

**VNG International's methodology
to increase internally generated
revenues for local development**

VNG International

The Hague, November 2016

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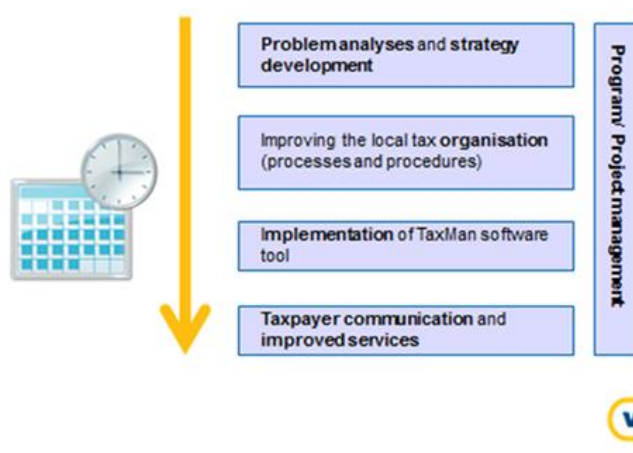
1 Introduction

Recent publications from parties such as IMF, OECD and Habitat III emphasize the importance of a sound fiscal performance of municipalities as one of the most important factors to broaden participation and stimulate growth of small and medium enterprises (IMF), and as fundamental to manage the global urban future (Habitat III). At the same time they all mention the many restrictions and constraints that local municipalities are facing to real substantial improvements: lack of appropriate strategies, absence of adequate systems, capacities, legal limitations etcetera.

In this paper we will describe the approach that VNG International has developed during the last three years to support municipalities to improve both their tax collection and service delivery, thereby supporting civic engagement and government accountability. The approach follows the analyses and suggestions made by IMF, OECD and Habitat III.

Over the past few years we have piloted our approach in municipalities in Ghana. This outcome is that impressive improvements in tax management and service delivery have been realized.

Modular change approach



The structure of this paper is as follows. In chapter 2 we will describe the importance of effective tax systems. In chapter 3 we will focus on local taxes, the issues many municipalities are facing and steps towards solutions as suggested by organisations such as UCLG, Habitat III and OECD. Chapter 4 describes the situation on local taxation in Ghana to paint a more detailed picture of the issues to solve at the municipal level. VNG International's approach and its different modules which were first piloted in Ghana are presented in chapter 5. In Chapter 6 we present our theory of change and in chapter 7 a logical frame work, describing input, output and outcome of the approach.

2 The importance of effective tax systems

“Imagine a day without access to clean water, a home without electricity, or children without disease-preventing vaccines. These are conditions you will likely never face, thanks to taxes. Like them or not, taxes and other domestic revenues pay for the public services we use: schools and hospitals in our communities; roads and bridges that we take to work; and police and sanitation workers who keep our neighbourhoods safe and clean. By helping countries to better mobilize their own resources, we can empower partner countries to take command of the own development.”

Source: USAID

Despite the fact that nobody likes to pay tax, there is a growing worldwide consensus that effective tax systems and effective, efficient and incorruptible tax administrations are core functions of an effective state. It is also generally agreed that a well-designed and properly administered tax system provides for more than revenues alone. According to the IMF¹ it is one of the foundations needed to strengthen sustainable economic growth:

- it helps formalize the economy by broadening participation and reducing tax evasion;
- It encourages growth of the small and medium business sector that is an engine for employment and growth in many developing economies;
- It is part of a social contract that underpins social cohesion and helps shape political governance.

Over time, increasing revenues together with sustainable economic growth provide the path for developing countries to eliminate aid dependency.

According to the World Bank, Domestic Resource Mobilization (DRM) is key to achieving the ambitious Sustainable Development Goals (SDGs). The Bank states that “ *To map their own futures and fund essential services such as education and healthcare, developing countries need to collect more taxes. In fact, a country’s ability to collect domestic taxes and spend those resources effectively lies at the crux of financing for development. They believe that effective collection of revenue can strengthen the social contract between citizens, companies and government.*

Strengthening public investment, the management of public enterprises, social transfer payments and procurement can build confidence in the efficiency of public-sector expenditures. This is key to ensuring taxpayers’ willingness to support effective taxation”

¹ IMF, program document “securing revenue for development, 2011



Properties in Elmina, Ghana

At the United Nations Financing for Development conference in Addis Ababa in July, the Bank Group and the International Monetary Fund committed to a joint initiative to help client countries strengthen their tax systems.

Habitat III documents confirm this statement: improving internally generated revenues and funds (IGF) will support the Sustainable Development Goals (SDGs), especially in the developing world.² Strengthening domestic resource mobilisation is one of the most important means to finance sustainable development. Furthermore, SDG 17.1 explicitly emphasizes the need of ‘international support to developing countries to improve domestic capacity for tax and other revenue collection’. The Habitat III policy paper³ on municipal finance and local fiscal systems (February 2016) emphasizes that IGF are essential for encouraging government efficiency and accountability.

