

**THE APPLICATION OF SUSTAINABLE APPROACHES TO REVENUE GENERATION
FOR PROCUREMENT OF PUBLIC WORKS IN DISTRICT ASSEMBLIES**

KNUST

BY

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**A dissertation submitted to the School of Graduate Studies, Kwame Nkrumah University
of Science and Technology in partial fulfillment of the requirements for the award of
degree of Master of Science in Procurement Management**

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CERTIFICATION

I hereby declare that this thesis is my own handwork in partial fulfillment of the requirements for the award of degree of Master of Science in Procurement Management and that to the best of my knowledge, all materials and information taken from works of other authors whether published or unpublished have been duly acknowledged.

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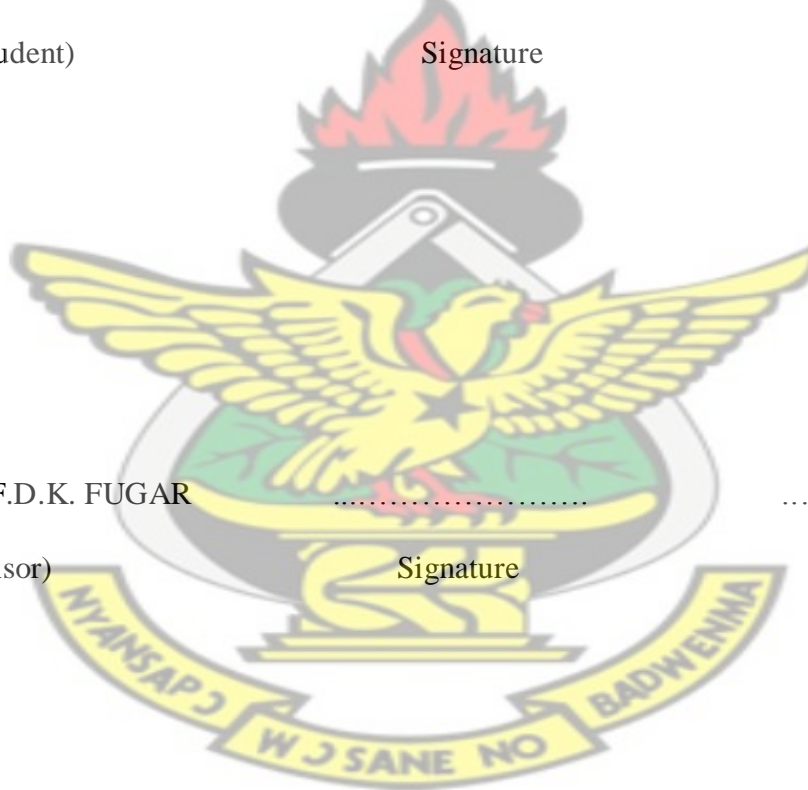
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Date



DEDICATION

This work is dedicated to my dear wife Mrs Monica Ansu-Mensah and my sweet daughter

Vanessa Ansu Boamaa

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LIST OF ACRONYMS AND ABBREVIATIONS

| | |
|---------|-------------------------------------------------|
| DAs | District Assemblies |
| DCD | District Co-ordinating Director |
| DCE | District Chief Executive |
| FAR | Financial Administration Regulation |
| GCR | General Counterfoil Receipts |
| GETFUND | Ghana Education Trust Fund |
| IGF | Internally Generated Fund |
| IGR | Internally Generated Revenue |
| JHS | Junior High School |
| MCD | Municipal Coordinating Directors |
| MCE | Municipal Chief Executive |
| MMDAs | Metropolitan, Municipal and District Assemblies |
| MDAs | Municipal and District Assemblies |
| MSLC | Middle School Leaving Certificates |
| MDCD | Municipal/District Coordinating Directors |
| MDFO | Municipal/District Finance Officers |
| MDBO | Municipal/District Budget Officers |
| MDPO | Municipal/District Planning Officers |
| MDRS | Municipal/District Revenue Superintendents |
| MDRC | Municipal/District Revenue Collectors |
| SMA | Sunyani Municipal Assembly |
| SWDA | Sunyani West District Assembly |
| SSCE | Senior Secondary Certificate Examination |

ABSTRACT

This study, the application of sustainable approaches to revenue generation for procurement of public works in District Assemblies, was conducted at the Sunyani Municipal Assembly and the Sunyani West District Assembly. The objectives of the study were; to identify sustainable approaches to internally generated revenue within District Assemblies, to determine the impact of internally generated revenue on the procurement of public works projects in the District Assemblies and to find out the challenges confronting District Assemblies in generating internal revenue for procurement of public works. The study used both descriptive and explorative research designs which allowed for the administration of questionnaires and interviews of some key management staff of the District Assemblies to generate data which was later analysed by using tables, frequencies, percentages and figures to illustrate the results. The study involved sixty (60) staff of the Assemblies which consisted of forty-six (46) revenue officers and fourteen (14) key management staff. It was revealed that the sustainable approaches to internally generated revenue for procurement of public works included; tax education for the public, outsourcing revenue collection, resourcing revenue task forces, prosecution of tax or revenue defaulters at the law courts, proper and effective monitoring and supervision, logistics provision and investing in other income yielding ventures such as allowing the community to hire their road grader. These strategies will help overcome tax evasion, put a stop to insults and quarrels, provide means of transport, and eventually increase the internally generated revenue for the procurement of public works in the District Assemblies.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Ghana's decentralisation programme aimed at bringing governance closer to the citizenry was implemented in the late 1980s. This period witnessed the gradual transfer of power, authority and resources to the District Assemblies (Oduro, 2009). Thus, the purpose of decentralisation in Ghana is to quicken growth and development of local communities, ensuring that development projects reflect the aspirations of the local people and promoting local participation in political governance. This therefore necessitated the mobilisation of revenue to procure goods, services and infrastructural works. By so doing participatory democracy was being imbibed in the people. In consideration of the above reasons, District Assemblies in Ghana were tasked to oversee the development of their districts by formulating and implementing plans and executing their own projects or programmes. The legal backing of this is enshrined in the 1992 Constitution of Ghana and the Local Government Act 462 of 1993 (Local Government Act 462, 1993 and Constitution of Ghana, 1992).

However, after more than thirty years of decentralisation reforms, the revenue collection performance of Ghana's Metropolitan, Municipal and District Assemblies (MMDAs) remains at very low levels even when compared to similar countries in the West African sub-region. There are diverse reasons for this and as a result District Assemblies are not able to provide the basic needs of the communities even though some of them have high potential sources of revenue generation.

Internally generated revenue as per the sixth schedule of the Local Government Act, 1993,(Act 462), consists of funds collected exclusively by or for sub-national governments. These

revenues could be grouped broadly into tax and non-tax sources. A sound revenue generation system for local governments is an essential pre-condition for the success of any fiscal decentralisation (Bird, 2010).

How to generate revenue internally to support local development initiatives and implement their own programmes and to complement whatever they receive from the central government is one of the biggest challenges facing the District Assemblies in Ghana today. Consequently, MMDAs should be seen performing better than they are doing currently as far as revenue generation is concerned. The performance of the traditional revenue sources has been very low in most District Assemblies. Available documents such as the work of Inanga and Osei-Wusu (2004) have posited that District Assemblies have over relied on these centrally transferred and donor funds hence, the need to have enough internally generated revenue to support the District Assemblies capital expenditure spending.

In Ghana, the District Assembly staffs who have been placed in charge of revenue mobilisation are referred to as Revenue Officers. These officers, whose ranks vary from Revenue Collector to Revenue Superintendent, are located in all the MMDAs in Ghana.

1.2 Statement of the Problem

District Assemblies (DAs) were created in Ghana in the late 1980s with the sole purpose of bringing growth, governance and development to the doorstep of the inhabitants of a district. It is therefore imperative that revenue is always available to enable the district assemblies to procure infrastructural works, thereby achieving the aims why they were set up. This indicates that the role of revenue generation in the efficient performance of the District Assemblies in Ghana cannot be over-emphasized.

Although the District Assemblies Common Fund (DACF), District Development Facility (DDF), Ghana Education Trust Fund (GETFUND), funds from the World Bank and other donor agencies among others were instituted to provide funds for the development of the districts, yet such funds have turned out to be inadequate for the MDAs to procure public infrastructural works as opined by Uhunmwuango and Aibieyi, 2013).

As enshrined in Sections 10 and 86 of the Local Government Act, 1993, (Act 462), the DAs have been empowered to generate funds internally to support their operations including procurement of public infrastructural works.

It is noticeable that the DAs are doing what the Act has mandated them to do but recent studies have exposed obvious weaknesses in the District Assemblies approaches to internally revenue generation.

This study is therefore being conducted to identify and recommend sustainable approaches to revenue generation and that should the DAs apply would enable them generate enough revenue internally to fund the procurement of public infrastructural works.

1.3 Aim and Objectives of the Study

Aim:

The aim of this study is to identify and recommend sustainable approaches to revenue generation to fund the procurement of public infrastructural works in District Assemblies.

Objectives of the Study:

The specific objectives of the study are to;

1. Identify sustainable approaches to internally generated revenue within DAs.

2. Determine the impact of internally generated revenue on the procurement of public works projects in the District Assemblies.
3. Find out the challenges confronting District Assemblies in generating revenue internally for procurement of public infrastructural works.

