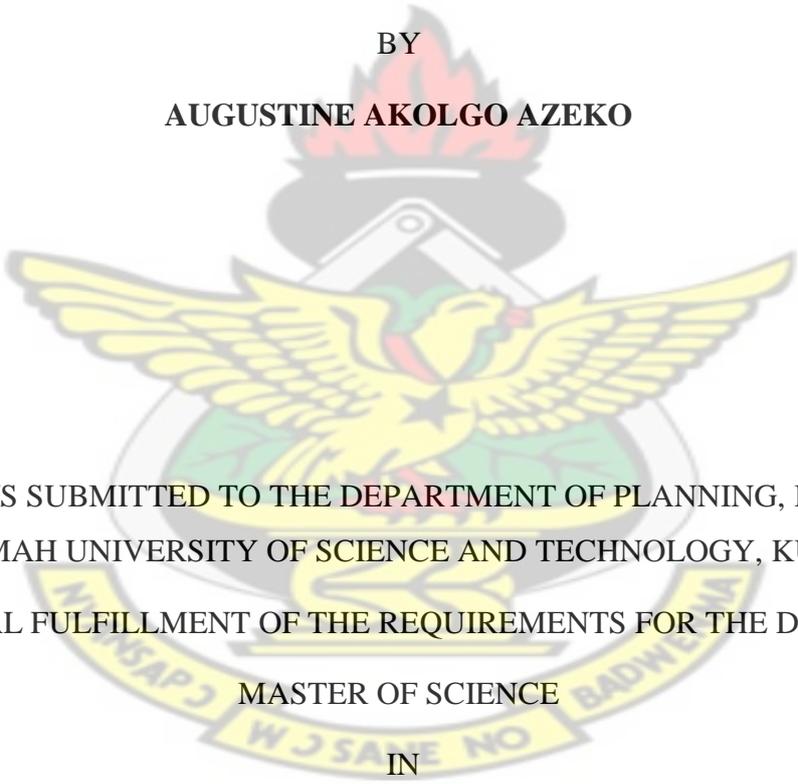


**TOWARDS EFFECTIVE INTERNAL REVENUE MOBILIZATION BY DISTRICT
ASSEMBLIES FOR LOCAL DEVELOPMENT:
A CASE FOR BOLGATANGA MUNICIPAL ASSEMBLY**

KNUST

BY

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DECLARATION

I hereby declare that this work for submission is my work towards the MSc. Development Policy and Planning. To the best of my knowledge, the work contains neither materials previously published by another author nor materials, which have been submitted and accepted for the award of any other university except, where acknowledgement has been duly made in the text. Any opinion or view expressed and errors found in the work, however, entirely are my responsibility and do not necessarily represent the organization or individual who have been cited in this work.

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ABSTRACT

The Bolgatanga Municipal Assembly by the legislative instrument of the constitution of Ghana and the Local Government Act, 1993 (Act 465) makes provision for the assembly to be financially sound by mobilizing fund internally through the Internal Generated Fund (IGF) to complement the external grants to undertake development activities in its area of jurisdiction. However, many districts including the Bolgatanga Municipal Assembly are faced with a number of problems in relying on its IGF for development.

The purpose of the study is to examine the ways towards effective and adequate mobilization of IGF by the Bolgatanga Municipal Assembly, which is the case for the study. In carrying out the study to address the challenges and problems of IGF in the assembly, 122 tax payers and 33 revenue collectors were the respondents for the study. Also included in the respondents is the Deputy Municipal Finance Officer, who was purposively selected to respond to the questions, raised in the questionnaires. The revenue collectors were stratified into commission earners and permanent collectors of the assembly of which 10 permanent staff and 23 commission earners were selected for the study. Each of these respondents was randomly selected from a list of revenue collectors and properties owners provided by the assembly. The study collected both qualitative and quantitative data for the analysis. The quantitative data were analyzed using the 17th version of Statistical Package for Social Science (SPSS), while the qualitative data from the respondents were analysed by making comprehensive statements from the responses.

The findings from the study revealed that the Municipality's IGF is weak as it could only finance 12 percent of its total expenditure for the period 2007 to 2011. It has also experienced a decline in growth from 102 to -18 percent in 2007 to 2011 respectively. The major sources of revenue of the IGF component to the assembly came from rates as it has contributed on average 44 percent to total IGF of the assembly. The assembly has not been able to mobilize the IGF adequately due to political interference in the collection of the IGF as sometimes the political head of the municipality sometimes intervene in the assembly efforts to mobilize revenue. Other factors accounting for the low performance of the IGF of the assembly are low calibres of revenue collectors recruited as about 80 percent of them could not meet the basic qualification of revenue collectors. Some of the collectors were also dishonest and there

was high level of corruption perception in the revenue collection efforts as well as the fact that the collectors complained of low remuneration, which affects their moral.

The recommendations made in order to enhance the IGF base of the Assembly include, the need for capacity building programmes for the revenue collectors, widening the revenue base of the assembly as well as increasing its efforts towards tax payers education. The author recommends that, the assembly should leave the revenue collection efforts to private sector by providing them with the guidelines for them to operate.

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LIST OF ABBREVIATIONS AND ACRONYMS

BMA	Bolgatanga Municipal Assembly
DAs	District Assemblies
DACF	District Assembly Common Fund
DCE	District Chief Executive
DWAP	District Wide Assistance Project
DDF	District Wide Development Fund
FOAT	Functional and Organizational Assessment Tool
GPRS	Ghana Poverty Reduction Strategy
GOG	Government of Ghana
MMDAs	Metropolitan, Municipal and District Assemblies
IGF	Internally Generated Fund
IRS	Internal Revenue Service
NDPC	National Development Planning Commission
NGO	Non-Governmental Organization
MFMI	Municipal Financing and Management Initiative
UN	United Nations
OECD	Organisation for Economic Cooperation & Development

CHAPTER ONE: GENERAL INTRODUCTION

1.1 Background to the Study

In recent times, trends towards decentralization and greater urban self-government have been growing in most developing countries as democracy is spreading throughout the world. This has created room for the political process to provide for greater autonomy notably fiscal autonomy of local authorities to enhance development (Todaro & Smith, 2006:554). The current dispensation of decentralization in Ghana as enshrined in the 1992 constitution requires the existence of a system of local government and administration that has to be decentralized of its structures. The Local Government Act, 1993 (Act 462) among others makes provision for the establishment of District Assembly (DA) as the planning authority of the District and the District Planning Coordinating Units as the service wing of the DA. The Local Government Act, 1993 Section 10, (subsection 3) stipulates the function of the Local Government. It states that the DA shall be responsible for the overall development of the district and preparation and submission of developmental plans and budget of the district related to the approved national development plans. Beside this, the DA shall formulate and implement development plans, programs and strategies for the effective mobilization of the resources necessary for the overall development of the district.

To ensure that the DAs are able to perform their constitutional functions of developing the local area, the central government is supposed to advance to the DAs some funds to carry out these responsibilities. This led to the establishment of the District Assemblies' Common Fund (DACF) to provide financial support to DAs to meet their numerous functions as enshrined in the constitution of Ghana. Among the functions of the DA is to ensure total development of the district by drawing and executing development plans.

The functions of the DAs require continuous flow of resources to the assembly for them to implement their programmes and these resources mostly come in the form of finance. The key dimension of the decentralization aspect that is suppose to provide fiscal resources for the local development of the DAs is the fiscal decentralization. According to Bird (1990), fiscal decentralization represents two interrelated issues: the division of spending responsibilities and revenue sources between levels of government, and the extent of discretion given to regional and local governments to determine their expenditures and revenues. In others

words, fiscal decentralization is a system where central government gives local levels of government autonomy over financial resources to implement local development aspirations into policies, plans, and programmes. The sources of funds for local development among others include the Internal Generated Fund, the District Assembly Common Fund and the ceded revenue (1992 Republican Constitution of Ghana).

The District Assembly Common Fund, which is a constitutional provision, is established by government to provide for each local government unit, a sound financial base with adequate and reliable sources of revenue. However, it has become explicit of late that DACF is woefully inadequate in the light of the numerous functions and development challenges confronting many districts and is also unreliable to promote local development. It either comes very late or will not meet the funding needs of the local authorities (Local Government Act 462, 1993). The ceded revenue from the central government to the DAs also has its own challenges, which hinder local development. The capacity of the DAs to raise their own revenue is faced with many problems for them to tackle. This is because not all these sources yield much inflow to enable DAs to carry out their constitutional mandate of developing the local areas.

The over-reliance of local governments on central government transfers, which are usually not predictable in terms of timing and magnitude, raises issues of concern. The Central government, development partners, DAs functionaries, and the local communities are becoming increasingly, disturbed, by the current state of fiscal decentralization in Ghana. Based on these general concerns, the study examines specifically, the IGF of the Bolgatanga Municipal Assembly with view of ensuring that the assembly mobilized adequate revenue for its development.

1.2 Problem Statement

The role of finance in decentralization process cannot be over emphasised as it the blood of organizations (Boachie-Danquah, 2007). The decentralization process in the world and Ghana for that matter is severely constrained by a lack of institutional capacity, limited local resource mobilization, and limited access to long-term financing for investment programmes in order to embark upon their development agenda (OED, 1999).

Ghana's local government like any developing country, have various sources of funding such as central government transfers, Locally Generated Revenue, donor aid and loan and overdrafts, local government agencies. These sources are characterized by chronic financial problems (Hussein, 2004). This chronic financial problem makes it very difficult for the DAs to ensure the overall development of the district and preparation and submission of developmental plans and budget of the district related to the approved national development plans. The DAs have not been able to mobilize the necessary resources for the development purposes in their local areas even though financial resources from the DACF, the ceded revenue and the IGF are put in place to make the Districts financially sound (Local Government Act, Act 462, 1992 constitution of Ghana).

The Local Government Act (Act 462, 1993) allows the DAs to generate revenue locally through various sources such as property tax, levies, and fines among others. Literature has revealed that the IGF of most DAs has been low beyond expectations and this situation makes it difficult for the DAs to carry out their mandate of ensuring the overall development of the area (GoG, 2010a). The IGF of Metropolitan, Municipal and District Assemblies (MMDAs) from 2001 to 2005 represented only 14% of all revenues inflows. Some at least five out of the ten regions recorded a decline in the mobilization of IGF in 2005 and all the regions experienced a declining trend in the percentage change in the generation of IGF (GoG, 2006). Only five MMDAs were able to generate revenue internally equivalent to 50% of their total revenue. More than 70% of the MMDAs in 2009 generated internal revenue of less than 20% of their total resources. The Upper East region of which Bolgatanga is the regional capital recorded -42% shortfall of actual revenue recorded from the IGF (GoG, 2010b).

The reasons assigned for the shortfall of IGF of many MMDAs is the lack of accurate data on landed property, such as buildings and market shares and this has contributed to high evasion of property taxes. Some of the MMDAs also reported of low economic activities, thus narrowing their tax base (GoG, 2009a). This could be the reason for the wide spread of poverty in the area since resources have not be mobilized adequately to fund its development activities in order to propel the necessary socioeconomic development. The poorest 10 MMDAs were in the Upper West and Upper East Regions where the rates of poverty ranged from 68 percent and 85 percent in 2009 (GoG, 2010b). This wide spread poverty has the reverse implication on internal revenue mobilization, as many of the people will not be able

to pay the necessary taxes and fines to the MMDAs. The low IGF of DAs has serious implications in terms of the financial capacity of Assemblies to provide counterpart funding and the overall development of districts (Water Aid, 2009). However, in many districts general poverty level and under development of infrastructure and services account for inadequate or poorly developed in the various revenue sources of the DAs (GoG, 2009a).

The inability of District Assemblies to generate a significant proportion of their revenue from Internal-Generated Revenue sources has been attributed to a number of factors. These include the low level of development and high poverty levels in many districts resulting in narrow revenue base; inadequate logistical support; ineffective financial accountability and; the lack of data on potential revenue sources (GoG, 2009a).

Local government has little fiscal independence, remaining overwhelmingly dependent on central government for its financial resources, with limited revenue raising ability (Nkrumah, 2000). The consequence of a fiscal crisis for local government, perhaps generated by central government, would be an inability to deliver public services in line with new responsibilities, in turn undermining the DA's legitimacy in the eyes of the local constituent (Nkrumah, 2000). This could explain why poverty persists in most local areas.

It is base on the above that there is the need for the researcher, to examine ways towards effective and adequate revenue to the DAs to enable them perform their constitutional and legislative functions effectively to promote local development. The government have made several efforts over the years to ensure that MMDAs IGF is increase from 14 percent to 65 percent but these efforts have not yielded the necessary results (GoG, 2007). These indicate the important role that IGF can play in the development of the local areas and that the Districts can be made fiscal autonomous when the IGF of DAs is adequate, reliable and mobilized in a sustainable manner. This therefore raises many questions of which the study investigates.

1.3 Research Questions

The study sought to provide answers to the following questions:

- What has been the performance of the Bolgatanga Municipal Assembly in mobilizing IGF for local development over the years?

- What factors have influence the performance of the Bolgatanga Municipal Assembly with regard to IGF mobilization?
- What are the strategies used by the assembly to mobilize revenue for local development? Are these strategies yielding the results and if not, why?
- What are the possible options available to the Bolgatanga Municipal Assembly to ensure enhanced revenue mobilization for local development?

1.4 Research Objectives

This part of the study outlines the broad and specific objectives that guide the researcher in the study.

General Objective

The broad objective of the study is to examine the ways towards effective internal revenue mobilization by the Bolgatanga Municipal Assembly sources for local development.

Specific Objectives

1. To assess the performance of the various sources of the IGF of Bolgatanga Municipal Assembly
2. To assess the factors that has affected the IGF performance of Bolgatanga Municipal Assembly.
3. To assess the strategies and mechanisms used by Bolgatanga Municipal Assembly to mobilize revenue for local development
4. To explore the options that the assembly has in ensuring effective and enhanced revenue mobilization for local development

1.5 Scope of the Study

The scope of the study covers the spatial scope, content of the issues under investigations and time scope of the study. The geographical scope of the study is Bolgatanga Municipality in the Upper East Region of Ghana where the IGF of Bolgatanga Municipal Assembly will be the unit of analysis. The study examined the performance of the Internal Generated Fund

(IGF) of Bolgatanga Municipal Assembly (BMA), the challenges of mobilising the IGF, and the strategies of the Bolgatanga Municipal Assembly to mobilize revenue for local development. The others area of the study is the options available to the DAs to mobilize adequate and sustainable revenue for local development Time is of much essence in the exploration of enhanced revenue mobilization of the BMA as the trend of revenue mobilization over the years have been collected. In doing this, the study gathered information on revenue levels of BMA. The data available for the study span from 2007 to 2011 for the trend analysis of the IGF of the BMA.

1.6 Significance of the Study

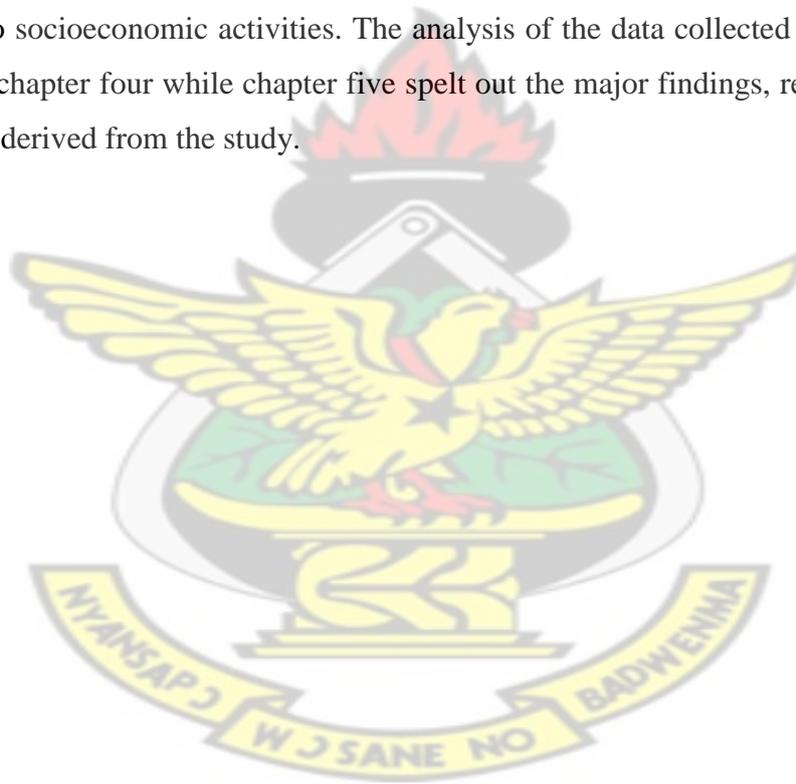
The study is significant for a number of reasons including:

In the modern era of decentralizations, local governments are been given various roles to playing including ensuring total development of their areas and mobilizing resources internally, adequate to funds its development plans. This research would therefore help the assembly to mobilized resources adequately based on the recommendations provided in the study. In addition, since resources are not able to meet the development objectives let alone to do research into revenue mobilization, the research would spare the DA funds on that. The results have exposed their specific challenges concerning revenue mobilization as well as expose the weaknesses of their strategies and mechanism employed over the years in the mobilization of revenue. It would also provide the assembly with the picture of why their IGF have not been meeting their developmental plans and aspirations of its peoples. This study would not only be beneficiary to only the Bolgatanga Municipal Assembly, but also districts that exhibit similar characteristics in the country and outside as well. The output of the study could useful to NGOs, communities and their members, researchers, Development Partner, Financial institutions and the central government as well.

To the policy makers, the finding will help them to fine-tune their policies about the fiscal decentralization and make it more responsive to the needs of both DA and the communities. It will be an added value to the knowledge base on fiscal decentralization and serve as a impetus for future research into similar areas especially revenue mobilization for DAs. It could also serve as a guide to policy makers, development workers and other stakeholders of decentralization in Ghana in particular and the developing world in general. It is also the author's contribution to making the local government financially autonomous, as it is the result of fiscal decentralization.

1.7 Organization of the Report

The study is organised into five chapters. The first chapter of the study consists of the general introduction, which includes the background to the study, the development of the problem statement, the research objectives as well as the significance of the study. Chapter two consists of the review of the relevant literature per the topic. The author reviewed literature on decentralization and for that matter local level financing including the sources of funding with particular interest on the internal revenue of the MMDAs. This was very relevant as it enabled the research identify the gaps in revenue mobilization efforts of local government. The research methodology applied in the study is discussed in chapter three. This outlines the research design, the variables, sources and techniques of data collection and analysis. Chapter four begins with the profile of the study area that ranges from physical and environment characteristic to socioeconomic activities. The analysis of the data collected form part of the last part of the chapter four while chapter five spelt out the major findings, recommendations and conclusion derived from the study.



CHAPTER TWO: LITERATURE REVIEW ON REVENUE MOBILIZATION FOR LOCAL DEVELOPMENT BY LOCAL GOVERNMENT

2.0 Introduction

This chapter looks at review of literature on the concepts of decentralization, fiscal decentralization, the legislative mandate of the local government in as well the sources of funds for funding DAs activities. Efforts are also made to review literature on what pertains to revenue mobilization in other countries. The last part of the session discusses the conceptual framework that guides this particular study.

2.1 Definition of Concepts

The following concepts are very relevant for meaningful understanding of the issues under investigations.

2.1.1 Local Government

Local government is a political sub-division in a nation or state, which made by law and has high degree in the control of local activities at the local level, which includes the powers to raise taxes of some purposes. The people in charge of the governing body are either elected or selected. The 1992 Republican Constitution of Ghana makes provision for the establishment of local government and administration, which as well is to be decentralised for the purposes of development. The name given in Ghana to this local government at the local level is known as the District Assembly (DA). According to the Local government Act, 1993, Act 462, DA refers to that local authority with the highest political authority in the district and exercising oversight responsibility over a whole district, a municipality or metropolis.

2.1.2 Local Development

Development is as a multidimensional process that embraces changes in the social structure, popular attitudes and national institutions. It also covers the area of accelerated economic growth, eradication of poverty and inequality. Even though this definition covers the national economy, it applies to sub-national level as well. In this case, local development refers to the process of development that ensures eradication of poverty, improvement in the living standard of the local people, reduction of inequality among others. Development must meet the three objectives of increasing the availability, widen the distribution of basic life-

sustaining goods (food, shelter, health and protection), raising level, and expand the range of economic and social choices (Todaro and Smith, 2006).

