

# **TREE work plan 2019**

The Ghana Local Tax for Development  
Project



**Vereniging van Nederlandse Gemeenten  
VNG International**

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*In November 2017, the Netherlands Embassy in Ghana awarded VNG-International a grant to support MMDAs in Ghana on improving revenues from local revenue mobilization and the quality of basic services. The Tax Revenue for Economic Enhancement (TREE) project is implemented together with VNG International's Ghanaian partner MAPLE Consult. Close cooperation is being pursued with the Ministry of Finance and the Ministry of Local Government and Rural Development as well as the Office of the Head of Local Government Service in Ghana. The project is expected to be ending by December 31st, 2021.*

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# 1. Introduction

**This section serves to introduce the Tax Revenue for Economic Enhancement (TREE) project, its aim, objectives, focus, approach, design and distinctive characteristics, to provide the necessary background for the work plan 2019.**

The TREE [project aim](#) is to implement a sustainable process for generating local revenue mobilization by enabling process refinement, ratepayer communications, transparency, social accountability, cashless payment, IT solutions, and capacity development in these fields. The project supports 33 Metropolitan, Municipal and District Assemblies (MMDAs) in the Ashanti, Central and Western Region in Ghana.

The project acknowledges as a leading principle the government of Ghana's intention of pursuing a political and economic strategy of 'Ghana Beyond Aid'.

The TREE [project objectives](#) are:

- To improve the institutional capacity and procedures of each MMDA to collect revenues and diminish the tax gap;
- To implement IT in each MMDA to support the main tax business processes;
- To improve the capacity of each MMDA to communicate with its citizens;
- To implement participatory planning processes including social contracts with citizens;
- To realize political commitment and leadership and project management expertise on ministerial level and in each MMDA to guarantee sustainability.

Resulting from the objectives the [project implementation focuses](#) at the MMDA level on:

- Improvement of internal organisation, data collection, revenue collection processes and procedures;
- Applying software solutions;
- Enhancement of taxpayer communication;
- Increase of revenue spending in basic services;
- Sustainability of project's interventions and results.

Central to [the project approach](#) is to ensure sustainability of the revenue mobilization process throughout the participating MMDAs after the TREE project has come to an end, by anchoring institutional and organisational solutions. Sustainability requires the commitment of MMDAs' management and staff to take up responsibility for the actual organisational change in revenue collection. Furthermore, the project will enable national Ministries to duplicate the project approach to other regions and MMDA's after completion of the project.

Core to the [project implementation design](#) is the Ghanaian team of seven experts located in Cape Coast, providing direct and continuous support at MMDA and Ministerial levels. The Ghanaian team's expertise is complemented with short-term specialist support from VNG International. A Steering Committee is established to oversee the management of the TREE project, to discuss and approve reports and to find solutions to problems that may be encountered and risky to the success of the project. The Steering Committee consists of representatives of the Ministry of Finance (Chair), the Ministry of Local Government and Rural Development, the Local Government

Services, the Controller and Accountant Generals Department, and the Regional Budget Analysts of the participating Regions.

The target group of 33 MMDAs is divided in two main groups for logistical reasons. Implementation started with the first group of 16 MMDAs in 2018. All activities were carried out for and with the 16 MMDAs of the first group, except for the kick-off meeting in which all 33 MMDAs were represented. The remaining 17 MMDAs, being part of the second group, will get involved in the implementation in 2019 and will go through the same phases as was the case for the first group.

The TREE [project is characterised](#) by two distinctive features. First is its *revenue collection-led strategy*. In line with research findings, project TREE focuses on improving collection and enforcement processes in combination with improving ratepayer services. The TREE revenue collection-led strategy is seen as *complementary* to the valuation-pushed strategy, which places fiscal cadastre information, street naming and in-depth valuation of property in the centre.

The second significant characteristic of the TREE project is the *social accountability* that goes hand in hand with decision-making on the expenditure in MMDAs of the additional revenue collection resulting from the project. MMDAs are required to involve ratepayers on what services local revenues are spent, to be able to realise a sustainable funding cycle of revenue collection and spending year after year. Ensuring transparency and being socially accountable to ratepayers in the revenue mobilization process is critical for helping build trust with ratepayers and encouraging voluntary and timely payment of rates owed. As a result, the TREE project provides technical support to the MMDAs in the areas of transparency and social accountability as well as in general ratepayer communications.

