heritage and protection. The proposed revenue enhancement plan and design recognizes individuals with different special needs, as there are changes in social attitudes and values that causes important impact to revenue mobilization, management and spending.



The use of Swahili language as main means of communication toward cultural identity is emphasized by MCC through by-laws to maintain the heritage of Swahili identity in the region. However, other guidelines provided by the Government that are directly to the society are not perceived positively as they are provided in different language.

The proposed revenue enhancement plan is bringing together social and cultural heritage and identity through its well designed and integrated mix use of resources and focus on national heritage. The available highly trusted cultural Chiefs are helpful to transform economy and social structures within the society.

#### **d) Technological Factors**

In order to reach out to the whole community, the role of information technology at MCC must include the implementation of best practices, as practicable, in financial software, Internet technology to utilize remote hand-held billing and payment options and the rise in information economies. Mbeya City Council may extend its revenue collection services through technology to its stakeholders that provide a number of benefits such as faster revenue mobilization payments, easier communication, revenue collection management, improved integration, transparency and relationships with clients. Bring about skills and technology transfer, in order for MCC to enhance revenue mobilization and strengthen its current information technology systems in order to assist in ensuring enhanced revenue mobilization performance from institutions, businesses, banks and other activities. This will maximize the level of public services and also benefit MCC in creating new strategies towards revenue enhancement for example, the use of mobile money payments methods and Enterprise Budgeting System.

#### **e) Legal Factors**

The implementation and phasing activities of the revenue enhancement plan follows legal requirements and documentation in accordance with Tanzania laws, including the Local Government Finance Act (Cap 290) with its amendments from 2002-2018.

The Finance Act, 2012, Part VII Amendment of the Local Government Finances Act, (CAP. 290); stipulates: "All monies derived from a service levy payable by corporate entities or any person conducting business with business license at the rate not exceeding 0.3 percent of the turnover net of the value added tax and excise duty. Provided that, the branches of corporate entities shall pay service levy to urban authorities in whose areas of jurisdiction they are located."

The Finance Act of 2018: Part IX Amendment of the Local Government Finances Act, (CAP. 290); stipulates: "The principal Act is amended in section 6(m) by adding immediately after the word "taxes" the phrase "fees for commercial advertisement on billboards posters or hoarding."

## f) Environment Factors

There is noise pollution in which people advertise in public through mobile speaker systems about weddings, meetings, ceremonies as well as burial activities of their loved ones. The noise pollution and environmental destructions needs appropriate regulation. MCC seeks to take some steps in designing an integrated by-law or regulation that will aim at protecting environment against this noise pollution. It is worth noting that effective environmental regulations could be a potential source of revenues.

To make sure solid wastes are decomposed or recyclable, so as to reduce Carbon Dioxide (CO<sub>2</sub>) emissions in a separate waste collection zone. Collaboration with respective utility agencies such as Mbeya UWASA, NEMC is important and might have positive impact on revenue mobilization. Other environment destruction human activities include deforestation, domestic livestock and unlicensed fishing and other activities by Mbeya City Citizens.

## 7. Legal Framework

The Local Government Finances Act 1982; section 6

(1) The revenues, funds and resources of an urban authority shall consist of –

- a) All assets vested in the urban authority by virtue of section 5;
- b) All moneys derived from any trade, industry, works, services or other undertaking carried on or owned by the urban authority;
- c) All fees for licenses granted within the area of the urban authority under the Auctioneers Act;
- d) All moneys derived from the registration of taxi-cabs and commuter buses plying within the area of the urban authority;
- e) All the fees for licenses granted under the Business Licensing Act, in respect of business premises for business other than businesses of a national or international character situated within the area of jurisdiction of an urban authority;
- f) Such proportion as the Minister may, with the approval of the Minister responsible for finance, determine, as the revenue collected by the Government under the Road Traffic Act, in respect of vehicles which are ordinarily housed or kept within the area of the urban authority, or such amount in lieu of that sum as the Minister may direct;
- g) All fees for licenses granted within the area of the urban authority under the Intoxicating Liquors Act.

- h) All fees for licenses in respect of theaters or other places of public entertainment within the area of the urban authority, granted under the Films and Stage Plays Act;
- i) All moneys derived from fees for licenses, permits, dues or other charges payable pursuant to the provisions of any by-law made by the urban authority;
- j) All moneys derived from fines imposed by, or the value of all things and articles forfeited as a result of an order of any court in consequence of a contravention of any provision of the Act, this Act or any by-law of the urban authority in relation to markets, animals' pounds or recreation halls within the area of the authority;
- k) All moneys derived from rents or fees collected for renting or use of public houses or buildings owned by the urban authority;
- l) All moneys derived from the urban development levy imposed by the urban authority pursuant to this Act;
- m) All moneys derived from fees paid in respect of rents of shop, butcheries, market stalls, user charges, service charges and entertainment taxes;
- n) All moneys realized from the sale or other disposition of things and articles of the urban authority;
- o) All moneys derived from rates;
- p) All moneys payable under the Entertainment Tax Act, and collected within the boundaries of the urban area;
- q) All moneys payable under the Hotel Levy Act, by the proprietor of guest houses within the boundaries of the urban area;
- r) All the fees derived from meat inspection and abattoir use;
- s) Twenty percent of all the moneys collected by the central Government as land rent under the Land Act;
- t) All moneys derived from any cess payable at source on any agricultural or other produce produced in the area of the urban authority imposed under this Act or any other written law except major export crops whose produce cess shall not exceed five percent of the farm-gate price shall as well be payable at source;
- u) All monies derived from the service levy payable by corporate entities at the rate not exceeding 0.3 percent of the turnover net of the value added tax and the excise duty.

(2) An urban authority may charge fees or dues in respect of services provided by it and, moneys derived from fees or dues chargeable in respect of those services, activities and program.

(3) Any other moneys lawfully derived by an urban authority from any other source not expressly specified in subsection (1) or (2) shall be and form part of the revenues, funds and resources of the urban authority.

(4) All revenues of an urban authority shall be paid into the general fund of the urban authority. In addition, the Mbeya City Council' by-laws are legal framework and guideline toward revenue mobilization, the by-laws set forth fee structures and tariffs for different sources of revenue such as building permits, business license and others. These by-laws are to be reviewed time to time to provide efficiency in the enhancement of revenue mobilization and the provision of public services.

Picture No.5



Group discussion during 1st workshop at MCC

## 8. Collection of Local Revenue

### *The Revenue Mobilization from various Sources of Income in Mbeya City Council*

This section highlights current sources of income and their trends over the years, performance indicators and sector opportunities across the aforementioned economic trend of the City Council.

The main sources of local revenue for Mbeya City Council (MCC) are service levy, market dues and fees, renting of council assets, bus stand fees, meat inspections, business licenses, building permits among other revenue sources.

Azimio English medium primary school is social economic project for service provision and revenue generation located at city center – future plans is to have two school of the same nature at Lwambi and Uyole.

All departments within MCC are responsible for preparing a budget with the coordination from Planning and Statistic department but also Trade & Finance Department.

The collection of local revenue follows the governments annual planning and budgeting cycle in which each local source is projected, hence a total projection of local revenue is computed. These procedures for planning and budgeting must abide to annual plan and budget guidelines provided by Ministry of Finance which provide specific instructions and priorities for RS's & LGAs. Planning, budgeting and budget management procedures are conducted through Planning and Reporting system, unless instructed otherwise; these should be supported by accurate and reliable data.

## **9. Management and Control of Local Revenue**

The management of local revenue is mainly to ensure the achievement of the financial accountability by MCC through different committees and reports. In implementing the financial accountability, the MCC Finance Committee receives Monthly report for local revenue mobilization, and Full Council receives quarterly report for local revenue mobilization, allocation and utilization. The financial management ensures controls are in place in accordance to MCC Internal audit guidelines.

The other sources of revenue that are received by Local Government Authority are Basket Fund, Government Grant, Donor Fund, Capitation Fund and others.

During a one-on-one meeting with DAS – Hassan Mkwawa (Mbeya District) pointed that, the modality for revenue mobilization to mobilize local revenue and introduction of division Officers toward the same”.

Also, during a workshop, Mr Saad Mtambule (Head of Planning Department) pointed out that “to be fairer to our clients, we should emphasize monitoring and evaluation for our local revenue mobilization, to show that we are moving in a right direction.”

## **10. Information Communication Technology (ICT)**

The President Office –Regional Administration and Local Government (PO-RALG) has introduced a Local Government Collection Information System (LGRCIS) to enhance the revenue mobilization for local governments.

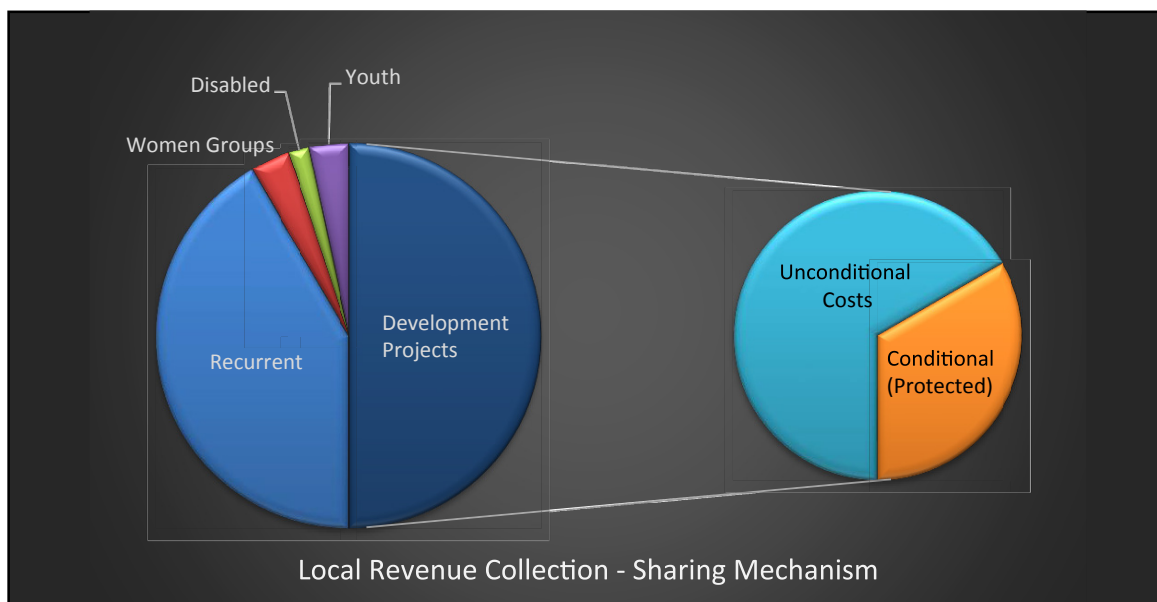
During a workshop, one participant said that “there is a need to use Information Communication Technology to the maximum level, as this will assist to have accuracy in MCC financial data, as the emphasized transparency is not only through public services but also in financial data.”

## 11. Revenue Sharing Mechanism

There is a revenue sharing mechanism at Mbeya City Council that needs to be sustained in order to efficiently share the amount collected in time. Therefore, the main priorities for MCC are conditional costs that include direct cost from hospitals and education Sector. Also there is unconditional costs that include youth activities, women groups, disabled people, recurrent and development projects.

The budget guideline for FY 2019 provides specific operational guidelines to LGAs that;

“Ensure 40 to 60 percent of LGAs own source revenue is allocated and spent for development activities. Taking into considerations to reinvest to the major revenue generating sources (agriculture, fisheries, livestock, business etc.) To improve and sustain those sources; allocate 10 percent of council own source revenue for; Youth (4%), Women (4%), and people with disabilities (2%) and monitor its implementations; Set aside funds for rehabilitations and constructions to improve social and economic infrastructure in all sectors with major emphasis in construction, rehabilitations and equipping health facilities, classrooms, staff houses, latrines, laboratories, hostels and dormitories. Priority should be to complete unfinished projects, especially those initiated by communities”.



During a one-on-one meeting with Mr Emile Malinza (TCCIA representative), he said that “we need overall provision of smart tools and staff to match expenditure and revenue collection.”

## 12. Stakeholders Satisfaction

Currently, LGRIS has registered several clients that are paying several different taxes and fees. That is to say, taxpayers (community) are available and pay tax. Evidence shows the MCC collected a total of TZS 7.67 billion from own local revenue sources in Financial Year 2017/2018. This evidently shows financial accountability by the community toward revenue enhancement.

The community awareness and tax education campaigns are important to enhance revenue mobilization. Currently, Mbeya City community involvement and participation toward financial accountability of revenue collection is essential for provision of public services for instance garbage and dumping services.





**Source:** Mbeya City Council 2019

However, there is a perception that the community want to collect revenue and use toward public services exclusively to MCC management. The other perception is that, the Government is to do everything toward public services and no efforts from the associated community. That is to say, community engagement and satisfaction are slowly achieved by MCC, this is due to inadequate improvement of public services that has impact on living standards of Mbeya City communities.