In low income and lower middle income countries however, there is typically extremely limited capacity to undertake reforms to improve both the tax system as the tax administration. Most of them face enormous challenges in managing the task of upscaling human resources and upgrading of systems and processes. Thus, some countries are trapped because of a combination of a lack of understanding of modern tax systems and administrative approaches, and lacking the resources to implement reforms, modernizations and performance improvements.

The IMF concludes, based on recent studies that of the 90 low and lower middle income countries for which complete data are available, half are under-performing in tax revenue collection. These conclusions are confirmed by the European Commission’s 2010 *Communication on Tax and Development*⁴ report.

² For all Financing for Development documents, see <https://sustainabledevelopment.un.org/topics/finance>

³ Habitat III policy paper on local fiscal systems (2016)

⁴ Tax Justice Network, *Closing the Floodgates—Collecting tax to pay for development*, 2007.

3 Local taxes

Globally, more people live in urban areas than in rural areas. The urban population is expected to continue to grow. Recent studies show that towards 2050 45% of the cities yet have to be built. Africa and Asia are urbanizing more rapidly than other regions of the world. Thus sustainable development challenges will be increasingly concentrated in cities. More people in the cities can mean that there is not sufficient housing, water, waste collection etc. In this context local governments face the challenges of public service delivery and infrastructure development. To finance this they depend on intergovernmental transfers and own source revenues. Experience shows that there is substantial untapped revenue potential in local government that, if governed in a transparent and fair way, can contribute significantly to local development.

Local revenues include taxes, licences and fees. Property tax is the best known local revenue. It is location-specific providing an immobile tax base with a strong correlation between property ownership, income, and wealth. Important preconditions to bill property and collect taxes include proper registers of property and owner, registers of taxpayers, efficient administrative procedures, trained staff etc...

The Erasmus Study Centre for local Taxes (ESBL) describes local taxes as:

- *Closed system: law gives tax discretion to municipality; principle of legality*
- *If not defined, council is free to choose tariff, differentiations, exceptions, tax object etcetera;*
- *No income policy (only central government is allowed) and bound to principles of proper administration / legislation, such as equality*
- *Legal protection and tax collection according to national fiscal rules/laws*

Examples of local taxes are: property taxes, parking tax, tourist tax, precario, waste cleaning taxes, construction permit taxes and business taxes.

The Habitat III policy paper on municipal finance and local fiscal systems (February 2016) emphasizes that: “Sound fiscal performance of local government is fundamental to the achievement of the New Urban Agenda, and the stakes are high. Nothing less than the environmental, social, and economic future of our planet hinges on our ability to manage inexorable global urbanization. The fiscal health of cities is a necessary condition for managing our global urban future. Fiscal health enables local governments to invest in the social and economic infrastructure that supports a higher quality of life, sustains economic growth, and helps localities prepare for and mitigate the effects of natural and financial crises.”

The challenges.⁵

The reality however is that, local governments around the world face a number of constraints in their ability to raise own-source revenues. Revenue collection is often negatively impacted by inefficiencies built into collection systems, inconvenient tax billing systems, policy limitations, and long delays in identifying (non-compliant) taxpayers. These issues weaken the ability of municipalities to collect revenues that correspond to their obligations and weaken their ability to respond to changes in those obligations.

Technical and human resource capacities also present a key challenge for local governments, particularly in developing countries, in the development of effective revenue collection systems. Establishing and implementing local revenue instruments requires good systems and a cadre of skilled local public employees. In most developing countries, management systems are so rudimentary that it is difficult or impossible to project revenues for future years. Common problems further include underdeveloped reporting systems and property registration systems, non-existent or inaccurate valuation mechanisms, and ineffective collection systems.

Low levels of administrative capacity also limit the ability to raise revenues. Local governments with low levels of economic activity are often limited in their ability to raise revenues, and city residents with very low incomes are unable to pay local taxes or fees. Poorly trained tax collectors and underdeveloped monitoring systems diminish the effectiveness of collections and open the door to graft and corruption. Low collection rates are often combined with high collection costs as a result of administrative inefficiency.

In projects in which VNG International was involved the last two years we have seen all these issues happening at the same time and leading to tax gaps of up to 97%.

Towards solutions

When municipalities face these problems providing public goods and services and maintaining public infrastructure, they need to develop a policy framework/ strategy that supports strong and reliable local sources of revenue⁶.