From the definitions of development above, it could therefore be said that at the provision of the economic and social infrastructure and other facilities at the district level that inure to the public good should be considered as development. In other words, local development is any action taken deliberately by a local authority to alleviate what is perceived to be a local development problem.

2.1.3 Decentralization

Decentralization involves the transfer of some responsibilities from the central government to the local level. The responsibilities of central government of planning, managing, raising and allocation of resources are ceded to the local government to perform. This lower level of government includes those of semi-autonomous public authorities and non-governmental private or voluntary organizations (Rondinelli, 1989). According to Walker (2002), decentralization is the transfer of political power, the capacity to make decisions as well as resources from central to sub-national levels of government while Manor (1998) and Ribot (2001) viewed decentralization as the process by which the central government officially transfers its powers to the actors and institutions at lower levels in a political-administrative hierarchy. While Rondinelli and Walker definitions involves the transfer of some responsibility from the central government to the lower level there is no idea about the legal backing that supports these transfers and also does not indicate the type of resources that is transferred to the lower level of government. Aryee identified the different forms of decentralization as: political, administrative economic and fiscal decentralization (Aryee 2000). Political decentralization involves the transfer of specific responsibilities and resources from the central government to the local communities. Administrative decentralization is the transfer of state responsibilities and resources from the central government ministries and agencies in the nation's capital to its periphery institutions in the districts within the same administrative system. The economic decentralization which is referred to also as market decentralization is where there is shift of public function to the private sector. Fiscal decentralization is explained as the situation where expenditure decisions on revenues raised locally or transferred from the centre from the central government is done by the local authority. Decentralization by devolution constituent's

financial autonomy in, which DAs will become initiators and implementers of development activities with the area of under its control. All these development requires regular flow of adequate funds to meet their development needs (GoG, 2010a).

From these definitions, there seems to be a general agreement that decentralization involves the transfer of some power or responsibility from the central government to sub-national governments or other units. This is aimed at enhancing the development of the local level. This transfer of power or responsibility to the local level goes with some form of fiscal resources which could promote and speed up development at the local level. In this case, among the powers and responsibilities given to the local level governance structure as part of decentralization are mobilization of resources and the allocation of these resources for development. This however does not consider the capacity of the local government to accept this task. In the view of Hadingham (2003), decentralisation ensures efficiency in resource allocation, provision of information, responsiveness, maximisation of local revenue, and accountability. The second argument in favors of decentralization is that it can enhance revenue mobilization which could be used for local development purposes. The reason for the latter argument is that certain taxes are better assessed and collected at the local level due to the familiarity of the local economy and population than at the national level. Nkrumah (2005) sees these taxes as unproductive to be collected at the local level. This suggests that the collection of taxes at the local level will be low.

Hadingham (2003) identifies certain risks associated with the practice of decentralization as capture of the process by the elites, minimisation of revenue for development, high level of corruption, low level of participation of the people, weak administrative and management systems and weak human resource based. What is however, not certain is, to what extent these affect municipalities and what strategies are available to overcome these problems in order to improve upon revenue mobilization at the local level. Aryee (2000) identified the issues of empowerment, equity, stability, accountability and checking rural-urban migration as some of the reasons for introducing decentralization in Ghana in the late 1980s. The view of Aryee suggests that the essence of decentralization in Ghana is to ensure that development is equity at the local level.

2.2 Fiscal Decentralization and Local Development in Developing Countries

According to Ribot (2001), fiscal decentralization is the transfer of fiscal resources and power to mobilize revenue, as well as the power of authority over budgets and financial decisions, to either deconcentrated officials and/or central government appointees or to elected politicians. Smoke (2001) identifies the following three major reasons why fiscal decentralization is relevant to developing countries: the failure of economic planning by central governments in promoting adequate development, changing international economic conditions and structural adjustment programmes designed to improve public sector performance which have created serious fiscal difficulties for developing countries, encouragement of the development of financial autonomy in developing countries by changing of political climates. These suggest that fiscal decentralization has political, economic and social significance to the local level (Smoke, 2001 cited in Inanga and Owusu, 2004).

The discussions on fiscal decentralization suggest that there are many benefits accruing to the country implementing this policy. These benefits include: improvements in the level and quality of local services; improvements in revenue sources; better matching of local services to the preferences of local constituencies; and greater accountability.

The constitution guarantees the involvement of citizens in local government areas in terms of decision making. There is however, widespread dissatisfaction of citizens with regards to the state of participation and accountability in Ghana's local government system. In this regard, participation in the political process should include citizens as many as possible in taking crucial decisions that affects their live in the locality (GoG, 2010a). The decisions made by the local government of which the citizens should be involved include decisions about taxation and how these taxes should used for in the improvement of the live of the people. The non state actors which should also be involved in making of decision include traditional authorities of the locality and Civil Society Organizations. The traditional authorities are seen to play various roles in the communities to support the various activities of the assembly. In addition, the traditional authorities contributes to the assembly's development in the areas of infrastructure development, security, revenue mobilization, provision of land resources and the mobilization of community for development programmes (GoG, 2010a).

Some other studies over the years have gone beyond broad analysis of the aggregate impact of decentralization on economic growth to suggest specific ways in which fiscal

decentralization can affect macroeconomic stability (Tanzi, 1995). Critics argue, among others, that local governments in many countries tend to run deficits, and draw on the central government budget to cover their shortfalls; local governments fail to repay loans from the central government, again forcing the latter to dip into its general funds, often to repay loans to international development organizations, such as the World Bank; strictly defined arrangements for sharing central resources with local governments take control from the centre over how to use public resources; local governments tend to be more corrupt than central governments, leading to bad spending decisions and misuse of public resources; there is need to worry about the extent to which decentralized units of government compete with the centre for tax bases, or compete with one another by undertaking policies that may affect business costs and free domestic trade (Tanzi, 1995).

2.3 District Assemblies and Local Development in Ghana

The 1992 Constitution and the Local Government Act, 1993 (Act 462) provide for the creation of districts and the establishment of District Assemblies (DAs) by the President of the Republic of Ghana. The DA per the constitution of Ghana is the highest political authority of the district and has deliberative, executive and legislative powers. DA is the name given to local government in Ghana and there are three categories: district, municipal and metropolitan. Factors considered in the creation of districts include population size, the economic viability of the area, and geographical continuity. A district, municipality or metropolis should have a minimum population of 75,000, 95,000 or 250,000, respectively. The area should also be economically viable to be able to raise its own resources for development purposes. In other words, the ability of an area to meet the basic infrastructural, economic, social and other developmental needs from the monetary and other resources generated in the area is a key precondition for the creation of a district, a municipality or a metropolitan area. The DA is made up of the following members: elected members representing the electoral areas, member(s) of parliament, the District Chief Executive (DCE) and not more than 30 percent of all members of the DA appointed by the president.

Article 245 of the constitution of Ghana establishes the functions of the DA as: formulating and executing plans, programmes and strategies for the purpose of mobilizing resources for the development of the district. It is also the duty of the DA to levy and collect taxes, rates, duties and fees. The Local Government Act, Act 1993 (Act 462) identifies the elaborate functions of the DA as:

- i. responsible for the district's overall development and ensures the preparation and submission through the regional coordinating council for approval of the development plan to the commission and budget to minister of finance for the district.
- ii. responsible for effective mobilization of resources for development by formulating and executing plans, programmes and strategies that promote and support productive activity and social development in the district.
- iii. initiation of programmes for the development of basic infrastructure and provide municipal works and services in the district.
- iv. responsible for the development, improvement and management of human settlements and the environment in the district.
- v. cooperation with appropriate national and local security agencies is responsible for the maintenance of security and public safety in the district.
- vi. ensure ready access to the courts and public tribunals in the district for the promotion of justice.
- vii. initiate, sponsor or carry out such studies as may be necessary for the discharge of any of the functions conferred by the local government Act 1993 or any other enactment.
- viii. perform such other functions as may be provided under any other enactment.

The functions outlined above, illustrates that the DA has as one of its key mandate of fostering and promoting development at the local level. One thing that stands out in carrying out this mandate is finance. Finance provides the means for organizational existence which then as a matter of fact the blood of organizations. Whether finance is mobilized internally or externally transferred, its importance in organizations can never be denied (Boachie-Danquah, 2007). This makes the mobilization of revenue by the DA very important if the DA wants to fulfill its mandate of total development of the district. According to OECD, local government has become prominent because national policies alone are not enough to address the widespread and growing economic disparities between regions and localities within OECD countries, and that local development is a key issue (OECD, 2007). The local government is a tool to promote rapid economic development. This is because local government serves as a catalyst for as well as aid rapid and sustainable development at the

grassroots level. In other words, local government provides and maintains basic infrastructure and complements the economic activities of the other levels of government (Mamman, 2006).

Despite the conceptual literature that argues for a strong role of local governments in local development, thereby improving public services and quality of life at the local level, this can only become a reality when localities are financially sound and this can happen when they are able to mobilize resources internally for their own development purposes without rely on external sources.

2.4 District Assembly Financing Sources for Local Development

The 1992 Constitution of Ghana, Article 240 2(c) and Article 245 (b) makes provision for the establishment of a sound financial base that is adequate and reliable for the local government. The DA can levy and collect taxes, rates and duties. Local governments in developing countries derive their revenues from two principal sources: funds transferred to them from a higher level of government and funds collected and retained in the locality itself (Painter, 2005). The financial provisions for the new local government system in Ghana are contained in Articles 245 and 252 of the 1992 Constitution and section 34 of the Local Government Act, 1993 (Act 462). The revenue sources available to the local government for its development purposes may be classified into two namely: locally generated (traditional) and central government transfers.

2.4.1. Internal Generated Funds (IGFs) of District Assemblies

The 1992 Constitution of Ghana empowers the local government to raise revenue locally to supports its developmental agenda. These sources sometimes known as the traditional sources are derived from six main sources: rates, lands, fees, licenses, trading services and miscellaneous sources.

Rates

According to the Local Government Act, 1993 (Act 462), the DA is the rating authority of the district and it is required to make and levy sufficient rates capable of funding part of the total estimated expenditure budgeted for that year by the DA. In addition, a DA shall make and levy an addition amount for the purposes of covering expenditures incurred by the DA in the previous year, or to meet contingencies or defray expenditure by the DA. The rate is of two

types: general and specific rates. The general rates are the rates made and levied by the DA for the whole district for the purpose of the general development of the district. The specific rates are levied over a specified area in the district that is purpose for a specified project approved by the DA for that area. The various rates include basic rate, property rate, and other special rates levied for specific projects undertaking in the area. The basic rates are those rates levied and paid by adults, residents in the locality of the DA. Property rate is levied on landed properties that are located within the jurisdiction of the DA. This forms a major source of revenue to the DA. It is the revenue source than can easily be predicted and assessed for collection.

Fees/Fines

The DA as part of its revenue mobilization efforts could charge some fees on certain services and goods within its area of operation. Under the Local Government Act, the following are sources that could be fined: cattle pounds; conservancy; slaughter houses; market dues; market stalls/stores; lorry park dues; advertisements; trading; kiosks; restoration of conservancy service; graveyard receipts; bread bakers; chop bars; corn mills; and dressing stations. The DA is empowered to make bye-laws that will help in its administration purposes. The non-compliance of these by-laws allows the DA to fine the individual or institution who fails to comply. Some of these include unauthorized or illegal development of land, not observing sanitation/hygienic codes, etc.

License

License is supposed to be obtained from the DA before any individual or organization embanks upon some activities. This kind of revenue is derived from the following sources: dog licenses; hawkers; extension of hours; hotels and restaurants; beer and wine sellers; petroleum installations; palm-wine sellers; akpeteshie distillers/sellers; herbalists; taxi cabs; lorry parts overseers; taxi drivers (driving licenses); self-employed artisans, fishing tolls and births and deaths.

Trading Services

This refers to the trading activities and services that DA engages in and revenue derived from this source is also regarded as part of the IGF of the DA. (Revenues derived from trading activities undertaken by the DAs).

Miscellaneous

This source covers a broad area and among the areas includes casino revenue, betting tax, entertainment duty, gambling tax, income tax (registration of trade, business, profession or vocation and income tax payable by specific categories of self-employed persons in the informal sector), daily transport tax and advertisement tax. Painter (2005) identified and classified them into three as taxes, fees and user charges. However, in many districts these sources of revenue are either inadequate or poorly developed due to the general poverty level and underdevelopment of infrastructure and services as well as cost implications in the collection from the sources identified.

From the many sources of revenue available for the DA for revenue mobilization for development purposes, not all these sources are utilized and some have not been effectively utilized for local development. Yet many DAs still complain of inadequate resources for local development. The study therefore seeks to explore the ways of mobilizing revenue internally for their development purposes.

Even though these revenue points have been identified and assigned to the various DAs, what their performance has been with respect to the various assemblies has not been known and as to which of these collection points yield a lot to the assemblies is yet to be assessed. It is known that most assemblies have not been meeting their targets and this is because of lack of accurate data on landed property, massive level of revenue leakages, low capacity and low training for revenue personnel in the various districts and lack of proper monitoring of the revenue collectors all affect the MMDAs' mobilization of IGF (GoG, 2009a).

2.4.2 External Revenue Sources to the District Assemblies

The external revenue sources of the DA comprise all forms of funds that come to the assembly other than what is generated from its IGF. These sources include the Central Government Transfers and other financial arrangement. The central government revenue to the local government refers to those revenues which are transferred from central government sources to the DAs to support their developmental activities.

District Assemblies' Common Fund (DACF)

To support the responsibilities transfers to the DAs to perform, Article 252 of the 1992 Republican Constitution of Ghana provides for the establishment of a DAs Common Fund which shall be: allocated annually by Parliament, not less than 5 percent of the total revenues of Ghana, distributed among DAs on the basis of a formula to be approved by Parliament, be administered by a DAs Common Fund administrator. The Parliamentary allocation of the Common Fund is currently 7.5 percent of the total revenue of Ghana. The Common Fund is restricted by the DAs to use the funds for only specific project which form part of the approved development plan.

Even though these funds are expected to boost the fiscal autonomy of the DA, studies have revealed that the funds have not lived up to expectations as there are numerous challenges facing the fund. This affects local development of the DAs of which the funds were created for. This then calls for an urgent attention to ways of strengthening and making revenue mobilization adequate for development. The practice of carrying forward the fourth quarter installment of the DACF into the new financial year tends to hamper effective and efficient implementation of the activities identified in the District Medium Term Development Plans (GOG, 2010b). The DACF Secretariat started releasing the fourth installment of the DACF for 2008 to the MMDAs in April 2009 at a time when, the 170 MMDAs were supposed to have started implementing the 2009 development activities (GoG, 2010b).

Ceded Revenue

One other source of revenue for local government authorities is that of ceded revenue. This is revenue from a number of lesser tax fields such value added tax (VAT) and income tax that central government has ceded to the DAs. In Ghana ceded revenue is collected by Internal Revenue Service (IRS) but then transferred to DAs via the Ministry of Local Government and Rural Development. As some sees the ceded revenue as a help to most DAs others see it as revenue that does not get to the DA.

In view of these challenges, one way of overcoming these issues is to rely on the DA IGF as it is generated internally and if mobilized adequately could speed up development at the district level.

Recurrent Expenditure Transfers

Central government recurrent expenditure transfers takes the form of payment of salaries and other remuneration, operational and administrative expenses of the administrative structure of the staff at the DAs. The DA staff employed by the central government whose salaries are paid directly by the central government forms parts of the central governments expenditure on the Assembly.

2.4.3 Other Funds to the DAs in Ghana

The District Development Fund (DDF) was introduced to help boost the financial standing of the MMDAs based on their performance (GoG, 2009a). With regards to this facility of funding MMDAs development, it is an arrangement between the government of Ghana and other development partners. The allocation of the DDF to MMDAs is based on three components of entitlement, performance and capacity. The entitlement component is set at 50 percent of the overall pool of resources and this is disbursed based on equal share of 5 percent, size of the district's population 80 percent and size of the territory 15 percent. The capacity building is set at 10 percent of the fund and is distributed on two factors: an equal share of USD 10,000 that could be used to finance mandatory training programmes for all the MMDAs as prescribed by the government: a discretionary share on the basis of the outcome of the Functional and Organizational Assessment Tool (FOAT) in individual MMDAs. The allocation of the performance grant is 40 percent of the overall pool and will be determined by the outcome of the FOAT. The FOAT is an assessment tool that requires achieving setting approved targets of which the fund would be made available to them to support their development. The DAs under the Local Government Act, 1993 (Act 462) also as part of the revenue mobilization efforts are to raise loans or obtain overdrafts within the Republic of the amounts, from the sources, in the manner, for the purposes and on the conditions approved by the Minister in consultation with the Minister responsible for Finance. However, the DAs are again limited on the amount of money to borrow since that if in excess 20 million cedis will require an approval from government. A DA may invest the money of the Assembly or a portion of that money in Ghana Government treasury bills or in any other investment approved by the Assembly. It has however not clear as to whether the DAs in Ghana make used of this opportunity of increasing their revenue. The study would find out whether the study area makes use of it.

2.5 Justification for IGF for DA development

It has been observed that DAs cannot rely heavily on external sources of revenue for their development purposes. The external source of fund for DA development has a lot of challenges. The external source of revenue like those coming from the DACF, has become unpredictable, unreliable and also delay in reaching the respective DAs. The fourth quarter of 2009 tranche of DACF and its arrears were paid in 2010 and this delay in the release of the DACF could stifle development at the district level. The most affected assemblies are those which rely greatly from the external sources (GoG, 2011a). It has again been observed that because the funds are coming from a centrally located point either than form the assembly, its distribution would never be equal for all districts and deprived district would also be at disadvantage. The reasons assigned for some districts taking lower have been because among others the deductions made at the source based on statutory requirements. However, relying on internal funding sources is easily accessed and collected and also relatively easy to predict and no deductions are done anywhere. There are also no restrictions with regards to the use of these funds.

2.6 Elements of Local Government Financing

Smoke (2001) identified five basic elements of local government financing which he considered as critical for development. These elements include an adequate enabling environment, assignment of an appropriate set of functions to local governments, assignment of an appropriate set of local own-source revenues to local governments, the establishment of an adequate intergovernmental fiscal transfer system and the establishment of adequate access of local governments to development capital. From the earlier reviewed literature, it's very clear that some of these elements have not worked well for the development of local government in Ghana and therefore their efforts to mobilized revenue internally and externally are impeded.

2.7 Constraints of Financing Development at the Local Level

There are many constraints to financing local development and some of the constraints identified are lack of institutional capacity among local governments, limited local resource mobilization, and limited access to long-term financing for investment programs. The heavy reliance on government sources has made it very difficult to see it as a need to increase internal revenue mobilization efforts. The amount of revenue raised and spent through taxes

internally is depended on the amount of transfer of payments from higher tiers of government. Nkrumah (2000: 61) sees the taxes levied and collected at the local government level as unyielding as compared to those accessed by the central government. This situation has limited the ability of the local government to mobilized adequate revenue for development.

2.8 Options Available to DAs to Enhance IGF

There are a number of options available to local government to improve their revenue capacity. Local government can; increase their “own source revenues” within the legal framework: reduce their expenditures: and/or can develop new sources of revenue (Painter, 2005). By these ways, local government will be able to raise revenue in excess of expenditure which is the desired of every local government which want to finance its development properly. He alluded that the first option is the easiest to implement in developing countries.

2.8.1 Increasing Own Source Revenue

Painter (2005) identified the transfers of funds from the central government to the local government and funds raised and retained by the locality as the principal sources of revenue for most local government in developing countries. The low performance of the revenue raised and retained at the local level as the restrictions imposed on it by the centre on the type of revenue to collect, the reliance of the local government on the centre, local politics that oppose local revenue collection, poor revenue mobilization technology and corrupt practices at the local level. The extent to which these reasons could be true in poor municipalities is the purpose of the study; also Painter (2005) has failed to deal with issues of how to deal with these issues in specific local government level. The study would therefore come out strategies to deal with these specific situations.

