LRA 2018-2023 STRATEGY
“REA AHA”
Board Chair’s Message
Commissioner General’s Remarks

Rea Aha! We are Building!

At the very core of our strategic approach is a conscious decision to build key strategic resources which will in turn be used as sustainable sources of strategic advantage in achieving our desired outcomes of maximising revenue collection, deepening the culture of voluntary compliance, enhancing the quality of service and reducing the cost of collection. By strategic resources, we do not refer only to the tangible and physical kind such as office buildings, vehicle fleet and bank balances which feature prominently on our balance sheet. Such assets are merely ‘commodities’ which are equally available to all other organisation and therefore do not, on their own, confer any strategic advantage to the organisation. To count as strategic, an asset has to be rare, valuable and difficult to imitate.

Consequences vs. Causes

Therefore, our five-year strategy is premised on the objective of building both the tangible and, especially, the intangible strategic assets. Once built, these assets will then be deployed as strategic sources of capital towards creating value in enabling the achievement of our desired outcomes. In this way, the approach differentiates between the consequences from their causes. The maximised revenue collection, improved quality of service, a deeper compliance culture and reduced cost of collection are all the intended consequences. The creation and efficient deployment of the intangible asset are the causes of these consequences. As such, to achieve the consequences, we will develop and efficiently deploy the causes.

Our Depreciated Asset Base

Based on our problem diagnosis, there is ample evidence that our leadership culture focused exclusively on the consequences while neglecting the causes. In this culture, the end justified the means; as long as collection targets were met, and innovative fabric of the organisation. Although deceptively high yielding at first, this short-termist approach is not sustainable to the extent that it delivers results at the expense of the depreciation of the strategic assets of the company. In time, the depreciated strategic resources become a limiting factor standing in the way of the Authority towards achieving the desired outcomes.

Strengthening our Weakest Links

Consequently, to reverse this situation, this strategy seeks to derive the greatest leverage by focusing resources and coherent actions on these limiting factors. Our wide stakeholder consultations have revealed that the most prominent limiting factor has been the neglect of the intangible sources of capital, to the extent that they are in a sorry state. By concentrating on building these assets, we follow the logic that the way to strengthen a chain-linked system such as our organisation is not to further strengthen the strong links in the chain, but to strengthen the weak links.
Following the application of the Strategic Kernel model, it became evident that the Authority’s weak links lie in the realm of people matters. People, be it staff or our clients, have been neglected over the years. The diagnosis points to a task oriented approach that views people as nothing but cogs in a tax collection machine. As long as targets were met, the path taken to such an outcome did not matter.

**Our Value Creation Capital Model**

In the next five years, the Authority will be focused on building the strategic assets that will enable it to sustainably deliver the desired outcomes. In view of the diagnosed problem of a poor leadership culture that pays little consideration to crucial intangible sources of capital, we have identified the development and efficient deployment of the following sources of capital, constituting our Value Creation Capital model, as priorities;

(i) Spiritual Capital
(ii) Social Capital
(iii) Human Capital
(iv) Innovation Capital
(v) Financial Capital

The model identifies the importance of the intangible sources of capital as drivers of value for the next five years.

**Building our new Service and Leadership Culture**

Over the next five years, the Authority’s way of doing business is going to be based on a guiding policy of building. We shall be building a new culture of service which will be pursued through a leadership approach which emphasises collaboration with, and therefore ownership by, our staff and our clients. This involvement of people underpins the strategic shift from the task orientation of yesterday to the people orientation of this strategy.

The practical implication of this strategic shift is that no more shall effort and resources spent on people matters such as trust building, staff motivation, staff competence, stakeholder consultation and engagement and brand recognition be viewed as mere expenses but rather as investments in strategic assets with notable future benefits in enabling the Authority the Authority to maximise revenue collection, enhance quality of service, deepen the culture of compliance and reduce the cost of collection.
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23 Vision, Mission, Values
25 Strategic Shifts
26 Delivering Results
27 Measuring Performance

Our Strategy proposes a major shift in the manner in which LRA will be doing business.
1 Background

1.1 Who are we

**OUR MANDATE**

The Lesotho Revenue Authority is a corporate body established under the Lesotho Revenue Authority Act no.14 of 2001 to be:

“The main body responsible for the assessment and collection, on behalf of the Government, of specified revenue; for the administration and enforcement of laws relating to such revenue and for related matters”

The LRA is responsible for the administration and enforcement of the following legislation:

- The Customs and Excise Act (1982) as amended;
- The Income Tax Act (1993) as amended
- The Value Added Tax Act (2001) as amended
1.2 Landscape
1.2.1 Economic Performance – GDP Growth

The SACU economies have collectively expanded at an average annual rate of 4% since 2003.

