AN EVALUATION OF EFFECTIVENESS OF REVENUE MOBILIZATION STRATEGIES OF METROPOLITAN, MUNICIPAL AND DISTRICT ASSEMBLIES (MMDAs) IN GHANA, A CASE STUDY OF KUMASI METROPOLITAN ASSEMBLY (KMA)

by

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DECLARATION

I hereby declare that this submission is my own work towards the executives masters of Business Administration and that to the best to my knowledge, it contains no materials previously published by another person nor materials which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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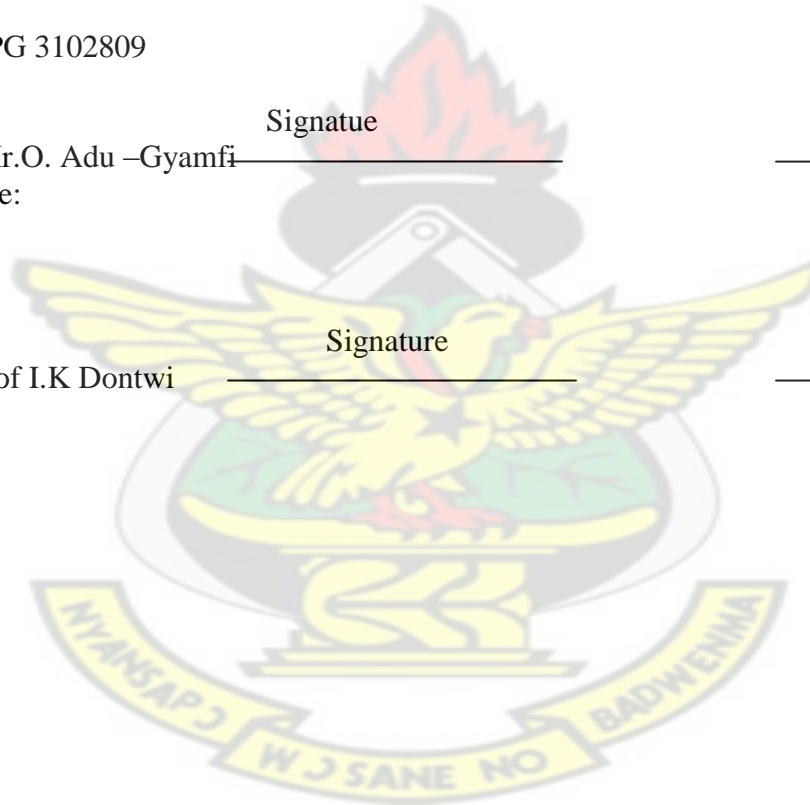Index number: PG 3102809

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ABSTRACT

This study was conducted to evaluate the effectiveness of revenue mobilization strategies of Metropolitan, Municipal and District Assemblies (MMDAs) in Ghana, Kumasi Metropolitan Assembly (KMA) as a case study. The objective of the study was to come out with strategies that can help KMA to generate enough Internal Generated Funds (IGFs) to meet its developmental needs. Areas considered under the challenges that KMA face included; insufficient IGFs, over reliance on District Assemblies Common Fund (DACF), corruption, inability to provide public needs, etc. A survey conducted using the staff and management of KMA, tax payers and other stakeholders in Kumasi revealed that the infrastructural projects provided by KMA are not adequate and do neither march revenues collected nor their demands for development. KMA is legally and politically doing nothing to motivate the residents to fulfill their financial obligations. There are so many revenue leakages involving KMA revenue collectors, senior officers of the Assembly and Assemblymen and women of the various Sub- metros. The conclusion drawn from the survey indicated that KMA is not sufficiently using fiscal decentralization to empower itself under Local Government Act, Act 462 (1993) for that matter it has not developed new and sustainable strategies to improve its performance in revenue mobilization. The Assembly like many local authorities in Ghana had tendered to over-rely on the District Assembly Common Fund to meet its capital expenditure. Another fact is that greater part of KMA's IGFs goes into administration expenditure. KMA definitely is unable to meet its socio – economic and political obligations to consumers of public goods and services in the metropolis. It will continue to fail to satisfy its consumers so far as it does not develop new strategies and policies to improve its revenue mobilization. KMA also lacks reliable data base on traders that affect its budget formulation and implementation. A number of recommendations were made to KMA and these

recommendations suggested strategies be taken to improve the revenue base of KMA. It is recommended that KMA should try to eliminate corruption, put in place reliable data base on properties and businesses, use of relationship marketing to reach out to stakeholder through meetings, seminars, conferences, forums, tax education and sensitization to know the problems of payment of taxes, rates, etc. and the challenges in revenue collection. KMA should also invest in hostel accommodation, shuttle transport, mortuary services, funeral services and other profitable ventures.

DEDICATION

To Christ my Lord and Master, and to my dear wife and also to my two lovely daughters.

ACKNOWLEDGEMENT

This thesis was made possible by the contributions of a number of people to whom I am very grateful.
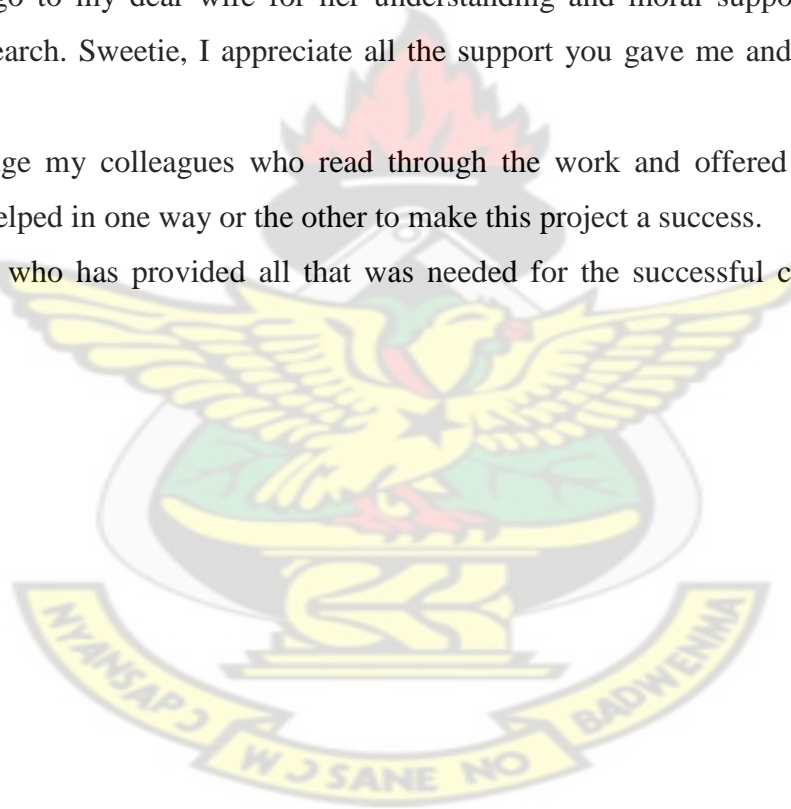
I would like to express thanks to my supervisor, Mr. Adu Gyamfi who tirelessly offered constructive suggestions to the research process and who also took the pain to meticulously read and make the necessary corrections to ensure quality.

I would also like to express gratitude to the management and staff of Kumasi Metropolitan Assembly for granting me the opportunity to use their organization as my case study, I am also grateful to them for responding to the questionnaires.

My thanks also go to my dear wife for her understanding and moral support throughout the period of the research. Sweetie, I appreciate all the support you gave me and God richly bless you.

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Glory be to God who has provided all that was needed for the successful completion of this work.

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1. MMDAs   Metropolitan Municipal and District Assemblies

2. IGF   Internal Generated Fund

3. DACF   District Assemblies Common Fund

4. KMA   Kumasi Metropolitan Assembly

5. MCE   Metropolitan Chief Executive

6. VAT   Value Added Tax

7. NDPC   National Development Planning Commission

8. HIPC   Highly Indebted Poor Countries

9. DDF   District Development Fund

10. MIS   Management Information System

11. MCD   Metropolitan Coordinating Director

12. ME   Metropolitan Engineer

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

In Ghana Metropolitan, Municipal and District Assemblies (MMDAs) are partners to the central government in the national development and as partners they are required to generate enough Internal Generated Funds (IGFs) to enable them carry out development projects. The revenue generated internally is used to support the statutory District Assemblies Common Fund (DACF) to provide infrastructural development and services to the people. It is the responsibility of MMDAs to provide municipal and other services as well as maintaining law and order, all which require enough financial capital and internal revenue mobilization is therefore paramount.

Over the years, both the central and local governments have been experiencing budget deficits year on year. The governments of Ghana and its MMDAs have consistently spent more than they are able to generate as revenue. In the case of central government the gap is often financed with foreign aid which has perpetuated the country's aid dependency (Osei and Quartey, 2005).

In the case of local authorities they cannot take loans to fill their revenue-expenditure gaps. The current financial crisis has created financial difficulties for many developing countries that depend mainly on external source for public finance, given the lack of liquidity on the international market and according to Drine (2009) this puts into question the robustness of their development. This system of financing budgetary gap of government transcends to the local governments or the MMDAs.

To avoid excessive foreign financial support which may in the long- run lead to problem of debt burden and possible domination, Gupta (2007) is of the view that countries need to rely substantially on domestic revenue mobilization. Domestic revenue mobilizations of developing countries have been dependent primarily on various forms of taxation. For central and local governments to raise additional revenue. Gberegbe (2007) states that they need to expand the tax base and strengthening revenue administration. In his view taxation is the most efficient and effective means of raising revenue for both central and local governments.

In the case of MMDAs they do not generate enough from taxation because greater part of taxes paid go to the central government.

Korkor (2003) has stated that financing local government development programmes in Ghana by the MMDAS has become a typical problem as a result of the inability of the Assemblies to mobilize substantial revenue from their areas of jurisdiction. Despite the enormous resources available to the various MMDAs they have not been able to actualize the mobilization for their full benefit making the assemblies dependent on the central government for their development programmes.

Gupta and Tareq (2008) argue that the strengthening of domestic revenue bases is keyed to creating fiscal space for local developmental needs. The current Assemblies in Ghana were created in as integrated decentralized authorities, combining oversight of de-concentrated line Ministries with the revenue powers and functions of devolved democratic local government.

Korkor (ibid) makes the point that prior to the presidential assent of the 1992 constitution, the centralized structure of governance in Ghana constrained local governments' ability to effectively mobilize revenue to meet their development obligations in a sustainable way. In his view substantial progress has been made by the Local Government Act, Act 462 (1993) in

establishing the broad legal and fiscal framework for decentralization. Indeed the central government has exhibited significant commitment to decentralization, especially with the adoption of the Local Government Act, Act 462, (1993). Ghana's decentralization effort was initiated to facilitate broader citizen participation in the governance of the development process. According to Act 462, (1993), the primary objectives of decentralization and therefore the establishment of MMDAs are to:

- Transfer real power to local people to enable them handle local priorities;

- Create a democratic environment and institutions in Ghana for governance and development at the local level, which facilitate the participation of the grassroots in decision making;

- Improve accountability and effectiveness by bringing political and administrative controls over services to the communities where they are delivered;

- Empower local communities and local officials and to free them from constraints imposed by central government;

- Provide a clear link between payment of taxes and service provision;

- Empower District Assemblies to plan, budget, finance and provide services to their residents and

- Mobilize the mass of the people in the area for socio-economic development at the local level. (**Source: Local Government Act, Act 462 (1993)**

The MMDAs are the nearest governments to the people at the grassroots level in Ghana. They are strategically located to play a pivotal role in national development. Since they are responsible for the governance of a large mass of the population of Ghana, Aryee (2003) mentions that

MMDAs are in vantage position to articulate the needs of the majority of people and formulate strategies for their realization. To be effective partners in development, Act 462 (1993) requires the Assemblies to generate sufficient revenue locally to supplement allocations from the central government.

The 1992 Constitution, the District Assemblies Common Fund Act, Act 455 (1993) and the Local Government Act, Act 462 (1993) make provision for Central Government to distribute monies from the District Assemblies Common Fund (DACF) to MMDAs. This makes Aryee (ibid) state that Assemblies are empowered enough by Act 462 to raise internal revenue. Statutory provisions empower the MMDAs to devise appropriate methods to mobilize revenue and put in measures to prevent non-compliance and revenue leakages. The District Assembly system of governance requires adequate finances to enable Assemblies cope with the numerous developmental activities within their   jurisdictions.

1.2 Statement of the Problem

According to Aryee (ibid) statutory grant provisions and other central government financial support notwithstanding, the MMDAs are not able to generate sufficient revenue at the local level for development. They depend heavily on the District Assemblies Common Fund (DACF) ceded from the central government to support their developmental programmes. The low level of revenue mobilization coupled with misapplication of funds by local authorities has been a source of concern especially the central governments. Having realized that revenue short-falls constitute a hindrance in development, MMDAs are empowered to adopt several strategies to strengthen local revenue mobilization. The strategies include the following:

- Revaluation of landed property rate;

- Fair increase in rate payment levels;

- Formation of ad-hoc revenue task force for enforcement on revenue payments;

- Intensification of revenue mobilization campaigns and educations.

These strategies notwithstanding, the problem of low revenue generation continues to be a problem among MMDAs especially Kumasi Metropolitan Assembly (KMA).

The MMDAs have sufficiently been empowered by law to mobilize local revenue for development. Despite their legal backing local authorities in Ghana are not able to develop effective strategies to mobilize sufficient revenue at the local level. Rather they rely heavily on central government financial support. Consequently, KMA

- Experiences revenue short-falls over the years;

- Uses its IGFs mainly for meeting administrative expenses;

- Over-relies on the DACF which itself is untimely and woefully inadequate for capital projects;

- Waste management is poor and it is unable to provide other municipal services to the people of the metropolis.

The problem addressed by this study is that, despite the fact that KMA has sufficiently been empowered to mobilize IGFs and introduce new service products so as to improve the living standard of the people of the metropolis; the Assembly is not able to develop new revenue mobilization strategies or even intensify its existing ones. Rather it tends to rely on the DACF which by itself is not regular and also inadequate.

Sanitation situation in the Kumasi Metropolis is bad. Gutters are chocked due to over floating waste materials. There are inadequate places of convenience and washrooms for the people. Schools are held under trees and shanty buildings. Support for the central government and KMA's IGFs are quite low to provide development projects and Assembly's image is in the mud.

1.3 Research Objectives

The objectives of the study are to:

- Find out why KMA cannot devise new strategies to generate IGFs.

- Study the performance of existing revenue mobilization strategies of KMA.

- Find out the difficulties faced by KMA in its revenue mobilization.

- To make recommendations to KMA for the improvement of revenue mobilization.

1.4 Research Questions

In order to achieve the objectives of the study, the following research questions were posed for the appropriate answers:

- Why it is that KMA cannot generate enough revenue even though it is well resourced and empowered to do so?

- Is it feasible for KMA to devise new revenue mobilization strategies?

- How prudently can KMA's financial resources be boosted to bring about development which the people in the metropolis need most?

1.5 Importance and Justification of the Study

After more than a decade of introduction and continuous implementation of fiscal decentralization in Ghana, there is an urgent need to have some mechanisms to measure the

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performance of MMDAs especially KMA. An independent study to assess or evaluate the Assembly's performance on the internal generated funds is therefore essential to help KMA design efficient and effective mechanisms not only to mobilize revenue but also manage it prudently for development.

The research work is justified and significant because of the important role the MMDAs play in the accomplishment of development goals and satisfaction of people more especially the down trodden ones. The crucial natures of people's expectation from MMDAs calls for continuous look at their performance to enable them have the support of constituents. The MMDAs financial capacity in revenue mobilization position needs to be looked at periodically since their development effort can only succeed if they have strong financial base. It must be stated that the local authorities have so much stake in national development. Academics, opinion leaders and other interested observers have expressed much concern about the fact that revenue mobilization does not march expectation for development.

It is in the light of the above that a study of this nature to evaluate the effectiveness of revenue mobilization strategies at KMA at a time the Assembly needs a lot of investment funding in order to alleviate poverty and provide decent livelihood to its people is a justifiable idea.

Furthermore, the importances of the study are as follows:

- It will enable the central government to be more aware of the problem facing the MMDAs in their development process as far as mobilization of IGFs is concerned and to find the appropriate steps in addressing them.
- It will bring to light the causes and ineffectiveness of poor revenue mobilization as a result of dishonesty among employees of MMDAs.

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- It will make the Management of KMA become aware of the problems especially where the recommendations are considered for implementation.

- Findings from the study will help the MCE and the entire Management to have insight into the need to adopt more strategies for revenue mobilization.

- To other researchers studying on a related subject, this study will serve as a reference to enhance their work. It will serve as a rich source of literature to other researchers.

1.6 Limitations of the study

As with any study, this study has limitations and these are:

- Lack of corporation in administration of questionnaires and difficulty involved in gaining access to relevant data.

- This study could not cover all the assemblies in Ghana. Out of a number of the Assemblies in the country, the study was carried out on only KMA. This was as a result of the limited time period available within the academic calendar to conduct this study.

- Another limitation was the inadequacy of funds needed to conduct a more expanded research on revenue mobilization strategies of MMDAs in Ghana.

The study is limited to KMA because the Assembly is not using its powers under the Local Government Act, Act 462 (1993) effectively to mobilize enough IGFs for physical development of the metropolis. The streets are full of garbage and without sufficient lights. Traders, artisans and people engaged in various vocations do not have sufficient locations

and structures to do their business. These make the Assembly and its central government unpopular.

1.7 Scope of the Study

The research work does not cover the entire scope of financial activities of MMDAs and for that matter KMA nor their structures, systems, internal controls and internal audit procedures. The researcher believes however that there are other financial activities quite relevant but not appropriate to the study. The study does not also cover all the MMDAs, even though the recommendations made could be adopted by all MMDAs in Ghana and even beyond. The research work covers only the revenue generation ability of the Kumasi Metropolitan Assembly to determine its effectiveness. It also looks at the expenditure items incurred from revenue mobilized to identify the seeming causes of expenditure-revenue gaps year by year in the Assembly.

1.8 Research Methodology

The sources of data for the study will be both primary and secondary. Primary data would be collected by the use of a structured questionnaire which would be designed and administered to respondents who are business operators, petty traders, land and property owners, and employees of the Assembly for information on their general perception of revenue mobilization vis-à-vis development and poverty alleviation. Scheduled Interviews would be another medium through which primary data would be obtained. Secondary data would be extracted from relevant textbooks, newspapers, reports/articles, journals, bulletins and documents presented by experts in local government and policy planners.

The purposive simple random sampling method will be used in selecting the sample size. Due to time and resources constraints, a proportionate sample size will be used for administration of questionnaires and interviews. It is estimated that, 120 respondents would be selected.