1.4 Research Questions

The following research questions will be answered;

- i. What are the various sustainable approaches available for effective internal revenue generation in District Assemblies?
- ii. To what extent do District Assemblies use internally generated revenue for procurement of public works?
- iii. What are the challenges confronting District Assemblies in generating internally revenue for procurement of public works?

1.5 Significance of the Study

The findings from this study will assist most of the District Assemblies which do not have enough mechanisms to ensure adequate monitoring of economic activities in their areas of jurisdiction, to improve internal revenue generation.

The study will help to identify various means of generating revenue that has been neglected over the years. It will also be beneficial to the grassroots because improved revenue generation means improved standard of living in the form of provision of public infrastructural works.

The findings of the study would enable us to ascertain the financial condition of the District Assemblies, their revenue collection and management challenges, and to offer some

suggestions with the view to helping the District Assemblies to improve upon their revenue generation.

Again, the recommendations of the research will assist government and policy makers to formulate and implement appropriate strategies to streamline revenue generation in the country.

Moreover, the study will be relevant to academia in the sense that it will serve as a reference document for future research in the subject area.

1.6 Scope of the Study

The study was conducted in only two District Assemblies in the Brong-Ahafo region namely; Sunyani Municipal Assembly and Sunyani West District Assembly. The focus of the subject area of the study was on sustainable approaches to revenue generation for procurement of public works in the District Assemblies. The Sunyani West District Assembly is chosen because it is one of the new districts that were created in 2007 whereas the Sunyani Municipal Assembly is also one of the new municipal assemblies elevated in 2007.

1.7 Limitations of the Study

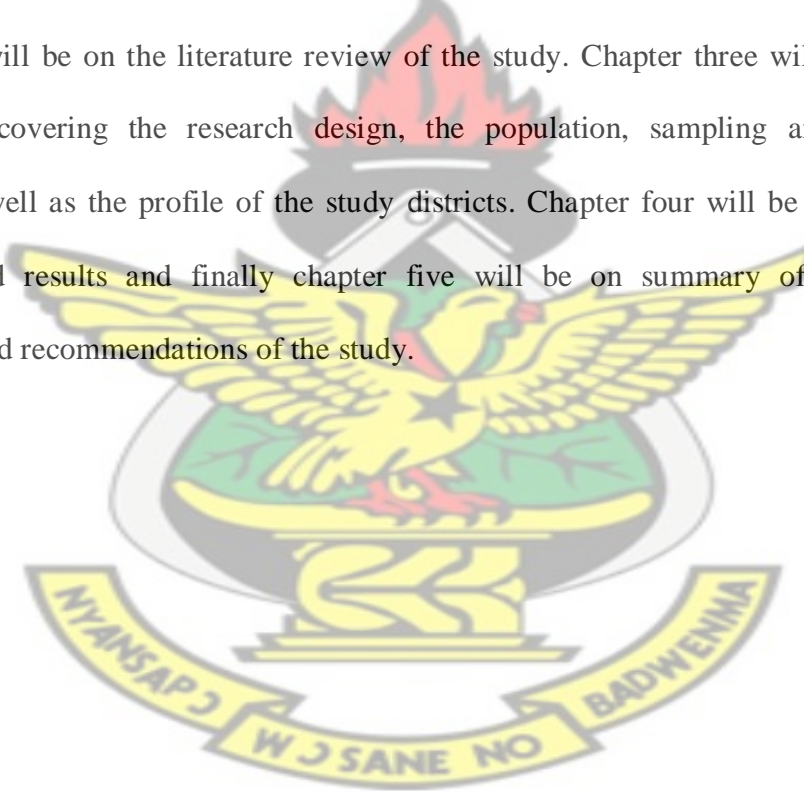
There were difficulties and challenges that the researcher encountered. Among which are

- There were financial constraints which affected the researcher greatly.
- There were time constraints as the researcher had only few months to write and submit this dissertation.

- Many of the key management team members at the DAs where this study was conducted were not willing to fill or answer the questionnaires. They had personal reasons for that but this brought the researcher's persuasive skills into play.

1.8 Organisation of the Study

There will be five chapters of the study. Chapter one will cover the general introduction or the background to the study, the statement of the problem, aim and objectives, the research questions, significance of the study, the scope of the study and organisation of the study. Chapter two will be on the literature review of the study. Chapter three will be the research methodology covering the research design, the population, sampling and the sampling technique as well as the profile of the study districts. Chapter four will be on data analysis, discussion and results and finally chapter five will be on summary of major findings, conclusions and recommendations of the study.



CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter appraises various concepts and theories on revenue and revenue generation. The central organising ideas of this chapter are generated from the concept of public procurement, importance of public procurement, procurement of public infrastructural works, methods for procurement of public infrastructural works, sustainable revenue generation approaches in the District Assemblies (DAs), the impact of revenue generation for procurement in DAs, challenges to revenue generation in DAs and conclusion.

2.1 Public Procurement Defined

Odhiambo and Kamau (2003) defined public procurement as “the purchasing, hiring or obtaining by any other contractual means of goods, construction works and services by the public sector. They further explained that public procurement is any acquisition of commodities, services and construction works using state resources, state funds, state local loans or foreign loans or the usage of any revenue generated from the economic activity of the state.

According to the European Commission “Public procurement is about how public authorities spend public money when buying goods, works or services. This can range from buying information technology equipment or providing water, gas and electricity to building a hospital or a road”(European Commission website, 2014).

Hughes (2005) also defined procurement as the process of obtaining goods, works and services. He also explained further that public procurement as a function of government includes decisions about the services that will be sent to local authorities and the communities they work for.

It is also necessary to look at the distinction between public procurement and private procurement. In public procurement the economic results must be measured against more complex and long term criteria. Again, public procurement must be conducted with other considerations in mind such as accountability, fairness, non-discrimination, transparency and competition involving all prospective suppliers and having high opinion for international obligations. Due to the above reasons, public procurement is subjected to legislations in all countries. This is to assist in safeguarding the interests of the public. It is worth-noting that unlike private procurement, public procurement “is a business process within a political system and has therefore significant consideration of integrity, accountability, national interest and effectiveness” (Wittig, 1998 as cited by Agbesi, 2009).

Flowing from the above definitions and explanations, it is good to say that the working definition of public procurement for this study would be the combination of all the definitions given above.

2.2 Importance of Public Procurement

According to McCrudden (2004), Government expenditure has a significant share of gross domestic product (GDP) in each country all over the world. This is because countries in both developed and developing regions are using public procurement to pursue social goals such as reducing unemployment rate, raising labour standards, providing employment opportunities for

disable persons, and promoting gender, racial and ethnic equality. He explains further that effective public procurement is essential for good public services and governance.

Public procurement has a direct impact on the successful delivery of projects and public services, sound public financial management by achieving value for money in government expenditure, reducing corruption, encouraging private sector growth, investment, transparency and accountability. Statistics in the public domain indicates that public procurement accounts for 50-70% of the national budget, 14% of GDP and 24% of all imports (Adjei, 2005).

According to Agbesi (2009), procurement planning enables the identification of major investment expenditures, which in turn facilitates budgetary decision-making. In addition, the effective provision of public services often requires the coordinated delivery of materials and the like, which the state purchasing apparatus must accomplish. It is difficult to imagine how a state can deliver substantial improvements in the well-being for its citizens without a public expenditure system that includes effective public procurement policies.

2.3 Procurement of Public Infrastructural Works

The Public Procurement Manual defines works to mean “work associated with the construction, reconstruction, demolition, repair or renovation of a building or structure or surface and includes site preparation, excavation, erection, assembly, installation of plant, fixing of equipment and laying out of materials, decoration and finishing, and any incidental activity under a procurement contract. Public infrastructural works is therefore undertaking any of the above work to meet public needs (Public Procurement Manual, 2007, pp.63).

It is worth-noting that in this study the researcher has chosen the definition of Public Infrastructural works as contained in the Public Procurement Manual of 2007. Thus, works in this study refers to work associated with the construction, reconstruction, demolition, repair or renovation of a building or structure or surface.

2.3.1 Methods for Procurement of Public Infrastructural Works

The Public Procurement Manual (2007) outlines the methods of procurement of Public Infrastructural Works these include; International Competitive Tendering (ICT), National Competitive Tendering (NCT), Two-Stage Tendering (National or International), Restricted Two-Stage Tendering (National or International), Single Source (Direct Procurement) and Request for Quotations (RFQ) (Public Procurement Manual, 2007).

2.4 The Definition of Revenue and Revenue Generation

2.4.1 Revenue

According to Chima (2013) revenue plays a very important role in any development project. This is because human and technical resources are driven by effective revenue mobilisation. Revenue is defined as “the income generated from sale of goods or services or any other use of capital or assets, associated with the main operations of an organisation before any costs or expenses are deducted. Revenue is shown usually as the top item in an income (profit and loss) statement from which all charges, costs and expenses are subtracted to arrive at the net income” (www.businessdictionary.com, 2014).

According to Idam (2008) finance is at the middle of any economic activity and that development which is described as capital intensive will depend on the availability of adequate revenue. He noted that businesses whatever the type start with funds. He described finance or revenue as “the lubricants that ensures the proper functioning of every business and other social systems”. He continued that finance determines the success or otherwise of every economic activities and therefore, makes the difference between wealth and poverty.

Revenue is therefore the income that a firm receives from selling its products, goods and services over a certain period of time.