Lesotho’s economy recovered from the global economic crisis in 2009. This pace was however slowed down by amongst other factors floods in early 2011. Moderate growth was recorded in 2012 due to a rise in diamond prices but has since followed a downward trajectory hitting the lowest levels in 2016 at 2.4%
1.2.2 Lesotho Tax System – Tax Type Contribution

The Lesotho tax mix comprises of income tax (IT) and value added tax (VAT). Income tax is comprised of Corporate Income Tax (CIT), Personal Income Tax (PIT) and Other Taxes (OT).

VAT and PIT are the largest contributors to tax revenues.

CIT contribution in Lesotho is **lowest** as compared with other SACU member states.
1.2.3 Strategic Periods

**INCEPTION**
- Introduction of VAT
- Introduction of Self Assessment
- Tax Amnesty

**SERVICE EXCELLENCE**
- Organisational structure alignment to strategy
- Implementation of a records management system
- Expansion of mandate to collect toll fees

**TAXPAYER CENTRICITY**
- Introduction of filing at the bank
- Decentralization of services to Mohale’s Hoek and Lephe
- Introduction of an integrated performance management system
- Organisational Review

**CHEBELO PELE**
- Establishment of a staff union
- Implementation of ASYCUDA and ETPM systems
- Deployment of Customs Scanners
- Development of compliance model
1.2.4 Revenue Performance

Revenue performance grew at an increasing rate reaching a peak in 2009/10. Following this period it declined hitting the lowest point in 2013/14 when the target was missed by 12.7%. There was a slight improvement in 2015/16 but the target was missed again in 2016/17 and 2017/18 is also projected to perform below target.

Revenue growth on the other hand has been very volatile suggesting very little, if at all, control over the Authority’s performance.
1.2.5 Cost of Collection

Lesotho’s cost of collection, which measures the efficiency of collecting revenue, is the highest in SACU indicating the costliness of collecting revenue. The international benchmark is one percent.

Cost of Collection in SACU

- BURS
- LRA
- SARS
- SRA
- Benchmark

<table>
<thead>
<tr>
<th>Year</th>
<th>BURS</th>
<th>LRA</th>
<th>SARS</th>
<th>SRA</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011/12</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012/13</td>
<td></td>
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<tr>
<td>2013/14</td>
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<tr>
<td>2014/15</td>
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</tr>
</tbody>
</table>
2 Process followed

The strategy development process was informed by intensive engagement with both internal and external stakeholders. This has ensured that our strategy responds to the concerns raised.
What we have heard from our stakeholders

- "There is lack of management visibility"
- "There is no handover process between border shifts"
- "There is no maintenance of business records"
- "Your systems are unstable"

- "Your staff hate their jobs; management needs to take control of staff motivation"
- "There are imbalances between core business and support"
- "The leadership style is autocratic"
- "Employees not a priority"
- "Our staff costs are not sustainable"
- "Our systems are unstable"

- "Your turnaround times are too long"
- "Your service poor"
- "The LRA does not take Taxpayer inputs when making decisions"

- "There are delays in the resolution of queries"
- "The LRA is stringent on compliant Taxpayers"
- "Taxpayers treated differently on similar issues"
- "Your staff do not know what they are doing"

- "Staff inputs not taken into consideration"
- "There is lack of accountability by management"
- "Unstable systems"
Our strategy has been guided by a methodology (proposed in Good Strategy, Bad Strategy by Richard Rumelt) premised on an understanding that at the core of any strategy is the strategic kernel, composed of a diagnosis, a guiding policy and coherent action. This process has been augmented by the adoption of a Value Creation Model (VCC) which will enable us to strike a balanced approach of investing in the human, spiritual, social, innovation and financial sources capitals, towards the achievement of our mandate.
3.1 Diagnosis

The diagnosis identifies and defines the core challenge that we are facing as an organisation based on our evaluation and interpretation of the signs and symptoms which underlie the poor performance of the Authority in the recent years.

Our diagnosis was informed by the information gathered from the various stakeholder engagement sessions held prior to the development of the strategy.

Our diagnosis is that of a poor leadership culture characterised by autocratic leadership and a heavy enforcement culture.
3.2 Guiding Policy

“Building a service culture through collaborative leadership”

The guiding policy is the overall direction chosen to deal with the challenges identified in the diagnosis. It serves as the strategic filter for making decisions towards implementation of the strategy.

3.3 Coherent Actions

The coherent actions are aimed at enabling us to carry out the guiding policy, leveraging on our inherent advantages and those that we need to create. The coherence of these actions is critical in ensuring that they are coordinated, build upon one another and focus our energies towards creating value.

In order to deliver against the guiding policy, we will focus on building strategic assets through investing in the following five major outcome areas.

1. We are going to create a commitment to shared values and a dedication to a worthy purpose towards achieving positive energy throughout the organisation.

2. We are going to build trust within the organisation as a critical success factor towards delivering service to our Taxpayers. We are also going to ensure that our brand as an organisation is recognized and respected.