In Ghana, the Local Government Act is clear on the sources of revenues for DAs and they are legally bound to rely on these sources to mobilize the necessary revenue for its development agenda Painter (2005) identified the various revenues as taxes, fees and user charges. Among the taxes property tax is the major source of revenue for local government and the performance of this source can affect the total amount of revenue raised. But this type of tax is underperformed in many local governments. The factors identified by Painter for the low performance of this area are;

- Lack of adequate property registration resulting in outdated tax rolls;

- Undervaluation of the properties on the tax roll;
- Poorly managed billing and collection of tax bills; and
- Corruption in the registration, valuation, and billing/collection processes. To overcome these challenges he suggests that it will require political will at local level will.

2.8.2 Reducing Expenditures

The local government has to take measures to ensure that what the revenue raised is spend on is reduced. Areas where this expenditure can be reduced include non-discretionary expenditures (Painter, 2005). The assemblies could make savings on both electricity and water consumption in order to save some cost of the assembly which would reduce expenditure.

2.8.3 New Sources of Revenue

The DA can increase their revenue internally by identifying and executing new sources of revenue in the district that can be harnessed for collection and utilization. This is however, very difficult for implementation by many DAs in Ghana.

In order to step up revenue of local government from any source is to analyze current collections level and identify the reasons why the local government may be receiving less revenue than they should. This informs the study to identify the specific performance of the DAs in order to identify the sources that will be adequate. Mahi (2002) identified five categories of local tax policies that could be undertaken by local government. Those categories include; enlarging local revenue base, controlling, tax collection requirements, administration and better revenue planning.

The first local tax policy is to improve upon revenue performance is to enlargement of local revenue base system. There are four types of action identified by Mahi (2002) that should be taken by local authorities in order to attain enhanced revenue. The options available include the identification of new or potential taxpayers and ratepayers, be the improvement of the object databases, improvement of the valuation (reassessment of tax objects) and calculation of the revenue capacity for each type of levy.

The second local tax policy is to meet the Tax Collection Requirements. It is important that for the enhancement of revenue collection at the local level a number of factors should be

considered for effective tax system. These factors necessary for meeting the tax requirement are optimum rate structure; appropriate rules and regulations – in the form of good regulations (PERDA) good quality human resource capacity.

Thirdly, increasing control to reduce leakage is another way to improve upon revenue collection by assemblies. Leakage of revenue indicates the outflow of collected revenue into individual pockets, which could take place at the very lowest level of generation, intermediary stage or tertiary level. Corruption in general term is the misuse of power (Kessey, 1995). Revenue leakage is a factor that accounts for the low local revenue collection in some of the local government. The following measures are to address revenue leakages, surprise audit to complement self-assessment procedure, improving the control process, efforts to enforce a strict and heavy penalty for non-compliance, administrative discipline to financial staff that may have contributed to leakage in local revenues and efforts to link tax payment with services provided by local government (Mahi, 2002).

Revenue could also be improved through improving administrative efficiency to reduce collection costs. Improvement in revenue performance is also critically dependent upon the ability of local authorities to minimize the cost of collecting revenues. There are four possible actions that could be taken by local government to improve their administrative efficiency: improving the existing tax administration procedures through administrative simplification, efforts to calculate collection efficiency for each type of revenue, efforts to reduce cost of collection and efforts to eliminate the identified factors in the field that has contributed to suboptimal revenue. Lastly, revenue capacity improvement through better planning could leads to increased revenue. Planning is critical in local government efforts to improve upon their revenue mobilization efforts which would be reliable and sustainable. In fact, in such a crisis it is important for them to ensure a good revenue planning strategy. In the absence of coordinated and systematic planning, it is difficult to expect local revenue to increase. In their revenue collection strategies, many districts are found lacking behind in terms of creativity.

The DA should consider the following factors in their efforts to mobilize revenue locally for development. The factors include simplicity, the economy, convenience, certainty and equity. By equity every tax payer should be able to pay the tax levied according to their ability or income level as levied on it by the local authority (Harvey, 1982; Musgrave and Musgrave, 1987; Uremadu, 2000) cited in Uremadu and Ndulue, 2011). If taxes are levied without considering the ability of the people will not be possible to collect because the very people of

whom the taxes were levied will genuinely not be able to pay. This means the rich and the poor should pay differently. Certainty also counts in revenue collection. The people paying the taxes should be clear of the time of payment, the way the payment should be done as well as the exact amount to be paid. Certainty is viewed in two perspectives as certainty in the collection time and certainty in the amount to be collected (Harvey, 1982; Uremadu, 2000 cited in Uremadul and Ndulue, 2011). Tax payment should be convenient in a way that the time of payment and the manner of payment should be very convenient to the people paying the taxes. According to Uremadu (2000), a system of taxing should be simple very easy to assess and collected at a minimal cost.

In embarking on revenue mobilization efforts including taxation should be economical in collection. The cost involved in the collection of the revenue should be less than the tax yields of the tax (Harvey, 1982). These imply that tax element can be considered efficient and sustainable if it is collected at a minimal cost. By simplicity, the tax to be collected should as a matter of fact be very simple to administer. For it to be collected, both the tax payer and the tax administrator should be cleared in their minds of the administration of the tax.

From all the discussions, it clear that the options available to the DAs to mobilized revenue internally has been identified. The discussions have also been able to disclose some of the reasons for the low performance of the DAs revenue mobilized internally. What is not clear is, the specific problem related to the area of study and to what extent and strategies could be used to deal with these issues. It is therefore on these issues that the research tries to investigate the specific challenges to the DAs in their efforts to mobilize revenue internally and to explore the specific strategies to improve the revenue mobilization efforts to fund their development activities.

Government in response to the need to improve upon the revenue management in Ghana at the local level undertook a number of reforms. A draft Local Government Finance Bill was submitted to Cabinet and subsequently laid in Parliament for passage into law. This will lead to the establishment of a Local Government Finance Authority with a mandate of mobilizing resources from both internal and external sources for MMDAs to channel them into productive infrastructure development and to manage risk (GoG, 2009a). In addition, efforts are made to improve generation of revenue at the local level by updating existing revenue database, monitoring performance measurement of the various MMDAs and working with the private sector to focus on street naming, house numbering, property evaluation, and

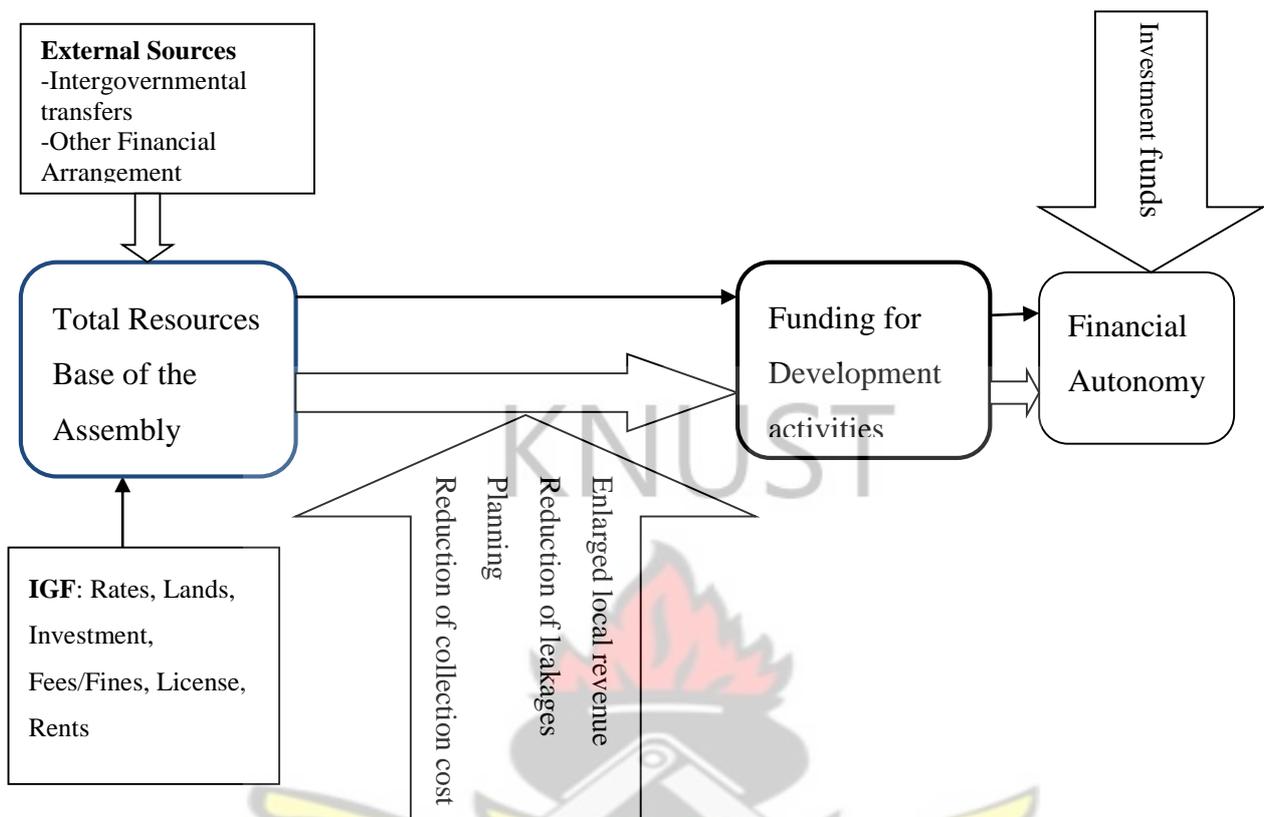
blocking of leakage through introduction of appropriate technology into revenue collection (GoG, 2009a).

A key initiative in 2008 with respect to revenue generation is the preparation of a Municipal Financing and Management Initiative (MFMI) which was the outcome of the International Forum on Municipal Finance and Management held in October 2005. The main aim of the MFMI is to assist MMDAs to; significantly increase internally generated funds, identify and find ways of minimizing and finally elimination financial leakages significantly improve management and accounting systems raise necessary funds to meet infrastructural and service delivery requirements and win public confidence (GoG, 2009a).

2.9 Conceptual Framework

The District Assemblies (DAs) have been given several responsibilities to perform in order to ensure that their local areas are developed. The performance of the district level functions requires adequate funds and appropriate financial arrangement for the assemblies to make them responsive to the various delivery needs of the citizens. The main sources of funding to the assemblies to finance their development are grouped into two as external and Internally Generated Fund (IGF). The sources of IGF are rates, fines/fees, license, lands, rents and investments. These sources are examined to establish their performance as they are the sources that contribute little to the DAs financial resource base.

Figure: 2.1 Conceptual Framework towards adequate IGF Mobilization



Source: Author’s Construct, 2012

Every spending of the DAs comes from two major sources of external and internal. The external resources that come to support the district assemblies include the DACF, DDF, ceded revenue, NGO, and other financial arrangement. The internal fund, which is referring to IGF, is what the assembly generates for itself.

Figure 2.1 at the initial stages of the assembly’s financial base, the external sources constitute the largest revenue of the assembly’s revenue and the big arrow represents this, while the small arrow represents the IGF. The internal revenue resources of the assembly comes from mainly tax and non-tax revenue sources and these include the rates, fines, fees, lands licences, rent investment and miscellaneous. The smallness of the arrow shows that the there are certain obstacles that prevent the IGF from being adequate as compare to the external sources. If these impediments are remove through the commitment from the local and political level then the internal level of resources will increased and then be relied on for funding the districts development activities. The IGF could expand through the

implementation of local policies of enlarged local revenue, reduction of leakages, planning, and reduction of collection cost. This forms the pillar of enhanced IGF.

The spending of these resources is based on the needs of the DA that are prioritized and captured in their medium term development plan of the assembly. It is expected of the study that the internal source of funding of the DA should form the biggest of the revenue base of the assembly, which in the long term make the DAs financially autonomous from the external sources. The study therefore looks at the performance of the IGF in the study area and comes out with measure to be adopted to ensure an increased, reliable and adequate IGF for local development. As shown in the figure, with the necessary option IGF will become the biggest revenue source for DAs development as indicted by the big arrow while the small arrow will represent the revenue from the external sources. With the increased in IGF, DAs development project and programmes will be completed, poverty will reduced, employment will increased, improvement of basic infrastructure, less reliance on external sources of funding, attraction of investment fund from investors and economic activities which again increased the revenue base of the assembly.

The improved internal revenue of the DA will be used to provide social services like water and sanitation facilities, generation of employment, and provision of school and health infrastructures among others. If all these are provided, then the revenue at the DAs will be enhanced and this would make it possible for the DA to mobilize adequate revenue to fund their development plans. In the final analysis the DA would be able to fund about 100% of its total estimated expenditure budgets. When there is enhanced IGF then, there are a lot of options in service delivery employment opportunities, reduced poverty levels and rapid social and economic infrastructural development. These services will be delivered timely, efficiently and effectively as much as possible to foster development at the local level.

In the measurements of performance of revenue, Gill (2000) identifies four indicators of the measurement of the revenue source indicators. These are revenue gap, actual revenue against estimate revenue, cost-Benefit ratio and the amount of revenue paid voluntary as against the total revenue collect. For the purpose of this study, performance of the revenue sources would be measured using the following indicators. The actual IGF collected as against the estimated IGF for the period, the cost-benefit ratio of the administration of IGF. It measures the total cost involved in the administration of the tax as against the total revenue achieved.

Performance of individuals IGF sources, growth of IGF as against grants and proportions of total expenditure finance by IGF.

2.10 Summary of the Literature Review

Decentralization has become a major tool to promote local development and Ghana through a number of legal instruments has promoted the agenda. It is intended to ensure reduction of poverty and promoting development at the local level of government through a number of reforms including political and economic reforms. One of the aspects of decentralization is fiscal decentralization where the transfer of resources is to ensure that financial resources and expenditure decisions are transferred to the local level mostly the DAs to make them financially autonomous. The DAs under the Local Government Act are provided the crucial role to play towards the development of the local area.

Seeing the importance of the DAs in the development of the nation, responsibilities have been transferred from the central government to the local level which comprises both revenue and expenditure assignments. To make DAs to embark on a meaningful development agenda, resources which include financial resources are crucial for the realization of the agenda. These roles and responsibilities of the DAs are sustainable if they are able to mobilize revenue that is reliable and adequate. Ghana's fiscal decentralization allows for DAs to mobilize revenue internally for its own development. Studies reveal that most DAs are performing very poorly in terms of efforts to mobilized resources internally especially, the IGF. It is also clear that the DAs can perform their numerous responsibilities transferred to them from the central government by mobilizing adequate revenue from their IGF. This is because the external sources of revenue to the DAs have over the years been inadequate, unreliable, and unpredictable and always under the control of the centre limiting the ability of the DAs to rely on them for development. This therefore shows that the revenue that can be relied and predicted on is the revenue raised locally.

The DAs have however been saddled with numerous difficulties and challenges in mobilizing revenue that is reliable and adequate in a sustainable manner to meet their many responsibilities and role in national development. Many DAs are unable to achieve their Internal Revenue targets while some even record very low internal and total resource ratio. This is a problem that many DAs in general are faced with. This phenomenon of unreliable, inadequate and unsustainable revenue generating ability of DAs is noted to be as result of

heavy reliance on external resources and inefficiencies in the collection and management of the revenue by the DAs. This problem is further compounded by the low level of professional staff that in addition is not innovative in their efforts.

The discussion has demonstrated that despite the many challenges faced by local government revenue, there is still hope to mobilized revenue internally to meet the development needs at the local level.

Literature has however, not been able to identified much options that are available to specific DAs based on the specific challenges of the DAs. This is because many DAs differ in terms of the obstacles to the mobilization of the revenue and are faced with different developmental challenges which cannot therefore be generalized or seems to be the same throughout the DAs. They are also at different stages of development with different economic opportunities. Also delving into these options of revenue mobilization, the poverty situation of the people and the level of training of the human resource are not considered.

Based on the identified gaps, the study will look into the various options available for the DAs to mobilize revenue for its development purposes in a manner that will meet their responsibilities without compromising the legality of their mandate of establishment. In identifying the options available to the DAs to mobilize revenue internally for development, consideration will be placed on the cost efficient source. The study will at the same time get the baseline of the challenges of their revenue mobilization efforts in order not to reinvent the wheel but to help in getting better alternatives towards an effective and adequate and internal revenue mobilization by the DA.

CHAPTER THREE: RESEARCH METHODOLOGY

3.0 Introduction

This chapter provides an outline of the methodology adapted to finding answers from respondents to the research questions. The framework of the methodology covers the research design approach, the variables and units of analysis, the sources of data as well as the instruments for collecting the data. It also covers the sampling approach, sample size and the methods of analysis of the data.

3.1 Research Design

Research design is any plan/programme that guides a researcher in the process of collecting, analyzing and interpreting observation. In other words, it is a logical model of proof that allows the researcher to draw inferences concerning causal relations between variables under study. It also defines the domain of generalizability, which aims at finding out whether the findings of the research can be generalized to a larger or to different situations (Frankfort-Nachmia and Nachmia 1992: 97).

In view of this, the research design employed in the study is Case Study because of its appropriateness to finding answers to the research questions raised in the study. The case study is normally preferred for a study when 'how' and 'why' questions are asked, when the investigator has little or no control over the events, and also when the focus of the study is contemporary, within its real life context (Yin, 2003:1). In view of this strategy, the researcher seeks to know why the DA mobilized low internal revenue and how this situation could be overcome, in addition, the phenomenon is contemporary and the researcher has very little control of the issue under investigation.

In addition, the case study is considered because, it is an empirical inquiry that involves systematic ways of looking at events, the collection of data, analyzing the information and reporting the results in an objective manner. This gives the investigator a better understanding of the issue at stake, why it happened and what can be looked at extensively in case of further investigations. Bell (2004) also asserted that the case study research design is appropriate for studies that require in-depth information about a phenomenon within a limited period where a large-scale survey may not produce the true results. The case study is better suited for this study as the period of research is very limited.

In this instance, the examination of effective and adequate revenue mobilization by local government for local development is the focus of the study and the case is internal revenue of the Bolgatanga Municipal Assembly. It will equally create the avenue to use multiple sources of evidence, thus improving the quality of data for the study. The data were collected by conducting interviews with the respondents as a source of primary data. The others sources included the plans and financial reports of the assembly. In the research, interviews were conducted with a number of officials and collected natural occurring data.

The concern about case study is that it provides little basis for scientific generalization, however case study is generalizable to theoretical proposition. In other words, the purpose of case study is to expand and generalize theories, which are referred to as analytic generalization. To improve upon reliability and validity of findings which may affect generalization as a result of personal biases, data will be collected from the field including documents from the various sources such reports and publications as well as through interviews. This generalization Yin refers to as analytical generalization. This is the mode of generalization in which a previously developed theory is used as a template with which to compare the empirical results of the case (Yin, 2003).

3.2 Key Variables, Sources of Data and methods of Collection

The issues of variables and unit of analysis under investigation and the methods and sources of data for the study are covered.

3.2.1. Variables of the Study

A property is considered a variable, if that property is able to take on different values (Kerlinger, 1986 cited in Kumar, 1999). The main variables considered in the study, the sources and methods of collection the data are shown Table 3.1.

Table3.1 Data Variables, Sources and Techniques of Collection

Variables	Source of data	Methods of Collection	Purpose
Amount of revenue collected internally from the various sources	District Annual and Medium Term Development Plans and reports, Municipal financial balance sheet	Desk study	This would help determine the performance of the IGF of the municipality.
Challenges of revenue mobilization	Revenue collectors Revenue payers Municipal Finance officer	Questionnaires	This is to help identify the factors that could affect revenue collections at the local level.
Number of revenue collectors and tax payers	Tax payers Revenue collectors Municipal Finance Officer	Questionnaires	The essence is to assess the number of tax payers paying tax and why some do not
Opinion of participants of tax system	Tax payers Revenue collectors	Questionnaire	This helped to understand the opinion of various participants of the challenges, strategies and ways revenue could be adequately mobilized.
Strategies of the Assembly in mobilizing revenue	Deputy Municipal Finance Officer Revenue collectors	Questionnaire	This is to get idea about how the assembly goes about mobilizing IGF and how effective those methods are in order to understand why the IGF performance.
Options available to mobilize revenue adequately	Municipal assembly Revenue collectors Tax payers	questionnaire	To identify what strategies are available to the assembly to mobilize more revenue.