2.4.2 Revenue Generation

The Business Dictionary defines revenue generation as ‘the process by which a company markets and sells a product or service to produce income’. It is the process of acquiring revenue through investments that bring returns while revenue mobilisation is also defined as the use of available resources to harness revenues that are by law to be paid by citizens, corporate institutions and quasi-governmental organizations on their operations (www.businessdictionary.com, 2014).

Judging from the definitions given on revenue and revenue generation, it is important to say that public revenue is the money that a local government or district assemblies receive from taxes and other sources and in this study revenue would be explained as the funds that District Assemblies receive from taxes and plough back into the procurement of public infrastructural works in the districts. Moreover, revenue generation and mobilisation are used

interchangeably in this study. Revenue mobilisation is the key variable as far as funding for the sub-national and local governments are concerned.

Theoretically, revenues are generated through legal and commercial means to meet expenditures of varied nature both at the personal level and the corporate levels. At the sub-national levels, revenues are derived from residents who engage in one form of economic activity or the other. Revenues like basic rates are derived from citizens of 18 years and above by law irrespective of the type of economic activity they are engaged in. It is no wonder that effective and efficient revenue mobilisation and a good fiscal policy is said to be a very serious business of today's governments (Chima, 2013).

Ugwu and Okereke (2011) reiterated that the capacity of a government or a district assembly to fulfill its mandate of providing public services and development projects might be hindered if there is not enough fiscal revenue.

Revenue generation is therefore an important issue for DAs. It is through this activity that the DAs source the finance for funding their operations and to a large extent determine the quantity and quality of services provided to the people within their area. Also, the DAs are engines of growth and development and that it is very important to come up with approaches or strategies for improved revenue generation, highlighting more especially the internal sources of revenue which are more flexible, and could be in the total control of the DAs, as against their share from the Central Government (Chima, 2013).

2.5 Revenue Generation in Developing Countries

It is worth-emphasising that local governments perform important roles in the generation of revenue for development in most developing countries around the world. As Lutaya (2009) postulated that in Uganda, local governments do not only play a major role in revenue generation but also encourage “civic involvement” thereby building a connection between taxes and service delivery.

It is also worth-noting that governments around the world, including Ghana, have laws that support governments to the generation of revenue through taxes and other forms of levies. According to sections 28 and 29 of Ghana’s Financial Administration Act, 2003 (Act 654), revenue is classified into tax revenue and non-tax revenue. The regulation 162 of the Financial Administration Regulation (FAR), 2004, also requires that revenue collections shall be started from the first working day of the financial year and new rates or charges shall become effective from that date. With the case of district assemblies in Ghana, Act 462 orders managements of various institutions to collect revenue from their citizens through levies. These levies include licenses, fees, rates, tolls and fines. By section 94 and 95 of Act 462, District Assemblies shall be the rating authority for the district and shall make and levy sufficient rates to support the needed procurement of public infrastructural works of the area (Financial Administration Act, Act 654, 2003 and Local Government Act 462, 1993).

2.5.1 Internally Generated Revenue Defined

Revenue according to Chima (2013) simply means monetary income. Thus, to an individual, revenue has to do with personal income that is earned from a salary or wage, returns from investment and even returns from farm proceeds. He explained further that revenue to a

business enterprise refers to earned profits, donations or returns from other investments. Internally generated revenue therefore, refers to income sourced internally or locally by a government or a district assembly within the limit of a tax law.

Internally Generated Revenue is also explained as “the revenue that the local government generates within the area of its jurisdiction” (Olusola, 2011). He states further that the primary source of local government sustenance is from the central government’s allocation. The extent to which a local government can go in accomplishing its goal will largely depend on its internally generated revenue strength.

It is imperative to note that the working definition of internally generated revenue for this study would be the combination of all the definitions of the various authors that have been discussed above.

2.6 Sources of Revenue to District Assemblies

One of the main means of revenue generation for most statutory authorities all over the world is by taxation. For example, the traditional sources of revenue for Metropolitan, Municipal and District Assemblies (MMDAs) as listed in the Schedule Six of the Local Government Act, 1993, (Act 462) are:

1. Entertainments duty under the Entertainments Duty Act, 1962 (Act 150).
2. Casino revenue under the Casino Revenue Tax Act, 1973.12
3. Betting tax under the Betting Tax Act, 1965 (Act 268).
4. Income Tax Registration of Trade, Business, Profession or Vocation Law, 1986.13
5. Gambling tax under the Gambling Machines Act, 1973.14

6. Rates and levies: Levies on crops other than cocoa, coffee, cotton and Shea.

7. Fees:

- (i) Cattle pounds;
- (ii) Conservancy;
- (iii) Slaughter houses;
- (iv) Market dues;
- (v) Market stalls/stores;
- (vi) Lorry park dues;
- (vii) Advertisements;
- (viii) Trading;
- (ix) Kiosks;
- (x) Restoration of conservancy service;
- (xi) Graveyard receipts;
- (xii) Bread bakers;
- (xiii) Chop bars;
- (xiv) Corn mills;
- (xv) Dressing stations.

8. Licences:

- (i) Dog licences;
- (ii) Hawkers;
- (iii) Extension of hours;

- (iv) Hotels and restaurants;
- (v) Beer and wine sellers;
- (vi) Petroleum installations;
- (vii) Palm-wine sellers;
- (viii) Akpeteshie distillers/sellers;
- (ix) Herbalists;
- (x) Taxi cabs;
- (xi) Lorry parts overseers;
- (xi) Taxi drivers (driving licence);
- (xiii) Self-employed artisans;
- (xiv) Fishing tolls;
- (xv) Births and deaths.

9. Taxes chargeable on the income of the following categories of self-employed persons:

- (a) Spare parts dealers;
- (b) Chemical sellers;
- (c) Tailors and dressmakers;
- (d) Sandcrete blocks manufacturers;
- (e) Musical spinners;
- (j) Radio and television repairers;
- (g) Gold and silver smiths;
- (h) Drinking bar operators;
- (i) Professional photographers;
- j) Chopbar keepers and cooked food sellers;

- (k) Butchers;
- (l) Refrigeration and air conditioning workshop owners;
- (m) Hairdressers;
- (n) Garage owners;
- (o) Video operators;
- (p) Cornmill owners;
- (q) Co-operative distillers;
- (r) Scrap dealers;
- (s) Livestock breeders and traders;
- (t) Traders;
- (u) Liquor sellers.

10. Miscellaneous:

- (i) Town hall/community centre receipts;
- (ii) District hearse hiring;
- (iii) Dislodging of latrines;
- (iv) Hire of bulldozers/grader;
- (v) Collection of sand/gravel/stone;
- (vi) Slot machines;
- (vii) Stool land revenue;
- (viii) Toilet receipts.

According to Olaoye (2009) the revenue that accrues to local governments for that matter the District Assemblies in developing countries is derived from two broad sources, namely:

external sources and internal sources. The external sources of District Assemblies revenue or finance as stated earlier are through the District Assemblies Common Fund (DACF), District Development Fund (DDF), and Ghana Education Trust Fund (GETFUND) and Donor agencies. The internal major sources of revenue to the DAs are; rates (property rate, basic rate, special rate), fees and fines (market fees), license fees, trading services and lands.

2.7 Internally Generated Revenues (IGR) in District Assemblies

According to a website report (www.ghanadistricts.gov.gh, 2014), Internally Generated Fund (IGF) is a non-taxable revenue that is generated through the activities of the District Assemblies. The District Assemblies have the legislative approval to collect and retain all IGF. The authority to generate revenues from the District Assemblies comes from the Local Government Act, Act 462, 1993. Section 86 of the Act gives a catalogue of items on which the Assemblies could impose local taxes and levies. In addition sections 33, 34, 50 60, 76, 74, 85, 95 and 99 empower the District Assemblies to raise internal revenue.

Based on the legal provisions above, the Assemblies have developed a fiscal structure, which is the basis for internally generated funds. The Assemblies have therefore identified so many revenue items. The significance of the numerous items for revenue generation has been a source of concern because of the financial and non-financial implications for revenue generation (www.ghanadistricts.gov.gh, 2014).

2.8 Sustainable Revenue Generation Strategies or Approaches in the MDAs

To enable District Assemblies generate enough internally generated funds, Korkor (2003) suggests the following strategies to MMDAs;

- Public education on payment of rates, fees, licenses, etc by corporate bodies, traders, property owners
- Revaluation of immovable properties to reflect the true earning capacities of such properties.
- Introduction of new business operating permits.
- Engagement of private revenue collectors
- Use of tax force and the police to enforce payment of fees, licenses etc.
- Introduction of new business operating permits
- Records of rateable persons and tenements
- Monthly revenue collection programmes

2.9 The Impact of Revenue Generation for Procurement of Public Works in MDAs

The source of finance has been one of the major problems of local governments in Ghana. Formerly, local governments relied on the central government's transfer of funds through DACF, DDF, GETFUND and funds from donor agencies for the procurement of public infrastructural works. This indeed has contributed to the slow pace of development in the provision of public infrastructure works among the citizenry (Uhunmwangho and Aibieyi, 2013).

Undoubtedly, the revenue provided by the central government and its donor partners are not sufficient for MDAs to procure public works, hence, the need has arisen to look for sustainable approaches to revenue generation for procurement of public works within the District Assemblies.