## 2. Implications for the work plan 2019 resulting from the review 2018

**Since implementation of the TREE project takes place for over almost one year, it is worthwhile to identify lessons learnt before designing the 2019 work plan. Therefore, this section looks into a comprehensive review of the implementation in 2018 so far and its implications for the work plan 2019, before we focus on the actual work plan 2019 in the subsequent section.**

### 2.1. Jump start, resulting in new reference model and adjustments of activities

The implementation of the project had a jump start, with two major activities of which one was brought forward in time and one not foreseen in the original planning. The strategy workshop took place at a national level instead of several strategy workshops at the local level, to enable commitment of the Ministry of Finance, the Ministry of Local Government and Rural Development, the Office of the Head of the Local Government Service, and Regional Coordinating Councils of the three targeted Regions in the most early possible time. The workshop took place in February 2018 and had many consequences for the implementation later in the year.

There was general consensus among the workshop participants with regard to both the weaknesses limiting MMDA's mobilisation of revenues and the strategies that are required to resolve them. The participants highlighted the following strategies, which required priority attention:

- Improve database quality and volume;
- Taxpayer communication;
- Application of software;
- E-payments using mobile money or banks;
- E-billing via mobile phones.

The Steering Committee agreed on a collection-based strategy and the development of a new reference model for revenue collection in all participating MMDAs, as was proposed by the strategy workshop. In this new reference model, all modernisations as prioritised during the workshop (for example indexing, flat rates, zonal approach, e-billing, e-payments and new enforced collection measures) will be integrated to one revenue collection process. Consequently, the development of two handbooks, foreseen in the project proposal, was replaced by comprehensive solution designs addressing the prioritized issues resolved in the Steering Committee and based on the results of the strategy workshop. The following solution designs were developed and are being developed:

1. Data sources
2. Data collection
3. Property Registration
4. Flat Rate
5. Indexing
6. E-billing and E-payment
7. Zonal approach
8. Spending and funding cycle

The solution design approach also had implications for the planning of workshops for MMDAs. The comprehensive designs allowed for workshops of combined solutions for clusters of MMDAs at once instead of workshops on more generic issues in smaller groups of MMDAs as was foreseen in the proposal.

The major activity which was initially not planned, was the official launch of the project in March 2018. The kick-off meeting was chaired by the Omanhen (Chief) of the Oguaa (Cape Coast) Traditional Area. The event was attended by high-level officials; including the Central Regional Minister, the Deputy Minister for Local Government and Rural Development, the Head of the Local Government Service, the Director of the Fiscal Decentralisation Unit of the Ministry of Finance, the Royal Netherlands' Ambassador to Ghana as well as officials from 33 participating MMDAs, among others.

Additionally, it was decided that Asikuma Odobeng Brakwa District Assembly would be included in the TREE project, because of showing persistent interest in participating in the project. The number of participating MMDAs was therefore expanded from 32 to 33.

## 2.2. Baseline survey underlined analyses of tax gap in MMDAs

The baseline survey underlined the analysis that formed the basis for the project proposal. The baseline survey showed gaps and necessary points of attention, as well as great potential for improvement for the implementation of the project. The survey accentuated the relevance of setting a flat rate on property rates in each MMDA, so as to start the process of revenue mobilization. This process became more and more encompassing and created opportunities for registration and valuation through for example the use of handheld mobile devices for collection. The use of handheld mobile devices combined with in the cloud storage of data, reduce the large investments in servers as foreseen in the project proposal. The development of software was adjusted to link the software directly to handheld mobile devices.

From the baseline survey it became obvious that most MMDAs had a strong need for training on interpersonal relations, next to improvements of mass communications tools and abilities. Therefore, in the implementation of the project substantive attention has been given to interpersonal communication training, specifically in an additional expert to the Ghanaian team. The role in the implementation of this experts reduces the input of a VNG International expert as foreseen in the project proposal. This is because Ghanaian expertise will have a far more better understanding of what is needed and no cultural differences are to overcome. The VNG International communication expert will still provide general expertise regarding the communication issue.

## 2.3. Cooperation with GIZ

In the inception phase, meetings took place on the issue of software application for revenue collection with GIZ which implements the "Good Financial Governance" project. It was agreed to avoid overlap concerning software and to harmonize activities in the MMDAs where both projects are implemented. Nevertheless, GIZ stressed the presumed incompatibility of both projects to its counterpart Ministry in Ghana; in our view both systems complement each other. However, this resulted in a combined TREE Steering Committee meeting and GIZ's IGF Technical Working Group Meeting in July 2018.