National and subnational governments⁷ need to invest in both the technical and the human resources needed to maintain effective local tax systems. Low-cost cadastral and assessment innovations and digital systems for mass assessments can increase local capacity for effective assessment of the tax base. Given the importance of accurate and even assessments, enforcing accurate value reporting is key. Adopting integrated reporting, assessment, and collection systems, using internet or mobile platforms to manage tax bill payment, and imposing penalties for tax evasion can strengthen tax systems and improve the ability of local governments to meet obligations.

⁵ and ⁵ Habitat III policy paper on local fiscal systems (2016)

⁶ IMF, program document "securing revenue for development, 2011; Habitat III policy paper on local fiscal systems (2016);

The UCLG (United Cities & Local Governments) advises to improve the collection of local taxes and fees, when applicable. They argue that local politicians, bureaucrats and voters may take more care with money that is raised locally at rates they set than with money that has been given to them or that is raised at rates outside their control.

The UCLG⁸ recommends:

1. To provide technical assistance to local governments for generating own source revenues in a more systematic way and
2. Commitment from local governments to:
 - Improve the collection of local taxes and fees. It is often noticed that with improved transfers, local governments tend to fail to collect their own revenues. Given the importance of own source revenues, especially in funding local public infrastructure, it is crucial to maintain and optimize own source revenue collections.
 - Engage own source optimization plans to demonstrate their commitment to seek funding for their own infrastructure investment needs.
 - Consider local assessments, as well as information campaigns, involving all stakeholders at the local level, which may lead to an increase of local tax.
 - Effective improvements of collection as well as enhanced budgeting and financial planning to increase local government stockholder's interest.
3. Commitment to high standards of efficient management and transparency, as well as promoting citizen participation. For example:
 - Issuing regular information and briefing on their financial situation. The more the budget and financial constraints of the local government are reported and explained, the more understanding and interest will be raised amongst local government partners.
 - Strengthening municipal staff capacities (training), especially in finance and investment planning.

⁸ UCLG policy paper on local finance

4 The Ghana IGF case

In Ghana Metropolitan, Municipal and District Assemblies' (MMDAs) are empowered to collect revenue from a range of sources to complement central government transfers and funding from development partners. IGF over the years should constitute a critical component of finances. Nonetheless the overall picture reflects structural, administrative and systematic inefficiencies which undermine the ability of MMDAs to realize the full potential of local revenues. Over-reliance of MMDAs on central government transfers, lead to the apparent neglect of improving locally generated revenues.

The 2013 revenue data indicated that in some MMDAs the monthly collections by permanent revenue collectors were not enough to pay the salaries they received each month and that MMDAs tend to resort to the central government to secure loans and grants to resolve their sanitation challenges, despite their resource potential.

It is for this reason that the IGF technical working group of the Ministry of Finance claimed that: "A combination of well-formulated policy options and administrative measures are required at the central, regional and district levels to address these challenges in the short, medium as well as the long term. These measures need to capacitate and empower MMDAs to better manage their local revenue operations, effectively and efficiently"

The actual situation

Actual situation ⁹				
Activity	Total no. of properties	No. processed	%	Tax gap
Database	13,000	1,021	8%	92%
Levying	1,021	800	78%	94%
Collection	800	350	43%	97%

Figure 1: Tax Gap in Kadjebi, Ghana, 2015

- In developed countries immovable property rates contribute between 40 to 80 per cent of local revenue, but in Ghana property rates are only 21% of total IGF;
- In Ghana the LVD (land valuation division) is the only authority for the valuation of properties. However MMDAs are not able to access the services of the LVD (land valuation division) due to the high cost of the LVD services they provide and their own under performance to generate IGF;
- There are no reliable databases with geo-location parameters to make billing and collection easy. In addition, most Assemblies handwrite bills, which is a cumbersome and time consuming process.

⁹ Source: draft IGF strategy and guidelines Ministry of Finance and Ministry of local government and rural development, 2015

- Budget forecasting and revenue collection are weak;
 - Inability to develop robust monitoring and tracking systems to cross-check how much the private operators collect;
 - Delays by private operators in reporting revenues collected as well as delays in payments of commission to private operators;
 - Lack of transparency in the revenue collection processes.
- The collection system is heavily cash based and therefore is fraught with a lot of leakages. Since most collections are not computerised, it is extremely difficult to have an effective tracking system to check leakages

Restrictive factors

The IGF working group mentions the following factors which limit revenue mobilization and collection:

- Inadequate data on revenue sources leading to ad-hoc approach to revenue collection;
- Weak costing practices in the Assemblies.
- Manual delivery of rates, notices and bills for licence and fees by local revenue collectors to individual property owners.
- Negligible usage of street names and property addresses to locate revenue points.
- Use of manual systems for recording revenue receipts results in revenue leakages.
- The use of cash payments, limited supervision and monitoring of revenue collectors at the assembly level leads to leakages; there is connivance between revenue collectors and cashiers and misappropriation of funds.
- High default rates in payment of property rates and other charges due to lack of effective sanctioning and enforcement.
- Dual role of mobilization and accounting of revenues by Finance Officers in the Assemblies is a structural and functional misnomer in terms of financial accountability and prudence.

