AN ASSESSMENT OF REVENUE MOBILISATION TRENDS IN METROPOLITAN, MUNICIPAL AND DISTRICT ASSEMBLIES: THE CASE OF LA DADE-KOTOPON MUNICIPAL ASSEMBLY

By

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DECLARATION

I hereby declare that this submission is my own work towards the Executive Masters of Business Administration and that, to the best of my knowledge, it contains no material previously published by another person or material which has been accepted for the award of any other degree of the University, except where due acknowledgment has been made in the text.

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DEDICATION

This work is dedicated to my lovely wife Mrs Diana Salam, my son Farid Haruna and my daughter Salma Haruna.

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ABSTRACT

Mobilising local revenue for development is an important element of Ghana's effort towards decentalisation. One of the tenets of decentralisation is to allow autonomy at the local level for Metropolitan, Municipal and District Assemblies (MMDA) to generate their own funds in addition to central government grants for the fulfillment of their mandate of overall development. This requires each MMDA to design and fashion out strategies for improving revenue generation. The La Dade-Kotopon Municipal Assembly's sources of Internally Generated Revenue (IGF) include rates, fees and fines as well as licenses. Since the creation of the Assembly in 2012, substantial amounts have been generated through these 'traditional' sources, chief of which is the rates. There are indications however, that more could be generated to meet the needs of the people if other untapped revenue items are brought on board.. It is in this vein that this study was conducted to assess the revenue trends of the La Dade-Kotopon Municipal Assembly and to make appropriate recommendations to ensure improvement in the generation of local funds for development. A case study approach was adopted for the study because the researcher had no control over the happenings at the project area and such results obtained could be applied to other local government institutions with similar characteristics. To obtain information from the study area, both primary and secondary data were used.Being a qualitative research, interviews and focus group discussions were conducted to elicit responses from key officers of the Assembly and two committees namely; the budget committee and Finance and Administration committee. Secondary data was obtained from the Finance Department for the same purpose. The study revealed that despite the strategic location of the Assembly and the presence of numerous business entities in the Municipality, La Dade-Kotopon Municipal Assembly's efforts at mobilising local

revenue was not encouraging as it was not able to meet a considerable number of revenue targets set within the 5 year period of the study. The study revealed that the Assembly had the potential to mobilise more revenue if improved strategies are put in place by the administrative set up. To address the challenges identified and to enhance the mobilisation of Internally Generated Funds for the Assembly, this study proposed a number of recommendations for implementation. Firstly, a comprehensive data base of immovable properties should be built and updated regularly to attract property rate collection. Similarly emerging businesses should be captured into the existing database the Assembly is currently working with. Stakeholder consultation, in the candid opinion of the researcher should be used as an avenue to solicit the views of taxpayers. In this regard, they should participate actively in meetings to craft the Assembly's Fee Fixing Resolutions. Closely related to this, is the need to send out bills for property rate and business operation permits early enough for payment. The study further recommends use of Information Communication Technology for the collection of money from businesses. Paying directly through banks and designated pay points was the way to go. Finally, the study suggests that structured courses be organised to build the capacities of both revenue collectors and accounting staff of the Assembly. This, when properly implemented will go a long way to eliminate revenue leakages occasionally associated with collection. In conclusion, the study established that most of the factors militating against the full realisation of the Assembly's revenue mobilisation potential, stem from the management of the Assembly. With the implementation of the findings of this study, the La Dade-Kotopon Municipal Assembly can tremendously maximize revenue from its internally generated funds.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Revenue mobilization at decentralized level of government has been a means of ensuring that the principle of subsidiarity of administrative, political and financial principles have been achieved to make the sub-national governments to be buoyant in delivering services to the public in a more efficient and accountable manner (Hoffman and Gibson, 2005). As such, Hoffman and Gibson (2005) further argued about the subsidiarity principle that if central government is brought to the lowest units of government undertakings, it makes people to easily participate in the process that ensures their well-being. As such, it makes the revenue items budgeting and the mobilization process smooth with minimal challenges (Opoku et al., 2014).