It was recommended that, customers engagement and satisfaction is very important in order to sustain public services to Mbeya City clients as this will provide morale for them to pay taxes.

### 13. Challenges and Strategies

#### A. General Challenges

The revenue enhancement for MCC has been influenced by the number of general challenges as follows:

- i) There is no one stop center for taxes payment
- ii) Expenditures out of budget due to top management instructions to different expenditure allocations and utilization.
- iii) Small collection amount of Local revenue against required large amount for allocation and spending.
- iv) No financial system a web-based ICT for utilization of local revenue collection.
- v) Taxes avoiders toward local revenue authority, deliberate tax evasion and very low morale to encourage a community to pay tax.

- vi) Inadequate education to Taxpayers toward revenue mobilization.
- vii) Inadequate funds from other sources of funds such as funds from Basket Fund or Donor funds. This create a robust situation for the community to have negative perspectives and perception to MCC toward revenue mobilization against public services.
- viii) There are complaints from community that MCC is using unnecessary enforcement mechanisms to community members (taxpayers), who are evading taxes. The blame is toward MCC and is taken by the community as harassment.
- ix) Multiple taxes and fees that are paid by one taxpayer are not effectively coordinated and efficiently collected as one local tax-payer is required to pay multiple taxes and fees within the same financial year which is very challenging.
- x) Some unprofessional politicians sensitize communities not to pay different types of local tax, these political interferences have negative impact to revenue collection.
- xi) In recent years, the Central Government took two types of revenue sources that had been originally collected or mobilized by the local Governments, these are property tax and billboards tax, the consequences of the shift have created financial constraints to LGA budgets and the allocation of own sources of revenue of the local government especially Mbeya City Council and inhibit the provision of public services.

## **B. Strategies**

- i) The following are general recommended strategies for revenue mobilization, allocation and utilization;
- ii) Establishment of one stop center for taxes and fees payment.
- iii) To sustain the development of ICT database for local revenue mobilization, allocation and utilization and to sustain financial data for other stakeholders and taxpayers. This ICT system must be user friendly to stakeholders.
- iv) MCC has to sustain operational guidelines that lead to efficiently collect and mobilize local revenue, in addition to sustain internal systems and put controls to positively effect revenue mobilization, allocation and utilization.
- v) The Council has to ensure accountability and transparency through tax education awareness and capacity building to stakeholders.
- vi) To adequately improve and enhance working environment as well as working tools for revenue mobilization, but also to employ more tax collectors that must go hand in hand with the provision of improved incentives.
- vii) To initiate a practical working framework toward revenue enhancement.
- viii) To innovate and create new local sources of revenue in order to mobilize local revenue and compensate all local revenue taken by Central Government.



Picture No.7



Source: Mbeya City Council 2019

### Economic Analysis

This is an assessment of the MCC location, the development indicators, surrounding environment, attributes and constraints, demand generators, all summarized in a SWOT analysis chart.

STRENGTHS	WEAKNESS
<ul style="list-style-type: none"> <li>• Presence of Central Government guidelines and Local government By laws toward revenue mobilization, management and spending mechanism</li> <li>• Availability of revenue collection system (i.e. Local Government Revenue Collection Information System – LGRCIS) designed with all necessary mix use to data storage and retrieve, save time, fraud control, monitoring and evaluating that accommodate all stakeholders to better quality revenue collection services.</li> <li>• Availability of several revenue sources.</li> <li>• Availability of motivated team of staff (Human resources) toward revenue collection</li> </ul>	<ul style="list-style-type: none"> <li>• Inadequate financial stability to strengthen infrastructures to tax payers</li> <li>• Lack of proper database and Inefficient and Ineffective of current Information system functionalities                             <ul style="list-style-type: none"> <li>i. No clear data of tax payers in spreadsheet which result in doubling tax payers and missing some information.</li> <li>ii. Failure to display different report (dash board) such as percentage of revenue collected by department or by wards.</li> <li>iii. Inability to display list of defaulters without double allocation.</li> </ul> </li> <li>• Poor infrastructure in some major sources of revenue such as Sido Market. Also, untaped of other sources of revenue</li> </ul>

OPPORTUNITY	THREATS
<ul style="list-style-type: none"> <li>• Potentiality for envisaged revenue enhancement plan</li> <li>• Availability for human resources at MCC</li> <li>• Good Interest and support for partners and other stakeholders on design and develop a plan to mobilize revenue. I.e. ENGINE</li> <li>• Availability of Tax payers and awareness of different tax to a community.</li> <li>• Availability of public services infrastructures for tax payers to do their activities and to pay tax</li> </ul>	<ul style="list-style-type: none"> <li>• Some politicians bad attempt to promote communities not to pay different types of local tax.</li> <li>• Strong competition in development of similar provision of service facilities by MCC such as halls and parkings</li> <li>• Continuously miss-presentation of MCC toward public services lead to some tax payers' unwillingness to pay tax</li> </ul>

## 14. Development Opportunity Identification and Recommendations

Development Opportunity Identification: High-level development recommendations resulting from key findings in the market overview and location analysis.

### Operational Economic Development

In the breakout sessions, many comments were made that the financial computing system may need to be improved. Discussions involved better tracking of cash flow, billing, collections and transparency. The Central Government has developed a web based financial system to do some of the above, through Local Government Revenue Collection Information System (LGRICIS).

### Short Term– Recommendations

- i. It is recommended that, in short run, the collection system should be cleaned-up as there is duplicate tax payers that to a situation of large number of false defaulters but also make revenue mobilization difficult as same client name appear more than once or twice. Therefore, MCC is urged to initiate a program through lobbying and advocacy to the respective Ministry to clean-up the current database to reflect the right number of tax payers.
- ii. Provision of tax education awareness campaign - One thing is crystal clear that most of the people who are potential tax payers are not formally informed and registered. The argument that we have limited funds for provision of tax education to tax payers is unsound.  
Provision of tax education and awareness campaign will go hand in hand with capacity building and professional development/training for Mitaa Leaders toward revenue enhancement.

## **Long Term– Recommendations**

It was recommended that, in long run, advocacy program can be initiated by MCC with other Government and Private Institutions such as TIC and TCCIA to share ICT databases and collaborate in service provision to their clients.

The best practices in computing is a commercially sourced cloud based system, which is web based, but provides demand availability of computer systems resources, without direct active management by the user and generally allows the user to purchase a system that meets needs as they change. It would be prudent for MCC to review and perhaps improve the financial systems to better track, provide transparency, receive bills and control finances across all internal departments and related external agencies. MCC may want to look at commercial budgeting package software and services know as an Enterprise Budgeting System (EBS). A first step would be to hire a Project Manager (PM) to development a needs assessment and scope of project of the users to develop a potential Request for Proposal (RFP).

The scope of services required by this RFP should include: 1. Installation, Solution elaboration, design, configuration, test, training, deployment, operations, maintenance and enhancement of the EBS Solution. 2. Facilitation of business change management where the EBS Solution provides MCC the opportunity to improve current enterprise budgeting business processes, procedures and data management as described in the RFP, and 3. Management of the offeror's solution delivery approach and resources using industry standard and best-practice project management methods. There is a model budgeting format for the EBS RFP (Charles County Government CIP for Financial Software); and a model needs assessment for a potential system (State of Maryland EBS requirements list).

## **Capital Economic Development**

Mbeya City is situated in the southern highlands of Tanzania, the City is strategically located. There is a variety of available transportation services including Songwe Airport, TAZARA Railway Station, arterial national roadways as well as local bus transit operations. MCC's climate is temperate and there is a great variety of local and regional visitors opportunities. It was recommended that MCC can consider capital economic development that will eventually create local revenues to the City Council but also improve the economic development of a community as well as poverty alleviation.

## **Short Term– Recommendation**

- i. In a meeting with Pendo Gondwe, Zonal Manager of the Tanzania Investment Center, there was a robust discussion around this opportunity and the need to expand a tourist based infrastructure. A good first step would be to explore the option of forming a Conference and Visitors Bureau (CVB). A CVB can be a local government run or supported, or an NGO, that is formed to provide information, resources, and support for the hospitality and tourism industry. The value of a CVB type organization is that a group of experts can define and provide support to identify and nature the visitor's industry infrastructure. Identified needs could include identifying hotel bed needs, food service needs, transportation options between the local air, rail and road options to and from MCC to tourist locations. A CVB can identify and develop tourist resources including coffee, tea and cocoa plantation and store front businesses including tours and lodging; safari excursions to Kitulo National Park; and tours to Daraja la Mungu (Gods Bridge); Ngozi Crater Lake, one of the African Great Lakes.

## Long Term– Recommendations

- i. Both Songwe airport and the Mbeya railroad station are located 14 km and 4 km respectively from MCC city center. In a meeting with the different stakeholders, a number of related economic development and potential revenue enhancement opportunities were discussed. There evidently is a scheduled Airport Cargo tarmac expansion, allowing for greater amounts of agricultural products to be directly shipped from Songwe and MCC. Evidentially, those products are now either transported to Dar es Salaam or Kenya for international shipment. The example provided was avocado products that are being exported to France and Belgium. Once, these products transported through Songwe airport, number of revenue sources will be initiated hence revenue enhancement to MCC.
- ii. There is a need for cold storage of agricultural products. The cold storage facility, which now does not exist, would allow the storage of local agricultural products to prevent spoilage and allow for shipment to national and international markets.
- iii. Associated with the location of the air and rail transportation, was an identified opportunity for manufacturing of value added agricultural products. That could include the processing of avocado oil, and well as other edible oils made from corn and grains, grown in the region, but are now being imported. Additionally locally grown products such as coffee beans, tea leaves and cocoa could be processed in MCC. There was a discussion around creating what could be called an agricultural manufacturing/value added Enterprise Zone (EZ). A potential location could be at the old airport site.
- iv. An existing available resource located in MCC is an inland/dry port. The inland port is a facility that has associated rail transport and adjacent roadway access. This allows products to be shipped to and from a seaport for the import and export of goods on land both nationally and internationally. The facility opened in 1991, formerly the Malawi CC Ltd., and now called MCC Ltd., owned by Malawian nationals. The facility is now only being used for oil tank containment storage and shipping and some warehouse storage services. Evidently, the facility has not been used for its designed purpose for a number of years. There are only 10 employees at this facility and is clearly underutilized.

## 15. Potential Local Revenue Sources

There are number of potential sources of revenue that could attract mobilization of local revenue specifically to MCC as follows:

- i. Bus and truck terminals along TANZAM Highway – to sustain traders' businesses and to easy logistics.
- ii. Minerals market and melting plant - to promote Central Government goals.
- iii. Minerals refiner industry – to add value to minerals.
- iv. School buses project for primary and secondary schools.
- v. Modern conference halls – to add value to the city logistics.
- vi. Enterprises zone – to attract foreign investors.
- vii. Recreational areas and facilities.
- viii. Business centers -
- ix. Cold storage facilities – easiest transportations of agricultural-products.
- x. Industries for agricultural and livestock for instance milk and
- xi. Conference and visitor's bureau (CVB) - for tourists, and EPZ.

In addition, there is specific source of local revenue which are currently not utilized by the City Council, the own revenue source is called Silos levy.

### Key Success Factors

- The anticipated revenue enhancement plan will promote the social-economic goals as stated in the strategic plan of Tanzania Millennium Goal to reduce poverty. But also the proposed plan correlates with the objectives stated in council Strategic Plan, the Local Government Finance Act No.9 of 1982, Finance Act No. 4 of 2016, Finance Act No. 2 of 2017 and Finance Act No. 4 of 2018 and Government planning and budgeting guideline of 2019/2020."
- The proposed project is financial viable and it will collect a total of TZS 111.4 billion as local revenue from own sources of income in five years time. The collected local revenue will be invested in different economic area of the Mbeya City Council and hence economic development of the City Council and Tanzania as whole.
- During implementation of the plan, the local government will collect Tax of different type from service levy, market dues and fees, renting of council assets, bus stand fees, meat inspections, business licenses, building permits, other local revenue sources. The collected fund from local government own sources will be used to serve the community and the country as whole in different public and social services.
- The envisaged plan is expected to create employment opportunity to several citizens of the Mbeya City Council and in the Country as a whole. That it has provided employment to professional and consultants during planning process and development of this plan. But also it will create employment income of TZS 351.9 million during the first year of the plan.
- In keeping our environment safe, the proposed plan is designed to reduce environmental destruction so as to come out with good results in environment protections, this is toward reducing CO<sub>2</sub> emission. Wastes will be collected through modern ways of collection and then to be dumped and recycling in a very separate zone called waste collection zone.

## 16. Statistical Analysis

The scope of general data collected was between year 2012/2013 to 2017/2018 of actual local revenue collected.

Table 1.0 Data Collection between 2012/2013 to 2018/31st March 2019.