Capacity constraints

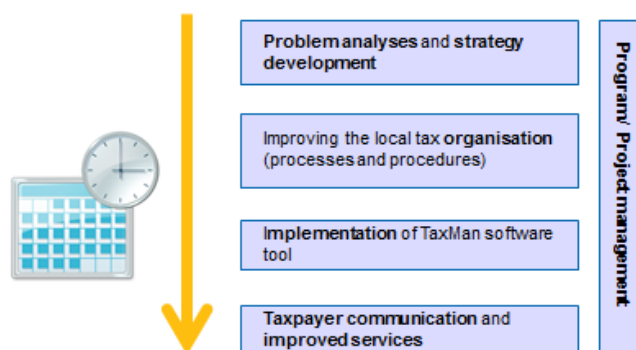
- Lack of expertise in spatial planning, geographic information system (GIS), Valuation and revenue forecasting among others;
- Infrastructural and technological inadequacies which include the non-existence of robust database on rate payers, as well as appropriate software to facilitate effective revenue management such as revenue forecasting and scenarios generation;
- Absence of a billing and collection software to provide basis of tracking collections on an on-going basis;
- Low capacity of revenue collectors. Most of the Assembly's own collectors and commission collectors are very old; less educated and sometimes cannot read and write which makes them inefficient;
- Inadequate logistics which make revenue mobilisation and collection difficult. Methods of revenue collection and accounting are also rudimentary and unreliable;
- Leadership commitment and political interference hinder IGF mobilization and collection;
- There is also poor adherence to financial management regulations, which is of great concern and needs to be streamlined.

5 VNG International change approach

Since 2014 VNG-I has been involved in different (pilot) projects to increase IGF. Based on experiences within the Netherlands Tax and customs Organisation and different projects especially in Africa during the last six years, a program is being developed that has the ambition to focus on the output and outcome of projects rather than on input and throughput. The program has been piloted in Ghana. The results are very promising: the number of properties to be billed almost doubled; the taxable value increased 11 times and the amount to be billed increased even 20 times, the revenue growth is expected to grow 3 to 5 times.

The idea behind the VNG-I program is in line with the IMF program “*securing revenue for development*”. The IMF states that “All of these (developing) countries need a more integrated and programmatic approach to reform, to achieve the goal of a tax system that performs its full economic function. This starts with building a vision of the tax system needed to deal with the demands of a rapidly modernizing economy, and building a sensible plan to transition from the status quo to achieve this vision. Such countries then need support, both specialist advice and financial, to implement these plans. Significant donor support is essential to success. Without the continuity provided by a programmatic approach these reform efforts are likely to be far less successful¹⁰.”

Modular change approach



¹⁰ IMF, program document “securing revenue for development, 2011

The program is a full service concept that uses the software solution VNG had built, to boost efficiency, effectiveness and innovation. VNG-I developed this comprehensive program built on five different modules:

- i. Problem analyses and strategy development
- ii. Organization of a local tax administration: processes and procedures
- iii. Implementation of TaxMan software solution
- iv. Taxpayer communication and service delivery
- v. Program management or project management throughout the duration

The methodology:

- Focuses on improving revenue collection, taxpayer communication, involvement of stakeholders, transparency of local governments and improved services;
- Starts with an analysis of the situation in the country, region and municipality, followed by the development of a strategy on both IGF as improved quality of services. The strategy of the municipality and the stakeholders together describes the necessary improvements for the next years, the costs to realize them and the part of the expenses can be paid out of increased revenues (social contract).
- Supports the municipality in the implementation of new procedures and processes, IT, necessary organizational changes and improved communication with taxpayers;
- Is delivering hands on support with concrete output and outcome, as agreed in advance;
- Is a long term commitment to municipalities with support up to five years after the implementation of the IT solution and the new procedures;
- The output is a fully operational IT solution, operated by qualified staff according to improved procedures, which guarantee increased revenues to invest in improved services (outcome);
- Realizes communication trainings and advise for municipal staff to improve both mass communication as interpersonal communication.
- For sustainability reasons local professional project or program organisation will be set up as well as support throughout the program or project.

Some results:

The municipality of Kadjebi has doubled their revenues in a year;

Elmina has increased its base for property tax 20 times;

To increase revenues out of market fees Kumasi successfully involved the so called market queens by negotiating with them which improvements they wanted to be in place in exchange for their help to collect revenues.

Ghana's big harbour city Tema has been helped to become in control again by helping them to develop a strategy to partially replace expensive third parties which receive up to 30% of revenues collected. The strategy includes the use of the free VNG software to levy and collect local taxes.

