



**A case study of an innovative revenue generation mechanism:
Use of grain (maize) as a payment of Development Levy due to Council**

By

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Introduction

Mutoko Rural District Council (MRDC) is one of the four rural district councils (RDCs) of Zimbabwe where the Local Governance and Citizen Participation Project (LGCPP) is being implemented by the Civic Forum on Housing, in partnership with the Association of Rural District Councils and with the financial assistance of the European Union. The Centre for Community Development Solutions is an Associate responsible for providing technical support and guidance to the planning, implementation, monitoring and evaluation of the project. The other three Rural District Councils participating in the program are Chipinge, Nyaminyami and Tsholotsho. The program was inaugurated in April, 2010.

The overall objective of the project is to promote democratic, effective, transparent and accountable local governance in Rural District Councils of Zimbabwe. Of the four key results and activities two of the relevant ones which are relevant to this discourse are;

Democratic institutions for effective local governance and local economic development (LED) are strengthened, and Capacity of RDCs to respond to the needs and Priorities of communities and local civic organizations strengthened.

Background

MRDC is a sub-national government established under the Rural District Councils Act Chapter 29:11) of Zimbabwe. It administers a rural district in the north east of Zimbabwe that spans over 428 916 hectares or 4 740 square kilometers of land, or 14% of the Mashonaland East Province. About 50% of the land is communal and the rest is mixture of resettlement, small scale and commercial farming.

The increasing acceptance and use of participatory planning and budgeting in Mutoko Rural District Council is directly linked to central government's launch of the Pilot Program on Developing Local Government in Zimbabwe (PPLG) which took off in July 2002. Mutoko Rural District Council and Chipinge Rural District Council were two rural local authorities among other urban local authorities

which took part in this program because of their primary success stories with a previous government Capacity Building Program. The program was funded by the United States of America Agency for International Development (USAID) and implemented by the Urban Institute. The strategic objectives of the program were to enhance citizen's participation in economic and political decision-making with intermediate results of;

- Improved civil society organizations' (CSO) representation of citizen's interests,
- More effective and accessible national government institutions, and
- Local authorities more capable and open to citizen input

Context for this initiative

The major sources of income for the District are government grants (22.2%), land development levy (7.3%), user charges (46.9%), sale of stands (11.9%) and leases/licenses (11.7%). Land development levy is derived from charging farmers mainly those from the resettlement, small scale and commercial farming areas a statutory fee of two (2) dollars per hectare.

The major crop grown in Mutoko is maize which is sold to private buyers and under normal circumstances to the Grain Marketing Board (GMB). Selling maize to private buyers is mostly done in situations of desperation because of depressed prices which are offered by the buyers. The preferred buyer for maize for most farmers is the GMB because it offers competitive prices. However its major weakness is the delay in paying the farmers for produce delivered. At times the delay spills into the subsequent season resulting in the farmers failing to pay their dues to Council and more still not being able to source inputs for the current season.

How the program was instituted

The program was instigated by farmers from one of our wards called Gumbure/Mutambwe (Ward 21) who pleaded with Council at a participatory budgeting ward meeting that they were finding it difficult to pay development levies and outstanding debts due to council since the year 2009 because of late payment of commodities delivered to GMB. At the same time if farmers were to deliver their maize to private buyers who are prevalent during the



Citizens/farmers of Nyamuzuwe ward in one of the budget consultation meetings discussing the new revenue model

maize buying periods they would get (\$180 per tonne) far less per tone of maize than they would get from GMB, (\$285 per tonne).



Part of the councilors during the Full council meeting to discuss and adopt the grain collection method

The management of Council in its deliberations discovered that this problem was prevalent through out the whole district. The concern was then referred to the relevant committee of Council and in this instance the Finance Committee, which in turn recommended to full Council to come out with a resolution authorizing the payment of development levy and settlement of outstanding payments using grain.

Approximately a total of 300 farmers took part in the exercise. Sixty one (61) tonnes of maize were delivered through GMB collection points in the Wards or straight to the GMB Depot at Mutoko. The maize delivered at GMB collection points throughout Mutoko was then collected by hired trucks by Council to the main GMB Depot at Mutoko Growth Point. At the end of the exercise Council was able to realize a total amount of \$17 000. The total amount was only received from GMB after an eight (8) month period.

Before endeavoring into the trying out the new innovation, high level negotiations were held between top management of Council and officials of GMB headquarters to allow the process to go through. At the GMB Depot level they did not have the mandate to allow Council to act as an agent to deliver maize on behalf of the farmers. This authority could only be obtained from Headquarters level.

Challenges

The time taken to put in place all the necessary logistical arrangements was long. At times what appeared obvious could end up very complicated and time consuming. For example, we had assumed we would be able to get authority from the local depot level, only to be advised that this was obtainable from the GMB Headquarters in Harare. There was a lot of bureaucracy.

The processing of payment from GMB would take ages. In this instance it took approximately six (6) months to process the first payment and more than a year to get the last payment. This was due to the liquidity problems being faced by GMB.

Most farmers had the tendency of delivering poor quality grain in the form of either the previous years, harvest whose weight would have decreased tremendously or grain boring infested maize which under normal circumstances would not be acceptable to GMB. The farmers therefore took advantage of the lack of quality testing at the collection points.

Most of the grain was delivered in fifty (50) kilogram bags and the assumption was that the farmers would be honest enough to put the correct amounts but this was usually not the case. Most of the bags delivered were later discovered to be underweight resulting in some loss to Council.

Lessons learnt

Innovations towards good local governance are imperative if delivery of services is to be improved, especially if the poor are the targets. It is within this context that engaging communities and civil society organizations in both formal and informal structures of local governance would lead to the local government's effectiveness and responsiveness to its constituents.

Engaging citizens in public management gives people greater opportunities to influence policymaking processes and the implementation of policies and programs

It is the local people who can really understand the developmental problems of a community. Therefore, suggestions from them should be incorporated properly in order to make development people-oriented.

The process improved the reputation of local officials. Previously, the community saw local officials as a privileged group engaged in the opaque management of local resources.

The rural district council's open-mindedness and a long tradition of collaboration between the council and grassroots community were critical in securing the council's support for the budgeting process. The local authority quickly realized the advantages that could result from taking on board the proposal coming from the community. For example, by improving the revenue collection capacity of council, council will be able to provide the same community with the requisite service.

The management staff and elected decision makers must be flexible, innovative, and persistent in responding to citizen demands and have the will to change to ensure the process's efficiency and sustainability.

Finally, the tendency to underestimate the knowledge and contributions of the people from the grassroots must be overcome. It is still the case that the people most affected by the outcome are mostly left out of discussions on policy developments. Every effort should be made to change this situation.

Recommendation

Although the initiative is still in its early stages and is endowed with a lot of challenges the initiative can be improved for it to be adopted by other local authorities to enable them to maximize revenue collection.

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