Source: Author's construct, 2012

Both primary and secondary sources of data were collected for the study. The secondary data were about the annual revenue collected from the various IGF sources and the total revenue accruing annually to the BMA for the five year (2007-2011) period of the study. The data were then collected using desk study. These are qualitative and quantitative data. The other sources of primary data are the revenue payers, revenue collectors and the Municipal Finance officer in order to substantiate or otherwise and make meaning analysis of the data collected from the secondary sources. The data collected are those of the perception of tax payers to tax payment, what would make them to pay and the challenges they have about collection efforts of the assembly. The revenue collectors would also give their version of the challenges of mobilizing the internal revenue. In order to collect detailed data, structured interview questionnaires were for the Municipal Finance Officer, while face-to-face interview was used to administer questionnaire to the tax payers and the revenue collectors. This technique

enabled the researcher probe, to explain, to follow up important points to obtain detailed and rich information. This is also to avoid misinterpretation of the questions and because of the inability of some of them to read and write in English.

3.3 Sampling and Sample Size determination

3.3.1 Selection of the Study Area

The study looked at the region with the highest variance between the estimated IGF and actual revenue collected. It was obvious that the particular region that meets this criterion is the Upper East Region. Out of eight districts in the Upper East Region, the Bolgatanga Municipal Assembly was randomly selected. The region happens to have all its districts not among the best performed districts in 2010 in terms of the IGF mobilization. The base for the selection of the region in order to pick the district is in Table 3.2 below.

Table 3.2 Regional IGF Variations

Region	% variance between estimated IGF and Actual IGF for 2010
Ashanti	-2.7
Western	-12.3
Upper West	24.3
Volta	-25.2
Greater Accra	-29.0
Northern	-30.6
Eastern	-33
Central	-36.3
Brong Ahafo	-41.2
Upper East	-61.1

Source: GoG, 2011a

3.3.2 Selection of Respondents

To understand the strategies and challenges concerning revenue mobilization by the assembly, it was necessary to interview those who deal directly with the revenue collection. Their views and opinions are relevant in seeking for better ways of enhancing revenue mobilization in the assembly. In this regard, the mathematical method was used in the determination of the number of revenue collectors to be interviewed, as postulated by Miller and Brewer (2003) in the determination of sample size of a research.

$$n = \frac{N}{1 + N(\alpha)^2}$$

Where **n**=the sample size, **N**=the sample frame and **α**=the level of significance (margin of error to accept at that sample size)

Determination of sample size of revenue collectors

n=sample size to be determined, **N**= sample frame (46 revenue collectors), and **α** margin of error for the sample (0.09 or 9%).

$$n = \frac{46}{1 + 46(0.09)^2} = \frac{46}{1 + 46(0.0081)} = \frac{46}{1.34} = 33$$

Therefore n=33

That means 33 revenue collectors are to be interviewed.

The total number of revenue collectors in the municipality was 46, which forms the sample frame (N) in the formula. Of the 46 revenue collectors, 14 of them were permanent collectors while 32 were commission earners. Using the formula, the sample size (n) was 33 of the revenue collectors at 0.09 margin of error (91 confidence levels). The 33 revenue collectors were then randomly selected for the interview using the lottery method. The 33 revenue collectors were stratified as commission earners (casual collectors and collectors (permanent collectors). By proportion, 23 commission earners were selected randomly while 10 permanent collectors were also randomly selected and interviewed. The lists of the revenue collectors was provided by the assembly and the researcher used the lottery method and selected them for the interview.

With regard to how many commission earners and permanent collectors to be selected for the interview for the purposes of objectivity, the researcher adopted a formula that provided proportional selection of the respondents. The formula used in selecting the respondents of commission earners and permanent workers is illustrated below for purposes of objectivity in the sampling process.

For the permanent collectors, N_p

$$N_p = \frac{\text{number of permanent collectors}}{\text{Total number of collectors}} * \text{Total sampled revenue collectors}$$

$$N_p = \frac{14 * 33}{46} = 10 \text{ permanent collectors}$$

For the commission earners, N_c

$$N_c = \frac{\text{No. of Commission earners}}{\text{Total No. of Revenue collectors}} * \text{Total sampled revenue collectors}$$

$$N_c = \frac{32 * 33}{46} = 23 \text{ commission earners}$$

For the selection of the revenue payers, the study considered property tax payers of which the total properties in the assembly were 10,100 as provided by the assembly. With a sample frame of 10,100, a sample size of 122 revenue payers was determined at 0.09 significance levels. The calculation the sample size for the taxpayers is calculated below as from the formula.

n = number of sampled tax payers to be interviewed, N = sample frame of tax payers (10,100) and α margin off error for the sample (9% or 0.09).

$$n = \frac{10100}{1 + 10100(0.09)^2 + 10100(0.0081)} = \frac{10100}{82.81} = 122$$

The reasons for the use of 0.09 significance levels are due to the resource constraints and the limited time available for the study.

Respondents from each of these categories were selected at random for the interview based on a list of properties in the municipality. The selection was done randomly using the lottery method. A summary of the characteristics of respondents are presented in Table 3.3.

Table 3.3 Respondents and Number

Respondent	Sample frame	Sample size
Municipal Finance Officer	1	1
Revenue Payers	10100	122
Revenue Collectors	46	33
Total		156

Source: Author' Construct, 2012

By the lottery method, each of the names of the revenue collectors and tax payers were type on a piece of paper and torn into pieces and put in separate bowls with one containing the tax payers while the second bowl contains the names of the revenue collectors. The researcher then closed the eyes and picked from the respondents for the interview. This is repeated until the list of 122 tax payers are attained. The process is than in the same way for the revenue collectors until 33 revenue collectors are got. The researcher and researcher assistances then go to the field and identify these respondents wherever they are located in the municipality for the interview.

The researcher encountered a number of challenges in the data collection process. These challenges are discussed below.

There was limited time for the study to be conducted as deadline was given for us to submit the work. Couple with the limited time, was also the issue of how to cover the whole respondent who were scattered in the municipality. To overcome these two challenges, the researcher recruited and trained ten researcher assistances to help in the data collection process to cover the whole municipality and also to be able to collect the data within the stipulated time. This was to fast tract the data collection process.

To facilitate communication between the researcher and the researcher assistance, they were provided with mobile phone credits to call the researcher in times of difficulties for clarification in the data collection process. They were also encouraged to collect accurate and quality data as they were assured of payments at the end of the collection process. This motivated them to collect accurate data.

With regard to those respondents who did not understand the essence of the research and were unwilling to be interviewed, the researcher collected introductory letter from the Department of Planning and submitted it to the assembly. This made it possible for me to collect vital data from the deputy finance officer and the revenue collectors. For the tax payers, who were also apprehensive of our activities as we were seen as agents of the assembly and trying to know those who do not pay taxes to ask them to pay. Nevertheless, they were made to understand that the research was purely an academic exercise and that the assembly itself forms part of the respondents. This opened them up to provide credible information for the study.

3.4. Data Analysis and Presentation

The collected data from both the primary and secondary sources included qualitative and quantitative data and the data were processed in order for the analysis to take place. In the processing of the data, it was first edited for the purpose of checking for completeness, accuracy and uniformity of responses in line with the study objectives. It was to avoid, the potential data errors that may affect the analysis and the reliability of the results of the study. For the purposes of the use of the statistical tool for the analysis, the data was further coded by classifying the response into meaningful categories of ages, educational attainment among others. This was done for the sole purpose of ensuring that data collected are captured and also that responses coded are mutually exclusive and exhaustive. The analysis then began with the transformation of the data into usable tables and charts using the 17th version of Statistical Package for Social Scientists (SPSS). This was done with respect to frequencies and percentages. In the analysis, both quantitative and qualitative techniques were applied in the analysis of the numeric data and the qualitative data collected. The IGF of the assembly was disaggregated into its respective components of rates, rents, lands, investment, license and fees and fines to allow for comparison and analysis of pattern. Statistical tools of measures of central tendency where arithmetic mean was used to measure and explain the averages of the IGF performance of the indicators used. Time series analysis was used to analysis the pattern of growth or performance of the revenue sources over the period of study. This numerical analysis was supported with the qualitative data collected. The qualitative data collected were analysed by making comprehensive statements out of them. Cost-benefit analysis was used to analyse the efficiency of the IGF

CHAPTER FOUR: DATA ANALYSIS

4.0 Introduction

This chapter covers the profile of the Bolgatanga municipality of the location and its other characteristics as the first part of the chapter. The last part of the chapter considers the presentation and analysis of the data collected about the assembly's revenue over the years. The performance of the various IGF sources and the challenges encountered in the revenue mobilization efforts of the assembly are assessed. The strategies and mechanisms used over the years to mobilized revenue for the assembly are also assessed. The last part of the chapter would look at the suggestions provided by the respondents with regard to mobilizing adequate revenue for the assembly.

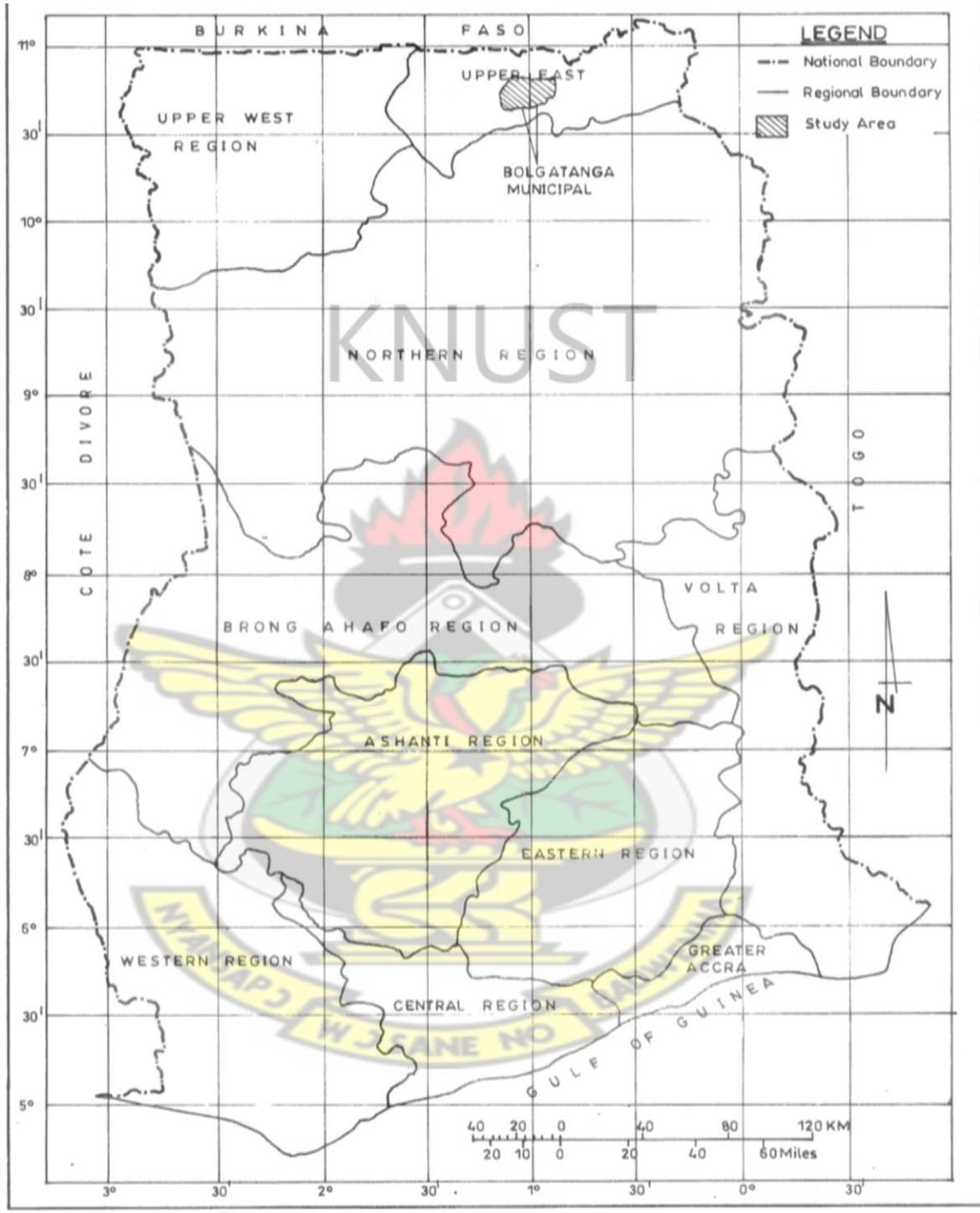
4.1 Profile of the Bolgatanga Municipal Assembly

4.1.1 Physical and Environmental Characteristics

Bolgatanga Municipality is located in the Savannah zone of northern Ghana in the Upper East region. The assembly was established by LI 1797 in 2004. Bolgatanga is the regional capital. It is about 820 km from the national capital, Accra and 160 km from Tamale, the Northern regional capital. The Municipality has a total land area of 729 sq km and 70 percent of the land area is under crop cultivation. This indicates that majority of the people are into farming which would demand for markets for the sale of the produces. The municipality is bordered to the north by the Bongo District, to South and East by Talensi-Nabdam District and to the West by Kassena-Nankana East and West Districts (Republic of Ghana, 2012a).

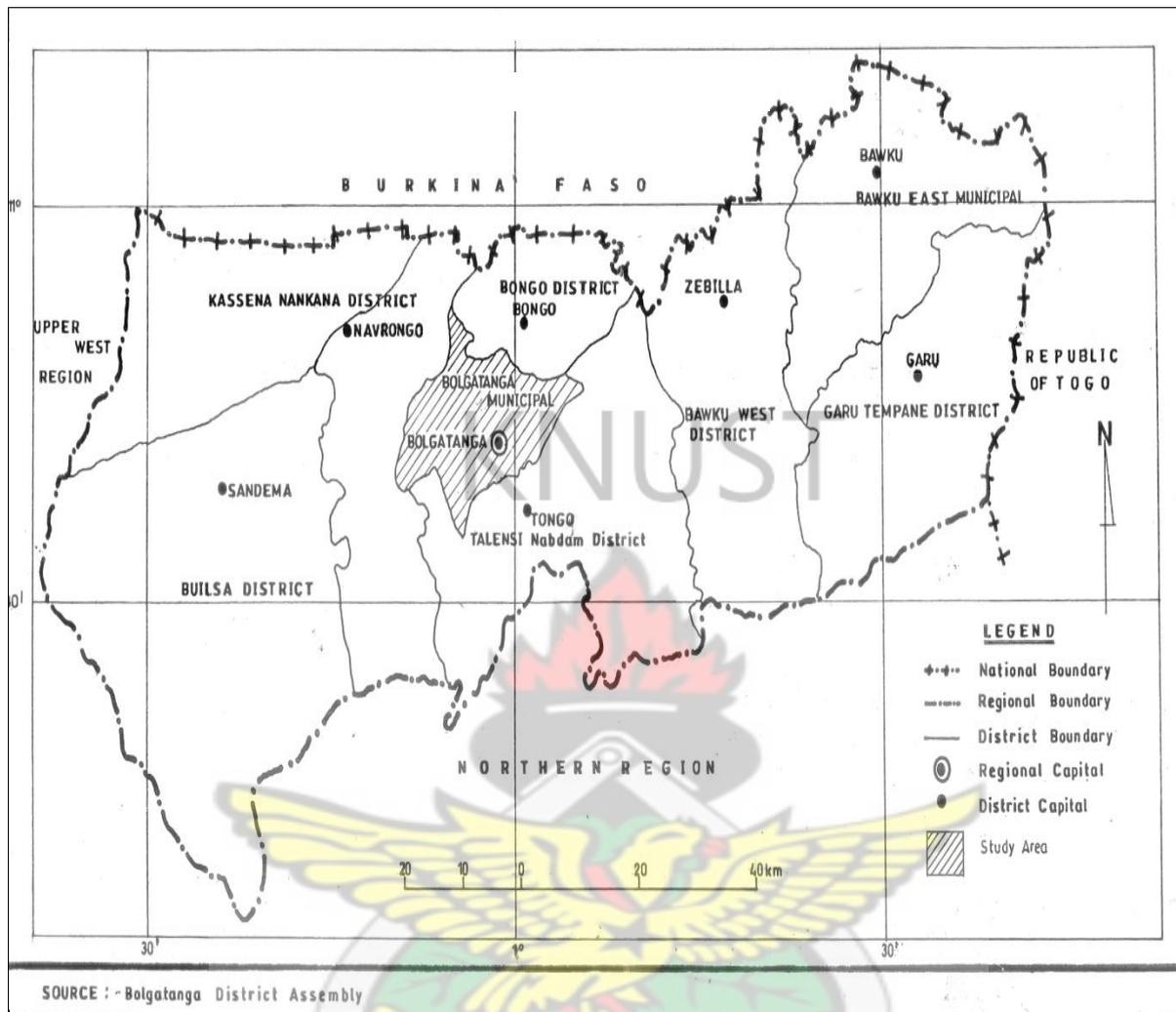
The status of the municipality as the capital of the Upper East Region and the strategic location of the municipality as the transit point for the other districts in the region could boost revenue collections as a lot of economic activities would be taking place. The location of the Municipality in the national and regional contexts is shown in Figures 3.1 and 3.2.

Figure 4.1 Bolgatanga Municipality in a National Context



SOURCE: Survey Dept of Ghana (1994 Edition)

Figure 4.2 Bolgatanga Municipality in a Regional Context



The assembly is characterized by two distinct seasons, which comprise a long dry season between October to April and short wet season between May to October. The average rainfall is around 950mm per annum and a maximum temperature of 45⁰C in March and April. The raining season could affect revenue collection as the markets tolls and revenue from the market would be affected. In addition, the predominant vegetation is guinea savannah woodland, which easily catches fire with little heat. This has serious implication on agriculture activities, as farming cannot take place all year round to boost up food production in the economy (GoG, 2012a). The landform of the municipality is gently undulating with isolated rock outcrops and some upland, which have slopes of over 10 percent. It falls within the Birimian Tarkwaian and Voltarian rocks of Ghana. These rocks contain minerals such as gold, stone and clay. The extraction of these untapped resources could bring revenue to the assembly. The Municipality is drained by the Kula River, which is a tributary of the White

Volta. The regional capital status has led to an influx of several major ethnic groupings of Ghana including the Akans, Ewes, Ga-Adangbe into the town, giving it a cosmopolitan population of about 72,768. According to the medium term development plan of the assembly, most of these ethnic groupings are organised around chiefs and leaders, while others come together as social groupings (GoG, 2012a). The organised nature of the various ethnic groups would make it easy for them to get the leaders involved in the assembly's revenue mobilization efforts.

4.1.2 Demographic Characteristics

According to the Ghana Statistical Service, the 2010 population and housing census put the population of the Bolgatanga Municipality at 131,550. The male population was 62,783 while that of female formed 68,767 of the entire population of the area. With this population, the assembly is the second largest assembly in terms of population in the Upper East region after Bawku Municipal Assembly. The relative large population of the assembly could attract investment opportunities to increase its economic activities for the purpose of development (GoG, 2012b)

4.1.3. The Micro Economy of the Bolgatanga Municipality

The predominant economic activity in the municipality is agriculture and employs the majority of the labour force. Agriculture sector employs 57 percent of the labour force, trade and commerce 19 percent, manufacturing (mainly handicrafts) 11.92 percent, community/social services 7.4 percent and others like mining, construction, utility service form 4.68 percent (GoG, 2012a). The occupational distribution show that at least there are economic activities taking place in the area that could be tax to raise revenue to the assembly. The municipality has only one major market that serves the area and its surrounding districts. However, accessibility of many rural people to this market is still not the best, as people have to walk long distances to reach the market. This situation of inaccessibility to the market centre could lower revenue performance of the assembly. There are two satellite (small) markets at Zuarungu and Sumbrungu, which could serve as revenue points for the assembly. The municipality has ten filling stations and two LPG depots serving the municipality and other adjoining districts. About transportation, the municipality has about six long-distance bus companies. These are Inter-city STC Ltd, Imperial Transport, Metro Mass Transit, O.A Travel and Tour, Co-operative travel and Action and Progressive Transport Unions. Apart

from paying revenue to the assembly, these transport companies facilitates businesses in the municipality to boost the revenue of the assembly. The secondary sector employs about 12 percent of the labour and this could be grouped into formal and the informal sector. The informal sector consists of the light industries and the traditional handicraft (GoG, 2012a).

4.1.4 Revenue Generation

The Bolgatanga Municipal Assembly mobilized its revenue from three main sources: Internal/local, central government, and donor support. The Bolgatanga Municipal Assembly raises revenue locally from six major sources. These are Rates, Lands, Fees and Fines, Licenses/Permits, Rent from Assembly's Property and Investment Income.