With the era of globalization, it has made this principle of subsidiarity gained more prominence among nations in order to bridge the gap between the rich and the poor (Opoku et al., 2014). This has resulted in the need to ensure that financial autonomy is granted to all lower level of government for effective management and development of these sub-governments (Parker, 1995).

The Government of Ghana in 1988 through an initiative of public sector restructuring introduced a system of local governance and administrative reform which led to the creation of a new local government structure and the transfer of powers, functions, competencies and resources from central government to sub-national structures, (MLGRD, 1996). The PNDC Law 207 was passed to restructure institutions and their roles in the administration and provision of services. The central government for example was responsible for policy initiation, formulation and monitoring and evaluation, whilst the regional level was in charge of policy coordination and harmonisation. Policy implementation was assigned to local government areas with the understanding that the involvement of the citizens in the decision making process about matters that affect their lives will lead to increased participation, accountability and improved service delivery. These changes were part of an overall decentralisation agenda which sought to devolve political, administrative and financial authority from the central government to the Metropolitan, Municipal and District Assemblies. It is believed that decentralisation will be the means for promoting practical democracy, participatory development and improved service delivery in the localities.

The Decentralisation Policy (2010-2014) mentions the three forms of decentralisation Ghana is practicing as follows; devolution, delegation and deconcentration.

The 1992 Constitution affirmed and gave this direction for the development of Ghana. The Constitution in Chapter 2, Article 240 states that 'Ghana shall have a system of local government and administration which shall, as far as practicable, be decentralized'. Consequently various legal instruments have passed and many administrative policies and procedures adopted to operationalise the legal provisions. The Local Governance Act, 2016 (Act 936) created the district assemblies as the highest political and administrative authority and mandated it to perform deliberative, legislative and executive functions towards the overall development of the locality. According to the act (Sec 12, sub-section one, geographical areas designated as districts are in charge of overall development of the said localities and mandated to among others;

Be responsible for the overall development of the district; formulate and execute plans, programmes and strategies for the effective mobilisation of the resources necessary for the overall development of the district; promote and support productive activity and social development in the district and remove any obstacles to initiative and development; and perform any other functions that may be provided under another enactment.

Finance is the ‘lifeblood’ of decentralization. However, it has remained a major problem for decentralization in Ghana (Ayee 2006). In practical terms, Prud'homme (1989) argues that subnational governments generate about 20 percent of total government revenues while they spend about 30 percent. The difference of 10 percent is made up of Central Government transfers. Thus, revenues to local governments consist of Internally Generated Funds (IGF) and Central Government transfers. The 1992 Constitution requires that 7.5 percent of the total revenue of Ghana be transferred to local governments based on an annually agreed formula by the legislature in the form of District Assemblies’ Common Fund (DACF).

These functions of local government are continuously assessed to ensure their revenue performance in the general development of the people and the locality. Indeed, many reforms are being introduced in order to assess the revenue performance of local governments (Kloot & Martin, 2000; Pollitt & Bouckaert, 2004; Pollitt, 2006). Some of the measures that have been adopted in Ghana include the introduction of a performance based District Development Facility (DDF) that rewards performing districts and sanctioning non-performing ones. A provision is made under this initiative to build the capacity of the entire local government structure.

The decentralization process is however confronted with many challenges including political interference particularly in the creation of new District Assemblies without due diligence, weak inter-sectoral collaboration, logistical constraints, inadequate managerial and technical capacity, and the inability of the Assemblies to generate enough internal funds to meet developmental needs.

From theoretical perspective, fiscal decentralization makes a case that each public sector institution or sub-organization should have control over the minimum geographical jurisdiction that would internalize their costs and benefits (Opoku et al., 2014). This ensures that local governments would be resourced enough to be able to provide meaningful services that would improve the lives of the people.