Actual Local Revenue Collected								
SOURCES OF LOCAL REVENUE	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/31st March 2019	Average
	TZS (000')	TZS (000')	TZS (000')	TZS (000')	TZS (000')	TZS (000')	TZS (000')	TZS (000')
SERVICE LEVY	384,940	1,262,952	1,317,343	1,706,195	1,512,304	1,375,775	1,707,757	1,405,217
MARKET DUES/FEES	314,665	427,889	388,454	432,132	442,214	421,177	211,151	386,867
RENTING OF COUNCIL ASSETS	0	138,218	119,096	268,737	495,041	296,568	920,399	424,143
BUS STAND FEES	121,500	312,405	165,000	428,150	346,943	291,502	290,887	293,336
MEAT INSPECTION	0	69,112	83,978	50,816	133,791	148,994	103,544	104,125
BUSINESS LICENSE	0	618,189	339,153	742,376	810,392	887,676	986,201	785,454
BUILDING PERMIT	0	65,731	49,562	132,546	66,196	75,881	72,088	81,005
****OTHER REVENUES	1,167,165	4,249,221	4,567,998	4,249,489	4,534,152	4,182,186	4,418,882	4,120,294

Source: MCC – LAAC Report 2014/2015; 2015/2016; 2016/2017 and 2017/2018

Source: MCC – Local Revenue Collection department 2018/31st March 2019



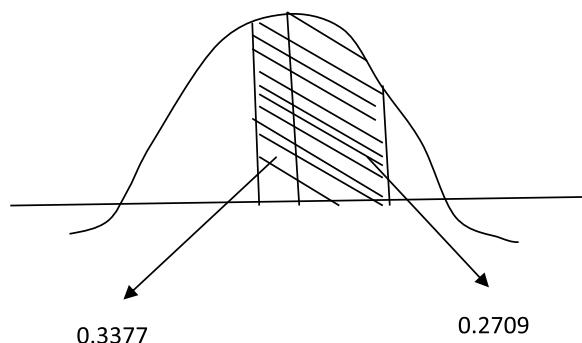
- The Consultants did a data analysis of Mbeya CC data gathered from various departments especially from department of planning and finance.
- The statistical analysis results from the Table 1.0 above show that there are eight main sources of local revenue. Broadly speaking, the best optimal portfolio choice of percentage increase for source of local revenue actually collected is with mean 4 percentage increase while risk of 24 percent. The associated probability is of 61 per cent for local revenue collected that is statistically significant. The collected data has been analyzed as follows;

Percentage Increase/ Decrease							
2012/2013 - 2019/31st March 2019							
Percentage Increase/Decrease for Actual Revenue Collected	Percentage	Mid (Y)	FY	(Y-Y) <sup>2</sup>	Z	Z	P
(30) and < (20)	1	(25)	(25)	827		0.4280	0.3372
(20) and < (10)	0	(15)	0	352			
(10) and < 0	3	(5)	(15)	77			
0 and < 10	2	5	10	2			
10 and < 20	1	15	15	127			
20 and < 30	0	25	0	452			
30 and < 40	0	35	0	977			
40 and < 50	<u>1</u>	45	<u>45</u>	<u>1,702</u>	0.6141	0.6141	0.2709
	8		30	4,513			
<b>Mean</b>			<b>3.75</b>				
<b>Standard Deviation</b>				<b>24</b>			
<b>Probability</b>						<b>0</b>	<b>61%</b>

$$= p((3) < x < 53)$$

$$= p\left(\frac{(25) - 3.75}{\frac{24}{\sqrt{8}}} \leq Z \leq \frac{45 - 3.75}{\frac{24}{\sqrt{8}}}\right)$$

$$= P(-0.4280 \leq Z \leq 0.6141)$$



$$P(-0.4280 \leq Z \leq 0.6141) = 0.3377 + 0.2709$$

$$P(-0.4280 \leq Z \leq 0.6141) = 0.61$$

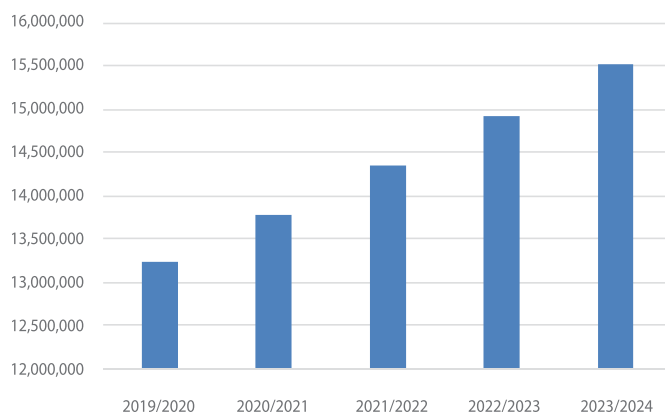
Therefore, the probability that the mean percentage increased of 4% for local revenue collected for MCC is 61%

## Key Assumptions for REP

The revenue enhancement plan and financial forecasts has adopted the following assumptions.

- Interest is 4.5% per annum repayable within twelve months.
- Financial forecasts cover a period of five years.
- No projections for re-investment of surplus revenue generated by the MCC.
- We have applied zero inflation rates on revenue and expenses on the sources of local revenue for any increase in operating expenses in future.

PROJECTED REVENUE COLLECTION



## 17. Investment and Financing Analysis

The total investment cost of the project is estimated at TZS 1.19 billion as detailed

### Local Government Authority

Mbeya City Council (MCC) is planned to enhance a local revenue collection, allocation and utilization. The envisaged plan will establish an integrated revenue mobilization; the plan will comprise a period of five years with 1<sup>st</sup> year local revenue of TZS 13.2 billion.

### Information Communication System

The Mbeya City Council (MCC) is planning to simplify a revenue mobilization through adoption of EBS to be used by the MCC. The total investment for EBS is TZS 1.0 billion.

### Consultancy

The consultancy investment to implement developed Revenue enhancement plan is TZS 42 million. Total projected revenue collection for 2019/2020 FY to 2022/2024 FY. Under this project: Debt finance will be TZS 1.0 billion.

## Investment and Financing

Items	Existing (TZS)	Grant/Funds (TZS)	Addition (TZS)	Total (TZS)
Current Database Clean-up (LGRClS)		25,000,000	-	25,000,000
Training, Skills and Development		123,600,000		123,600,000
Enterprise Budgeting System			1,000,000,000	1,000,000,000
Replacement - ICT Database				
Program Manager-Over site		18,000,000		
Request for propose-Procurement				
6,000,000				
New Bus Stand along Zambia Road (Multi-Modal Transportation Center)				
Establishment of Cold Storage Systems for agro-products				
Along new extended Songwe Airport				
Establishment of New Revenue Sources				
Others				
<b>Total fixed investment cost</b>		<b>172,600,000</b>	<b>1,000,000,000</b>	<b>1,148,600,000</b>
Pre-Project' costs		<b>42,000,000</b>		<b>42,000,000</b>
Working capital at full capacity				
<b>Total project cost</b>		<b>214,600,000</b>	<b>1,000,000,000</b>	<b>1,190,600,000</b>

## 18. Economic and Social Benefit Justification

- The envisaged project will promote the social-economic goals and objectives stated in the strategic plan of Tanzania Millennium Goal to decrease poverty. It will boot the linkage between Residents, Investors, Regulatory bodies, Government Sectors, NGOs, and Business/Private Sector stakeholders. At the same time, it helps diversify the economic activities of Mbeya CC and Mbeya region as whole. The other benefits are listed as follows:
- The project is found to be financially viable as the project will break even at 38.32% capacity utilization. Therefore, by the 5<sup>th</sup> year the revenue increased to TZS15.5 billion and increase the investment magnitude at MCC.
- In the plan life under consideration, the MCC will collect about TZS71.79 billion from own sources of revenue. Such results create additional fund for the government that will be used in establishing social and other basic services in the MCC.
- The project is expected to create employment opportunity to several citizens within Mbeya City Council i.e. it will provide permanent employment of 77 professional as well as support staff. In the first year the project will create net earnings of TZS351.9 million.

The proposed plan will create economic activities as stated in urbanization development strategies.

Direct Employment Opportunity for MCC during Implementation of the plan

Sn	Position	No. Required	Monthly salary (TZS 000')	Total Annual Salary (TZS 000')
1	Accountant	4	1,000	48,000
2	Mitaa Leaders	24	300	86,400
3	Revenue Source Masters	5	700	42,000
4	Information Tech Officer	4	700	33,600
5	Revenue Collectors	40	200	96,000
6	Other	0	0	0
	15% benefit			45,900
	<b>Total</b>	<b>77</b>		<b>351,900</b>

The Loan repayment Schedule will be as follows

Year	Principal (000' TZS)	Installment (000' TZS)	Interest (000' TZS)	Total Payment (000' TZS)
Year 1	1,000,000	200,000.00	3,000.00	203,000
Year 2	800,000	200,000.00	2,400.00	202,400
Year 3	600,000	200,000.00	1,800.00	201,800
Year 4	400,000	200,000.00	1,200.00	201,200
Year 5	200,000	200,000.00	600.00	200,600
	-	200,000.00	-	200,000



## 19. Financial Analysis

The financial analysis of the project is based on the data provided in the preceding discussions and the following assumptions.

### Investment and Finances

The plan will comprise of large economic area of total investment of TZS 1.19 billion. The breakdown of the cost and revenue consist of total cost of TZS11.03 billion and total revenue of 13.24 billion in the first year. The total cost include direct cost of TZS9.55 billion; Operation expenses TZS1.47 billion.

### Revenues assumptions

The revenue forecast is expected in such a way that percentage increment of 14% is obtained statistically in the first year of plan implementation, therefore 4% revenue growth rate is anticipated in following years consecutively. Capacity revenue collection is anticipated by considering per capita income for individuals in Tanzania, toward their businesses, land sale speculations, logistics and market barriers.

The total investment cost comprising of fixed assets, and other pre-operational cost estimated at TZS 42 million. Relatively, the envisaged project creates 77 jobs and employment income of TZS351.9 million is expected during the project life.

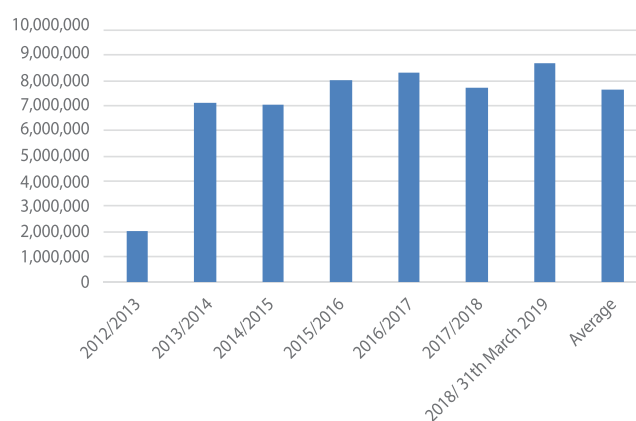
### Planning and finance

Sn	Particular	Parameters
1	Project Framework Duration	5 Years
2	Source of finance	100% loan
3	Interest rate	3.0%
4	Discount cash flow	35%
5	Value of EBS that attract Local revenue-mobilization	Base of lease rate
6	Other recommended Investment that attract Local revenue	Base of lease rate

### Depreciation

Sn	Particular	Parameters
1	Building	2%
2	Machinery and equipment	12.50%
3	Office furniture	12.50%
4	Vehicles	25%

### Actual local revenue collected



## 20. Financial Evaluation

**Profitability:** according to the projected income statement attached in the annex part, the plan will generate positive public services and development beginning from the first year of operation and it further increases in the subsequent years. This shows that the project profitable.

**Break even analysis:** The break-even point of the project is estimated by using income statement projection. Accordingly, the project will break even at 38.32% capacity utilization.

**Payback period:** Investment cost and income statement are used in estimating the project payback period. The plan will payback fully the initial investment less working capital in 2 years' time.

**Simple rate of return:** Simple rate of return refers to the ratio of net profit plus interest to the total capital invested for a single year at full capacity. Accordingly, the return amounts to 22.5%.

**Internal rate of return and net present value:** Based on cash flow statement the calculated IRR of the project is 69.76% and the net present value at 35% discount is TZS2.59 billion. This justify the project is financially viable.

Financial projections shows that the payback period of almost 2 years

Mbeya City Council - Revenue Enhancement			
Payback Period			
	Investment	Net Cash flow	Cumulative Cash flow
	000'Tshs	000'Tshs	000'Tshs
Investment Period	1,190,600	-	1,190,600
Year 1		2,004,138	2,004,138
Year 2		3,566,873	5,571,011
Year 3		4,627,345	10,198,355
Year 4		5,090,055	15,288,410
Year 5		4,874,901	20,163,311
<b>Payback Period (Years)</b>	<b>1.59</b>		

## 21. Conclusion

- As can be seen from foregoing analysis, the revenue enhancement plan for Mbeya City Council correlate with standard of life for the community toward public services such as markets, bus stands, roads, public toilets, garbage collection, schools, hospitals and others.
- With good cooperation from the Ministry of President Office Regional Administration and Local Government, Government Departments and Agencies and private stakeholders that the initiation of implementation framework toward this revenue enhancement plan will benefit the whole Mbeya City Council communities through created jobs , sustained public services and pose a threat to budget operational deficit and create the opportunity to meet operational overheads while investing in economic development.
- The Mbeya City Council and its stakeholders are confident that implementation of operational and capital economic developments will have positive impact on revenue mobilization, allocation and utilization.