4.2 Revenue Performance of Bolgatanga Municipal Assembly

4.2.1 Sources of Revenue

The Bolgatanga Municipal Assembly depends largely on its internal revenue for administrative expenses, maintenance of buildings and vehicles, protocol, sanitation and other expenses of the assembly to ensure smooth day-to-day administration of the municipality. The internal revenue are identified as coming from the following sources as rates, lands, fees and fines, licenses, investment and rents. These are the sources also described by the Local Government Law 1993 (Act 462) as sources of revenue mobilized internally by the DAs in Ghana. The externally generated revenue which are referred to as grants are the District Assembly Common Fund (DACF), District Wide Development Fund (DDF), Highly Indebted Poor Countries Fund, District Wide Assistance Project fund (DWAP), School Feeding Programme Fund, and HIV/AIDS Fund.

4.2.2 Approved Estimated Revenue and Actual IGF mobilized

From the study it is observed that BMA has not been able to have a consistent accuracy in its budgeting as it was observed, there is always a marked gap between the approved estimated revenue of the assembly and the actual amount collected for development purposes. The measure of the assembly's IGF performance is based on the budgeted revenue and the actual revenue collected. According to the deputy finance officer, if the approved budgeted revenue is exceeded then the assembly is considered to have done well in terms of its internal revenue generation.

The assembly in 2007 and 2011 was unable to meet its approved estimated IGF and hence there was revenue gap. However, the Assembly was able to mobilize revenue in excess of the approved estimated revenue for the years 2008, 2009 and 2010. This implies that assembly's way of projecting its revenue is faulty because of limited information about taxable properties. Table 4.1 provides information on approved estimated and actual collection of the assembly's IGF.

Table 4.1 Approved Estimated Revenue and Actual IGF Revenue, 2007 to 2011

Year	Approved Estimated Revenue (GHc)	Actual Revenue (GHc)	Absolute Difference GHc	Variations %(-/+)
2007	122,066.45	99,880.27	22,186.18	-18
2008	166,322.00	202,038.27	35,716.27	21
2009	275,762.80	301,599.30	25,836.50	9
2010	399,998.04	466,096.00	66,097.96	17
2011	615,782.40	383,539.34	232,243.06	-38

Source: Author's Construct Based on the BMA data, 2012

Under the period of review, actual IGF of the assembly fell short of its estimated IGF and that, it was able to collect a nominal figure of 91 percent of the IGF. The assembly had an absolute variation (approved revenue and actual revenue collected in nominal terms of GHc 27,755 representing 91 percent. In 2007, the assembly was unable to collect 18 percent of its budgeted IGF, but exceeded its approved budgeted IGF in 2008. The assembly was able to exceed its budgeted revenue collection by 21 percent in 2008 and exceeded the budgeted IGF in 2009 by 9 percent, which was also the least for the period of study. The variation between approved estimated IGF and actual IGF collected increased to 17 percent in 2010. The variation was highest in 2011 with 38 percent of revenue short of approved budgeted IGF.

The Deputy Finance officer for the variation advances several reasons between approved estimation and actual IGF collection for the period of study. The variation is attributable to poor planning and poor budgeting by the assembly, the more revenue sources that are still to

be identified by the assembly. If part of the revenue budgeted for 2011 is to be collected in 2012, then it suggests that some of the projects would not be executed. This contradicts the real performance for collecting the revenue generated from the local sources by the DA should be sufficient to pay that year's budget expenditure and the previous year as well. The years in which the assembly exceeded their targets are a clear example of underestimation of its revenue base.

The weaknesses of the assessing the performance of the assembly's IGF using the excess of approved estimated IGF is that the assembly could deliberately under estimate its IGF for the purposes of meeting its target.

4.2.3 Performance of IGF and Grants of Bolgatanga Municipal Assembly, 2007-2011)

It is necessary for the study to look at the assembly's IGF performance in terms of its contribution to total revenue of the assembly as against the external sources of revenues to the assembly (see table 4.2 for details). It also compares the proportionate increases of the sources of revenues to the assembly.

Table 4.2 Bolgatanga Municipal Assembly Actual Total Revenue By sources in Ghc (2007-2011)

Year	Total Actual Revenue By Sources				Total
	IGF		External Sources		
	Actual IGF A	% Share	External Revenue	% Share	
2007	99,880.27	10	909,733.76	90	1,009,614.03
2008	202,038.27	20	823,795.13	80	1,025,833.40
2009	301,599.30	21	1,126,133.08	79	1,427,732.38
2010	466,096	16	2,417,285.03	84	2,883,381.03
2011	383,539.34	12	2,694,645.17	88	3,078,184.34

Source: Author's Construct Based on Data from Bolgatanga Municipal Assembly, annual Statement of Accounts, 2012

From Table 4.2, the proportion of actual IGF increased from 10 percent in 2007 to 20 percent in 2008 and increased further to 21 percent in 2009. There was however a decline of IGF in 2010 to 16 percent and again dropped to 12 percent in 2011. The share of grants of the

assembly revenue inversely saw a decline from 90 percent to 80 percent in 2007 and 2009 respectively. The share of grants then saw an increased in 2009, 2010 and 2011 from 80 percent, 84 percent to 88 percent respectively.

The implication of the development where the assembly is unable to raise IGF more than grants is an indication that without grants, the assembly’s development would have been brought to a halt but for the intervention of the central government through grants. It is therefore important for the assembly to step up its IGF efforts in order to raise adequate IGF for development.

Table 4.3 Growth Trends of Actual Revenue Sources of Bolgatanga Municipal Assembly (2007 to 2011)

Year	2007/2008(%)	2008/2009 (%)	2009/2010 (%)	2010/2011 (%)
IGF	102	49	55	-18
Grants	-9	37	115	11

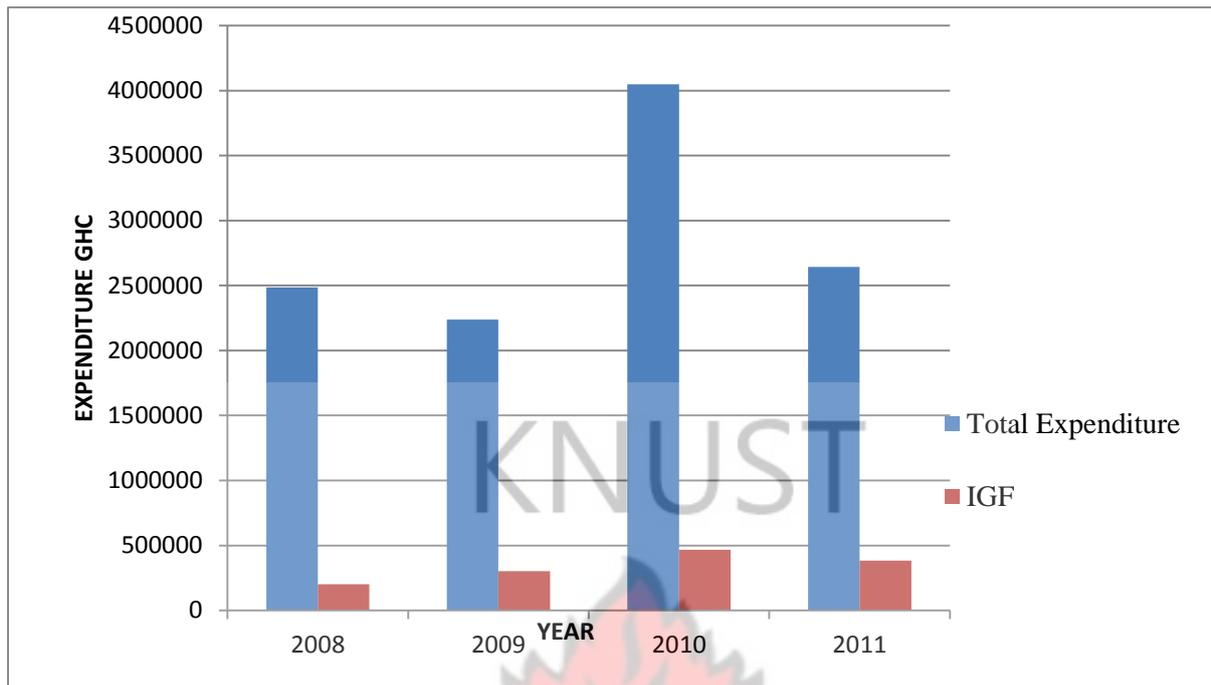
Source: Author’s Construct Based Data from Bolgatanga Municipal Assembly, annual statement of accounts, 2012

In an assessment of the fiancé of the municipality, the study looked at the growth rates of the assembly’s IGF. From Table 4.3, the actual IGF of the assembly increased by 102 percent between 2007 and 2008 while in 2008/2009 there was an increase of 49 percent. In 2009/2010, the assembly had an increase of 55 percent of its IGF growth. In the same period, grants declined by 9% between 2007/2008 but increased to 37 percent in 2008/2009. The highest increased of grants of 115 percent was in 2009/2010 but declined to 11 percent. Overall, IGF of the assembly declined from 102 percent from 2007 to -18 percent in 2011 while grants rather recorded a decline from 9 percent in 2007 but increased to 11 percent in 2011. Even though the there was growth of IGF of the assembly for year-to-year basis, the growth was rather declined between 2007 to 2011.

4.2.4 IGF and Total Expenditure Appropriation

One of the processes of assessing the financial strength or performance of Sub-National Government (SNG) is the extent to which its IGF finances the total expenditure of the assembly. In this regard, the study was to measure the proportion of the total expenditures of the BMA financed from its IGF (see figure 4.3).

Figure 4.3.BMA IGF and Total Expenditure



Source: Author's construct base on data from BMA, 2012

The analysis compares the proportion of BMA annual total expenditure with its IGF within the period 2008 to 2011. From Figure 4.3 it is clear that between 2008 and 2011 the IGF of the BMA was only enough to finance 12 percent of its total expenditure on the average. The proportion of total expenditure financed from IGF in 2007 was 8 percent and 13 percent was financed by IGF in 2009. In 2010, only 12 percent of total expenditures of the assembly was financed from IGF and that of 2011, was 15 percent. The assembly could be considered as weak financially as it has to finance about 88 percent of its development activities from external resources. This supports the argument by Smoke (2001) on his concerns on fiscal decentralization in developing countries that revenue given to the local level is inadequate to meet total expenditures. This low revenue mobilized by local government confirms studies carried out by Hadingham (2003) when he raises the risk of decentralization as minimization of revenue for local development. The options that could be used by the assembly to mobilize revenue for its development activities is to look inwards by making its internal revenue efforts efficient and also minimizing corruptions. This inward looking efforts of the assembly is because the external sources are unpredictable and unreliable for funding development plan of the assembly.

In general, it was clear that there is a big revenue gap in the BMA revenue mobilization efforts and this is a clear demonstration of the underperformance of the assembly's IGF since her IGF can only finance on the average only 12 percent of its total expenditure. In comparing this situation with other assemblies in Ghana, the assembly's IGF is weak and hence is inadequate to finance its development. According to the 2010 progress reports, the Accra metropolis, Adenta Municipality and New Juaben assembly recorded 75 percent, 70 percent and 67 percent IGF of total resources of their respective assemblies (GoG, 2011). The only available option for the assembly is to look for external sources in order to close this wide revenue gap. The options externally for the assembly include the Grants such as District Assemblies' Common Fund, HIPC fund, District Wide Development Fund, loans, and donations among others.

4.2.5 IGF Components and Revenue Performance

The main components from which the BMA derived its IGF include rates, fines/fees, lands, licenses, rents and investments. These sources have been identified to be contributing in varied proportions to the total IGF and total revenue of the Assembly; Table 4.4 illustrates the performance of each of the sources.

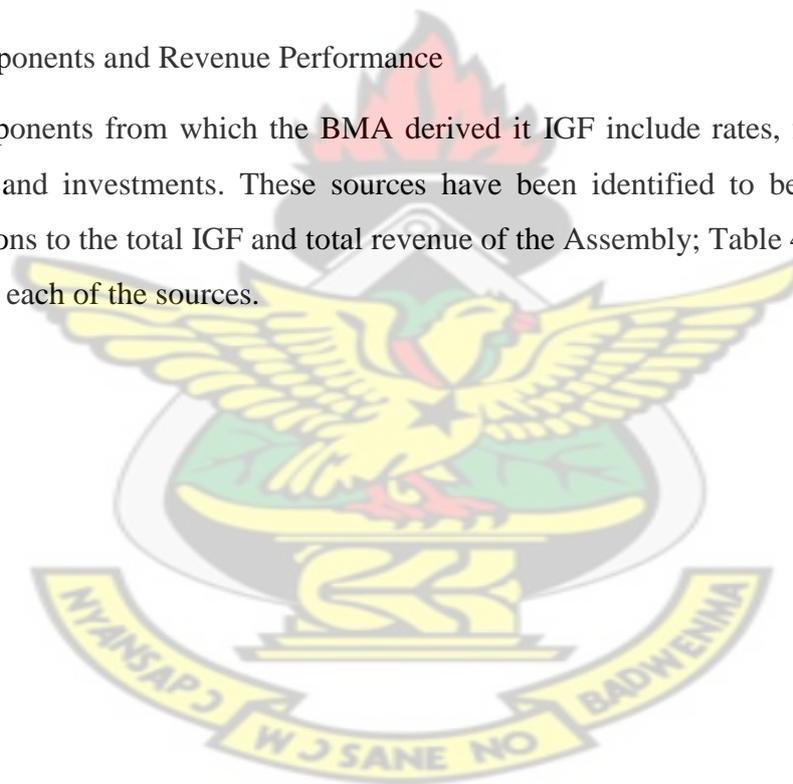


Table 4.4 Bolgatanga Municipal Assembly IGF by major Components (2007-2011)

Component of IGF	2007	2008	2009	2010	2011	Average
Rates	29,547.76	93,369.82	103,615.32	290,328.78	123,916.22	135,155
Lands	4,403.56	13,075.75	29,000.04	26,748.95	26,812.98	20,236
Fines/Fees	43,586.33	76,629.45	82,950.72	85,525.54	149,305.44	86,522
Licenses	11,996.40	22,339.80	27,836.56	35,232.70	46,709.00	27,770
Rents	5,287.10	16,999.00	24,160.08	23,648.34	32,985.30	21,985
Investment	5,059.12	7,012.00	8,200.08	4,611.69	3,810.40	4,439
Total	99,880.27	202,038.27	275,762.80	466,096.00	383,539.34	

Source: Authors construct based on BMA data, 2012

From Table 4.4, considering the performance of the various component of the IGF of the assembly, the highest performance has been that of rates and the least performed revenue source is that of investment. The main source of revenue of the BMA IGF comes from rates, lands, fines/fees, licenses, rents and Investments. For the period under review, these sources are known to have contributed differently to the total IGF and it was observed from the study that on the average, rates are known to be performing far better than the rest in terms of its contribution to total IGF. Out of the main sources, rates accounted for 44 percent while the least performed revenue source is that of investment, which forms, only about 2 percent of the total IGF generated over the period of study. The second, third and fourth contributors to revenue to the assembly's IGF comes from fines/fees, license and rents with 30 percent, 10 percent, and 9 percent respectively.

The reasons assigned for the performance of the rate in that manner is as a results of the fact that it comes from property rates where the municipality host a lot of organizations of which one institution could pay as high as Ghc 30,000. It is also because most of the organizations and institutions have their headquarters in Accra of which the assembly has contracted a consultant who does property evaluation and the institutions pay directly to the assembly from the headquarters. The second reason is that there are more properties within the

municipality because of its status as the capital of the Upper East Region. One of the reasons for the drop of the assembly's IGF is as result of the fact that most of the revenue was not collected in 2011 which when collected would reflect in the 2012 fiscal year. The rate is know to be contributing most to total IGF and that property rate is the key reason for this confirms literature reviewed earlier, that in most local government the major source of IGF comes from property tax (Painter, 2005).

4.2.6 Performance of Individual IGF components

The study noted that of all the IGF components, rate contributes a lot to total IGF for the various years understudy. The details of the proportionate contributions o the various IGF sources are indicated in table 4.5.

Table 4.5 Proportionate Contribution of IGF Component to Total IGF for the Years (2007-2010)

IGF Components	2007 %	2008 %	2009 %	2010 %	2011 %	Average %
Rates	29.6	46.2	37.6	62.3	32.3	41.6
Lands	4.4	6.4	10.5	5.7	7.0	6.8
Fines/Fees	43.6	39.9	30.1	18.3	38.9	34.2
Licenses	12.0	11.1	10.1	7.6	12.2	10.6
Rents	5.3	8.4	8.8	5.1	8.6	7.2
Investment	5.1	3.5	3.0	1.0	1.0	2.7

Source: Author's construct base on data collected from Assembly, 2012

Table 4.5 clearly show that the contributions of the components of IGF vary from year to year and component to component. In 2007, rates formed about 29.6 percent of IGF and the second contributor as well. It increased to 46.2 percent in 2008 and declined to 37.6 percent in 2009. The rates however increased from the 37.6 in 2008 to 62.3 percent in 2010 making it the highest for the years under study and in 2010. On the average for the period of study, rate was the highest with 41.6 percent followed by fines/fees with 34.2 percent. The least contributor is from investment averagely 2.7 percent of the IGF for the period of study. Rates and fees/fine only out of the six components consist of 76 percent of the total IGF generated for the period. Rates contributed highest in 2008, 2009 and 2010 with 46 percent, 38 percent

and 62 percent respectively. Fees/fines were highest in 2007 and 2011 with 44 percent and 39 percent respectively. Investment has been the least contributor for all the period of study.

4.2.7 Cost- Benefit Analysis

The primary indicator used to estimate the efficiency of revenue administration is the cost benefit analysis (Gill, 2000). The cost benefit analysis tries to calculate the cost involve in generating revenue as against the actual revenue generated for a particular point in time. It shows per unit cost incurred to generate a unit of revenue.

The cost component of IGF mobilization in Bolgatanga Municipality comprises salary and commission of revenue collectors of IGF and value books. It was difficult to access data on recurrent expenditures such as travel and transport, allowances, general and miscellaneous etc used by the IGF unit. The assembly for the whole municipality administers recurrent expenditures such as stationary, office utilities and many others were not available. This situation has made it difficult to estimate the cost incurred by IGF unit. Table 4.6 shows analysis of the cost -benefit of Bolgatanga Municipal Assembly's IGF.

Table 4.6 Bolgatanga Municipality IGF mobilization Cost and Benefits (2007-2011) in Ghana cedis

Year	Expenditure component (Cost)			Actual IGF D	Cost Benefit Ratio E=C/D
	Expenditure (Cost)		(Cost)		
	Revenue collectors A	Value Books B	Total Expenditure C=A+B		
2007	15,659.88	n.a	15,659.88	87,883.87	0.18
2008	25,560.06	n.a	25,560.06	202,038.27	0.13
2009	34,512.44	977.20	35,489.64	301,599.30	0.12
2010	12,947.80	n.a	12,947	466,086	0.03
2011	30,898	1191.63	32,089.79	383,539.34	0.08

*n.a means that data was not available for the item for those years.

Source: Author's construct base on data from the Bolgatanga Municipal Assembly, 2012

It cost the assembly Ghc 15,659.88 to mobilize a total IGF of GHc 87,883.87 in 2007. This means that in 2007 for every one Ghana cedis it cost the assembly 0.18Ghana cedis to mobilize IGF. For the year 2008, it cost the assembly 0.13 Ghana cedis on a revenue collector to mobilize one Ghana cedis. In 2007, 2008 and 2010 the expenditure on value books were not included. For 2011 and 2009 where cost on value books was, it cost the assembly 0.08 Ghana cedis to mobilize every one Ghana cedis of IGF while in 2009, it cost the assembly 0.12. Even though, it costs the assembly less than 0.2 Ghc cedis to mobilize every one Ghana cedis of IGF, it must be noted that the expenditure could be higher if all other cost were included and for that matter the cost per every one Ghana cedis IGF collected could be higher. This is because the data for many expenditure items were not available for the study.

4.3 Challenges of IGF Mobilization in Bolgatanga Municipal Assembly

The study in looking into the challenges of revenue collection by the assembly, sought for answers from the Deputy Municipal Finance Officer of the assembly, the revenue collectors, and the tax payers. All these are aiming at finding out the factors that influence the revenue mobilization efforts of the assembly.

