



Tanzania Revenue Authority Business Planning and Transformation

Overview

Country or Region: East Africa

Industry: Public Sector

Customer Profile

The Tanzania Revenue Authority (TRA) was established by Act of Parliament Not 11 of 1995, and started its operations on 1st July 1996. In carrying out its statutory functions, TRA is regulated by law, and is responsible for administering impartially various taxes of the Central Government.

Business Situation

Having completed the implementation of its 3rd Corporate Plan in June 2013, TRA sought to design the 4th Corporate Plan to build over the past achievements and execute its desire to address prevailing challenges for continual improvement.

Proposed Solution

Enterprise Transformation Practice, Nihilent, proposed an inclusive bottom-up business planning approach, which guaranteed ownership and successful execution, while building an internal capability for the planning, design, execution, monitoring and evaluation of the 4th TRA Corporate Plan.

Business Benefits

- Communication of Corporate Goals
- Organizational Alignment and Integration
- Strategic Feedback and Learning
- Motivated Action by Role Players
- Drive Nation Building

“In-order to overcome the challenges faced and move forward, TRA needs to ‘unlearn’ few of the past practices through ‘admission’ that there are new and different methods that need to be adopted for improvement” Mr Harry Kitillya, CG, TRA.

Over the last 17 years Tanzania Revenue Authority (TRA) has matured from a tax administration that provides tax type services for revenue collection to an efficient organization that delivers one-stop shop services for all types of taxes. Having completed the implementation of the 3rd corporate plan, TRA sought to craft a Corporate Plan addressing changes in TRA's operating environment which include the level of sophistication of stakeholders, the desire to offer services that meet or exceed customer expectations and the Government's need to be more self-reliant by increasing domestic revenue mobilization to eventual reduction in aid dependency in the Government budget.

Nihilent proposed an inclusive, balanced, bottom-up business planning best practice approach, which not only guaranteed ownership and successful execution, but also enabled building of an internal capability for the planning, design, execution, monitoring and evaluation, in the form of a 4th Corporate Plan aimed at increasing revenue to GDP ratio to 19.9% by 2018.



TRA Corporate Plans

The first corporate plan focused on institutional and capacity building.

The second corporate plan focused on integration of domestic operations from tax type to functional basis for effective service delivery.

The third corporate plan focused on automation of operations to enhance effectiveness of operations.

The fourth corporate plan looks at enhancing domestic revenue mobilization through effective utilization of ICT to offer convenient services to taxpayers while improving compliance.

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In its pursuit of excellence, TRA also wanted to review its corporate planning processes in terms of using modern management tools so as to enhance the effectiveness of the corporate plan design, execution, monitoring and evaluation capability.

Proposed Solution

Nihilent, proposed an inclusive, balanced, bottom-up business planning best practice approach, which not only guaranteed ownership and successful execution, but also enabled building of an internal capability around business planning.

The under-pinning element of the proposed solution was MC³, Nihilent's patented change management framework. The framework adopts a cybernetic (cause and effect) approach because similar to the laws that govern nature, everything a company does is governed by what it is.

Thinking differently can lead to acting

differently and achieving better results. Senior management's ability to identify, achieve, and sustain a unique position is improved significantly when their decisions are based on a more holistic, humanistic, and systems orientation, which truly represents the potential of our holistic change management framework.

Apply MC³, apply systems thinking, and make any transition successfully.

The Process

The 4th corporate plan for the period 2013/14 – 2017/18 has been built over from the achievements gained in the preceding plan and the desire to address the prevailing challenges for continual improvement.

The process to formulate the 4th corporate plan took a bottom-up approach whereby various brainstorming sessions were carried out with district managers, assistance regional managers, regional managers, headquarter managers, deputy heads and heads of department. The plan also benefited from valuable inputs from the board of directors, development partners and other stakeholders.