Sekondi Takoradi has developed policies on revenue collection and ICT, which are being presented to NALAG (Ghana's association of municipalities) so they can be used for all municipalities.

5.1 Module 1: Analysis and strategy

The first steps are to analyse existing problems and to develop an appropriate strategy to solve them. The strategy focusses not only on improving the quality and performance of the tax administration, but also on improving services to the public. In municipalities that already have a strategy in place a review will be planned to maintain a high level of effectiveness given constant changes in the economy, the tax system, and the taxpayer community.

In the analysis we will check known legal issues and will analyse and explore bottlenecks in the actual processes and procedures of the local tax administration. These will include:

- Availability of national level framework conditions. How are data collected and analysed and maintain databases;
- Availability and quality of cadastres and taxpayer registration;
- Analysis of existing IT-legacy systems (if any);
- Meet relevant stakeholders;
- First check on political support and willingness to change to increase the local tax base;
- Analyse donor support and past and ongoing interventions in the field of taxation.

The analysis participatory involving key stakeholders such as mayors, chief executives, heads of departments, HR and finance managers, revenue staff, local business and various strata in civil society.

Outcomes are:

- a strategic plan on how the municipality will to improve IGF and quality of services in 3- 5 years;
- a decision whether to:
 - launch and implement VNG–i TaxMan solution or,
 - select an of the shelf IT market solution or
 - improve existing IT solutions;

5.2 Module 2: Organization, processes and procedures

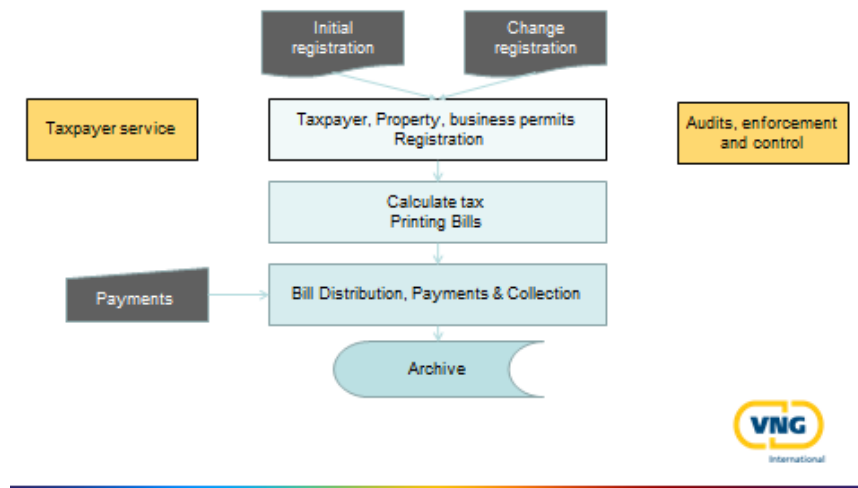
This module starts with a training for the municipalities in organizational changes necessary for a successful local tax administration; these changes include processes and procedures, roles and responsibilities and organizational structures according to best practices and in line with country regulations. The content is in line with module 3.

The module consists of workshops on: organization of a local tax administration, basic principles and functions of a tax administration such as registrations (persons, land, property), levying, billing and collection, enforcement. Also the principles of levying and collection of taxes will be part of the training. This will address:

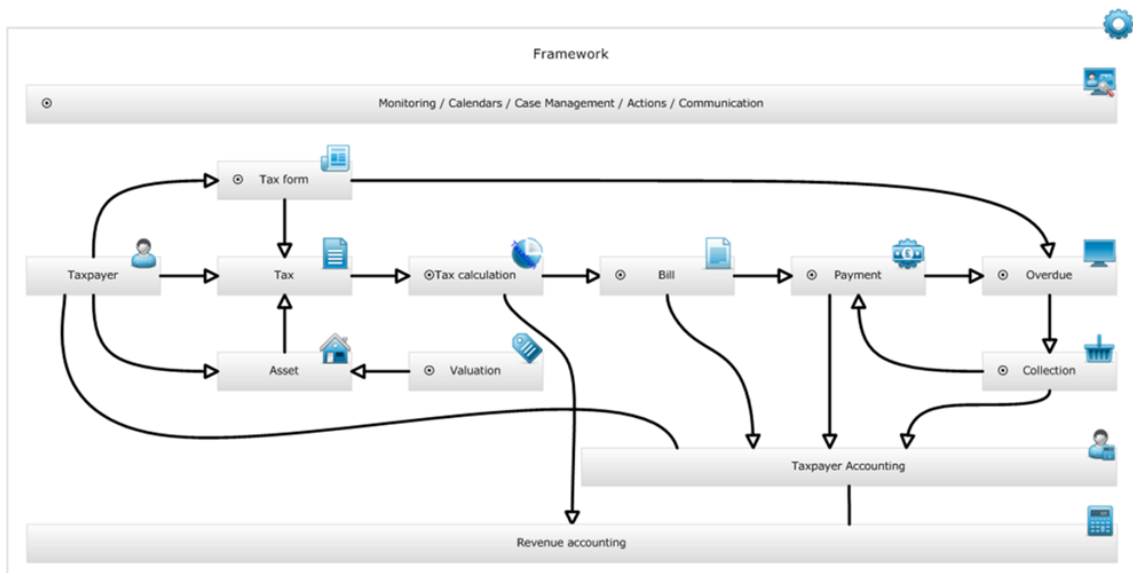
- *financial principles in general;*
- *financial principles for a local tax administration;*
- *tax processes: how do they work.*