3. We will invest in the competencies and motivation of our staff as a key asset towards improving service delivery.

4. We will create a culture of continuous service improvement and improve service delivery through innovative solutions.

5. We will drive revenue performance by encouraging voluntary compliance and ensuring that we are financially sustainable.
The objectives that we aim to achieve under each of these outcomes are as follows.

**Spiritual Capital**
- Embody a servant culture throughout the organisation, and;
- Create a sense of worthy purpose

**Social Capital**
- Build internal trust, and;
- Build brand recognition and brand respect by external stakeholders

**Human Capital**
- Increase staff motivation, and;
- Increase staff competencies

**Innovation Capital**
- Create a continuous improvement culture, and;
- Enhance Service delivery

**Financial Capital**
- Build financial sustainability, and;
- Establish a culture of voluntary compliance

**Key Results**
1. Improved Revenue Performance
2. Improved quality of service
3. Reduced Cost of Collection
4. Improved compliance culture
Introduce a service culture program
We will establish measures to entrench a service oriented culture which will drive our behaviours in support of our guiding policy.

Develop a leadership brand
We will build the leadership capability that develops exceptional management with a distinct set of talents and behaviours that are uniquely geared to fulfil our strategy (guiding policy).

SpiriTual
Capital

Embody a service culture throughout the LRA

Create a sense of worthy purpose

Design an employee engagement program
We will establish engagement platforms where employees will engage in a number of activities towards building a sense of belonging within the organisation.

Design and employee recognition program
We will put in place a mechanism that recognizes people that have gone the extra mile.
Introduce trust building mechanisms

We will introduce mechanisms that will ensure that there is mutual trust in the organization. Trust is the confidence among team members that their peers’ intentions are good, and that there is no reason to be protective or careful around the group.

Establish staff collaboration mechanisms

We establish mechanisms which will drive collaboration with staff in order to enhance staff ownership of solutions.

Build a service brand

We will create a new brand that will reflect our guiding policy.

Build Internal Trust

Build brand recognition and brand respect by external stakeholders

Establish collaboration mechanisms with external stakeholders

We will put in place mechanisms to collaborate and involve our stakeholders in designing solutions for them. We will strengthen our relationships with our key stakeholders towards the improvement of service delivery.
Build employer brand

We will build our brand as an employer of choice and give a value proposition to our employees as a key capital to our business. We will identify key attributes of great employers and define our brand accordingly. We will incorporate our new brand into recruitment, performance management and reward systems.

Introduce a structured training program

We will develop requisite skills towards the achievement of our strategy. We will commence with developing a training program on customer care, ethics, collaborative leadership and technical areas; this program will be rolled out to every employee.

Establish LRA training academy

We are going to establish an accredited training academy to meet the training requirements to support strategy.
Establish innovation mechanisms

We will create an atmosphere where employees’ innovative ideas can be frequently contributed, selected, incubated and implemented; while at the same time recognizing and rewarding contributors. This will be an atmosphere where people think innovation, talk innovation and inspire others to be innovative.

Introduce a knowledge management capability

We will introduce, implement and continuously improve on knowledge management in an effort to ensure that we harness and share the knowledge that our staff has.

Expand service delivery channels

We will make our services as accessible as possible to all our clients through the expansion of our service channels. This will include decentralising more services and introducing electronic self service delivery channels.

Integrate client processes

We will integrate our service delivery processes, ensuring that front office and back office functions are integrated towards delivering seamless service.

Introduce Coordinated border processes

We will work with all border agencies to coordinate all border processes as a way of enhancing our trade facilitation role. This will increase the ease with which traders move their goods in and out of the country.
We will introduce strategic financial management principles such that our ratio of reserves of obligations is improved. We will also increase our liquidity ratio to ensure that the LRA has more total assets than liabilities so that in the event of any emergency, the Authority is able to pay its short term debts. This will involve curbing our spending and building up on assets.

**Build LRA house**

We will build the LRA House to accommodate all LRA staff under one roof.

**Introduce financial management principles**

**Develop and implement compliance measures**

We will develop and implement compliance measures to encourage voluntary compliance. We will build a behavioural insights capability in order to guide our measures and communication to Taxpayers.
## 4 Strategic Risks and Mitigations