2.10 Challenges to Revenue Generation in District Assemblies

2.10.1 Challenges Defined Conceptually

Challenges, conceptually defined in this study are the impediments, weaknesses, disincentives or difficulties that do hinder the maximization of revenue generation or collection internally at the sub-national and local government levels (Oduro-Mensah, undated). He writes further that challenges could take the form of inadequate personnel to undertake the difficult task of revenue generation in a very rural setting, the absence of clear data that can help in revenue generation, the attitudes of the citizenry towards tax payments generally and how effectively the laws can be enforced or a certain level of overdependence on central government grants. Indeed, all nations over the world are confronted with one form of challenge or the other in the controversial but indispensable task of generating revenues both at the national and sub-national levels.

Challenges, in this study, refer to the obstructions, weaknesses, hindrances or difficulties that thwart internally generated revenue at the District Assemblies.

2.10.2 Challenges to Revenue Generation in District Assemblies

Korkor (2003) postulated the under listed factors as challenges to revenue generation in District Assemblies; The under declaration of revenue by collectors, The unstable nature of

internally generated funds, Low level internally generated funds performance to total revenue generation, Low level of property rate generation, Low educational background of collectors, Poor estimation of revenue to be collected, Poor expenditure control, Low levels of motivation, Absence of incentive packages for hardworking and performing revenue collectors, Weak Management Information Systems, Inability to leverage other sources of funds through private capital, Low tax base, High recurrent expenditure and Weak monitoring system .

2.11 Conclusion of the Literature Review

In this chapter discussions had focused on, public procurement, importance of public procurement, procurement of public infrastructural works, methods for procurement of public infrastructural works, the definition and concept of revenue generation, revenue generation in developing countries, sources of revenue to district assemblies, internally generated revenues in district assemblies, sustainable revenue generation strategies or approaches in the district assemblies, the impact of revenue generation for procurement in district assemblies and challenges to revenue generation or collection in district assemblies.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter comprises the research design, research style, research approach, research methodology, data collection and analysis methods, profile of the study District Assemblies, population of the study districts and administrative and institutional arrangements of the study District Assemblies.

3.1 Research Design

According to Saunders et al (2007) research design is the general plan to solving a problem. It is a plan of how one goes about answering the research questions. Thus, the way in which one designs the research often depends on one's likings, research philosophy, and ideas on the appropriate strategy and the methods to be adopted during the research.

The study used both descriptive and explorative research designs. Robson, 2002:59 as cited in Saunders et al (2007), explain that an exploratory study helps to find out 'what is happening, to seek new insights, to ask questions and to assess phenomena in a new light'. It is usually used if one wishes to shed light on one's understanding of a situation or problem and therefore it is conducted on a small scale and in a short period. According to Saunders et al (2007) descriptive research is 'to portray an accurate profile of persons, events or situations'. This could be an extension of, or a precursor to a piece of exploratory research. It is worth-emphasising that the choice of exploratory and descriptive designs in this research is based on the fact that concerns have been raised by scholars about the problem of internally generated

revenues and how those revenues should or can be the major source of funds for the procurement of public infrastructural works in the various district assemblies.

The exploratory study is therefore important because internally generated revenue for the MDAs to enable them fund the procurement of public infrastructural works is only being addressed half-heartedly and as such much detailed attention should be paid to it. A detail descriptive study will therefore follow the exploratory study which would allow for suggestions aimed at finding answers to the problems of unsustainable approaches to revenue generation and procurement of public works.

In the collection of data, the researcher contacted respondents in order to get the needed data. Respondents were implored to answer questionnaires that the researcher gave them. Interviews were also conducted at both SMA and SWDA with management team members' staffs such as Municipal or District Coordinating Directors, Municipal or District Finance Officers, Municipal or District Budget Officers, Municipal/District Planning Officers, Revenue Superintendents and some Revenue Collectors of the assemblies. They were interviewed on the way rates and fees were fixed, the collection of revenue, strategies for effective revenue generation, challenges confronting them in the generation of revenue and solutions to resolve these challenges. This was to help collect further and better information and data from them.

3.1.1 Research Style

The survey strategy and the case study research were the research styles that were used in this study. It is an undeniable fact that overcoming the teething problems involved in generating revenue internally, devising appropriate strategies, and applying these approaches to internal revenue generation to enable the procurement of public infrastructural works in MDAs is not a

child's play. This therefore demanded a detailed and holistic research on the two MDAs so that much information was acquired as Gary (2011) opined.

3.2 Research Methodology

According to Saunders et al (2007), research is a process that involves obtaining scientific knowledge by means of various objective methods and procedures. As this study was concerned with the application of sustainable approaches to revenue generation for procurement of public infrastructural works within MDAs, the researcher adopted a strategy to obtain answers to the research questions framed.

3.2.1 Study Population

The targeted population for this study was made up of sixty (60) respondents. This population was chosen as a result of deep consideration as to the total number of key management staff and revenue officers employed by the SMA and SWDA. Included in this study were; Municipal/District Coordinating Directors, Municipal/District Finance Officers, Municipal/District Planning Officers, Municipal/District Revenue Superintendents and Municipal/District Revenue Collectors. Out of the sixty (60) respondents, thirty (30) were selected from the SMA and the other thirty (30) were also selected from the SWDA. Only sixty (60) respondents were selected due to the unavoidable constraints of time, access to data and money. Saunders et al (2007) re-echoed the above inevitable constraints. Below is the table showing the number of respondents from the MDAs in this study.

Table 3.1: Respondents from each Assembly

| Municipal/District Assembly | No. of Respondents |
|------------------------------------|---------------------------|
| Sunyani Municipal | 30 |
| Sunyani West District | 30 |
| Total | 60 |

Source: Fieldwork, 2014

3.2.2 Sampling Technique and Sample Size

A purposive sampling technique was used to select the key management staff, such as Municipal or District Coordinating Directors (MDCD), Municipal or District Finance Officers (MDFO), Municipal/District Budget Officers (MDBO), Municipal/District Planning Officers (MDPO), Municipal or District Revenue Superintendents (MDRS) and some Municipal or District Revenue Collectors (M/DRC) from both SMA and SWDA.

The researcher selected the sample from the above groups because they were considered to be people capable of providing informed and objective answers to questionnaires that were distributed. In purposive sampling, the sample is selected with a purpose in mind. One or more specific predefined groups are sought. Purposive sampling method was used because the criterion chosen allowed the study to focus on people who were likely be the most experienced and had insights into the revenue generation and the procurement of public infrastructural works of the MDAs in the study. The use of purposive sampling technique became necessary because procurement as a tool for development has been institutionalised under the decentralisation concept; hence, the various management positions in the MDAs cannot be

substituted when talking about procurement of public infrastructural works and sustainable approaches to revenue generation of the MDAs.

The sample size of this study was chosen from the population. At the SMA six (6) key members of the management team and twenty-four (24) revenue staff were selected. This represented 100% of the population under study. Moreover, at the SWDA eight (8) key members of the management team and twenty-two (22) revenue staff were also chosen which represented 100% of the population under study.

3.2.3 Sources of Data

This study relied on both primary and secondary data. These included the collection of data on: Examples of procurement of public infrastructural work projects within the MDAs; Whether MDAs use internally generated revenue in their procurement of public infrastructural works; The impact of internally generated revenue on the procurement of public infrastructural works projects in the MDAs, and finding out the challenges confronting District Assemblies in generating internal revenue for procurement of public infrastructural works.

3.2.4 Data Collection Methods

The data collection methods and instruments that were used to gather the required primary and secondary data for the study were the desk study and key informant interview. Primary data was collected using structured questionnaire administration these questionnaires were both closed ended and open-ended and these were used to get the information from the respondents. Interview schedules involving the key management staff of the MDAs were conducted in order to get more relevant information about the MDAs. This also assisted the researcher to get all

the needed data from these key management team members who were very busy and as result some were not very co-operative. The responses to the questionnaires that were sent to the Sunyani Municipal Assembly and Sunyani West District Assembly were later analysed.

3.2.4.1 Desk Study

This method was used to collect existing information available on revenue generation and existing strategies to revenue generation for the procurement of public infrastructural works in the MDAs. These secondary sources that were used for the literature review of this study were sourced from books, audit reports on procurement journals, articles, newspapers, internets, and documentaries as well.

3.2.4.2 Key Informant Interview

Questionnaires were constructed and administered to collect information from primary sources on MDAs internally generated revenue and the challenges confronting the MDAs in the generation of revenue for the procurement of public infrastructural works. These primary sources included the MDAs in the study.

3.3 Data Analysis Method

For this study quantitative method of analysing data was employed in the data analysis. A number of quantitative statistical models such as, the pie chart, frequency, percentages, tables and figures were used where necessary to illustrate the results of the study. All the data that were got were, thus, coded and analysed in accordance with the three specific objectives of this study.

3.4 Profile of the Study District Assemblies

This section provides a brief on the profile of the study District Assemblies. They are Sunyani Municipal Assembly (SMA) and Sunyani West District Assembly (SWDA).

The Sunyani Municipal Assembly (SMA) and the Sunyani West District Assembly (SWDA) form part of the twenty-seven (27) administrative districts in the Brong-Ahafo Region of the Republic of Ghana. The SMA was established by a Legislative Instrument (L.I.) 1924 of 2008. The SMA has Sunyani as its administrative capital and is located in the heart of the region. Sunyani also served as the Regional Capital of the Brong-Ahafo Region. It lies between Latitudes 7° 20'N and 7° 05'N and Longitudes 2° 1' W and 2° 30' W and shares boundaries with Sunyani West District to the North, Dormaa East and Berekum Municipal Districts to the West, Wenchi Municipal to the North, Asutifi District to the South and Tano North District to the East (www.sunyanimunicipal.ghanadistricts.gov.gh).