1.9 Organization of the Study

The entire study is divided into five (5) chapters and Chapter one, is dedicated to the background to the study, statement of the problem, research objectives, research questions, significance of the study, scope and limitation of the study, brief methodology and the structure and organization of the study. Chapter two, is devoted to literature review, various views from different authors were reviewed as regards the assessment of the Metropolitan, Municipal and District Assemblies Internally Generated Funds and definition of variables. Chapter three concentrates on profile of KMA and methodology of the research. Chapter four focuses on data presentation and results. Chapter five covers the findings, conclusions and recommendations.
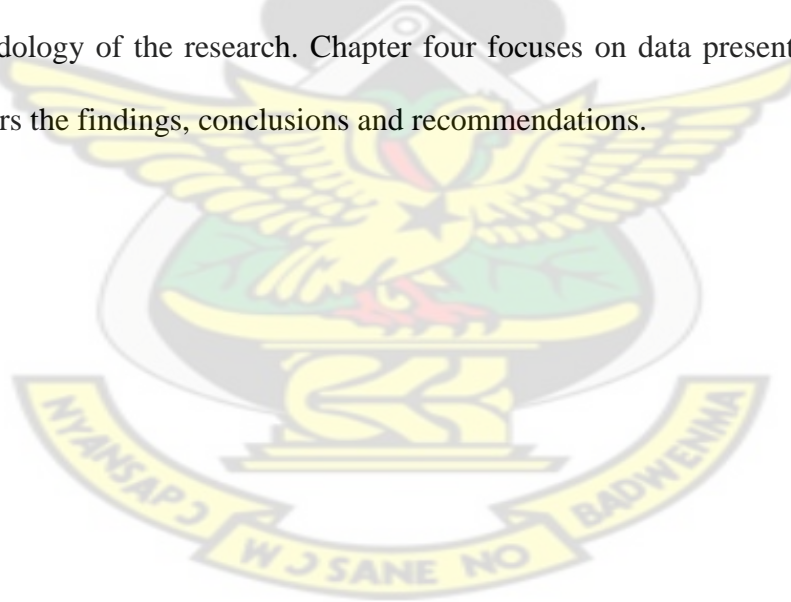
CHAPTER TWO

LITERATURE REVIEW

2.1   Introduction

This chapter looks at various knowledge exhibited and produced by persons and authorities related to the subject under study. Literature review discusses or treats some ideas already in books, journals or websites that throw lights on the topic under research. An attempt is also made to examine carefully some time tested procedures and the conditions under which internally generated revenue mobilization may be implemented effectively.

A lot of theories, concerns and views have been put out by various scholars and administrative practitioners on the revenue mobilization ability of Metropolitan, Municipal and District Assemblies and how these monies mobilized are spent. Among the reasons assigned by such concerns and opinions is that the ineffectiveness of the local government administration is to be blamed on ineffective revenue mobilization the such as lack of mission or lack of comprehensive functional role, lack of proper structure (i.e. the role of local government in the development process was not known), low quality of staff and low funding (Adedeji 1970). He further reiterated that, these problems led the local governments into a vicious circle of poverty because inadequate functions and powers lead to inadequate funding which results in the employment of low skilled and poorly paid staff. Shibata (1993), on the division of expenditure responsibility between central government and local government, indicated that as a result, local public finance accounts for approximately two-thirds of the public expenditure burden, on the basis of final disbursements.

The urbanization of poverty is one of the most dramatic developments on the African continent, yielding contrasting images of affluent residential and business districts and utter misery in sprawling shanty towns or slums. More than 50 per cent of Africa's population will soon live in towns and cities, and 50 per cent of Africa's poor will live in urban slums by 2025 (Tostensen *et al.,* 2001). The growth of Africa's towns and cities has outpaced local authority capacity for service delivery in terms of management, infrastructure, and financing (McCluskey *et al.,* 2003).

In Ghana, Bella (2000) mentions that the urban municipal authorities, many of which were originally instituted as colonial administrative institutions have not been restructured to cope with the fast-growing population. According to Devas (2003) a growing number of urban residents live in informal settlements characterized by deficient basic services such as housing, clean water, electricity, sanitation, refuse collection, roads, and transport. Again, many municipalities are financially weak and rely on financial transfers and assistance from the central government (Brosio, 2000).

Moreover, the revenue collection administrations are often inefficient and large amounts of revenues collected are inappropriately managed. As a result, many African towns and cities face a governance crisis and poor service delivery capability. Consequently, the restructuring of governmental functions and finances between the national and municipal levels of government has entered the core of the development debate. In particular, fiscal decentralization that is the devolution of revenue mobilization and spending powers to lower levels of government has therefore become a main theme of governance in recent years.

2.2 The definition and concept of public revenue

The Oxford Advanced Learner's Dictionary defines public revenue as the money that a government receives from taxes and other sources. In simple terms, Revenue is income that a company receives from its normal business activities, usually from the sale of goods and services to customers. In many countries, such as the United Kingdom, revenue is referred to as turnover. Some companies receive revenue from interest, dividends or royalties paid to them by other companies (Carcello, 2008). Revenue may refer to business income in general, or it may refer to the amount, in a monetary unit, received during a period of time. Profits or net income generally imply total revenue minus total expenses in a given period. In accounting, revenue is often referred to as the "top line" due to its position on the income statement at the very top.

2.3 Revenue - Non-profit Organizations

The US Department of the Treasury (2006) states that for non-profit organizations, annual revenue may be referred to as gross receipts. This revenue includes donations from individuals and corporations, support from government agencies, income from activities related to the organization's mission, and income from fundraising activities, membership dues, and financial investments such as stock shares in companies.

2.4 Government Revenue

The Australian Government Central Government revenue includes gross proceeds from taxes levied on companies and individuals, excise duties, customs duties, other taxes, sales of goods and services, dividends and interest received. In general usage, revenue is income received by an organization in the form of cash or cash equivalents. Sales revenue is income received from selling goods or services over a period of time. Tax revenue is income that a government

receives from taxpayers. In more formal usage, revenue is a calculation or estimation of periodic income based on a particular standard accounting practice or the rules established by a government or government agency. Corporations that offer shares for sale to the public are usually required by law to report revenue based on generally accepted accounting principles or International Financial Reporting Standards. Source.(http://www.budget.gov.au/ dated 16th April 201.L.ocal government revenue on the other hand is mainly user fees and charges, property tax, revenue from specific trade etc. accruing at the local level. Revenue mobilization is the act of marshaling, assembling, and organizing financial contributions from all incomes accruing from identifiable sources in an economic setting.

2.5 Importance of local revenue to local governments

Ziria, (2008) outlines the importance of local revenue to Local Governments as follows:

- Financing administration costs (e.g. in Uganda councilors' emoluments and employee costs);

- Financing maintenance costs and thus promoting ownership of projects;

- Permits collection of localized and low yielding revenues;

- Guarantees sustainability of service delivery and autonomy of local governments;

- Regulates businesses and provides important infrastructure and services such as markets and   public conveniences at a charge;

- Reduces pressure on central governments and reliance on donors.

2.6 Revenue Instruments for Local Governments

Olowu and Wunsch,(2003) state that sound revenue system for local governments is an essential pre-condition for the success of fiscal decentralization. Shahs (1998) as well as Oates (1998) add that local revenue mobilization has the potential to foster political and administrative accountability by the empowering communities.

However, prescriptions deriving from the theory and from good international practice impose huge constraints on the choice of revenue instruments for local governments. Bahl et al (2003) classify local government revenue into two main categories for local authorities in Africa: These are internally generated funds which includes taxes, user fees, and various licenses and transfers from the central or regional levels, usually in the form of grants and revenue sharing. In some countries, municipalities, districts and other local authorities are allowed to borrow money for capital investments in infrastructure. In Ghana, the laws make purchase of equity shares by local government authorities illegal.

2.7 Revenue sources available to Local Governments

According to Lutaya (2009), using the Ugandan experience states that there are various types of levies under four major sources as shown below:

(i) User Fees and Charges

- Hotel tax

- Trading Licenses

- Parking fees (cars, taxis, buses, motor cycles etc)

- Market dues

- Fish Monger permits

- Tender application fees

- Tourist license fees

- Registration fees for certificates of birth, marriage, death and political party registration

(ii) Property Revenue

- Rent on commercial buildings and land

- Ground Rent

- Building plan approval and inspection fees

- Sale of boarded assets

- Land search and registration fees

(iii) Revenue from specific Trades

- Slaughter fees

- Traditional healers practice fees

- Brewing and sale of alcohol

- Transportation of charcoal and wood

- Lumbering

- Permits for stage plays and public entertainment

(iv) Revenue from persons in gainful employment

- Local service tax is applicable to artisans, businesspersons and commercial farmers.

2.8 Reasons for low Revenue Mobilization – The Malawian experience

Schroeder et al (1998) reveal the following as reasons responsible for poor revenue mobilization in the Malawian local authorities**.**

A. Weak Administration.

In general, the revenue base information is incomplete, collections are low, and enforcement is virtually non-existent. Although policy can be fine tuned, the primary obstacle to successful local revenue mobilization is weak administration. Weak administration, combined with a lack of political will for enforcement, generates a low level of local revenue mobilization performance. There is general agreement that the local assemblies have substantial potential for enhancing local revenues—especially from business licenses and property rates (Schroeder, et al., 1998).

B. Collection and Enforcement

Local revenue collection rates in Malawi are low—estimated to range between 20-50 percent. This is only an estimate since statistics on actual collection rates are difficult to identify since information on actual revenue collections is difficult to assemble and is usually compared based on tax collection targets not on billed liabilities or potential revenues. To date, local assemblies rely mostly on individual persuasion to mobilize revenues—rather than utilizing the various enforcement mechanisms available through the Local Government Act. According to Kelly et al (2001) lack of collection ability and enforcement can be attributed to several factors such as:

- *Lack of apparent political will.*

Mobilizing political will requires education and incentives to those involved in the revenue mobilization effort.

- *Poor local facilities*

The taxpayer must be convinced to pay the tax through receiving improved local services and perceiving that the taxes and fees are being administered fairly. The first priority must therefore be to improve service delivery—since people are always more willing to pay taxes and fees if in return they receive some tangible benefits or services.

- *Lack of education on tax responsibility*

As with all taxes, attention should also be given to educate the taxpayer on the rationale, procedures, obligations and responsibilities related to the business licenses and property tax. Having the ability to link revenue collections to improved service delivery, and a better-educated taxpayer population will enhance compliance. Mobilizing the community through enhanced participatory budgeting and civic participation will engage the citizens and also facilitate enhanced revenue collection.

- **Tax Base Coverage**

Kelly et al (ibid) conclude that the coverage ratio of the local government revenue registries seem to be quite low resulting from non-existent, incomplete and or outdated information on the taxable objects, properties and businesses. Local business license registers contain only information on those few smaller businesses being licenses issued by Assemblies. Information on any larger businesses is contained in the business register at the Ministry of Industry and Commerce (Malawi). The property tax registers are also in various levels of completeness. Within the district assemblies, property tax registers do not exist and must be created for the first time. In the previously rate-able areas, the property tax registers may be incomplete and out of date.

D. Property Valuation and Classification

Using the information from the registers, Kelly et al say that the tax administration must classify the tax object correctly for a unit tax assessment such as a license fee system or it should be valued correctly for an ad valorem tax assessment such as a typical property tax system.

To them accurate business classification for tax assessment depends on:

- Having sufficient and unambiguous information on the business characteristics needed by the staff to correctly classify the businesses,

- Trained staff who can classify correctly and consistently,

- Proper supervision and oversight for quality control and

- An appeal process to deal with cases of misclassification.

Accurate property valuations similarly depend on:

- Having good descriptive physical property information which can be linked to market data or indicative valuation measures to ascertain the relative property value

- Trained and knowledgeable staff who can use this information to determine the relative valuation of property,

- Proper supervision and oversight for quality control and an appeals process to deal with cases of mistakes in valuation.

Kelly et al argue that both the classification and valuation accuracies affect the revenue potential, equity, efficiency, administrative feasibility and political acceptability. Generally speaking, business classification is quite straight forward. It is based on objective descriptive information such as type of business and its size.

2.9 Reforming local government internal generated funds (IGFs)

Fjeldstad et al (2000) posit that a widely found characteristic of local authority IGF systems in Africa is the huge number of revenue instruments used for revenue mobilization. In many countries, local governments seem to raise whatever taxes, fees, and charges they are capable of raising, often without worrying excessively about the economic distortions and distribution effects that these instruments may create.

Bardhan and Mookherjee, (2002) argue that a complicated and non-transparent local government revenue system is costly to administer and it facilitates corruption and mismanagement. Moreover, many local taxes have a distorting effect on resource allocation decisions, and, thus, an inhibiting effect on the start-up of new enterprises and the achievement of economic growth. Sander, (2003) says these effects occur when effective rates vary greatly between different goods that are traded, and when license fees are set too high for start-up small-scale enterprises to survive. Fjeldstad and Semboja (ibid) observe that the levels and types of local revenue instruments by themselves can result in the tax burden falling more on the poor than on the rich. This is mainly due to the basic design of the local revenue system and the way revenues are collected.

Despite the many comprehensive central government tax reforms during the last decade, local government revenue systems in Sub-Saharan Africa have remained largely unchanged until recently. Generally, a fundamental requirement when redesigning local revenue systems is greater emphasis on the cost-effectiveness of revenue collection, taking into account not only the direct costs of revenue administration, but also the overall costs to the economy, including the compliance costs to taxpayers. In addition, losses through corruption and evasion need to be

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reduced. Clearly, improved revenue administration cannot compensate for bad revenue design. Thus, reforming the revenue structure should precede the reform of revenue administration since there is not much merit in making a bad revenue system work somewhat better. Fjeldstad, (2001)

- Recently, Tanzania conducted a comprehensive reform of its local government revenue system. The main elements of this reform were;

  Abolition of unsatisfactory local revenue instruments, which were costly to collect from administrative and political perspectives and

- Improvements to remaining revenue bases by simplifying rate structures and collection procedures.

The Tanzanian reform demonstrates that radical changes of the local government revenue system are possible, although it is too early to assess the longer-term impacts of this reform on local government revenues.

2.10 Strengths and weaknesses of major local government IGF instruments

As noted above, the local 'own revenue' systems across Africa are often characterized by a huge number of revenue instruments. However, the main sources of 'own revenues' in urban councils are usually property rates, business licenses, and various uses charges, often in the form of surcharges for services provided by or on behalf of the municipality. Nevertheless, experiences from a number of African countries show that these revenue instruments have serious shortfalls. For instance, property taxes can be very costly to administer (Brosio, 2000, p. 20), and the enforcement of user fees has resulted in widespread resistance to pay from the poorer segments of the urban population in some countries (Fjeldstad, 2004; Fjeldstad *et al.,* 2005). Moreover, complex business licensing systems have proved to be major impediments for the start up and

expansion of especially micro and small enterprises (Devas and Kelly, 2001; Sander, 2003). However, international evidence shows that when well administered, these revenue instruments can provide substantial and reliable revenues for urban municipalities.

2.10.1 Property tax

Property tax is a major source of revenue in several urban councils (Mikesell, 2002). In the 1990s, property taxes accounted for 40 per cent of all sub-national taxes in developing countries (Bird and Slack, 2002, p. 6), but less in many African countries; for instance 10–30 per cent in urban councils in Tanzania (Fjeldstad *et al.,* 2004), and around 20 per cent in South Africa (Bahl and Smoke, 2003). It also has the potential to become an important revenue source in semi-urbanized centres in district councils. Textbooks on revenue assignments between various levels of government argue that few fiscally significant taxes are more appropriate to local administration than property tax. This is due to the fact that real property is visible, immobile, and a clear indicator of one form of wealth. Hence, in principle, property tax is difficult to avoid and if well administered it can represent a nondistortional and highly efficient fiscal tool.

Property tax can be administrated by both local and central governments. When local governments administer the tax, they are responsible for maintaining property and ownership records, determining taxable property values, calculating and distributing property tax bills, managing receipt payment, and applying tax enforcement against non-payers (Mikesell, 2002, p. 22). In other cases, local governments have a say in the choice of the tax rate, while all parts of the administration of the tax are performed by the national revenue authority. In some countries, including Malawi, property valuation is done by the central government, while local authorities set rates and handle collection (Mikesell, 2002, p. 28).

According to Brosio(2000) West African French-speaking countries in general rely on the traditional French model, in which the property tax is administered and collected by the central government, whereas East and Southern African countries rely on local administration. This is usually recommended in the literature that stresses that taxes should be administered by the government that is entitled to their revenue. However, mixed results prevail in both cases in Africa.

Expert opinion diverges on how to improve property taxation in developing countries. Some experts blame the excessive centralization of property tax policy, which bars setting higher tax rates. Others blame what they consider the almost total anarchy deriving from local government freedom in this field. There is also dispute over tax administration. Certainly, property taxes have many attractions as local bases, but they also have some obvious weaknesses that need to be taken into consideration before heavy reliance is placed on them. Often the capability and capacity of the municipality are inadequate to administrate the property tax at a low cost (McCluskey *et al.,* 2003). These administrative weaknesses are manifested in problems of valuation and arbitrariness in tax assessment and enforcement. In theory, assessment of property value and revenue collection are straightforward: conduct a cadastral survey that assesses the market or site value of each plot of land or property, and send a tax bill to each owner. In practice, however, cadastral surveys are expensive and time-consuming (Bahl *et al.,* 2003, p. 79). The task is often beyond the financial and technical capability of many local governments. Tax offices in many sub-Saharan African countries are short on assessors, if they have any at all (Farvacque-Vitkovi and Godin, 1998). In Uganda, for instance, there are eleven certified land and property valuators responsible for valuing three million parcels (McCluskey *et al.,* 2003).

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The corresponding figures for Tanzania are approximately 100 certified valuators and five million parcels. Thus, it is difficult to conduct and maintain assessments, which are also often eroded by inflation. Particularly when property prices are changing rapidly, it is difficult to administer. Accordingly, the property tax base is inelastic, despite growth in the physical size or value of property, because old valuations are not updated and new properties not identified. In most cases, the system has been inherited from the colonial era and is poorly suited to present conditions.