Level of Stakeholders Involvement of IGF Administration

The study revealed that the level of stakeholders' participation in making decision concerning IGF mobilization is minimal. According to the finance officer, the stakeholders in revenue mobilization of the municipality include market queens, financial institutions, business organisations, traditional rulers, assembly members, livestock dealers, artisans, revenue collectors and among others. The interview with the tax payers however revealed that all of them were not participating in the decision making process of the assembly especially about revenue administration decisions.

All the revenue collectors also affirmed to the fact that their participation in making of decision about revenue of the assembly is limited. It was also realized from the collectors that 56 percent of them are given targets to achieved for a particular point in time but with regards to the assembly's targets about 91 percent did not know the assembly's revenue collection targets for the years of study (2007-2011). This is a clear indication that the people who are in-charge of mobilizing revenue for the assembly are not involved in the revenue planning

which could negatively affect revenue collection. Those at the top management position do not know the reality on the ground to be able to enhance the collection process. This situation could be described by the researcher as top-down approach to revenue decisions about planning and collection. The revelation indicates that there is low participation of the stakeholders in the political process of the assembly as not many of them are involved in making decisions concerning revenue mobilization (GoG, 2010a). It was not even the traditional rulers, who are involved in making decisions concerning revenue mobilization by the assembly.

Dishonesty of Revenue Collectors

According to the interview with the Deputy Finance Officer of the assembly, the revenue collectors are dishonest in the sense that they engage in the practice of corruption that leads to revenue leakages to the assembly, as sometimes they do not account for all the revenue collected. The collectors are noted to under declare the revenue collected from the tax payers and share the different with the tax payer. This actually confirms the views expressed by the tax payers during the interview with them that some property owners bribe revenue collectors to under value their properties for them to pay less. According to the deputy finance officer, the revenue leakages exist purely because of the poor remuneration of revenue collectors offered by the assembly and the economic hardships suffered by the revenue collectors.

To the finance officer, the assembly could not deal with the challenges of the revenue leakages because revenue collectors develop a sophisticated way of getting money for their own benefit. Even if the revenue leakages point is blocked, collectors quickly identify new ways, which the assembly may not know of. This therefore implies that there is still perceived leakages in the revenue collections processes. The finance officer added that, the revenue leakages were more pronounced in the issuance of market tickets, where collectors demand goods from traders instead of issuing tickets to them were some of the views shared by both the finance officer and the revenue collectors.

Concerning revenue collectors, collectors demand goods from sellers and under declare the real value of the goods for the sellers to pay to their advantage. The finance officer cited an example as a case where a goat seller with eighty goats was asked to pay for four goats and the rest of the tax for four goats was shared with the tax payer to the disadvantage of the

assembly. The quantum of this revenue loss could be well assessed by the researcher, if one considers the number of tax payers, a revenue collector under value the goods for them to pay. Also, considering the number of market days in a year of which these things occur one cannot but to conclude that more revenue is loss per year because of these under dealings between the tax payers and the revenue collectors of the assembly. The collectors are not only dishonest but also not committed to their work were also added by the assembly's finance officer. In an interview with the revenue collectors, they agreed that sometime collectors are not committed to their work.

The collectors also agreed that sometimes taxes are weaved for the tax payers . About the revenue leakage Mahi (2002) like the study identifies that one factor accounting for the underperformance of revenue at the local government level as lack of commitment of the revenue collector. The nature of corruption described in the study is what Kessey, (1995) identified as collected revenue that ends up in the pockets of individuals and this indeed is taking place at very lowest level of the revenue generation point.

Apathy of Revenue Payers

In the interview with the assembly, the tax payers' apathy was a challenge it has to deal with. Despite the numerous programmes the assembly claims to have embarked over the period understudy, 32 percent of the tax payers still did not see the need to pay tax and the 68 percent who even pay tax to the assembly did not pay voluntarily. The revenue collectors have to follow revenue payers for the tax and this requires that they visit the tax payers more than four times before payments are paid in part or full. These views were shared by the tax payers as part of their responses.

From the study, there were a number of reasons provided by the tax payers why tax payers' apathy exists. the tax payers think that they have been paying taxes over the years and seem not to see the development to commensurate the taxes that have been paid. This goes to suggest that services provided by the assembly are not adequate for the people to be motivated to pay rates to the assembly. Others also complain of no money to pay for their properties, since some of them no longer work to earn income. Some also complained that they do not have document covering their properties and for that, matter there is no reason to

pay taxes. This goes to the doorsteps of the assembly as to whether it enforces their law on structures development and whether these people have building permits.

It has also been revealed from the study that some of the people do not pay because tax collectors do not come to them. This goes to ask the questions whether the low coverage to the assembly during tax collection is as a result of inadequate revenue officers or laziness on the part of the officials. Equally, for the study, many of the tax payers complained that they did not even know that they were supposed to pay property tax to the assembly. In the view of the tax payers, taxes are only paid by those who work and those who are at the markets. This goes to question the tax education approach adopted by the assembly in creating awareness of the tax obligation and responsibilities of the tax payers. It has also become very clear from the study that the sanctions mechanism used by the assembly was not punitive enough to deter others and this goes to explain why some did not pay the taxes. The study revealed that of all the respondents only a few defaulters was sanctioned before.

Ineffectiveness of Collection Mechanism

The revenue collectors are assigned specific roles, they collect market tolls, permit and operational fees, property rates, and exit fees were the views of the all the revenue collectors and this was confirmed by the finance officer of the assembly. The taxes they collect are not accounted immediately to the assembly but rather the next day, especially, for those who operate on market days, and that the market days come every three days. If a market day falls on a Friday, the collector would have to keep the money until Monday before the money is accounted to the assembly and this could lead to not all the revenue accounted for to the assembly. The study noticed that those who collect market tolls do not work on non-market days and this presupposes that those traders who do businesses on the market days do not pay taxes on such days and this could lower the assemblies revenue that have been budgeted to collect.

Appropriate technology of the strategies of the assembly in the revenue collection system is necessary to improve revenue generation of local government (GoG, 2009). The finance officer alluded during the interview to the fact that the assembly has not been effective with the mechanism and strategies used to collect IGF for the period of study. In addition, the assembly's efforts to enforce rules and regulation governing revenue administration, monitoring, recruitment of revenue collectors training of collectors among other strategies

were not effectively carried out. This situation was supported by the responses from the tax payers as it was noted that the revenue leakages still exist and that 50.9 percent of the tax payers had high perception of corruptions.

In addition, the assembly was unable to capture all the taxable properties in the municipality and properly assessed them for taxation. This came to light when the tax payers responded that the assembly did not know that some people own properties and hence such people do not pay. In addition, if the assembly is able to capture all these, their estimates would have at least been more than what is normally budgeted and this explains the reason for the wide absolute variances between the approved estimated and the actual revenue collected. This has not been able to work because, the assembly lacks creativity and have adopted poor revenue mobilization technology as given by Painter (2005).

It was also realized from the study that the supervisors are also involved in the collection efforts of revenue mobilization and this could go without saying that because of the inadequacy of collector the supervisors have to go into the collection processes. About 56 percent of the collectors think that the revenue they mobilized for the assembly is inadequate as against the numerous activities of the assembly.

Inadequate Remuneration of Revenue Collectors

The finance officer identified the remuneration of the revenue collectors and supervisors as a challenge of the assembly. As it was observed from the interview with the revenue collectors, the commission earners earned averagely GHC 30 to GHC 40 per month, which is 10 percent of total revenue collected for the month, and the permanent collectors earned averagely GHC 350.00 per month. The revenue collectors saw this amount earned as inadequate. The study revealed that the commission has been slashed down by the assembly, to use the difference to pay some assembly members, who have come in as revenue task force. The complains of the revenue collectors is that even with the commission of 10 percent per month is normally delayed in payment. This low remuneration affects the moral of the collectors and if the morals of these people are affected then their collections efforts should also affect the amount of revenue collected.

All revenue collectors interviewed confirmed that their remuneration including salaries and allowance is very poor. This could also explain the high level of corruption made against the revenue collectors by the tax payers. This development explains the low revenue collected for the assembly. This is evident when about 91 percent of the revenue collectors indicated that their current level of remuneration results to low revenue mobilization, as they are not motivated enough for them to put in their best.

Low Capacity of Revenue Collectors

According to Hadingham (2003), one of the risks associated with decentralisation is weak human resource. In affirmation the importance of personnel in revenue collection, Mahi (2002) asserted that good quality human resource capacity forms part of the factors of tax requirement in mobilizing revenue for local development. The study revealed the assembly has in all 46 revenue collectors made up of 14 permanent collectors and 32 commission earners. The study revealed that the assembly requires 8 more collectors to add to the 46, as it is very difficult for collectors to cover all areas of the revenue points of the assembly. The revenue collectors indicated that the number of revenue collectors at that time was adequate for the task, and it was 82 percent of the collectors, who affirmed to that. This is probable because they thought of their job security when more revenue collectors were to be recruited by the assembly.

The interview revealed that 84 percent of the revenue collectors were over forty years and 90 percent of the collectors have been in business for over a decade. It was 80 percent of the collectors who had basic education, which most of them were the commission collectors and only 20 percent had at least secondary education. The basic qualification of a revenue collector according to the finance officer is senior secondary school certificate or its equivalent. The skills required of revenue collectors are basic knowledge in proper use of value books, preparation of cashbooks and basic accounting. The study revealed that 80 percent of the revenue collectors could not meet the eligibility criteria. This calibre of collectors accounted for the current level of revenue performance of the assembly as the revenue collectors lack the professional competencies to comprehend and appreciate taxation issues. The IGF is so low that it could not finance the assembly's expenditure without grants. The low qualification of the revenue collectors could account for the low remuneration of the collectors.

To the assembly the effect of inadequate revenue collectors leads to most of the collection points not covered and this in turn will lead to poor revenue performance of the assembly. The tax payer confirmed this when they said that the reason why they do not pay taxes is because the collectors do not come to them. Even though the revenue collectors were considered inadequate as responded by the revenue payers and tax administrators, the assembly thinks they need only eight more commission earners as collectors. The inadequacy of the revenue collectors is due to the fact they are unable to cover all the revenue points for collections and that the assembly requires at least eight more collectors. The quality of the human resource forms part of the condition for improved revenue and therefore if the calibre is poor then it would affect revenue mobilizing of the assembly and this is the case of the assembly in the study (Painter, 2005).

Concerning training programmes for the collectors, the study indicated that all revenue collectors had training before and the training was mainly about how to talk to tax payers in order to collect revenue and how to deal with difficult tax payers. However, this training programme was done over six years ago. It was 82 percent of the revenue collectors, who affirmed that the number and quality of the revenue collectors have impact on the amount of revenue mobilized for the assembly. In other words, the more and qualified revenue collectors the assembly has the more revenue generated by the assembly.

This is a clear indication that the calibre of human resource recruited for the revenue collection is of the low type, which could affect revenue mobilization efforts of the assembly. The contract of these collectors are renewed every six months and a collector would be re-appointed based on good behaviour and performance in terms of IGF mobilization but the survey revealed that no collector has been sacked or withdrawn for the last five years.

Political Interference

Painter (2005) identified local politics as one of the factors that affect local revenue collection. This was the case with the study at the assembly. The study revealed that politicians are a threat to local revenue collections as revealed by both the deputy finance officer and the revenue collectors of the assembly. There were a number of political interferences in the assembly's efforts to mobilize revenue adequate to finance its development purpose as expressed by the finance officer of the assembly. According to the

finance officer of the assembly the interferences occur when the assembly wants to deal with taxpayers who default in the tax payment by closing their stores and businesses, political authorities would always prevail on the revenue collectors to open the stores of these people who have political affiliation with the government of the day. All the revenue collectors said it was very difficult for them to go back to those people to request that they pay taxes again. The deputy finance officer added that it is also perceived that in the recruitment of revenue collectors politicians play crucial role and it becomes difficult to recruit the right calibre of people and also sanctioning these very collectors becomes a problem. The revenue collectors however disagree that politicians have a role in their recruitment process. In addition, the revenue tax force finds it very difficult to deal with these issues, as politicians would also want to come to the aid of the electorate since engaging in such activity would let them loss votes during elections.

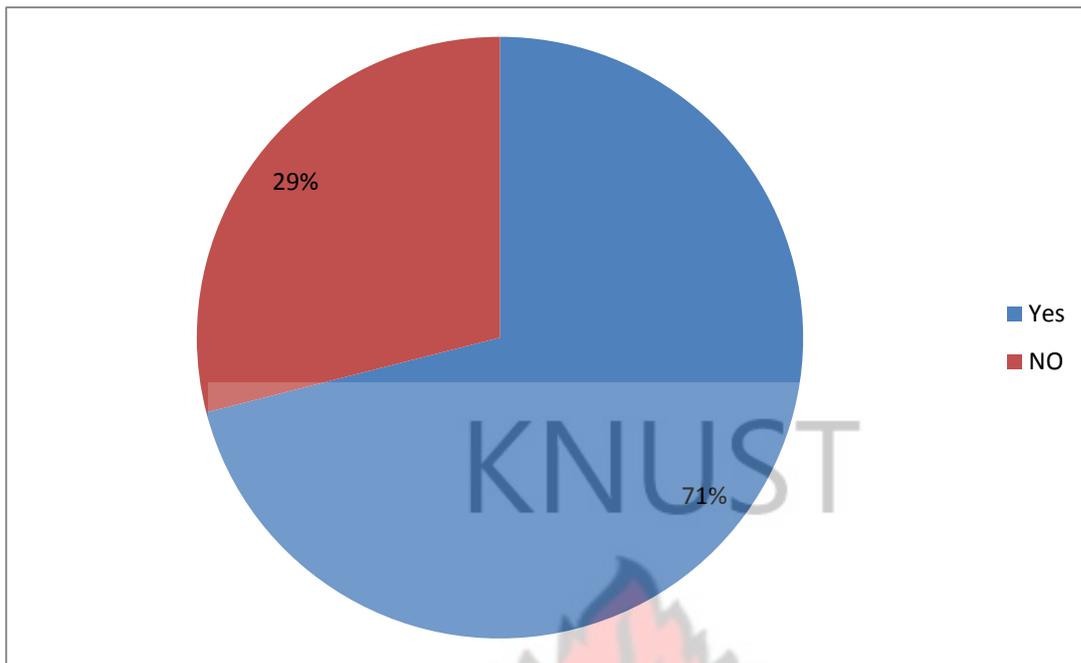
Tax Payers' Perception of Tax

The study revealed that of the tax payers interviewed, 68 percent paid rates to the Bolgatanga Municipal Assembly while the 32 percent did not pay rates to the assembly. The reasons cited by the tax payers for the non-payment of rates were that, no revenue collector came to them for the rates, there is no money for the payment, they have no documents covering their properties, and they are royals and for that own the land. In addition, the revenue collectors are not aware that they are supposed to pay rates of their properties. Other reasons cited by the tax payers were that there is no need to pay for it, because, they do not know what the assembly uses the rates for, high rates fixed by the assembly. Less than 2 percent of the property owners however thought that they could not get up and just go the assembly to pay rates.

Tax payers' rights and Obligation

In the interview with the tax payers, it was observed by the study that, many of the tax payers were educated to know about their rights and obligations as tax payers. It was observed that 71 percent of the tax payers had information about their rights and obligations as tax payers while 29 percent were unaware of the information. This is has been illustrated in the Figure 4.4.

Figure 4.4 Rights and Obligations of Tax Payers in Bolgatanga Municipal Assembly



Source: Field Survey, 2012

The tax payers' sources of information concerning their rights and obligations were varied from tax payer to another. The study revealed that 43 percent had the information from the media such as radio announcements, 46 percent of the tax payers were informed by the revenue collectors, 7 percent had the information from their school lessons while 4 percent were informed by their the local chiefs through announcements. If the assembly made these radio announcements, many years ago then the people who own property now would not be able to know that there is the need to pay rates for the properties they own.

It was 72 percent of the tax payers who perceived that there are other people who do not pay rates to the assembly, 26 percent perceived that everybody pay rates to the assembly while 2 percent said they did not know. The assigned reasons by the tax payers for some not paying rates are similar to the reasons given by those who did not pay rates. Their properties did not have documents covering them; the assembly did not use the rates for good purposes while others think those people deliberately refuse to pay. Some do not pay because they are unaware of payment of rates, and the assembly is unaware that those people own property. The property owners also perceived the revenue collectors as corrupt and that makes them not to pay.

Tax Payers Perceptions of Assembly's Use of IGF

Tax payers' perception is a qualitative indicator of the performance of the revenue of the assembly. This perception could as an indicator of the level of integrity, trustworthiness and efficiency of revenue administration system.

Concerning tax payers' perception of the services that are provided by the assembly with the use of the IGF, there were 9 percent of property owners who did not know what the assembly uses the rates for. There were 79 percent of the tax payers who said that the assembly uses the revenue collected for developmental purposes and further mentioned the specific services provided by the assembly as building of schools, hospitals, roads constructions, provision of water and support to the needy in society. It seems to suggest from the responses that tax payers know the assembly to be using the revenue to incur capital expenditure. Just few knew that the rates are used to undertake recurrent expenditure of the assembly contrary to spending on capital projects. For the period of study, much of the assembly's expenditure goes into administration to the neglect of capital expenditure. It was 8 percent, who did not know what the assembly uses the rates for while 5 percent said the assembly uses the rates for nothing good. The tax payers who said the assembly staff uses the revenue to enrich themselves were 2 percent.

It was also observed from the study that the assembly with the use of the IGF did not satisfy 55 percent of the tax payers with the kind the development activities embarked on and just 45 percent were satisfied with services provided by the assembly. According to the tax payers all the rates paid to the assembly were cash and were given only when the revenue collectors came for them. This could be that the rate payers in the municipality did not pay the rates willingly to the assembly. It was 35 percent of the revenue , that pay rates to the assembly, have rates arrears to pay of which the study thought the amount in arrears is too much for the assembly's development efforts.

Non-Sanctioning of Tax Payers Defaulters

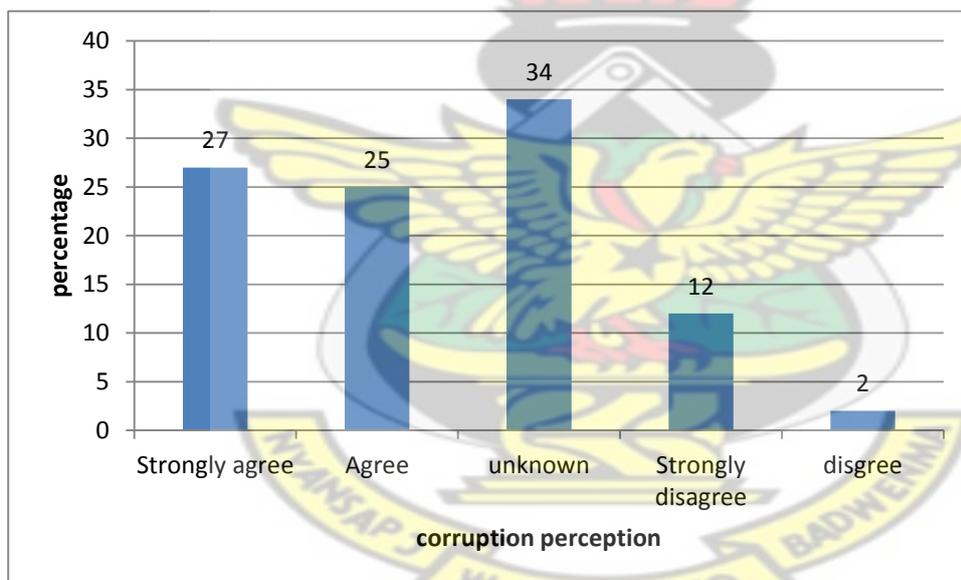
The study revealed that of all those who defaulted in tax payments only 5 percent have ever been sanctioned. This therefore suggests that sanctioning of rate defaulters is minimal in the Bolga municipality as all those who owed the assembly property rates only 5 percent were sanctioned in conformity with the assembly's rules and regulation governing revenue

collections. It has become very clear from the study that the sanctions mechanism used by the assembly is not punitive enough to deter others and this goes to explain why some do not pay the taxes. This was confirmed by deputy finance officer, the revenue collectors and the tax payers.