<table>
<thead>
<tr>
<th>OUTCOME AREA</th>
<th>OBJECTIVE</th>
<th>RISK IDENTITY</th>
<th>RISK</th>
<th>RISK MITIGATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spiritual Capital</td>
<td>Embody a service and collaborative culture</td>
<td>CR0101</td>
<td>Lack of adaptability to culture change by management</td>
<td>Restructure performance management system to prioritise cultural fit</td>
</tr>
<tr>
<td>Social Capital</td>
<td>Build mutual trust with internal and external stakeholders</td>
<td>CR0201</td>
<td>Bad publicity by both internal &amp; external stakeholders</td>
<td>1. Collaborate with staff (incl. LERASU)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2. Run a strategy communication campaign</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CR0202</td>
<td>Political interference</td>
<td>Collaborate with Ministry of Finance and cabinet</td>
</tr>
<tr>
<td>Human Capital</td>
<td>Increase staff motivation and competencies</td>
<td>CR0301</td>
<td>Inadequate organisational structure</td>
<td>Review organisational structure</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CR0302</td>
<td>Unrealistic staff expectations</td>
<td>Collaborate with staff (incl. LERASU)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CR0303</td>
<td>Inadequate performance management System</td>
<td>Introduce a performance management system aligned to strategy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CR0304</td>
<td>Low staff morale</td>
<td>Review salaries</td>
</tr>
<tr>
<td>Innovation Capital</td>
<td>Create a continuous service improvement capability</td>
<td>CR0401</td>
<td>Lack of corporation by OGAs</td>
<td>Collaborate with OGAs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CR0402</td>
<td>Lack of national infrastructure</td>
<td>Implement redundancy across IT platforms</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CR0403</td>
<td>Ineffective IT systems</td>
<td>1. Develop and implement an IT Strategy</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2. Stabilise IT systems</td>
</tr>
<tr>
<td>Financial Capital</td>
<td>Build financial viability</td>
<td>CR0501</td>
<td>Ineffective execution</td>
<td>Introduce a delivery function</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CR0502</td>
<td>Inadequate funds</td>
<td>Review LRA funding</td>
</tr>
<tr>
<td></td>
<td>Establish a culture of voluntary compliance</td>
<td>CR0503</td>
<td>Taxpayer avoidance &amp; evasion schemes</td>
<td>Build capability to detect and enforce tax evasion</td>
</tr>
</tbody>
</table>
5 Vision, Mission and Corporate Values

Our Vision
“A leader in service delivery in Lesotho and beyond, putting the interests of people at the heart of everything that we do”

Our Mission
“To contribute to the economic development of Lesotho through:

- An environment that encourages our clients to voluntarily comply;
- Collaborative leadership;
- Capable, service oriented and motivated staff; and
- Continuous improvements in everything that we do”

Our Values
Service first
We care
We are responsive
Shared Ownership
Our Values defined

We are responsive
“Reacting quickly and positively to solve customer problems”

Service First
“Serve timeously with a good attitude and empathy”

Shared Ownership
“We are all owners in the LRA business”

We Care
“Showing concern for others”
6 Strategic Shifts

“Our strategy dictates a major shift in the manner in which we do business; from a “cops and robbers” approach to a client and service provider” kind of approach”

STOP

- Dictating
- Heavy enforcement culture
- Individualistic
- Systems and process focus
- Tactical leadership at the top

START

- Engaging
- Voluntary compliance culture
- Customer focus
- Human capital development and recognition
- Strategic leadership at the top

START NOW
## 7 Delivering Results

<table>
<thead>
<tr>
<th>Result Area</th>
<th>Indicator</th>
<th>Baseline</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Improved Revenue Collection</strong></td>
<td>% Revenue Growth</td>
<td>2.2%</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>Tax to GDP ratio</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td><strong>Reduced Cost of Collection</strong></td>
<td>Cost of collection ratio</td>
<td>6.6</td>
<td>6</td>
</tr>
<tr>
<td><strong>Improved Quality of Service</strong></td>
<td>World Bank cost of paying taxes index</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td></td>
<td>Time taken to clear goods for import and export</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td><strong>Improved Compliance Culture</strong></td>
<td>Tax gap</td>
<td>TBD</td>
<td>TBD</td>
</tr>
</tbody>
</table>
8 Measuring our Performance

**Spiritual Capital**

- Embody a collaborative service culture throughout the LRA
- Increase in service quality rating
- % staff behaviours aligned to service culture
- Leadership effectiveness index

Create a sense of worthy purpose

- Increase in employee engagement index
- % staff accredited in customer service
- Recognition scheme maturity level
- Employee feedback on engagement program

Design an employee engagement program

- Employee participation in engagement activities
Social Capital

OBJECTIVE

Build Internal Trust

Build brand equity and brand respect

LAG KPI

Increase in internal trust index

Increase in reputation index

COHERENT ACTION

Establish trust building mechanisms

Introduce staff collaboration mechanisms

Develop a service brand

Establish collaboration mechanisms with external stakeholders

LEAD KPI

Increase in employee co-workers and management relationship index

Feedback on communication mechanisms

Increase in employee involvement index

Brand equity index

Increase in customer involvement index
Human Capital

**OBJECTIVE**

**LAG KPI**

**COHERENT ACTION**

**LEAD KPI**

- Increase staff competencies
  - Increase in employee productivity index
  - Introduce a structured training program
  - Establish a training academy
  - Introduce a performance management system aligned to strategy
  - Review organisational structure
  - Review salaries

