

**PUNTLAND STATE OF SOMALIA  
GAROWE LOCAL GOVERNMENT**

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**Local Revenue Enhancement Plan  
(2015-2017)**



**Prepared by: Administration and Finance Department**

**Garowe  
November 2015**

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## **I. Background:**

Garowe district is the provincial capital and one of the four districts of Somalia's Nugaal region. It is also the political and administrative seat of Puntland State of Somalia. The district consists of about thirty one urban and rural villages. According to the estimates undertaken by local authorities and some international agencies such as UN-Habitat, the population of Garowe town is estimated in the range of 150,000 to 170,000. The main economic activities and income opportunities in the district include: Export and slaughtering of livestock; Import of foodstuffs and other commodities; Wholesale, retail and distribution of imported foods and other goods; Remittances from the Somali Diaspora; Energy (petrol imports and distribution); Telecommunication services; The Khat market; A wide range of services offered by small-scale enterprises (welding, carpentry, health care, domestic work etc.) and; Others (mainly NGOs).

Livestock and trade distribution remain the dominant economic activity at 17% and 27% respectively. However, the private sector especially telecoms and financial services has tended to thrive against obvious odds. The social business sector has also given a good account of itself despite working in extremely difficult circumstances especially in the Education and health sectors. The private sector controls most of the services and infrastructure, such as the postal and telecommunication services, the energy sector (petroleum and electricity) and other income generating activities.

## **II. Acknowledgement:**

This plan aims to serve as a solid baseline for the revenue enhancement efforts primarily in 2016 and 2017. It also depicts radical and incremental processes that would be taken to widen tax base and diversity district's revenue sources. Throughout the implementation process, special focus will be placed to operationalize various sources which include reinforcement of business and property taxes, imposition of penalties specifically on traffic irregularities and violation of sanitary regulations, levying parking place and pickup trucks as well as private service companies.

Basically, any accomplishment requires the joint effort of many people and this work is no different. As the Mayor of Garowe City, and on behalf of Garowe District Council and municipal staff, I would like to express my utmost gratitude to the Puntland Ministry of Interior (MOI) and the United Nations Capital Development Fund (UNCDF) for their usual assistance technical support and generous contribution throughout the development process of this plan. I would also like to thank my staff who participated in -a way or another- the development of this plan. In particular, I would like to thank to the administration and finance staff and the technical advisors for their diligent effort and valuable inputs. Special thanks goes to Mr. Ahmed Adam of MOI, whose technical assistance and guidance have been instrumental in accomplishing this task. Last but not least, I urge MOI, UNCDF and other development partners to seriously consider this plan and provide the support needed for the materialization of this plan.