2.10.2. Business licenses

Local business taxes are generally levied in one of two ways (Devas and Kelly, 2001, p. 384): either as a fixed amount, which usually varies by type, size, or location of the business, or as a percentage of turnover or profits. Assessing turnover or profitability, however, is difficult both in relation to small businesses, which often do not maintain proper records, and to large businesses with multiple premises across various jurisdictions. Thus, local business taxes often use proxies for turnover or profitability, such as the size of premises, type of business, number of employees, installed electricity power, etc

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According to Devas and Kelly (ibid) in Francophone Africa, local governments levy a tax called the *Patente*, was originally based on the French Taxe Professionelle. In Cote D'Ivoire, the Patente was the largest single local revenue source in the 1990s, financing about 17 per cent of the local government budget, and more in the capital Abidjan. The calculation of this tax, however, is quite complex, involving the value of the premises, number of employees, turnover, machinery employed, installed energy capacity, and other size proxies. Moreover, within this formula, rental value of premises is by far the largest factor, so that the tax starts to resemble a

property tax.

As point out by Devas and Kelly, in Anglophone Africa, the standard mechanisms for mobilizing revenues from businesses have been through licensing. Although the original intent was regulatory, local business licensing has increasingly become simply a revenue source in most places. Typically, business licences generate between 5 per cent and 30 per cent of local government own revenues in urban councils.

In many Anglophone countries, however, the system has been quite unsatisfactory, often quite inequitable. It has imposed huge costs on businesses, while generating relatively little money. A common complaint from Small and Medium-sized Enterprises in most African countries has been that 'they do not know what to pay, where and to whom'. The regulatory aspects of the license system have been largely abandoned.

In addition, poor policy design and weak administration mean that license coverage; assessment, collection, and enforcement rates are low, leading to poor revenue generation. Obtaining a license typically involves multiple visits to various offices, sometimes over several days, with associated travel costs. Failure to provide the correct license receipts may result in closure of the premises. Consequently, the system is often riddled with rent seeking and corruption.

Aranjou-Bonjean and Chambas, 2003) state that poor administration often means that many businesses are not included in the license system due to lack of proper business registers. Furthermore, weak financial management will often imply that collection and enforcement provisions are rarely enforced. This erodes the tax base and introduces inequities into the system. Thus, many existing business license systems across Africa contain serious defects.

According to Devas and Kelly, 2001, these include:

- High compliance costs to businesses, due to multiple licensing and complex procedures;

- Tariff structures that are complicated and do not reflect ability to pay;

- A process loaded with ineffective regulatory requirements, which provide opportunities for rent seeking;

- Poor administration and evasion, which reduce the tax base and generate inequities; and

- A revenue source that generates relatively little income for local governments.

2.10.3 User fees – linking payment and service delivery

Bahl et al (2003) argue that taxes are not the best mechanism for matching demand and supply of public services. Better links can be achieved through cost-recovery charging systems, which tie the amount paid directly to the amount consumed. Moreover, many African countries have a long tradition of providing basic public services through self-help activities and religious and other locally based organizations, as well as through institutionalized, long-term relationships between state agencies and organized groups of citizens as co-production. By providing a more direct link between citizens' contributions and service delivery, such mechanisms may become effective means to recover the costs of service provision, and to promote efficiency in the consumption of the service. Most observers like Bahl et al (ibid) argue that user fees should play a prominent role in local government finance.

Fjeldstad et al (2005) say that the main economic rationale for user charges is not to produce revenue, but to encourage the efficient use of resources within the public sector. In the view of these authorities when properly designed, user charges provide information to public sector suppliers on how much clients are willing to pay for particular services and by ensuring that what

the public sector supplies are valued by citizens. Free or subsidized services may result in over-consumption of such services. Moreover, it may prove difficult to target the beneficiaries of free services.

McDonald and Pape, (2002) present experiences from several countries, including Namibia and South Africa, to show that user charges can impose a heavy burden on lower-income service users, and exclude the poorer segments of the urban population for the services.

Adjustments according to Rondinelli et al (1989) can, however, be made to offset such effects. For instance, user charges can also reflect differences in ability to pay by incorporating sliding scales for the type of user or the amount of usage, although this will require adequate administrative capacity.

Bahl and Smoke, (2003) make the case that user charges for 'trading services', including water, electricity, sewage, and solid waste removal, are major sources of revenue in urban municipalities in Southern Africa, especially in Namibia and South Africa. In particular, service charges on water and electricity supply are important. This revenue is generated by a surcharge added to the cost of the utilities that the local authorities typically buy from the utility companies, or, if the authority itself produces the utility, added to the cost of producing it. According to Bahl et al (ibid), around a quarter of the electricity-distributing authorities in South Africa raise substantial revenues from the surpluses earned from their sales. A large share of these revenues is used to cover the cost of providing the service. However, in some municipalities a substantial surplus is left for general local government purposes. Hence, the tax component of the user fee is hidden for ratepayers. The 'true level of local government taxation therefore is not transparent' for citizens. The accountability of the local revenue system is

therefore undermined. Moreover, since the consumer price of the service for example, electricity is overstated by the amount of the implicit tax, this may have negative impact on economic efficiency.

Fjeldstad et al (ibid) mention that in Namibia, the majority of town councils are not determining their tariffs in accordance with an approved tariff policy of cost recovery. Hence, several trading services, including water distribution, are operated with significant losses in a number of local authorities.

(Bahl and Smoke, (ibid) confirm this by saying that occurs in municipalities in South Africa. The situation is worsened by an increasing number of outstanding debtors in many local authorities, that is, consumers who do not pay for basic services due to various reasons, including affordability.

(Bahl and Smoke, (ibid) bring experiences from South Africa and Namibia to show that obviously there are a number of constraints on user charges and other means of cost recovery. These arise from equity considerations, that is, ability to pay, collection and billing methods, the quality of the services provided, and persistent resistance to pay. These lessons point to the fact that dealing with the policy problem of revenue enhancement in local authorities requires some understanding of the factors underlying the individual's decision whether to pay or evade paying service charges and taxes.

Slemrod, (2003) highlights an increasing amount of evidence that suggests that the rate of contribution to payment of rates, taxes, etc for public good is affected by factors such as citizens' trust in others and the trustworthiness of the local government to deliver quality and timely

services. Without trust there is little basis for social co-operation and voluntary compliance with laws and regulations regarding the payment of rates, taxes, etc. In particular, three dimensions of trust seem to affect citizens' compliance with payment regulations and bye- laws:

- Trust in the local government to use revenues to provide expected services,

- Trust in local governments to establish fair procedures for revenue collection, and

- Trust in other citizens to pay their taxes and rates etc.

The larger the fraction of the local population that is observed not paying the right taxes, the lower the perceived risk of being prosecuted is. This impacts on the individual ratepayer's perception of the credibility and trustworthiness of the revenue administration. Moreover, the attitude of local political leaders with respect to collection of revenue seems to be important. For example, they have to legitimize non-payment through their own behaviour. The problems of non-payment should therefore be attacked on several fronts, including service delivery, better administration and payment schemes, and community involvement.

2.10.4 Implications for policy

Bahl and Smoke (ibid) state that one major administrative problem today for several urban councils in Africa is their inability to collect fully the revenue due to them. In many municipalities, there are huge gaps between actual and projected revenues. This is due to:

- Poor administrative capacity to assess the revenue base;

- Poor administrative capacity to enforce the payment of taxes;

- Explicit and intentional tax evasion and resistance from taxpayers;

- Corruption, including embezzlement of revenues by revenue collectors;

- External pressure on the local finance department to provide optimistic

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projections in their budgets;

- Political pressure on the local tax administration to relax on revenue collection, especially during election periods.

According to Bahl and Smoke (ibid) fundamental issues to be addressed in the context of local government fiscal reforms are to redesign the current revenue structure and to strengthen financial management. Moreover, measures are required to enhance taxpayers' compliance with bye-laws and to improve the accountability of revenue collectors and elected councilors. This however cannot be achieved without substantial and consistent political support from the central government. Bahl and Smoke (ibid) suggest that intensified public education and improved information supplied to the public on budgets, revenue mobilization and accounts may improve the opportunities for citizens to exercise their voice and demand accountability from local authorities.

2.11 Problems of Local Governments Tax Mobilization in Nigeria.

Adedokun, (2007) has identified the following problems that inhibited local government tax mobilization in Nigeria.

- **Shortage of trained personnel.**

Shortage of well trained and qualified personnel which are suppose to serve as tool for collection of taxes and rates at the local level, even the few available are not properly trained in efficient budgetary and financial management systems. Also most of the local governments are short staffed to carry out their duties.

- **Lack of capacity to attract and retain personnel.**

Local governments lack the capacity to attract and retain the right caliber of staff to articulate plans and execute programmes and projects in order to transform the lives of the grassroots people.

- **The dependence syndrome.**

Despite the fact that there are constitutional provisions for statutory allocations and internally generated revenues, local governments are tightly controlled and subordinated by state governors through sundry mechanisms, including manipulation of the disbursement of financial transfers to them. Local governments in Nigeria mobilize their funds solely from external sources. The external sources include federal and state governments financial transfers like grants, statutory allocations, share of Value Added Tax (VAT), receipts and loans. These external sources introduce a dependency syndrome in local government revenue mobilization effort. Any setbacks from the external sources have adverse effect on the administrative machinery and execution of some local government viable projects. This also has weakened their internal revenue mobilization capacity.

- **State control over local Government budget.**

Another constraint that is imposed on local government revenue mobilization capacity is state control over local government budget, which is made to pass through many levels of approval in the hands of the state or central government. Even after approval, post-budget controls still impose further restrictions on what local governments can do.

The delay in the passage of annual budget for local governments poses a great problem in the sense that budget sometimes take 3 months before approval. Invariably, this will cause delay in

execution of local government functions including payment of the staff salaries and hinder infrastructural facilities to be put in place. In 1996, some newly elected Chairmen of Local Governments in Nigeria condemned in its entirety the horizontal sharing formula of the local government's allocation from the federation account which was equality (40 per cent) population (30 per cent), land mass/terrain (10 per cent) social development factor (10 per cent) and internally generated revenue (10 percent). This formula will continue to yield less revenue for many local governments especially when more local governments are created.

- **Corruption.**

In addition, insincerity of council staff on field assignment poses greater problem because most of them usually divert collected council fund for their personal usage thereby denying the council of the needed funds for its operations. Some local governments Chairmen deposited local Government's subventions into savings and loans companies in which the local governments had no account. Some local governments see this as an avenue to divert council's funds for personal use.

Factors that affect low revenue

According to Arye (2003) factors that account for low revenue mobilization in MMDAs include the following:

- Poor administrative capacity to assess the revenue base and enforce the payment of taxes.

- Explicit and intentional tax evasion and resistance from taxpayers.

- Corruption, including embezzlement of revenues by revenue collectors.

- External pressure on the local finance department to provide optimistic projections in their budgets.

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- Political pressure on the local tax administration to relax on revenue collection especially during election periods.

- Poor budget formulation and implementation.

Strategies for effective IGFs

To generate enough IGFs, Korkor (2003) suggests the following strategies to MMDAs;

- Public education on payment of rates, fees, licenses, etc by corporate bodies, traders, property owners etc.

- Revaluation of immoveable properties to reflect the true earns values of such properties.

- Introduction of new business operating permits.

- Engagement of private revenue collectors.

- Use of task force and the police to enforce payment of fees, licenses, etc.
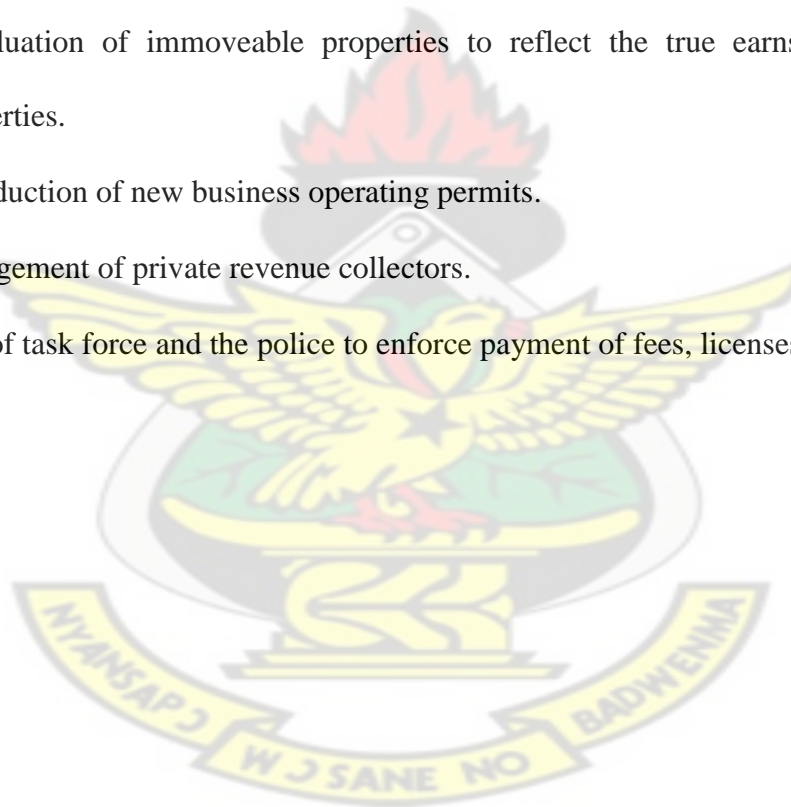
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the profile of Kumasi Metropolitan Assembly (KMA) and the methodology used in the collection of research data.

3.2 Profile of K.M.A.

Kumasi is located in the transitional forest zone, about 270km north of the national capital, Accra. It covers a total land area of 254 square kilometer, stretching between latitude 6.35^o – 6.40^o and longitude 1.30^o – 1.35^o, an elevation which ranges between $250 – 300$ metres above sea level. Kumasi is bounded to the north by Kwabre District, to the east by Ejisu Juabeng District, to the west by Atwima Nwabiagya District and to the south by Bosomtwe-Atwima Kwanwoma District

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Its beautiful layout and greenery environment has accorded it the accolade the "Garden City of West Africa". Kumasi has grown in a concentric form to cover an area of approximately ten (10) kilometers in radius. The direction of growth was originally along the arterial roads due to the accessibility they offered resulting in a radial pattern of development. The city is a rapidly growing one with an annual growth rate of 5.47 per cent (Regional Statistical Office, Kumasi). It encompasses about 90 suburbs, many of which were absorbed into it as a result of the process of growth and physical expansion. The 2000 Population Census kept the population at 1,170,270. It was however projected to 1,610,867 in 2006 and has further been projected to be 1,889,934 by 2009 (**www.ghanadistricts.com/districts1on1/kma).**

3.2.1 Demography

According to the 2000 Population and Housing Census Report, Kumasi accommodated a total of 1,170,270 people as at 2000, reflecting an inter-censual growth of 5.4% between 1984 and 2000. It has been projected to population of 1,915,179 in 2009 based on the inter-censual growth rate of 5.4%. This unprecedented growth of the population between 1984 and 2000 has made Kumasi the most populous district in the Ashanti Region in that it accounts for almost a third (32.4%) of the region's population. Compared to the national and regional growth rate of 3.4% and 2.7% respectively, the metropolis is growing at a faster rate indicating the attractiveness of Kumasi in the region.

Kumasi has attracted such a large population due to certain pull factors. Among such factors are its status as the administrative capital for Ashanti Region and traditional capital for the Asante Kingdom. Coupled with these factors, that is exerting powerful pull of population into the metropolis, is the commercial activities provided by the Metropolis. The centrality of Kumasi as a nodal city with major arterial routes linking it to other parts of the country is another pull factor accounted for the upsurge of population in the metropolis. Furthermore, the presence of infrastructural facilities for higher education, such as the two State Universities -Kwame Nkrumah University Of Science And Technology and University College Of Education Winneba, Kumasi Campus, two Private Universities - Christian Service University College and Baptist University College, a Polytechnic -Kumasi Polytechnic and two Colleges of Education which are Saint Louis and Wesley College have influenced the inflow of residents from other districts, municipal and metropolitan areas into the Metropolis.

Currently, Ashanti Region is the second most urbanized region in the country, after Greater Accra. This rapid rate of urbanisation in the region has been traced to the fast spate of population growth in Kumasi since it accounts for about a third (32.6%) of the region's population. The growth of industrial activities and the large volume of commercial activities in and around the Metropolis have been partially the recipe for the upsurge in urbanization. It has been estimated to have a daytime population of about 2.5 million due to commuters from neighbouring districts that come to transact business activities in the Metropolis. The population has grown rapidly over the inter-censual periods from 346,336 in 1970, 487,504 in 1984 to 1,170,270 in 2000.

The growth of the population in Kumasi has also influenced the population density in the Metropolis. Population density plays a useful role in development agenda by providing information on the carrying capacity of a given parcel of land to determine the pressure exerted on it by a given population. The Kumasi Metropolitan Area has a total surface area of 254 sq km (2000 population census) with a population density of 7,540 persons per sq. km. The Kumasi metropolis is second to Accra Metropolis in terms of population density.

Source: Statistical Service Department

Compared to the regional population density (148 per sq km) of Ashanti Region, the Metropolis is extremely under pressure. This phenomenon partly explains the cause of traffic congestion in the Metropolis and the charging of exorbitant rents for accommodation which has a potentially negative effect of reducing residents' ability to save as a means of capital formation for sustainable productive employment creation. The large difference in the density of the metropolis and the region is an indication of the generally rural nature of the region due to the presence of many rural areas in the region which is characterized by low densities.

3.2.2 The Establishment of the Kumasi Metropolitan Assembly (KMA)

The Kumasi metropolis is located in the Ashanti Region of Ghana. Kumasi occupies a central position which makes it accessible to all regions of the country. It is the second largest city in the country and the administrative capital of Ashanti. It is a fast growing Metropolis with an estimated population of more than one million people and the annual growth rate of about 5.4%. The Metropolitan is about 254 square kilometers: its physical structure is basically circular. The metropolis is a big commercial area.

The Kumasi Metropolitan Assembly was established on 13th September, 1995, by Legislative Instrument 1614. The Assembly is traditionally responsible for all government administrative matters pertaining to the local Government Act 1993, Act 462, at the local level. The Assembly, like all other Assemblies, is responsible for the following functions.

- The overall development of the metropolis and therefore charged with the preparation and submission through the regional Co-ordination council for approval of the development plans and budget to the National Development Planning Commission (NDPC) and the Ministry of Finance respectively.

- The formulation and execution of plans, programmes and strategies for the effective mobilization of the resources necessary for the overall development of the metropolis.

- Promote and support productive activity and social development in the metropolis and remove any obstacles to initiative and development.

- Initiate programmes for the basic infrastructure and provide municipal works and services in the metropolis.

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- The development, improvement and management of human settlements and the environment in the metropolis.

- In co-operation with the appropriate national and local security agencies, be responsible for the maintenance of security and public safety in the metropolis.

- Ensure ready access to courts in the metropolis for the promotion of justice.

- Initiate, sponsor or carry out such studies as may be necessary for the discharge of any of the functions conferred by Act 462 or any other enactment.