- Increase in employee productivity index
- % decrease in competency gap
- Training return on investment
- Training academy accreditation
- % staff accredited in customer care, ethics, technical and collaborative management skills
- Level of alignment of PMS to strategy
- % increase in high performers
- % employees satisfied with performance reviews
- Timeliness of placement of staff
- Proportion of key staff to support staff
- Increase in salary competitiveness index
- Increase in net promoters' index

**LEAD KPI**

-增加员工能力
  - 增加员工工作效率指数
  - 引入结构化培训计划
  - 建立培训学院
  - 引入与战略对齐的绩效管理系统
  - 审查组织结构
  - 审查薪资

- 增加员工工作效率指数
- 绩效差距减少百分比
- 培训投资回报率
- 培训学院认证
- 员工在客户服务、道德、技术和协作管理技能方面认证的百分比
- 绩效管理系统与战略的对齐程度
- 高绩效员工的百分比增加
- 员工对绩效评估的满意度
- 员工的放行时间
- 关键员工与支持员工的比例
- 工资竞争力指数
- 增加净推广者指数
Innovation Capital

**OBJECTIVE**
Create a continuous improvement culture

**LAG KPI**
Innovation maturity level

**COHERENT ACTION**
- Establish innovation mechanisms
- Develop a knowledge management capability

**LEAD KPI**
- % implementation of staff ideas
- Knowledge management maturity level

**OBJECTIVE**
Enhance service delivery

**LAG KPI**
% reduction in turnaround times

**COHERENT ACTION**
- Expand service delivery channels
- Integrate client processes
- Coordinate border processes
- Stabilise IT systems
- Re-build IT credibility

**LEAD KPI**
- Increase in service points
- # and quality of processes integrated
- Level of border agency cooperation
- Average uptime of IT systems
- Client feedback
Financial Capital

**OBJECTIVE**
- Build financial sustainability
- Establish a culture of voluntary compliance

**LAG KPI**
- Increase in liquidity ratio
- % revenue collected through voluntary measures vs. enforcement

**COHERENT ACTION**
- Review LRA funding
- Introduce strategic financial management principles
- Build LRA House
- Develop and implement compliance measures
- Build behavioral insights capability

**LEAD KPI**
- Ratio of income to expenditure
- Ratio of reserves to obligations
- % reduction in rental costs
- Increase in on time filing rate
- Increase in on time payment rate
- % increase in tax net
- % reduction in new debt
- and communication measures informed by behavioural
**OBJECTIVE**

Build financial sustainability

**LAG KPI**

Increase in liquidity ratio

**COHERENT ACTION**

- Review LRA funding
- Introduce strategic financial management principles
- Build LRA House
- Develop and implement compliance measures

**LEAD KPI**

- Ratio of income to expenditure
- Ratio of reserves to obligations
- % reduction in rental costs
- Increase in on time filing rate
- Increase in on time payment rate
- % increase in tax net
- % reduction in new debt
- Level of compliance and communication measures informed by behavioural insights