It is against this background that this study is been conducted to investigate the trends of revenue mobilisation performance of La Dade Kotopon Municipal Assembly from 2012 to 2016 fiscal years. The study is conducted using budget estimates for each of the years and comparing them with actual revenue mobilised from the six revenue items the Assembly is mandated to collect by law.

1.2 Problem Statement

A very significant aspect of the role of local governments is to ensure that, efficient and effective services are provided to their communities. These services include the provision of educational infrastructure, health delivery, water and sanitation as well as providing means of livelihood to the vulnerable and the marginalised in the society. In many developed and developing countries, local governments are given key and critical functions to help improve the living conditions of the people they serve. These mandates require resources that can be commensurate with the tasks to be undertaken.

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In order to achieve the desired objective of mobilizing local revenue for development, metropolitan/municipal/district assemblies are by law mandated to prepare annual budgets that would guide revenue generation and also expenditure. A prerequisite for realizing this expectation is to identify all tax payers within the municipality with the view to assessing the rates, fees, fines, licenses and other taxable income so as to craft a budget for collection of revenue. The critical aspect of this endeavour, nationwide, has to do with the cumulative figures realised at the end of the fiscal year. Invariably, the ability of the assembly to achieve revenue targets forms part of the benchmarks for assessing the performance of the assemblies.

The Functional Organizational Assessment Tool (FOAT) and the evaluation of Performance Contracts signed annually between the Ministry of Local Government and Rural Development and all Assemblies put a lot of pressure on assemblies to meet revenue targets. Since the La Dade Kotopon Municipal Assembly is part of the Local Government Structure in Ghana, it stands to reason to evaluate the Assembly's budget estimates against its actual collection over a period of 5 years.

1.3 Objectives of the Study

This study aims at assessing revenue mobilisation trends in metropolitan, municipal and district assemblies focusing on La Dade Kotopon Municipal Assembly from 2012 to 2016 and to make appropriate recommendations to ensure improvement in the generation of Internally Generated Funds. The specific objectives were:

1. To investigate the process of determining revenue targets for revenue items for collection by the La Dade-Kotopon Municipal Assembly.
2. To ascertain if the revenue targets have been achieved over the past five years (2012 to 2016) period by the La Dade-Kotopon Municipal Assembly.
3. To forecast realistic revenue targets using trends in revenue mobilization over the past five years (2012 to 2016) for the La Dade-Kotopon Municipal Assembly.
4. To examine the factors that militate against enhanced revenue mobilization at La Dade-Kotopon Municipal Assembly.

1.4 Research Questions

From the foregoing, this study attempted to answer the following questions.

1. What is the process of determining revenue targets of revenue items for collection by the La Dade-Kotopon Municipal Assembly?
2. To what extent has targets for revenue items been achieved over the past five years (2012 to 2016) period at La Dade-Kotopon Municipal Assembly?

3. How can the Assembly forecast realistic revenue targets for revenue items in the ensuing years?
4. What factors affect enhanced revenue mobilization for La Dade-Kotopon Municipal Assembly?

1.5 Significance of the Study

The research on realistic budgeting for improvement in the mobilization of local revenue for development in La Dade-Kotopon Municipal Assembly is very significant in many ways. First, since revenue generation is one of the key functions performed by local governments, a research into its improvement will increase the internally generated revenue which every Assembly has control over, unlike the external funds released by the central government that presents itself with several guidelines and conditions regarding their usage. Again, in Ghana the formula for calculating and disbursing the District Assemblies' Common Fund to Metropolitan Municipal and District Assemblies for the initiation of development projects has a component which reflects the ability of Assemblies to generate revenue internally. In view of this, a research into the improvement of revenue through accurate budgeting cannot be over emphasized.

What is more interesting from policy point of view is the variability of understanding how districts in Ghana are improving their performance in revenue generation through formulation of realistic budgeting. This study which is expected to throw insights into realistic budgeting will enable the La Dade Kotopon Municipal Assembly deliver on its mandate.