The Plan has been developed using the four Balanced Score Card perspectives of Financial, Customer, Internal Processes and Learning and Innovation whereby Strategic Objectives have been aligned under each perspective with cause and effect linkages. The perspectives and their respective strategic objectives have been grouped into the Strategic Themes of **Convenience**, **Compliance** and **Continual Improvement** to shape the TRA strategic thinking for the next five years.

Each theme is a perspective-balanced pillar with a number of clearly defined strategic objectives and initiatives each with specific



Financial Perspective

The financial perspective objectives focus on improving administrative efficiency and increasing domestic revenue contribution, which means that TRA's financial performance will be improved through growth and efficiency strategies.

Customer Perspective

The objective under customer perspective is geared towards satisfying customers bearing in mind that this is the source of sustainable value creation. TRA aspiration is to be viewed by taxpayers as prompt, technology enabled proactive partner by improving the quality of service delivery and entrench a culture and practice of efficiency, transparency and accountability.

measures to ensure that the cause and effect linkage is achieved and that the entire strategy map of TRA is well articulated.

TRA Mission

We make it easy to pay tax and make lives better

TRA Vision

To increase revenue to GDP ratio to 19.9% by 2018

TRA Core Values

- **Accountability** : We create and sustain an organization that values and promotes accountability
- **Integrity** : We believe in being fair and honest in all our dealings with taxpayers and other stakeholders
- **Professionalism** : We are committed to applying the law consistently, responsibly and with credibility using the skills and knowledge as a pre-requisite in administering our requirements

The twelve strategic objectives classified into four perspectives are –

Financial Perspective

1. *Improve operational efficiency*
2. *Increase domestic revenue contribution*

Customer Perspective

3. *To be a prompt, technology enabled proactive partner*

Process Perspective

4. *Simplify registration, assessment and payment to increase self-service.*
5. *Promote prompt clearance to improve trade facilitation*
6. *Enable administrative and policy improvement*
7. *Drive effectiveness in collection and accounting, audit and investigation, objections*
8. *Promote segment focused education and service to drive voluntary compliance*

Learning and Growth Perspective

9. *Improve strategic Human resource capacity*
10. *Develop culture that drives performance, innovation, collaboration and leadership*
11. *Increase ICT outreach and availability*
12. *Enhance good governance capability*

As the lynchpin of the 4th corporate plan remains the TRA Mission – 'We make it easy to pay tax and make lives better'.

TRA expects to mobilize revenue in a simplified and transparent manner and provide taxpayers with easy access to services. In return it expects increase in compliance and realization of increased revenue for the government enabling it to provide adequate and quality social services. TRA in the next 5 years aims at increasing the revenue yield to 19.9%.

This is expected to be achieved by improving efficiency in tax administration and widening the tax net in order to collect more revenue from specialized sectors of mining, oil & gas, telecommunication, tourism, construction, real estate, financial sector, high net worth individuals, and income from the informal sector.

Business Benefits

Business planning is an essential process to ensure the long-term future viability and sustainability of an organisation. It gives direction and a framework within which public services can be delivered and continuously developed to meet the challenges of change and constraints. Effective planning assists managers to ensure they deliver the best possible service within the resources available.

Communication of Corporate Goals

This system, in the form of a Strategy Map, is a powerful



Internal Process Perspective

TRA intends to improve the efficiency and transparency of its operations and service through clarifying accountabilities, authority and responsibilities within the organization while at the same time ensuring that those resources released through automation and other modernization initiatives are reorganized to meet objectives optimally.

Learning and Innovation Perspective

TRA recognizes the need to develop the human resource capacity both technical and leadership capabilities to sustain revenue collection and steadily improve compliance levels. Sustained high performance requires employee engagement and empowerment, which can be achieved by continuously creating positive working climate and providing opportunities to develop staff skills and competencies in line with the capability needs of the business.

communication tool. It signals to all stakeholders what the organization is attempting to accomplish in a simple, coherent package, by providing provide a graphical representation of critical objectives, but do so in a plain and simple manner that is easily understood by every employee from top to bottom.