- Perform such other functions as may be provided under any other enactment.

- The instrument establishing the metropolis confers additional functions on it and provides for the relationship between the assembly and the Regional Co-coordinating Council.

3.2.3 Organizational Structure of the Kumasi Metropolitan Assembly (KMA)

KMA is the highest political and administrative and policy making body of the metropolis representing the entire political and administrative machinery of the Central Government at the Local Level. The Assembly has a political head who is a Metropolitan Chief Executive, One Hundred and Forty Two (142) Assemblymen of which two-thirds are elected by universal adult suffrage and one-third appointed by the President in consultation with chiefs and interest groups in the districts. The ten members of parliament in the district,   as well as District heads of decentralized departments are ex-officio members. A presiding member, elected from among their rank, chairs the Assembly.

3.2.4 Metropolitan Decentralized Department

The new Local Government system mandates Assemblies to establish departments to perform functions, which were previously being performed by the Central Government. These are called Decentralized Departments and are responsible to the Assembly and provide technical advice to facilitate the deliberations of the Metropolitan Assembly, through the Metropolitan Coordinating Director, who is the bureaucratic head of the office of the Metropolitan Assembly.

3.2.5 Units of the office of the Metropolitan Assembly

The Central Administration of the Office of the Metropolitan Assembly, which consists of core secretariat of the Assembly, is composed of the following:

- Finance and Administration

- Internal Audit

- Public Relations and Complaints Unit

- Local Government Inspectorate

- Budget Unit

- Planning Unit

- Environmental Health Unit

- Urban Roads

- Legal Department

- Waste Management

- Engineers Unit

- Procurement Unit

3.2.6 Institutional composition of the Kumasi Metropolitan Assembly

The Metropolis is divided into ten (10) Sub-Metropolitan District Councils. These are Asokwa, Bantama, Manhyia, Subin, Nhyiaeso, Kwadaso, Oforikrom, Asawase, Old Tafo and Suame Sub-Metropolitan District Councils. There are twenty-four (24) Town Councils in the Metropolis and 510 units committees.

Figure 3.1 General Structure of KMA

General Structure of KMA

Kumasi Metropolitan Assembly

Genera Assembly

Metro Chief Executive

Public Relations & Complaints Committee
(Chaired by Presiding Member)

Executive Committee
(Chaired by MCE)

Finance and Administration
Works
Development planning
Social Services

Justice and Security
Education
Transport Commission
Revenue Mobilisation
Environment

Metro Coordinating Director

(Administrative)

Internal Audit

Transport Dept | Education. Youth & Sorts Dept. | Legal Dept. Incl. Metro Security | Estate Dept | Soc. Welfare. Com. Dev Dept | Environment Health Dept. | Metro Planning & Coordination Unit | Treasury Dept (Finance & Revenue) | Central Administration (headed by Deputy MCD) | Foods & Agric. Dept | Town & Country planning Dept. | Waste management Dept | Engineers Dept (Works Unit) | Dept of Urban. Roads | Metro Health Services Dept | Disaster Prevention Dept. (NADMO)

Not decentralised / devolved   Fully or decentralised / Devolved

Administrative Structure of KMA

Metropolitan Chief Executive Officer (MCEO)

Metropolitan Coordinating Director (MCD)

Deputy MCM

Chief Internal Auditor | Director of Financial | Director of waste management | Metropolitan Engineer

3.2.7 Revenue and Expenditure Status of KMA

i) Revenue

The role of government and the capacity of governments to raise taxes for the purpose of financing economic development have preoccupied economists and policy makers for a long time. Government Revenue includes all amounts of money received from sources outside the government entity. These sources include taxation, fees, fines, inter – governmental grants or transfers, securities sales, mineral rights, and resources rights, plus any sales that are made. The Revenue from these sources is appropriated for the payment of the public expenses in provision of public infrastructure and services. The inflows of financial resources into the coffers of KMA have their sources from

- Internally Generates Fund (IGF)
- District Assemblies Common Fund (DACF)
- Central Government and Donors
- Highly indebted Poor Countries Initiative (HIPC)
- District Development Fund (DDF)

The authority to generate revenue from the Metropolis by KMA is rooted in the Local Government Act, Act 462(1993). Among others, the Section 86 of the Act gives a catalogue of items on which the Assembly could impose local taxes and levies. Additional sections such as Sections 33, 34, 50, 60, 76,74,85,95 and 99 empower the Assembly to raise internal revenue. The Assembly has developed a fiscal structure for mobilizing Internally Generated Fund (IGF). Notable revenue sources that have experienced significant changes are license, fees and fines. These sources contributed about 65% of the total IGFs for the year 2005 to 2008. For the period 2009 to 2011, they contributed 84 percent. This significant contribution by the license, fees and

fines as well as the increase in the contribution of other sources of revenue highlight the strenuous efforts put in by the Assembly in mobilizing resources.

Figure 3.2 Bar Graph showing Revenue Items Performance for 2009 and 2010.
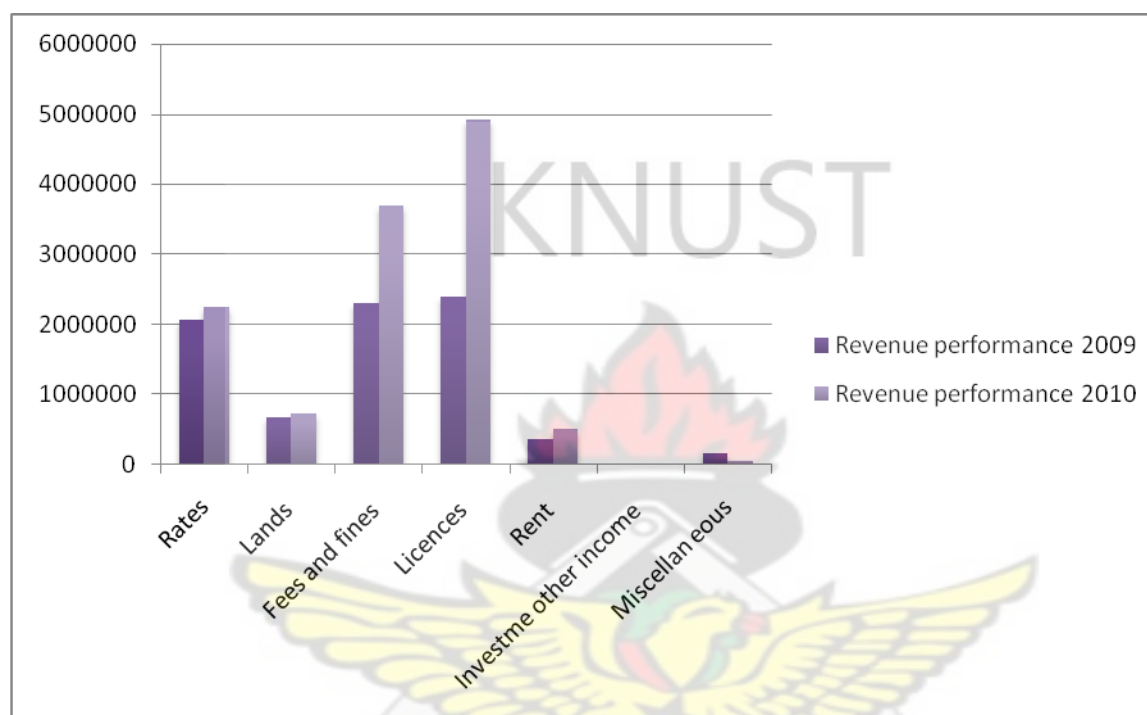
Table 3.1: Revenue Items Performance for 2009 and 2010.

Revenue performance 2009	2,059,274	664,875	2,303395	2,386,125	369,480	384	152,397
Revenue performance 2010	2,245,036	732,876	3,694,408	4,918,968	516,759	1,385	47,675

Source: Metropolitan Finance Office

It is worth noting that the emphasis has always been on the Internally Generated Fund (IGF). This is because the Assembly has little or no control regarding the timely release and the quantum of funds expected from the other sources of funds which are often regarded as grants to

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the Assembly and these include the District Assemblies' Common Fund (DACF), Central

Government and Donors and Highly Indebted Poor Countries Initiative (HIPC) among others.

This implies that the inflow of fiscal resources is directly related to revenue collection effort of

the Assembly. Thus, the failure of KMA to introduce effective machinery and strategies for

revenue collection internally means low cash inflow to the Assembly. To generate enough IGFs

Korkor (2003) suggests the following strategies to MMDAs:

- Intensification of public education on payment of rates, fees, licenses, etc

- Revaluation of immovable properties to reflect the true earn values of such properties

- Gathering of data on ratable all items

- Introduction of new business operating permits in the Metropolis

- Engagement of private revenue collectors to collect revenue

- Use of task force and the police at work places and elsewhere to enforce payments of fees, rates, licenses, etc

The engagement of private entities in the mobilization of financial resources is laudable idea.

Nevertheless, their operations are not devoid of certain ills. Notable among is the 10 percent

commission paid to the collectors which is perceived to be as too high. This is because the

generally acceptable cost of collection is about 3 percent of revenue collected by commissioned

revenue collectors. Again, the Assembly has no basis for checking the authenticity of the

revenue collected by commissioned revenue collectors. This gives the revenue collectors

freedom to under declare revenue to the Assembly.

By using some of the strategies discussed above, the Assembly has been able to mobilize some level of financial resources. Compared to the budgeted revenue between 2001 and 2010, these strategies have contributed significantly in raising funds for the Assembly. On the average the annual collection between the year 2001 and 2010 stands at 83.70%. Furthermore the Assembly did not achieve its revenue targets in 2001, 2005, 2007, 2009 and 2010 yet the Assembly mobilized significant size of the budgeted revenue. In 2010, the Assembly was able to collect 95.78% of its target and furnished it coffers with substantial financial resources as shown in Figure 4 below. This is quite encouraging considering the enormity of the revenue collection exercise.

Bar Graph showing budgeted and actual revenue of KMA between 2001 and 2010

Figure 3.3 Revenue Performance of KMA (2001 – 2010)
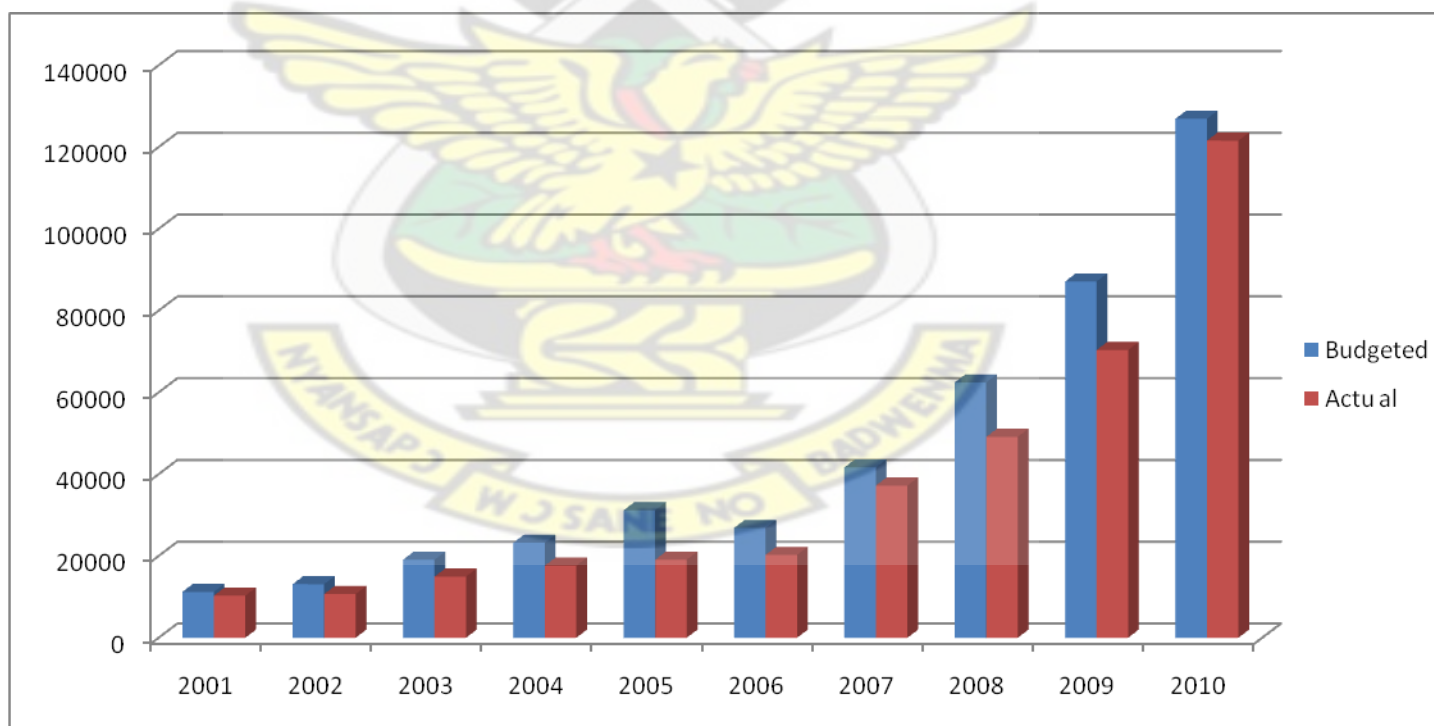
Table 3.2: Revenue Performance of KMA (2001 – 2010).

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Budgeted	1,120,9	1,309,5	1,905,8	2,324,0	2,118,2	2,684,8	4,164 ,7	6,243, 2	8,712, 7	12,691, 6
Actual	1,028,3	1,1067 ,7	1,494,6	1,762,1	1,908,1	2,025,8	3,721 ,6	4,912, 2	7,036, 3	12, 157, 1

Source: Metropolitan Finance Office.

Figure 3.4 Proportion of Revenue Mobilized (2001 – 2010)
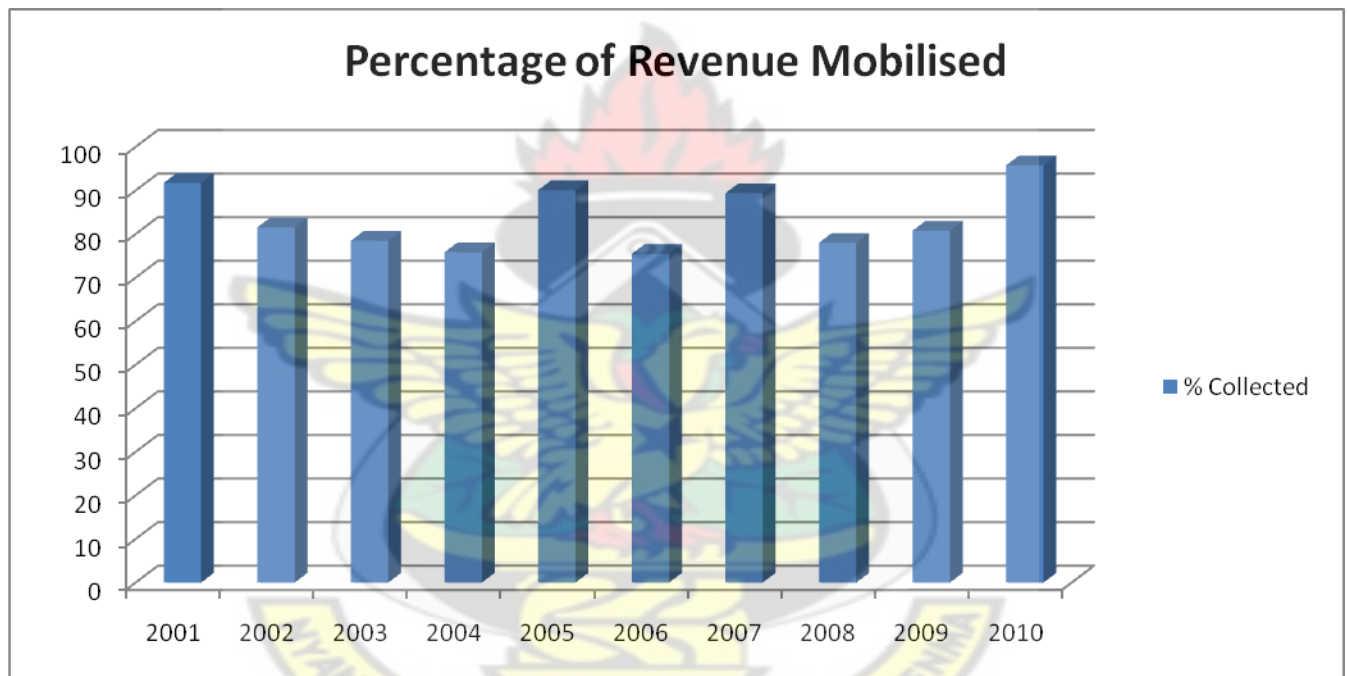
Table 3.3: Proportion of Revenue Mobilized (2001 – 2010)

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
% Collected	91.74	81.53	78.47	75.82	90.08	75.45	89.36	78	80.76	95.78

Source: Metropolitan Finance Office

ii. Expenditure

The Assembly's total expenditure is categorized into recurrent and capital expenditure. With regard to the Assembly's recurrent expenditure, it was paid from IGF's. The Assembly's major recurrent expenditure items between the years 2001 to 2010 that constitute the recurrent expenditure are:

- Personnel emoluments made up of salaries, wages, overtime allowances and social security contributions for employees.

- Operational expenditures with respect to Travel and Transport allowance, per diem, general expenses, utilities, telephones etc.

- Maintenance and repairs expenses with respect to vehicles, office equipment, furniture etc.

Capital expenditure consists of all expenses incurred with respect to developmental projects within the Metropolis. Capital expenditure is financed mainly from the DACF, HIPC Funds and funds provided by bilateral and multilateral agencies. This implies that, development in the Metropolis is heavily dependent on transfers from the central government and donations. The dependence is attributable to the weak revenue mobilization strategies used by the Assembly. Capital projects financing in the Metropolis is therefore external support- driven. Development projects in the Metropolis suffer serious setbacks because of the dependence on donors. This situation gets worse when external financial supports delay, fail to come or reduced in quantum. Although the Assembly desires to spend the amount it has budgeted for the year in carrying its operations and supporting development projects, its inability to mobilize enough IGF has often limited the amount it has to spend.