## 22. Appendices

### Appendix 1: Previous years – MCC Revenue and Tax Collections

Actual Local Revenue Collected								
SOURCES OF LOCAL REVENUE	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/31st March 2019	Average
	TZS (000')	TZS (000')	TZS (000')	TZS (000')	TZS (000')	TZS (000')	TZS (000')	TZS (000')
SERVICE LEVY	384,940	1,262,952	1,317,343	1,706,195	1,512,304	1,375,775	1,707,757	1,405,217
MARKET DUES/FEES	314,665	427,889	388,454	432,132	442,214	421,177	211,151	386,867
RENTING OF COUNCIL ASSETS	0	138,218	119,096	268,737	495,041	296,568	920,399	424,143
BUS STAND FEES	121,500	312,405	165,000	428,150	346,943	291,502	290,887	293,336
MEAT INSPECTION	0	69,112	83,978	50,816	133,791	148,994	103,544	104,125
BUSINESS LICENSE	0	618,189	339,153	742,376	810,392	887,676	986,201	785,454
BUILDING PERMIT	0	65,731	49,562	132,546	66,196	75,881	72,088	81,005
OTHER REVENUES	1,167,165	4,249,221	4,567,998	4,249,489	4,534,152	4,182,186	4,418,882	4,120,294
<b>GRAND TOTAL</b>	<b>1,988,270</b>	<b>7,143,716</b>	<b>7,030,585</b>	<b>8,010,441</b>	<b>8,341,032</b>	<b>7,679,759</b>	<b>8,710,909</b>	<b>7,600,439</b>

**Appendix 2:** Revenue planning for five years

<b>Mbeya City Council - Revenue Enhancement</b>					
<b>Revenue Projections (000' TZS)</b>					
<b>PARTICULAR/YEAR</b>	<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2023/2024</b>
<b>REVENUE BY SOURCE</b>					
SERVICE LEVY	2,595,790	2,699,622	2,807,607	2,919,911	3,036,708
MARKET DUES/FEES	320,950	333,788	347,139	361,025	375,466
RENTING OF COUNCIL ASSETS	1,399,006	1,454,966	1,513,165	1,573,692	1,636,639
BUS STAND FEES	442,148	459,834	478,227	497,356	517,250
MEAT INSPECTION	157,387	163,683	170,230	177,039	184,121
BUSINESS LICENSE	1,499,025	1,558,987	1,621,346	1,686,200	1,753,648
BUILDING PERMIT	109,573	113,956	118,515	123,255	128,185
****OTHER REVENUES	6,716,701	6,985,369	7,264,784	7,555,375	7,857,590
WAREHOUSE LICENSES	0	0	4,000	4,120	4,244
PARKING	0	0	8,000	8,240	8,487
TRANSFERRING FEE	0	4,800	9,840	10,332	21,181
UNTAPED SOURCES	0	0	0	0	0
UNTAPED SOURCES	0	0	0	0	0
	0	0	0	0	0
<b>Net Revenue</b>	<b>13,240,581</b>	<b>13,775,004</b>	<b>14,342,853</b>	<b>14,916,545</b>	<b>15,523,519</b>

\*\*\*\* List of other Sources of Revenue

1	Faini ya uvunjaji wa sheria.	20	Unyonyaji wa maji mach-afu	39	Kufunga Barabara
2	Ada ya Zabuni	21	Faini mbalimbali	40	Kibali cha kuingiza gari zaidi ya Tani 10
3	Redio Mbeya FM	22	Mazishi Sabasaba	41	Uthamini wa Majengo
4	CRDB - SOKOMATOLA TAWI DOGO	23	Usajili wa Maduka ya Dawa	42	Kodi ya majengo
5	Faini za Biashara	24	NHIF	43	Mazao ya Miche (mauzo)
6	Leseni za uuzaji Pombe (Vileo)	25	TFDA (100%)	44	Upimaji Viwanja
7	Ushuru wa Hotel	26	TIKA/CHF	45	Kodi ya Ardhi
8	Hisa- TBL	27	Ushuru wa Choo	46	Mauzo ya Viwanja
9	Mapato ya Hostel	28	Mengineyo (Maji Safi)	47	Maombi ya fomu za Viwanja
10	Ushuru wa kugesha magari	29	Ushuru wa Machinjio	48	Mapato ya Ada Shule ya Msingi Mkapa
11	Ushuru wa kuosha magari (Car wash)	30	Ukaguzi wa Nyama	49	Mapato ya timu ya Mpira wa Miguu
12	Usajili wa Taxi,Pikipiki na Bajaji	31	Leseni ya Uvuvi na Mazao ya mifugo	50	Ada ya wanafunzi wa bwani
13	50% Makusanyo ya SUMATRA	32	Ushuru wa ngozi	51	Vibali vya burudani na Matangazo
14	Marejesho ya mikopo ya mfuko wa wanawake na vijana	33	Ushuru wa Mazao	52	Ada za waafunzi wa bwani na kutwa
15	Usajili wa Ada Vikundi	34	Mabango na Matangazo	53	Taaluma
16	Kamisheni	35	Ada ya Uwekaji Uzio	54	Vitambulisho - Wanafunzi
17	Uchunguzi wa afya	36	Ukodishaji mitambo/Mali	55	Ulinzi
18	Ada ya Uzoaji Taka	37	Mapato Mengineyo	56	Mitihani
19	Cost sharing	38	Gharama za Kukata Barabara	57	Tahadhari

**Appendix 3: Cost of Sales**

<b>Mbeya City Council - Revenue Enhancement</b>						
<b>Cost of Sale ( 000' TZS)</b>						
<b>PARTICULAR/YEAR</b>		<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2023/2024</b>
<b>Revenue</b>		13,240,581	13,775,004	14,342,853	14,916,545	15,523,519
<b>Direct cost</b>						
Women Groups	4.0%	529,623	551,000	573,714	573,714	620,941
Youth	4.0%	529,623	551,000	573,714	596,662	620,941
Disabled	2.0%	264,812	275,500	286,857	298,330.9	310,470.4
Development Projects	50.0%	6,620,291	6,887,502	7,171,426	7,458,273	7,761,759
Sub total		7,944,349	8,265,003	8,605,712	8,926,979	9,314,111
<b>Sub total</b>		<b>8,209,160</b>	<b>8,540,503</b>	<b>8,892,569</b>	<b>9,225,310</b>	<b>9,624,581</b>
Other Direct recurrent cost						
Staff Allowances	10.2%	1,350,539	1,364,045	1,377,685	1,391,462	1,405,377
Commission to Collectors/Lawyers	10.0%	1,324,058	1,337,299	1,350,672	1,364,178	1,377,820
<b>Subtotal</b>		<b>1,350,539</b>	<b>1,364,045</b>	<b>1,377,685</b>	<b>1,391,462</b>	<b>1,405,377</b>
<b>Total Cost of Revenues</b>		9,559,700	9,904,547	10,270,254	10,616,772	11,029,958
% of Revenue		72.2%	71.9%	71.6%	71.2%	71.1%

**Appendix 4: General Admin Cost**

<b>Mbeya City Council - Revenue Enhancement</b>						
<b>General Operational Expenses ( 000' TZS)</b>						
<b>PARTICULAR/YEAR</b>		<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2023/2024</b>
<b>Net Revenues</b>	Base	13,240,581	13,775,004	14,342,853	14,916,545	15,523,519
Administrative expenses	5.00%	662,029	688,750	717,143	745,827	776,176
Communication expenses	0.06%	7,944	8,265	8,606	8,950	9,314
Transportation expenses	1.00%	132,406	137,750	143,429	149,165	155,235
Utilities expenses	1.00%	132,406	137,750	143,429	149,165	155,235
Insurance expenses	0.36%	47,666	49,590	51,634	53,700	55,885
Employees Salary & Wages	2.20%	291,293	294,934	298,621	302,353	306,133
Principal Loan	1.51%	200,000	200,000	200,000	200,000	200,000
Depreciation expenses		0	0	0	0	0
<b>Total Operating Expenses</b>		<b>1,473,744</b>	<b>1,517,039</b>	<b>1,562,860</b>	<b>1,609,161</b>	<b>1,657,978</b>
		11.1%	11.0%	10.9%	10.8%	10.7%



**Appendix 5: Funding**

<b>Mbeya City Council - Revenue Enhancement</b>						
<b>Funding Projections ( 000' TZS)</b>						
PARTICULAR/YEAR	Begin	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
<b>Beginning Cash Equity</b>						
Common	0	0	0	0	0	0
Total Equity	0	0	0	0	0	0
<b>Long Term Debt</b>						
Current Portion		0				
Long Term Portion	1,000,000	200,000	200,000	200,000	200,000	200,000
Total Long Term Debt	1,000,000	200,000	200,000	200,000	200,000	200,000
<b>Total Equity &amp; Debt</b>	1,000,000	200,000	200,000	200,000	200,000	200,000
<b>Interest</b>						
<b>Interest Rate</b>						
Short Term Debt		10.0%	10.0%	10.0%	10.0%	10.0%
Long Term Debt		4.0%	4.0%	4.0%	4.0%	4.0%
<b>Retained Earnings</b>						
Net Income		2,204,138	2,351,018	2,507,939	2,689,412	2,834,983
Dividends						
Increase / (Decrease) Retained Earnings		2,204,138	2,351,018	2,507,939	2,689,412	2,834,983
Beginning Retained Earnings		0	2,204,138	4,555,155	7,063,094	9,752,506
Ending Retained Earnings		2,204,138	4,555,155	7,063,094	9,752,506	12,587,488

Appendix 6: Income

Mbeya City Council - Revenue Enhancement						
Income Statement ( 000' TZS)						
PARTICULAR/YEAR		2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
<b>NET REVENUES</b>		13,240,581	13,775,004	14,342,853	14,916,545	15,523,519
<b>COST OF REVENUE</b>		9,559,700	9,904,547	10,270,254	10,616,772	11,029,958
% of Revenues		72.2%	71.9%	71.6%	71.2%	71.1%
<b>GROSS PROFIT</b>		3,680,882	3,870,457	4,072,599	4,299,773	4,493,560
% of Revenues		27.8%	28.1%	28.4%	28.8%	28.9%
<b>OPERATING EXPENSES</b>						
Administrative expenses		662,029	688,750	717,143	745,827	776,176
Communication expenses		7,944	8,265	8,606	8,950	9,314
Transportation expenses		132,406	137,750	143,429	149,165	155,235
Utilities expenses		132,406	137,750	143,429	149,165	155,235
Insurance expenses		47,666	49,590	51,634	53,700	55,885
Exiting Employees Salary & Wages		291,293	294,934	298,621	302,353	306,133
Depreciation expenses		0	0	0	0	0
<b>Total Operating Expenses</b>		<b>1,473,744</b>	<b>1,517,039</b>	<b>1,562,860</b>	<b>1,609,161</b>	<b>1,657,978</b>
% of Revenues		11%	11%	11%	11%	11%
EARNINGS FROM OPERATIONS		2,207,138	2,353,418	2,509,739	2,690,612	2,835,583
<b>EARNINGS BEFORE INTEREST &amp; TAXES</b>		2,207,138	2,353,418	2,509,739	2,690,612	2,835,583
<b>INTEREST EXPENSE</b>	0.01%	3,000	2,400	1,800	1,200	600
<b>NET EARNINGS BEFORE TAXES</b>		2,204,138	2,351,018	2,507,939	2,689,412	2,834,983
		0	0	0	0	0
<b>NET EARNINGS</b>		2,204,138	2,351,018	2,507,939	2,689,412	2,834,983
% of Revenues		16.6%	17.1%	17.5%	18.0%	18.3%

