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OF ACCOUNTING AND FINANCE

**Assessing the Mobilization of Internally Generated Funds in Financing
Developmental Projects in the Sunyani Municipal Assembly**

By

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DECLARATION

I hereby declare that this submission is my own work towards the degree in Master of Business Administration (Accounting Option) and that to the best of my knowledge, it contains no materials previously published by another person or group nor material 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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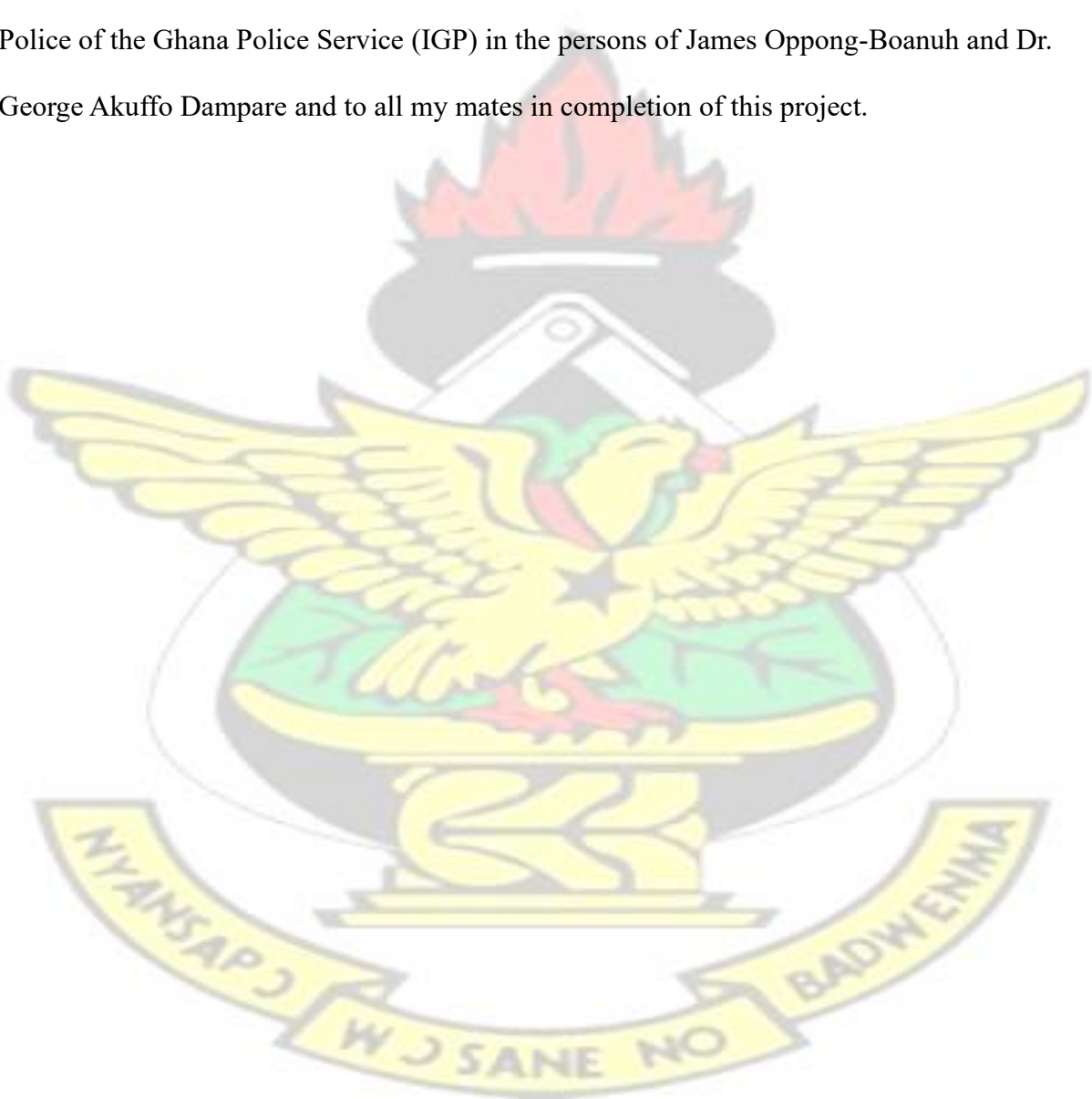
DEDICATION

I dedicate this Thesis to my lovely husband, Mr. Mark Gyan and my parent for being the pillars and sources of encouragement to me and for their prayers in completing this piece of work successfully.



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I would like to first and almost thank God almighty, the author of knowledge, wisdom and for his countless love. I would also like to express my profound gratitude to my supervisor, Professor J.M. Frimpong for his invaluable support, encouragement, supervision and useful suggestion throughout this project. Last but not the least, I am thankful and indebted to all those who helped me directly or indirectly, especially both current and former Inspector General of Police of the Ghana Police Service (IGP) in the persons of James Oppong-Boanuh and Dr. George Akuffo Dampare and to all my mates in completion of this project.



ABSTRACT

This study examines IGF mobilization effectiveness in financing developmental projects in the Sunyani municipal assembly from 2017-2021. The study employs a descriptive research design by using both quantitative and qualitative research design. By applying purposive sampling technique, the study samples nine (9) respondents from the assembly comprised finance unit, audit unit, some key employees and as well as one director. The empirical results indicate that DACF and grants and donors from partners are significant source of revenue mobilisation. In addition, a number of uncompleted projects are as a result of insufficient revenue mobilisation. Based on the findings. The study recommends that SMA should conceive new approaches in revenue mobilization. This may be done by investing in successful joint ventures including shuttle transportation, mortuary services, and funeral services. Secondly, a strategic plan has to be in place to enhance revenue collection.



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LIST OF ABBREVIATIONS

DACF – District Assembly Common Fund

DAs – District Assemblies

DDF – District Development Fund

IGF – Internally Generated Fund

IGR – Internally Generated Revenue

KMA – Kumasi Metropolitan Assembly

MFO – Municipal Finance Officer

MMDAs- Metropolitan, Municipal, and District Assemblies

NGOS - Non-Governmental Organizations

SMA - Sunyani Municipal Assembly

UN – United Nations

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CHAPTER ONE

GENERAL INTRODUCTION

1.0 Background to the Study

Chapter 20 of Ghana's 1992 constitution, Articles 240–256, dealt with decentralization and local administration in the genuine spirit of democracy. In other words, a government that puts the people first in its rule. In the constitution, the Metropolitan, Municipal, and District Assemblies were designated as a "laboratory of democracy" and the "principal agent" for furthering the causes of equality of opportunity, income redistribution, and poverty alleviation, among other things. Thus, it served as the means of decentralization. Typically, local government offers citizens in the area administrative, financial, and other public services and benefits.

District assemblies are not equipped to fend off any attempts by the central government to intrude on their authority, despite the fact that decentralization is widely considered as a fundamental component of national democracy and development (NALAG 2018).

Decentralization has generally been undertaken in the majority of developing nations as part of initiatives to encourage residents' political, social, and economic engagement in the overall development of their areas. Ghana and many other developing countries, including the World Bank and the International Monetary Fund, have benefited greatly from the decentralization process (Romeo 2019; Olowu 2020). This is especially true in the area of prudent and effective financial management.

At the sub-national level, decentralization has been undertaken with the goal of bringing the decision-making process for government and development closer to the average people (Akudugu 2019). Decentralization is anticipated to lead to improved service delivery (Muriisa 2018). Decentralizing the country is also thought to contribute to the creation and execution of pro-poor policies and programs that will result in effective and efficient management of both

financial and human resources (Crook 2019; Asante & Ayee 2018). Despite these hopes, the decentralization movement hasn't quite met expectations, particularly in the use available funds.

This has primarily been attributed to two factors: first, central governments' inability to encourage fiscal decentralization; and, second, a lack of financial resources and utilizations that would guarantee the transfer of equitable financial resources to the development and growth of the local government, which included MMDAs (Steiner 2018; Chinsinga 2020). Without adequately defined, effective, and efficient financial management, or fiscal discipline, it is obvious that political and institutional decentralization would have little influence on societies or the country as a whole. Insufficient financial resources and poorly defined tasks can stymie local government growth and reduce the incentives for elected politicians and local officials to carry out their duties efficiently (Smoke 2017).

The issue is further exacerbated by the fact that many local government entities find it difficult to effectively and efficiently mobilize their own sources of money to fund local development programs. Undoubtedly, the amount of financial resources at their disposal has a significant impact in how well local governments can carry out their developmental duties or provide services to the community. However, for Ghana's District Assemblies, managing and mobilizing income continues to be a significant difficulty. MMDAs are needed to create enough internal financial resources to enable them to carry out development initiatives in Ghana. Internal revenue is utilized to finance the District Assemblies Common Fund (DACF), which is mandated by law and is responsible for financing public services and infrastructure improvement. The maintenance of law and order, as well as the provision of other services, are under the purview of MMDAs; as such, domestic revenue mobilization is of utmost importance. Both the federal government and local governments have had fiscal deficits for many years.

In order for local governments to effectively use their authority and expertise to carry out development operations, district assembly finance resources are crucial. Financial provisions for Ghana's local government system are found in Articles 245 and 252 of the 1992 Constitution of the Republic of Ghana, Parts IV and VIII of the Provisional National Defence Council (PNDC) Law 207, Section 27 of the Local Government Law of 1988, and Parts IV and VIII of the Local Government Law of 1988 (Appiah-Agyekum, Boachie Danquah, & Sakyi 2013). IGF, grants from the DDF, and transfers from the central government (grants-in-aid and ceded revenue) are the three main categories of revenue for MMDAs. The structure of local government in Ghana has been enhanced even further with the creation of the DACF, which distributes 7.5% of the national budget to districts. The Local Government Act of 1993 (No. 462) gives MMDAs the ability to generate money locally for the purpose of carrying out autonomous development projects without requiring backing from the central government or any external sources of finance, which helps to improve the MMDAs' financial foundation. Research has revealed that MMDAs have not been successful in doing this over time. Empirical study indicates that 60 percent of MMDAs' funds get their allocation from the state government and its partners. Saasi (2019) found that between 1994 and 2004, IGF accounted for an average of barely 31.8% of MMDA revenue, in contrast to other sources of funds. In addition, according to Ministry of Local Government, Rural Development, and Environment in 2006, IGR for MMDAs represented 18% of revenues while state government grants were 82% (Appiah-Agyekum, Boachie Danquah, & Sakyi 2013). This suggests that internal and external sources of revenue are separated by a significant margin. The Northern Region appears to be experiencing particularly severe cases of MMDAs' failure to produce significant internal funds for development initiatives. Due to insufficient IGF creation by MMDAs, budget deficits have been a continuous feature of the Region's statistics over the previous five years.

The average IGF revenue performance for the Bono Region was 74% of budgetd performance in 2008, 62% in 2009, 83% in 2010, and maintained that level in 2011. Nevertheless, during the fiscal years 2012 and 2013, the mean IGR in the Region fell to 76.15% and 67.01% of the planned revenue (Bono Region Co-ordinating Council 2008/13). Thus, the question of whether the raised funds are sufficient to fund development initiatives still exists. Therefore, to fund their development initiatives, the majority of MMDAs in the Region significantly rely on transfers from the central government (particularly the DACF) and other outside sources. The execution of their MTDPs is frequently delayed by this dependency. Development initiatives are frequently delayed or abandoned because funding frequently falls short of planned requirements. Therefore, it is essential for MMDAs to raise money from local sources so they may carry out development programs independently of the government at the federal level and other aid organizations. Assembbles and government have routinely squander more money than they are able to bring in. The district assemblies were entirely funded by the central government. Due to budgetary restrictions, the local government has tried to identify other revenue streams through managing the assembly's financial resources effectively and efficiently.

1.2 Problem Statement

Financial management goes beyond just the maintenance of an accurate set of books and balancing the accounts of the business. Gitman (2018) states that financial management is an area of business management, which deals with the prudent application of capital resources and the careful selection of capital, which drives spending units to move in a direction that achieves business goals (Al Breiki & Nobanee 2018; Dave 2012). Responsibilities in terms of financial management affect all parts of the business. A company or organization that sells well but has poor financial management in a way can fail (Mihajlović, Tadin, & Gordić, 2020;

Tereshkina 2014). There has been little attention in the section on MMDAs financial management aside from the fact that a high section of district assemblies' financial constraints is because of poor financial management practices. Each organization's ability to successfully raise and manage revenues is based on how well those resources are created and managed. In contrast to profit-making businesses, which seek to maximize profits and increase the value of the owner's equity, public sector organizations, like MMDAs, have as their goal to provide services to the local population in the community without seeking financial gain. The creation and administration of finances is a problem that some district assemblies are grappling with. According to Articles 245 and 252 of the 1992 Constitution and the Local Government Act of 1993 (Act 462), the district assemblies' primary duties include overseeing the overall development of their respective jurisdictions, ensuring the preparation and submission of development plans and budgets for approval by the relevant authorities, and pursuing good financial management and governance practices. It is obvious that the local government system cannot adequately carry out its obligation without sufficient funding. Aryeetey (2018) emphasizes that despite legislative grant provisions and other financial support from the central government, the MMDAs are unable to produce enough income locally to fund development. To sustain local developmental programs, they mainly rely on the DACF, which was transferred by the central government. Particularly for central governments, the low level of income mobilization coupled with improper use of money by local authorities has been a cause of worry. At the Sunyani municipal assembly, however, central government money, domestically produced funds, and cash from donor organizations have been the main sources of income. Since the idea behind decentralization was for assemblies to produce their own money to support their own initiatives, it was anticipated that the Internally Generated Fund (IGF) would account for the largest portion of the district assembly's income. In order to meet the increased levels of their developmental demands, the assembly must now identify ways and means of

enhancing its revenue creation due to the tightness in the central government budget and the insufficient funding from donor organizations.

However, very little research has been done addressing how district assemblies might optimize revenue mobilization (for example; Adu-Gyamfi 2014; Darison 2011; Aninanya 2010) and if the identified sources of revenue mobilization are substantial sources to depend on in raising income, according to the review of pertinent literature. There is a knowledge gap as a result, and this thesis aims to address it. The research aims to evaluate the ability of district assemblies in Ghana with regard to how they utilized and managed their financial resources to promote local government improvements and advance the decentralization process in Ghana by using the Sunyani District Assembly as a case study.

1.3 General Objective

The central focus of this research is to examine the mobilization of internally generated funds in financing developmental projects in the Sunyani municipal assembly

1.4 Specific Objectives

The study specifically sought to;

1. examine the sources of funds and financing activities of Sunyani municipality.
2. analyse critically the proportion of revenue raised from the revenue sources.
3. identify IGF mobilization challenges faced by Sunyani municipality and strategies for revenue generation.

1.5 Research Question

1. What are the sources of funds and financing activities of Sunyani municipality?
2. Are the sources of revenue mobilisation significant revenue source for the Assembly?
3. What are IGF mobilization challenges faced by Sunyani municipality and strategies for revenue generation?