The SWDA in the Brong-Ahafo Region of Ghana was carved out of the then SMA in 2008 through the L.I. 1881 of 2008. Its administrative capital is Odomase. The district covers an area of 885.8 square kilometers representing about 2.5 percent and 0.26 percent of the Brong-Ahafo Region and Ghana respectively with a population of 85, 272 people (Ghana Statistical Service, 2010). It shares boundaries with Sunyani Municipal Assembly to the South, Wenchi municipality to the North East, Tain District to the North, and Berekum Municipal and Dormaa East to the West (www.sunyaniwest.ghanadistricts.gov.gh).

3.4.1 Population of the Study Districts

According to the 2010 Housing and Population Census, the populations of the study districts and their sex compositions are detailed out in table 3.2 below:

Table 3.2: Population and Sex Compositions of SMA and SWDA

| District Assembly | Population | Male | Female |
|-----------------------|------------|--------|--------|
| Sunyani Municipal | 123,224 | 61,610 | 61,614 |
| Sunyani West District | 85,272 | 41,388 | 43,884 |

Source: Ghana Statistical Service, May, 2010

3.4.2 Administrative and Institutional Arrangements of the District Assemblies

According to the Local Government Act of 1993, Act 462, the District Assemblies (DAs) are the highest political, administrative and planning authorities and have deliberative, legislative and executive functions (Section 10, subsection 1-4 and Section 46). Thus, they are responsible for the overall development of their areas. The DAs are composed of two thirds elected and one third appointed members. The MMDCEs serve as both political and administrative heads.

Figure: 3.1a Map of the Brong-Ahafo Region Showing Sunyani Municipality



Source: (Adapted from: <http://sunyanimunicipal.ghanadistricts.gov.gh/>)

Figure 3.1b: A Map of the Brong-Ahafo Region Showing Sunyani West District



Source: (Adapted from: <http://sunyaniwest.ghanadistricts.gov.gh/>)



CHAPTER FOUR

RESULTS AND DISCUSSION

4.0 Introduction

This chapter presents the results of the analysis of the data collected. The data analysis was performed using quantitative statistical models in the form of pie chart, tables, frequencies and percentages. The first part covers the demographic details of respondents, whereas the other part covers the various sustainable approaches to revenue generation for procurement of public works in the DAs, the impact of internally generated revenue on the procurement of public works projects in the DAs and the challenges confronting DAs in generating revenue internally for procurement of public infrastructural works.

4.1 Demographic Details of Respondents

In this study respondents were asked questions that indicated their demographic characteristics. Information was collected on the gender, age, marital status, educational qualification, name of municipal or district assembly, the position of respondents and how long respondents have been in their respective positions. This information is illustrated in Table 1 below. Out of the sixty (60) respondents, forty-six (46) revenue officers and fourteen (14) key management staff, there were twenty-four (24) revenue officers and six (6) key management staff from the Sunyani Municipal Assembly (SMA). Whereas from the Sunyani West District Assembly (SWDA), there were twenty-two (22) revenue officers and eight (8) key management staffs who were interviewed and filled the questionnaires from the researcher.

For the 60 respondents, there were more females 36 representing (60%) than men 24 representing (40%). Ages 21 – 30 years was the most common age range. This group

represented 42% of the respondents. The next age category was 31 – 40 years which represents (27%), the rest 17% and 15% respectively. Out of the fourteen (14) key management staff in the Assemblies, eleven (11) were males and aged between 31 to 50 years, while three (3) were females within the 31 to 50 age range. Other age groups in the study are 51 years and above which is 15%. Five (5) of the key management staffs were university graduates, seven (7) had Higher National Diploma (HND) certificates whereas the other two (2) were Certificate ‘A’ teachers. This shows that the key management staffs were very qualified for the work of the municipal/district assemblies. The educational qualifications of most of the revenue officers are in the O’Level, Senior High School (SHS) and Middle School Leaving Certificate (MSLC) or Junior High Schools (JHS) bracket which is not on the high side and therefore not very encouraging. This has indeed accounted for the poor or low level of revenue generated by the MDAs for procurement of public infrastructural works projects. It is worth-noting that majority (47%) of the respondents were married. This presupposes that respondents have increased roles and responsibilities as married couples and therefore much pressure might be exerted on them.

Indicated in Table 4.1 below are the gender, age ranges, marital statuses and educational qualifications of the respondents.

Table 4.1: Demographic Details of Respondents

| Demographic Variable | Frequency | Percentage |
|-----------------------------------------|------------------|-------------------|
| <u>Gender</u> | | |
| Males | 24 | 40 |
| Female | 36 | 60 |
| <u>Age</u> | | |
| 21 – 30 years | 25 | 42 |
| 31 – 40 years | 16 | 27 |
| 41 – 50 years | 10 | 17 |
| 51 years and above | 9 | 15 |
| <u>Marital status</u> | | |
| Single | 26 | 43 |
| Married | 28 | 47 |
| Divorced | 2 | 3.3 |
| Widowed | 4 | 7.7 |
| <u>Educational qualification</u> | | |
| MSLC/JHS | 8 | 13 |
| ‘O’ Level/SHS | 27 | 45 |
| ‘A’ Level | 5 | 8 |
| Teacher Training | 3 | 5 |
| Polytechnic/HND | 7 | 12 |
| University Graduate | 10 | 17 |

Source: Fieldwork, 2014

4.2 Positions of Respondents at the SMA and SWDA

It is worth-mentioning that the researcher was interested in the positions of the various respondents in both SMA and SWDA. The results indicated that the sample size comprised of the MCD, DCD, Finance Officers, Budget Officers, Planning Officers, Revenue Superintendents, Revenue Collectors, and Town/Area Council Revenue Collectors.

The analysis indicated that at the SMA, 24 representing (80%) of the respondents were Revenue Collectors. Revenue Superintendents constitute 3 representing (10%), other respondents in the management positions constitute 3 representing (9.9%) whereas at the SWDA, Town/Area Council Revenue Collectors were 22 representing (73.3%), and District Revenue Superintendents were 4 representing (13.3%) Others totaling 4 representing (13.2 %) were in various management positions. Flowing from the above, it could be deduced that since the revenue collectors were not that many, it could have had subsequent and important impact on revenue generation for procurement of public infrastructural works in both Municipal and District Assemblies. The Tables 4.2a and 4.2b below indicate the results.

Table 4.2a: Positions of Respondents at the SMA

| Sunyani Municipal Assembly | Frequency | Percentage |
|-----------------------------------|------------------|-------------------|
| Municipal Coordinating Director | 1 | 3.3 |
| Municipal Finance Officer | 1 | 3.3 |
| Municipal Planning Officer | 1 | 3.3 |
| Municipal Revenue Superintendent | 3 | 10 |
| Municipal Revenue Collector | 24 | 80 |

Source: Fieldwork, 2014

Table 4.2b: Positions of Respondents at SWDA

| Sunyani West District Assembly | Frequency | Percentage |
|---------------------------------------|------------------|-------------------|
| District Coordinating Director | 1 | 3.3 |
| District Finance Officer | 1 | 3.3 |
| District Budget Officer | 1 | 3.3 |
| District Planning Officer | 1 | 3.3 |
| District Revenue Superintendent | 4 | 13.3 |
| Town/Area Council Revenue Collector | 22 | 73.3 |

Source: Fieldwork, 2014

4.3 How Long Respondents at SMA/SWDA Have Been in their Respective Positions

It is an undeniable fact that the research revealed that respondents who work at the two Assemblies have differing working experiences. Majority 23 (38%) of the respondents have been with the Assemblies for 4 to 6 years. The study also indicated that respondents 20 (33 %) had worked for the Assemblies between 1 to 3 years, the frequency 9 (15%) had worked less than a year, Six (10%) discussed that they have been with the Assemblies between 7 and 10 years, whereas 2 representing 3% had been with the assemblies above ten years. The above is further illustrated on Table 4.3 below:

Table 4.3 How Long Respondents at SMA/SWDA have been in their Respective Positions

| Number of years | Frequency | Percentage |
|-----------------|-----------|------------|
| < 1 year | 9 | 15 |
| 1 – 3 years | 20 | 33 |
| 4 – 6 years | 23 | 38 |
| 7 – 10 years | 6 | 10 |
| Above 10 years | 2 | 3 |

Source: Fieldwork, 2014

4.4 Procurement of Works Projects Funded with IGF

When the researcher spoke to the Planning Officers and the Budget Officers of the Assemblies in the study they emphasised that there was a policy that 20% of every Assembly's IGF should be used for capital projects and that assemblies that comply with that policy to its logical conclusion are given a pat on their shoulders in the form of awards. It was little wonder that when respondents were asked to tick "Yes" or "No" answer to the question; whether procurement of infrastructural works projects were funded with IGF, majority 57 representing (95%) answered in the affirmative whereas 3 representing (5%) responded no. This is further shown in the figure 4.1 below:

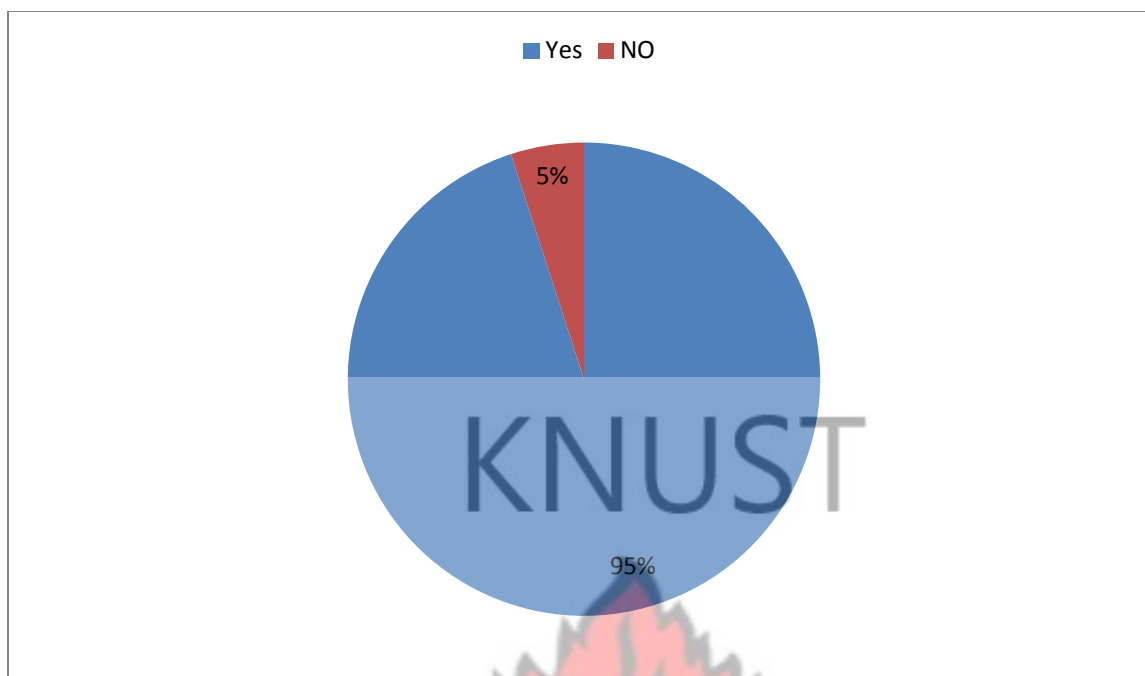


Figure 4.1: Procurement of Works Projects Funded with IGF

Source: Fieldwork, 2014

4.5 Procurement of Works Projects Undertaken by the Assemblies Using IGF

When respondents were asked to list examples of infrastructural works projects that are undertaken using internally generated revenues, the respondents at the Sunyani Municipal Assembly gave their responses as follows; construction and renovation of classrooms, provision of street lights, improving existing feeder roads in the municipality and Evacuation of refuse dumps whereas at the Sunyani West District Assembly, the responses were; building of new schools, hospitals and rehabilitation of buildings, procuring furniture for schools and provision of other social amenities. This is shown in table 4.4 below:

**Table 4.4: Examples of Procurement of Works Projects Undertaken by the Assemblies
Using Internally Generated Fund (IGF)**

| | |
|------|--------------------------------------------------------------------|
| SMA | Construction and renovation of classrooms |
| | Provision of street lights |
| | Improving existing feeder roads in the municipality |
| | Evacuation of refuse dumps |
| SWDA | Building of new schools, hospitals and rehabilitation of buildings |
| | Procuring furniture for schools |
| | Provision of other social amenities |

Source: Fieldwork, 2014

4.6 Types of IGF Revenues Collected at SMA and SWDA

In an attempt to get the IGF sources of revenue at the SMA and SWDA, the assemblies Trial Balance of the last quarter of 2013 indicated the sources as depicted in Table 4.5 below. The table indicates that the IGF sources of SMA are made up of Fees and fines (33%) as the highest source of IGF, followed by Miscellaneous (26%), Licenses (18.4%), Rates (8.2%), Rent (7.1%) and Lands (6.1%). In conclusion, it is worth-emphasising that the various IGF types identified are the ones charged by the assemblies which are in line with section 34 of the Act 462.

Table 4.5: Types of IGF Revenues Collected at SMA and SWDA

| IGF sources/Revenue Type | Frequency | Percentage |
|-----------------------------------------|-----------|------------|
| Rates (property) | 8 | 8.2 |
| Fees & Fines (Market Toll) | 32 | 33 |
| Licenses | 18 | 18.4 |
| Rents (Stores/stalls/bungalows) | 7 | 7.1 |
| Lands (Stool lands revenues, royalties) | 6 | 6.1 |
| Miscellaneous Receipts | 25 | 26 |

Source: Fieldwork, 2014

4.7 Documents used in IGF revenue collection at SMA

From Tables 4.6a and 4.6b below, it could be deduced that when respondents were asked what they used in collecting IGF revenue at the SMA, the responses given were that; General Counterfoil Receipt (GCR) book 15 (50%), Market Toll ticket 10 (33.3%) and Lorry Park ticket 5 (16.7%) whereas that of SWDA were GCR 20 (66.7%), Market toll tickets 9 (30%) and Lorry park tickets 1 (3.3%).

In both MDAs the most common document which is used in collecting the IGF revenue is the GCR (50%) for SMA and (16.7%) for SWDA. Next is Market toll, the SMA is (33.3%) whiles SWDA is (30%). The least used document at SMA is lorry park ticket (16.7%) whiles at SWDA the rarely used document is still lorry park tickets (3.3%).

Table 4.6a: Documents used in IGF revenue collection at SMA

| Document | Frequency | Percentage |
|----------------------------------------|-----------|------------|
| General Counterfoil Receipt Book (GCR) | 15 | 50 |
| Market Toll Ticket | 10 | 33.3 |
| Lorry Park Ticket | 5 | 16.7 |

Source: Fieldwork, 2014

Table 4.6b: Documents used in IGF revenue collection at SWDA

| Document | Frequency | Percentage |
|-----------------------------------------|-----------|------------|
| General Counterfoil Receipt books (GCR) | 20 | 66.7 |
| Market Toll Ticket | 9 | 30 |
| Lorry Park Ticket | 1 | 3.3 |

Source: Fieldwork, 2014

4.8 Respondents Views on Approaches to Encourage More Efficient Revenue Generation for Procurement of Public Works at SMA and SWDA

The first specific objective of this study was to identify sustainable approaches to internally revenue generation within District Assemblies. Sustainable strategies which will enable more revenue generation to be used for procurement of infrastructural works were sought from respondents. Various responses were given and the most important ones which were mentioned by both respondents of SMA and SWDA bothered on tax or public education of tax payers 26 (43.3%), prosecuting tax defaulters at the law courts 10 (16.7%), followed by motivation by giving incentives to the revenue collectors 9 (15%). Another response which

had a frequency of 5 representing (8.3%) was recruiting or employing more revenue collectors. Next was resourcing revenue task forces which had 4 and (6.7%) as its frequency and percentage respectively. The approaches; outsourcing revenue collection to private companies or individuals and proper monitoring by Revenue superintendents had same frequency of 3 and same percentage of 5%. This is illustrated on Table 4.7 below:

Table 4.7: Sustainable Approaches to Internally Generated Revenue (IGR) for Procurement of Works within SMA and SWDA

| Sustainable Approaches | Frequency | Percentage |
|-----------------------------------------------------|------------------|-------------------|
| Education of Tax Payer | 26 | 43.3 |
| More revenue collectors should be employed | 5 | 8.3 |
| Well-resourced revenue task force | 4 | 6.7 |
| Outsourcing revenue collection to private companies | 3 | 5.0 |
| Motivation (incentives) to the revenue collectors | 9 | 15.0 |
| Prosecution of tax defaulters at the Law courts | 10 | 16.7 |
| Proper monitoring by revenue inspectors | 3 | 5.0 |

Source: Fieldwork, 2014

4.9 Impact of IGR on the Procurement of Public Works in SMA

The second specific objective of the research looked at the impact of IGR on the procurement of public works projects in the SMA. The researcher's intention here is to determine whether the IGR collected by the SMA is being used in the procurement of public works. Respondents

listed infrastructural project works. Respondents listed infrastructural projects that the SMA is using IGR to procure. These responses are presented in Table 4.8a below;

Table 4.8a: Public Infrastructural works projects that SMA funds with IGF

| Infrastructural works projects | Frequency | Percentage |
|---------------------------------------------------------------------------|------------------|-------------------|
| Construction/renovation of classrooms | 20 | 66.7 |
| Provision of street lights | 6 | 20.0 |
| Construction and improvement of existing feeder roads in the municipality | 4 | 13.3 |

Source: Fieldwork, 2014

From Table 4.8a above it could be inferred that majority 20 (66.7%) of the respondents from the SMA agreed that IGF is used in the construction or renovation of classroom blocks while 6 (20%) said IGF is used in providing street lights and lastly, 4 representing (13.3%) reported that IGF is used in improving existing feeder roads in the municipality.