**Financial Capital**

Establish a culture of voluntary compliance

% revenue collected through voluntary measures vs. enforcement

Build behavioral insights capability
## 9 Annexures

### 9.1 Annexure 1 Definition of Key Performance Indicators

#### 9.1.1 Objective Key Performance Indicators

<table>
<thead>
<tr>
<th>Outcome Area</th>
<th>Objective</th>
<th>KPIs</th>
<th>KPI Explanation</th>
<th>Frequency of monitoring</th>
<th>Sources of information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spiritual</td>
<td>Embody a collaborative service culture throughout the LRA</td>
<td>Service quality rating</td>
<td>We measure service availability, reliability, credibility, empathy and responsiveness.</td>
<td>Real time</td>
<td>Post-service feedback, suggestion boxes, Website inquiries, Media feedback</td>
</tr>
<tr>
<td></td>
<td>Create a sense of worthy purpose</td>
<td>Employee engagement index</td>
<td>We measure the level of employees' connection, commitment and effort.</td>
<td>Annually</td>
<td>Customer satisfaction survey. Comparison with respective service provision leaders on various service elements e.g. customer care, queue management, turnaround times)</td>
</tr>
<tr>
<td>Social</td>
<td>Build Internal Trust</td>
<td>Increase in internal trust index</td>
<td>We measure the level of credibility, transparency, fairness and mutual respect</td>
<td>Annually</td>
<td>Internal climate survey</td>
</tr>
<tr>
<td>Human</td>
<td>Build brand equity and brand respect</td>
<td>Increase in reputation index</td>
<td>We measure the Stakeholders’ perception on performance, quality of service, social responsibility, strategic direction and workplace environment</td>
<td>Real time</td>
<td>Post-service feedback, suggestion boxes, Website inquiries, Media feedback</td>
</tr>
<tr>
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<td>-----------------------------</td>
<td>-----------------------------------------------------------------</td>
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<td>-----------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>Increase staff competencies</td>
<td>Increase in employee productivity</td>
<td>We measure the employees’ contribution to the total revenue collected against the international benchmarks</td>
<td>Annually</td>
<td>Revenue remittances and total number of staff, International benchmarks.</td>
</tr>
</tbody>
</table>
|       | Increase staff satisfaction         | Increase in staff satisfaction | We measure employees’ level of satisfaction with:  
  - Rewards and recognition  
  - Job security  
  - Working environment  
  - Work life balance  
  - Growth opportunities  
  - Relationships at work | Quarterly and annually | Internal climate survey |
<table>
<thead>
<tr>
<th><strong>Innovation</strong></th>
<th>Create a continuous improvement culture</th>
<th>Innovation maturity level</th>
<th>We measure the level of growth from one maturity level to the next over a period of time.</th>
<th>Annually</th>
<th>Assessment of innovation maturity level activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhance service delivery</td>
<td>% reduction in turnaround times</td>
<td>We measure efficiencies in the time taken to provide services across all the Taxpayer touch points</td>
<td></td>
<td>Real time</td>
<td>Post-service feedback, suggestion boxes, Website inquiries, Media feedback</td>
</tr>
<tr>
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<td>Annually</td>
<td>Customer satisfaction survey.</td>
</tr>
<tr>
<td><strong>Financial</strong></td>
<td>Build financial sustainability</td>
<td>Liquidity ratio</td>
<td>We measure the LRA’s liquid cash against its current obligation, its ability to build adequate reserves, its ability to convert its assets into liquid cash to meet its current obligations and its ability to cover its annual obligations</td>
<td>Annually</td>
<td>Financial statements Bank statements</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>Monthly</td>
<td>Management accounts (variance reports)</td>
</tr>
<tr>
<td>Establish a culture of voluntary compliance</td>
<td>% revenue collected through voluntary measures vs. enforcement</td>
<td>We measure the amount of revenue collected through voluntary compliance against that collected through enforcement measures e.g. debt collection and recovery, audits</td>
<td>Monthly, quarterly and annually</td>
<td>Collection reports</td>
<td></td>
</tr>
</tbody>
</table>
### 9.1.2 Coherent Action Key Performance Indicators

<table>
<thead>
<tr>
<th>Outcome Area</th>
<th>Coherent Action</th>
<th>KPIs</th>
<th>KPI Explanation</th>
<th>Frequency of Monitoring</th>
<th>Sources of information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spiritual</td>
<td>Introduce a service culture program</td>
<td>% staff behaviours aligned to service culture</td>
<td>We measure the rate at which the LRA staff behaviours are changing and aligning to the service culture</td>
<td>Quarterly</td>
<td>Performance reports</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% staff accredited in customer service</td>
<td>We measure the LRA staff customer care capability</td>
<td>Annually</td>
<td>Skills audit report</td>
</tr>
<tr>
<td></td>
<td>Establish a leadership brand</td>
<td>Leadership effectiveness index</td>
<td>We measure the LRA leadership’s ability to align with collaborative leadership style</td>
<td>Quarterly</td>
<td>Performance management reports</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Recognition scheme maturity level</td>
<td>We measure the LRA’s recognition scheme maturity against best practice and the rate of improvement over time</td>
<td>Annually</td>
<td>Recognition survey report</td>
</tr>
<tr>
<td></td>
<td>Design an employee engagement program</td>
<td>Employee feedback on engagement program</td>
<td>We measure staff contributions on new engagement initiatives and feedback on existing engagement program</td>
<td>Real time</td>
<td>Intranet feedback</td>
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<tr>
<td></td>
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<td></td>
<td></td>
<td>Annually</td>
<td>Internal climate survey report</td>
</tr>
<tr>
<td>Social</td>
<td>Employee participation in engagement activities</td>
<td>We measure the rate of staff participation in established engagement program</td>
<td>Quarterly</td>
<td>Extramural and CSI activities committees’ reports</td>
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<tr>
<td>Establish trust building mechanisms</td>
<td>Feedback on communication mechanisms</td>
<td>We measure staff confidence on established communication mechanism</td>
<td>Real time</td>
<td>Staff feedback report on communications made</td>
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</tr>
<tr>
<td>Develop a service brand</td>
<td>Brand equity index</td>
<td>We measure the level of stakeholder feedback on our brand awareness, loyalty and perceived quality</td>
<td>Annually</td>
<td>Internal climate survey report</td>
<td></td>
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<tr>
<td>Establish collaboration mechanisms with external stakeholders</td>
<td>Customer involvement index</td>
<td>We measure the rate at which external stakeholders are involved in development of solutions that affect them</td>
<td>Real time</td>
<td>Taxpayers’ feedback report after development of new solution that affect them</td>
<td></td>
</tr>
<tr>
<td>Human</td>
<td>Introduce a structured training program</td>
<td>% decrease in competency gap</td>
<td>Annually</td>
<td>Skills audit report</td>
<td></td>
</tr>
<tr>
<td>Training return on investment</td>
<td>We measure benefits achieved from training</td>
<td></td>
<td>Annually</td>
<td>Training report</td>
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<tr>
<td>Establish a training academy</td>
<td>Training academy accreditation</td>
<td>We measure the level of accreditation of the LRA Training Academy against best practices</td>
<td>Annually</td>
<td>Training Academy accreditation report</td>
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<tr>
<td>% staff accredited in customer care, ethics, technical and collaborative management skills</td>
<td>We measure the number of staff who have been trained on and passed the customer care, ethics, technical and collaborative management training</td>
<td>Monthly</td>
<td>Training reports</td>
<td></td>
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</tr>
<tr>
<td>Introduce a performance management system aligned to strategy</td>
<td>Level of alignment of PMS to strategy</td>
<td>We measure the level of alignment of the performance management system to prioritized strategic outcome areas</td>
<td>Annually</td>
<td>PMS scoring criteria against prioritized strategic outcome areas</td>
<td></td>
</tr>
<tr>
<td>% increase in high performers</td>
<td>We measure the number of high performers over time</td>
<td>Quarterly</td>
<td>Performance management reports</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% employees satisfied with performance reviews</td>
<td>We measure the level of staff confidence in the performance management system.</td>
<td>Quarterly</td>
<td>Staff grievances reports on the performance reviews</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Review organisational structure</td>
<td>Timeliness of placement of staff</td>
<td>We measure the amount of staff placed in the reviewed structure in</td>
<td>At the end of the restructuring process</td>
<td>Staff placement report</td>
<td></td>
</tr>
<tr>
<td><strong>Innovation</strong></td>
<td>Establish innovation mechanisms</td>
<td>% implementation of staff ideas</td>
<td>We measure the level of engagement of LRA staff to provide ideas for continuous improvement and the rate of implementation of the ideas provided</td>
<td>Ad hoc</td>
<td>Feedback report for new solution from affected staff</td>
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<tr>
<td><strong>Develop a knowledge management capability</strong></td>
<td>Knowledge management maturity level</td>
<td>We measure the maturity level of knowledge management</td>
<td></td>
<td>Annually</td>
<td>Assessment of knowledge management maturity level activities</td>
</tr>
</tbody>
</table>