**Appendix 7: Balance Sheet**

<b>Mbeya City Council - Revenue Enhancement</b>						
<b>Balance Sheet ( 000' TZS)</b>						
<b>PARTICULAR/YEAR</b>	<b>Begin</b>	<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2023/2024</b>
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash		(835,631)	1,160,404	3,303,667	5,626,708	8,085,668
Accounts Receivable		1,986,087	2,066,251	2,151,428	2,237,482	2,328,528
Inventories		1,324,058	1,377,500	1,434,285	1,491,655	1,552,352
Other Current Assets		926,841	964,250	1,004,000	1,044,158	1,086,646
Total Current Assets		3,401,355	5,568,405	7,893,380	10,400,002	13,053,194
<b>PROPERTY &amp; EQUIPMENT</b>		0	0	0	0	0
<b>TOTAL ASSETS</b>	0	3,401,355	5,568,405	7,893,380	10,400,002	13,053,194
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Overdraft	0	0	0	0	0	0
Accounts Payable & Accrued Expenses		264,812	275,500	286,857	298,331	310,470
Other Current Liabilities		132,406	137,750	143,429	149,165	155,235
Current portion of long term debt		0				
Total Current Liabilities	0	397,217	413,250	430,286	447,496	465,706
<b>LONG TERM DEBT (less current portion)</b>	1,000,000	800,000	600,000	400,000	200,000	0
<b>STOCKHOLDERS' EQUITY</b>						
Common Stock	0	0	0	0	0	0
Retained Earnings		2,204,138	4,555,155	7,063,094	9,752,506	12,587,488
Total Equity	0	2,204,138	4,555,155	7,063,094	9,752,506	12,587,488
<b>TOTAL LIABILITIES &amp; EQUITY</b>	1,000,000	3,401,355	5,568,405	7,893,380	10,400,002	13,053,194

**Appendix 8:** Break Even Analysis

<b>Mbeya City Council - Revenue Enhancement</b>							
<b>Break even analysis</b>							
<b>Particulars/ Year</b>		<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2023/2024</b>	<b>AVERAGE</b>
Revenue		13,240,581	13,775,004	14,342,853	14,916,545	15,523,519	14,359,700
Variable Costs		9,559,700	9,904,547	10,270,254	10,616,772	11,029,958	10,276,246
Contribution Margin		3,680,882	3,870,457	4,072,599	4,299,773	4,493,560	4,083,454
Fixed Costs		1,473,744	1,517,039	1,562,860	1,609,161	1,657,978	1,564,156
Break-Even Sales $C/ A \times A$		5,301,237	5,399,162	5,504,071	5,582,416	5,727,674	5,502,912
Break Even Capacity $E/A \times 100$		40.04%	39.20%	38.38%	37.42%	36.90%	38.32%

**Appendix 9: Discounted Cash Flow**

<b>Mbeya City Council Revenue Enhancement</b>						
<b>Projected Cash flow Statement (000' TZS)</b>						
PARTICULAR/YEAR	Year 0	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Profit After Tax	-	2,204,138	2,351,018	2,507,939	2,689,412	2,834,983
Equity	-					
Loan	1,000,000	-				
Overdraft	-					
Add non Cash Items:						
Depreciation	-	-	-	-	-	-
<b>Total Inflows</b>	1,000,000	2,204,138	2,351,018	2,507,939	2,689,412	2,834,983
Investment	1,000,000					
Normal replacement	-	-	-	-	-	-
Loan repayment		200,000	200,000	200,000	200,000	200,000
Overdraft repayment		-	-	-	-	-
<b>Total Outflow</b>	1,000,000	200,000	200,000	200,000	200,000	200,000
<b>Net Cash flow</b>	-	2,004,138	2,151,018	2,307,939	2,489,412	2,634,983
Opening Balance	-	-	2,004,138	4,155,155	6,463,094	8,952,506
Closing Balance	-	2,004,138	4,155,155	6,463,094	8,952,506	11,587,488
<b>Discounted Cash flow Projections In TZS</b>						
NPV	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Net Cash flow	(1,200,000)	2,004,138	2,151,018	2,307,939	2,489,412	2,634,983
PRESENT VALUE AT 35%	2,593,013	(1,200,000)	1,484,546	1,180,257	938,043	749,483
PRESENT VALUE AT 38%	2,369,220	(1,200,000)	1,452,274	1,129,499	878,187	686,405
<b>Internal Rate of Return (IRR)</b>	<b>69.76%</b>					

**Appendix 9: Summary**

<b>Mbeya City Council - Revenue Enhancement</b>					
<b>Financial Summary ( 000' TZS)</b>					
<b>PARTICULAR/YEAR</b>	<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2023/2024</b>
Revenue	13,240,581	13,775,004	14,342,853	14,916,545	15,523,519
Gross Profit	3,680,882	3,870,457	4,072,599	4,299,773	4,493,560
DEBIT	2,207,138	2,353,418	2,509,739	2,690,612	2,835,583
Net Earnings	2,204,138	2,351,018	2,507,939	2,689,412	2,834,983
Net Cash from Operating Activities	(1,635,631)	2,196,035	2,343,263	2,523,041	2,658,960
Dividends					
Cash	(835,631)	1,160,404	3,303,667	5,626,708	8,085,668
Total Debt	200,000.00	200,000.00	200,000.00	200,000.00	200,000.00
<b>Growth</b>					
Revenue Growth Rate		4%	4%	4%	4%
Net Earnings Growth Rate		6.7%	6.7%	7.2%	5.4%
<b>Ratios</b>					
Current Ratio	8.6	13.5	18.3	23.2	28.0
Debt to Capital (LT Debt + Equity)	0.3	0.1	0.1	0.0	0.0
<b>Profitability</b>					
Gross Profit %	27.8%	28.1%	28.4%	28.8%	28.9%
Operating Expenses %	11.1%	11.0%	10.9%	10.8%	10.7%
Net Earnings %	16.6%	17.1%	17.5%	18.0%	18.3%
<b>Returns</b>					
Return on Assets	64.8%	42.2%	31.8%	25.9%	21.7%
Return on Equity	100.0%	51.6%	35.5%	27.6%	22.5%
Return on Capital (LT Debt + Equity)	73.4%	45.6%	33.6%	27.0%	22.5%



## Appendix 10: Training, Development and skills

BUDGET FOR TRAININGS, SKILLS AND DEVELOPMENT FOR TWELVE MONTHS OF 2019/2020 (FIGURES IN TZS '000')													
	Jul - 19	Aug - 19	Sept - 19	Oct - 19	Nov - 19	Dec - 19	Jan - 20	Feb - 20	Mar - 20	Apr - 20	May - 20	Jun - 20	TOTAL
<b>Description</b>	<b>1st Category Wards</b>			<b>2nd Category Wards</b>			<b>3rd Category Wards</b>			<b>4th Category Wards</b>			
<b>CASH INFLOWS</b>													
<b>Income</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Equity Contribution</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Inflows</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>CASH OUTFLOW</b>													
<b>(a) Capacity building and awareness</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Venue</b>	1,000			1,000			1,000	-	-	1,000	-	-	4,000
<b>Mills and Refreshment</b>	2,000	-	-	2,000	-	-	2,000	-	-	2,000	-	-	8,000
<b>Preparation Senior/ Junior Trainer</b>	1,000			1,000			1,000			1,000			4,000
<b>Facilitation Senior/ Junior Trainer</b>	1,000	-	-	1,000	-	-	1,000	-	-	1,000	-	-	4,000
<b>Follow-up and report writing</b>	100			100			100			100			400
<b>Mentoring and close assistance and support to the participants during and after training</b>													
<b>Workshop Materials and Stationary</b>	400			400			400			400			1,600
<b>Transport Costs (air-tickets) for 2 Trainers</b>													
<b>Accommodation for 2 trainer</b>	2,200			2,200			2,200			2,200			8,800
<b>Others (Contingency)</b>	1,000	-	-	1,000	-	-	1,000	-	-	1,000	-	-	4,000

	Jul - 19	Aug - 19	Sept - 19	Oct - 19	Nov - 19	Dec - 19	Jan - 20	Feb - 20	Mar - 20	Apr - 20	May - 20	Jun - 20	TOTAL
<b>Description</b>	<b>1st Category Wards</b>		<b>2nd Category Wards</b>			<b>3rd Category Wards</b>			<b>4th Category Wards</b>				
<b>(b) Lobbying and advocacy</b>													-
Venue	-	1,000	-	-	1,000		-	1,000	-	-	1,000	-	4,000
Mills and Refreshment	-	2,000	-	-	2,000	-	-	2,000	-	-	2,000	-	8,000
Preparation Senior/ Junior Trainer		1,000			1,000			1,000			1,000		4,000
Facilitation Senior/ Junior Trainer	-	1,000	-	-	1,000	-	-	1,000	-	-	1,000	-	4,000
Follow-up and report writing		100			100			100			100		400
Mentoring and close assistance and support to the participants during and after training		300			300			300			300		1,200
Workshop Materials and Stationary		400			400			400			400		1,600
Transport Costs (air-tickets) for 2 trainers													
		2,200			2,200			2,200			2,200		8,800
Accommodation for 2 trainer	-	1,000	-	-	1,000	-	-	1,000	-	-	1,000	-	4,000
Others (Contingency)		1,000			1,000			1,000			1,000		4,000
<b>(c) Professional development/training</b>													-
Venue	-		1,000	-	-	1,000	-	-	1,000	-	-	1,000	4,000
Mills and Refreshment	-	-	2,000	-	-	2,000	-	-	2,000	-	-	2,000	8,000
Preparation Senior/ Junior Trainer			1,000			1,000			1,000			1,000	4,000
Facilitation Senior/ Junior Trainer	-	-	1,000	-	-	1,000	-	-	1,000	-	-	1,000	4,000
Follow-up and report writing			100			100			100			100	400
Mentoring and close assistance and support to the participants during and after training			300			300			300			300	1,200
Workshop Materials and Stationary			400			400			400			400	1,600
Transport Costs (air-tickets) for 2 trainers			2,200			2,200			2,200			2,200	8,800
Accommodation for 2 trainer	-	-	1,000	-	-	1,000	-	-	1,000	-	-	1,000	4,000
Others (Contingency)			1,000			1,000			1,000			1,000	4,000
Telephone, Mobile & Fax	300	300	300	300	300	300	300	300	300	300	300	300	3,600
<b>TOTAL OUTFLOWS</b>	<u>10,300</u>	<u>10,300</u>	<u>10,300</u>	<u>10,300</u>	<u>10,300</u>	<u>10,300</u>	<u>10,300</u>	<u>10,300</u>	<u>10,300</u>	<u>10,300</u>	<u>10,300</u>	<u>10,300</u>	<u>123,600</u>
<b>Net Cash Flows</b>	(10,300)	(10,300)	(10,300)	(10,300)	(10,300)	(10,300)	(10,300)	(10,300)	(10,300)	(10,300)	(10,300)	(10,300)	(123,600)
<b>Add: Opening Balance</b>													
	=	(10,300)	(20,600)	(30,900)	(41,200)	(51,500)	(61,800)	(72,100)	(82,400)	(92,700)	(103,000)	(113,300)	-
<b>TOTAL NET CASH FLOWS</b>	<u>(10,300)</u>	<u>(20,600)</u>	<u>(30,900)</u>	<u>(41,200)</u>	<u>(51,500)</u>	<u>(61,800)</u>	<u>(72,100)</u>	<u>(82,400)</u>	<u>(92,700)</u>	<u>(103,000)</u>	<u>(113,300)</u>	<u>(123,600)</u>	<u>(123,600)</u>

## 23. Appendix 11: Monitoring and Evaluation Framework

With the monitoring and evaluation framework, MCC must be able to measure the implementation of recommendations, proposed short-term and long-term actions and goals in the Revenue Enhancement Plan(Rep). The MCC initiatives are policy driven making it necessary to develop metrics to monitor the planning, implementation and management of results. To achieve this objective, there are metrics listed below to monitor the input, output and success of the necessary resources, and proposed activities and outcomes.

### Revenue Enhancement Plan Outputs

The following are the outputs drawn from the Revenue Enhancement (REP) Plan. The outputs are used to develop a monitoring plan which will track implementation until that output is achieved.

#### Outputs List A. Operational Economic Development Indicators (Quick win)

- Trend for revenue collection growth and its spending mechanism
- Revenue collection system is to be clean-up
- Provision of tax awareness and education campaigns as well as capacity building.

#### Outputs List B. Capital Economic Development Indicators

##### *Operational Infrastructure Investment*

- MCC Enterprises Budgeting System (EBS linking with LGRCIS)

##### *Capital Infrastructure Investment*

- Bus stand terminal
- Minerals refiner industry – to add value to Minerals
- School Buses project for primary and secondary schools
- Modern Conference halls – to add value to the City logistics
- Agricultural manufacturing/value added Enterprise Zone (EZ)– to attract foreign investors.
- Recreational areas
- Business centers
- Cold storage facilities – easiest transportations of Agricultural-products
- Conference and visitor’s bureau (CVB) - for tourists

## 1. Coordinator of a Plan

Noting that, a Coordinator of revenue enhancement plan for Mbeya City Council will manage and oversee overall activities toward implementation of this plan.