Two propositions were discussed at the meeting and forwarded to the Minister of Finance and the Minister for Local Government and Rural Development for a final decision. Proposition One was: GIZ activities, in the twelve overlapping districts, will end in 2019, therefore VNG-International should pull out of those districts to allow GIZ to complete their activities. Proposition Two was: Since VNG-International has not started any work in six of the twelve overlapping districts<sup>1</sup>, VNG-International should pull out of the six and work together with GIZ in the six remaining districts that VNG-International has started to work on already. Ultimately the Ministries decided for the second proposition. Consequently six MMDAs were informed they were no longer part of the TREE project and six new MMDAs were selected. This development had also consequences for the baseline survey of the 17 MMDAs that was planned for in 2018. Due to the selection of new MMDAs and the heavy work load of the Ghanaian team, the survey is postponed and will take place in the first months of 2019.

#### 2.4. Changes in the design for the second group of MMDAs

Although the assumption was the remaining 17 MMDAs, being part of the second group, will go through the same process of implementation as was the case for the first group, experiences gained in 2018 will lead to changes in the activities and planning for the second group. Much preparatory work has been done and the review of the experiences with first groups has led to the conclusion to combine several workshops. It is expected implementation will take less time compared to 2018. Therefore, the objective for the second group of MMDA is to allow revenue collection to take place with improved TREE processes in 2019 already instead of in 2020, as was foreseen in the project proposal.

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<sup>1</sup> They form part of the second group of MMDAs for which activities will start in 2019.

## 3. Activities 2019

**Core to the work plan 2019 is the prime involvement of 17 MMDAs that form the second group in the project approach. For the first group, follow-up steps will be introduced, like enforcement training and spending according the participatory plans that were developed.**

### 3.1. Baseline survey

The baseline survey for the second group of MMDAs is scheduled to take place spread in time to allow for time to organise other activities in favour of a kick-start of TREE for the second group. The spread in time is in contrast to the baseline survey in 2018 that took place within four consecutive weeks. Visits to the 17 MMDAs will take place spread over January, February and March 2019. The baseline analysis will be ready by the end of April 2019.

### 3.2. Planting the TREE workshop

The planting the TREE workshop aims at an in-depth introduction to the objectives, approach and planning of the project. To allow the second group of MMDAs to collect revenue to take place with improved TREE processes this event will take place at the end of January or beginning of February.

### 3.3. Data collection proposals by MMDAs

Data collection training and actual data collection in the second group of MMDAs will take place from January onwards. The lessons learnt in the data collection training to use handheld devices in 2018 will be used in the training 2019. To be able to collect revenue with the use of the TREE approach and IT systems data collection and data migration has to be ready in the course of April 2019.

### 3.4. Customer Service Training

Customer Service Training in each of the MMDAs in the second group will take place after the Planting the TREE workshop. The training schedule is a continuous process for the TREE Customer Relations Experts of the team.

In 2018 and the first half of 2019 the new TREE processes are implemented in the first group of MMDAs. What the challenges in the actual implementation will be is difficult to be envisaged at the present time. The TREE team will be in continuous contact with all MMDAs to be aware as soon as possible on challenges in the implementation. Apart from direct support by the team, common challenges will be identified and encountered in a more general approach or activities. At this moment in time it cannot be predicted what the issues of the exchange workshops will be, although it is easy to forecast that challenges will occur. (see 3.10).

### 3.5. Mass Communication Training

Preparations and materials for the mass communication counselling are in place. The training for the second group of MMDAs will take place in March 2019 and will take into account the lessons learnt in the training for the first group of MMDAs.

### 3.6. IT and Process Training

The Data and Billing and Collection Training for the second group of MMDAs will take place in May 2019, in the framework of the IT and Process, after data migration and validation of the migrated data is finalised. The internal IT and collection processes are completed in all MMDAs after the training. Actual revenue collection is technically ready to start.

### 3.7. Leadership, Finance and Zonal Approach training

The Leadership, Finance and Zonal Approach is a combined training for distinct beneficiaries. The Leadership training targets the top management of the MMDAs to enable them to take up their leading role in finance, budgeting and spending in the Zonal Approach. In-depth training on Finance and Zonal Approach target the implementation level in the MMDAs. The Leadership, Finance and Zonal Approach training will take place in June.

### 3.8. Decision and implementation on spending

MMDAs in the second group will decide on the selection of zonal projects in which tangible spending will take place in June 2019. The decision on spending – after collection of revenues – will take place from September onwards. Support will be given in the sphere of communication in September and October.

### 3.9. Enforcement training

New ways of enforcement ( mediation, going to court) will be the subject of the Enforcement training piloted in 2019, based on research that will take place in November 2018. The first pilots will start in Cape Coast in March 2019. Other pilots are planned to start from June 2019 on.

### Knowledge exchange workshop

Challenges in the implementation are to be envisaged, although it isn't clear what the nature of these challenges will be. A flexible approach to challenges will be central for the TREE team and the support of VNG International experts. Exchange of knowledge between the participating MMDAs will be the leading principle to encounter the challenges, based on the assumption that some MMDAs are able to find solutions and others are able to learn from best practice examples.