1.6 Significance of the Study

Assessing the mobilization of Internally Generated Funds (IGF) in financing developmental projects in the Sunyani Municipal Assembly holds paramount significance for various stakeholders. For local administrators and policymakers within the Sunyani Municipal Assembly, this evaluation serves as a crucial tool for enhancing financial sustainability and governance. The results will empower local authorities to identify and address challenges in revenue generation, promoting transparent financial practices and accountability to the community.

From an academic perspective, researchers can leverage this assessment to contribute to the existing body of knowledge on local governance, revenue mobilization, and sustainable development. The findings of such studies provide insights into the unique dynamics of revenue generation and expenditure in municipal assemblies, offering valuable information for academics studying public administration, finance, and local governance.

Moreover, academics and researchers can collaborate with the Sunyani Municipal Assembly to conduct in-depth analyses, share best practices, and propose innovative strategies for improving IGF mobilization.

For residents and community members, an assessment of IGF mobilization is a means of fostering transparency and participation in local governance. Understanding how internally generated funds contribute to developmental projects directly involves the community in decision-making processes, allowing them to actively engage with local authorities, voice concerns, and contribute to the shaping of their municipality's development trajectory.

In summary, the assessment of IGF mobilization in the Sunyani Municipal Assembly not only serves the immediate interests of local administrators but also provides a platform for academic collaboration, research, and community engagement.

1.7 Scope of the Study

The purpose of this thesis is predominantly on MMDAs in Ghana. Specifically, it covers MMDAs in the Bono Region. That is, the Sunyani municipal assembly. Generally, the research seeks to assess the financial sustainability of local government (MMDAs) with reference to sources of finance available for developmental projects, utilization and its outcomes. This resorts to making a series of recommendations regarding alternate sources of funding, and other investment potentials that may enhance and ease their frequent budget constraints. The analysis only employs a descriptive research design without placing emphasis on relationships among variables or the effect of one variable on another.

1.8 Limitations of the Study

Generally, the paper covers only MMDAs in the Bono Region of Ghana. This means that the geographical coverage makes it impossible to generalize the study beyond the borders of Ghana. Therefore, the findings from this study are limited to Ghana.

1.9 Organisation of the Study

The research is organised into five main chapters. The first section covers the background introduction to the study, problem statement, general research objective, specific objectives, research questions, significance of the study, the study scope, and as well as the organisation of the study. Chapter Two presents the conceptual literature, theoretical literature, empirical literature and conceptual framework of the study. Third Chapter discusses the methodology that the study employs. Chapter Four details the presentation of data analysis and discussions on the various research findings relating to the literature used in the study. Lastly, Chapter Five gives a brief summary of the key findings, conclusions and recommendations for both practitioners and academicians.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section provides a conceptual review, a theoretical review, and an empirical assessment of the research. The conceptual covers definitions and concepts whilst the theoretical review deals with the various theories underpinning the study. Specifically, areas such as decentralization, public sector financial management, financial sustainability of district assemblies, revenue collection instruments and sources, as well as challenges in revenue mobilization of MMDAs in Ghana.

2.2 Conceptual Review

2.2.1 Concept of Decentralization

The decentralization systems of governance have been globally acknowledged and particularly practised by most developing countries due to their efforts to promote democracy. In Africa, likewise, Foreign countries, the World Bank and the IMF specifically have assumed significant roles aimed at promoting the decentralization processes of various governments (Olowu 2020; Romeo 2019). Thus, the decentralisation of power and authority to local governments was adopted as a means of defeating wasteful utilization of resources that is highly connected with the central government practices (OECD 2021; Bardhan 2018; Muriisa 2018). Henceforth, the decentralization system of governance brings government and the general decision-making process a little bit closer to the common folks in the local levels (Akudugu 2019). It is a common believe that the decentralization process will yield better service delivery at the local levels (Chikulo 2020; Muriisa 2018). Concurrently, there are similar believes that decentralization will likewise bring about the proper design of plans and the implementation of pro-poor policies and programs that have potential to eradicate mass poverty (Smoke 2017; Crook 2019; Asante & Ayee 2018).

Evidently, the decentralization systems of governance have partly been considered as a panacea in addressing the local level developmental challenges in most developing countries. Notwithstanding these high expectations, the decentralization processes have yet to yield any tangible outcomes at the local level of governance. Decentralized local governance systems have particularly underperformed in its major roles of promoting economic development and reducing poverty at the local level (Crook 2019; Romeo 2019; Chinsinga 2020). Meanwhile, this has to some extent been attributed to failures of the central governments to support fiscal decentralization that will ensure the smooth transfer of financial assets/resources to the districts (Steiner 2018; Chinsinga 2020).

During the inter-decal periods between the 1970s and 1980s, the concept of decentralization became one of most promulgated government strategic objectives and initiatives adopted by most decision-makers, which sought to promote fairness in the economic distribution of community basic needs of the socially excluded person and the handicapped. To promote social inclusiveness of the poor in societies, a great number of countries have considered decentralizing their financial, administrative and political obligations to end down governance units, including the widespread acceptance and participation from the private sector and nongovernmental organizations. Decentralization policy is pursued because of its potential impacts to mobilize and allocate asset/resources effectively, enhancing macroeconomic stabilization, and ensuring service delivery in an equitable manner at the sub-national level – which promote the economic development of the local people and minimize poverty. Nonetheless, Ikeanyionwu & Ekwue (2018), emphasizes that it is this development potential associated with decentralization that has led to the adoption of the decentralization policies which is currently practiced by most developing countries. Hartono (2020) indicates two main objectives of a decentralization government policy to include: the promotion of local people's participation in leadership and decision-making processes; and also, to promote an efficient

locally structured governance. In effect, these objectives may however result in the making of developmental plans more responsive to local conditions and ultimately ensuring that resources are adequately mobilized for self-sustained local development.

Decentralization, according to Walker (2022), has numerous definitions since it might mean different things to different individuals. In the midst of different meanings about the concept of decentralization, the most commonly accepted and adopted definition by most authors and among various scholars is the one developed by the United Nations (UN) titled

“Decentralization for National and Local Development”. UN has defined the term "decentralization" to mean "the devolution of political power to local authorities, special statutory organizations, or means of delegation of administrative authority to field units of the same department. In a more simplified form, Walker (2022), has critically developed a different dimension to the meaning of decentralization and referred to it to mean as the delegating power, capabilities and financial resources from central government to the local levels of governance. There are many different types of decentralization, but the research focused on its economic elements since decentralized units would generate an acceptable amount of income if they carried out their duties well, and fiscal responsibility is a key element of decentralization.

2.2.2 Concept of Sustainability

Serving the needs of the current generation without compromising the requirements of future generations is generally referred to as sustainability. According to Seliger (2017), sustainability is the ability of assemblies to rely mostly on their own people and material resources without transferring much resources from outside sources. Although environmental sustainability may not be entirely disregarded because it is hard to discuss sustainable livelihood without mentioning the environment, the focus of this article is on economic and institutional sustainability rather than environmental sustainability.

He makes the point that self-reliance and self-sufficiency should not be confounded. According to Ikeanyionwu & Ekwue (2018), in order for a source of income to be sustainable, it must be high-yield or high-performance, growing, steady, regular, and on time. Performance, in his words, is the contribution made by each source to the overall income structure. In other words, it represents how much each source contributes to overall revenue. If the contribution is enormous or important, that instrument has to be kept in place; if not, its place in the revenue system needs to be called into question.

The capacity of an Assembly's income to grow over time in order to keep up with rising expenses is known as growth. Revenue changes for Assemblies throughout time are said to as being stable. Regarding internal and external revenues, regular and timely relate to the capacity to get monies from these sources throughout the anticipated time frame. In this context, the term "sustainability of funds" refers to the capacity to use monies accrued without external control or limitations and to be consistent, predictable, and trustworthy. In order to increase the wellbeing of the populace, this would assist Assemblies operate successfully and efficiently.

2.2.3 Indicators of Financial Sustainability

The spending per capita is often one of the indices of financial stability. Models of local restructuring assert, the advantages of a merger are most likely to show up as savings in the amount of money spent on services. Organization theories, on the other hand, frequently assert that managing structural change results in increased expenses up to the point where the new structures have settled in, which might take several years. In order to determine how merger might impact the spending of a country, the impact of the reform in 2009 on the total net service expenditure per capita of each country is assessed. While spending data can clearly show fundamental shifts in the state of consolidated governments' finances, they do not provide a complete picture of the overall financial sustainability of these organizations.

It is crucial to take into account the impacts of consolidation on fiscal health in order to provide a more comprehensive picture of the financial sustainability of reformed local governments. The three components of local government fiscal condition—fiscal risk, fiscal slack, and fiscal balance—are effectively distinguished by Marlowe, (2015). According to Marlowe, (2015), "government's exposure to or vulnerability to detrimental future fiscal shocks" is the definition of fiscal risk. The "self-income ratio" (Pina, Bachiller, & Ripoll, 2020) is used to calculate the percentage of total spending that is covered by local property taxes (council taxes) as opposed to transfers from the federal government for the study that is being given here. According to (Tabesh, Vera, & Keller, 2019) financial slack can take the shape of absorbed (extra expenses) or unabsorbed (uncommitted) resources that top managers might use to address new demands on the firm. Compared to spending on front-line specialists, spending on back-office personnel can more quickly be recovered and put to other uses. employees "at the coalface" cannot be diverted toward new responsibilities the same way that administrative employees may. The unallocated financial resources that each company had throughout the research period are used to calculate unabsorbed slack. This variable captures the liquid assets that are not committed to future liabilities and can be utilized to protect local governments against the consequences of unforeseen environmental shocks (Barbera, Jones, Korac, Saliterer, & Steccolini, 2017). Fiscal balance determines the ratio of the annual change in spending to the annual change in population for each county region. This metric represents the relative balance between expenditure and need since, for instance, English local government often allocates resources based on population. Spending more than what is required might be considered a sign of "overspend," and spending less than what is required can be considered an indication of "underspend." Persistent overspending or underspending will probably pose problems for financial sustainability in the long run.

2.2.4 District Assembly Financial Resources

Local governments were intended to become sustainable, solvent, and self-sustaining through the many reforms of local administration that the government undertook since 1976. Additionally, the fourth schedule of the constitution gives local governments lucrative tasks so they may create enough internal money to support themselves. The amendments also provide local governments the option to raise money through utility companies and commercial ventures (Nworah 2018). Any municipal government's ability to generate income on its own is essential to its sustainability. Based on the strength of its internal generated revenue (IGR), a local government can only go so far in achieving its objective. In Ghana, the IGF, intergovernmental fiscal transfers, and other financial arrangements are the three main financial resource sources for district assemblies. The following provides an in-depth explanation of these sources.

2.2.4.1 Internally Generated Fund

The District Assemblies' self-financed revenues are known as internally generated funds. According to the 6th schedule of the Local Government Act of 1993, Act 462, revenues collected only by or for subnational governments are considered internally generated revenue. Tax- and non-tax sources might be used to categorize these revenues. Revenue Tax are the required payments, which comprise taxes levied on property, company, and self-employed individuals' incomes. Rates, stool lands, fees and permits are examples of non-taxable income, which are contributions made by some district service customers. Local authorities is in charge of publishing regulations for rate collection. Fee-fixing resolutions are approved by MMDAs based on the revenue collected.

The World Bank performed research in 2000 that uncovered certain issues. The legislative requirements, implementation plans, funding arrangements, as well as questions of economic

efficiency and accountability, all of which affect how much income will be generated by the District Assemblies, are among these problems. There are four significant design issues that District Assemblies (DAs) confront, despite the fact that there is enough law in place to allow DAs to utilize domestically produced revenues (Maeregu, 2011). First, due to inadequate databases for estimating revenue potentials, local governments' tax bases remain static. Because it is difficult to identify potential income-generating areas within districts, the amount of tax collection is optimal. Second, some districts have intricate planning processes for income collection. Once more, internal revenue collection procedures are inefficient. For instance, poor property rate revenue collections are a result of improper property valuation. Additionally, most districts lack sufficient revenue collectors. The absence of suitable consequences or punishments for tax defaulters, which exempts residents in particular from paying taxes, is the last design flaw.

2.2.4.2 Inter-Governmental Fiscal Transfers

According to studies, local revenue sources in Ghana are insufficient to pay for local government expenses. To correct this budgetary imbalance, intergovernmental fiscal transfers are consequently required. It has been noted that there are significant variations in funds created by MMDAs because of variations in funds-producing capacity. In order to offset the differences in financial capacity between sub-national governments, intergovernmental exchanges can be used to achieve national redistribution goals. Additionally, local consumption of goods and services that exhibit positive externalities might be supported via intergovernmental financial transactions.

According to Bird & Smart, (2002), such exchanges in developing countries are suggested to promote local initiatives to reduce poverty. In various situations across the world, many types

of monetary exchange systems are used. Legal rules in Ghana allow for the recognition of three governmental monetary exchange primary (Bird & Smart, 2002.), These include Ceded

Revenues, Recurrent Expenditure Transfers, and the Common Fund of the District Assemblies.

2.2.4.3 District Assemblies Common Fund (DACF)

The Republic of Ghana's 1992 Constitution, Article 252, permits the creation of a DACF. DACF, which was created by Act 455 of the Parliament, makes reference to the distribution of at least 5% of "total national revenues" to MMDAs. The trust, which is paid to all MMDAs according to a formula endorsed by Parliament, is administered by the DACF Administrator and disbursed in instalments every three months. The DACF aims to promote local consumption of particular products and services, such as those associated with initiatives to fight poverty.

2.2.4.4 Recurrent Expenditure Transfers

Since 1995, if a district's staffer fell inside the acknowledged work force limitations of the Assemblies, the Ghanaian government took commitments for salary and moreover pensions of district employees. The Government of Ghana also pays for the Assemblies' other administrative and operational expenses. The lost revenue included the following: Ceded income is income that was once owned by the state but has since been given to MMDAs. Rates and charges on cocoa and cotton included, as are criteria for boosting the economy, clubhouse revenue, and paying tax on the employment of exchange, businesses, and professions.

2.2.4.5 Other Financial Arrangements

Internally Generated Fund and Inter-governmental Financial Exchanges are the two revenue streams available to District Assemblies. There are various financial arrangements that might support districts' capital usage, even if these sources of income are crucial for funding use. The long-term growth of earnings from such investments accrues at a later time, hence intergovernmental value contemplations advise that capital investments be supported by local

taxes. Capital investments will improve the well-being of future generations, hence they should be paid for undervalue considerations in order to improve today's welfare. A demand for funding from external sources is also created by the difficulties in obtaining enough money from one's own resources and via financial transactions (Bird & Smart, (2002.). Such funding arrangements may be derived from statutory requirements, affiliations with other organizations, or self-managed District Assemblies operations. Grants from national governments and donors, earnings from investment funds, non-monetary arrangements like cooperative labour, community self-help initiatives, and contributions from businesses and individuals have all been identified in Ghana as potential financial game plans for districts' capital investment requirements. These four basic systems are possible sources of funding for these requirements.

2.2.5 Revenue Sources Available to Local Governments

There are four major sources of levies while considering and utilizing the experiences gained from the Ugandan system of tax administration. And these sources have been duly explained in the next sections:

2.2.5.1 User Fees and Charges

These are including, tax on hotel accommodation, licenses to carry out business trade, fees charged at parking lots (i.e. collected on vehicles. Motor cycles, etc.), market duties or levies, fish retailers'/monger licences, Tender document procurement/application fee, tourist site visitation and recreational fee.