Detailed duties and responsibility of a Plan Coordinator

1. To be responsible in managing all activities of a plan, i.e. authorize payment and making sure the implementation of a plan is at sustainable progress with respective goals.
2. To appoint an assistant Manager for projects supervision.
3. To monitor the progress of a plan and produce reports periodically.
4. To ensure adherence to plan guidelines.
5. To be accountable for all financial aspects of a plan.
6. To be a custodian of a plan.
7. To ensure timely availability of required resources for implementation of a plan.
8. To make sure all responsible personnel in each output are playing their roles effectively and efficiently.
9. To chair and initiate meetings toward implementation of a plan

<b>1.0</b>	<b>INDICATOR</b>	<b>DEFINITION</b>	<b>BASELINE</b>	<b>TARGET</b>	<b>DATA SOURCE</b>	<b>FREQUENCY</b>	<b>RESPONSIBLE</b>	<b>REPORTING</b>
	1.0 Trend for growth in revenue enhancement	How is it calculated?	What is the current value?	What is the target value?	How will it be measured?	How often will it be measured?	Who will measure it?	Where will it be reported?
<b>Goal</b>	Improved of services delivery	Overseeing the progress of new established revenue enhancement plan	Government Plan and budgeting guidelines of 2018	Enhance revenue generation and reduce dependence on Central Government grants	Mbeya City Council; The Local Government Finance Act No.9 of 1982, Finance Act No. 4 of 2016, Finance Act No. 2 of 2017 and Finance Act No. 4 of 2018 and Government planning and budgeting guideline 2019 or 2020	Annually	City Internal Auditor	Coordinator of a plan (City Treasurer)
<b>Outcomes</b>	Increase revenue collection; strengthen main sources of revenue; Timely enforcement of tax defaulters	Overseeing the progress of existing own revenue sources	Revenue collection between FY 2012/2013 to FY 2018/31st March 2019 In which by 31st March 2019 it was TZ 8.7 Billion from eight	Revenue percent increase of 4% every financial year for 10 years, starting FY 2019/2020 In which by end of FY 2019/2020 it will be TZ 13.24 Billion	2019/2020 to 2023/2024 Revenue enhancement Plan report, projections and LAAC report	Quarterly	City Internal Auditor	Coordinator Of a plan (City Treasurer)

<b>OUTPUTS</b>	<b>DEFINITION</b>	<b>DURATION</b>	<b>FREQUENCY</b>	<b>RESPONSIBLE</b>	<b>REPORTING</b>
Which activities are included?	How is it function?	How long to fulfill?	How often will it be measured?	Who will measure it?	Where will it be reported?
Sustain operations on main own sources of revenue, Strategies on identified challenges, financial projections and other aspects	Having a revenue enhancement plan in place	3 Months	Quarterly	City Treasurer and ICT Officer	City Internal Auditor
Allocate/select/assign revenue collectors and agents for revenue collection and mobilization	Contract revenue collectors and agents, Mitaa 181 leaders and allocation of focal technical experts	12 Month	Annually	City Human Resources / City Solicitor	City Internal Auditor
Effective enforcement of by laws; Financial memorandum regulation and policies; Acts toward revenue enhancement	Timely review of By-laws, Investment forums Investment ambassadors	12 Month	Daily	City Solicitor	City Internal Auditor
Sustain reliable Investment and oversee progress of financial projections in a REP	Identified investments in different plans owned by MCC	12 Month	Quarterly	City Treasurer / City Economist	City Internal Auditor

<b>1.1</b>	<b>INDICATOR</b>	<b>DEFINITION</b>	<b>BASELINE</b>	<b>TARGET</b>	<b>DATA SOURCE</b>	<b>FREQUENCY</b>	<b>RESPONSIBLE</b>	<b>REPORTING</b>
	1.1 Revenue Collection system - clean up	How is it calculated?	What is the current value?	What is the target value?	How will it be measured?	How often will it be measured?	Who will measure it?	Where will it be reported?
<b>Goal</b>	Appropriate information for tracking any tax payer at any time to retrieve her/his information; timely issuing of bills; actual list of business entities obtained; timely legal action against defaulters taken	The database is inefficient to the current economic situation. Some unrequired data are to be clean up, i.e.. Error data, repetitions, unrealistic data, data not conformed	MCB (2012), the revenue potential of the Mbeya City Council revenue collections, Mbeya in Tanzania	2019/2020 to 2023/2024 Revenue Enhancement Plan Report, and LAAC report	Local Government Revenue Collection Information System (LGRGIS)	Annually	ICT head	Coordinator of a plan (City Treasurer)
<b>Outcomes</b>	Efficient database, right data, right information, no errors All Business entities to be identified	MCB (2012), the revenue potential of the Mbeya City Council revenue collections, Mbeya in Tanzania	2019/2020 to 2023/2024 Revenue Enhancement Collection Plan Report, Information and LAAC report	Local Government Revenue Collection Information System (LGRGIS)	Local 2023/2024 Government Revenue Enhancement Collection Plan Report, Information and LAAC System report (LGRGIS)	Annually	ICT head	Coordinator Of a plan (City Treasurer)

<b>OUTPUTS</b>	<b>DEFINITION</b>	<b>DURATION</b>	<b>FREQUENCY Y</b>	<b>RESPONSIBLE</b>	<b>REPORTING</b>
Which activities are included?	How is it function?	How long to fulfill?	How often will it be measured?	Who will measure it?	Where will it be reported?
Decide on how to clean up the collection system to enhance efficiency and performance and effect (i.e. TOR to be established)	Determine the magnitude of errors in the system and the most affected source of revenue; Advocacy and Lobbying and Seek permission from PO-LARG to conduct the exercise; Decide on controlling set – up to prompt quality data	3 Months	Weekly	City Economist And Head- procurement	ICT head
Identify system follow-up mechanisms on revenue mobilization to eliminate repeating of similar transactions	Approval of customized template to enhance check and balance; Appoint an approval authority before posting; Daily reconciliation on captured transactions; Taxpayers register established and audited regularly;	1 Month	Weekly	ICT Officers / City Trade Officer	ICT head
Effective enforcement of by laws; Financial memorandum regulation and policies; Acts toward revenue enhancement	Develop a short operating guideline; Careful scrutiny of potential revenue collection agents required; Train the responsible staff on the importance of generating quality data;	1 Month	Daily	ICT Expert / City Trade Officer	ICT head



1.2	INDICATOR 1.2 Provision of Education	DEFINITION How is it calculated?	BASELINE What is the current value?	TARGET What is the target value?	DATA SOURCE How will it be measured?	FREQUENCY How often will it be measured?	RESPONSIBLE Who will measure it?	REPORTING Where will it be reported?
<b>Goal</b>	Value added knowledge and understand for the importance of paying tax	Insufficient education to tax payers; Potential tax payers are not fully informed, Mitaa leaders are to be trained; Education should be provided to the business owner on the important of paying local taxes; there is a gap between tax payers and tax collectors	MCB (2012), the revenue potential of the Mbeya City Council revenue collections, Mbeya in Tanzania	2019/2020 to 2023/2024 Revenue Enhancement Plan Report, and LAAC report	Mbeya City Council (MCC)	Monthly	City Community Development Officer (CCDO)	Coordinator of a plan (City Treasurer)
<b>Outcomes</b>	Capacity building, awareness and advocacy for importance of paying taxes; Improve Tax payers' willingness to pay tax;  Regular meetings with business community important for developing common understanding /knowledge to By-laws;  Dialogue and forums with tax payers;	Insufficient education to tax payers; Potential tax payers are not fully informed, Mitaa leaders are to be trained; Education should be provided to the business owner on the important of paying local taxes; there is a gap between tax payers and tax collectors	MCB (2012), the revenue potential of the Mbeya City Council revenue collections, Mbeya in Tanzania	2019/2020 to 2023/2024 Revenue Enhancement Plan Report, and LAAC report	Mbeya City Council (MCC)	Monthly	City Community Development Officer (CCDO)	Coordinator Of a plan (City Treasurer)

<b>OUTPUTS</b> Which activities are included?	<b>DEFINITION</b> How is it function?	<b>DURATION</b> How long to fulfill?	<b>FREQUENCY Y</b> How often will it be measured?	<b>RESPONSIBLE</b> Who will measure it?	<b>REPORTING</b> Where will it be reported?
Identify potential tax payers	Update companies /businessmen database. Identify businesses conducted within city. Identify and prepare a comprehensive list of revenue prospects. Review sources of revenue.	1 Months	Weekly	City Treasurer / City Trade Officer	City Community Development Offices (CCDO)
Develop training terms of reference	Review By Laws on tax compliance Identify gaps on voluntary tax payment Identify tax payers training needs.	2 Month	Quarterly	Head Procurement/ City Solicitor	City Community Development Offices (CCDO)
Procure training firms/ individuals to prepare training materials and train	Engage in procurement process to hire individuals/ firms	1 Month	Quarterly	Head – Procurement / City Human Resources	City Community Development Offices (CCDO)
Conduct training, organize workshops, forums and entrepreneurial workshops	Collaborate with other regulatory authorities; Publications; Collaborate with internal and external stakeholders in provision of education;	12 Month	Monthly	City Community development officers, City Economist	City Community Development Offices (CCDO)

<b>1.3</b>	<b>INDICATOR</b> 1.3 MCC Enterprises Budgeting System (EBS)	<b>DEFINITION</b> How is it calculated?	<b>BASELINE</b> What is the current value?	<b>TARGET</b> What is the target value?	<b>DATA SOURCE</b> How will it be measured?	<b>FREQUENCY</b> How often will it be measured?	<b>RESPONSIBLE</b> Who will measure it?	<b>REPORTING</b> Where will it be reported?
<b>Goal</b>	Reach-out tax payers in time with appropriateness in billing, collecting and other important information	the current database is inefficient for mobilizing revenue as well as spending mechanism	2019/2020 to 2023/2024 Revenue Enhancement Plan Report	2019/2020 to 2023/2024 Revenue Enhancement Plan Report (M&E Framework)	Mbeya City Council (MCC)	Annually	ICT head of department	Coordinator of a plan (City Treasurer)
<b>Outcomes</b>	Effective operations of financial system for revenue mobilization and spending	the current database is inefficient for mobilizing revenue as well as spending mechanism	2019/2020 to 2023/2024 Revenue Enhancement Plan Report	2019/2020 to 2023/2024 Revenue Enhancement Plan Report (M&E Framework)	Mbeya City Council (MCC)	Annually	ICT head of department	Coordinator Of a plan (City Treasurer)

<b>OUTPUTS</b> Which activities are included?	<b>DEFINITION</b> How is it function?	<b>DURATION</b> How long to fulfill?	<b>FREQUENCY Y</b> How often will it be measured?	<b>RESPONSIBLE</b> Who will measure it?	<b>REPORTING</b> Where will it be reported?
Take inventory of existing operational systems and analyze it SWOT analysis	Review the current systems to identify the existing weakness and strengths, threats and their potentials  Review needs requirements. Review and meetings with MCC, business community and residents	1 Months	One-time event	ICT Expert	ICT head of depart
Communicate with PO-LARG ICT officials on the intention of assessing the efficiency of systems to determine if systems are adequate to drive the implementation of the MCC's five-year revenue enhancement plan	Seeking approval from PO-LARG office through advocacy and lobbying	1 Months	One-time event	City Treasurer/ICT Expert/ City Economist / City Solicitor  (External) TCCIA	ICT head of depart
Determine if assessment can be conducted internally or through external experts	Review of assessment report	1 Month	One-time event	City Treasurer / ICT Expert / City Trade Officer	ICT head of depart
Prepare Terms of Reference (ToR); Guideline	Identify technical requirements;  Decide on the system that fits most the MCC's needs	1 Months	One-time event	ICT Expert/ City Human Resources / Head Procurement	ICT head of depart
Conduct Assessment (as in pilot stage)	Assess the suitability of the available systems in lieu to MCC's revenue	2 Months	One-time event	ICT Expert	ICT head of depart

<b>1.4</b>	<b>INDICATOR</b> 1.4 Agricultural manufacturing/value added Enterprise Zone (EZ)	<b>DEFINITION</b> How is it calculated?	<b>BASELINE</b> What is the Current value?	<b>TARGET</b> What is the target value?	<b>DATA SOURCE</b> How will it be measured?	<b>FREQUENCY</b> How often will it be measured?	<b>RESPONSIBLE</b> Who will measure it?	<b>REPORTING</b> Where will it be reported?
<b>Goal</b>	Community development and service delivery	No special zone for EZ and agricultural products	Mbeya City Council, Investment Promotion Strategies and road map 2019 to 2024	2019/2020 to 2023/2024 Revenue Enhancement t Plan Report (M&E Framework)	Mbeya City Council (MCC)	Annually	City Agricultural Irrigation and Cooperative Officer (CAICO)	Coordinator of a plan (City Treasurer)
<b>Outcomes</b>	Adding value to local agricultural products; generate income to MCC through fees, levies and licenses	No special zone for EZ and agricultural products	Mbeya City Council, Investment Promotion Strategies and Road map 2019 to 2024	2019/2020 to 2023/2024 Revenue Enhancement t Plan Report (M&E Framework)	Mbeya City Council (MCC)	Annually	City Agricultural Irrigation and Cooperative Officer (CAICO)	Coordinator Of a plan (City Treasurer)