| **Proportion of key staff to support staff** | We measure the ratio of staff required to deliver against the strategic priorities against staff who carry out a supporting role | | | | Organizational structure |

| **Review salaries** | Salary competitiveness index | We measure the LRA’s remuneration competitiveness against the local labour market | | | Salary survey report |

| **Build an employer brand** | Net promoters’ index | We measure the likelihood that an LRA employee will recommend the LRA to a friend or colleague | | | Report on promoters and detractors |

<p>| <strong>line with the agreed timelines</strong> | | | | | |</p>
<table>
<thead>
<tr>
<th>Category</th>
<th>Measurement</th>
<th>Frequency</th>
<th>Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expand service delivery channels</td>
<td># and quality of E service channels introduced</td>
<td>Annually</td>
<td>Post Implementation reports</td>
</tr>
<tr>
<td></td>
<td>We measure the number of self-service channels introduced to reduce the Taxpayers’ compliance costs</td>
<td>Real time</td>
<td>Post-self-service feedback report</td>
</tr>
<tr>
<td>Increase in service points</td>
<td>We measure the LRA’s coverage to extend services near to the Taxpayers</td>
<td>Annually</td>
<td>LRA Service points coverage report</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Customer satisfaction survey report</td>
</tr>
<tr>
<td># of services decentralised to service points</td>
<td>We measure the number of services decentralised to all service points to extend services nearer to the Taxpayers</td>
<td>Annually</td>
<td>Post Implementation reports</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Customer satisfaction survey report</td>
</tr>
<tr>
<td>Integrate Taxpayer processes</td>
<td># and quality of customer facing processes integrated</td>
<td>Annually</td>
<td>Post Implementation reports</td>
</tr>
<tr>
<td></td>
<td>We measure the level and quality of integration between customer facing processes</td>
<td></td>
<td>Customer satisfaction survey report</td>
</tr>
<tr>
<td>Coordinate border processes</td>
<td>Level of border agency cooperation</td>
<td>We measure the level at which border agencies processes are coordinated ranging from joint efforts to integrated processes</td>
<td>Annually</td>
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<tr>
<td>Stabilise IT systems</td>
<td>Average uptime of IT systems</td>
<td>We measure the level of reliability of the IT systems</td>
<td>Monthly</td>
</tr>
<tr>
<td>Re-build IT credibility</td>
<td>IT clients satisfaction index</td>
<td>We measure the level of confidence of the IT clients in the LRA IT function</td>
<td>Annually</td>
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<tr>
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<tr>
<td>Financial</td>
<td>Review LRA funding</td>
<td>We measure the LRA’s funding ability to cover obligations</td>
<td>Annually</td>
</tr>
<tr>
<td></td>
<td>Ratio of income to expenditure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Introduce strategic financial management principles</td>
<td>Ratio of reserves to obligations</td>
<td>We measure LRA management’s ability to build necessary reserves to cover prospective contingencies</td>
<td>Annually</td>
</tr>
<tr>
<td>Build LRA House</td>
<td>% reduction in rental costs</td>
<td>We measure LRA’s ability to reduce rental costs</td>
<td>Annually</td>
</tr>
<tr>
<td>Develop and implement compliance measures</td>
<td>On time filing rate</td>
<td>We measure LRA’s ability to influence voluntary filing compliance.</td>
<td>Monthly</td>
</tr>
<tr>
<td>On time payment rate</td>
<td>We measure LRA’s ability to influence voluntary payment compliance</td>
<td>Monthly and quarterly</td>
<td>Voluntary payment vs enforced payment rates reports</td>
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<tr>
<td>% increase in tax net</td>
<td>We measure the level of new registrants in the tax net</td>
<td>Monthly</td>
<td>Compliance reports</td>
</tr>
<tr>
<td>% reduction in new debt</td>
<td>We measure the level of reduction of the new debt stock</td>
<td>Monthly</td>
<td>Compliance reports</td>
</tr>
<tr>
<td>Build behavioural insights capability</td>
<td>Level of compliance and communication mechanisms informed by behavioural insights</td>
<td>Quarterly</td>
<td>Post Implementation reports</td>
</tr>
</tbody>
</table>
10.1 Annexure 2: Strategy Roadmap