2.2.5.2 Property Revenue

These are rent on profitable properties and land used for commercial purposes, ground rent, and permits.

2.2.5.3 Revenue from Specific Trades

These are sources of revenue collected either from slaughterhouses, practice of herbal medicine/licensing, manufacturing, distilling and sale of alcoholic beverages, carriage of

charcoal and wood, lumbering, fees charged for the use of a public places to stage a play and/or music entertainment.

2.2.5.4 Revenue from Persons in Gainful Employment

These are revenue related to craftsmanship, and large-scale agricultural farm other than for self-sustenance.

2.2.6 Revenue Instruments for Local Governments

The accomplishment of financial decentralization, in Olowu (2020), is absolutely dependent upon the local government having a solid income structure. Oates (2018) contend that local income mobilization can encourage the participating group to take on more political and authoritative responsibilities. The options available to local governments for generating money are, however, severely constrained by solutions based on theory and considerable global experience. Municipalities, districts, and other local bodies may acquire money for infrastructure capital improvements in a few nations. The acquisition of value shares by local government is prohibited by Ghanaian law.

2.3 Theoretical Review

Dick-Sagoe (2019) decentralizes structure of governance systems practiced in Ghana provides a solid foundation and framework for locally-controlled development and responsive planning processes. By the adoption of the decentralization practices, district assemblies have well been established and charged with delegated powers to plan as well as the responsibilities to oversee to it that decision-making development and proper governance practices are maintained at the local levels. Consequently, the MMDAs regime of governance in Ghana has brought governance at the heart of service delivery, stimulating developments and strengthening democracy at the local levels of Ghana.

The design and implementation of any fiscal decentralization policy to adopt for a country within local levels should initially access the valuable nature (i.e. the benefits and the cost) of

such model. This therefore presupposes that the exact landscape of fiscal decentralization and intergovernmental transfer policy will differ from one sovereign State to another depending on how local government institutions and their administrative levels are structured and also what it intends to achieve. First and most argument for the adoption of fiscal decentralization practices as indicated by Musgrave is its potential benefits of bringing decision-making or leadership closer to the general populace and thus it is the most ideal argument which has influenced many schools' thoughts believed theorized by most economists (Smoke 2001).

From theoretical perspectives, the case for an adopted fiscal decentralized policy dates as far back as in medieval periods of 17th and 18th century, a concept coined by philosophers like Rousseau, Mill, de Tocqueville, Montesquieu and Madison (Kee 2003). Be that as it may, contemporary arguments or case for adoption of a fiscal decentralization policy have been popularized explicitly by the works of Wolman. Efficiency Values and Governance Values are the two categories under which he categorized the arguments made by the supporters of his theory.

2.3.1 Institutional Theory

Scholars like North (1990) have emphasized the significance of institutions in shaping economic performance, and this perspective can be applied to the financial domain of the Sunyani Municipal Assembly. Furthermore, delving into informal norms and cultural practices within the organizational context provides insights into the social dynamics influencing financial behaviours, as highlighted by Scott (2008). The organizational behaviour and decision-making processes related to IGF mobilization and allocation can be scrutinized through the lens of institutional analysis, drawing on the works of March and Olsen (1989). The concept of compliance and accountability, central to the institutional framework, becomes crucial for assessing the transparency and efficiency of financial management, aligning with the insights of Ostrom (2005). Additionally, understanding how the Sunyani Municipal

Assembly adapts its financial practices to changing circumstances, policies, and developmental needs, as explored in research by DiMaggio and Powell (1983), offers a dynamic perspective on institutional change. In summary, the institutional analysis provides a robust framework for comprehending the complexities of IGF management in the Sunyani Municipal Assembly by examining the interplay between formal and informal factors that shape organizational behaviour in the financial domain.

2.3.2 Decentralization Theory

Decentralization theory, which investigates the transfer of authority, responsibility, and resources from higher levels of government to local entities, is highly relevant in understanding how local governance structures, such as the Sunyani Municipal Assembly, finance and manage developmental projects. This theoretical framework emphasizes the distribution of power and decision-making at local levels, potentially influencing resource mobilization and utilization. Here, I discuss the application of decentralization theory to the Sunyani Municipal Assembly's developmental projects, along with references for further exploration.

Decentralization involves the shift of decision-making powers and responsibilities to local governments, allowing them to tailor policies and initiatives to meet specific community needs. This has implications for financial management, as local entities gain more autonomy in revenue generation and expenditure. Studies, such as those by Bardhan and Mookherjee (2006) and Faguet (2012), highlight the impact of decentralization on local development and the effectiveness of resource allocation at the local level.

In the context of the Sunyani Municipal Assembly, decentralization theory can be applied to assess how the transfer of authority and resources has influenced the assembly's ability to finance and manage developmental projects. This includes examining the local government's capacity to mobilize funds internally, manage budgets, and implement projects that align with the community's needs.

The success of decentralization in improving local development hinges on factors such as fiscal decentralization, local institutional capacity, and community participation. Oates (2005) discusses fiscal federalism and the importance of revenue-raising capacities at the local level, shedding light on the financial aspect of decentralization. Additionally, Ribot (2004) explores the role of local institutions and the need for effective local governance structures in decentralized systems.

In summary, decentralization theory is a valuable framework for analyzing the impact of the transfer of authority and resources on the Sunyani Municipal Assembly's ability to finance and manage developmental projects. By examining the local government's autonomy in decisionmaking and resource mobilization, scholars can better understand the dynamics of local governance and its implications for community development.

2.4 Empirical Review

Dick-Sagoe (2019) demonstrates that Kwamankese District Assembly failed to fulfil its revenue objectives in part due to a lack of the necessary employees and expertise, and in part due to the assembly's lack of creativity. The success of local authorities in Ghana (i.e., MMDAs) in enlisting IGF to participate in development initiatives has been the subject of several studies.

The Kumasi Metropolitan Assembly (KMA), which had been predicted to do well in terms of IGF creation since they have a huge income pool, has also been discovered to be experiencing this issue (Dick-Sagoe 2019). This condition is not exclusive to the Abura-Asebu-Kwamankese District Assembly. IGR for KMA Assembly in the 2020–2021 fiscal year generated merely 12% of total revenue, according to different research by Alupungu *et al.*, (2018), suggesting that there is an even larger discrepancy between IGF and external sources for other MMDAs. This appalling performance is ascribed to the overall economic difficulties we are experiencing as a

result of residents' lack of understanding of the need to pay taxes to the assembly, poor logistics, revenue collectors' lack of desire, and more. In a study of the Kumasi Metropolitan Assembly, Agyapong (2019) finds more evidence that the money raised could not support the required infrastructure. According to the report, corruption among revenue collectors, officers, and assemblymen in the several Sub-Metro Districts is the major cause of the income shortfall. According to the study's findings, Kumasi is not effectively utilizing fiscal decentralization to grant itself the authority required by the Local Government Act of 1993, and as a result the assembly has not created novel and long-lasting ways to enhance its performance in revenue mobilization.

The assembly spends a large portion of its IGF on administrative expenses, making it, like many local bodies in Ghana, too dependent on the DACF to cover its capital expenses. It is not unique to Ghana that local governments struggle to generate local money for development initiatives. According to Buettner and Wildasin (2018), the number of outside funds given to local governments in the US decreased as a result of this. The most significant obstacle for local authorities in Nigeria to mobilizing IGF, according to a research by Chukwuma (2020), is their incapacity to raise, hold onto, and manage income. This is due to the political system's volatility, the lack of formal structures for raising IGF, and the unreliability of the sources of IGF that have been found.

However, Nigeria has seen a few little successes. IGF has made a considerable contribution to the development of Lagos State's infrastructure, according to Adesoji and Chike (2018). The major tactics Lagos State uses to mobilize IGF include enforcement through the imposition of penalties on non-payers, tax staff training, and educating the general population, or potential taxpayers, about their need to pay. According to Fjeldstad et al. (2012), the large variety of revenue instruments employed for revenue mobilization is a feature that is frequently observed in local authority IGF systems in Africa. Local governments often appear to increase whatever

taxes, fees, and other charges they are able to raise, together with any distributional consequences and economic distortions that these tools may produce. According to Bardhan (2018), a complex and nontransparent local government income system is expensive to run and encourages fraud and mismanagement. Additionally, a lot of municipal taxes distort judgments about how to allocate resources, which prevents the creation of new businesses and the attainment of economic progress. According to Sander (2020), these impacts take place when the efficacy of various sold items carries a great deal and when license costs are too costly for newly established small-scale businesses to sustain.

According to Fjeldstad and Heggstad (2012), the amount and nature of local income sources by themselves may cause the poor to bear a disproportionate amount of the tax burden compared to the wealthy. The local system's fundamental structure and the manner in which money is collected are the key causes of this. Local government revenue systems in subSaharan Africa have generally stayed untouched up until recently, despite the very extensive central government tax reforms that have taken place over the past ten years. In general, improving the efficiency of revenue collection is a fundamental requirement for redesigning local revenue systems. This efficiency must take into account both the direct costs of revenue administration and the economy's overall costs, including the costs of compliance for taxpayers.

Moreover, it's critical to reduce losses resulting from fraud and corruption. It is obvious that poor revenue planning cannot be made up for by better tax administration. Therefore, since there is no benefit in making a bad revenue system slightly more efficient, altering the revenue structure should come first. Tanzania recently underwent a thorough revision of its local government revenue system, Fjeldstad (2014). The major components of this reform were the elimination of ineffective local revenue instruments, which from an administrative and political standpoint were expensive to collect, and enhancements to the remaining revenue bases through the simplification of rate structures and collection processes. Although it is too soon to

gauge the longer-term effects of this reform on local government revenues, Tanzania's reform shows that significant changes to the current local government revenue structure are achievable. As was already said, the local "own revenue" systems in Africa are frequently characterized by a vast array of revenue sources. The primary sources of "own revenues" in urban governments, however, are often property taxes, business licenses, and other usage hinges, frequently in the form of sun fees for services rendered by or on behalf of the municipality. However, evidence from a number of African nations demonstrates that these funding sources have significant shortcomings.

In certain countries, the enforcement of user fees has led to widespread opposition to payment from the poorer portions of the urban population (Fjeldstad & Heggstad 2012, Fjeldstad 2014), for example, property taxes may be particularly expensive to manage (Brosio 2018). Complex business licensing regimes have been shown to be significant barriers to the establishment and growth of businesses, particularly micro and small businesses (Devas & Kelly 2018, Sander 2020), which may provide significant and consistent income for metropolitan governments. In addition, property taxes are a significant source of income for many urban councils (Mikesell 2017); in the 1990s, they made up 40% of all sub-national taxes in developing countries but they were lower in many African nations, ranging from 10% to 30% in Tanzanian urban councils (Fjeldstad and Heggstad 2012) and from 20% to 30% in South Africa (Smoke 2017). Brosio (2018) asserts that the conventional French model, in which the central government administers and collects the property tax, is used by the majority of West African Frenchspeaking nations. The local government is used in the nations of east and southern Africa. The literature that emphasizes the importance of having taxes managed by the government that is legally entitled to their income typically suggests doing this. But in both situations in Africa, there are conflicting outcomes. How to enhance property taxation in emerging nations is a topic of disagreement among experts. Many property tax policies are

centralized, which prevents greater tax rates from being imposed, according to some experts. Others criticize local governments' independence in this area, which they see as contributing to an almost complete state of anarchy. Administration of taxes is a subject of disagreement as well. Property taxes undoubtedly have a lot going for them as municipal revenue sources, but before relying too much on them, there are several apparent flaws that need to be considered. According to McCluskey *et al.*, (2017), the municipality's competency and capacity are frequently insufficient to administer the property tax at a reasonable cost.

Due to these administrative flaws, valuation issues arise, which complicates the assessment of taxes and their enforcement. Theoretically, determining a property's worth and generating money should be simple. Send each property owner a tax bill after conducting a cadastral survey to determine the site value or market value of each parcel of land. Cadastral surveys are time- and money-consuming in actuality, nevertheless (Bahl et al. 2018). Many municipal administrations are unable to complete the work due to a lack of resources and expertise.

If there are any assessors at all, they are in low supply in many sub-Saharan African countries' tax offices (Farvacque-Viticovir & Godin 2019). For instance, eleven recognized land and property valuations are in charge of valuing the millions of free plots in Uganda (McCluskey & Pape 2017). About 100 certified values and five million parcels are the comparable statistics for Tanzania. It is therefore challenging to undertake and maintain evaluations, which are frequently undermined by inflation. It is challenging to manage, particularly when real estate values are changing quickly. Because outdated values are not updated and new properties are not discovered, the property tax base is inelastic despite increases in property size or value. Most of the time, the system was passed down from the colonial era and is inadequate for the circumstances of today. business permits According to Devas (2020), local business taxes are often assessed in one of two ways: either as a fixed sum that typically varies by the nature, scale, and location of the enterprise, or as a percentage of sales or profits. However, determining

turnover or profitability is challenging for both huge corporations with several locations spread across different jurisdictions and small enterprises, which frequently don't keep accurate records. As a result, local business tax collectors frequently utilize indicators of turnover or profitability, such as the size of the premises, the nature of the firm, and the number of installed electrical outlets. According to Aranjou-bonjean & Chambas (2018), inadequate administration frequently results in a lack of proper business registrations, which prevents many enterprises from being included in the license system

Additionally, poor financial management frequently means that rules for collecting and enforcing judgments are not consistently followed. This brings attributes into the system and serves as the tax basis. As a result, many of the current business license systems in Africa have significant flaws. According to Devas and Kell (2018), they include high compliance costs for enterprises as a result of many licensing requirements and intricate tariff systems that do not take the ability to pay into account. a procedure with several ineffective regulatory procedures that provide people the chance to look for rent. Inequities are created by poor administration and tax evasion, which lower the revenue base.

a source of income that causes disparities. a source of income that brings in very little money for municipal governments. Taxes, according to Bahl *et al.*, (2021), are not the ideal way to balance the supply and demand for public services. Cost-recovery pricing systems, which connect the amount paid to the amount utilized, can produce better linkages. These services are also provided through institutionalized, long-term partnerships between state institutions and organized groups of citizens under the banner of co-production. By establishing a closer connection between citizen contributions and service delivery, such mechanisms may turn out to be effective methods to cover the costs of service provision and to promote efficiency in the use of the services. The majority of observers, including Bahl *et al.*, (2021), contend that user fees need to be heavily weighted in local government funding. According to Fjeldstad &

Heggstad (2012), the primary economic justification for user modifications is to promote the effective use of resources in the public sector, not to generate income. When correctly constructed, user fees, in the opinion of these authorities, give information to public sector suppliers about how much customers are ready to pay for certain services and guarantee that what the public sector offers are appreciated by residents.

Free or heavily discounted services might lead to excessive use of them. Targeting the recipients of the services may also be challenging. In order to demonstrate how user fees may place a significant financial burden on lower-income service users and remove the urban population's influential groups from the services, McDonald & Pape (2017) offer examples from a number of nations, including Namibia and South Africa. However, adjustments can be done, according to Rondinelli *et al.*, (1989), to counteract such consequences.