Hassan Mohamed Isse

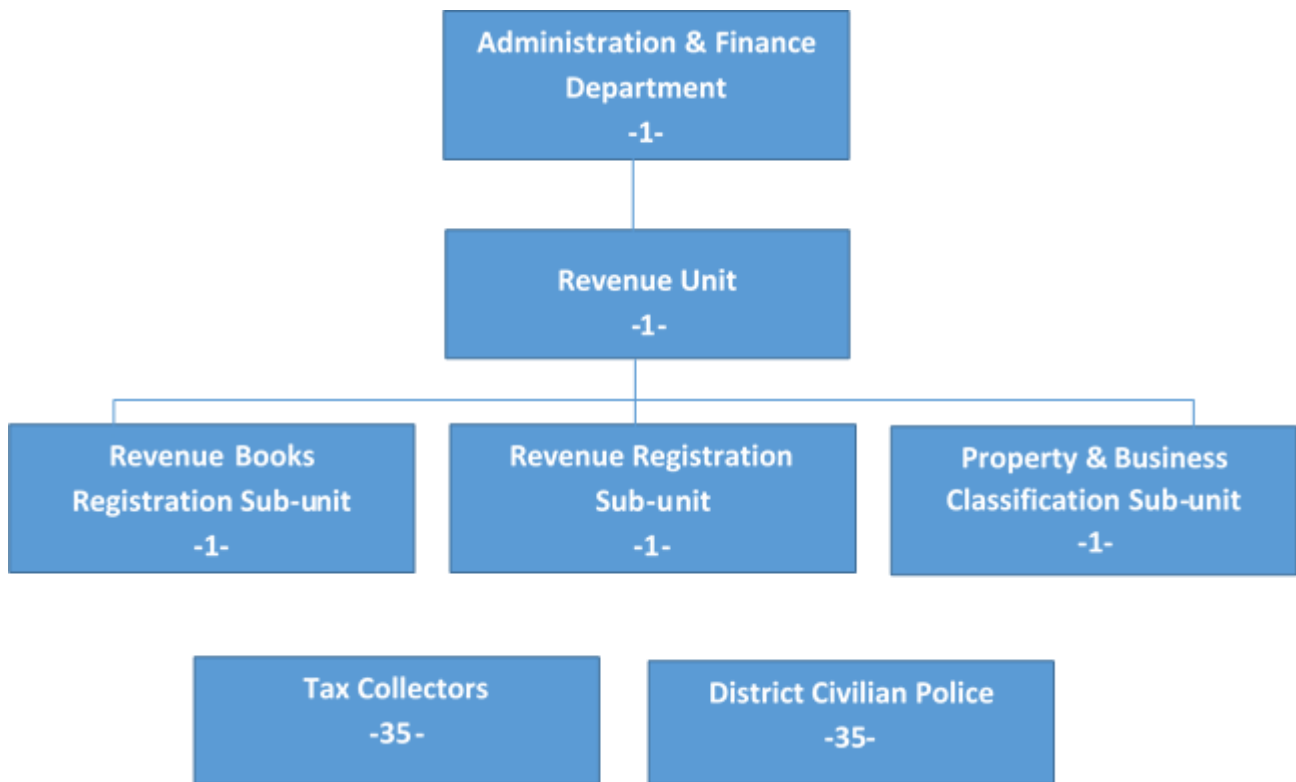
Mayor of Garowe

### III. Sources of Revenue & Collections<sup>1</sup>:

The table will emphasize the revenues that Garowe district, however Gaorwe district wants enhance some potential revenue heads and focus on 2016. After long discussion and consultation with Garowe district, Minister of interior and getting support with UNCDF, district selected to further enhance the highlighted revenues heads as per the below table.

Revenue Source	2013 Actual	2014 Actual	2015 Projection	2016 Projection	2017 Projection
The sale of livestock	698,199,000	633,212,000	642,000,000	936,000,000	1,000,000,000
Business licensing	821,767,000	483,514,000	900,000,000	1,020,000,000	1,100,000,000
Service tax – electricity	56,838,000	0	90,000,000	120,000,000	200,000,000
Service tax – telecom	0	0	120,000,000	140,000,000	280,000,000
The sale of Khat	217,264,000	140,637,000	378,000,000	378,000,000	398,000,000
Property tax – houses	374,190,000	632,962,000	720,000,000	900,000,000	1,000,000,000
Land registration	1,609,932,000	2,689,387,000	2,220,000,000	4,200,000,000	4,300,000,000
Fines/penalties	109,675,000	38,949,000	150,000,000	170,000,000	200,000,000
Rental value of LG buildings	349,843,000	233,514,000	300,000,000	300,000,000	320,000,000
Building permit fees	0	57,300,000	270,000,000	270,000,000	300,000,000
Market duties	102,289,305	263,494,000	850,000,000	850,128,000	900,128,000
Transit/development fees	986,996,000	1,607,166,000	0	0	0
Fiscal transfer and external donations	0	0	13,255,194,000	18,852,000,000	21,000,000,000
Lorry fees	16,983,000	30,150,000	977,742,000	24,000,000	50,000,000
Unloading fees	1,332,961,000	1,428,955,000	24,000,000	977,742,000	1,007,742,000
Slaughter houses	205,889,000	207,814,000	600,000,000	600,000,000	620,000,000
Waste collection fees	388,696,000	0	300,000,000	1,440,000,000	1,540,000,000
Public transport premiums/Packing and Pick up	148,718,000	147,189,000	90,000,000	312,000,000	412,000,000
Registration fees (civil)	17,026,000	787,722,000	540,000,000	1,500,000,000	1,600,000,000
<b>Total in Somali Shilling</b>	<b>7,437,266,305</b>	<b>9,381,965,000</b>	<b>22,426,936,000</b>	<b>32,989,870,000</b>	<b>36,227,870,000</b>