Figure 3.5: Expenditure Pattern of KMA for the year 2010
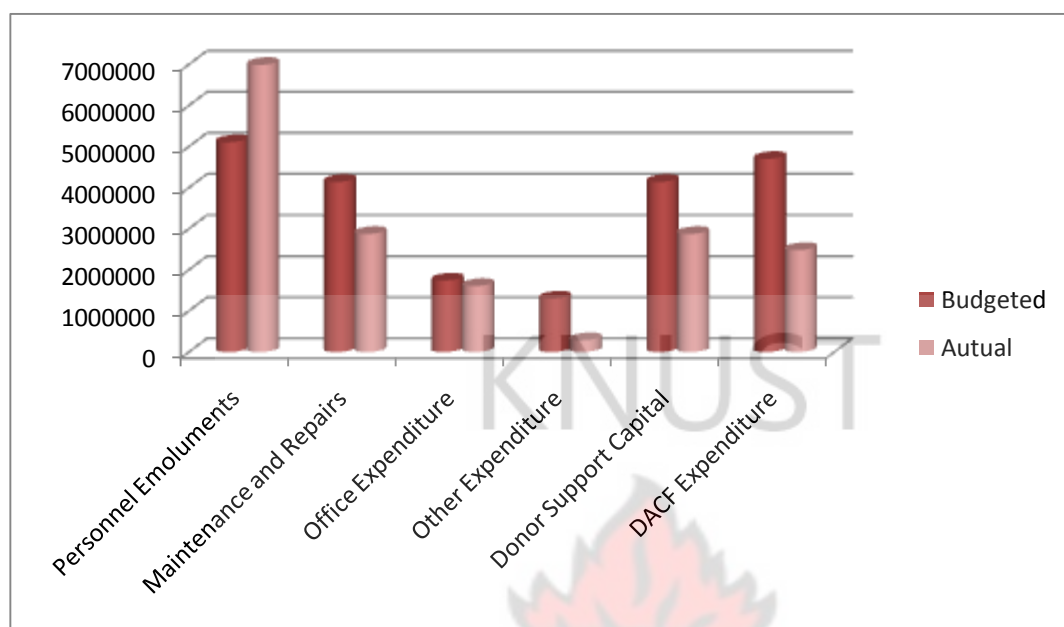
Table 3.4: Expenditure Pattern of KMA for the year 2010

	Personnel	Maintenance and Repairs	Office Expenditure	Other Expenditure	Donor Support Capital	DACF Expenditure
Budgeted	5,105,531	4,140,588	7,738,338	1,300,000	4,140,588	4,700,000
Actual	6,986,774	2,873,854	1,606,826	287,681	2,873,854	2,480,289

Source: Metropolitan Finance Office

With the exception of personnel emoluments all actual expenditures did not exceed the approved estimated expenditure. Some of the factors that have hampered the ability of the Assembly to increase IGF contribution to the total expenditure are:

- Under declaration of revenue by revenue collectors.

- Low level of IGF contribution to total revenue generation.

- Low level of property rate generation.

- Poor estimation of revenue budgets.

- Poor expenditure control.

- Low level of motivation in revenue mobilization.

- Absence of incentive packages for hardworking and performing revenue collectors.

- Weak Management Information System (MIS) on revenue collection.

- Inability to control other sources of funds collected through private agencies.

3.3.0 RESEARCH METHODOLOGY

3.3.1   Introduction

This chapter presents the methodology employed to collect data and achieve the objective of the study. The major components of the methodology are the research design, research population, sampling method, research instruments and methods for collection and analysis of data.

3.3.2   Research Design

This research is a field study rather than a laboratory study. It used descriptive approach in the collection of data. The approach required the researcher to get in contact with respondents to collect relevant data. Questionnaires were administered personally to respondents. The researcher also used interviews to collect data from respondents who for one reason or the other could not have the chance to answer questionnaires.

It became necessary also to use focus group, round- table discussion, face- to- face discussions with respondents such as traders, revenue collectors and accounting officers.

To able to use the descriptive approach more purposefully the researcher used the observation method to know more about fixing of fees, revenue collection, financial reporting and analysis of

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revenue data. The descriptive approach helped the researcher to identify correlations and linkages that existed among variables as well as responses received from respondents.

3.3.3   Research Population

The target population of the study consist of all residents of the metropolis especially business entities, traders, transport operators, land and property owners, revenue collectors, management and staff of KMA and Assembly members.

The Finance and Administration Committee members, the Presiding Member and Assembly members as well as Unit committee, Zonal Council and Area Council members in the various sub-metropolitan Assemblies are important segments of the research population. Staff of the Budget Office, Metropolitan Finance Office and Internal Audit Unit were vital part of the research population.

3.3.4 Respondents

Respondents were selected from the various target groups within the research population. Judgment sampling technique was used to select respondents because the actual size of the research population could not be determined. However, the respondents selected were true representatives of the population and their responses to questionnaires as well as information received from them through interviews, discussions and conversations represented those of the entire population.

Table 3.5: Classification of Respondents

Target Group	Number
Clerical Staff	28
Supervisory	10
Top Management/Unit Heads	7
Petty Traders	30
Business Operators/Owners	28
Land and Property Owners	17
Total	**120**

In all One Hundred and Twenty (120) respondents were selected and were classified as staff and non-staff stakeholders in the Assembly's finances.

3.3.5 Sample and Sampling Techniques

Two separate sample methods were used to select respondents who are staff and valued clients of the KMA. The major sampling techniques used in this study were purposive and simple random sampling. The purposive sampling was adopted to enable the researcher gain an insight into the revenue mobilization process in central and peripheral administration so as to administer questionnaires to respondents who are well versed in the finances of the Assembly.

Purposive sampling was also used to select respondents from Sub- Metropolitan Assemblies of KMA for the study. Simple random sampling was considered important to the study, since the study was intended to ensure some randomness and representativeness in the sample. The selection of the respondents for the study required non-probability sampling procedure. The process involves adoption of sampling frame that selects respondents relevant to the study. At the sub metros, stratified random sampling was used to select staff for the study. This method of

sampling ensured that clerical, supervisory and managerial categories of staff were selected without bias.

Using simple random sampling method, non staff respondents were chosen from all the identifiable stakeholder groups such as petty traders, business operators and owners, retail, small and medium enterprises operators as well as land and property owners. This was intended to ensure representativeness in the sampling.

The advantages of using non-probability or judgment sampling technique are that:

- It enables the researcher use his skills and experience in selecting respondents;

- It did not require the use of mathematics or statistical formula to determine the sample size.

3.3.6 Sources of Data

Various instruments were used to gather data from primary and secondary sources.

The primary source provided data gathered through interviews, observations, focus groups discussions and questionnaires. The advantage of using primary data is that they are more reliable since they come from the original sources and are collected especially for the purpose of the study (Saunders et al 2007).

The secondary data provided from the various publications, reports, documents, records, annual financial statements and annual budgets.

3.3.7 Research Instruments

The research instruments that were used consisted of questionnaire, interviews, focus- group discussion, observations and telephone conversation. Face to face discussion with focus- groups on revenue fixing, budgeting, revenue collection and accounting as well as telephone conversations with key stakeholders in revenue collection and utilization proved useful.

3.3.8 Data Collection Methods

Prior to the administration of the questionnaires, the administrators of the 10 sub metros and the Metropolitan Coordinating Director (MCD) were contacted for permission and staff list of their respective sub metros were obtained. Names of staff were randomly selected from the various levels. The number of staff picked from a particular level depended on the number of staff. After this, questionnaires were sent to staff to complete. In the case of the top management members an appointment was booked with them for focus discussions and also distribution of questionnaires.

Ten questionnaires were pilot tested with the aim of fine tuning the item covered by that research instrument. It was also anticipated that, the pilot test would assess the validity of the questions and the reliability of data collected. The respondents in the pilot test were asked to share their opinion on the strengths and short-comings of the questionnaires, the clarity of the instrument, how long it took to complete the questionnaire, respondents were to state if there were omissions of very important areas, and where respondents found uncomfortable in answering questions. In all ten respondents, from KMA were used for the pilot test.

3.3.9 Administration of questionnaires

After the pre- test, self-administered questionnaires distributed to respondents. These were mostly hand delivered. Some of the questions required the respondents to list strategies used by KMA. There were other questionnaires which required respondents to rank, categorize, rate and quantify certain issues related to revenue collection strategies and the effects of such strategies.

Some of the questions were closed ended demanding just **Yes** or **No** answers. Some of the questionnaire items also required the respondents to rate a situation on a scale of strongly agree, agree, strongly disagree, and disagree.

Some of the questionnaire items also provided space for the respondents to record their opinion or views on certain situations. The questionnaire items that requested record on KMA's organizational profile provided a range of five (5) years period against which the data were to be recorded.

These questionnaire items centered on the following issues;

- The difficulties that KMA faces in revenue mobilization.
- The revenue mobilization performance of KMA over the last five years
- The effectiveness of revenue mobilization strategies used by the Assembly.
- Recommendations on measures that should be adopted to improve the performance of KMA in revenue mobilization.

3.3.10 Conduct of interview

Type of respondents interviewed were business entities, traders, transport operators, land and property owners, revenue collectors, management and staff of KMA. Also interviewed were six members of the Finance and administration Sub-Committee members, the Presiding Member and five Assembly members.

The languages used were English and Twi to enable respondents express themselves freely. The mode of discussion was face to face interview. Issues centered on effectiveness of revenue mobilization strategies to enhance revenue for the Assembly.

3.3.11 Focus-Group Discussions

A focus- group discussion was organized with twelve representatives from the various departments of KMA, traders associations and property rate payers. The mode was round table discussion conducted to solicit views from participants.

The languages used were English and Twi to enable members express themselves well.

The issues discussed centered on methods or strategies used by KMA in revenue mobilization and how to ensure effectiveness of the strategies in revenue mobilization.

3.3.12 Telephone Conversations

Those who were so busy and could not be contacted personally to answer the questionnaires and interviews were contacted through telephone conversations. These respondents were Assembly members, the Metropolitan Chief Executive, the Presiding Member and Directors of Finance and Internal Audit Unit of the Assembly

Issues on which the telephone conversation centered were as follows;

- Types of strategies used by KMA in revenue collection..

- The effectiveness of revenue collection strategies.

- How to ensure effectiveness of the current strategies used.

3.3.13 Data Analysis Method

Four stages of qualitative data analysis were open to the researcher for data analysis. These include data assembling from variety of sources, data reduction which involves organization and structuring of qualitative data, data display which involves summarizing and presenting the structure that is seen in qualitative data and finally data verification involving seeking alternative explanations and interpretations of qualitative data through other data sources.

The following were used to analyze the data for the study.

- Editing of the data to detect and correct, possible errors and omissions that are likely to occur so as to ensure consistency of responses of respondents.

- Coding of the data to enable respondents to be grouped into limited number of categories;

The Microsoft Excel software was used for this analysis. Data was presented in tabular form, graphical and narrative forms. In analyzing the data, descriptive statistical tools such as bar graphs and pie charts complemented with mean, median and standard deviations.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter presents and analyses data collected through administration of questionnaires, interviews, observations, focus group discussions and telephone conversations conducted with respondents. In using the research instruments, attempts were made to determine correlations that existed among variables.

4.2 Demographic Characteristics of Respondents

Respondents were classified into the following demographic characteristic:

- Age and gender;

- Educational attainment

- Profession or occupation

- Status or position

In view of the researcher these demographic characteristics have so much bearing on responses given by the respondents on revenue mobilization strategies of KMA. In all, the study sampled 120 respondents from the Ten (10) Sub-Metros of KMA. As many as 66.7% of respondents were males and 33.3% were females. The females represented in the study were those who were household heads and were responsible for utility bills

Table 4.1: A Table showing Gender of Respondents

	Frequency	Percent	Cumulative percent
Male	80	66.7	66.7
Female	40	33.3	100.0
Total	120	100.0	

Source: Researcher's Fieldwork, November 2011

In the table below, the age distribution of the respondents is presented. From the table, majority of the respondents constituting 60.8% were those between the ages of 31 and 50 years. Other age groups in the survey included those between 21 – 30 who constituted 20.8%, and those above 51 years who constituted 18.3%

Table 4.2: A Table Showing Age Distribution of Respondents

	Frequency	Percent	Cumulative Percent
21 – 30	25	20.8	20.8
31 – 50	73	60.8	81.7
51 years and above	22	18.3	100.0
Total	120	100.0	

Source: Researcher\s Fieldwork, 2011

In term of education, respondents of the study area were quite literate. About 38.3% and 21.7% had had secondary and tertiary education respectively. 26.7% had acquired basic education, with only 13.3% having no education at all. This level of literacy enhanced the research, especially during the data collection. This was because most of the respondents would understand the issue involved in revenue mobilization especially the strategies used by KMA.

Table 4.3: A table Showing Level of education of respondents

	Number	Percent	Cumulative Percent
Illiteracy	16	13.3	13.3
Basic	32	26.7	40.0
Secondary/Technical/Post-Secondary	46	38.3	78.3
Tertiary	26	21.7	100.0
Total	120	100.0	

Source: Researcher's Fieldwork, November 2011

4.3 Responsibilities of KMA to the People

All respondents in the survey agreed that KMA has responsibilities to the people of Kumasi metropolis. Some of the responsibilities they mentioned were that KMA has to

- Maintain law and order together with the police and other security services in the metropolis to enable business persons, corporate bodies, traders, professionals, artisans, etc. to carry out their legitimate businesses in the metropolis.

- Maintain environmental health and sanitation;

- Stamp out nuisance caused by noise, smoke, dust, etc.;

- Provide markets, schools, roads, clinics, toilets, bathrooms, etc.;

- Provide birth, death, funeral and marriage licensing, and other services related to estate management and land administration;

- Provision of municipal services, de- silting of chocked gutters, maintenance of parks and gardens, transport etc.

Respondents who are traders, house owners, and artisans constituting 35% of the total number of respondent in the survey are of the view that, the performance of KMA falls below standard and expectations, However 25% of respondent who are staff of the Assembly, especially the Metropolitan Chief Executive (MCE), Metropolitan Coordinating Director (MCD) and the Metropolitan Engineer (ME) stated that the Assembly is doing its best given its financial constraints and the enormity of consumer demands for public goods and services in the metropolis.

4.4 Responsibilities of the People of the Metropolis to KMA

Respondents in management were emphatic that KMA can fulfill its responsibilities to the people in the metropolis if stakeholders fulfilled their responsibilities of paying taxes, property and other rates, fees, fines, licenses, etc. voluntarily without KMA having to use force and incur additional costs in revenue collection.

Conversely 25% of respondents who were mainly traders, artisans and property owners mentioned that they fail to live up to their financial and other responsibilities to KMA because.

- They do not get value for money in respect of rates, taxes, licenses etc. paid to KMA ;
- The infrastructural projects provided by KMA are not adequate and do not march revenues collected nor their demands for development;

- KMA is legally and politically doing nothing to motivate them to fulfill their financial obligations;

- There are so many revenue leakages committed by KMA revenue collectors, senior officers of the Assembly and Assemblymen and women of the various Sub-Metropolitan Assemblies. Such respondents mentioned that they would be motivated to voluntarily fulfil their financial obligations to KMA if the Assembly will stop revenue leakages.

- The Assembly does not provide adequate market facilities to enable them sell their wares in order to bring many traders in the tax net;

- The Assembly does not involve them in fixing rates, fees ,etc nor give them prior notice as when to pay their taxes and rates;

- The Assembly does not account for all internally generated funds collected each year or even publish its annual accounts for public consumption

4.5 Inadequacy of IGFs

With respect to adequacy of IGFs mobilized each year, respondents in Management were of the view that the IGFs of the Assembly were inadequate to finance the numerous projects and programmes demanded by the people of the metropolis. The Assembly therefore has no choice but to rely heavily on the District Assembly Common Fund (DACF). To them the inadequacy of the IGFs is caused by the fact that:

- Tax and rate payment evasion, connivance and avoidance are rampant in the metropolis;

- Dishonesty in revenue collection and other forms of revenue leakages occur at all points of revenue collection.

- Greater part of IGFs generated goes into administrative expenses rather than capital or development expenditure because it is expensive to run such a big administration;

- KMA has over the years not evolved any new revenue mobilization strategies, reformed or intensified the existing ones;

- Revenue collection is politicized by every MCE appointed to the Assembly for the simple reason that some hash strategies make the Assembly and the central government unpopular.

In giving reasons why the Assembly's IGFs are not adequate, respondents who are not in management position on the other hand attributed the causes to:

- Poor budget formulation and implementation which account for 15%

- Tax avoidance, connivance and evasion which account for 15%

- Corruption within management of the Assembly in mobilization which accounts for 10%

- Dishonesty and revenue leakage committed by revenue collectives which account for 30%

- Misapplication of IGFs which accounts for 5%

- Lack of courage on the part of the Assembly to adopt effective strategies and improve upon existing strategies which accounts for 25%

As many as 57.1% of respondents who are not in management attributed the inadequacy of IGFs to financial malpractices committed by revenue collectors, account officers and even Assembly members who control toilets, bathrooms, allocation of space for trading, etc.

4.6 Dishonesty of Revenue Collectors

On dishonesty of revenue collectors the 51.7 % of respondents who are traders, artisans, small-scale manufacturers, etc stated the following causes:

- Some of the revenue collectors have printed their own receipt books which they use for revenue collection for themselves;

- The revenue collectors sometimes collect the approved rates but issue receipts for lesser amounts;

- At times, the revenue collectors refuse to issue receipts to cover revenue collected from payers;

- Some revenue collectors collect food items and other materials for themselves instead of revenue for the Assembly;

On the other hand 20 respondents from the Accounts Department of the Assembly representing 12 % of total respondents in the survey stated that they believed the revenue collectors are honest. On the other hand, 50% of respondents from management revealed that they believe revenue collectors are not honest.

The different views expressed by accounts staff and some management personnel on the revenue collectors 'attitudes reveal that the Assembly does not have effective and efficient monitoring and control systems against revenue leakages.

4.7 Measures to check corruption in revenue collection

As to how the Assembly should check corruption, frauds and other forms of revenue leakages in revenue collection, respondents gave the following measures

- The Assembly should use receipts with security features; this will make it difficult for revenue collector to do duplicates;

- The Assembly should conduct frequent cross-check on counterfeit receipts;

- The Assembly should introduced electronic system in revenue collection;

- There should be frequent changes of revenue collectors;

- The revenue collectors should be issued with Identity cards;

- The Assembly should pay the revenue collectors reasonable remunerations.

All respondents agreed that disciplinary measures should be applied to punish dishonest revenue collectors in order to serve as deterrent to others. They added that the Assembly should educate the rate payer on the need to pay accurate rate and taxes

4.8 Revenue Collection Strategies

As to the use of force in revenue collection, respondents representing 57.1% agreed that it was good while respondents representing 42.9% did not agree. As to why task forces should be used as a strategy to collect revenue, respondents who supported the idea gave the following reasons;

- Most people are not willing to pay their taxes and rates voluntarily unless they are forced to do so;

- It is cheating where some pay while others do not though they enjoy the services of KMA equally;

- People should be forced to fulfill their civic responsibilities to make them responsible;

- If the Assembly uses task force people will be willing to pay their taxes and rates to avoid embarrassment.