This study also provides the information for policy makers, policy managers and policy analysts to appreciate the strategies employed by Assemblies to maximize revenue collection through accurate budgeting. Also, this study may become a reference document for students, researchers and practitioners of local governance in analysing the justification for empowering districts to craft realistic targets for revenue generation. Finally, this study may help unearth new areas for future research.

1.6 Overview of Research Methods

A study of this nature requires an appropriate methodology. A case study approach was adopted to conduct this study. The population of the study constitutes the key staff of La Dade Kotopon Municipal Assembly and the six revenue items of the assembly for five years, 2012 – 2016. However, a sample were selected based on purposive and convenience sampling techniques in which interviews and focus group discussions were conducted to them to solicit appropriate data. Data was analysed with the aid of the Microsoft Excel and QM for Windows software. The results were presented descriptively and explanatory in line with the objectives of the study.

1.7 Scope of the Study

The scope of the study covers revenue items of local governments. These include rates, lands and concession, fees and fines, licenses, rents and grants. The geographical scope of this study is the La-Dade Kotokpon Municipal Assembly in the Greater Accra Region of Ghana. The scope also covers the key personnel of the Municipal assembly in charge of revenue mobilization in the assembly, including the Municipal Finance Officer, Municipal Budget Analyst and Chief Revenue Superintendent. With respect to time, the work considered the performance of the Municipal Assembly in revenue generation from its creation in 2012 to 2016.

1.8 Limitations of the Study

Every study is faced with some plethora of challenges and this study is no exception. The study is limited by lack of empirical studies on the subject matter to serve as literature and reference point. As such, this study is a novelty and it was difficult to make comparisons and extensive analysis and discussions. Also, the qualitative nature of the study permitted the researcher to analyse only secondary data obtained from the Finance department of the Assembly. The views of tax payers could not be examined critically to enrich the study. Another challenge was inadequate resources including finance, time and adequate experts in the subject area. Notwithstanding these challenges, the study was valid and reliable for future research purposes.

1.9 Organization of the Study

The study has been organised into five chapters. Chapter one focuses on the background, of the study, problem statement, objectives of the study, the research questions to answer, significance and scope of the study. In Chapter Two, a review of literature was made regarding budgeting in local government, revenue generation in local government, fiscal decentralization, among other topical areas related to the objectives of the study.

Chapter Three provides information on the Methodology. It shows information on the data collection methods, sample size and sampling methods. It demonstrates the rationale for the use of various research techniques and how they were applied in analysing both primary and secondary data collected.

Chapter Four focuses on the data presentation, analysis and discussions whiles Chapter Five looks at the summary of the findings, conclusions and recommendations of the study for implementation.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter follows after the introductory chapter and provides a detailed review of literature on the concepts of revenue, revenue mobilization as well as fiscal decentralisation and other related concepts. It ends with a conceptual framework.

2.2 Overview and Definition of Key Concepts

2.2.1 Revenue Generation

Revenue in governance refers to the collection of current assets mainly cash towards the financing of local government administration, as well as the execution of developmental projects (Brooksons, 2002). Revenue is viewed as the earnings of the Assemblies within an accounting period, usually a year.

MMDAs require adequate revenue in order to provide social amenities such as hospitals, schools, sanitation and good drinking water in addition to the development of an environment that will boost economic growth in the locality (Asibuo, 1998).

The revenue base of local government structure needs to be strengthened to generate substantial domestic revenue for meeting developmental needs (Gupta & Tareq, 2008). This revenue is obtained from taxes, licences, fees, permits etc (Adu-Gyamfi, 2014). One common instruments engaged to generate revenue to aid in proper governance is taxes.

2.2.2 Revenue Mobilisation

Revenue mobilisation is the act of putting appropriate measures in place to collect all income accrued to an economic enterprise. This include identification and listing of all revenue sources and rate payers to form a data base for easy tax collection. In other words, revenue mobilisation involves the increase in assets of governmental funds that do not increase liability or recovery of expenditure.