For instance, by implementing sliding scales for the kind of user or the quantity of consumption, user modifications can also take into account differences in ability to pay, albeit this would require sufficient administrative capacity. User fees for trade services, such as water, electricity, sewage, and solid waste management, are said to be significant sources of income in metropolitan municipalities in South Africa, particularly in Namibia and South Africa, by Smoke (2017). Services fees for the delivery of water and electricity are crucial in particular. This income is produced by adding a fee to the price of the utilities that local governments normally purchase from utility providers, or by adding a fee if the municipality generates the utility on top of the cost of production. According to Bahl *et al.* (2021), around a fifth of South Africa's energy distribution bodies get significant financial support from sales surpluses. The cost of delivering the service is paid for in part using these profits. However, some towns still have a sizeable surplus that is used for general local government purposes. As a result, the user's tax liability is concealed from ratepayers. Therefore, individuals are not aware of the actual level of local government taxes. Thus, the municipal tax system's accountability is

compromised. Additionally, if the explicit tax is overstated in the consumer price of some goods, like electricity, this might have a detrimental effect on economic efficiency.

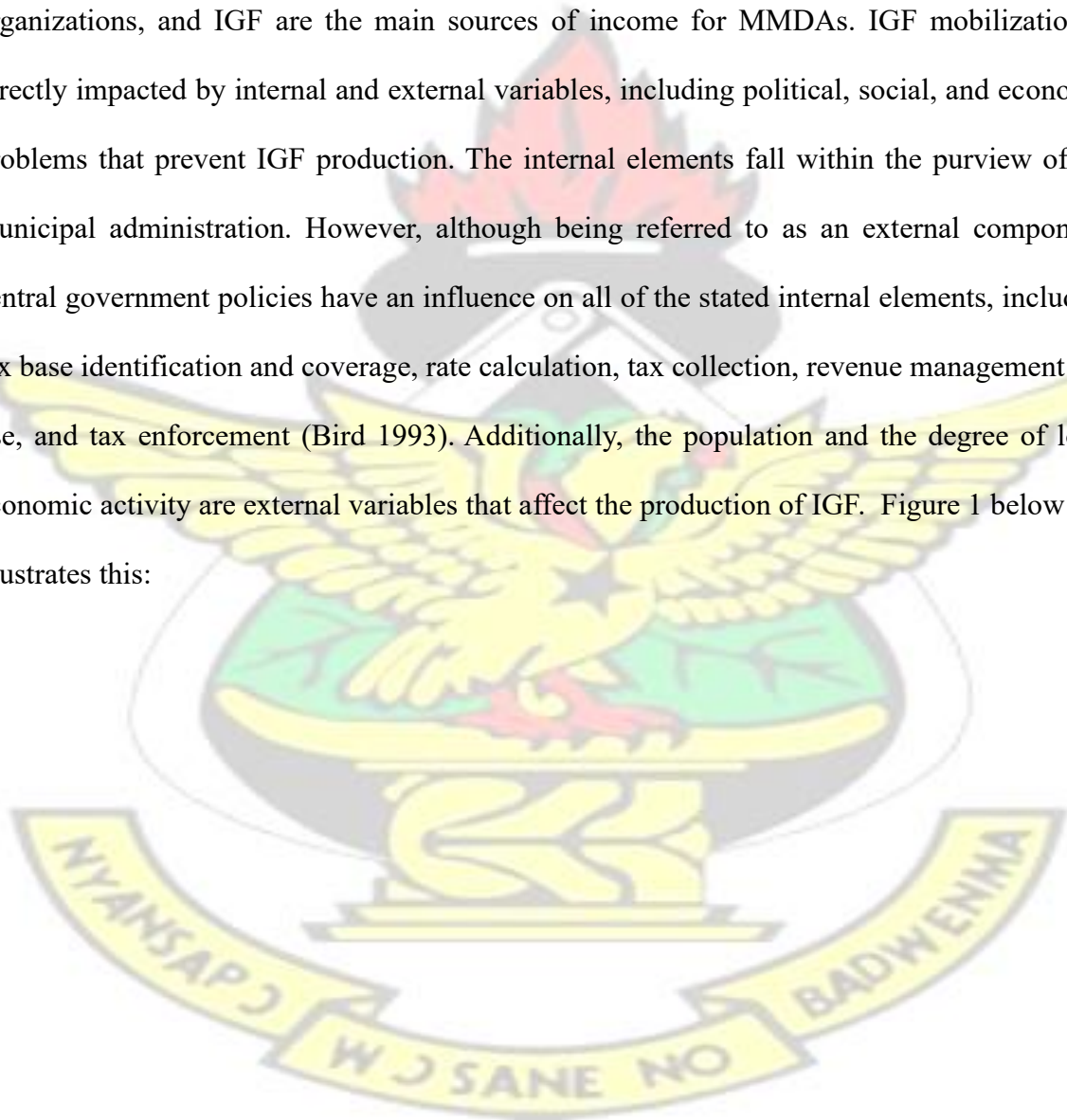
According to Fjeldstad & Heggstad (2012), the majority of town councils in Namibia do not set their prices in line with a tariff strategy that has been authorized for cost recovery. As a result, many local authorities run numerous trading services, such as water distribution, at a large loss. This is confirmed by Smoke (2017) who states that it happens in South African municipalities. The problem is made worse by the growing number of unpaid debtors in many local governments, or customers who refuse to pay for essential services for a variety of reasons, including cost. According to Smoke (2017), there are a number of limitations on user fees and other forms of cost recovery. They illustrate this by using experience from South Africa and Namibia. These result from equality-related factors, such as the ability to pay, methods of billing and collection, the caliber of the services offered, and persistence in paying. These lessons demonstrate that knowing the variables influencing people's decisions to pay or avoid paying service adjustments and taxes is necessary to address the policy issue of revenue improvement in local governments. Conclusion: According to the research, local governments in poor nations—including Ghana—generally find it difficult to mobilize the IGF. To fund development initiatives, the majority of Ghanaian legislatures are overly reliant on transfers from the central government (particularly the DACF) and outside funding sources. The focus of this study is now on the issue of why MMDAs are unable to raise the required funds. Thus, assessing the mobilization of internally generated funds in financing developmental projects in the Sunyani Municipal Assembly.

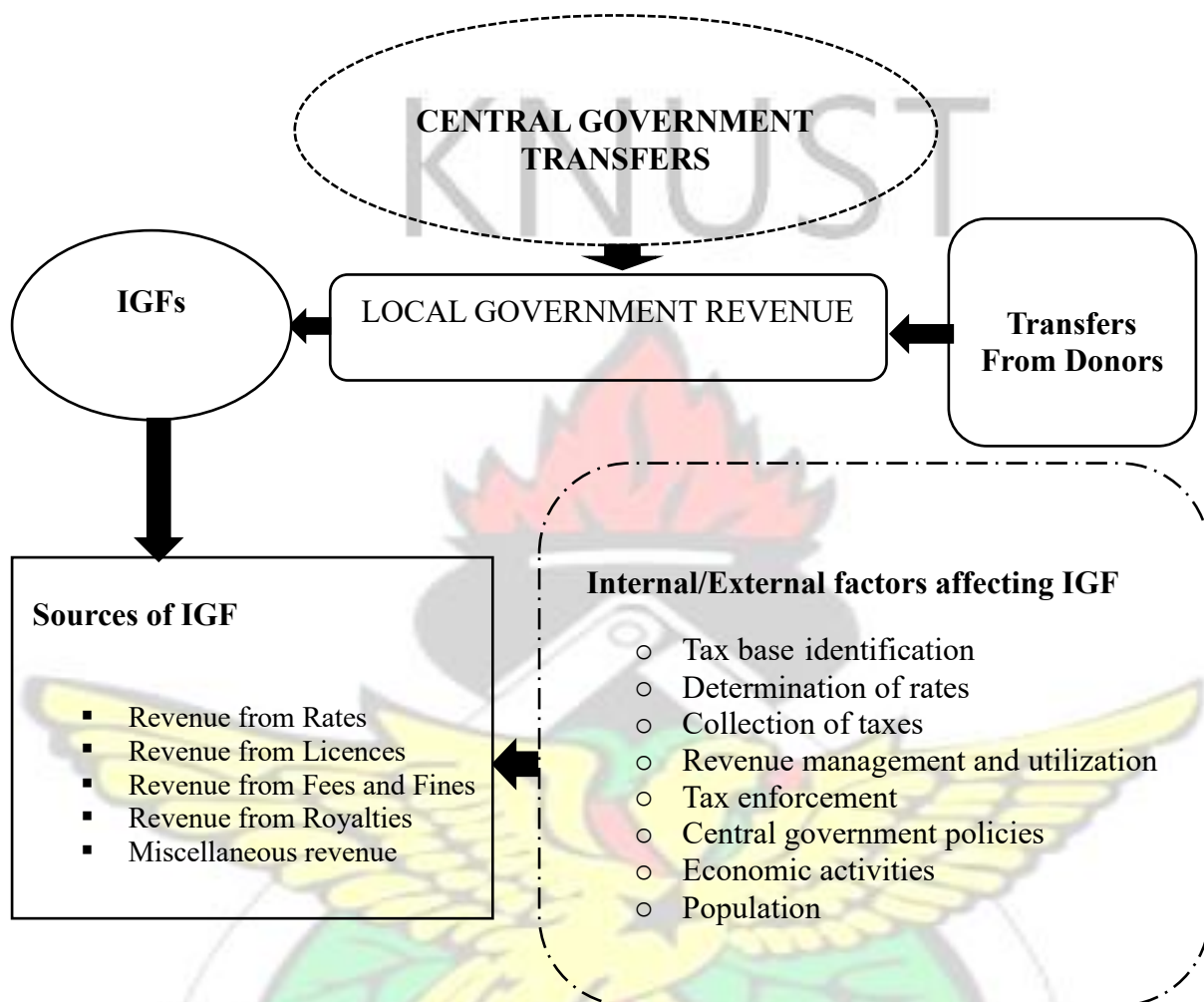
2.5 Conceptual Framework

This section describes the conceptual framework that Smoke (2017) used to demonstrate the creation of the local revenue structure. Tax determination, levying, and collecting continue to be key components of municipal revenue mobilization. In other words, determining the tax to

be charged and the rates to be applied is crucial, and it necessitates a correct evaluation of the tax base and taxable products. Additionally, the techniques used for tax collecting and the individuals involved are crucial in achieving revenue goals. Tax collection can also have an impact on revenue targets. The research's conceptual framework was developed using Smoke (2017) and Roy (2016) arguments.

According to Figure 1, the central government transfers, contributions from donor organizations, and IGF are the main sources of income for MMDAs. IGF mobilization is directly impacted by internal and external variables, including political, social, and economic problems that prevent IGF production. The internal elements fall within the purview of the municipal administration. However, although being referred to as an external component, central government policies have an influence on all of the stated internal elements, including tax base identification and coverage, rate calculation, tax collection, revenue management and use, and tax enforcement (Bird 1993). Additionally, the population and the degree of local economic activity are external variables that affect the production of IGF. Figure 1 below illustrates this:





Source Figure 1 (Researcher's Construction : *Sources of IGFs for Local Governments* 2023)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter covers the research methodology and tools that were employed in the study. The strategies and procedures used to gather data in order to address the research objectives are described and supported. Topics including research design, study population, sample, sampling

techniques, type, sources of data, data collection techniques, data analysis techniques, data validity and reliability, ethical considerations, and study profile are frequently covered.

3.2 Research Design

The study assesses the mobilization of internally generated funds in financing developmental projects in the Sunyani municipal assembly. There are three primary types of study designs: exploratory, explanatory, and descriptive. By using a descriptive research design, the study uses both qualitative and quantitative methods. Descriptive survey design is described by Trochim (2012) as an engagement with participants that uses surveys to get the relevant data. Because it creates an accurate depiction of events or situations, a descriptive survey design is the most suitable research methodology for this topic (Bryman & Bell 2017). It provides segment characteristics, precise projections, and an estimate of the percentage of responders who exhibit particular behaviours. Data is obtained from just a sample and not from the whole population within a particular period ranging from one day to about a few weeks. This data is captured using open and closed-end questionnaires.

3.3 Population of the Study

Population, according to Ofori and Dampson (2018), refers to the range of units from which the sample will be drawn. By this criteria, all MMDAs in Ghana make up the study's population. However, Sunyani West Municipality, which is located in Ghana's Bono region, was chosen as the study's target area of selection. Due to its closeness and the fact that data collection would be more structured in terms of collection and collation, the research location was deliberately chosen.

3.4 Sample Size and Sampling Techniques

Sampling concerns with decisions or choices about which people, settings, events or behaviour to observe. The study uses the non-probability purposive sample approach because it enables the researcher to distribute the questionnaire to respondents who are knowledgeable of the

Assembly's financial situation. Also, purposive sampling is often more efficient and cost-effective compared to random sampling methods. By focusing on specific criteria or characteristics, researchers can achieve their goals with a smaller and more manageable sample size (Creswell & Creswell, 2017). Moreover, This sampling method is particularly useful for studies that require in-depth exploration and understanding of a specific phenomenon. Researchers can select participants who can provide rich and detailed information, contributing to a more profound analysis (Creswell, 2013). Furthermore, purposive sampling allows for flexibility in the selection process. Researchers can adapt their sampling criteria based on emerging insights during the study, ensuring that the sample remains relevant to the evolving research questions (Palinkas et al., 2015). On the other hand, One of the primary criticisms of purposive sampling is the potential for selection bias. Since participants are chosen based on specific criteria, there is a risk of excluding perspectives or experiences that may be relevant to the research question but were not initially considered (Teddlie & Yu, 2007). Aside from the above, The subjective nature of purposive sampling introduces the researcher's judgment into the selection process. This subjectivity may lead to unintentional biases or the exclusion of relevant participants due to the researcher's preconceptions (Palinkas *et al.*, 2015). In summary, despite all the shortfalls of the sampling technique, the strength of the sampling technique supersedes the constraints thereby making it relevant to use. In selecting the sample for the study, 9 MMDAs were purposively selected. This decision was made as a result of resource constraints where the researcher was constrained by time and finances. Additionally, the homogeneity of the population under study was a compelling reason for selecting a smaller sample, as it is sufficient to capture the essential characteristics or variations within a relatively uniform group. Furthermore, the study employed both primary and secondary data, so the relatively small size of sample size was still significant for the analysis since most of the objectives were analysed using the secondary data. Also, most of the analysis used basic

descriptives such as mean, percentages, frequencies and standard deviation which makes it relevant to use a small sample size (Moore, McCabe, and Craig 2015).

3.5 Data Type, Sources and Collection Instrument

The main data for the study is primary data gathered through using both open and closed-end questionnaire. Primary data are data from original source and they are first-hand information gathered through field surveys that may have not been tampered with before. Usually, data are gathered with questionnaire, interviews or by observations.

However, to study the sources of funds and the trend of mobilized funds of Sunyani municipality, a secondary data is used to analyse this results. This secondary data is obtained from the Assembly's financial records and any other secondary that deems fit importance to the study objective. The open and close-ended design nature of the questionnaire offers a lot of flexibility that allows respondents to answer the questions conveniently. Respondents who required further explanations are being guided in completing the research instrument.