Development and implementation of processes and procedures, roles and responsibilities are also part of this module.

Functions of local tax administration



5.3 Module 3: Implementation of VNG-I's TaxMan solution



VNG-I acknowledges that a software solution, which supports the end-to-end (primary) process of a local tax authority / department, plays a key role in the implementation of the change process. This type of software will boost the necessary changes because it will make the transformation tangible, measurable and sustainable thanks to the structure the software provides. For that reason, VNG commissioned development of such a software application, specifically for municipalities. This application is based on the following principles:

- a good understanding of local tax processes;
- covering all relevant processes;
- 'fit for purpose';
- a solid functional architecture;
- browser based;
- scalable, which means running on a standalone pc, multi-user client server or web based;
- built with and on top of open source software;
- import function for data from other data bases or IT systems to register properties and valuations; export function to general ledger systems in place;
- no license costs;
- customization (e.g. bill layout, ministerial and/or legal requirements and guidelines) and maintenance costs part of the program.

VNG-I's program includes the implementation of the product in the municipalities. A so called discovery workshop focuses on local tax processes and how they can be redesigned according to best practices, customer requirements and existing processes and explains how VNG-I TaxMan solution is supporting these processes. Next VNG-I supports the municipality in assembly and testing of the functionality and helps them with conversion (import of data) and deployment of the system. Before the implementation VNG-I will take care of training of trainers.

For the maintenance of the system and Te helpdesk function VNG-I prefers to involve local partners from the start. They will be involved throughout the whole process of implementation. VNG-I will take care of second line support for 3-5 years.

5.4 Module 4: Taxpayer communication and services

As said earlier a well-organized, effective and efficient local tax administration is fundamental to improve revenues. A transparent, incorrupt tax administration is part of a social contract that underpins social cohesion and helps shape political governance in a municipality. The numbers of increased tax revenues have to be clear and used to deliver local services.

A fundament to significantly improve revenues and services is the explicit support of the tax reform by the municipalities top-government officials and its politicians. The political commitment should be visible to the public and expressed in various ways, for example, by the rapid approval of improved processes, by transparency about revenues received, and by public information and public relations campaigns informing taxpayers about the new procedures, as well as the improved services to be paid out of the increased revenues.

As part of this module VNG-I will organize workshops for assembly members to get their commitment on the strategy to improve local taxation. The workshop will also cover issues such as leadership, good governance and ownership, involvement in the modernization process and taxpayer communication.

Communication strategy: which is your preferred image?



OR



Everybody has to pay tax!

Paying tax improves my standard of living



Also VNG-I will organize practical (train – the- trainer) trainings on taxpayer communication and integrity for the staff of the municipality and will assist them to draft a communication strategy, to select communication channels, to develop communication materials (paper based, audio, internet etc.) , to develop communication campaigns and to improve interpersonal communication skills. Central theme for all communication efforts will be to inform and commit citizens in why paying tax is needed and which services will be paid out of the extra revenues.

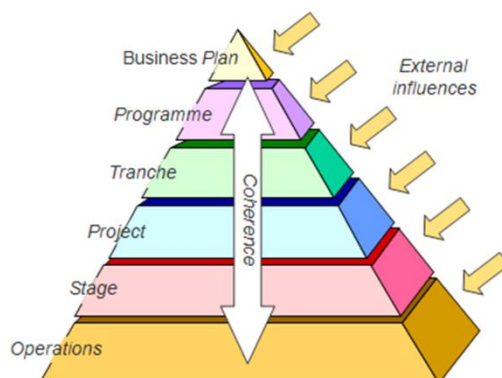
Topics that will be covered in the training are:

- The importance of a communication strategy
- Principles of mass communication
- Principles of interpersonal communication
- Personal communication skills

Advice on communication to inform and commit taxpayers about revenues and services to be developed will be given throughout the program.

5.5 Module 5: Program/project management

Program/ project management starts with the strategic plan (based on the output of module 1) and the decision (on how) to move forwards. The strategic plan is a guidance for all activities that are necessary to lead to the required output and outcome.