#### IV. Garowe LG Administration & Finance Department Structure and Staff



#### V. Challenges of Revenue Collection:

The current revenue structure in Garowe town is not yielding much due to the inherent weaknesses of the revenue collection system and management. This is mainly due to inadequate tax assessment mechanism, classification and coverage. In order to widen the revenue base and stabilize the revenue of the municipality, Garowe municipality needs to focus on issues of strengthening its data collection and information management such as examination of revenue sources, business classifications, identification and examination of existing revenue sources, and identification of potential sources of revenue. Garowe LG [and probably all LGs] also lacks a short-term or mid-term revenue forecast. The only prevailing budget projection is for 2016 - nothing beyond. Another alarming fact is that Garowe district lacks proper analytical capacity to project budgetary trends and this renders the budgeting process to become highly idealistic.

Registration of businesses with the Municipality should be a pre-requisite for the establishment of all kinds of businesses. The legal framework (that is regulations and by-laws) supporting district businesses must be in place and taxation policy should be made clear and available to all business

owners. Another alarming factor is that 76% of the Small Businesses which employ less than 10 employees close shop within 5 years of formation. Considering that they employ over 60% of the population, their main cause of failure which has been identified as lack of business skills and insufficient capitalization should be addressed accordingly.

There are numerous challenges hindering the effective collection and administration of revenue at district level. To mention but a few, there is widespread tax avoidance from the part of the public as well as low capacity of tax collection authority and law enforcement institutions. For instance, the district police refrain from taking action against tax evaders and usually set free for suspects of tax circumvention due to lack of feeding programme for such captives. District's tax collectors lack technical and professional capacity as well as necessary facilities to effectively collect and administer revenues. They also lack standard outfit and credentials which would help them prove their identity as tax collectors.

The district's revenue unit which comes under the administration and finance department is poorly equipped and operates in single congested room. The ordinary citizen has less knowledge and understanding of their civic responsibilities including payment of taxes. The ailing economy of the district and the abject poverty under which most of citizens live also deter the generation of adequate income that would cover the provision of basic services.

Nonetheless, the leadership of Garowe district council perceives that business and property taxation are the major sources of income for the local government. However, the business and property registration interventions supported by ILO and UN-Habitat are facing serious challenges that could derail the efficiency of the Billing Information Management Systems (BIMS) and the materialization of its intended outcome. Another overarching challenges is the poor demarcation between central and local government taxation systems which leads to persistent conflict, allegation and counter-allegation between local governments and the Ministry of Finance. Most districts perceive that MOF jeopardizes their prerogative and rises revenues which supposedly fall in their jurisdiction.

## **VI. Special Focus for 2016:**

This plan focuses on enhancing collection and administration of a few select sources of local revenue, while continuing to collect from all available sources. For 2016/17, the district will focus on setting up policies, systems, procedures and logistics for improved revenue collection of the following sources of revenue:

1. Business and property tax
2. Penalties (fines imposed due to traffic irregularities<sup>2</sup> and disobedience of the sanitation regulations of LG)
3. Parking and pickup trucks fees/ Public transport premiums
4. Enhancement of service companies tax (i.e. electricity and telecom companies)

Once the aforesaid revenue sources are fully mobilized, it's envisioned that it would bring forth an annual revenue increment of 29% approximately. However, more revenue sources shall be added to the above list for enhancement during subsequent years or as and when the capacity is improved. This plan is divided into two main sections. Section A focuses on putting in place the enabling environment by focusing on administrative, policy, logistics and capacity building for revenue collection and accountability. Section B focuses on select sources of revenues and related activities aimed at improving collections as projected

- Business license: district have got more business thus this head is one of the most potential sources of revenue in Garowe and it was supposed to increase 13.33% in 2016 and 8% increase by 2017
- Property tax: is planned to increase revenue of this sources in 25% by 2016 as well as 11% increase in 2017
- Penalties/fines: this revenue head is expected to increase 13.33% by 2016 and 18% by 2017
- Parking and pickup trucks fees/ Public transport premiums, this revenue head is expected to increase 246.66% by 2016 and 32.05% by 2017
- Electricity: Will increase district revenue in 33.33% by 2016 and 66% increase by 2017
- Telecommunication: Will increase district revenue in 16.66% by 2016 and 100% increase by 2017