<b>OUTPUTS</b> Which activities are included?	<b>DEFINITION</b> How is it function?	<b>DURATION</b> How long to fulfill?	<b>FREQUENCY Y</b> How often will it be measured?	<b>RESPONSIBLE</b> Who will measure it?	<b>REPORTING</b> Where will it be reported?
Identify potential economic development and location for EZ	Reviewing/visiting the investment promotion profile to determine the possible locations	1 Months	Annually	City Treasurer and ICT Officer	City Agriculture Irrigation and Cooperative Office (CAICO)
Identify potential opportunities according to Local Economic Development (LED) to create better conditions for economic growth	Identify economic potentials within the city; Identify competitive projects sought to be potential; Identify competitive advantage with other surrounding LGAs;	1 Months	Annually	City Economist	City Agriculture Irrigation and Cooperative Office (CAICO)
Develop a business plan for each opportunity in agriculture products	Engaging all the departments to generate ideas on economic potentials in agriculture products	3 Month	Annually	City Economist / City Treasurer	City Agriculture Irrigation and Cooperative Office (CAICO)
Develop a Master Plan, that include architectural designs, bill of quantities, environmental assessment and others	Engaging all the departments to generate ideas on economic potentials; Visit agricultural exhibitions to determine the actual picture of what the market can offer; Conduct survey of agriculture entrepreneurs in Southern Zone	6 Months	Annually	City Economist / City Trade Officer / City Solicitor	City Agriculture Irrigation and Cooperative Office (CAICO)

1.5	INDICATOR	DEFINITION	BASELINE	TARGET	DATA SOURCE	FREQUENCY	RESPONSIBLE	REPORTING
	1.5 Establishment of Conference and Visitors Bureau (CVB)	How is it calculated?	What is the current value?	What is the target value?	How will it be measured?	How often will it be measured?	Who will measure it?	Where will it be reported?
<b>Goal</b>	Increase number of visitors to the City and neighboring tourist attractions; Contribute to the GDP, increase revenue collection for local sources	No CVB in place within the City	Mbeya City Council, Investment Promotion Strategies and Road map 2019 to 2024	2019/2020 to 2023/2024 Revenue Enhancement t Plan Report (M&E Framework)	Mbeya City Council (MCC)	Annually	City Economist	Coordinator of a plan (City Treasurer)
<b>Outcomes</b>	Modern way of simplifying communication for visitors and tourists; One stop Center for visitors and tourists	No CVB in place within the City	Mbeya City Council, Investment Promotion Strategies and Road map 2019 to 2024	2019/2020 to 2023/2024 Revenue Enhancement t Plan Report (M&E Framework)	Mbeya City Council (MCC)	Annually	City Economist	Coordinator Of a plan (City Treasurer)

OUTPUTS	DEFINITION	DURATION	FREQUENCY Y	RESPONSIBLE	REPORTING
Which activities are included?	How is it function?	How long to fulfill?	How often will it be measured?	Who will measure it?	Where will it be reported?
Identify potential needs for the bureau	Identify conference and visitor's bureau needs; Craft specific design of the potentials; Visit regional development Plan and consider taking advantage of identified priorities	1 Months	Annually	City Trade Officer/ Tourist Officer	City Economist
Identify the nature of visitor's industry infrastructures and Identify conference tourist resources	Identify visitors' preference & taste; Identify CVB demand; Identify facilities more suitable for CVB services in comparison to the existing ones in other CVB; Engage tourism and hospitality; department to tourist design packages that may attract more visitors and business meetings within and outside MCC city Correspond with Tanzania Tourist Board	2 Months	Annually	City Trade Officer / Head - HR / Tourist Officer	City Economist
Seek finances or investors	Identify potential financiers	3 Month	Annually	City Treasurer	City Economist
Develop a business plan	Engaging all the departments to generate ideas on economic potentials	2 Months	Five years' time	City Trade Officer / City Treasurer	City Economist

<b>1.6</b>	<b>INDICATOR</b>	<b>DEFINITION</b>	<b>BASELINE</b>	<b>TARGET</b>	<b>DATA SOURCE</b>	<b>FREQUENCY</b>	<b>RESPONSIBLE</b>	<b>REPORTING</b>
	1.6 Establishment of cold storage facilities at the airport	How is it calculated?	What is the current value?	What is the target value?	How will it be measured?	How often will it be measured?	Who will measure it?	Where will it be reported?
<b>Goal</b>	Eases transportation of agricultural products in Tanzania as well as oversee (Export); Increase GDP through exportation	No cold storage facilities in place within the City	Mbeya City Council, Investment Promotion Strategies and Road map 2019 to 2024	2019/2020 to 2023/2024 Revenue Enhancement t Plan Report (M&E Framework)	Mbeya City Council (MCC)	Annually	City Agricultural Irrigation and Cooperative Officer (CAICO)	Coordinator of a plan (City Treasurer)
<b>Outcomes</b>	Collection of revenue through renting fee, Collection of levies generated from agricultural products, licenses	No cold storage facilities in place within the City	Mbeya City Council, Investment Promotion Strategies and Road map 2019 to 2024	2019/2020 to 2023/2024 Revenue Enhancement t Plan Report (M&E Framework)	Mbeya City Council (MCC)	Annually	City Agricultural Irrigation and Cooperative Officer (CAICO)	Coordinator Of a plan (City Treasurer)

<b>OUTPUTS</b>	<b>DEFINITION</b>	<b>DURATION</b>	<b>FREQUENCY</b>	<b>RESPONSIBLE</b>	<b>REPORTING</b>
Which activities are included?	How is it function?	How long to fulfill?	How often will it be measured?	Who will measure it?	Where will it be reported?
Thorough research on existing cold storage facilities and equipment.	Communicate with TIC and TCCIA to obtain business potentials that pass through them	1 Months	Weekly	City Economist / Agriculture department	City Agricultural Irrigation and Cooperative Offices (CAICO)
Identify Agricultural products	Research on agricultural potentials in Mbeya and Songwe regions; Communicate with TAHA (An experienced entity with horticulture, who also have lots of business ventures abroad)	1 Months	Weekly	City Economist / Agriculture department	City Agricultural Irrigation and Cooperative Offices (CAICO)
To identify appropriate location for cold storage facilities investment	Through Master Plan of the location for establishment of the facilities. Or other relevant strategic documents	1 Months	One-time event	CAICO; CT and CECON; TANESCO & TAHA	City Agricultural Irrigation and Cooperative Offices (CAICO)
Negotiate with Songwe Airport on processes and other aspects for establishment of facilities	Meetings with Songwe Airport top management and other relevant authorities	1 Months	Weekly	CAICO; CT and CECON, City Solicitor	City Agricultural Irrigation and Cooperative Offices (CAICO)
Develop terms of reference for development of a plan	Identify strategic partnership	1 Months	One-time event	Head – Procurement	City Agricultural Irrigation and Cooperative Offices (CAICO)



1.7	INDICATOR	DEFINITION	BASELINE	TARGET	DATA SOURCE	FREQUENCY	RESPONSIBLE	REPORTING
	1.7 Modern Conference halls / Recreational areas / Business Centers	How is it calculated?	What is the current value?	What is the target value?	How will it be measured?	How often will it be measured?	Who will measure it?	Where will it be reported?
<b>Goal</b>	Modernize the City to be one of the best City in Tanzania as well as in East Africa	Overseeing the progress of new established revenue enhancement plan	Mbeya City Council, Investment Promotion Strategies and Road map 2019 to 2024	2019/2020 to 2023/2024 Revenue Enhancement t Plan Report (M&E Framework)	Mbeya City Council (MCC)	Annually	City Economist	Coordinator of a plan (City Treasurer)
<b>Outcomes</b>	Revenue generation for MCC, attraction of international conferences and activities	Overseeing the progress of new established revenue enhancement plan	Mbeya City Council, Investment Promotion Strategies and Road map 2019 to 2024	2019/2020 to 2023/2024 Revenue Enhancement t Plan Report (M&E Framework)	Mbeya City Council (MCC)	Annually	City Economist	Coordinator Of a plan (City Treasurer)

OUTPUTS	DEFINITION	DURATION	FREQUENCY Y	RESPONSIBLE	REPORTING
Which activities are included?	How is it function?	How long to fulfill?	How often will it be measured?	Who will measure it?	Where will it be reported?
Identify appropriate locations for investments	Identify priorities and Most strategic areas for Investments	3 Months	One-time event	CUPO/City Engineer	City Economist
Set priorities according to identified opportunities	Consider value creation and value addition	1 Months	Weekly	CUPO/City Engineer	City Economist
Develop Terms of Reference (ToR) for possible partnerships in accordance Local Economic Development (LED)	- Review partnership possibilities - Identify potential partners Review investment guidelines	1 Months	One-time event	Head - Procurement	City Economist
Seek finances or investors	Identify potential financiers	3 Months	Weekly	City Treasurer	City Economist
Develop a plan, architectural designs, Feasibility study, bill of quantities, environmental assessment and others	- Identify strategic partners	3 Months	One-time event	City Treasurer/City Engineer	City Economist
Implement a plan	Engage strategic partners	6 Months	One-time event	Head – Procurement/ City Engineer/ City Water Engineer	City Economist

## 24. Appendix 12: Specific Challenges and Strategies

SN	POTENTIAL REVENUE SOURCE	COUNCIL'S STRENGTHS	COLLECTION	STRATEGIES TO BOLSTER
			STATUS/WEAKNESSES	REVENUES
		Act No. 23 of 1982 CAP 13 section 15(1); legal power to collect revenue	Hard to obtain business turnovers	Regular meetings with business community important for developing common understanding
		Relatively large numbers of service providers and business entities	Lack of forum with Business persons/entities	All Business entities to be identified
	Service levy	Mbeya City Council is the business center for high land region of Njombe, Ruvuma, Songwe and Sumbawanga	Harmonization and sensitization	Liaison with TRA to obtain turnovers
1			Supervision and Monitoring not satisfactory	Follow ups strengthened
			Data base not in place	Legal enforcement where necessary
				Establish database for taxpayers
		Act No. 26 of 1972; provides legal power to collect revenue	Limited tracking of guests' registration especially during the nights	Regular and surprised checkups conducted
2	Guest House Levy	CBD is the business center; potential for visitors/ travelers	Tax aversion demeanor among guest house owners	Dialogue and forums with Guest house owners convened
		Number of guests is on the rise	Lack of forum with Guest house owners	Legal action against defaulter taken
		Mbeya city's high grown council which make more businessmen to construct more guest houses	Legal enforcement not satisfactory	Surveyed plots to be distributed to businesses entities
			The services of Fumigation conducted by the private owner instead of the council	Guests register established and audited regularly
				The services of Fumigation to be conducted by council
3	Tax from Markets (Sweto, Sido, Nzovwe, Ilomba, Ikuti, Mabatini, soko matola, Forest, Igawilo and Uyole ya Kati)	Large numbers of small and medium scale businesses	Worn out market infrastructures	Market infrastructures improved
		CBD is the business center; potential for visitors/travelers	Low political will	All market stalls utilized
			Some revenue collection officers not faithful	Supervision and Monitoring strengthened
			Some market stalls not in use	Careful scrutiny of potential revenue collection agents required
			Weak contracts with revenue collection Agents	Contracts to bind both sides and beneficial to the council
			Supervision and Monitoring not satisfactory	Where necessary defaulters dragged to court (legal enforcement)
			Other stalls and shops are not own by council	Forums with market stall owners convened
			Some businessmen had the contracts with private owner instead of council	All business owner gets direct contract with the council

SN	POTENTIAL REVENUE SOURCE	COUNCIL'S STRENGTHS	COLLECTION STATUS/WEAKNESSES	STRATEGIES TO BOLSTER REVENUES
		Act No. 25 of 1972 CAP 6; provides legal power to collect revenue	Some business owner escaping paying business license by delaying	Regular Supervision and Monitoring strengthened
		CBD is the business center; potential for visitors/travelers	Some political interference which cause the business men to stop paying	Mechanism for License provision improved, timely issuing
4	Business License	Number of different types of business is on the rise	Supervision and monitoring of the source not satisfactory	Legal action against defaulters taken
		Mbeya city high grown council which make more businessmen to engage on business by constructing or renting accommodation for doing their business	There is no up to date data of the businessmen who are responsible for paying business license	Actual list of business entities obtained
			Some businessmen close their business	Education should be provided to the business owner on the important of paying business license.
				Political leader will be facilitated in order to understand on the important of the businessmen to pay business license.
		More than 400 vizimba and butchers owned by the Council	Supervision and monitoring of the source not satisfactory	Regular Supervision Monitoring strengthened
	Butcher and Vizimba	Microeconomics seems vibrant	Bad demeanor of some tenants not to pay rent	Legal action against defaulterstaken
5		Many small-scale businesses create demand for more rooms	Legal enforcement not satisfactory	Legal action against defaulterstaken
			Worn infrastructures	Infrastructures to be improved
			No sewage systems	New markets constructed
			Rent rate not reviewed over a long period	Rates to be reviewed regularly
			Few forums with the tenants	Forums with tenants encouraged
		More than 2 million liquid waste produced everyday	One vehicle not enough	More vehicles to be procured
6	Liquid Waste	Council owned vehicle available for removing liquid waste	Vehicle Management {diesel and maintenance and operations} not satisfactory	Rates to be reviewed regularly
		Populations' willingness to pay for the service	Untimely provision of the required services	Proper management of the vehicle ensured and adhered
		Change of civilization/culture from pit latrine to more improved especially flashing toilets	Supervision and monitoring of the source not satisfactory	Services provided timely, first come first serve program applied
			Some vehicle supervisors are not faithful	Change the vehicle supervisor
			Other native does not know if the council had car used to collect liquid waste	Publication should be made in order the native to understand the availability of liquid Waste management
				Regular supervision and monitoring of the vehicle should be conducted