3.6 Data Analysis Techniques

After going through the study questionnaires, the data is effectively gathered, processed, and edited and coded to weed out mistakes. After that, the data is combined and analyzed using both qualitative and quantitative analytical methods, or before utilizing statistical software like SPSS and Excel to make reliable deductions and conclusions.

All cross-tabulated conclusions that are connected to one another are analyzed using SPSS version 16.0. Similar to how Microsoft Excel is used to analyze tables, percentages, charts, and graphs, quantitative analytical approaches are carried out with its help.

3.7 Validity and Reliability of Data

After completion, it is anticipated that the study's findings would have great validity and reliability. On the other side, reliability is concerned with the degree to which a test or instrument would duplicate identical measurements under similar circumstances. The extent to

which a test, scale, or instrument measures what is supposed to be measured or assessed, on the other hand, is known as validity (Ofori & Dampson 2018). To determine if the research instrument could be used, a preliminary pilot test of the questionnaire was conducted. Correcting spelling and grammar errors and looking through the phrasing to remove ambiguities were among the operations carried out to increase the validity of the data.

3.8 Ethical Considerations

On the field, each respondent voluntarily participated in study and thus no one is forced to provide information. This is achieved through formally putting in requests with the assembly. That is, many visits, exchange of telephone calls with the assembly without interrupting business activities or work schedules, once approval is received. Sensitive information, such as participant names, is excluded from the analysis due to confidentiality concerns in order to prevent potential victimization. The respondents have received sufficient information to understand that participating in the study is voluntary and does not have any financial or other consequences.

3.9 Sunyani Municipal Assembly

The Sunyani Municipal Assembly, one of Ghana's 260 Metropolitan, Municipal, and District Assemblies (MMDAs), is a component of the 12 municipalities and districts of the Bono Region, which has Sunyani as its capital. A legislative instrument (LI) 1473 was used to create the Municipality on March 10th, 1989. During this time, Ghana formally embraced the idea of District Assemblies. The overarching objective is to hasten the Municipality's growth and development. According to the Local Government Act, Act 462 of 1993, the Sunyani Municipal Assembly's duties include legislative, executive, and deliberative responsibilities. Functionally, the Assembly is in charge of the overall development of the Municipality. To ensure preparation and submission through the regional coordinating council, and subject to

Act 462 and government policy, a Municipal Assembly shall take the necessary and expedient steps and measures to carry out approved development plans for the Municipality.

All development projects supported or implemented by Ministries, Departments, Public Corporations, and any other Statutory Bodies and Non-Governmental Organizations in the Municipality are coordinated, integrated, and synchronized by the Municipal Assembly. Governance in the Municipality is participatory. The general Assembly meets at least three times annually and deliberates on matters affecting the Municipality.

Dialogue between the citizenry, communities and traditional council is encouraging. Public/Open forums are held annually to make the public aware of development programmes and activities, current situations in the Municipality and also solicits their views on state of affairs. The Traditional Authorities have their representatives in the General Assembly, the Municipal Statutory Planning Committee, and the Census Implementation Committee. The Municipal Assembly has initiated processes to enhance the following aspects within the Municipality;

- a) Improved private public partnership in development.
- b) Strengthened Institutional Capacity with Assembly.
- c) Enhanced Community participation in decision making, Planning, implementation and monitoring of development programmes.
- d) Adequate Security for residents.
- e) Reduced Chieftaincy and Land Disputes.
- f) Improved internally generated revenue.
- g) Improved Debt Management.
- h) Improved Financial Management.
- i) Ensure safe and sustainable environment

There are more than Twenty (20) NGOs, CBOs and CSOs which collaborate with the Assembly mainly advocacy, child development, health and population, water and sanitation, micro credit, capacity building, women development, environmental issues and disaster management. Below is a table showing various organisations grouped under their areas of operation in the Municipality. The following committees have been created to supervise the procurement of

products, works, and services in the Municipality in order to guarantee accountability and transparency. As follows:

- a) The Municipal Tender Committee
- b) The Municipal Tender Review Board
- c) The Municipal Tender Evaluation Committee

The Public Procurement Act, ACT 633, specifies how each of these Committees must operate.

Again the Assembly has in place programmes to ensure social accountability. These include;

- a) The publication of Annual Accounts
- b) Publication of annual progress reports
- c) The publication of annual budgets and fee fixing resolutions

Sunyani Municipality is one of the twelve (12) Administrative Districts in the Bono Region of Ghana in terms of geography, size, and demographics. It shares boundaries with Sunyani West Municipality to the north, Dormaa East District to the west, Asutifi District to the south, and Tano North District to the east. It is situated between Longitudes 2 0 30'W and 2 0 10'W and Latitudes 7 0 20'N and 7 0 05'N. Effective social and economic ties with the surrounding districts encourage the sharing of resources between them. 2018 estimates place its overall population at 147,982. A total of 829.3 square kilometers (320.1 square miles) of land make up the Municipality. The regional capital for the Bono Region is Sunyani. A third of the entire area of the land can be used for agriculture. The Sunyani West Municipality's suburbs of Fiapre and Odomase are being swiftly absorbed by Sunyani, the municipality's headquarters, in terms of both size and commerce.

It also has a robust economy and is a tidy, well-kept city. Sunyani Municipal Assembly is in charge of overseeing the municipality's growth and management. The Sunyani, Abesim, and Atronie administrative councils are the three that make up the Assembly. The Ghanaian Constitution of 1992 and other significant laws, like as the Local Government Act of 1993 (Act

462), have provisions that explicitly state the Assembly's authority. Sunyani Municipal Assembly is made up of Municipal Chief executive, 30 elected, 16 appointed members and a member of parliament.

The Assembly convenes on a regular basis to draft bylaws, make policy choices, and vote on matters brought before it by the Executive Committee. Seven subcommittees are present. In the three Administrative Councils of the municipality, there are 67 Unit Committees. to put the Assembly's daily operations and policy choices into practice. 13 departments and specialized organizations, including the National Commission on Civic Education, the Commission on Human Rights, and the Administrative Justice Commission, among others, work with the Municipal Assembly to develop and carry out daily decisions. A Municipal Co-ordinating Director serves as the head of the central bureaucracy.



CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.1 Introduction

The previous chapters have dealt with the various definitions, concepts, theories and as well as tools employed in the study. This section shows data analysis and interpretation of the findings

through the data collected from the respondents, emphasizing on the mobilization of internally generated funds in financing developmental projects in the Sunyani municipal assembly. Specifically, the study entirely examines the sources of funds and financing activities of Sunyani municipality, establish the trend of mobilized funds of Sunyani municipality from 2017-2021 and finally, identifies IGF mobilization challenges faced by Sunyani municipality and strategies for revenue generation.

4.2 Demographic Characteristics of Respondents

This section elaborates on distributions of the respondents by their demographic characteristics comprising gender, age, level of education, position or rank and years the respondents have worked with the assembly. Figure 2 and Table 1 illustrate the summary of these demographics.

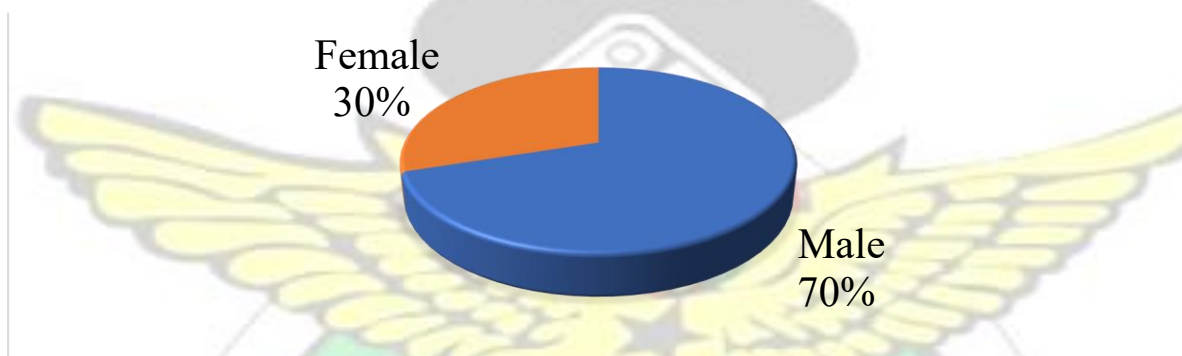


Figure 2: *Gender of the Respondents*

Source (Field Survey 2023)

The study samples nine (9) respondents comprised the chief director, two (2) respondents from the finance unit, three (3) from the internal audit unit and four (4) key staff. These respondents are chosen due to their in-depth knowledge and experience they have about the MMDAs revenue mobilization and financing related issues. From Figure 2 above, number of male staff of the assembly outnumbers the female. This represents (6) 66.67 percent and (3) 33.33 percent respectively. The Table 1 covers the rest of the demographics of the respondents.

Table 1: Age, Level of Education, Position, Years Worked with the Assembly

Age Group	≤ 25	0	0
	26-35	3	33.33
	36-45	1	11.11
	46-55	3	33.33
	≥ 55	2	22.22
Level of Education	SHS/Technical	0	0
	Diploma	4	44.44
	1 st Degree	4	44.44
	Masters	1	11.11
	No formal education	0	0
Position/Rank	Director	1	11.11
	Finance unit	2	22.22
	Audit unit	1	11.11
	Key staff	5	55.56
		2	22.22
Years of working with the assembly	≥ 20 years	0	0
Variable	Narration	Frequency (9)	(%)
	≤ 5 years		
	6-10years	4	44.44
	10-20 years	3	33.33

Source (Field Survey 2023)

Table 1 presents age group, level of education, various positions and years the respondents have worked with the Sunyani municipal assembly. It is clearly shown that the assembly has majority of its employees between the ages of 26-35 and 46-55 representing (3) 33.33 percent and (3) 33.33 percent respectively. Also, the respondents are being asked about their highest level of

education. Out of the total of nine (9) respondents sampled, none of the respondents is not educated. That is, all respondents have formal education. Those who have diploma represents (4) 44.44 percent, 1st degree for (4) 44.44 percent and Masters representing (1) 11.11 percent. Interestingly, majority of the respondents have worked with the assembly for more than five (5) years but less than ten (10) years representing 44.44 percent of the total respondents. Finally, the study finds that there is one director, two respondents from the finance unit, one from audit and four as key staff of the assembly. This represents 11.11 percent, 22.22 percent, 11.11 percent and 55.56 percent respectively.

4.3 Sources of Funds and Financing Activities of the Sunyani Municipality

The first goal of the study is to assess the various sources of revenues and financing activities of Sunyani municipal assembly. This assessment covers total revenues from various sources for the period of five (5) years. That is, from 2017-2021. The assembly's funding sources are categorized under internally generated sources and externally generated sources. The study finds that the externally generated fund normally comes from district assembly common fund (DACF) and other external donors. The main sources of revenue items for the assembly are:

- a) Revenue from Rates: Immovable property is subject to rates. They include real estate for homes, businesses, and industries. Temporary buildings are likewise subject to the rate.
- b) Revenue from Licenses: In Sunyani, the municipal assembly issues licenses depending on economic activity. The license serves as the necessary permission to do any such activity inside the municipality. Although some of these licenses are paid annually or quarterly, the majority are paid monthly, which increases the cost of collection.
- c) Revenue from Land: The Office of the Administrator of Stool Land is a distinct central government agency that oversees land revenue that is seen as a component of the

Suaman municipal assembly's IGF. They want to give the assembly 55% of the money they get from the sale of land.

- d) Fees, Fines and Rent: These fees are added to the tolls that customers of the Assembly's services must pay. Examples include market tolls and tolls at truck parking lots. People who have lived in Assembly-owned properties are included in the municipality's rent obligations, but they must still provide the Assembly an annual sum of money.
- e) Other Income: Returns from financial investments are referred to as this Municipality's Other Income.
- f) Miscellaneous: This is a one-time payment that the Sunyani municipal assembly receives from residents of the municipality for the operation of a venture under a certain prerogative even if it was not budgeted for by the assembly. The relevant summaries are shown in Table 2 below;

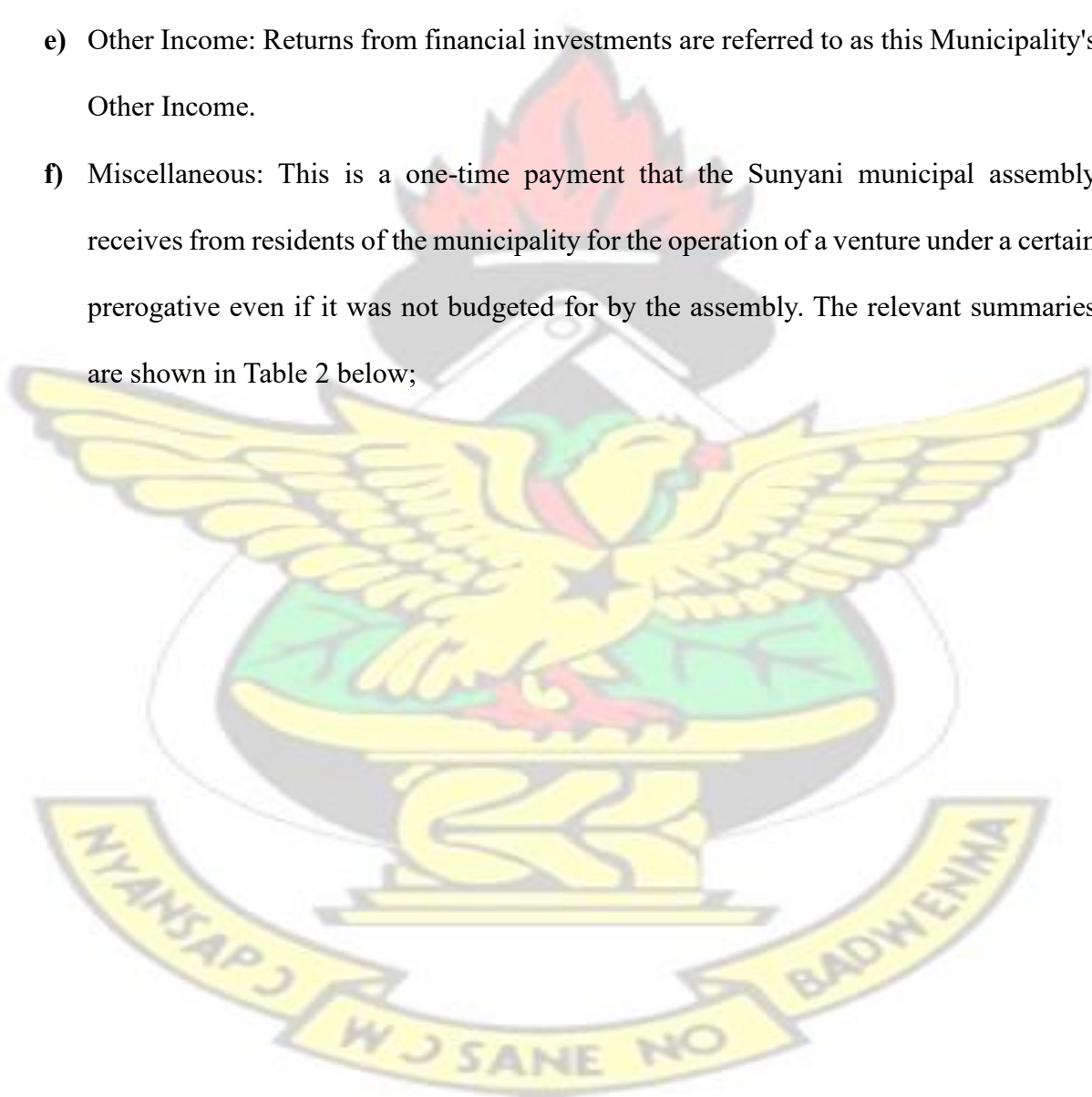


Table 2: Components of Sources of Revenue (Estimated Revenue & Actual Revenue Realized from 2017-2021)