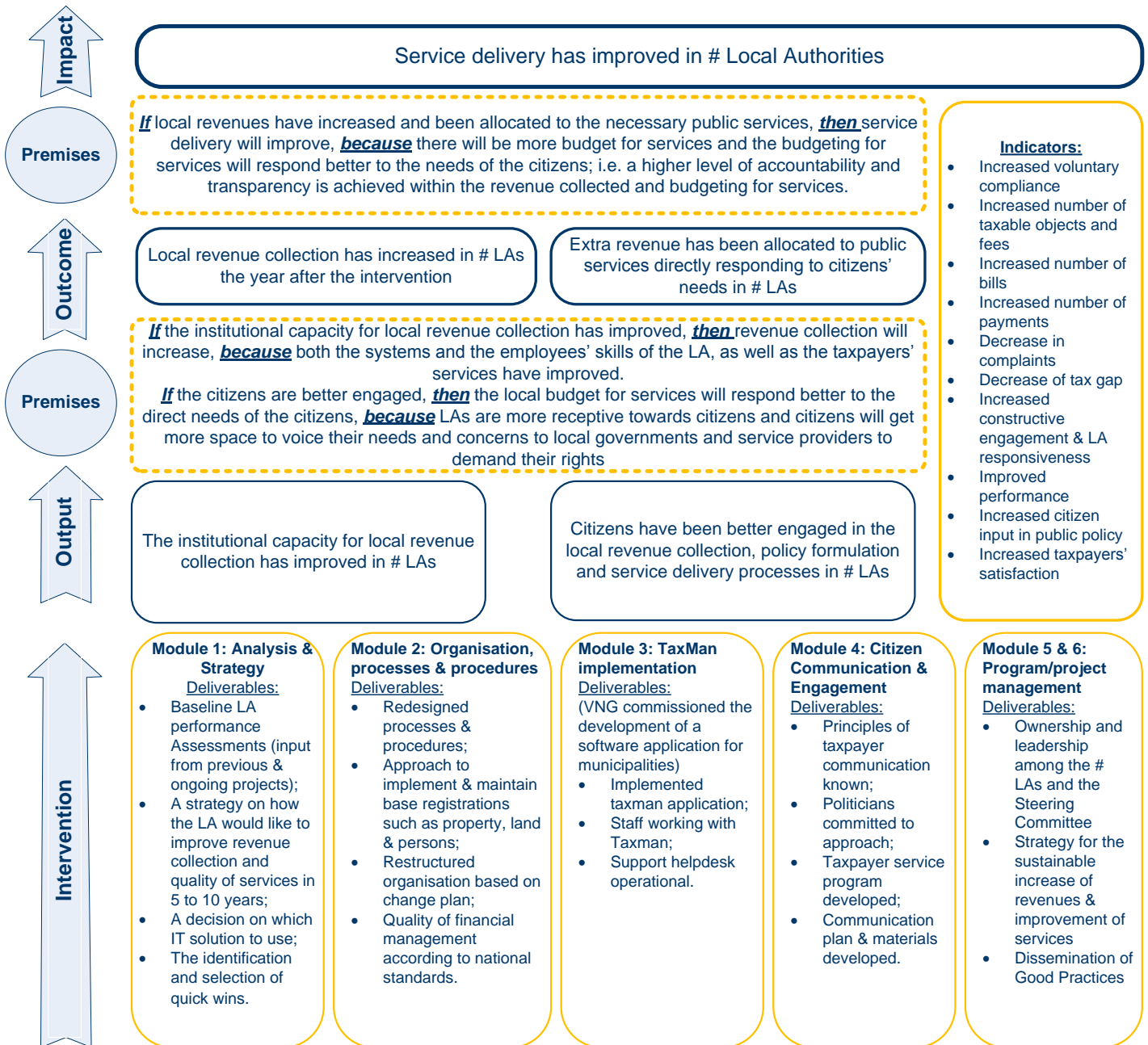
In general a program organisation will be in place in cases in which activities have to be organized, managed and coordinated in different municipalities; for example a region within a country decides to implement VNG-I approach in all of its municipalities. All municipalities will be considered as different projects within the program. When a single municipality wants to implement the change approach only project organisation has to be in place.

Program	Project
Has a longer duration	Closes with a pre determined start-end delivery
The outcome is realized by projects (in municipalities)	Outcome is a product or service
Co-ordinates projects	Co-ordinates tasks
Benefits are realized during the program	Benefits are always realized after the delivery

The module includes workshops on commitment of staff and assemblies, lessons learned in program management, best practices such as MSP/PRINCE2, differences between programs and projects. In the workshop the organisation of a program, the roles of a program board, sponsoring groups, senior responsible, program/project management office and program/project management will be explained. Also the business case, reporting, benefit management and quality management will be addressed.