SN	POTENTIAL REVENUE SOURCE	COUNCIL'S STRENGTHS	COLLECTION STATUS/WEAKNESSES	STRATEGIES TO BOLSTER REVENUES
		The council owns 9 public toilets	Small capacity septic tanks	Large septic tanks constructed especially at Soweto and Igawilo Market
7	Revenue from Public toilets	An estimated 2,404 people attend public toilets everyday	Rates not reviewed regularly	Rates to be reviewed regularly
		By laws in place	Unfaithful revenue collection agents/officers (change of rate without consent of Council)	Rehabilitation to some toilets should be done
			Generally, some toilets cleanliness not satisfactory	Regular supervision and monitoring should be done
				The POS should be provided to the toilet's revenue collectors
				Camera should be fixed to the door of toilet
		Parking areas available	Control gates not in place	Parking structures improved
8	Central Bus Stand	Traffic count; estimated 120 vehicles/day	Stakeholders not well harmonized	Stakeholders sensitized
		Owners of vehicles are willing to pay	There is no camera which monitor in and out car	Supervision and Monitoring strengthened
		Bylaws in place	The parking space are not enough in the Bus stand	Parking parlors/lots allocated
			Unfaithful revenue collection agents/officers	Parking Signs should be in place
				Improvement of the parking spaces should be done
				Camera which monitor in and out car should be fixed
				The gets should be fixed in order to charge the walk ways person.
		Availability of abundant sands, gravels, extrusive igneous rocks	Not collected at all	By laws should be in place soon
9	Minerals for construction		By laws not in place for effective enforcement	Monitoring and supervision strengthened
				The council should start to collect fees from the minerals of construction.
		More than 11 vans/lorries used every week for advertisement within the City	Weak M & E	Monitoring and supervision strengthened
10	Adds for	People are willing to pay local levies	Sensitization not satisfactory	Community sensitized
			There is no follow-up this source	Security stakeholder should involve on monitoring of this source
			The security stakeholders are not involved on monitoring of this source	
			Awareness creation, if its partly done	
		Increased demand of residential plots	Lack of financial capital	Seek financial assistance (Bank overdraft etc)

SN	POTENTIAL REVENUE SOURCE	COUNCIL'S STRENGTHS	COLLECTION STATUS/WEAKNESSES	STRATEGIES TO BOLSTER REVENUES
11	Plots application form (survey of plots)	Availability lands (Mwansekwa, Isyesye and Iduda)	High compensation costs	Recruitment of staff (Valuers, land surveyors, Cartographers etc)
			Huge land disputes	CNA adhered and addressed
				Implore PPP for survey and sale of plots (risks reduced, shared proceeds)
		Kisumba, Matanga, Wipanga, Mawenzusi and Katumba Azimio carries monthly auctions	Community sensitization is weak	Proper infrastructures should be in place
12	Weekly and Monthly Auction	Influx of people attend Auctions	Infrastructures not satisfactory around auction/Market area	Use local radios, brochures to sensitize the Wananchi
		Good weather for cereal crops	Realist crop statistics missing	Agr. Extension officers to be used to collect data and analyzed
13	Crop cess	High yield of maize and beans annually which are used as both food and cash crops	Significant # of tax avoiders (late night transportation)	Tax payer education very important
		Markets are available	Agriculture not mechanized; traditional methods/approaches widely used; limiting productivity	Agr. Input industries focused, use PPP
			Harvest statistics missing	By Laws reviewed and enforced
			No regular follow ups and monitoring of source	Man power properly managed
				Monitoring and Evaluation of source should be conducted
				Rate reviewed
				Control gates installed
		Relatively large numbers of residents/populations attending public Health facilities	Community sensitization not satisfactory (CHF members)	Vigorous sensitization and awareness creation are paramount
14	Cost sharing, CHF, NHIF, TFDA		Specialized health services not available	Electronic service delivery, reporting and revenue collection software encouraged
			Electronic revenue collection systems not linked to LGRCIS	Auditing for public funds is mandatory and weaknesses dealt with accordingly
			Out of stock especially for essential medicines and drugs	Number of qualified staff especially, clinicians should be increased/recruited
				Performance management and appraisals should be carried regularly
				Surprise checks and internal auditing rarely done

SN	POTENTIAL REVENUE SOURCE	COUNCIL'S STRENGTHS	COLLECTION STATUS/WEAKNESSES	STRATEGIES TO BOLSTER REVENUES
		New buildings (estimated at 15,000) structures per annum	Community sensitization not enough	Designate a staff, use WEOs and MEOs where possible
15	Building Permit	Availability of Staff	Follow up/inspections not done regularly	Provide transport facilities
			Stakeholders find difficulties to access building permits	Reduce time for accessing different permits
			Shortage of staff to inspect and issue permits	Legal enforcement for tax avoiders
		Charcoal accounts for more than 50% of domestic energy, highly used in Mbeya City	Weak follow up	Strengthen follow ups & supervision
16	Forest products (charcoal and timber)	Timber for construction is on high demand, more than 20,000M <sup>3</sup> used yearly	Transport facilities not available	Transport facilities provided
			Local Taxavoiders	Due to shortage of staff; WEOs and VEOs can be deployed
				Legal enforcement strengthened
		More than 620 ton of solid waste produced each day	Transport facilities not enough	Improve coordination and organization (establish chain of communication)
17	Solid Waste	Equipments and vehicles available (4 skip masters)	Coordination for solid waste management not satisfactory	Evolve local Leaders (wards and Mitaa)
		High # of Business community	Management of vehicles (services and diesel) not properly done	Encourage use of official receipts
		Common citizens willing to pay for garbage produced (more than 35,650 households reside within CBD)	POS machine not effectively used	Encourage effective collection of garbage
				Monitoring and Evaluation improved
				Legal enforcement



SN	POTENTIAL REVENUE SOURCE	COUNCIL'S STRENGTHS	COLLECTION STATUS/WEAKNESSES	STRATEGIES TO BOLSTER REVENUES
		More than 60 cattle and goats slaughtered each day	Weary Infrastructure (cattle sheet damp site)	Rehabilitation of main structures example at Uyunga abattoir
18	Ilemi, Iyunga Uyole and Saba saba Abattoirs/ slaughter slabs	Slaughter slab owned by the council	Water outage very common	Boreholes constructed to ensure availability of water for clean environment
			Saba saba abattoir not rehabilitated for a year	
		Alcohol/local brew widely consumed (estimated at 8,000L daily which is equivalent to 40 drums)	Monitoring and supervision not done satisfactorily	Monitoring and supervision strengthened
19	Local and Foreign brews	More than 150 Bars available around Mbeya CBD	Sensitization of tax payers not done properly	Data for suppliers and distributors/sellers established
			Accurate data missing	
		Mbeya FM Radio is 100% owned by the City council	Not staffed	The radio station should be well staffed and required equipment should be in place
	Mbeya FM Radio		Equipment and tools are lacking	Monitoring should be strengthened
20			Low coverage due to short frequencies	Radio programs to address current issues affecting the modern demography
			Proper contract management is lacking	Let the facility to a private a vendor
	Mbeya city council's ordinary shares owned at TBL and TOL	Value of shares on the rise	Not shareholders certificate obtained	Central Depository System Account should adhere
21		There is a possibility of diversification	Follow-ups not satisfactory	Obtain CDS Receipts
				Regular follow – ups is important
		Government owned primary school	Gap exists between the school's management and MCC	Supervision and Management of the school must be done regularly
22	Mkapa and Azimio English Medium primary schools	Potential to enroll pupils to its full capacity	Monitoring and supervision especially on revenues not enough	Monitoring and supervision should be strengthened
		The school is located at center of public services		New school should be constructed to offer good learning services at affordable fee (Iwambi)
		High demand of English medium primary and secondary schools		
		More than 5 Acres of land available at Iwambi for construction of a new school		

SN	POTENTIAL REVENUE SOURCE	COUNCIL'S STRENGTHS	COLLECTION STATUS/WEAKNESSES	STRATEGIES TO BOLSTER REVENUES
		There are more than 20 car wash points around the city	Sewage systems not properly put	Strengthen monitoring
23	Car wash points	Willingness to pay	Awareness creation, if any, it's partly done	Collection mechanism should be improved
		There are more than 500 Bajaji and more than 2,000 motorbikes within Mbeya CBD	Weak engagement of Drivers and owners of Motorbikes and Bajaji	Round table discussion encouraged
24	Registration of motorbikes and Bajaji		Awareness has to be conducted	Foster partnership with SUMATRA, POLICE and group leaders
			Legal enforcement for tax avoiders	Update on the existing number of Bajaji and Motorbikes
			There is no up to date data on the number of Bajaji and Motorbikes	
		Most favored government owned conference facilities around Mbeya CBD	The same conference all a long	Rehabilitate the facility
25	Mkapa conference Hall	Well positioned	Rehabilitation not done regularly	Construct the very modern conference facilities
			LGRCIS/POS machines should be introduced	Improve management
	Supply Clean and safe water (Boozer)	The council owns water boozer	Only one boozer	Improve management of boozer
26		Demand for water on the rise	Management of the boozer not satisfactory	Increase number of boozers
		Mbeya city council is the only council which own a football club	It is difficult to get actual gate collections during a football match	Transparency must be improved on issues concerning a club
27	Mbeya City FC	A football club is one of the clubs which are competing in premier league	There is no regular monitoring and supervision	Regular monitoring and evaluation must be conducted
		A team have many fans or supporters	The is no transparency in various issues	There should be a policy which guide on the supply of Jess
		A team has sponsors	There is no direct policy on the supply of merchandise	Improve the system of gate collection during a match (introduce POS machines)
		A team has its merchandise	No management change	Management should change regularly

SN	POTENTIAL REVENUE SOURCE	COUNCIL'S STRENGTHS	COLLECTION STATUS/WEAKNESSES	STRATEGIES TO BOLSTER REVENUES
		There are 198 Open spaces	Encroachment of spaces	Establish legal ownership
28	Open spaces	High demand of open spaces	No or expired contracts	Remove encroacher's
		Open spaces located in prime areas	Weak monitoring and contract management	Review contracts (those available)
			No Investment plan for open spaces	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
	Industrial parks, lands for establishing investments e.g. shopping malls	More than 2,400 acres of lands available for investment at Mwasanga, Mwansekwa, Iduda, Itagano and Itende	Lack of capital for compensation	Seek finance assistance from potential investors
29			Identified fields are used for small scale agriculture and thus more delay is translated into establishment of squatters and more acquisition cost	Seek PPP mechanism where possible
				Engage other stakeholders (TIC, TPSF, PO – RALG, RS, MoFP etc) in order to tap such diminishing opportunities

## 25. References

International Monetary Fund, Real GDP growth, Annual percent change, retrieved on 4th April 2019 from [https://www.imf.org/external/datamapper/NGDP\\_RPCH@WEO/OEMDC/TZA?year=2019](https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/TZA?year=2019)

International Monetary Fund, Inflation rate, end of period consumer prices, Annual percent change, retrieved on 4th April 2019 from <https://www.imf.org/external/datamapper/PCPIEPCH@WEO/OEMDC/TZA?year=2019>

Mbeya City Council (2017), the report for implementation of instructions of Local Authority Accounting Committee (LAAC) and responses to issues raised by Auditor General to Financial Statement ended 30th June 2017, page no. 100 – 150

Mbeya City Council (2015), the report for implementation of instructions of Local Authority Accounting Committee (LAAC) and responses to issues raised by Auditor General to Financial Statement ended 30th June 2017, page no. 207 – 247

MCB (2012), the revenue potential of the Mbeya City Council revenue collections, Mbeya in Tanzania

Mugoya, P and Chikongoye J. (2011) Revenue Potential study FOR Masasi District

REPOA (2009), Outsourcing Revenue Collection: Experiences from Local Government Authorities in Tanzania.

Seatini Uganda (2014), Local Government Revenue Mobilization, Allocation and Utilization Processes: A case of Kitgum, Lamwo and Pader Districts; Uganda

**City Director,**

P .O.Box 149,

Mbeya

**Phone:** DL +255 25 2502372/ GL +255 25 2502563

**Fax:** +255 25 2502488

**Email:** [cd@mbeyacc.go.tz](mailto:cd@mbeyacc.go.tz)

**Website:** <http://www.mbeyacc.go.tz>