	2017	2018	2019	2020	2021	GHC	GHC	GHC	GHC	GHC	
IGF	Estimated	Actual	Estimated	Actual	Estimated	Actual	Estimated	Actual	Estimated	Actual	
Rates	21,500	0.00	5,150	6,984	67,100	10,601	34,500	12,445	25,00		35
Lands	183,500	2,525	35,000	13,898	61,500	26,141	39,000	5,910	70,000		51,14
Fees and Fines	19,960	9,778	13030	18,807	130	17,571	19,480	13,690	20,640		21
Licenses	62,622	38,109.50	62,100	39,192	57,230	32,973	53,070	45,327	63,810		50
Rents	0.00	0.00	28,856	18,328	19,000	36,365	21,000	4,131	3,500		1
Investment Incom.	0	0	0	0	0.00	0	5,946,086	8596	20,000		
Miscellaneous	4,700	65,860	20,951.10	43,325		698.1				53,590 1000	10
Total (A)	178,771	3433.96	20,200			124,349.10					169,95
		142,122.50	165087.10	140,534		145,760 153,150		93,532.96	203,150		
External Funds											
DACF	2,274,910	682,627.50	2,139,587.04		00.00	4,265,592.60	2,306,008.84	4,607,870	1,757,059.96	4,822,001.4	1,319,90
Donor Grants	50,000	865,859.48	797,372.110			683,750.82	1,041,265.32	290,000	761,823.36	295,215.34	228,2751.36
Total (B)	2,324,910	1,548,486.98	2,936,959.15		0.00			4,897,870	2,518,883.32	5,117,216.7	3,602,656.70
					00.00	4,949,343.42	3,347,274.16				
(A)+(B)	2,503,681	1,690,609	3,102,046.25	140,534.0	5,095,103.00	3,471,623.00	5,051,020	2,612,416.00	5,320,367.0		3,772,61

Source (SMA financials 2023)

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Table 2 above illustrates components of revenue generated so far from the various components of revenue items from 2017-2021. The components comprised both the revenue generated internally and external supports. Sunyani municipal assembly (SMA) provides seven (7) main sources of revenue streams comprised of rates; lands; fees and fines; licenses, rents and rates; other incomes and lastly, miscellaneous. Beginning with the IGF, the study shows that there has been a steadily increase in revenue for rates. That is, from 2018-2021, revenue generation for rates has proven positive for the Assembly. However, the findings show that the Assembly could not generate revenue for rates in 2017.

The second item being lands shows a steadily increase in revenues from 2017-19 and decreases in 2020. Revenue from fees shows an increased in revenue from 2017-2018 and a decreased in revenue in 2019 and 2020. However, revenue starts to rise in 2021. In respect to rent revenue, throughout the 2017-2019, revenue for rent has a tremendous increased till the year 2020 and 2021. Relatively, this is the most abysmal performance revenue itme of the assembly. Nevertheless, even though there is a fall in revenue for investment income throughout the period of under studied, there is some substantial revenue under investment income for the assembly. Revenue trend for miscellaneous shows a fluctuational moment where it decreases from 2017-2019 and starts increasing from 2020-2021.

4.3.1 Graphical Trend Analysis of IGFs of Sunyani Municipality (2017-2021)

This section covers the trend analysis of the internally generated funds of the assembly. The Assembly provides the various sources of IGFs and it captures as rates, lands, fees and fines, licenses, rents, others and miscellaneous. The Figure 3 below illustrates this trends.

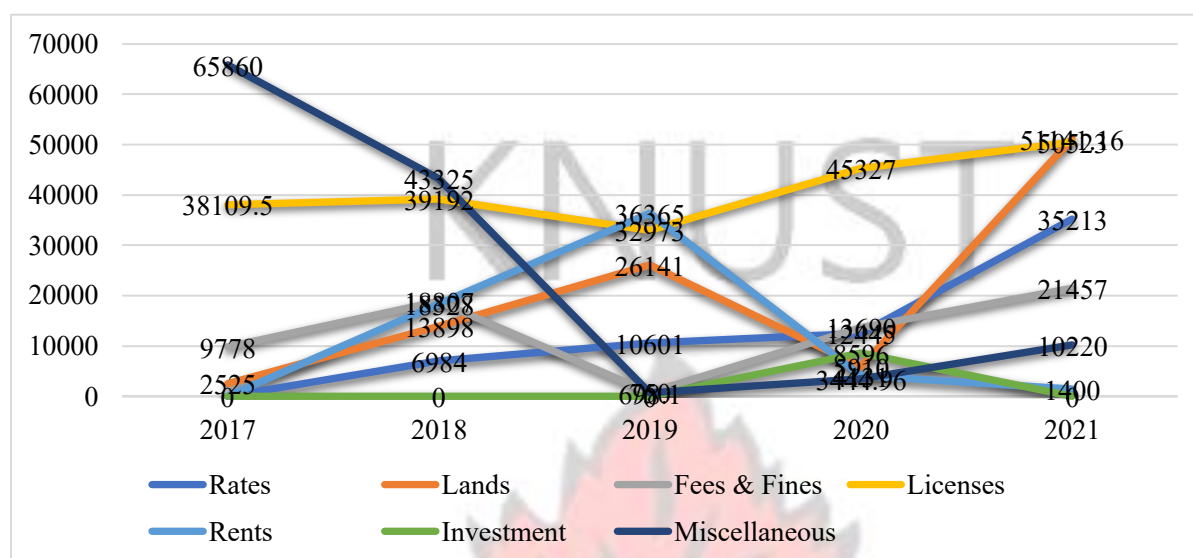


Figure 3: Trend Analysis of IGFs of the Assembly (2017-2021)

Source (SMA financials 2023)

As already been clearly explained under the Table 2, IGF from rates starts rising from 2017, 2018 and 2019, but decreases in 2020 and increases in 2021 respectively. Revenues from lands is the major sources of funds to the Assembly. The study finds that revenue from lands increases from 2017 and 2018, however, starts to decrease in 2019 but starts rising in 2020 and 2021 correspondingly. One of the major components of IGFs for the people of Sunyani municipality is revenue from fees and fines.

From the study, revenue from fine and fees increases from 2017-2018 but decreases in 2019. Nevertheless, it starts rising from 2020 to 2021 separately. The last major item of IGFs of Sunyani municipal assembly is that of revenue from licenses. From the result, revenue generation from licenses keeps rising from 2017-2019 but immediately decreases at the end of 2020 then rises to 2021 respectively.

4.3.2 Graphical Trend Analysis of External Funds of Sunyani Municipality (2017-2021)

In addition, the trend analysis of the external sources of fund of the assembly which comprised of

DACF and donor grants are also assessed. The Figure 4 below illustrates the summary of the trend.

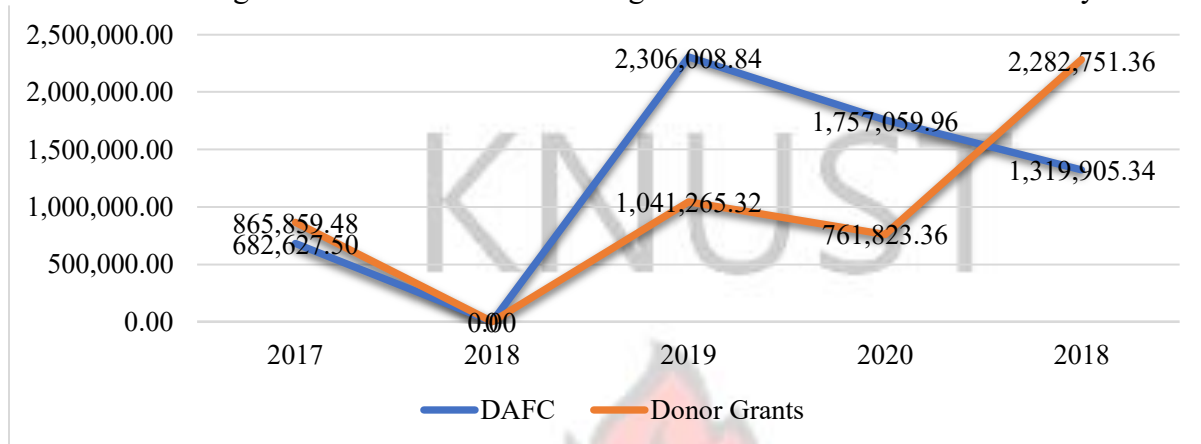


Figure 4: Trend Analysis of DAFC and Donor Grants of the Assembly (2017-2021)

Source (SMA financials 2023)

Figure 4 above shows the trends of external inflows to the Assembly which comprised of DACF and donor grants. From the results, as at 2017, the DACF is less than the other donor grants inflows to the Assmsembly. However, in 2018, inflows from these revenue sources show zero. Meaning, the Assmsembly did not receive revenues from both DACF and donor grants. Even though in 2017, inflows from DAFC is less than that of donor grants, in 2019, DAFC shows a higher inflows compared to that of donor grants. Meanwhile, in 2020, even though DAFC still shows a higher inflows compared to donor grants, both revenue inflows streams show a fall in revenue. However, in 2021, revenue inflows from DAFC keeps falling whilst infows from donor grants rather shows an increased in revenue inflows.

4.3.3 Graphical Trend Analysis of IGFs and External Funds of SMA (2017-2021)

This section illustrates the trend analysis of total revenues received by the Assmsembly from 2017 to 2021 which comprised of both IGFs and external sources of funds (DACF and donor grants).

Figure 5 below illustrates the summary of the trends.

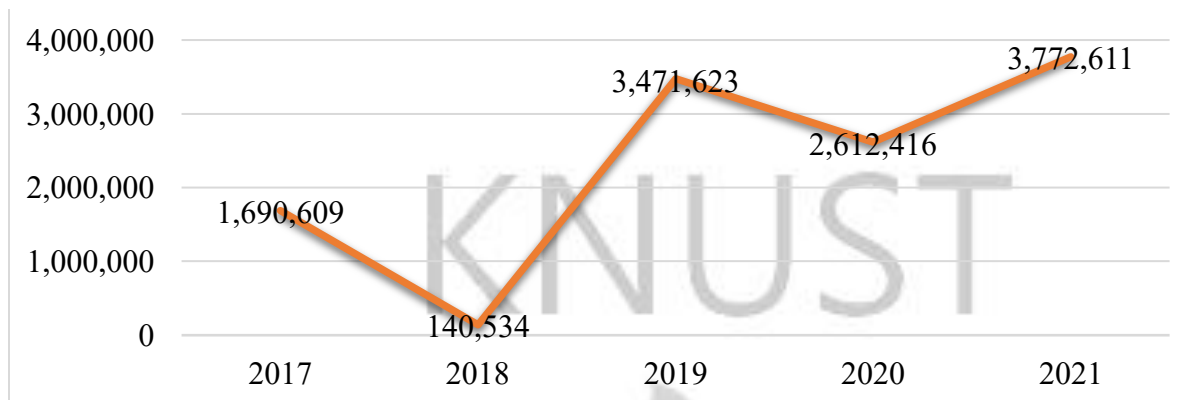


Figure 5: Total Trend of Actual Revenue of the Assembly From 2017-2021

Source: (SMA financials 2023)

Figure 4 above presents the trends of revenue mobilization of the Sunyani municipal assembly. The trend captures five (5) years, starting from 2017-2021. Generally, it can be clearly deduced from the results that the assembly received a revenue fall from 2017 to 2018. Surprisingly, in 2019, total revenue rises again more than the previous revenues. According to the respondents, this increase in revenue can be attributed to the Assembly's efforts to reduce congestion, which required local merchants to pay the assembly.

Additionally, people had to pay extra for licenses to operate and do business in the district. Despite these significant sums of income raised by the assembly, the financial officer verified that the revenue from these components was insufficient since the assembly also spent more money on task forces and radio advertising to encourage people to pay. However, the assembly must also seek funding from the District Assembly Common Fund (DACF) in order to carry out its developmental programs. In the part that follows, more challenges are discussed.

4.4 Trend of Financial Sustainability of Sunyani Municipal Assembly (2017-2021)

The study however, assesses the sustainability of the funds raised by the Assembly as against financing the various developmental projects in the Sunyani municipality. Table 3 below shows

the assembly's revenues being mobilized and spending activities toward the development of the municipality from 2017 to 2021.

Table 3: Revenue as Against Expenditure for the Period (2017-2021)

Year	Financial Sustainability Expenditure GHC	Variance	GHC Actual Revenue	GHC
2017	1,690,609.00	2,121,092.28	-430,483.28	
2018	140,534.00	3,576,389.89	-3,435,855.89	
2019	3,471,623.00	4,677,137.00	-1,205,514.00	
2020	2,612,416.00	3,649,345.11	-1,036,929.11	
2021	3,772,611.00	4,374,567.79		-601,956.79
Total	11,687,793.00	18,398,532.07	(-6,710,739.07)	

Source: (SMA financials 2023)

The different Assemblies are required under the Local Government Act (Act 462, 1993), which established and governed the operations of the MMDAs in Ghana, to gather money from local sources to support their development programs. In the past, MMDAs have relied on a number of income streams that are included in the local government Act, such as the collection of tolls, property taxes, licenses, and permits. The study reveals that Sunayni municipal assembly has embarked on these various projects such as construction of schools, CHPS, feeder roads and embarking on sanitation exercise in the various electoral areas. Aside these physical projects, the assembly has also made expenses on payment of salaries to assembly's staff, granting of scholarships to needy but brilliant students even before and after the implementation of the Free SHS programme by His Excellency President of the republic of Ghana, Nana Addo Danquah Akufo Addo. From the Table 3, the results show that the assembly employs almost all its revenue to develop the assembly. That is, Sunayni municipal assembly currently is experiencing financial unsustainability. Meaning, there is no instances where the assembly received more than its expenditure as it is clearly illustrated by the various variance against the periods.

The study reveals that apart from the assembly unable to mobilized more revenue for such particular year, one major factor has to do with of delays in disbursement of the district assembly common fund (DACF) on time to ensure fast payments of expenses related to developmental projects of the municipality and other related supports. The below Figure 5 illustrates the percentage of expenditure spent or allocated to the developmental projects of the assembly since 2017 to 2021.