After that VNG-I will assist and guide the program/project team to set up and manage a program/project plan according to these principles, will advise program management throughout the program and will also fulfil the Q&A-function. Specific attention will be given to commitment and motivation of all stakeholders throughout the duration of the program. Where possible existing structures will be incorporated.

6 Theory of change



7 Logical frame work matrix

The program is fully output and outcome driven. Output of the program is a municipality using the newly implemented software solution, working according to new standard procedures and communicating to it population according to recognized standards of public services. As outcome the program will deliver political commitment, improved revenues and a decreased tax gap as well as increased taxpayer satisfaction because of improved services and transparency.

Objectives	Input	Output	Indicators	Outcome
Module 1: analysis & strategy				
Legal issues and possibilities analysed and described; The main bottlenecks in the organisation analysed and described The external environment including (technological and economic) developments; degree of participation, image of the organisation analysed and described The organisation's business strategy and vision developed and described Business case developed and described	<ul style="list-style-type: none"> • VNG International led missions with own staff and experts • Best practices in similar situations • Strategy workshops 	<ul style="list-style-type: none"> • Reports • Recommendations • Strategic plan for mid- & long term • ICT choices • Selection and planning of quick wins • Plan for stakeholder involvement 	<ul style="list-style-type: none"> • Published strategic plan • Political decisions • Resource plans 	<ul style="list-style-type: none"> • Political commitment • Stakeholder commitment

Objectives	Input	Output	Indicators	Outcome
Module 2: Organisation, processes & procedures				
<p>Effective & efficient local tax administration working within legal framework; predictable & reliable</p> <p>Functions and principles known</p> <p>Principles of change known;</p> <p>Local tax administration according to principles of good financial management</p>	<ul style="list-style-type: none"> • VNG International led missions with own staff and experts • Best practices in similar situations • Workshops on core functions of tax administration, financial management and change management • advice 	<ul style="list-style-type: none"> • Redesigned processes & procedures • Approach to implement & maintain base registrations such as property, land & persons • Restructured organisation based on change plan • Quality of financial management according to national standards 	<ul style="list-style-type: none"> • Increased number of taxable objects and fees • Increased number of bills • Increased number of payments • Decrease in complaints • 	<ul style="list-style-type: none"> • Increased revenues • Increased taxpayer satisfaction • Decrease of tax gap
Module 3: TaxMan implementation				
<p>TaxMan application implemented</p>	<ul style="list-style-type: none"> • VNG International led missions with own staff and experts • Best practices in implementation of COTS software • Workshops on discovery, process analysis, testing conversion & deployment • Train the trainer course • Advice on all implementation issues 	<ul style="list-style-type: none"> • Implemented taxMan application • Staff working with TaxMan; • Support helpdesk operational 	<ul style="list-style-type: none"> • All bills printed via application • BI generated by application • Application supports all operations across implemented tax types and functions 	<ul style="list-style-type: none"> • Increased revenues • Increased taxpayer satisfaction

Objectives	Input	Output	Indicators	Outcome
Module 4: Taxpayer services & communication				
Principles of taxpayer communication known Politicians committed to approach Taxpayer assistance is service oriented	<ul style="list-style-type: none"> • VNG International led missions with own staff and experts; • Best practices in similar situations • Communication workshops • Advice on communications campaigns 	<ul style="list-style-type: none"> • Taxpayer service program developed • communication plan developed • communication materials delivered 	<ul style="list-style-type: none"> • Score on taxpayer satisfaction survey 	<ul style="list-style-type: none"> • Increased taxpayer satisfaction • Increased voluntary compliance • Decrease of bad debts
Module 5: Program management (multiple municipalities)				
Program managed according to best practices such as MSP	<ul style="list-style-type: none"> • VNG International led missions with own staff and experts • Best practices in similar situations • Workshops on program management • Advice on program management 	<ul style="list-style-type: none"> • program organisation based on best practices such as MSP • Steering committees organised based on best practices such as MSP 	<ul style="list-style-type: none"> • Project documentation, plans, minutes steering committee according to MSP 	<ul style="list-style-type: none"> • Ownership and leadership • Sustainable increase of revenues & services

Objectives	Input	Output	Indicators	Outcome
Module 6: project management (one municipality)				
Project managed according to best practices such as PRINCE2	<ul style="list-style-type: none"> • VNG International led missions with own staff and experts • Best practices in project management • Workshops on project management • Advice on managing the project 	<ul style="list-style-type: none"> • project organisation based on best practices such as MSP or Prince2 • Steering committees organised based on best practices such as Prince2 • Implementation of the change in existing structures based on best practices such as Prince2 • Quick win applied 	<ul style="list-style-type: none"> • Program documentation, plans, minutes steering committee according to prince2 	<ul style="list-style-type: none"> • Ownership and leadership • Sustainable increase of revenues & services