4.10 Public Infrastructural Works Projects Undertaken by SWDA using IGR

In answering the question “what infrastructural works projects are undertaken by the assembly using IGR, respondents from SWDA gave the enumerated responses that can be found in Table 4.8b below;

Table 4.8b: Public Infrastructural Works Projects Undertaken by SWDA using IGR

| Public Infrastructural works projects | Frequency | Percentage |
|---------------------------------------|-----------|------------|
| Building of hospitals/Health centres | 10 | 33.3 |
| Provision of recreation centres | 6 | 20 |
| Procuring furniture for schools | 14 | 46.7 |

Source: Fieldwork, 2014

KNUST

4.11 Challenges Confronting DAs in Mobilising IGR for Procurement of Public Works

In order to address the third objective of this research, which is to find out the challenges or problems confronting DAs in generating revenue for procurement of public works, a question was asked. The responses given have been examined and presented in Table 4.9 below. Suggestions or views as to how to address these challenges have also been collated and presented in Table 4.10. From Table 4.9 below, it could be concluded that insults and beating (27.7%) is the highest challenge. It is followed by corruption resulting in leakages and under declarations (16.7%), The lack of political will to deal with defaulters (13.3%), inadequacy of logistics (11.7), unqualified revenue collectors who lacked requisite skills (10%) and difficulty in locating houses and even finding rate payers at home (5%) in that order.

Table 4.9: Challenges/Problems Confronting DAs in Mobilising IGR for Procurement of Public Works

| Challenges/Problems | Frequency | Percentage |
|-----------------------------------------------------------------------------------------------------------------------|-----------|------------|
| Poor or unreliable database on revenue items and on tax payers | 4 | 6.7 |
| Revenue collectors are insulted, quarrels ensued between collectors and payers which culminates in beaten up at times | 13 | 21.7 |
| The difficulty in locating houses and even finding rate payers at home | 3 | 5 |
| The lack of political will to deal ruthlessly with tax defaulters | 8 | 13.3 |
| Unqualified revenue collectors who lack requisite skills | 6 | 10 |
| High rate of tax evasion | 9 | 15 |
| Corruption resulting in leakages and under declarations | 10 | 16.7 |
| Inadequacy of logistics to promote education | 7 | 11.7 |

Source: Fieldwork, 2014

Table 4.10: Various Means to Solve the Challenges/Problems of SMA and SWDA in Generating Revenue Internally.

| Various means to solve the challenges | Frequency | Percent |
|----------------------------------------------------------------------------------|-----------|---------|
| Tax education for payers | 21 | 35 |
| Arresting and Prosecuting defaulters without fear or favour | 19 | 31.7 |
| Streets /Houses in the municipality/district should be named and numbered | 3 | 5 |
| Revenue collections should be devoid of politics | 2 | 3.3 |
| Recruitment of qualified collectors and internal auditors/inspectors/task forces | 5 | 8.3 |
| Provision of enough logistics | 10 | 16.7 |

Source: Fieldwork, 2014

When one considers the above responses given by the respondents one cannot wait but to appreciate and agree with Korkor (2003) who posited that to enable Municipal or District Assemblies generate enough internally generated funds, the MMDAs should follow the strategies enumerated below; Public education on payment of rates, fees, licenses, etc by corporate bodies, traders, property owners, Revaluation of immovable properties to reflect the true earning capacities of such properties, Introduction of new business operating permits, Engagement of private revenue collectors, Use of tax force and the police to enforce payment of fees, licenses etc, Introduction of new business operating permits, Records of rateable persons and tenements and Monthly revenue collection programmes.

Table 4.11: Logistics Lacked by SMA and SWDA in Internally Revenue Generation

| No. | Problem | Frequency | Percentage |
|-----|----------------------------------------------------|-----------|------------|
| 1. | Means of Transport (bicycles and motor bikes) | 15 | 25 |
| 2. | Uniforms and boots for revenue collectors | 13 | 21.7 |
| 3. | Rain coats and umbrellas for revenue collectors | 24 | 40 |
| 4. | Devices for storing data | 2 | 3.3 |
| 5. | Bags for Revenue collectors | 6 | 10 |

Source: Fieldwork, 2014

The table 4.11 above illustrates the logistics lacked by the Assemblies in internally revenue generation. Mention could be made of; lack of umbrellas, rain coats (40%), lack of means of transport for revenue collectors (25%), lack of uniforms and boots (21.7%), insufficient bags (10%), and the lack of devices for storage for the revenue collectors (3.3%).

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter contains the summary of major findings, conclusions and recommendations. The aim of this study was to identify sustainable approaches to revenue generation for procurement of public works in District Assemblies. The specific objectives were; to determine the impact of internally generated revenue on the procurement of public works projects in the District Assemblies and to find out the challenges confronting District Assemblies in generating revenue internally for procurement of public works.

To achieve the above objectives, the researcher contacted fourteen (14) key management staff and forty-six (46) staffs who were revenue officers at the Sunyani Municipal and Sunyani West District Assemblies. The research was based on descriptive study. The main instruments used to collect primary data were open and close-ended questionnaires. It is worth-emphasising that out of the sixty-four (64) questionnaires that were given to respondents, only sixty (60) were returned. Pie chart, tables, frequencies and percentages were used to analyse and interpret the data collected.

5.1 Summary of Major Findings

The summary of the major findings of this study were done based on the specific objectives that were set. The first objective was to identify sustainable approaches to internally revenue generation within District Assemblies. The major findings as stated in this study are enumerated below:

It was identified that the sustainable approaches to internally revenue generation for procurement of public works within district assemblies included; tax education, employment of more revenue collectors, resourcing revenue task forces, outsourcing revenue collection to private companies, giving incentives to revenue collectors, arresting and prosecution of tax or revenue defaulters at the law courts, and proper monitoring by Revenue Superintendents and Inspectors.

KNUST

The second objective of the study was to determine the impact of internally generated revenue on the procurement of public works projects in the Municipal or District Assemblies. The major findings were; the study found out that a substantial part of IGF should be used to fund the procurement of infrastructural works. The respondents stated that the construction and renovation of public classrooms, provision of street lights, construction and improvement of existing feeder roads in a municipality/district, building of hospitals/health centres, provision of social amenities such as recreational centres and procuring furniture for schools were all examples of infrastructural works projects undertaken by DAs using IGF. The study also revealed that the types of IGF revenue collected at the DAs included rates, fees and fines, licenses, lands, rents, and other miscellaneous receipts. It was also realised in the study that the most popularly used documents in internally generated revenue collection was the General Counterfoil Receipt (GCR) book which was 50% at the Sunyani Municipal Assembly and 66.7% at the Sunyani West District Assembly. These were followed by the market toll tickets and then the lorry park tickets.

The third objective was to find out the challenges/problems confronting DAs in mobilising internally generated revenue for procurement of public works. The findings are also summarised as follows:

- That there is poor or unreliable database on revenue items and on tax payers.
- That Revenue Collectors are insulted, quarrels ensued between collectors and payers which eventually culminates in beaten up at times.
- That the difficulty in locating houses and even finding the rate payers at home.
- That there is a lack of political will to deal ruthlessly with tax defaulters
- Unqualified revenue collectors who lack requisite skills
- High rate of tax evasion
- Corruption resulting in leakages and under declarations
- Inadequacy of logistics to promote education

The research also revealed logistics lacked by the Assemblies in internally revenue generation. Mention could be made of; lack of means of transport for revenue collectors, lack of uniforms, umbrella, rain coats, bags, bicycles and motor bikes for the revenue collectors. There were also no devices for the storage of data.

It is also imperative to note that various means were devised to solve the above challenges/problems confronting the District Assemblies in generating revenue internally. The various ways were; tax education for payers, arresting and prosecuting defaulters without fear or favour, streets and houses in the municipality or district should be named and numbered, revenue collection should be devoid of politics, recruitment of qualified collectors and internal auditors or task forces and the provision of enough logistics.

5.2 Conclusions

Based upon the findings of this research conclusions are drawn and for which recommendations are made. It can be concluded that the sustainable approaches to internally revenue generation for procurement of public works within Municipal/District Assemblies included; tax education, employment of more revenue collectors, resourcing revenue task forces, outsourcing revenue collection to private companies, giving incentives to revenue collectors, prosecution of tax or revenue defaulters at the law courts and proper monitoring by Revenue Inspectors and Supervisors. It was identified that the most popularly used documents in IGF revenue collection was the General Counterfoil Receipt book which was followed by market toll tickets.

The impact of internally generated revenue on the procurement of public works projects in the Municipal/District Assemblies include; a substantial part of IGF should be used to fund the construction and renovation of public classrooms, provision of street lights, construction and improvement of existing feeder roads in the Municipality/District, building of hospitals/health centres, provision of social amenities such as recreational centres and procuring furniture for schools were all examples of infrastructural works projects undertaken by District Assemblies using IGF.

Finally, the challenges or problems confronting District Assemblies in mobilising internally generated revenue for procurement of public works included poor or unreliable database on revenue items and on tax payers, insulting revenue collectors, picking quarrels with them which culminate in their being beaten up, the difficulty in locating houses and finding the rate

payers at home, the lack of political will to deal ruthlessly with tax defaulters, high rate of tax evasion, corruption resulting in leakages and under-declarations, and the inadequacy of logistics to promote education. The study also indicated that lack of means of transport, the lack of uniforms, umbrellas, boots, rain coats, bags, bicycles and motor bikes for revenue collectors are the logistics lacked by the District Assemblies in internally revenue generation.

The various means to solve the challenges or problems confronting the District Assemblies in generating revenue internally are; tax education for payers, arresting and prosecuting defaulters without fear or favour, streets and houses in the municipality or districts should be named and numbered, revenue collection should be devoid of politics, recruitment of qualified revenue collectors and internal auditors, inspectors or task forces.