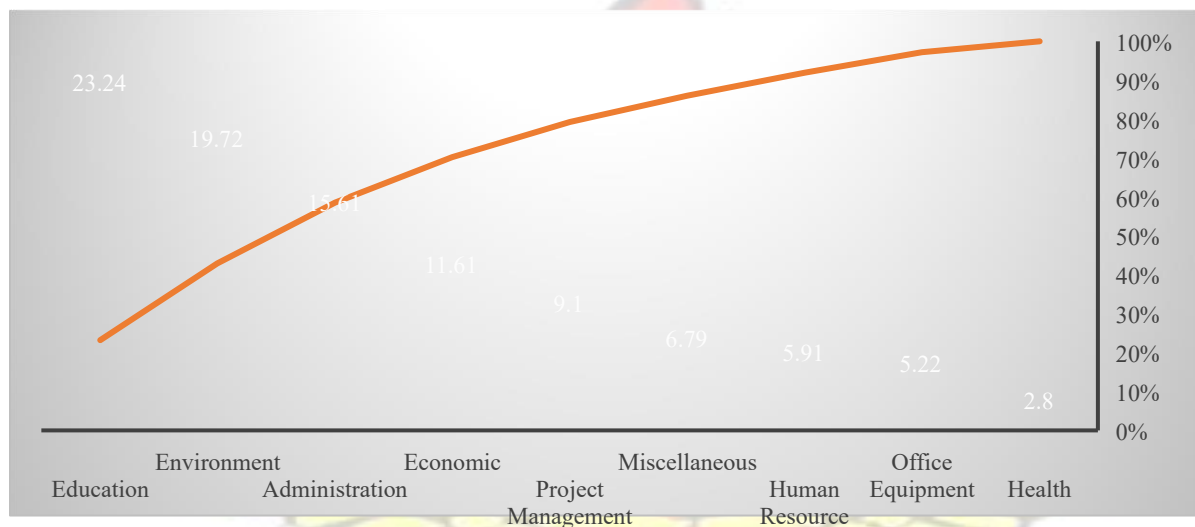


Figure 6: *Percentage of Expenditure Spent on Developmental Projects (2017-2021)*

Source: (SMA financials 2023)

Figure 6 above displays the percentage of revenue allocated to municipal assembly development projects from 2017 to 2021. The assembly clearly demonstrates that it utilizes 23.24 percent of its overall revenue to support education. Building classroom facilities, buying computers and other equipment, providing scholarships to students at the primary, secondary, and university levels, and increasing workforce capacity are all part of this.

The next category is environment, where 19.72 percent of the total revenue was spent. The Sunyani municipality invests here in things like street light installation, landscaping, and gardening. The assembly's management cost accounted for 15.61 percent of total revenue. Utilities (electricity,

water, internet, and telephone rates) were paid out of the sum allocated for administration. telephone charges).

4.5 Empirical Results

Table 4: The proportion of Funds Accrued for Each Source of Revenue Mobilization

Years	Internal	%	DACF	%	External (Donation)	%	Total
2017	116272.5	6.984	682627.5	41.00	865859	52.001	
2018	122227	100.00	0	0.00	0	100.00	
2019	112601	3.254	1041265.32	30.095	2306008.84	66.650	
2020	76979.96	2.965	761823.36	29.357	1757059.96	67.686	
2021	94945.16	2.567	2282751.23	61.736	1319905.34	35.696	
Total	523025.6	4.532	4768467	41.320	6248833	54.147	11540326

Source: (SMA financials 2023)

Table 4 presents results on the proportion of funds supplied by the Vrous revenue sources to the Assembly. The sources are internal sources generated from land proceeds, rents, fees and fines, rats license etc. In 2017, the total internal revenue was GHS 116,272.5 and was just 6.9 per cent of the total revenue for the year. 41 per cent of the 2017 revenue was supplied by the DACG and amounted to GHS682, 627.5 of the total revenue while 52 per cent, representing the highest revenue source was supplied by grants. In 2018, the total revenue for the Assembly was accrued from internal and amounted to GHS 122,227. During 2019, 66.6 per cent of the total revenue was supplied by external sources through grants, while 30 per cent was provided by the DACF and only 3.2 per cent from internal sources. In all, the total revenue accrued from the various sources from 2017 and 2021 is GHS11,540,326, with the highest proportion (54.14 per cent) supplied by external sources, 41.3 per cent supplied by the DAC and only 4.532 per cent from internal sources.

This indicates poor internal revenue mobilization by the Assembly which makes them overdependent on external sources and the failure of the constant flows will cripple the finance of major projects in the Assembly.

Table 5: Chi-square (x2) table for testing the importance of Internal Revenue Source

Internal Revenue Source	Value	df	Asymptotic Significance. (2-sided)
Pearson Chi-Square	8.432	25	.001
Likelihood Ratio	7.915	24	.066
Linear-by-Linear Association	13.654	1	.000
N of Valid Cases	6		

The hypothesis testing results in Table 5 show a p-value of 0.066 which is greater than the critical value of 0.05. Thus, this suggests that internal sources of revenue mobilization have insignificant positive effects on the Assembly revenue mobilization efforts. Hence, the level of revenue raised through internal sources is insufficient to means to raise revenue in the Assembly.

Table 6: Chi-square (x2) Table for testing the Importance of DACF on Revenue Mobilization

Revenue Mobilization	Value	df	Asymptotic Significance. (2-sided)
Pearson Chi-Square	33.065	22	.061
Likelihood Ratio	31.654	22	.001
Linear-by-Linear Association	8.543	1	.002
N of Valid Cases	62		

Table 6 shows an asymptotic significance or p-value of 0.001 which is greater than the critical value of 0.05. This suggests that DACF is a significant factor that influences revenue mobilization in the Assembly.

Table 7: Chi-square (x2) Table for testing the Importance of Grants on Revenue Mobilization

Importance of Grants on Revenue Mobilization	Value	df	Asymptotic Significance. (2-sided)
Pearson Chi-Square	4.876	25	.000
Likelihood Ratio	5.542	25	.001
Linear-by-Linear Association	14.043	1	.000
N of Valid Cases	6		

From Table 7, the Chi-square results show a p-value of 0.001 which is less than the critical value of 0.05 suggesting that the grants and donation affects revenue mobilization.

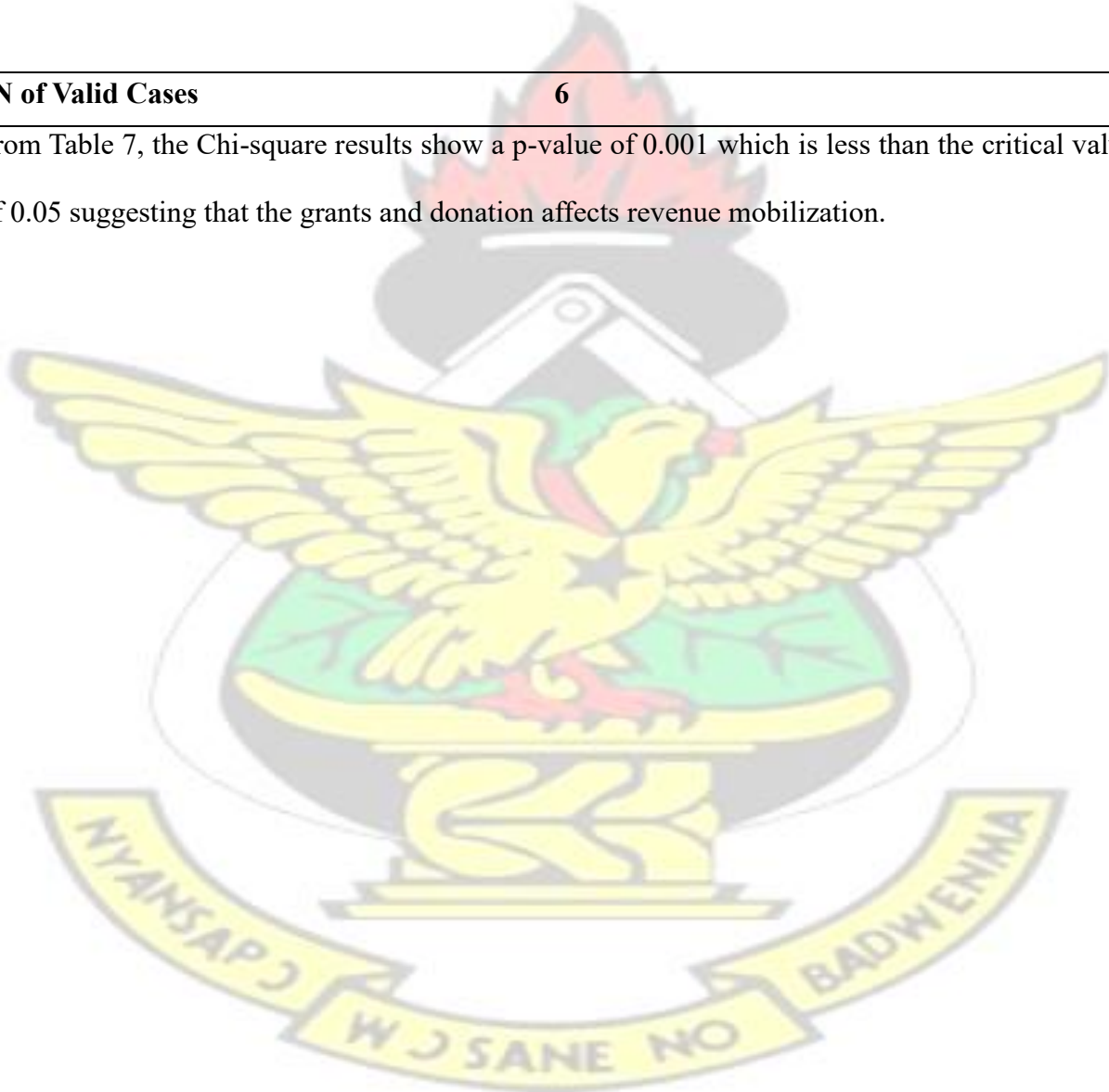


Table 8: Critical Analysis of the Financing Issues of the Assembly

Projects	Starting Year	Due Year	2017	2018	2019	2020	2021
Education							
Class Room Block 1	2015	2017	Not Completed	-	-	-	-
Class Room Block 2	2018	2019	-	-	Not completed	-	-
Schools Renovation	2019	2025	-	-	-	-	Ongoing
Health							
5 Chip Compounds	2017	2023	-	1 completed	-	2 Partially completed	Ongoing
2 Hospitals Renovation	2018	2021	-	-	-	-	Completed
Water and Sanitation							
10 Bole holes	2017	2021	-	-	5 completed	-	Ongoing

Table 8 shows the number of projects the Assembly has started and their due completion year. For instance, there are three projects under education started by the assembly in 2015 to 2019. A classroom block which was started in 2015 and due completion in 2017 is still not completed after 2017. The respondents indicate a lack of finances to complete the project as a major challenge towards project finance. Similarly, none of the education projects has been completed, although the due completion year has passed. Similarly, only 3 of the Chip Compounds out of the 5 have been complete or partially completed.



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4.5.1 Challenges Faced by SMA and Strategies for Revenue Mobilization

The last objective of the study deals with challenges facing the assembly and some strategies the assembly has put in place to minimize these challenges. Generally, there are two main responses from this section. The response from the finance officer of the assembly when interviewed and the general responses from the respondents which are provided by the researcher to solicit the views of the assembly. According to the municipal financial officer, the assembly has a little amount of locally produced funds to support its health sector development initiative. Regarding the utilization of the assembly's domestically produced money, he believed that investment in revenue-generating activities would be low, if not nonexistent, while recurring expenses increased at the cost of capital ones. The respondents were asked if they agreed or disagreed with the issues that the assembly faces. The summary of the rest of the challenges are presented on the Table 4 below (*SA=strongly agree, A=agree, N=neutral, D=disagree, SD=strongly disagree*).

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Table 9: Challenges Sunyani Municipality Faces in Revenue Mobilization

Challenges	Rate of Responses										(9)
	SA		A		N		D		SD		
Lack of proper mechanism for effective revenue mobilization	2	(22.22)	4	(44.4)	1	(11.1)	2	(22.22)	0	(0)	9
Revenue collectors are untrained and lack basic accounting principles.	1	(11.11)	2	(22.2)	4	(44.4)	0	(0)	2	(22.22)	9
Lack of basic amenities	5	(55.56)	3	(33.3)	0	(0)	0	(0)	1	(11.11)	9
Poor monitoring to ensure effective taxation and mobilization	2	(22.22)	1	(11.1)	3	(33.3)	1	(11.11)	2	(22.22)	9
No formal Training in Records Keeping	3	(33.33)	5	(55.5)	0	(0)	0	(0)	1	(11.11)	9
Inability to afford record keeping equipment	4	(44.44)	3	(33.3)	1	(11.1)	1	(11.11)	0	(0)	9
Unstable target of revenue, especially DACF	4	(44.44)	5	(55.6)	0	(0)	0	(0)	0	(0)	9
Poor education on taxation by the tax authorities	1	(11.11)	4	(44.4)	2	(22.2)	1	(11.11)	1	(11.11)	9
High recurrent expenditure of the assembly	3	(33.33)	2	(22.2)	3	(33.3)	0	(0)	1	(11.11)	9
Lack of motivation for staff	2	(22.22)	5	(55.6)	0	(0)	2	(22.22)	0	(0)	9
Poor expenditure control	4	(44.44)	3	(33.3)	1	(11.1)	0	(0)	1	(11.11)	9

Source (SMA financials 2023)



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The analysis concludes that, the assembly's revenue goals will generally continue to be hampered by the district's inefficient methods of revenue collection, the highly unskilled character of the revenue collectors, and the associated poor reporting processes. The system that would guarantee efficient income mobilization and administration is now lacking in the assembly. Because they lack training and experience, the revenue collectors cannot manage fundamental accounting principles. Due to this, there is a likelihood that there would be significant income leakage and inadequate reporting and accounting.

Second, there aren't enough fundamental facilities. The assembly lacks the necessary inputs to ensure efficient tax collection. Poor oversight on the part of the finance office to make sure that all individuals conducting business in the municipality are taxed and that the proper revenues are collected. The Internal Generated Funds can be rather erratic. The money brought in for the assembly serves as proof of this. Over time, the amount collected has not always been the same for the next year. Poor tax education was also mentioned as one of the issues. Information about how to pay taxes is not given to residents of the municipality. One such instance is the property tax, about which most individuals are unaware of the due date.

The assembly incurs higher monthly payments due to its high recurring expenses. Examples include pay, electricity, and benefits for labor performed by assembly personnel. The lack of motivation is one of the main issues, according to a small number of responders. The problem with minimal revenue is that revenue collectors aren't sufficiently motivated to get them to work. Poor expense management must also be taken into consideration. Since the expenditures are outside the assembly's control, all of the money raised is used to pay for them.

4.6. Strategies to Enhance Financial Sustainability of the SMA

The study therefore, assesses the measures Sunyani municipality has put in place to enhance or increase revenue collection. Majority of the respondents' state that giving bonuses and incentives to revenue collectors can go a long way to motivate the tax collectors for effective

tax collection. That is, (7) of the total respondents representing 77.78 percent assert that for effective mobilization of revenue, especially tax from the tax payers, the assembly or the government must motivate the revenue collectors. Secondly, majority of the respondents claim that by prosecuting defaulters promptly can serve as a deterrent to those who normally invade or avoid payment of tax in the municipality.