As to whether or not revenue collector's views should be sought as the best method to use to collect revenue by the Assembly, 50% of respondents said'' Yes'' while 40% said ''No''".

Three respondents who were revenue collectors and representing 13% of respondents in the survey were also of the view that the individual rate and tax payers should be approached on regular basis and this will make them live up to their responsibilities. On the other hand 20% of respondents stated that the Assembly should resort to the use of court system to ensure effective revenue collection.

4.9 Other Strategies to boost Revenue Collection

With respect to respondents who are in management including the MCE and MCD strategies which the Assembly can use to boost revenue collection are:

- The Assembly should establish monthly revenue collection targets for the collectors;

- The Assembly should provide bonus and other incentives for revenue collectors;

- The Assembly should undertake revenue collection education or training for the collectors;

- The Assembly should prosecute rate defaulters promptly;

- The Assembly should improve the commission based revenue collection system;

- The Assembly should introduce system that rewards innovation in revenue collection;

- The Assembly should update its revenue database regularly;

- More markets should be built by the Assembly for distribution to traders in order to ensure that the city centre's is decongested and also build satellites market in the various areas for the people to sell their goods and services to attract the collection of revenue.

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4.10 Problems faced by Revenue Collectors

Responding to questionnaires on problems revenue collectors face on the field when they are performing their legitimate duties, respondents who were all revenue collectors stated the following:

- They are not trained in the psychology associated in revenue collection;

- The tax payers are sometimes hostile to them;

- They are sometimes abused, physically attacked and psychologically tortured;

- They are given high and unachievable revenue target to meet;

- They do not have adequate resources to carry out their duties;

- They do not have the right compliment of staff and for that matter they cannot cover wider area at a time.

4.11 Supervision of Revenue Collectors

According to these respondents the Assembly should do well to:

- Give revenue collectors education on tax collection strategies;

- Prosecute tax and property payers who will assault revenue collectors;

- Equip and insure revenue collectors;

- Provide uniforms for revenue collectors to enable the public identify them easily;

- Provide common platforms where Management of the Assembly will meet all stakeholders to discuss common problems related to revenue collection and payment of taxes, rates, etc;

- Provide public goods such as markets, streetlights, roads, etc, to motivate voluntary payment of rates, fees, licenses, etc.

4.12 Source of IGFs

In response to a question asked about the adequacy of sources of IGFS of KMA respondents in management and Accounts staff gave the following list:

- Rate

- Land

- Fees and fine

- Rent

- Licenses

- Miscellaneous

As to whether or not the sources are enough and the strategies are good and reliable to generate enough from the above sources, 90% of the respondents stated that some of the revenue strategies were not enough. The respondents stated that some strategies employed do not make the revenue source viable.

Commenting on contribution of the various revenue sources, respondents who are at the Finance Directorate and those in management provided the revenue statistics shown in the table below.

Table 4.4: Contribution showing the various sources of funds in percentage from 2006 to 2010

	Year (%)				
	2006	2007	2008	2009	2010
Grant	75.9	75.9	44.6	44.3	43.5
Fees	9.3	9.3	17.5	17.8	17.9
License	5.8	5.8	15.4	15.8	16.2
Rate	5.6	5.8	15.8	16.1	16.1
Land	1.1	1.1	2.9	2.9	3.1
Rent	1.7	1.7	2.4	2.5	2.5
Miscellaneous	0.4	0.4	0.4	0.5	0.5
Investment	0.2	0.2	0.1	0.1	0.2

Source: Researcher's fieldwork data, 2011

The table above does not show investment income. In giving reason for these respondents in management, particularly the MCE, MCD and the Presiding Member explained that over the years the Assembly has not made any revenue generating investments.

4.13 Impacts of Existing strategies

As to whether the existing strategies help KMA to meet its revenue budget targets respondents who are in management gave responses shown below:

Table 4.5: A table showing IGFs meeting the assembly's budget

Respondents reaction	Number of respondent	Percentage (%)
Yes	1	5
No	19	95
Total	20	100

Source: Researchers fieldwork data, 2011

Out of 20 respondents from finance department who were asked whether the existing strategies help the Assembly meet its budgets, 19 of them representing 95% declared that the strategies are too traditional and do not help the Assembly meet its IGF budget and that greater part of the Assembly's expenditures is met from the DACF. The table below shows that the Assembly does not meet its IGF budgets and therefore relies on external sources in order to get the necessary funds to achieve a balanced budget.

Table 4.6: Revenue performance of KMA for five years.

Year	2006	2007	2008	2009	2010
Budget	2,684,888.12	4,164,713.54	6,243,274.96	8,712,705.29	12,691,684.29
Actual	2,025,879.28	3,721,609.96	4,912,219.46	7,935,934.22	12,157,111,74
Variance	659,008.84	443,103.58	1,331,055.50	776,771.07	534,572.55

Source: Metropolitan Finance Office

The table shows that the revenue targets set by KMA has never been met since 2006.

The following reasons were given by respondents in management as to why revenue targets are not met by the Assembly:

- Low caliber of revenue staff.

- Lack of basic amenities.

- Poor monitoring.

- Inadequate logistics.

- Poor tax education.

- Lack of motivation.

- Under declaration of revenue by collectors.

- Lack of data for items to be taxed.

- Unreliable revenue data.

- Poor expenditure control.

4.14 Effects of Low Revenue Generation

Respondents attributed the effects of low revenue generation by KMA as follows;

- Inadequate provision of social amenities and infrastructural facilities;

- Inability to pay sitting allowances and wages to casual workers and allowances at the end of each month;

- Over-dependence on District Assembly Common Fund (DCAF) to carry out infrastructural projects and provision of municipal services;

- Indebtedness to contractors, supplier etc.

Respondents in management said the Assembly does not generate enough IGFs to attract higher grants from central government. According to them the Assembly is in big debts to suppliers, contractors, consultants, etc. They revealed that the Assembly owns contractors and suppliers as far back as year 2007 and this had made KMA un-creditworthy to creditors.

As to whether the Assembly can explore and develop new strategies and sources of revenue to improve its IGFs, the responses of respondents are shown in the pie graph below:

Figure 4.1: A pie graph showing respondents views about new revenue mobilization strategies
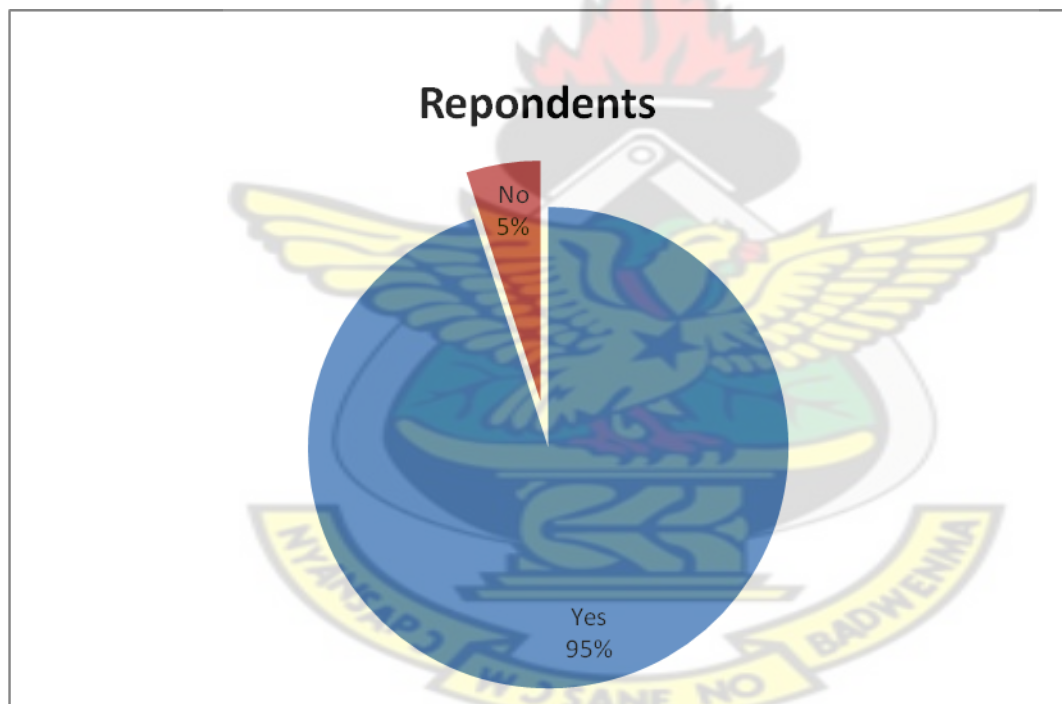
Source: Researcher's fieldwork data, 2011

The 95% respondents who think that the Assembly can develop other strategies for revenue mobilization gave the following suggestions:

- Revaluation of rateable properties within the metropolis

- Provision of highway towing services for breakdown vehicles on the roads,

- Provision of hostel accommodation for students

- Provision of public transport.

- Provision of recreational centre's like gardens and parks for fees.

- Provision of funeral services (Canopies, Chairs, drinks, life band, coffin etc.)

4.15 Contributions of Revenue Strategies to IGFs

Records at the Metropolitan Finance Office show Contributions of various strategies used in revenue mobilization as follows:

- Voluntary personal payment 10%

- Use of Task force (2%)

- Use of Road Block (2%)

- Pay-Your-Tax Campaign (15%)

- Tax Education (15%)

- Tax Reduction, Tax Rebate (2%)

- Payment on-line (7%)

- Motivation of Revenue Collectors (20%)

- Capacity Building in Tax Collection (20%)

- Investments (0%)

The pie graph graphically depicts revenue strategies for the past five years by KMA.

Figure 4.2: Contribution of Various Strategies

A pie graph showing contribution of various strategies

- Investments 0%
- Use of Task force 2%
- Use of Road Block 2%
- Voluntary personal payment 11%
- Capacity Building in Tax Collection 22%
- Pay-Your-Tax Campaign 16%
- Motivation of Revenue Collectors 21%
- Tax Education 16%
- Payment on-line 8%
- Tax Reduction, Tax Rebate 2%
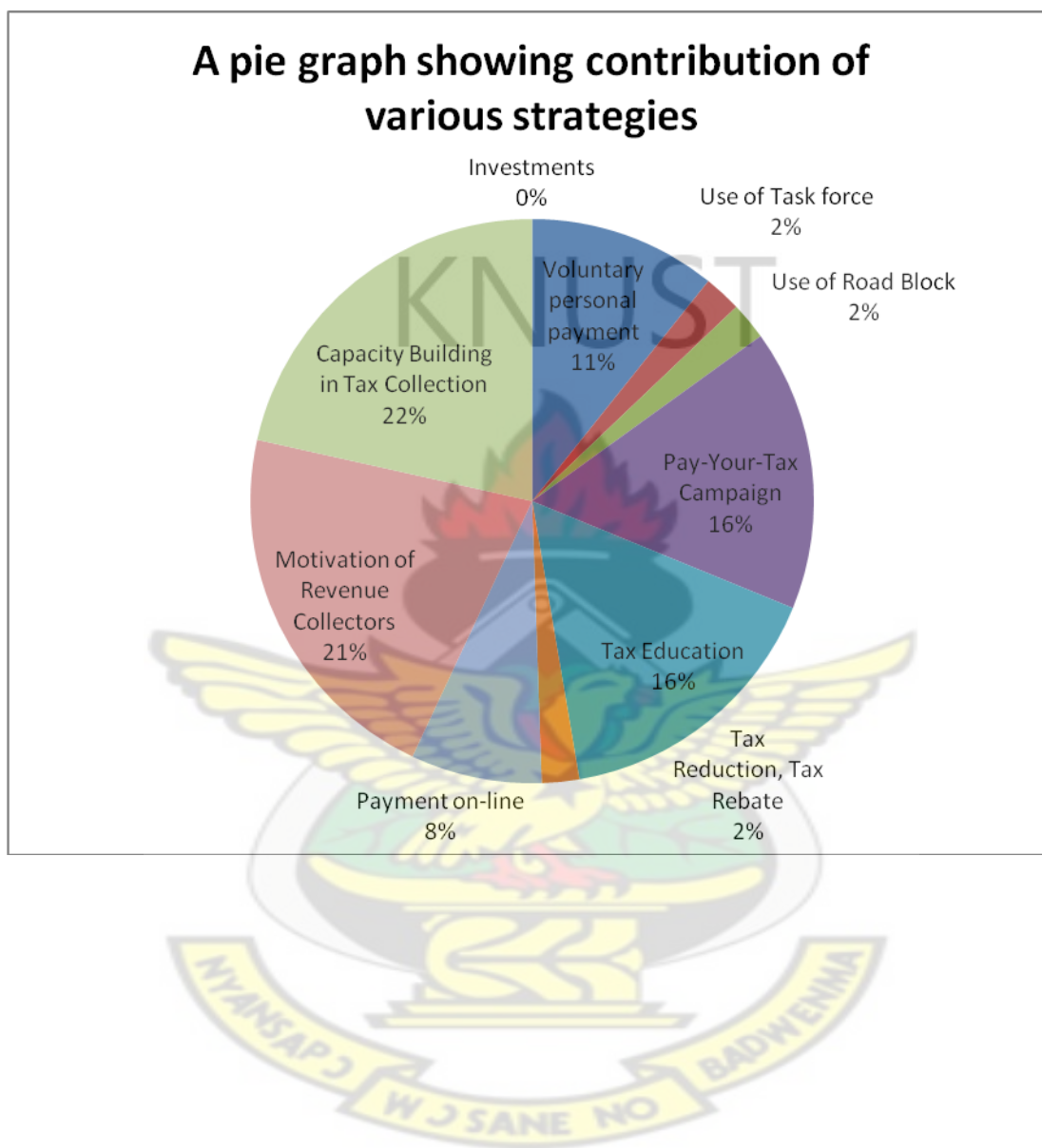
Figure 4.3: A Pie Graph showing IGFs mobilized through the various Revenue Strategies

	1	2	3	4	5
Year	2006	2007	2008	2009	2010
Amount (GH¢)	2,025,879.28	3,721,609.96	4,912,219.46	7,935,934.22	12,157,111.74
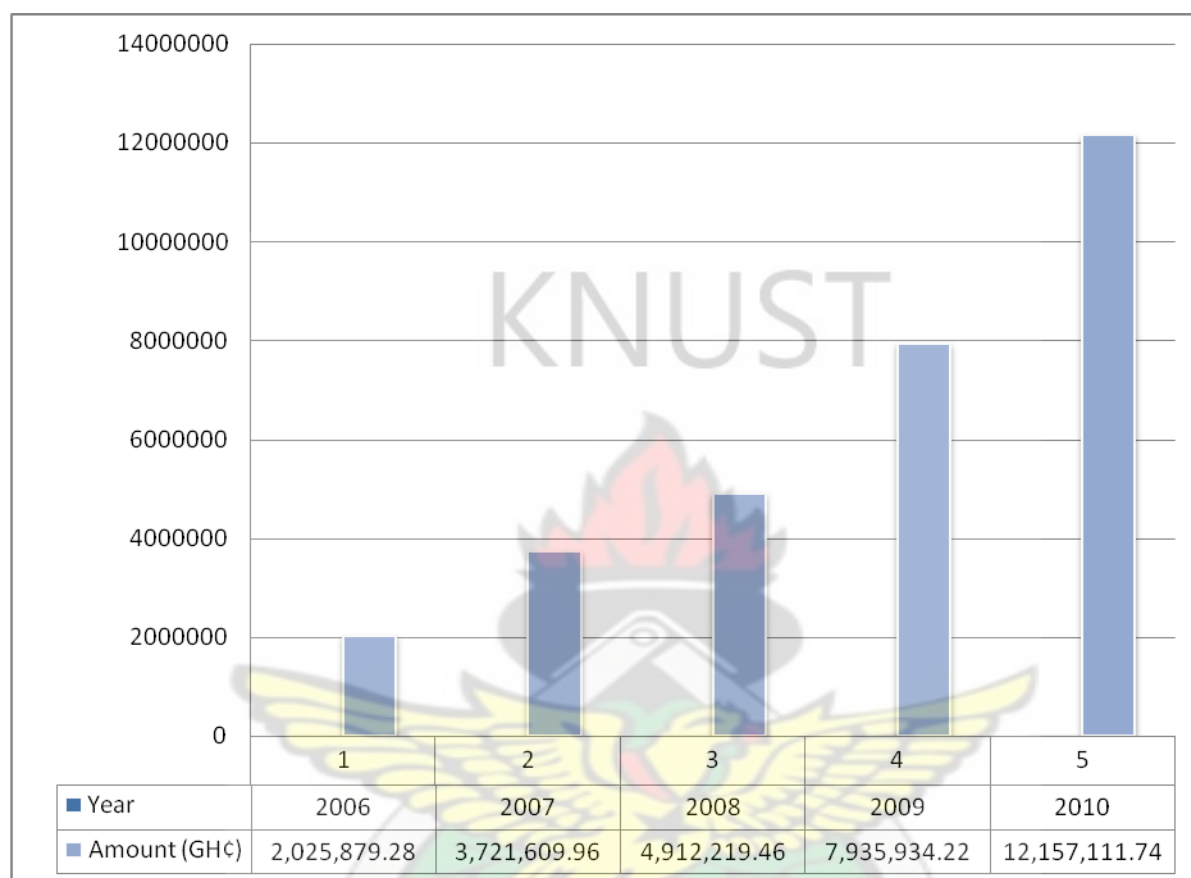
Source: Researcher's fieldwork data, May 2011

CHAPTER FIVE

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the findings from the survey particularly from the primary and secondary data gathered. From the findings some conclusions are drawn about the performance of KMA in meeting consumer needs and wants within the metropolis, its revenue mobilization strategies and its financial performance over a period of five years. The chapter ends with some recommendation to the management of KMA and in particular the MCE, MCD, Presiding Member and Assembly Members on how to boost revenue collection

5.2 Findings

The study arrived at some findings, KMA lacks the capacity to meet consumer demands for public goods like toilet, bathrooms, markets, schools, roads, clinics and health centers, streetlights, parks and gardens, entertainment and community centers'

KMA does not provide adequate public services like cleaning streets, de-silting of gutters, waste management, transportation, security, funerals, recreation, and tourism are not adequately offered to the people. In short KMA cannot satisfy consumer needs for public goods and service in the metropolis because it lacks the needed investment capital due to the fact that its revenue performance is poor. Projects investment capital is a problem to KMA due to inadequate strategies for revenue mobilization. The existing strategies are so traditional that they do not improve the revenue base of the Assembly;

KMA has not experienced any strategy changes in revenue mobilization since the last 20 years. The use of police and task force to extract revenue is outmoded. It diminishes the principle that the payment of taxes, rate, etc, should be voluntary and not out of fear. The use of police and task forces as a strategy for revenue mobilization made KMA and the central government unpopular which also made sitting government lose elections;

The use of tax education and capacity building ginger tax and rate payers as well as revenue collectors to live up to their civic responsibilities. The introductions of payment of bonuses and commissions to revenue collectors have made positive impacts in meeting revenue targets of the KMA between 2005 and 2010.