Tax Payers' Corruption Perception

One qualitative measure of the level of corruption in an institution or a country is the use of perception. Concerning perception of corruption in the revenue collection and administration, responses provided by tax payers were uneven. There were 27 percent of the tax payers, who strongly agreed to corruption in the assembly's collection and use of its IGF and 25 percent only agreed, while 34 percent did not. However, 12 percent strongly disagree and 2 percent agree. The details of the information have been shown in the Figure 4.5.

Figure 4.5 Corruption Perceptions of Tax Payers on IGF Administration



Source: Field Survey, 2012

Irrespective of the degree of corruption in the revenue collection and administration of the assembly, 52 percent of property owners had high perception of corruption in the assembly. The following included the reasons assigned by the tax payers for the perception of corruption in the revenue collection and administration process of the assembly. The tax payers thought that the very reason for which the taxes are collected are not used for that

purpose and this makes them to perceive that there is corruption within the revenue administrations system.

The other reasons were that the collectors after collecting the tax did not sent all the monies to the assembly and some even attempted to quantified the amount as half of the amount collected was not sent to the assembly. The projects planned and executed by the assembly did not reflect the actual costs of the projects in other words the cost of these projects are normally inflated arbitrarily by the assembly and if these projects were inflated where did the rest of the money go. And some were of the opinion that, the revenue collectors do not ask the natives and those they are friends with to pay, but rather they look for those who are not natives to pay. More to the point some property owners bribe the tax collectors and pay less the amount and the rest of the money is shared between the tax payer and the revenue collector. Some collectors also charge more than the actual tax and the rest of the money is pocketed whiles sometimes feign receipts are issued to the tax payer who does not know what is happening. There is corruption everywhere is one of the answers coming from some tax payers. This perception of corruption has the high tendencies of affecting the amount of revenue collected since the tax payer would be unwilling to pay the tax to the assembly. The finance officer with regard to revenue collection system of the assembly confirmed this corruption perception but could response to the degree of corruption in the assembly.

4.4 The Strategies and Mechanisms of Bolgatanga Municipal Assembly to Mobilise IGF

The study revealed that the mandate of the Bolgatanga Municipal Assembly (BMA) among others includes ensuring overall development of the municipality. This requires the preparation of district development plans to ensure that it fulfil this development agenda. The BMA also gives permit to carry out physical development, making of by-laws, enforcement in respect to unauthorized development and execution of district plans. This was the views expressed by the finance officer of the assembly.

In carrying out of this mandate of the assembly, there is also the legal basis that empowers the assembly to raise revenue internally to supports it development. The legal foundation for the mobilization of the internal revenue of Bolgatanga Municipal Assembly (BMA) has been captured in the Local Government law Act 462, 1993 where the Assembly is considered as the rating authority of the district. In doing, this shall the assembly levy and collect adequate rate for the spending on the approved expenditure of the district for that respective year. This

should also be created to cater for expenses incurred in the previous as well as cover any contingencies that may occur for that year as well as pay up debt may arise in that year.

The Bolgatanga Municipal Assembly has applied different strategies and mechanisms with the aim of mobilizing adequate IGF for municipal development. According to the views of the finance officer, the strategies that were used over years in revenue collections include formation of revenue tax force, radio discussions on the need to pay taxes, involvement of area councils on revenue collections and awarding hardworking revenue collectors. Concerning the success of these strategies the finance officer thought the assembly have been successful however looking at the revenue performance of the assembly, it suggests that these strategies are either not yielding the desire results or the estimation of revenue to be mobilized by the assembly is faulty.

Rules and Regulation

One of the requirements for effective revenue mobilization is appropriate rules and regulations by the DA (Mahi, 2002). Nevertheless, in the Bolgatanga Municipal Assembly even though these rules and regulations are there, they have not been effective as expected. The rules and regulation is of importance in revenue mobilization as it ensures that penalties to culprits are applied. According to the finance officer, These regulations include the fact that all revenue collectors are bonded as they go about carrying out their duties of collecting revenue for the assembly. All revenue collectors must ensure that revenue collected for the day is properly accounted for immediately by paying into the assembly's account at gross and that means that no money is spent before they money is put into the account. It has also been clear and ensures that only appointed and recognized revenue collectors of the assembly go out to mobilize revenue for ensuring that unapproved collectors do not get involved. In all these, the sanctions are clear for both the revenue collectors and the tax payers. The study however, revenue collectors in the field cannot therefore be recognized as assembly's approved collectors as they are not in uniform nor are provided with identity cards indicating that they are from the assembly. This came to light when the revenue collectors were not provided with uniforms and I.D cards to distinguish them from ordinary persons. The implication of this action is that the assembly's revenue is opened to anybody to collect since the tax payer does not know who is coming from the assembly. This development leads to low revenue collection, which cannot meet it expected expenditures.

The assembly however said that they enforce these actions by daily supervision by the revenue supervisors, random checks on the collection and ensure that all revenue collected is timely and promptly paid. In dealing with revenue leakages Mahi (2002) proposes surprised audits to complement self-assessment however, the study revealed that surprise audit indeed exist but the self-assessment procedure is not known.

According to the finance officer, the assembly considers a number of factors in their estimates of its IGF. They consider the available rateable units in the municipality, the previous year's collection, effectiveness of the strategies used in the previous years, the number of revenue collection points as well as the quality and quantity human resource available. The other factor the assembly considers is that of the cause of revenue leakages in the assembly revenue system.

Stakeholder Involvement

The study revealed as from the finance officer that, the assembly in the fixing rates and fees to be paid by the tax payers, stakeholders are normally consulted. The stakeholders cited by the assembly include the market queens, financial institutions, traditional rulers, business organizations, assembly members, livestock dealers, artisans among others. This indicates that the broader part of the tax payers is not involved and this is confirmed when the interview with the revenue collectors and the tax payers all indicated that they are not involved in the planning process.

According to the finance officer in minimizing corruption, the assembly over the years ensures that receipt books are issued by the assembly to revenue collectors and on return would have to account for the revenue collected. There must be evident of pay-in-slip that the signs and stamps. In addition, constant supervision of collectors by officers and replacement of relatively honest personnel as well as making them understand its legal implications would lead to enhance revenue that meets the assembly's expenditure. The revenue collector agreed that receipts and tickets are issued to tax payer and the tax payer also confirmed to collecting receipts during the payment of taxes.

Awareness creation

According to the study, the response of the finance officer was that, in trying to get all tax payers involved and aware of the taxes, radio discussions and public education are carried out by the assembly. Nevertheless, in doing all these, tax payers mostly do not voluntarily pay tax until they are billed and followed up to collect the revenue. In the study, all the tax payers pay rates to the assembly only when the revenue collectors come for them. It was also evident that only 40 percent of the tax payers were informed of their obligation as tax payer. This means, the awareness creation strategy of the assembly needs to be re-strategized, and intensified to get the necessary result to enhanced revenue of the assembly.

4.5 Improving the Performance of Revenue Mobilization of the Municipal Assembly

Despite the many difficulties encountered by the Bolgatanga Municipal Assembly in revenue collections, the study wanted to know from respondents the various options available to the municipality to enhance their revenue collection efforts. These responses emanated from the interview with the finance officer, the revenue collectors and the tax payers as the options that the assembly could embark on in order to increase IGF to adequate levels where it can finance its expenditure needs.

Dealing with Non-compliance Tax Payers

The tax payers interviewed had varied answers in attempt to let the tax payers who did not pay rates to pay to ensure increase IGF to the assembly. The tax payers who wanted the assembly to reduce the rates paid by them were 10 percent, 20 percent wanted the tax payers to be educated and 34 percent wanted the tax payers who defaulted in tax payment to be punished severely by applying the bye-laws of the assembly. Also 4 percent of the tax payers wanted the assembly to provide the defaulters with sources of income to enable them pay the tax to the assembly. The other responses were that, 2 percent wanted the assembly to provide adequate services for the tax payers to be encouraged to pay since they would have known what the assembly uses their taxes to do. Only 1 percent suggested to the assembly to involve the traditional authorities. The rest said they could not provide any suggestion to the assembly because they were not working with them.

Education of Tax Payer on Taxation

The finance officer agreed to the fact that public education on taxation is very little and suggested that efforts would be made by the assembly to ensure that the tax payers are adequately informed on the need to pay revenue to the municipal assembly. This is to explain to tax payers to understand the importance of the payment of the revenue to the assembly. The revenue collectors and tax payers also shared these views. On the public education, the finance officer proposed radio announcement and discussions on the need to pay taxes as to what time is more appropriate for the programmes the revenue collectors and the tax payers suggested that these issues should be done in either the evening or morning at the time that people are still at home. The tax payers provided suggestions concerning how the tax payers should be educated on taxation. It was observed that those who wanted the tax payer to be educated through the media were 51 percent, 20 percent wanted the revenue collectors to personally visit the tax payer to inform him/her while 5 percent wanted the tax payer to be informed through mass education. The media referred is the radio announcements while the public education refers to fora, durbars and other public gathering where information services department vans go round to make announcements. It was 24 percent who could not provide answers to the question as to how the tax payer should be informed but 1 percent opted for the involvement of tradition rulers in the education of the tax payers on taxation. The tax payers, who wanted the revenue collectors to visit the tax payers cited the fact that when announcements are made on the media, the tax payer does not think they are talking about him/her but rather the face to face information leave the tax payer without any excuse to give for not paying the revenue to the assembly. The people who wanted the radio announcement cited least cost and wide coverage for that option.

Participation

The finance officer proposed that there is the need for the involvement of all stakeholders in the revenue mobilization efforts such as the tax payers, assemblymen and the unit committee and town and areas councils whose role is very crucial towards effective revenue mobilization of the assembly. He further added that this is needed especially in fee fixing and fines that is normally done by the assembly. This will let them reach an amicable rate that is reasonable to the tax payers and the municipal assembly as well. With this, more people would voluntary own up and pay their taxes promptly and regularly. Another area of concern

suggested by the finance officer is the issue of the traditional rulers. The assembly has not been actively involving the traditional rulers in the municipality revenue systems and thought that their involvement is very important. The reason assigned by the finance officer of the involvement of the traditional authorities is that they hold a certain amount of influence in their areas of jurisdictions. This suggestion was confirmed by 1% of the tax payers as well as all the revenue collectors.

The finance officer and the revenue collectors however, proposed that the revenue collectors should visit rate payers, notification of tax payers, public education of the tax payers, improvement of the quality and quantity of revenue collectors, reduce rates paid by tax payers, provide adequate services, collectors be friendly to tax payers, punitive sanctions of defaulters, stop corruption and register all property owners. The tax payers argue that the assembly should ensure that there is more development, careful planning, put more resources into revenue collection, provide jobs for those who do not have to enable them get money to pay, involvement of traditional authorities, establishment of satellite markets, performance appraisal methods, revenue, effective monitoring and auditing of the revenue system, widen tax nets to cover a lot of tax payers. With these proposals, the assembly, the revenue collectors and the tax payers hope that the assembly IGF could improve to meet its development expenditures.

Supervisions

According to the revenue collectors, regular visits especially the supervisors with the revenue collectors would let the tax payer realize their importance. For the purpose of increasing revenue, the revenue collectors suggested that there should be adequate supervision. The finance officer and the tax payers also shared similar views as the need to improve upon supervision in the revenue collection process of the assembly. To make the tax payer pay the tax timely and promptly, the revenue collectors suggested that they should be served with appropriate bills on time about twenty-one days ahead of collection, punitive sanctions should be applied to defaulters to deter others from that while other respondents lay emphasis on massive public education.

Remunerations

On the issue of remuneration of revenue collectors, the finance officer view was that the revenue collectors need to be motivated better by the assembly and the way they should be motivated is through the giving of bonus and promotions of the revenue collectors. The assembly has also seen the need to promote revenue collectors especially those who are permanent collectors by promoting them base on the effort and amount of revenue collected over the period and collectors who meet their targets consistently have to be promoted. In addition, a written recognition of the efforts made by the revenue collectors to motivate them to work hard since their efforts would be recognized. The revenue collectors themselves also mentioned that one of the ways of improving upon the current level of revenue of the assembly is to motivate them by providing them with enhanced. The commission earners particularly asked for their commission to be restored to the 15 percent and further increase to 20 percent. The tax payers also proposed for the recruitment of more revenue collectors since the current number is very small compare with the task to be performed by them. the revenue collectors further asked for motorbikes, bicycles, uniform and identification cards to make their work more easily and effective. The revenue collectors argue that the IGF unit of the assembly has only one vehicle for revenue collection which cannot reach everywhere to be able to mobilized more revenue for the assembly. The revenue collectors are also advocating for awards to be given at the end of the year to revenue collectors to especially those who have worked hard this view was shared by the finance officer of the assembly as earlier mentioned. Some however think that the assembly has promised them a lot of things but has not been able to fulfilled them and for that matter the collectors cannot demand for anything again. Another incentives advocated by the revenue collectors who are commission earners thinks making them permanent would go along way to improve revenue collection process.

More orientation and training of revenue collectors

The Finance officer suggested that about training of the revenue collectors and that efforts should be made by the assembly to undertake more training programmes that would help upgrade and update the skills of revenue collectors. This is because as the study revealed, the revenue collectors of the assembly are of the low calibre.the revenue collectors equally argue in support of training programmes for collectors since for a very long time the never training course organised by the assembly.

Accountability

According to the tax payers, for the assembly to meet its development expenditure needs, mentioned several views. In the view of the tax payers, the assembly should account to the tax payers regularly what the revenue have been used for and hence the need to pay when there is any increase. This should be publicly done for all meaning tax payers to get to know what is happening in the assembly especially those of the revenue collected. With this, those who did not normally pay taxes would see the need to pay taxes.

Perception of Corruption

To deal with the corruption perception, all the tax payers suggested that punitive actions should be taken against those caught in corruption, public accountability of revenue collected by the assembly as well as committees formed in every area to check collectors. In addition, recruitment of collectors based on performance, avoidance of favouritism and senior and tertiary students on vacation should be involved in the revenue collection process were the views shared by the tax payers. Contrary to these responses, 6 percent of tax payers thought that nothing could be done to either minimize or eliminate corruption. In order to stop leakages in the system, the finance officer proposed stringent measures such as outright dismissal of the collectors from the job for consistent behaviour exhibited by collectors and depending on the gravity of the leakage. First offenders and mild crimes should results into suspension and made to pay for the amount lost.

CHAPTER FIVE: SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSION

This section of the report provides the summary of findings from the analysis of the IGF of the Bolgatanga Municipal Assembly. Base on the summary of findings, recommendations are made based on the research results and conclusion made to ensure that the assembly's efforts of achieving enhanced revenue is attained.

5.1 Summary of Findings

The results of the study are summarised below. These are made according to the objectives set to achieved.

Weak Financial Autonomy

The financial strength of the Bolgatanga Municipal Assembly is weak. For the period of five years (2007-2011), the municipality's IGF could finance only 12 percent of its total expenditures on the average. It implies that for the assembly to be able to finance this revenue gap, it has to look externally for funds to be able to raise 88 percent of the revenue just to support its budget expenditure. In the event that these external sources are not met, then, the assembly would not be able to carry out a lot of its development plans. The implication of this development is high incidence of poverty. It has also been observed that the assembly spends less than 0.2 Ghana cedis to mobilize every one Ghana cedis of its IGF for its development purposes, however this cost considered only two items of commission on revenue collectors and expenditure on value books. While IGF contributes at most 20 percent of IGF for the various years of the study to total revenue of the assembly, grants contributes at least 80 percent.

Tax Revenue Contributes more than Non-tax Revenue to IGF

The major contributor among the IGF components is rates. From the study, rates alone of the six revenue components forms 42 percent of the IGF of the assembly and that the major contributory factor is of property rates and this is because of the status of the municipality as the regional capital of the Upper East. The least contributor comes from investment that forms at most 2 percent of the total IGF over the period of study.

Lack of Broad Base Consultation

Hadingham (2003) asserted that the low level of participation of stakeholders is one of the risks of decentralization. This underscores the importance of the stakeholders' involvement in the development process of the assembly. The study observed that in the revenue planning process, there was no broad base stakeholder consultation. Both the revenue collectors and the tax payers confirmed that they were not involved in the revenue administration. The revenue collectors are not even aware of the targets of the assembly for the period of study. This also accounted for the poor performance of the assembly's IGF as about 90 percent of the revenue collectors did not know the target of IGF of the assembly for the years of study and were also not involved in IGF planning. Not all the tax payers were also involved in the process. There is therefore widespread dissatisfaction of the state of participation and accountability in the Ghanaian local government system as asserted by draft report of decentralization in Ghana (GoG, 2010a)

Remuneration of Human Resource

The revenue collectors of both categories: permanent collectors and commissioners are poorly remunerated by the assembly. The permanent collectors earned on the average GHc 350 per month while those who earn commission earn averagely Ghc 30 per month. There is a wide gap of earnings between those who earn commission and the salary workers. The revenue collectors thought that the amount paid them cannot take care of their family.

Calibre of Human Resource

The calibre of the human resource recruited by the assembly especially, that of the revenue collectors was considered to be poor. They have not been trained on their work for the last six years. This implies that they relied on experiences in the past in the current revenue mobilization efforts of the assembly. It has also been observed by the study that 80 percent of revenue collectors had only basic education that did not meet the minimum qualification of Senior Secondary School Certificate. In addition, the revenue collectors especially the commission collectors dressed shabbily and this did not attract the attention of the tax payers to take them as serious people. This does not accord them the necessary respects they deserve from the tax payers and also to comply in the payment of their rates. As the revenue, collectors are not professionals, most tax payers said that they use force to collect revenue but

as to what force and the extent of this force is not very clear as this contradict the training the collectors had on how to talk to people in order to collect rates from them. Revenue collectors are also inadequate, as the assembly requires eighty more collectors.

Low level of Coverage

The assembly has not been able to cover all tax payers for them to pay their taxes. Some of the tax payers said that they were royals and therefore did not pay taxes, some said that they were unaware that they were suppose to pay taxes to the assembly among others. It has also been observed that market toll/tickets are not collected on non-market days and this does not make the coverage wide enough. Also 32 percent of the tax payers did not pay taxes and this is a clear indication of lack of wide coverage.

Non-Voluntary Compliance

The tax payers did not pay the taxes voluntarily to the assembly. According to the tax payers, they would only pay taxes when the assembly comes over to their property sites and makes their request for us to pay. Some of the tax payers even said that they did not pay taxes because the collectors did not come for it and they would not look for trouble by going to the assembly to pay the taxes.

Revenue Leakages and Corruption

There was high perception of corruption of the revenue administration and collection process. This became evident when about 52 percent of the tax payers perceived corruption in the revenue collection and administration process. To add to this, some of the tax payers thought that they would not pay taxes because, the assembly did not use the revenue for any meaningful purpose rather to enrich the themselves.

Enforcement of Rules and Regulations of the Assembly

The assembly's enforcement of rules and regulation per revenue collections has not been successfully as 5 percent of tax payers were sanctioned for defaulting in the payment even though most of tax payers still had arrears to pay to the assembly.

Low Tax Awareness

There is low level of the tax awareness campaign and education undertaken by the assembly and this is an indication that despite the many efforts of the assembly, many are the tax payers who were not paying taxes and also some property owners seem not to know that they are suppose to pay taxes.

Limited Method of Assessing IGF Performance

The only method the assembly used to measure the performance of its IGF was difference between approved revenue estimates and actual revenue collected. With the method, if the approved estimates were achieved, then the assembly was seen as performing well but this is deceptive. This criterion is incomprehensive that could be used to measure the assembly's IGF performance. This could lead to continuous under performance as the estimated revenue could be underestimated for it to be achieved just to create the impression that the assembly is doing well with its IGF.

5.2 Recommendations

This stage of the study makes recommendations for adequate IGF mobilization for development.

Improvement of the Capacity of the Human Resource

Qualified, competent and well discipline human resource is very crucial for the effective mobilization of revenue for local government. It is suggested that the revenue collectors should immediately undergo training and not only on revenue collection but also about identification of potential tax payers, auditing, tax payers' education and assessment of tax liabilities. Immediate steps should also be taken to recruit professional revenue collectors with the requisite skills and knowledge. These people should be well remunerated in order to minimize corruption and motivates them. The enhanced remuneration would attract the critical and competent staff to the assembly. The enhanced revenue mobilized would be key for the assembly to be able of fund its local development activities such capital projects and social projects which have the tendency to reduce poverty in the area.