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<sup>2</sup> 60% of the penalty returns are given to the municipality

## VII. LOCAL REVENUE ENHANCEMENT MATRIX

### Garowe District Summary of Proposal Activities

Results Area	Detailed Activity Description	Expected Outputs	Activity Time Frame				Responsible	Remarks	
			Short-term	2016					
			Nov-Dec 2015	Quarter1	Quarter2	Quarter3	Quarter4		
<b>A. ADMIN, POLICY, LOGISTICS &amp; CAPACITY BUILDING PLAN</b>									
<b>1- Local Revenue Performance Reviewed</b>	<ul style="list-style-type: none"> <li>Undertake review of local revenue performance per source</li> <li>Carryout dissemination of local revenue performance report to key district stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Detailed local revenue performance report</li> <li>Report disseminated to key stakeholders</li> <li>Follow up actions taken to implement assessment recommendations to improve revenue planning, collection and administration</li> </ul>	x					Joint committee made of monitoring and auditing sub-committee of district council and technical experts	The committee analyzes local revenue performance for the previous FY (2014). The analysis should indicate shortcomings within revenue generation and administration and should come up with concrete recommendations to improve revenue performance
<b>2-Local revenue enhancement strategy</b>	<ul style="list-style-type: none"> <li>Draft a Local Revenue Enhancement Strategy which focuses on business and property tax, imposition of penalties and parking and lorry fees</li> </ul>	<ul style="list-style-type: none"> <li>Local Revenue Enhancement Strategy for the succeeding Financial Years in place</li> </ul>		x	x			Revenue Unit	Political supervision required by DEC

	<ul style="list-style-type: none"> <li>Consult key stakeholders on the LRES</li> <li>Present the LRES to Standing Committee and Council for approval</li> </ul>								
<b>3-Local revenue administrative structures established</b>	<ul style="list-style-type: none"> <li>Establish Enumeration and Registration committees</li> <li>Establish LR Assessment Committees</li> </ul>	LR Structures established and functional			x	x		District Executive Committee	Political supervision required by DEC
<b>4-Comprehensive registers /data bases developed</b>	<ul style="list-style-type: none"> <li>Compile a comprehensive data base/revenue registers for each category<sup>3</sup></li> </ul>	A number of registers compiled and regularly updated				x		Head of Finance/rev enue	
<b>5-Revenue targets established</b>	<ul style="list-style-type: none"> <li>Establish realistic revenue target for each revenue source</li> </ul>	<ul style="list-style-type: none"> <li>Targets established</li> <li>Collection mechanisms established</li> </ul>						Head of Finance/rev enue	This is vital for management to determine how much should be expected from each source
<b>6-Comprehensive Local Revenue Enhancement Plan Developed</b>	<ul style="list-style-type: none"> <li>Collect data for preparation of Local Revenue Enhancement Action Plan</li> <li>Hold consultations meetings with key stakeholders to provide input into the Local Revenue</li> </ul>	Comprehensive Local Revenue Enhancement Plan produced				X		Head of Finance/rev enue	Comprehensive LREP produced through consultative process

<sup>3</sup> These include registers for business licenses, respective market registers containing stall numbers, LST, LHT, Royalties, permits and licenses, and Property related revenues.