The policy of involving major stakeholders in fixing of rates, taxes, licenses and fines has been seen as a useful strategy that has improved revenue performance of the Assembly since the last five years. The Assembly does not consider investment as a an important strategy for mobilizing additional revenue

5.3 CONCLUSION AND RECOMMENDATIONS

Based upon the findings of the study some conclusions are drawn and for which recommendations are also made to the management of KMA.

KMA is not sufficiently using fiscal decentralization to empower itself under Local Government Act, Act 462 (1993) for that matter it has not developed new and sustainable strategies to improve its performance in revenue mobilization. The Assembly like many local authorities in Ghana had tendered to over-rely on the District Assembly Common Fund to meet its capital expenditure. Another fact is that greater part of KMA's IGFs goes into administration expenditure.KMA definitely is unable to meet its socio – economic and political obligations to

consumers of public goods and services in the metropolis. It will continue to fail to satisfy its consumers so far as it does not develop new strategies and policies to improve its revenue mobilization.

KMA is gradually becoming unpopular and its image is fast dwindling due to its policy of decongestion at a time when it is unable to provide goods and services to satisfy consumers in the metropolis.

KMA does not have reliable database which give details about traders, artisans, property owners, corporate bodies doing business in the metropolis, etc. The lack of reliable data base is one of the factors for poor budget formulation and implementation in KMA.

It is recommended to the Management of KMA especially the Presiding Member; the MCE and Assembly members that a reliable data base on properties, businesses, civil society organizations, etc. should be developed to help the Assembly in budget formulation and implementation.

KMA should also use relationship marketing to reach out to stakeholder through meetings, seminars, conferences, forums, tax education and sensitization to know the problems of payment of taxes, rates, etc. and the challenges in revenue collection. This will minimize insults, brutalities and psychological tortures suffered by revenue collectors. It will also avoid tax avoidance; tax connived and tax evasion which drastically reduce KMA's IGFs.

KMA should devise new strategies of revenue mobilization. The new strategies should include investing in shuttle transport, mortuary services, funeral services, and other profitable joint ventures.

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Ghana Statistical Service Department

www.ghanadistricts.com/districts1on1/kma

www.budget.gov.au

APPENDIX 1

QUESTIONNAIRE FOR REVENUE COLLECTORS AND OTHER STAKEHOLDERS OF KMA

These questionnaires are intended to collect data that will help the researcher to '**Evaluate the Effectiveness of Revenue Mobilization Strategies Of KMA'.** It is intended for the management team of the Assembly, Revenue collectors and the Tax payers to assess the effectiveness and management of revenue mobilized in the Assembly and whether they are helping development of the municipality. The exercise is for academic purpose only. Whatever information you give will be kept confidential. Please, complete this questionnaire with appropriate answers with brief reasons or tick where necessary.

BACKGROUND OF RESPONDENTS

1. Gender: Male   {   }   Female   {   }

2. Age:

   i.   20 – 30 years

   ii.   31- 40 years

   iii. 41-50 years

   iv.   Above 51 years

3. Marital status

   i.   Married   [   ]

  ii.   Single   [   ]

4.   Status in the assembly

     a) Management member [ ] b) Administrator [ ] c)Assembly member [ ]

     d) Revenue collector [ ]   e) Tax payer [ ]

5   What is your level of education?

     a) Nil [ ] b) Basic [ ] c) SHS [ ] d) Teacher training [ ] e) Tertiary [ ]

     f) Others ………………………

6.   For how long have you been employed by the Assembly?

     a) 1 year -3 years [ ]   b) 4-6 years [ ] c) 7-10 years [ ] d) Above 10 years [ ]

7.   Grade/ Position

    i.   Director   [ ]

   ii.   Accountant   [ ]

  iii.   Administrator   [ ]

  iv.   Others (specify) [ ]

8.   How long have you held this position?

i.   One year   [ ]

ii.   Two years   [ ]

iii. More than two years [ ]

9. Do you know that KMA is legally mandated to collect revenue?

(a) Yes [ ]   (b) No [ ]

10.   Does the Assembly have adequate revenue sources?

a) Yes [ ]   b) No [ ]

11. Do you know them?

a) Yes [ ]   b) No [ ]

12. If yes, name some of the sources

i.   …………………………………………………………………………………………

ii.   …………………………………………………………………………………………

iii. …………………………………………………………………………………………

iv.   …………………………………………………………………………………………

v.   …………………………………………………………………………………………

13. Do you find revenue collectors performance high?

a) Yes [   ]   b) No [   ]

14. If yes then give reasons to your answer

    i.   ………………………………………………………………………………………………

    ii.   ………………………………………………………………………………………………

    iii. ………………………………………………………………………………………………

15. If no then give reasons

    i.   ………………………………………………………………………………………………

    ii.   ………………………………………………………………………………………………

    iii. ………………………………………………………………………………………………

16. Revenue collectors are motivated enough to collect the revenue: State your view

(a) Strongly agree [   ] (b) Agree [   ]   (c) Strongly disagree [   ] (d) Disagree [   ]   (e) Do not

know [   ]

17. The Assembly has competent staff to collect the revenue: State your view

(a) Strongly agree [   ]   (b) Agree [   ]   (c) Strongly disagree [   ] (d) Disagree [   ]   (e) Do not

know [   ]

18. As a revenue collector do you consider yourself honest?

 a) Yes [   ]   b) No [   ]

19. Are revenue collectors dishonest?

 a) Yes [   ]   b) No [   ]   c) Can't tell [   ]

20. The Management provides the needed logistics to revenue collectors for effective revenue

mobilization: State your view

(a) Strongly agree [   ]   (b) Agree [   ]   (c) Strongly disagree [   ] (d) Disagree [   ]   (e) Do not

know [   ]

21. Does the Assembly have supervisors who monitor revenue collectors?

    a)   Yes [   ]   b) No [   ]

22. If yes then do the supervisors do their work effectively?

    a.) Yes   [   ]   b) No   [   ]   c) Can't tell   [   ]

23. Would you say that revenue collectors help the Assembly to achieve its revenue targets?

    a)   Yes [   ]   b)   No [   ]

24. Will you say revenues collected for the Assembly are adequate?

   a) Yes [ ]   b) No [ ]   c) Can't tell [ ]

25. If no, give reasons for inadequate revenue mobilization to the Assembly?

   i) ……………………………………………………………………..

   ii) ……………………………………………………………………..

   iii) …………………………………………………………………..

26. Does the Assembly set revenue targets?

   a) Yes [ ]   b) No [ ]   c) Can't tell [ ]

27. If yes, then who set the targets? …………………………………………

28. What are the criteria for setting the targets?

   i) ……………………………………………………………………..

   ii) …………………………………………………………………….

   iii) …………………………………………………………………

29. Do you achieve your revenue targets?

   a) Yes [ ]   b) No [ ]

30. If yes, to what extent do you achieve your targets?

   i) 100% [   ]

   ii) Above 100% [   ]

31. If no, give reasons

   i) ……………………………………………………………………………………

   ii) ……………………………………………………………………………………

   iii) …………………………………………………………………………………..

32. Would you say that the revenue collectors could generate more revenue if good systems are

laid down?

   a)Yes [   ]   b) No [   ]

33. If yes, state other ways which you think can improve revenue mobilization in KMA?

   i) ……………………………………………………………………………………

   ii) …………………………………………………………………………………..

   iii) …………………………………………………………………………………..

34. How would you assess the performance of the revenue collectors?

   a) High [   ]   b)   Average [   ]   c) Low [   ]   d)   Very low [   ]

35. Who would you blame for the Assembly's poor revenue performance?

   a) Management team [   ]   b) Assembly members [   ]   c) Revenue Collectors [   ]

   d) Taxpaying public [   ]

36. Are you aware that there are some leakages in revenue collection?

   a) Yes [   ]   b) No [   ]

37. If yes what are some of the leakages?

   i) ………………………………………………………….

   ii) …………………………………………………………..

   iii) …………………………………………………………

38. If yes what are the causes?

   i) …………………………………………………………..

   ii) ………………………………………………………….

   iii) …………………………………………………………

39. Suggest ways by which the leakages can be blocked

i) …………………………………………………………….

ii) …………………………………………………………

iii) …………………………………………………………

40. Do you consider the revenue mobilization effective?

a) Yes [   ]   b) No [   ]

41. In what manner will you describe the revenue mobilization effective?

a) Quantum of revenue collected   [   ]

b) Strategies used in the collection   [   ]

c) Areas covered in revenue collection   [   ]

d) Revenue targets achieved   [   ]

42. Give three reasons for your answer

i.………………………………………………………………………………………………...

ii.………………………………………………………………………………………………..

iii. ………………………………………………………………………………………….......

43. What measures should be put in place to ensure effective revenue mobilization?

………………………………………………………………………………………………

………………………………………………………………………………………………

………………………………………………………………………………………………

………………………………………………………………………………………………

44. Comment on problems you encounter while mobilizing revenue for the Assembly

..………………………………………………………………………………………………

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Thank you for making time to respond to the questionnaire
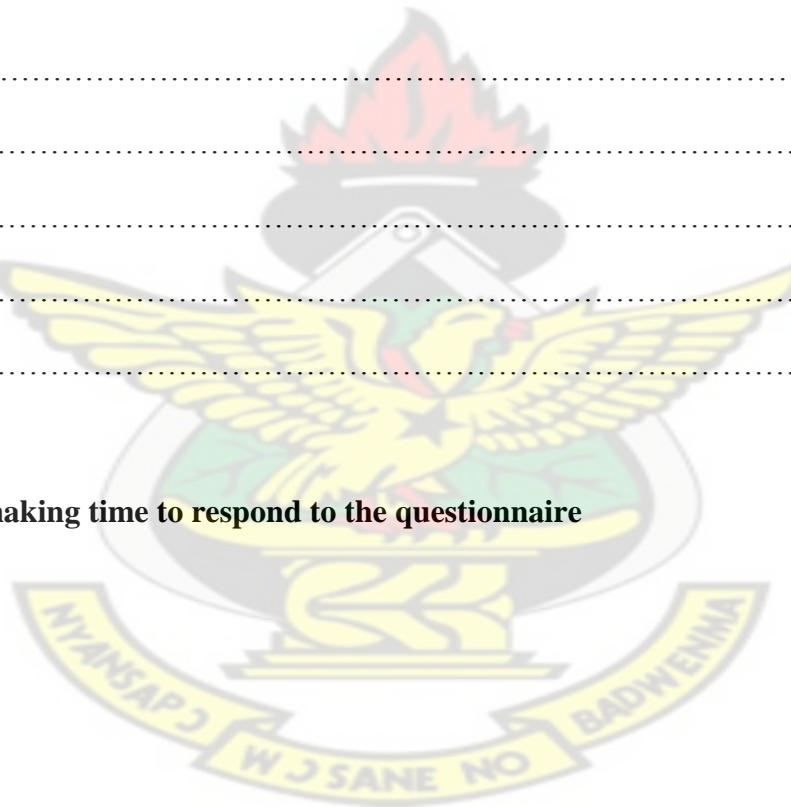
QUESTIONNAIRE FOR MANAGEMENT TEAM OF KMA

BACKGROUND OF RESPONDENTS

1.   Gender: Male   {   }   Female   {   }

2.   Age:

   i   20 – 30 years   [   ]

   ii   31- 40 years   [   ]

   iii   41-50 years   [   ]

   iv   Above 51 years [   ]

3.   Marital status

   i .   Married [   ]   ii.   Single   [   ]

4.   Status in the assembly

   a) Management team [   ] b) Assembly member [   ] c) Revenue collector [   ] d) Tax payer [   ]
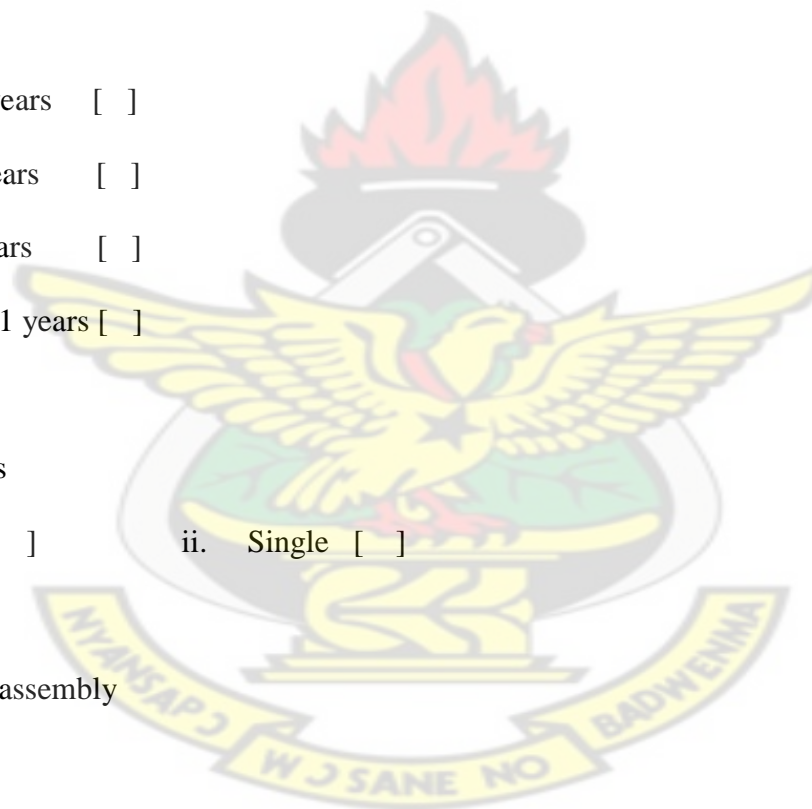
5   What is your level of education?

a) First degree [ ]   b) Higher degree [ ]   c) Professional [ ]   d) Others …………………………

6.   For how long have you been employed by the Assembly?

a) 1 -3 years [   ]   b) 4-6 years [   ]   c) 7-10 years [   ] d) Above 10 years [   ]

7.   Grade/ Position

i. Director   [ ]

ii. Accountant   [ ]

iii. Administrator [ ]

iv. Others (specify) ……………………….

8.   For how long have you held this position?

i. One year   [ ]

ii. Two years   [ ]

iii. More than two years [ ]

9. Do you know that KMA has power to generate revenue locally?

   (a) Yes [ ]   (b) No [ ]

10. Does the Assembly have adequate revenue sources?

   a) Yes [ ]   b) No [ ]

11. Do you find revenue collectors performance appreciable?

   a) Yes [ ]   b) No [ ]

12. If yes give reasons to your answer

   i) ………………………………………………………………………………………………….

   ii)…………………………………………………………………………………………………..

   iii)……………………………………………………………………………………………………

13 If no give reasons for your answer

……

……

……

14. Management Team provides the needed logistics to revenue staff for effective revenue mobilization.

   (a) Strongly agree [   ] (b) Agree [   ] (c) Strongly disagree [   ] (d) Disagree [   ]   (e) Do

     not know [   ]

15. Management is able to monitor revenue collection

   (a) Strongly agree [   ] (b) Agree [   ] (c) Strongly disagree [   ] (d) Disagree [   ] (e) Do

     not know [   ]

16. Management is aware of the leakages in revenue mobilization of the Assembly

   (a) Strongly agree [   ] (b) Agree [   ] (c) Strongly disagree [   ] (d) Disagree [   ] (e) Do

     not know [   ]

17. Do you think the assembly has some locally generated funds?

    a) Yes [   ]   b) No [   ]
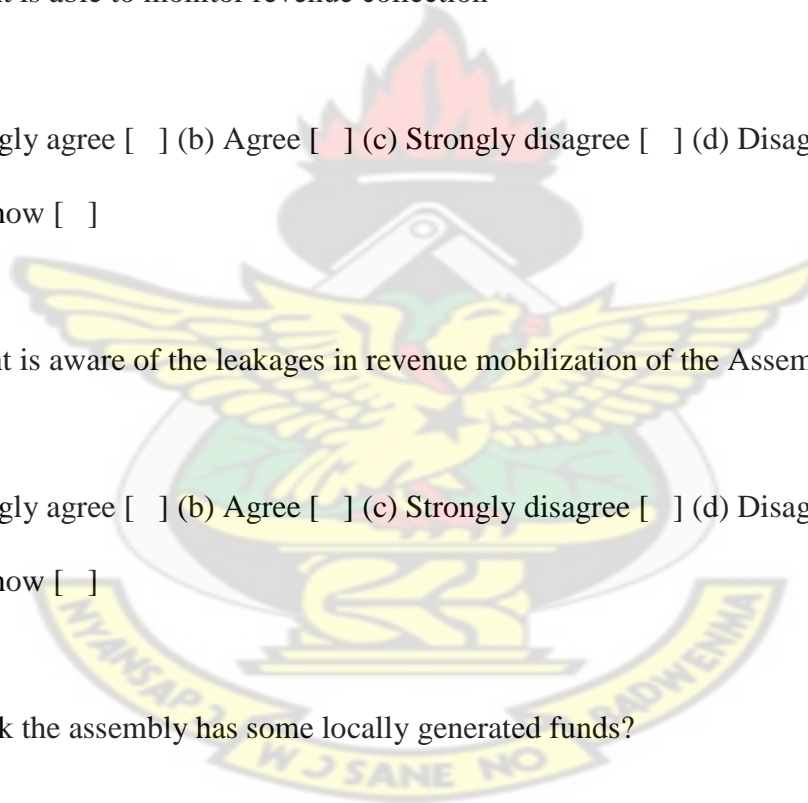
18. If yes, state the three main sources of locally generated revenue of the assembly

    1) …………………………………………………………………………………….

    2)…………………………………………………………………………………..

    3)…………………………………………………………………………………..

19. Do you find Assembly's revenue adequate?

    a) Yes [ ]   b) No [ ]

20. If no, please identify other potential sources of IGF that can be harnessed to achieve revenue that is adequate.

    1) …………………………………………………………………………………..