Organizational Alignment and Integration

The business plan aligns the organization behind a shared vision of excellence, and optimizes initiatives and resources to ensure attainment of the its goals. This system balances the financial and non-financial, resultant and causal, & growth and efficiency, aspects of the organization for sustainable improvement. The concept of the Balanced Scorecard supports strategic planning and implementation by federating the actions of all parts of an organization around a common understanding of its goals.

Strategic Feedback and Learning

Continuous Improvement has neither beginning nor end. Its task is not directly concerned about the mission of the organization, but rather with internal processes (diagnostic measures) and external outcomes (strategic measures). The system's control is based on performance metrics that are tracked continuously over time to look for trends, best and worst practices, and areas for improvement, facilitating the assessment and upgrade of strategy as necessary.

Motivated Action by Role Players

Today, more than ever, people from all walks of life expect more than just a paycheck from their jobs; they demand a higher purpose. A lack of alignment between personal objectives and broad organizational goals obscures any hope of discovering true meaning and contribution through our work. The use of role scorecards not only grants the individuals and teams within the organization

the ability to know that their actions feed a strategic focus every day, but also forms the foundation in establishing a performance-centric work culture.

Drive Nation Building

Today, Tanzanian government has greater donor dependency in funding various social development agenda. In the backdrop of development partner countries experiencing financial crises in their own countries, which reduces their contributions to budgets of developing countries, TRA has to provide for self-reliance by increasing domestic revenue mobilization and reduce aid dependency.

Future Plans

Execution is the discipline of getting things done. An implementation matrix is designed which provides an overview of the focus of the TRA's 4th corporate plan and what is to be achieved through its implementation. The matrix contains a summary of the corporate plan strategic themes, perspectives, objectives, measures, initiatives, responsibilities, and implementation timeline.

The TRA Monitoring and Evaluation [TRAMED] will continue to be used as a tool for systematic monitoring and evaluation of the implementation of the 4th Corporate Plan. While monitoring is a continuous process, evaluations will be conducted once very quarter and consolidated reports will be prepared for the management, Board and other stakeholders.



For More Information

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About Nihilent

Nihilent is an ISO 9001:2000 and SEISM CMMI^R Level 5 certified global business consulting and solutions Integration Company. As a leader in the area of learning, innovation and knowledge management with our patented change management framework MC³™, Nihilent's Enterprise Transformation Practice partners with clients in successfully translating business strategies into business results.

For more information about Enterprise Transformation Practice, go to:
www.nihilent.com/enterprise_transformation.html

MC³ - The Change Management Framework

The MC³ framework is a metrics based model that helps companies to continuously monitor business goals and undertake initiatives to enhance performance.

Nihilent's MC³ transforms an organization's Vision (Business Strategies) into Reality (Business Results) by:

- ❖ Identifying the extent of gap between Vision and Reality
- ❖ Defining clear-cut objectives, measures and action plans at all levels
- ❖ Bridging the gap between customer expectations and organizational performance
- ❖ Creating a role based organization
- ❖ Capturing skills and competency matrix of individuals
- ❖ Identifying a learning agenda for every individual
- ❖ Creating a culture of learning, sharing, collaboration and innovation
- ❖ Fostering an environment of continuous experimentation and improvement
- ❖ Introducing change management to institutionalize learning
- ❖ Calibrating corporate performance continuously using Lamat™

For more information about MC³ the change management framework, go to:
www.mc3consulting.com

The Nihilent Advantage

- ❖ A holistic view of consulting on key strategic assets of an organization - People, Process, Technology and Knowledge
- ❖ Strategy execution using the patented MC³ framework which looks at an all -round organisation transformation
- ❖ Focus on continuous improvement with client engagement at the epicentre of value creation
- ❖ Metrics based delivery model bringing incremental to transformational change in Time, Quality, Cost, and Productivity