5.3 Recommendations

Based on the findings and conclusions, it is recommended to the management team of SMA and SWDA to devise new sustainable approaches to generating revenue internally for the procurement of public works such as;

- The giving out of the assembly's road grader for hiring by the community, engaging in shuttle transport at the Catholic University College of Ghana, Fiapre and other ventures which might be deemed worth investing.
- Employing the government agencies like Information Services Department and the National Commission on Civic Education to educate tax payers and sensitize them to be aware of their tax obligations through forums, seminars and conferences. This will lead to tax avoidance and tax evasion which hitherto affected SMA and SWDA IGFs.

- Informing and involving the tax payers when coming out with new rates. This will thereby minimize confrontations between the taxpayers on one side and the collectors on the other side.
- Streets and houses in the municipalities or districts should be named and numbered to assist revenue collectors in identifying easily the rate payers and to meet them at home as well.
- All logistics which as uniforms, identify cards, rain coats, umbrellas, collection bags, boots, bicycles and motor bikes should be provided for collectors to enable them discharge their duties creditably.
- Experience and qualified revenue collectors should be recruited and giving in-service training so that they will be up to the task of revenue generation.
- Improving the conditions of services in terms of salaries and other allowances and showing more interest in the welfare of the revenue collector will not only be an incentive for the revenue collectors but it will improve their work rate.
- Proper monitoring, effective supervision and best accounting principles which will help prevent or reduce under-declarations and corruption practices. This will increase internally generated revenues to enable the procurement of infrastructural works in the assemblies.
- It is worth-emphasizing that municipal or district assemblies should have the political will to deal ruthlessly with tax defaulters by enforcing their bye-laws to the latter.

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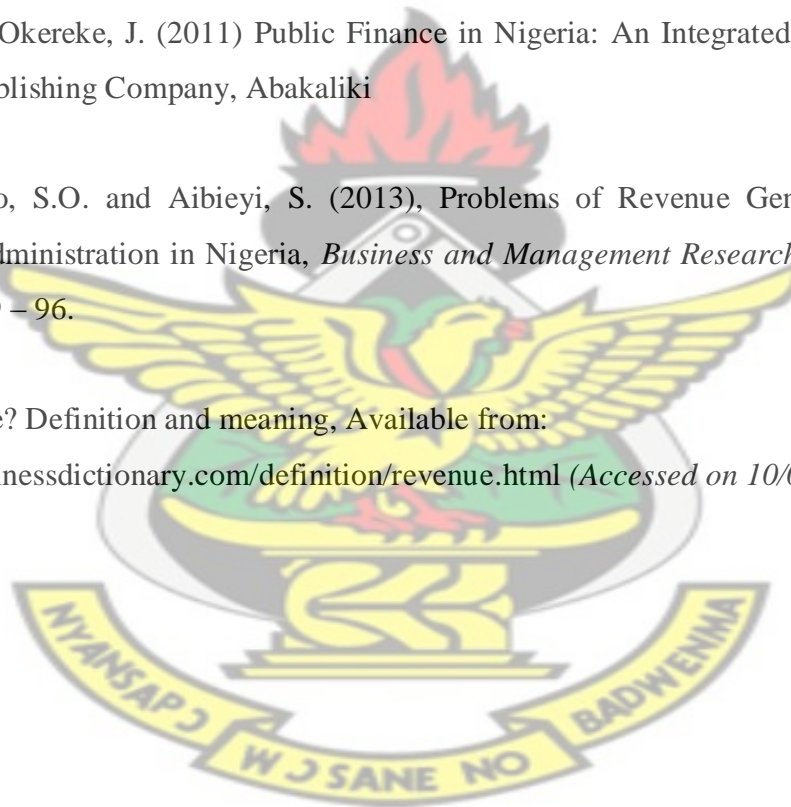
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APPENDICES

APPENDIX 1

QUESTIONNAIRE FOR MANAGEMENT TEAM OF SUNYANI MUNICIPAL ASSEMBLY (SMA) AND SUNYANI WEST DISTRICT ASSEMBLY (SWDA)

Introduction:

The study is purely an academic exercise meant to partially fulfil an award of MSc Degree in Procurement Management at the Department of Building Technology, Kwame Nkrumah University of Science and Technology, Kumasi. You are therefore assured of total confidentiality of information that you will make available for the success of the study. This study is to elicit information from you on **the application of sustainable approaches to revenue generation for procurement of public works in District Assemblies**. Your frank and honest responses will undoubtedly contribute a lot to the success of the study. For some of the questions, alternative answers have been provided so that you only need to choose the appropriate answer with a tick. For others, you are required to provide answers. Thank you for your anticipated co-operation and support.

DEMOGRAPHIC DETAILS

1. Gender:

☐ Male

☐ Female

2. Age:

☐ 21 – 30 years

☐ 31 – 40 years

☐ 41 – 50 years

☐ Above 51 years

3. Marital Status:

- ☐ Single
- ☐ Married
- ☐ Divorced
- ☐ Widowed

4. Educational Qualification:

- ☐ Middle School / JHS
- ☐ Vocational / Technical
- ☐ O'Level / SSCE
- ☐ A' Level
- ☐ Teacher Training
- ☐ Polytechnic / HND
- ☐ University Graduate

5. Name of Municipal/District Assembly.....

6. Position of Respondent.....

7. How long have you been in this position? (Years/Months).....

8. How does SMA/SWDA get revenue to finance its procurement of public works projects?

.....

.....

9. State the external sources of revenue available to SMA/SWDA to finance its procurement of public infrastructural works.

.....

.....

10. Which of these revenue sources mentioned in Q8. above is very reliable source to SMA/SWDA?

.....

.....

11. Does the SMA/SWDA fund some development projects in the Municipality/District with internally generated revenue?

☐ Yes

☐ No

12. Do you consider the quantum of internally generated fund (IGF) of the assembly enough to embark on procurement of public works?

☐ No

☐ Yes

13. List two or more infrastructural works projects undertaken by the assembly using internally generated funds.

.....

.....

14. What type of IGF revenue do you collect at your assembly?

.....

.....

15. What do you use in collecting the IGF revenue at your assembly?

.....

.....

.....

16. What strategies should be adopted to encourage more efficient revenue generation for procurement of public works at your municipal or district assembly?

.....

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.....

17. Does the Assembly have defined items of revenue collection?

☐ Yes

☐ No

18. What are the challenges or problems confronting your assembly in mobilising internally generated revenue for procurement of public infrastructural works?

.....

.....

.....

19. How can such difficulties be solved?

.....

.....

.....

20. What are the logistics you lack in revenue generation at SMA/SWDA?

.....

.....

.....

Thank you

APPENDIX 2

QUESTIONNAIRE FOR STAFFS OF SUNYANI MUNICIPAL ASSEMBLY

(SMA) AND SUNYANI WEST DISTRICT ASSEMBLY (SWDA)

Introduction:

The study is purely an academic exercise meant to partially fulfil an award of MSc Degree in Procurement Management at the Department of Building Technology, Kwame Nkrumah University of Science and Technology, Kumasi. You are therefore assured of total confidentiality of information that you will make available for the success of the study. This study is to elicit information from you on **the application of sustainable approaches to revenue generation for procurement of public works in District Assemblies**. Your frank and honest responses will undoubtedly contribute a lot to the success of the study. For some of the questions, alternative answers have been provided so that you only need to choose the appropriate answer with a tick. For others, you are required to provide answers. Thank you for your anticipated co-operation and support.

1. Gender:

- ☐ Male
☐ Female

2. Age:

- ☐ 21 – 30 years
☐ 31 – 40 years
☐ 41 – 50 years
☐ Above 51 years

3. Marital Status:

- ☐ Single
☐ Married
☐ Divorced
☐ Widowed

4. Educational Qualification:

- ☐ Middle School / JHS
☐ Vocational / Technical
☐ O'Level / SSCE
☐ A' Level
☐ Teacher Training
☐ Polytechnic / HND
☐ University Graduate

5. Name of District/Municipal Assembly.....

6. What is your position in the Assembly?

- ☐ Management member ☐ Chief revenue officer
☐ Revenue inspector ☐ Revenue collector

7. How long have you been working with the Assembly?

- ☐ Less than 1 year ☐ 1-3 years ☐ 4-6 years ☐ 7-10 years ☐ above 10 years

8. Which revenue station do you work for?

- ☐ Sunyani
☐ Abesim
☐ Atronie
☐ Chiraa
☐ Dumasua
☐ Fiapre
☐ Nsoatre
☐ Odomase

9. What are the sources of revenue in your revenue station?

.....

.....

.....

10. Which of the sources listed above contributes highest to the total revenue generated in your revenue station?

.....

.....

.....

11. In a month how much do you collect as revenue?

.....

12. What do you use in collecting the revenue?

.....

.....

.....

13. Do you encounter problems in generating revenue for the Assembly?

☐ Yes ☐ No

14. If yes what are some of the problems?

.....

.....

.....

.....

15. In your opinion how can these problems be solved?

.....

.....

.....

16. What are the logistics you lack in revenue generation at SMA/SWDA?

.....

.....

.....

17. a) Does the assembly has mechanisms of checking revenue collected?

☐ Yes ☐ No ☐ Don't Know

18. If yes, how?

.....

.....

.....