	<p>Enhancement Action Plan</p> <ul style="list-style-type: none"> <li>Produce draft LREP to be validated by the district executive committee and local council</li> </ul>								
<b>7- Increased participation of key stakeholders in Local Revenue Enhancement activities</b>	<ul style="list-style-type: none"> <li>Carryout local revenue awareness campaigns through mass media</li> <li>Hold community local revenue sensitization meetings</li> <li>Hold local revenue sensitization with political and traditional leaders at all levels</li> <li>Developed and disseminate IEC materials</li> <li>Hold local revenue awareness week and reward best revenue performers</li> </ul>	Increased knowledge and awareness of key stakeholders about Local Revenue		✓	✓	✓	✓	Head of Finance/rev enue in conjunction with DEC	These activities are intended to increase community, political leaders and tax payers' awareness and participation in local revenue generation.
<b>8-Increased Local Revenue generation</b>	<ul style="list-style-type: none"> <li>Update local revenue register</li> <li>Carryout revenue assessment and numeration</li> <li>Provide incentives and other motivation rewards to best performing collectors (Reward performance).</li> </ul>	Percentage increase in local revenue.			✓	✓	✓	Head of Finance/rev enue	<ul style="list-style-type: none"> <li>Timely undertaking of these activities is very important, the processes should be competitive and transparent</li> <li>Management should devise ways of rewarding good performance</li> </ul>

<b>9-Local revenue enhancement activities monitored</b>	<ul style="list-style-type: none"> <li>• Carryout periodic monitoring of local revenue enhancement activities</li> <li>• Produce quarterly and annual local revenue performance reports</li> <li>• Hold quarterly meetings with key stakeholders to review local revenue performance</li> </ul>	Improved monitoring and reporting		✓	✓	✓	✓	Head of Finance/revenue	Documentation of best practices, lessons learnt and challenges should be done here. The district should ensure that issues agreed upon during periodic meetings are implemented and reported on in the ensuing meeting.
<b>10-Improved management of revenue information/data</b>	<ul style="list-style-type: none"> <li>• Develop/upgrade existing local revenue management information</li> <li>• Train revenue staff and tax collectors in proper tac collection and the use of revenue information system</li> <li>• Carryout periodic update of local revenue information</li> </ul>	Revenue MIS developed and updated periodically				✓	✓	Head of Finance/revenue	The information generated should inform decision making.

## VIII. Revenue Source Specific action plan

B. REVENUE SOURCE SPECIFIC ACTION PLAN								
Revenue Item	Objective	Activity	Target	Location	Projection 2015 (,000)	Projection 2016 (,000)	Projection 2017 (,000)	Remarks
Review of business registration and licensing process	Rectify the prevailing inconsistency within business registration and establish actual revenue potential of this source	<ul style="list-style-type: none"> <li>• Business surveys</li> <li>• Develop abreast database of business activities</li> </ul>	All business es in Garowe	Garowe town	Sh.so 900,000,000	Sh. So 1,020,000,000	Sh.so 1,100,000,000	
Penalties (traffic irregularities and violation of sanitation regulations)	Effectively operationalize this revenue source thus to increase revenue base	<ul style="list-style-type: none"> <li>• Assessment and development of penalties regulation/fees</li> <li>• Coordination and establishment of effective cooperation with other stakeholder</li> <li>• Awareness raising</li> <li>• Development of penalties enforcement plan</li> </ul>	Traffic and business es	Garowe town	Sh.so 150,000,000	Sh.so 150,000,000	Sh.so 200,000,000	
Tax parking and pickup trucks fees/public transport premiums	Raise revenue from parking areas and pickup trucks	<ul style="list-style-type: none"> <li>• Surveys and marking of parking areas</li> <li>• Issuance of relevant regulations</li> <li>• Awareness raising</li> <li>• Enforcement of parking and pickup trucks fees</li> </ul>	Parking areas and pickup trucks	Garowe town	Sh.so 90,000,000	Sh.so 312,000,000	Sh.so 412,000,000	

Taxation Electricity companies)	Liaise with the Ministry of Finance to ensure that LG apportionment from service companies tax is paid to Garowe LG. this will drastically increase the revenue base of Garowe LG	<ul style="list-style-type: none"> <li>• Consultative meeting with MOF</li> <li>• Proper demarcation of central and local government taxation system</li> </ul>	electricity companies	Garowe town	<b>Sh.so 90,000,000</b>	<b>Sh.so 120,000,000</b>	<b>Sh.so 200,000,000</b>	
Taxation Telecom companies)	Liaise with the Ministry of Finance to ensure that LG apportionment from service companies tax is paid to Garowe LG. this will drastically increase the revenue base of Garowe LG	<ul style="list-style-type: none"> <li>• Consultative meeting with MOF</li> <li>• Proper demarcation of central and local government taxation system</li> </ul>	Telecom, companies	Garowe town	<b>Sh.so 120,000,000</b>	<b>Sh.so 140,000,000</b>	<b>Sh.so 200,000,000</b>	