    2)…………………………………………………………………………………

    3)…………………………………………………………………………………

    4)…………………………………………………………………………………

21. Does the Assembly have revenue mobilization strategies?

    a) Yes [ ]   b) No [ ]   c) Can't tell [ ]

22. If yes, then state the strategies

i…………………………………………………………………………………………………..

ii…………………………………………………………………………………………………

iii…………………………………………………………………………………………………

23. Do you consider the strategies adequate?

a) Yes [ ]   b) No [ ]   c) Can't tell [ ]

24. Will you say the strategies are effective?

a) Yes [ ]   b) No [ ]   c) Can't tell [ ]

25. Do you set revenue targets?

a) Yes [ ]   b) No [ ]

26. If yes who set the targets?

i…………………………………………………………………………………………………..

ii…………………………………………………………………………………………………

iii………………………………………………………………………………………………….

27. What are the criteria for setting the targets?

i)…………………………………………………………………………………………….

ii)……………………………………………………………………………………………

iii)……………………………………………………………………………………………...

28. Do you review revenue targets?

a) Yes [   ]   b) No [   ]

29. How often do you review the targets?

a) Monthly [   ]   b) Quarterly [   ]   c) Yearly [   ]   d) Once in two years [   ]

30. How will you describe the revenue mobilization?

a) High [   ]   b) Very high [   ]   c) Satisfactory [   ]

31. Do you achieve your revenue targets?
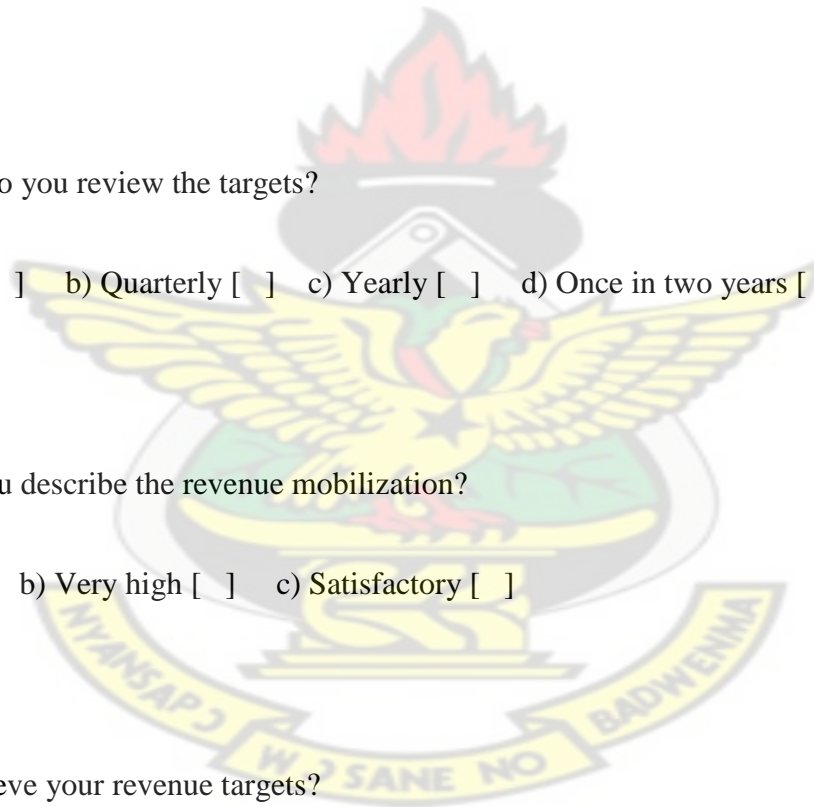
a) Yes [   ]   b) No [   ]

32. If yes, to what extent do you achieve your targets?

    i) 100%   [   ]

    ii) Above 100% [   ]

33. If no, then give reasons

    i) ……………………………………………………………………………………….

    ii) ……………………………………………………………………………………….

    iii) ……………………………………………………………………………………….

34. Would you say that the Assembly could generate more revenue if good systems are laid down?

    a)Yes [   ]   b)   No [   ]

35. If yes, state other ways which you think can improve revenue mobilization in KMA?

    i) ……………………………………………………………………………………….

    ii) ……………………………………………………………………………………….

    iii)……………………………………………………………………………………….

36. How would you assess the performance of revenue generation of KMA?

a) High [ ]   b) Average [ ]   c) Low [ ]   d) Very low [ ]

37.   Have the Assembly's IGF impacted positively on the development projects in the Metropolis?

a) Yes [ ]   b) No [ ]

38. If yes then how?

i) …………………………………………………………………………………………………

ii) …………………………………………………………………………………………………

iii) …………………………………………………………………………………………………

39. If no then how?

i) …………………………………………………………………………………………………

ii)…………………………………………………………………………………………………

iii)…………………………………………………………………………………………………

40. Assess the impact of the Assembly's revenue

a) High [ ]   b) Moderate [ ]   c) Low [ ]

41. Is the Management aware that there are some leakages in revenue collection?

a) Yes [ ]   b) No [ ]

42. If yes what are some of the leakages?

i) …………………………………………………………………………………………………..

ii) ……………………………………………………………………………………………………

iii)……………………………………………………………………………………………………

43. If yes then does the Assembly take action?

a) Yes [ ]   b) No [ ]   c) Can't tell [ ]

44. Suggest ways by which the leakages can be blocked

i)…………………………………………………………………………………………………...

ii)…………………………………………………………………………………………………..

iii)…………………………………………………………………………………………………

45. Does the Management involve the assistance of Assembly Members in revenue mobilization?

    a) Yes [ ]   b) No [ ]

46. Can Assembly Members do more to improve the revenue generation of the Assembly?

    a) Yes [ ]   b) No [ ]

47. If yes, state three areas they can help.

    i)…………………………………………………………………………………..

    ii)………………………………………………………………………………….

    iii)………………………………………………………………………………….

48. What roles are played by the Finance and Administration sub-committee in revenue mobilization?

i)……………………………………………………………………………………..

ii)……………………………………………………………………………………..

iii)……………………………………………………………………………………

49. Are revenue superintendents and revenue collectors educated on revenue mobilization?

a) Yes [   ]   b) No [   ]   c) Can't tell [   ]

50. If yes mention some of the educational program

i)…………………………………………………………………………………………

ii)…………………………………………………………………………………………

iii)…………………………………………………………………………………………
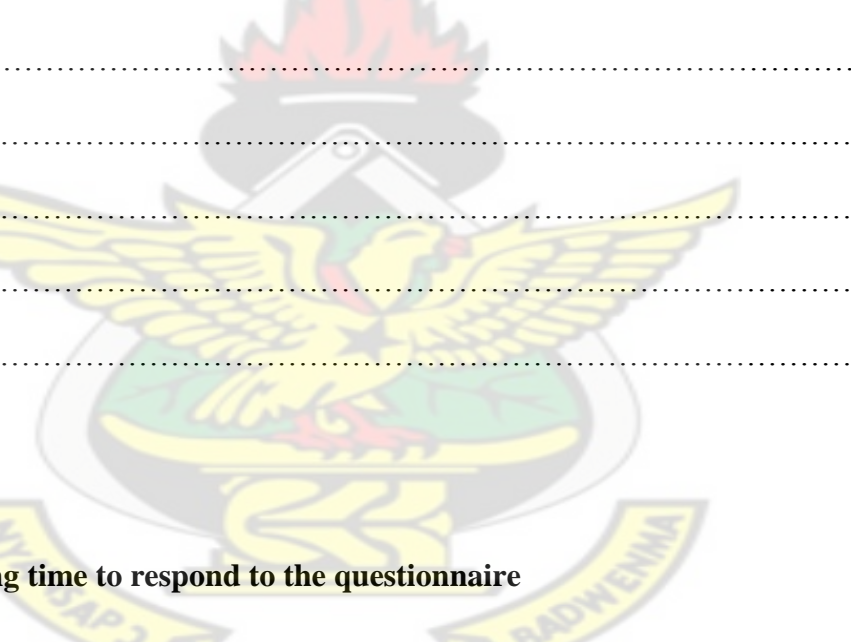
51. In your own opinion what should the management do to ensure effective revenue mobilization of the Assembly?

i)…………………………………………………………………………………………...

ii)………………………………………………………………………………………..

iii)…………………………………………………………………………………………

52. In what manner will you describe the revenue mobilization adequate?

    a) Quantum of revenue collected   [   ]

    b) Strategies used in the collection   [   ]

    c) Areas covered in revenue collection   [   ]

    d) Revenue targets achieved   [   ]

53. Comment on problems the Management encounter in mobilizing revenue for the Assembly

…..……………………………………………………………………………………………

………………………………………………………………………………………………

………………………………………………………………………………………………

………………………………………………………………………………………………

………………………………………………………………………………………………

Thank you for making time to respond to the questionnaire

QUESTIONNAIRE FOR TAX PAYERS OF KMA

BACKGROUND OF RESPONDENTS

1.   Gender: Male   { }   Female   { }

2. Age:

   i   20 – 30 years   [ ]

   ii   31- 40 years   [ ]

   iii   41-50 years   [ ]

   iv   Above 51 years [ ]

3. Marital status

   i. Married   (   )   ii.   Single   (   )

4.   Relationship with the assembly

   a) Management team [   ]   b) Assembly member [   ]   c) Revenue collector [   ]

   d) Tax payer [   ]

5   What is your level of education?

    b) Nil [ ]   b) Basic [ ]   c) SHS [ ]   d) Teacher training [ ]   e) Tertiary [ ]

    f) Others ………………………

6.   For how long have you been paying revenue to Assembly?

    a) 1 year -3 years [ ]   b) 4-6 years [ ]   c) 7-10 years [ ] d) Above 10 years [ ]

7. Position

    i. Director   [   ]

    ii. Proprietor   [   ]

    iii. Property owner   [   ]

    iv. Others (specify)   [   ]

8. How long have you held this position?

    i. One year   [   ]

    ii. Two years   [   ]

    iii. More than two years   [   ]

9. Do you know that KMA has power to generate revenue locally?

   (a) Yes [ ]   (b) No [ ]

10. Does the Assembly have adequate revenue sources?

    a) Yes [ ]   b) No [ ]

11. Do you find revenue collectors performance adequately?

    a) Yes [ ]   b) No [ ]

12. Taxpayers do not pay their taxes regularly. Tick which you consider appropriate
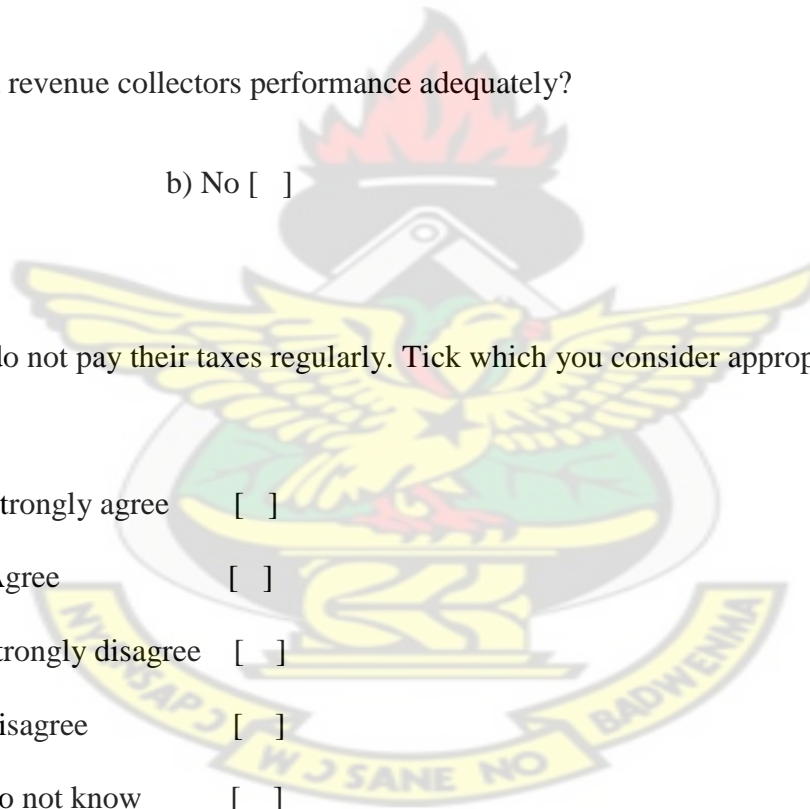
                 1. Strongly agree   [ ]

                 2. Agree   [ ]

                 3. strongly disagree   [ ]

                 4. disagree   [ ]

                 5. do not know   [ ]

13. Taxpayers are well educated on their tax obligations. Tick which you consider appropriate

     1) Strongly agree   [ ]

     2) Agree   [ ]

     3) strongly disagree [ ]

     4) disagree   [ ]

     5) do not know   [ ]

14. Taxpayers benefit from taxes they pay. Tick which you consider appropriate

     1) Strongly agree   [ ]

     2) Agree   [ ]

     3) strongly disagree [ ]

     4) disagree   [ ]

     5) do not know   [ ]

15. Have taxpayers been paying their tax obligation to the assembly regularly

     a) Yes [ ]   b) No [ ]

16. If no, state three reasons why tax payers have not been paying their taxes re gularly

1)…………………………………………………………………………….

2)…………………………………………………………………………….

3)…………………………………………………………………………….

17. How would you assess your revenue payment behavior?

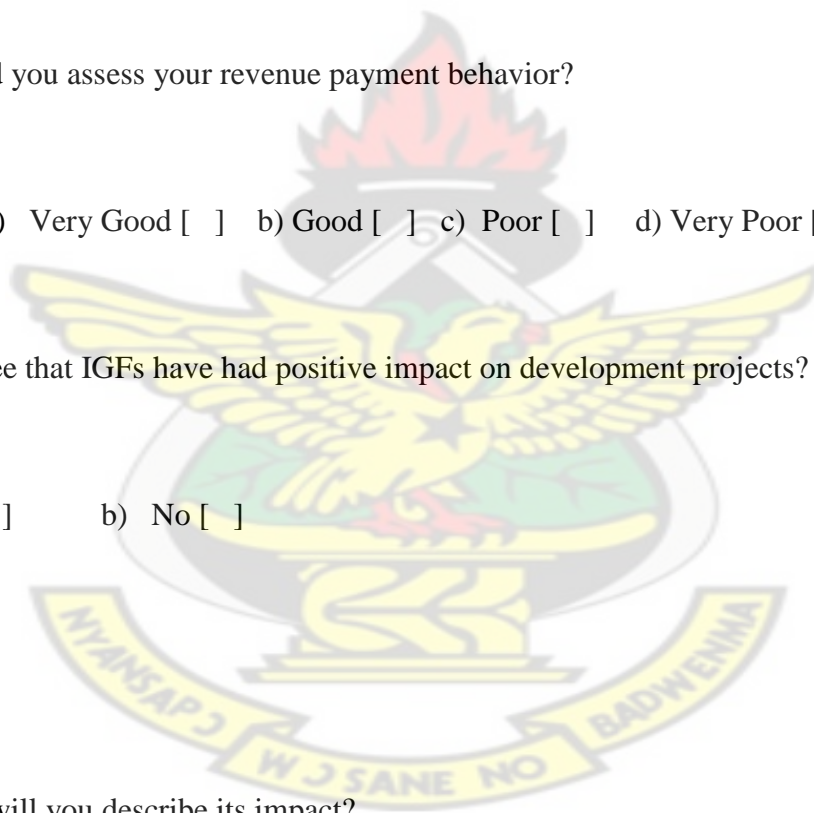a) Very Good [ ]   b) Good [ ] c) Poor [ ]   d) Very Poor [ ]

18. Do you agree that IGFs have had positive impact on development projects?

a) Yes [ ]   b) No [ ]

19. If yes how will you describe its impact?

a) High [   ]   b) Moderate [ ]   c) Low [ ]

20. Would you say that your taxes paid have been used to your satisfaction?

a) Yes [   ]   b) No [   ]

21. State your observations.

……………………………………………………………………………………………………

……………………………………………………………………………………………………

……………………………………………………………………………………………………

……………………………………………………………………………………………………

22. Which areas of developmental projects do you want the Assembly to concentrate?

a)…………………………………………………………………………………………………

b)…………………………………………………………………………………………………

c)…………………………………………………………………………………………………
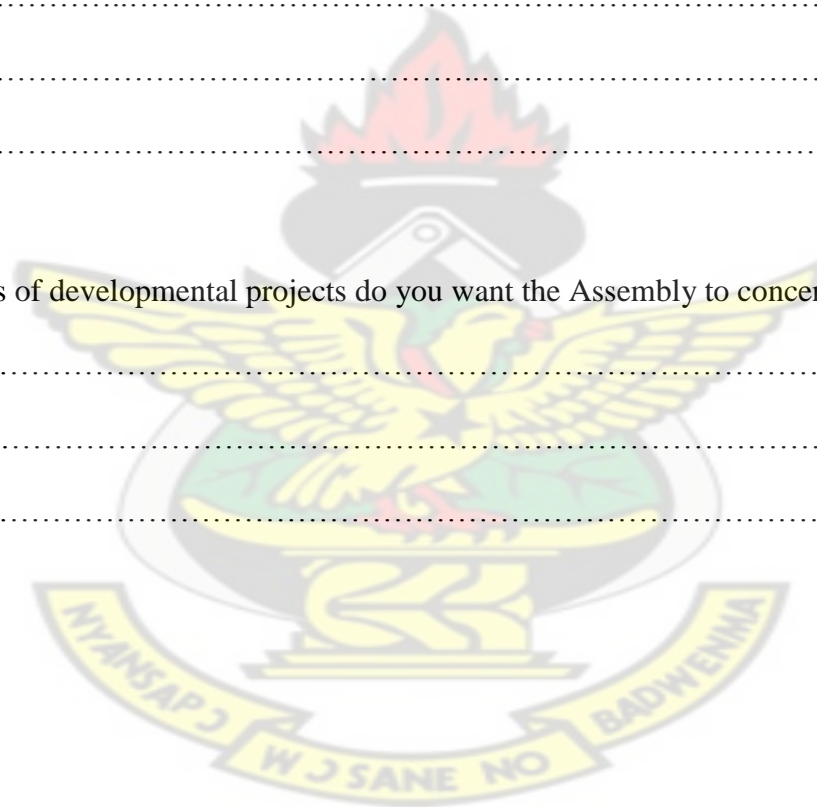
23. In your opinion, what should the assembly do to encourage you to pay your taxes?

State three measures

1) …………………………………………………………………………………...

2)………………………………………………………………………………………

3)………………………………………………………………………………………

24. Do you agree that there are some leakages in revenue collection process of the Assembly?

a) Yes [ ]   b) No [ ]

25. If yes what are some of the leakages?

i)………………………………………………………………………………………..

ii)……………………………………………………………………………………….

iii)……………………………………………………………………………………….

26. Suggest ways by which the leakages can be blocked.

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27. Any comment of relevance

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Thank you for making time to respond to the questionnaire