The assembly should also consider in the immediate term recruit tertiary students from the universities and polytechnics who hail from the district during the long vacations and assign them specific tax collection points to collect. This would support the already inadequate revenue collectors in the municipality. The implication of this would lead to temporal employment for them, and that partnership and voluntarism spirit would be promoted among the students and the assembly.

Public Private Partnership

Just as we have public –private partnership in the area of sanitation at the local government level, public-private partnership could also be modelled along that line in the area of revenue mobilization at the local government level. The model should be clearly fashioned in such a way that political interferences are minimized. This partnership is necessary because revenue collection is purely for economic motives and therefore the private sector with the profit motive would be able to pursue this agenda by making sure that revenue mobilization is efficient and effective. In the pursuance of this agenda, professional revenue collectors would be recruited and that more job opportunities would be opened for the youth. The assembly would only have to advertise the job and select qualified agencies to undertake this work. The assembly would only have to provide the guidelines per the Local Government Act, 1993 (462) approved the fee fixing and hand them over to the agency to execute.

Election of Local Political Leaders

The constitution of Ghana provides that the assembly members at the local level should be non-partisan and therefore elected by the local people. Even though the District Chief Executive (DCE) is also to be non-partisan, it has become clear that the District Chief Executives at the districts owe allegiance to the president and the ruling party. This normally makes them to do what the president and the party want and not what the local people want. This therefore would make them oppose any efforts to enforce by-laws on revenue mobilization by the assembly just to win the favours of the people in order to remain in power. This accounts for the political interferences in the assembly's IGF collection process. The non-partisan attitude of the elected members would serve the interest of the assembly and the people, which would ensure that efforts to enforce by laws of the assembly are adhered to.

Encouragement of Broad Participation

The assembly should embark on serious educational campaign in the various communities to ensure that awareness of the need and reason for taxation to pay taxes and ensure that there is public accountability of the revenue collected. This can be done by organizing forums annually for the people to have a fair idea of the use of the revenue by the assembly. It should also ensure that traditional rulers, town and council zone and members take part in mobilizing revenue. The revenue collectors should also form part of the core of the stakeholders in determining revenue mobilization planning and that of the tax payers whose representative are normally seated at the meetings without any active role.

Improvement of Revenue Base

Efforts should be made by the assembly to investigate to widen and improve the revenue base of the assembly than it current has. Had it not been rates, the assembly's IGF would have been very low as rates contributes about 44 percent to it and efforts should be made to improve upon the other components in order to boost the IGF performance. Government should also cede the collection of certain revenue to the district assembly.

The assembly should take immediate steps to provide the revenue collectors with uniforms and ID cards to distinguish them as recognised revenue collectors from the assembly and as well provide them with identification cards and remunerated well in order to boost their morale. The commission earner should take at least 25 percent commission and that this should be paid promptly every two weeks.

Improve Monitoring and Supervision

The assembly needs to improve its monitoring and supervision mechanisms of the revenue mobilization efforts in order to minimize revenue leakages and corruption. There should be surprised and unannounced checks by the revenue supervisors of the activities of the revenue collectors on the field. This will put fear on the revenue collectors. This development would in long run, add bring more revenue to the local level for development. It must also ensure that culprits especially the revenue collectors, staff of the assembly and tax payers who default in their responsibilities are severely dealt with according to the laws of the assembly.

To also enhanced monitoring and supervision of the revenue mobilization efforts should be made to provide the logistics of vehicles, motor bikes and incentives to help facilitate the runs of these people to the various revenue points of the assembly.

Comprehensive Assessment of IGF Performance

The assembly should adopt comprehensive criteria of assessing its IGF performance by measuring it against the total revenue of the assembly, the growth of the various revenue sources, and the cost benefit ratio among others. It is also suggested that a very scientific methods should be used in the revenue projection of the assembly either than the arbitrary method of projection, which does not give a true picture at all.

5.3 Conclusion

District Assemblies including the Bolgatanga Municipal Assembly has been assigned specific internal revenue sources for collection and these sources are identified as rates, investments, rents, lands, fines/fees, and licenses, which are legally bound by the DAs. The assembly is supposed to collect these revenues to fund development plans as part of the assignment given by the central government to perform at the local level. It has however, been observed from the study that these revenue sources have not provided adequate revenue for its development plans. In assessment of the performance of the IGF of Bolga Municipal Assembly, it was revealed that the municipality is not financially autonomous, as it has been observed that the municipality depends greatly from external grants to finance its budgets, the highest component of IGF in the municipality is coming from rates. It was always revealed that the several difficulties in the mobilization of revenue from the internal sources among others include low calibre of human resource, revenue leakages, low public awareness of the need and reasons for taxations and political interference.

The strategies and mechanism used by the assembly to mobilize revenue for the assembly include reducing revenue leakages, tax payers' education, and formulation and implementation of these actions have not yielded the desired results as expected. The central government and policy makers are to cede more taxes to the local level to enable them mobilize adequate revenue as well as strong commitment from the assembly to train the personnel and recruit profession revenue collectors to undertake these activities.

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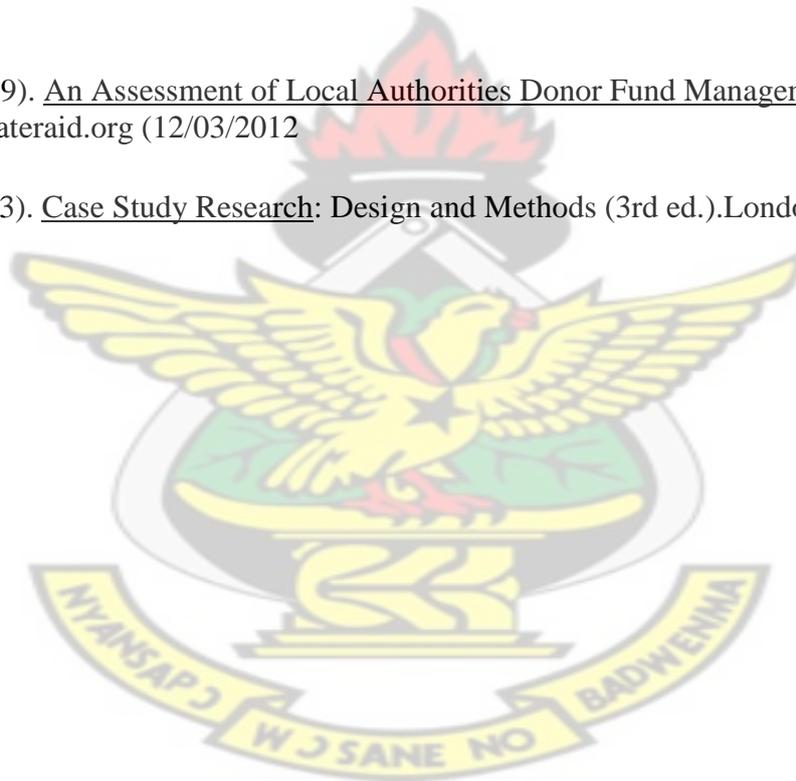
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APPENDIX

DEPARTMENT OF PLANNING

COLLEGE OF ARCHITECTURE AND PLANNING

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY, KUMASI

Topic:

Towards effective, increased and adequate revenue mobilization by District Assemblies for local Development: the case of Bolgatanga Municipal Assembly

Bolgatanga Municipal Assembly

The information is required to enable the researcher examine the way towards effective, increased and adequate mobilization of revenue by District Assemblies to ensure overall development of the District. This has become imperative in view of the unreliability and inadequacy of the various revenue sources of the assembly and also the difficulties of DA in depending on their IGF for development.

Please, I assure you that any information provided would be treated with the deserving confidentiality and be used for purely academic purpose.

A. Bio-Statistics of respondent

Name of respondent (optional).....

Academic qualification.....

Position.....

B. Mandate of Assembly in Development

1. What is the legal mandate of the Municipality in terms of revenue Mobilization?

.....

2. What are the legal mandated IGF sources and external revenue for the municipality?

.....

3. What do you use the IGF of the assembly for?

.....
4. How do you measure and describe the performance of the Assembly's IGF?

.....
5. What factors do you consider in your estimates?

.....
6. Could your estimated internal revenue have been more than what is estimated? YES
NO
Explain your answer
.....

C. Strategies and mechanisms of internal revenue collection

7. Have the tax payers been paying their taxes? Yes NO
IF No why
.....

8. What are the requirements of revenue collection and what has the assembly been doing to meet them?
.....

9. Has the assembly been able to meet these requirements? 1. Yes 2.NO
Explain if NO
.....

10. What strategies/mechanisms have been used over the years to mobilize the internal revenue?
.....

11. Have these strategies been effective in the mobilization of revenue for the municipality? YES 2.NO
.....

Explain your answer.....

12. If the revenue collectors are inadequate, how does that affected revenue collection?
.....

13. Are you satisfied with the current IGF of the Municipality? Yes 2. NO
Explain your answer.....

14. How your current status of internal revenue does affect the Assembly developments?
.....

Rules, Regulations and Sanctions

15. Are there rules and regulations governing revenue collections and what these?

Yes/NO

.....

16. Are these rules and regulation effective in the revenue mobilization? Yes NO

If No, why,

.....

17. What efforts is the assembly doing to enforce a strict and heavy penalty for non-compliance?

.....

18. What laws do you suggest should be in place to help in revenue mobilization?

.....

19. Do you have a least of tax payers in the municipality Yes No

If No, why and how this affects the assembly's revenue?

20. If the assembly's internal revenue is inadequate what factors account for that?

.....

21. What factors hinder effective internal revenue mobilization in the municipality?

22. Who are stakeholders in revenue mobilization of the Municipality and what this their roles?

23. How is the flow of revenue from the tax payer to the assembly?

.....

24. How do the revenue collectors account for the revenue collected?

.....

25. How do you assign the responsibilities of the revenue collectors?

.....

26. What is the required qualification of a revenue collector?

.....

27. What skills do a revenue collector required?

.....

28. How do you measure the performance of a revenue collector?

.....

29. Are the revenue collectors meeting their targets? Yes NO

Explain your answer.....

30. Do you sign performance contract with the revenue collectors? Yes No

.....

31. How often does the assembly do that?

32. Do the tax payers pay their taxes regularly and promptly? Yes NO

If No why,

33. How do you set your IGF target per annum?

.....

34. What do you think can be done to ensure adequate revenue of Municipality?

.....

35. Do you think local pressure groups are an impediment to improved revenue collection of the municipality? Yes 2.No

Revenue leakages

36. Do you think there are revenue leakages in the revenue administration and collection chain? 1. Yes 2.No

37. Where do you think there are much revenue leakages in the system?

.....

38. What are the challenges in dealing with the leakages of revenue in the assembly?

.....

39. Why do you think these leakages exist?

.....

40. What are the strategies/mechanisms used by the assembly to reduce leakages of revenue?

.....

41. Are the revenue collectors able to achieved their targets or otherwise?

42. What kind of incentives is given/should be given to the revenue collectors if the targets are to be met?

.....

43. Do you think the number of revenue collectors, influence the amount of revenue collected? Yes 2.NO

Explain your answer

.....

Training and Educations

44. What training and education programmes are designed for both the tax payers and the revenue collectors in revenue collection?

45. How has the training programme benefited the assembly?

.....

46. What training programme do you suggest should be designed for the revenue collectors?

.....

47. What educational awareness programme do you recommend in order to mobilized revenue for the assembly?

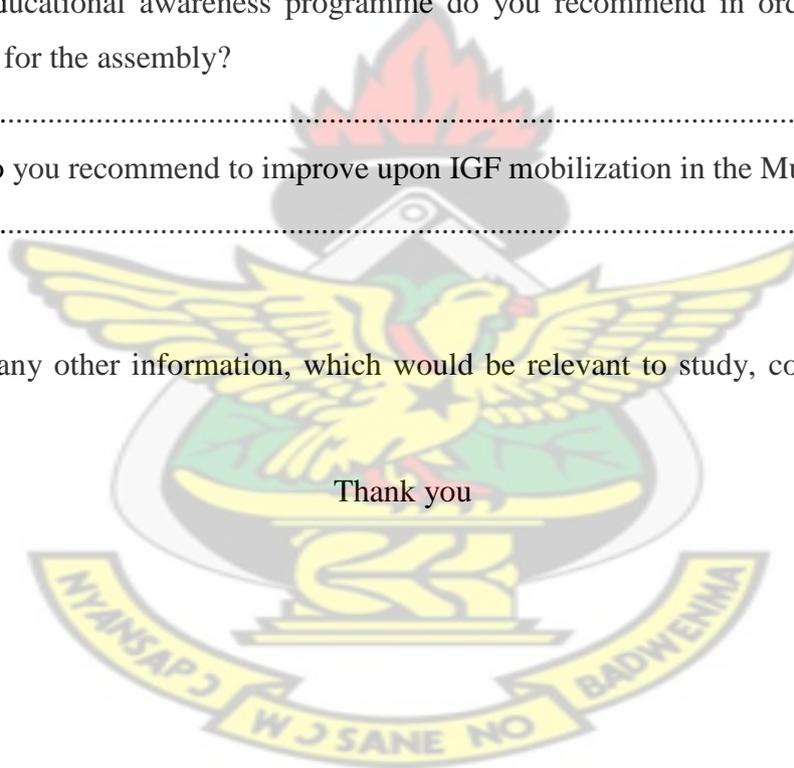
.....

48. What do you recommend to improve upon IGF mobilization in the Municipality?

.....

Please, any other information, which would be relevant to study, could be provided below

Thank you



Kindly provide me with information/documents that will be relevant to complete these tables

Sheet A

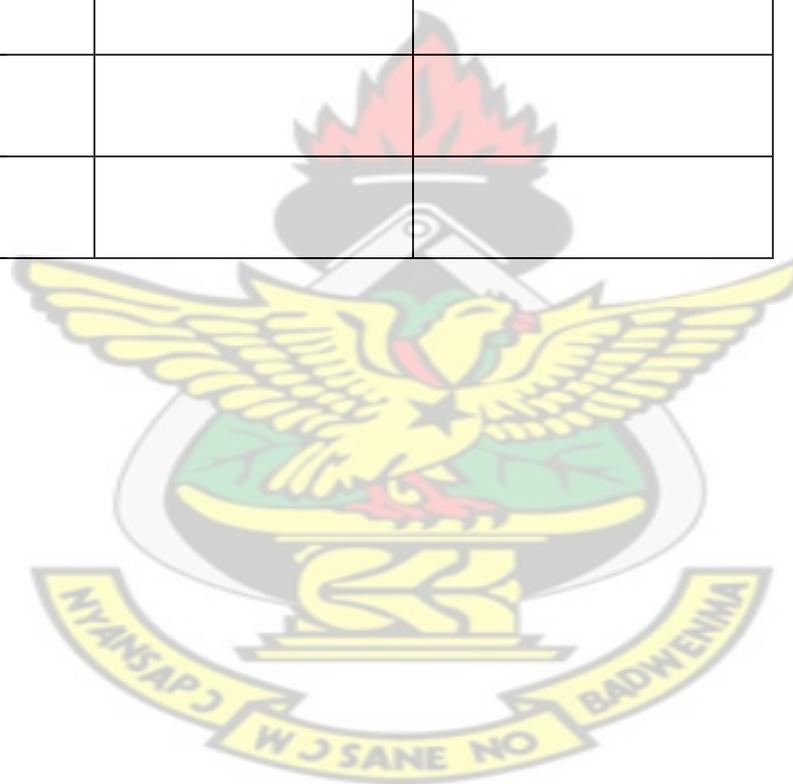
The Estimated revenue and actual revenue collected for the years 2006-2011

component of Tax	2007		2008		2009		2010		2011	
	Est.	Act								
IGF										
Rates										
Fees/fines										
Rent										
Land										
investment										
Miscellaneous										
External sources(Grants)										
Total Revenue										

Sheet B

Estimated Expenditure and Actual Expenditure of IGF for the year 2007-2011

Year	Estimated Expenditure	Actual Expenditure
2007		
2008		
2009		
2010		
2011		
Total		



Revenue Collectors' Checklist

A. Bio-statistics information

- a. Name of respondent (optional).....
- b. Age.....
- c. Sex: Male/Female
- d. Educational attainment.....
- e. Work experience.....
- 1) What is your role as a revenue collector?
.....
- 2) What taxes do you collect for the assembly?
- 3) Do you think the taxes you collect are adequate? Yes NO
- 4) Are you given targets to achieve? Yes No
Explain you answer.....
- 5) What is the target of the assembly?
- 6) If the revenue is inadequate, why do you think the revenue is inadequate?
.....
- 7) How much are you paid for your work...?

- 8) How often are you paid...?
- 9) How does that affect revenue collections?
- 10) What strategies/mechanisms do you use to collect revenue?
- 11) Are these strategies successful? Yes/No

If No explain.....

- 12) What motivates you in your work?
- 13) Do you think the number of tax collectors influence revenue mobilization in the assembly?

Yes 2.No.

Explain your answer.....

- 14) If there are leakages/corruption in revenue mobilization at the assembly where does it occur and what is they nature of this leakage?

.....

- 15) Why do you think the leakages exist and what could be done to minimise them?

- 16) Have you had any training programme on revenue collection before? 1. Yes 2.No

- 17) How this training does helps in your revenue mobilization efforts?

.....

- 18) How can these challenges be addressed?

.....

- 19) How do you account for the revenue collected?

Are you given targets to meet? Yes/ No

- 20) Are they tax payers cooperating with you 1.Yes 2.No

Explain you answer

21) How often do you visit a tax payer before he/she comply to pay you?

22) Do the tax payers know the amount they are to pay?

23) Do they know when to pay? Yes/ No

24) Do you think you can collect enough revenue than currently? 1. Yes 2.No

Explain your answer

.....

25) If the assembly's internal revenue is inadequate what causes that?

.....

26) Is there corruption in the administration of the internal revenue of the assembly? Yes
NO

If yes, explain (how and why).....

27) Are the revenue collectors adequate for the task? Yes /NO

If No, how does that affect internal revenue of the assembly?

.....

28) Are you motivated to carry out your task? Yes/ No

a. If No, how does that affects your work?

.....

Do you encounter interference in your work? Yes/No

29) Who are they and how?

30) In your estimation, how much revenue is not collected per day/week/year?

.....

31) Do you have a list of all the tax payers? Yes/No

If No, how does that affect revenue collection?

32) What general problems do you observe in the assembly's IGF mobilization?

33) How does your relationship with the tax payers affect revenue collections?
.....

34) How does your current level of motivation influence revenue collection?
.....

35) 34. What do you recommend to improve IGF mobilization system of the district?

Thank you.

KNUST



-Department of Planning

College of Architecture and Planning

Kwame Nkrumah University of Science and Technology

Tax Payers' Questionnaire

Name:

Age:

Educational attainment:

1. Do you pay tax to the Municipal Assembly? Yes No.
2. If No why
3. What type of tax do you pay?
.....
4. How much do you pay the tax?
.....
5. How often do you pay the tax?
.....
6. How long have you been paying this Tax?
7. Have you been informed of your rights and obligation as a taxpayer? I. Yes 2.No
8. How have you been informed?
.....
9. Do you think every body pay the tax? 1.Yes 2.NO
10. If yes /No, Why?
.....
11. Whom do you pay the taxes to?
12. What do you think the assembly used the taxes for?
.....
13. Are you satisfies with the services provided by the assembly? Yes/No

14. How does the amount you pay affect your payment?
.....
15. How do you pay your taxes? .Cash 2.cheques 3.others
16. Do you have tax arrears and how much is that?
17. Have you been sanctioned for non-payment? Yes/No
18. What was the punishment and how did it affect your payment of revenue?
.....
19. How does your relationship with the revenue collector affect collection?
20. Have you had any problem with the revenue collectors? Yes/No
21. What was the problem and how was the problem resolved?
.....
22. What don't you like about the revenue collectors?
.....
23. Why do you think the people should pay tax to the Assembly?
.....
24. There is corruption in the revenue collection and administration of assembly?
a. Strongly Agree b. Agree c. Unknown d. Disagree e. Strongly Disagree
Explain your stand.....
25. What can be done to address the issue of corruption in the IGF mobilization?
.....
26. Are you involved in the fixing of the taxes? 1.Yes 2.NO
27. Do you think you are satisfied with the current amount you pay?1.Yes 2.No
Explain your answer.....
28. What problems do you have as tax payer in the Mobilization of the IGF?
29. What do you suggest the assembly can do to improve the IGF?
.....
30. What can be done for those who do not pay taxes to pay?
.....

Thank You