## IX. Immediate Intervention Requirement in 2016

Priority Area	Activities	Target Group	Timeline	Budget Estimate
			Nov 2015	USD 2,025.00
Thorough assessment of local revenue performance, followed by genuine reform of the admin/finance department	- Stationery and duplication of assessment tools	Revenue Department		
	- consultancy fee	Revenue Department		
	- refreshment	Revenue Department		
	- findings dissemination meeting; refreshment and lunch	Revenue Department		
Review of business registration process, initially supported by ILO	- Incentive for enumerators and business classification officers - data entry fee 1 person	Revenue Department	Nov – Dec 2015	USD 3,900.00
Office equipment for the admin and finance department, primarily the revenue unit	- Outfit for tax collectors - Procurement of photocopier machine - Procurement scanner - Procurement desktop computer - Procurement of laptop - Procurement of office chairs - Procurement of desk tables - Procurement of metal cupboards	Revenue Department	Nov – Dec 2015	USD 5,120.00
Equipment and materials for public outreach and awareness raising	- Amplifiers (2 sets) production of IEC materials (posters, brochures, leaflets, short audio messages and film	Revenue Department	Nov – Dec 2015	USD 3,600.00

## X. Detailed Budget: needs to be detailed per item, cost and amount and total

Sn.	Activity	Description	QTY	Cost \$ USD	Total \$ USD	Comment
1.	Thorough assessment of local revenue performance, followed by genuine reform of the admin/finance department	Stationery and duplication of assessment tools	Lamb sum	700	700	The mayor will setup a committee led by the chairperson of the monitoring and auditing sub-committee of the council to assess local revenue performance
		consultancy fee	1 person for 8 days	100	800	
		refreshment	5 person for 5 days	5	125	
		findings dissemination meeting; refreshment and lunch	20 Persons for 1 day	20	400	
<b>Sub total</b>					<b>2,025.00</b>	
2.	Review of business registration process, initially supported by ILO	- Incentive for enumerators and business classification officers	6 for 15 days	30	2,700.00	The district mayor will commission a team of district enumerators and experts to review/rectify the business registration processes
		-				
		- data entry fee 1 person	2 for 15	40	1,200.00	
<b>Sub total</b>					<b>3,900.00</b>	
3.	Office equipment for the admin and finance department, primarily the revenue unit	- Outfit for tax collectors	35	40	1400	Outfit for tax collectors (35 persons), 1 photocopy machine, 1 scanner, 2 desktop computers, 1 laptop, 6 chairs, 3 desk tables and 2 metal cupboards.
		- Procurement of photocopy machine	1	1,200	1200	
		- Procurement scanner	1	300	300	
		- Procurement desktop computer	2	300	600	
		- Procurement of laptop	1	800	800	
		- Procurement of office chairs	6	50	300	
		- Procurement of desk tables	3	40	120	
		- Procurement of metal cupboards	2	200	400	
<b>Sub total</b>					<b>5,120.00</b>	
4.	Equipment and materials for public	Amplifiers (2 sets)	2 set	300	600	Amplifiers and production and
		production of IEC materials (posters,	Lamb sum	3,000.00	3,000.00	

	outreach and awareness raising	brochures, leaflets, short audio messages and film				dissemination of IEC materials on revenue education and awareness
					<b>3,600.00</b>	
<b>Grand total</b>					<b>USD 14,645.00</b>	