- Establish collaboration mechanisms with key stakeholders
- Establish a service delivery brand
- Integrate customer facing processes
- Review funding model
- Introduce knowledge management capability
- Expand service delivery channels
- Build LRA house
- Develop and implement voluntary compliance measures

- Establish a delivery function
- Introduce strategic financial management principles
- Rebuild IT credibility
- Stabilise IT systems
- Establish trustbuilding mechanisms
- Build a collaborative leadership brand
- Review salaries
- Introduce a performance management system aligned to strategy
- Introduce a structured training programme
- Reorganize structure
- Design an engagement recognition program
- Design an employee recognition program
- Develop LRA employer brand
- Establish LRA academy
- Establish innovation mechanisms

Year 1 | Year 2 | Year 3 | Year 4-5
| Build LRA house | Establish staff collaboration mechanisms | Develop and implement voluntary compliance measures | Introduce structured training program | Establish innovation mechanisms | Expand Service delivery channels | Establish a training academy | Establish collaboration mechanisms with external stakeholders | Establish trust-building mechanism | Integrate customer-facing processes | Build a service delivery brand | Introduce a service culture program | Establish effective communication mechanism | Build a collaborative leadership brand | Build knowledge management capability | Build employer brand |
|----------------|-----------------------------------------|-----------------------------------------------|-----------------------------------|-------------------------------|-----------------------------|-----------------------------|---------------------------------|---------------------------------|--------------------------------|--------------------------------|---------------------------------|--------------------------------|--------------------------------|---------------------------------|--------------------------------|--------------------------------|
|                |                                         |                                               |                                   |                               |                             |                             |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |

**Quarterly Breakdown**

<table>
<thead>
<tr>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
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</tbody>
</table>

- **Q1**: Spiritual
- **Q2**: Social
- **Q3**: Human 2019/20
- **Q4**: Innovation  Financial  Risk Mitigation
<table>
<thead>
<tr>
<th>Build LRA house</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish staff collaboration mechanisms</td>
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<tr>
<td>Develop and implement voluntary compliance measures</td>
</tr>
<tr>
<td>Introduce structured training program</td>
</tr>
<tr>
<td>Establish a training academy</td>
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<tr>
<td>Expand Service delivery channels</td>
</tr>
<tr>
<td>Establish collaboration mechanisms with external stakeholders</td>
</tr>
<tr>
<td>Establish trust-building mechanism</td>
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<tr>
<td>Integrate customer-facing processes</td>
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<tr>
<td>Build a service delivery brand</td>
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<tr>
<td>Introduce a service culture program</td>
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<tr>
<td>Establish effective communication mechanism</td>
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<tr>
<td>Build a collaborative leadership brand</td>
</tr>
<tr>
<td>Build knowledge management capability</td>
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<tr>
<td>Coordinate border processes</td>
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</tbody>
</table>

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<th>Apr</th>
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**Spiritual**  **Social**  **Human**  2022/23  **Innovation**  **Financial**  **Risk Mitigation**