The study finds that there are instances where revenue from taxes keep on reducing. The respondents assert that people from the municipality especially the informal sector have that habit of evading tax because failure to pay tax does not come with any sanctions. Some respondents are of the view that embarking on revenue collection education or training for tax collectors on traders the need to honour tax obligations. Last but not least, new satellite markets must be constructed in order to relieve CBD congestion and increase tax collection.

To sum up, the following were the points collectively, the assembly concluded to enhance revenue mobilization. Through media services, tax education is used to persuade citizens of the municipality to pay their allotted financial obligations to the assembly. Voluntary personal payments are also made by individuals, particularly residents. using a task force. To get the district's citizens to fulfill their financial commitments to the assembly, the assembly at one point hired the services of the security forces, some of whom are very young males. Even as a means of employment to lower the unemployment rate, this recruiting of young males; Roadblocks were used to induce automobile owners and drivers to pay for their licenses in the transportation industry; The Pay-Your-Tax Campaign includes the assembly encouraging revenue collectors and employing door-to-door campaigns and information services in their native languages to assist citizens realize the need of paying their taxes. This encourages and motivates tax collectors, giving them the assistance they need to mobilize more income for the assembly.

4.7 Discussion of Findings

The study generally emphasizes on the mobilization of internally generated funds in financing developmental projects in the Sunyani municipal assembly. Specifically, the study entirely examines the sources of funds and financing activities of Sunyani municipality, establish the trend of mobilized funds of Sunyani municipality from 2017-2021 and finally, identifies IGF mobilization challenges faced by Sunyani municipality and strategies for revenue generation. The study samples nine (9) respondents and the number of male respondents in the assembly outnumber the female respondents.

The majority of respondents had worked with the assembly for more than five (5) years, and all respondents have received formal education. Two essential current sources of income for African local government bodies are identified by Bahl and Bird (2018). That is, income from taxes, user fees, different licenses, and transfers from the federal or regional governments, typically in the form of grants and revenue-sharing arrangements. Subnational levels may also have other sources of income; one example is an external financial contribution, which in certain nations contributes a substantial amount of funds to the different local administrations. (Yatta et al 2018). This study identifies same sources of revenue available to the Sunyani municipality. The study also, finds that Sunyani municipal assembly gets most revenues especially from licenses and other income. Follows taxes, fees and fines, licenses, rates, lands as identified by Bahl and Bird (2018) identified. The study reveals that SMA does not depend solely on the internally generated funds (IGFs) but also, depends on the district assembly common fund (DAFC) as claim by Yatta et al (2018) which state that MMDAs cannot solely depend on their IGF without the help of district assembly common fund (DACF) in Ghana. However, the study finds that SMA relatively has insufficient revenue base as against or match to expenditure with each year. This is contrary to the assertion by Smoke (2018) concerning fiscal decentralization. He contends that in the majority of developing nations, allotted revenues

are virtually sufficient to cover the needs for local expenditures. However, the results demonstrate that the assembly lacks funding since it has been discovered that district people are avoiding or dodging taxes.

Those that want to pay sometimes do not state the true profit declared. The study reveals that the assembly have deployed measures to enhance effective revenue mobilization. In order to develop plans and improve the efficiency of the local government through revenue mobilization, public sector organizations must utilise already-existing laws and processes, claims Zaney (2020). He adds that organizational behavior and culture must change, work ethics must be respected, and the changes must be controlled if performance management is to be implemented successfully in the local government sector.

Similar to this, the study identified a number of initiatives and tactics used to promote effective revenue in the district, including increased public education, the prosecution of tax evaders, the launch of the "Pay Your Tax" campaign, capacity building for tax collection, the use of task forces, inspiring staff members responsible for revenue collection and commission collectors, providing adequate working conditions for personnel, and the introduction of online tax payment. The analysis discovers that the assembly had used all IGF in supporting a lot of initiatives in the district after analyzing how internationally produced funds had contributed to the area's growth. building of markets, sanitary improvements, classroom building and refurbishment, the supply of scholarships and educational facilities, the installation of street lighting, and the repair of roads and bridges are a few of these initiatives. Local governments are currently facing additional difficulties in their efforts to become less reliant on the central government for financial resources, according to states by Adamolekun (2019). Furthermore, donor monies and the district assembly common fund (DACF), which the government releases to support the various assemblies, are the only sources of local income that MMDAs may use for development (Akindele et al., 2021). Some challenges are also identified at the assembly

regarding the generations and management of funds. These challenges are lack of training of accounting staff, underperformance some employees, lack of professionalism of staff, lack of monitoring & evaluation unit on financial usage and late disbursement of funds to the assembly. The empirical results indicates that only DACF and external source of fundings from grants are significant source of revenue mobilisation for the assembly. The results further show that the internally generated funds are insufficient to be a significant revenue mobilisation source for the Assembly.



CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter presents the main findings, conclusions, makes recommendations policy making and for further research.

5.2 Summary of Findings

The study generally highlights on the IGF mobilization in financing developmental projects in the Sunyani municipal assembly. Some specific objectives are first and foremost to examine the sources of funds and financing activities of Sunyani municipality. Second, to establish the trend of mobilized funds of Sunyani municipality from 2017-2021 and thirdly, to identify the IGF mobilization challenges facing Sunyani municipality and strategies for revenue generation. The study samples nine (9) respondents and the number of male respondents in the assembly outnumber the female respondents.

5.2.1 Sources of Funds and Financing Activity Trends of the Sunyani Municipality

As part of the study's objectives, study assesses the various sources of revenue and financing activities of the Sunyani municipal assembly. The study finds that the external sources of funds normally comes from district assembly common fund (DACF) and other support donors. The main internally sources of revenue items for the assembly are revenue from rates, revenue from licenses, from land, fees, fines and rent, other income and miscellaneous. This is proof that the assembly began operations in December and coerced the municipality's traders into paying the assembly. Additionally, more people paid for permits to operate and conduct business within the municipality. Despite these substantial amounts of revenues mobilized by the assembly, The MFO, however, felt that the money from these elements wasn't enough because the assembly spends more on radio and employs task forces to incentivize people to work. However, the assembly must also look for support from the district assembly committee (DACF) and not just rely on IGF for development projects. More on the challenges have been established in the subsequent section.

5.2.2 Critical Analysis of Proportions of funds from the Various Revenue Sources

The empirical results indicate that IGF is not a significant revenue mobilisation source.

However, DACF and funds from donors and grants are significant revenue mobilisation source.

In addition, several projects could not be completed within the due date due to insufficient revenue to finance the projects. This highlights the financial struggles faced by District Assemblies and hence a significant reason for the poor development and a number of uncompleted projects in several Assemblies.

5.2.3 Financial Sustainability of Sunyani Municipal Assembly (2017-2021)

As already stated, local government Act (Act 462, 1993) establishes and regulates the activities of the MMDAs which mandates them to raise revenue from their localities to finance various developmental projects. The study shows that the Sunyani Municipality's IGFs have contributed significantly to the development of the assembly. The group has started visiting schools, hospitals, roads, and starting health-related activities in several sub-regions. The majority of the revenue is also used by the assembly to pay the wages of its employees. The assembly has also given scholarships to deserving but exceptional students to support their academic endeavors. Findings also show that Sunyani municipal assembly employs almost all its revenue to develop the assembly.

The study shows that apart from the assembly unable to mobilize more revenue for such particular year, one major factor was as a result of delays in disbursement of the district assembly common fund (DACF) on time to ensure fast payments of expenses related to developmental projects of the Assembly and other related supports. The study finds a percentage of the total revenue to boosting the educational sector in the district. This involves building classroom blocks, purchasing computers and other facilities, offering scholarship to students at the basic, secondary and tertiary levels and employees' capacity building. The

study also, reveals that Sunyani municipal assembly spends on sanitation, landscaping and gardening, street lights installation among others.

5.2.4 Challenges Facing SMA in Revenue Mobilization

The last objective of the study deals with challenges facing the SMA and some strategies the assembly has put in place to minimize these challenges. The first and foremost challenge of the SMA is that of low internally generated fund to finance any meaningful development project in the district especially in the area of health sector. In addition, the study finds the ineffective revenue collection methods in the district coupled with the highly untrained nature of the revenue collectors and the connected poor reporting procedures will continue to hinder the realisation of the assembly's revenue targets.

For now, the assembly lacks the mechanism that will ensure effective revenue mobilisation and management. The revenue collectors are untrained and lack the capacity to handle basic accounting concepts. This results in poor reporting and accounting which has a high potential of causing considerable revenue leakage. The IGFs are quite unstable sometimes. This is evidenced from the revenue collected for the assembly.

Over the years, the amount collected has not been the same for the following year. High recurrent expenditure for the assembly puts the assembly into making more payment over the month. Examples include salaries and wages, electricity and allowances on work done by staff of the assembly. Some few respondents also make it known that; lack of motivation is one of the major problems. Revenue collectors are not motivated enough to induce them to work and this is a challenge to low revenue. Lastly, poor expenditure control cannot be overlooked.

5.2.5 Strategies to Enhance Financial Sustainability of the Assembly

The study therefore, examines the various measures SMA has put in place to enhance or increase revenue collection. Majority of the respondents' state that giving bonuses and incentives to revenue collectors can go a long way to motivate the tax collectors for effective

tax collection. Secondly, the respondents claim that by prosecuting defaulters promptly can serve as a deterrent to those who normally invade or avoid payment of tax in the municipality. Some respondents assert that people from the municipality especially the informal sector have that habit of evading tax because failure to pay tax does not come with any sanctions. Some respondents are of the view that embarking on revenue collection education or training for tax collectors on traders the need to honour tax obligations. Lastly, the need to build up more satellite markets to eradicate congestion in the central business district (CBD) so as to improve revenue collection.

5.3 Conclusion

This study examines IGF mobilization effectiveness in financing developmental projects in the Sunyani municipal assembly. Specifically, the researcher seeks to examine the sources of funds and financing activities of Sunyani municipality. Second, to establish the trend of mobilized funds of Sunyani municipality from 2017-2021 and thirdly, to identify the IGF mobilization challenges facing Sunyani municipality and strategies for revenue generation.

The study employs a descriptive research design by using both quantitative and qualitative research design. By applying purposive sampling technique, the study samples nine (9) respondents from the assembly comprised the finance unit, audit unit, some key employees and as well as one director. District assemblies in Ghana are required by law to mobilize locally produced funds from various sources as part of the fiscal decentralization program. Sunyani municipal assembly's government machinery functions in this regard. However, the study finds that there is a couple of issues that needed to be considered in improving both IGFs and revenue performance of the assembly in general. The empirical results indicate that DACF and grants and donars are significant source of revenue mobilisation. For effective mobilization

of revenue for the assembly, training revenue collectors, massive tax education campaign, motivating the staff of the assembly would go a long way to enhance revenue mobilization in the district.

5.4 Recommendation

based on the results. The research recommends that:

1. First and foremost, SMA should use fresh strategies for resource mobilization. The new systems should start making investments in companies that provide shuttle services, mortuary services, funeral services, and other valuable services.
2. In addition, the Internal Generated Fund system's actions must be directed by a strategy plan. The Internal Generated Fund unit has to have at least a medium-term plan. The strategy need to be as decentralized as feasible and contain goals, objectives, and techniques. For example, a strategy must be developed for each revenue stream. The timetable for the strategy must be accurate, and it must include specific objectives for each firm or kind. The ultimate plan should be well-communicated to all of the stakeholder groups, including the employees, who should be actively involved. Considering this is crucial.
3. In general, the following crucial actions must be taken by the assembly in order to fulfill its statutory obligations: Improve on the internally produced drives. Create plans to improve on the sources of domestically produced funds by proposing legislation that would allow the national and state legislatures to channel some of their legal revenue sources that are now being collected by state governments. Enhance internal control procedures for rate and tax collection and payments that are currently being misdirected by collectors. For instance, the Assembly would do well to start accepting electronic or online payments for taxes. This would encourage some tax payers to pay their taxes in

the comfort of their homes and places of business without having to worry about being pursued by the task force of the Assembly.

5.5 Limitation and Further Studies

The study covers only Suyani West municipal assembly. That means, it does not capture the the total number of 275 MMDAs in Ghana.

Therefore, finding from this study could be extend beyond Ghana due to both cultural and economic conditions across both Ghana and the works at large. However, further studies can be done to expand the scope of the study to cover more MMDAs across all the 16 regions of Ghana.



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APPENDIX I

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY, KUMASI

Assessing The Mobilization Of Internally Generated Funds In Financing Developmental Projects In The Sunyani Municipal Assembly

This survey is a component of a study being carried out by a Kwame Nkrumah University of Science and Technology School of Business student. As a result, you are kindly needed to study this instruction and cooperate by offering the solutions. You may be certain that all replies will be kept in the strictest of confidence.

SECTION A

RESPONDENTS CHARACTERISTICS

1. Age: Under 25 ☐ 26-35 ☐ 36-45 ☐ 46-55 ☐ Above 55 ☐
2. Gender : Male(☐) Female (☐)
3. Qualification: SHS/Technical ☐ Diploma ☐ Degree ☐ No Formal Education ☐
4. How long have you worked with the assembly? Less than 5 yrs. ☐ 6-10 yrs. ☐ 10-20yrs. ☐ 20 yrs. & above ☐
5. Position/Rank:
Director ☐ Budget officer ☐ Finance officer ☐ Internal auditor ☐ Other ☐

SECTION B

FINANCING ACTIVITIES OF SUNYANI M

FROM 2017-2021

various sources of financing activities or revenues

SECTION B

FINANCING ACTIVITIES OF SUNYANI M

FROM 2017-2021

various sources of financing activities or revenues

SECTION B

FINANCING ACTIVITIES OF SUNYANI M

FROM 2017-2021

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FROM 2017-2021

various sources of financing activities or revenues

SECTION B

FINANCING ACTIVITIES OF SUNYANI M

FROM 2017-2021

various sources of financing activities or revenues

SECTION C

ENHANCING THE ASSEMBLY IN REVENUE MOBILIZATION

Lawyer's note: according to the instructions, some

NG THE ASSEMBLY IN REVENUE MOBILIZATION

Please Kindly Tick (/) the below portion according to the extent you agree or disagree the challenges facing Sunyani Municipal Assembly in the guest for Revenue Mobilization.

SA=Strongly Agree, A=Agree, N=Neutral, SD=Strongly Disagree, D=Disagree

Variable		SA	A	N	SD	D
8	General economic challenges (example, Covid-19)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	Lack of credit facilities and long-term loans.					
10	Corruption behaviour of some staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11	Inadequate logistics in terms of transportation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12	Irregular payment of commission to revenue collectors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13	Insufficient job training					
14	Lack of ability to negotiate with taxpayers to get them to pay their taxes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15	Assembly hierarchy interfering with revenue collectors' operations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16	Poor infrastructure development.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17	No formal training in records keeping	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18	Inability to afford record keeping equipment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19	Uncompetitive interest rate.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

20. With your own opinion, state some challenges facing the municipality



Thank You
Please call 0242253045

KNUST