## Annexure I: revenue performance monitoring tool

### GARDO LOCAL GOVERNEMENT

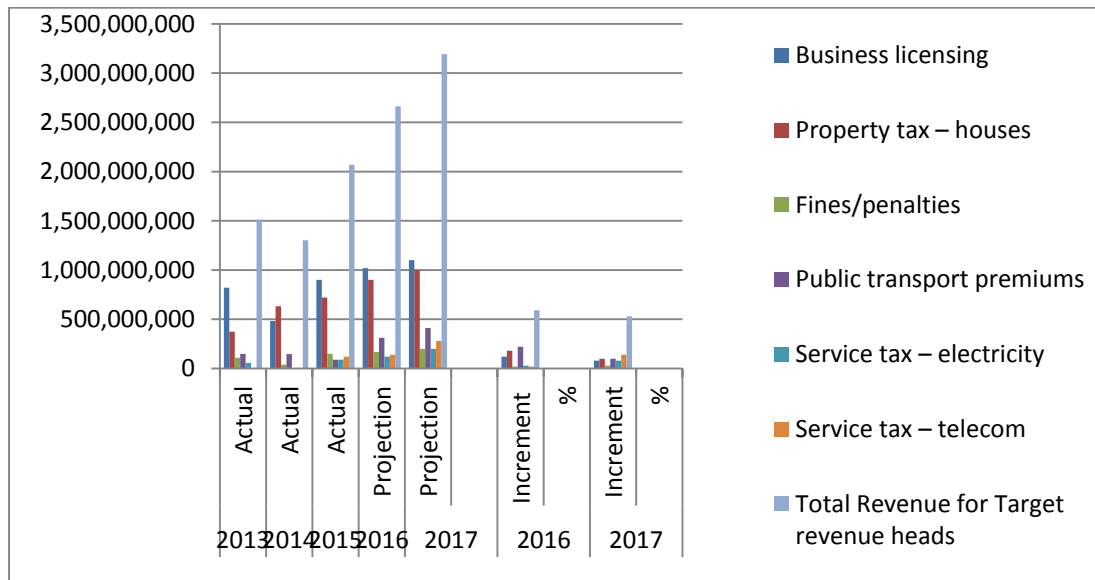
#### LOCAL REVENUE PERFORMANCE MONITORING TOOL IN 2016 and 2017

No. of registered tax payers	2016	Expected Quarterly Inflow				2017	Cumulative received as at .....	Variance shs	Causes for under/over performance
	Expected Annual Inflows \$	Q1	Q 2	Q3	Q4	Expected Annual Inflows \$			
Business licensing	48,571.43	12,142.86	12,142.86	12,142.86	12,142.86	52,380.95			
Property tax – houses	42,857.14	10,714.29	10,714.29	10,714.29	10,714.29	47,619.05			
Fines/penalties	8,095.24	2,023.81	2,023.81	2,023.81	2,023.81	9,523.81			
Packing and pick up/Public transport premiums	14,857.14	3,714.29	3,714.29	3,714.29	3,714.29	19,619.05			
Service tax – electricity	5,714.29	1,428.57	1,428.57	1,428.57	1,428.57	9,523.81			
Service tax – telecom	6,666.67	1,666.67	1,666.67	1,666.67	1,666.67	13,333.33			
<b>TOTAL</b>	<b>126,761.91</b>	<b>31,690.49</b>	<b>31,690.49</b>	<b>31,690.49</b>	<b>31,690.49</b>	<b>152,000.00</b>			

## Annex II. Summary of target revenue heads

### Garowe targeted Revenue heads

Potential Revenue heads	2013	2014	2015	2016	2017	2016		2017	
	Actual	Actual	Actual	Projection	Projection	Increment	%	Increment	%
Business licensing	821,767,000	483,514,000	900,000,000	1,020,000,000	1,100,000,000	120,000,000.00	13.33	80,000,000.00	8
Property tax – houses	374,190,000	632,962,000	720,000,000	900,000,000	1,000,000,000	180,000,000.00	25.00	100,000,000.00	11
Fines/penalties	109,675,000	38,949,000	150,000,000	170,000,000	200,000,000	20,000,000.00	13.33	30,000,000.00	18
Public transport premiums	148,718,000	147,189,000	90,000,000	312,000,000	412,000,000	222,000,000.00	246.67	100,000,000.00	32
Service tax – electricity	56,838,000	0	90,000,000	120,000,000	200,000,000	30,000,000.00	0.00	80,000,000.00	67
Service tax – telecom	0	0	120,000,000	140,000,000	280,000,000	20,000,000.00	16.67	140,000,000.00	100
<b>Total Revenue for Target revenue heads</b>	<b>1,511,188,000</b>	<b>1,302,614,000</b>	<b>2,070,000,000</b>	<b>2,662,000,000</b>	<b>3,192,000,000</b>	<b>592,000,000.00</b>	<b>28.60</b>	<b>530,000,000.00</b>	<b>20</b>





## **INTRODUCTION.**

The overall objective of the meeting was preparation of local revenue mobilization plan for Garowe district the meeting was attended by Ministry of Interior, and UNCDF and it was held 17<sup>th</sup> -21<sup>th</sup> October 2015. meanwhile ,the meeting was participated by the Mayor, Executive secretary, admin and finance department director and LG council members.