## 4. What will be reached by the end of 2019 related to the logical framework?

**By the end of 2019 the TREE process for generating local revenue mobilization will be in operation in all 33 MMDAs. This allows for looking into what will be reached in terms of results and indicators related to the logical framework.**

### 4.1. Results

Results related to the aspects 'process and procedures', 'software implementation' and 'communication and services' are identical. These results, as defined in the logical framework, are:

- Increased revenues >25% each year;
- Decrease of tax gap >10% each year
- Increase of budget for public services > 10%
- Increased trust
- Increased taxpayer satisfaction

Since it is planned to allow the second group of MMDAs to make use of the TREE approach in revenue collection in 2019 already, major steps regarding the results will have to be identified by the end of 2019. The increase in revenues collected will be at least 25% in all MMDAs by the end of 2019. Consequently the decrease of the tax gap will be at least 10%. The effectiveness of the Zonal Approach will be indicated by the increase in the public services by the end of 2019 in all MMDAs. Trust in the MMDA and ratepayers satisfaction will be increased by the end of 2019, nevertheless, it will take more time and at least a second round of revenue collection to be able to say trust and satisfaction is increased in a sustainable way.

### 4.2. Indicators

Related to 'process and procedures' the indicators in the local framework will make clear the results are reached by the end of 2019. The indicators are: increased number of taxable objects, number of bills produced and send out, and number of payments.

The TREE software for revenue collection will be adjusted and fully implemented by the end of 2019. All MMDAs will be able to use the software effectively. This will be indicated in all bills printed or send out in e-billing modus via the TREE application, and business intelligence is generated by the TREE application.

In 2019 a start will be made to apply the TREE application to other types of taxes, like Business Operation Permits and Building Permits. By the end of 2019 it can be indicated that the TREE application supports all operations across tax types and functions.

Concerning the communication aspects of the project, the following will be indicated by the end of 2019: in each MMDA a communication plan is present and communication has increased, by counting the number of communication campaigns that are implemented.

## Attachment 1: planning 2019

	January	February	March	April	May	June	July	August	September	October	November	December
Base line survey & analyses	Base line survey 2		Base line survey 2	Baseline survey analysis 1+2								
Planting the Tree workshop		Workshop										
Data collection		Data collection training 2										
Data migration & implementation	Collect data 2		Collect data 2									
	Deliver data 2			Data migration 2	Check migrated data 2							
IT & process Training					Data & Billing/Collection training 2							
Leadership Finance & Zonal approach training						Leadership, Finance and Zonal approach training 1 + 2	Assemblies decide on local project Budgeting for zonal approach		Decisions on spending in MMDAs 1 + 2			
Customer service training		Customer service training in each MMDA 2										
Mass communication training			Mass communication training 2							Communication on spending		
New enforcement training			Enforcement training 1			Enforcement training 2						
Exchange activities		Issue A		Issue B		Issue C		Issue D		Issue E		Issue F

## Attachment 2: Budget 2019

<b>Module 2: Organisation</b>	
Workshops	91.088
Expert missions	32.360
Medior Business Admin and Tax Expert	60.000
Budget for property valuation	32.000
Development & reporting	7.169
Lead technical expert	35.840
<b>Total</b>	<b>€ 258.457</b>
<b>Module 3: TaxMan implementation</b>	
Implementation	180.984
Expert missions	44.440
Hardware: server and printer	40.000
Junior IT expert	54.000
Development & reporting	10.752
Lead technical expert	78.400
Software fit for local purpose all MMDAs	30.000
<b>Total</b>	<b>€ 438.576</b>
<b>Module 4: Taxpayer communication</b>	
Expert missions	34.644
Workshop communication	52.544
Medior communication expert	60.000
Medior communication expert	60.000
Development & reporting	3.584
<b>Total</b>	<b>€ 210.772</b>
<b>Module 5: project sustainability</b>	
Workshop program management	41.657
Project Coordinator	84.000
Development & reporting	3.584
<b>Total</b>	<b>€ 129.241</b>

<b>Project management VNG International</b>	
Local transport	15.000
Office rent + utilities Cape Coast	10.800
Support staff	18.000
Meetings	1.000
Lump sum	2.500
Expert missions	26.160
Program management VNG - Junior	20.048
Program management VNG - Senior	32.228
Senior VNG taxation expert	32.228
Logistical support - project officer VNG	8.592
Audit costs	2.500
<b>Total</b>	<b>€ 169.056</b>
<b>Total 2019</b>	<b>€ 1.206.102</b>