At the very detailed discussions the district with support from MOI and UNCDF has developed revenue Mobilization Plan.

### **Agenda of Meetings;**

- developing Garowe Revenue Enhancement plan for 2015/2016/2017
- the Challenges facing the Revenue Mobilization Garowe district
- addressing any technical challenges that faces the district

### **The Opening Remark**

In his opening remarks Mayor of Garowe started the meeting with introductory session between the participants from the district staff and MOI together with UNCDF team, he thoroughly dealt with them about the agenda and objectives of the meeting. the mayor also clearly stated about the importance of Revenue Enhancement Plans that is spearheading by MOI with getting support from UNCDF/JPLG. At the end he welcomed Abdulkadir from MOI to make his opening remarks as MOI and Later on he welcomed Mohamed Ahmed Abdi from UNCDF, after that the Mayor officially opened the meeting.

### **The Discussed Issues**

#### **1. Local Revenue Mobilization and Enhancement Plan**

REP of Garowe was one of the most interesting for Garoowe municipality since the district has some of its revenue sources which are not being mobilized and if mobilized these revenue sources may significantly raise the district's revenue .

The assembly has started with explanation of the general objectives of the mission for Revenue Mobilization plan and the aims of REP, after presentation of the main objective of the REP, municipality have explained how Garowe district 's revenue sources can be mobilized ; however, the technical expert who work with Garowe municipality together with the district staff have concluded with, two main outputs:

- ❖ **Immediate Priority** for Nov Garowe district have chosen immediate priority plan for the months of Nov 2015, this is mainly soft activities that will be a base for mobilizing the local revenue enhancement plan, in order to have basic requirement in enhancement of Local revenue. Details of this is shown

**Main focus for 2016:**Garowe municipality will focus on enhancing revenue in the district by focusing in 2016 in four main head including the following heads:

- Business and property tax
- Penalties (fines imposed due to traffic irregularities<sup>4</sup> and disobedience of the sanitation regulations of LG)
- Parking and pickup trucks fees
- Enhancement of service companies tax (i.e. electricity, water and telecom companies)

In the year 2016, Garowe municipality will continue focusing on the above four heads, and will continue to add on more heads as the revenue of the above four piloted heads in order to continue enhance revenue mobilization in Garoowe Town

### **Challenges of Revenue collection Garoowe Town**

There have been many challenges faced in Garowe district revenue collection and most identified ones include:

- weaknesses of the revenue collection system
- lack of willingness of tax payers
- inadequate tax assessment mechanism,
- classification and coverage

**Action points;**

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1. for Nov 2015 The assessment of local revenue performance, followed by genuine reform of the admin/finance department will be made
2. Nov 2015 reviewing of business registration process, initially supported by ILO
3. for Nov 2015 Plan that LG submitted should not be changes without consultation with the district administration on the issue.
4. for Nov 2015 Office equipment for the admin and finance department, primarily the revenue unit will be made
5. Equipment and materials for public outreach and awareness raising will conducted

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PUNTLAND STATE  
SOMALIA  
GAROWE  
MUNICIPALITY

Participant Lists

NAME	POSITION	EMAILS	SIGNATURE
Abdiwasi Yusuf Ismaaciil	LG Admin/finance	midhwaad@gmail.com	
Mohamed Hassan	LG Admin	xabarow01@gmail.com	
Mohamed A. Sule	Consultant <del>Admin</del>	Regure 200	
Abdirazak F. Mohamed	Consultant	abdirazak10@gmail.com	
Hassan Mled'isse	Mayor	Garowe@pntd.gov.so	
Ahmed Aden	MID	@	

.....END.....