According to Fowler (2000), taxes encompasses a variety of revenue sources that has no link with any service or infrastructural provision by local governments; taxes are expected amounts from citizens as a result of their engagement in economic activities or ownership of certain properties such as property taxes. Armah (2003) argues that the availability of enough sources of revenue will enable local government authorities to develop in terms of revenue mobilisation towards local development.

Ter-Minassian (1999) describes revenue administration as the process of assessing sources of revenue, collecting due revenues, keeping proper records and verifying actual revenue against anticipated amounts. Revenue administration entails the enforcement of revenue generation and mobilisation policies, right from collection through to accountability.

2.2.3 Fiscal Decentralisation and Revenue Mobilisation

The idea of Fiscal Decentralization is to assist local governments, district Assemblies or private organization access to revenue to carry out their services efficiently. This means that local government institutions are given the mandate from the central government to create and mobilize their own local revenue for their operations which would make them more self- financing.

The most common theoretical rationale for decentralization is to attain allocation efficiency among different local preferences for public goods and services (Musgrave, 1959, Oates, 1972). Financial responsibility is a core component of decentralization. If decentralized units are to carry out their responsibility effectively they need to have adequate level of revenues raised locally and or transferred from central government or from other services as well as the authority to make decisions about expenditure. This process of distribution of public finance and responsibilities to the various level of government is usually referred to as fiscal decentralization. Fiscal decentralisation is an autonomy bestowed on Metropolitan, Municipal and District Assemblies to generate, mobilise and optimise revenue for the well-being of residents in the Assembly. According to Ebel and Yilanmaz (2001), the principle of fiscal decentralisation is to empower local governments to amass adequate resources within their jurisdiction, so as to provide relevant and adequate services to the people.

According to Gill (2000), the emphasis of fiscal decentralization is to strengthen sub-national finances for public goods and services. The idea is to give local government some revenue authority and expenditure responsibility and allow them to decide on the level of structure of their expenditure budgets. In this way the local people will be able to articulate their felt needs and preferences and affairs. Fiscal decentralization as a means of achieving local development is based on two main arguments namely; economic efficiency and local revenue mobilization (Bahl & Linn, 1992; Oates, 1993). The economic efficiency argument is that decentralization moves government closer and nearer to the people and makes local government more responsible for decisions about the level and mix of taxes and expenditure, thus increasing welfare. The revenue mobilization argument on the other hand centres on the fact that a decentralization tax structure might actually lead to an increase in the overall rate of revenue mobilization.

Typically, central government collects taxes with relative ease from bigger firms leaving many individuals and small firms outside the tax net. What this means is that a significant proportion of taxable capacity is left out of the tax based because of the fact that central government lack the familiarity with the local tax based which makes it difficult to identify small tax payers and maintain tax toll. Secondly, the revenue gains from bringing small tax payers into the tax net are small and negligible compared with the mobilizations cost. This phenomenon invariably does not motivate staff of the assembly to collect.

Akorsu (2015) indicates that fiscal decentralisation of MMDAs can take the form of delegated tax authority from the central government, the formation of new taxes at the local levels and an increase of financial transfers from the central government. Fiscal decentralisation also known as public revenue decentralisation will only be effective when local governments are granted statutory authority to generate income through taxation and undertake spending in legal frameworks towards development (Anthony & Young, 2004).

According to Olowu & Wunsch, (2003), sound revenue system for local governments is an essential pre-condition for the success of fiscal decentralization. Revenue mobilisation is likely to enhance accountability in political and administrative local governance (Oates, 1998). An effective and efficient structure of revenue collection and management is vital to the attainment of fiscal decentralisation (Olowu & Wunsch, 2003), hence the need for a financial system that is subject to consistent periodic reviews with respect to the revenue generation and its utilisation towards valuable service delivery and project acquisition (Ebel & Vaillancourt, 1998). However, Westman (2004) opines that local governments have an essential challenge, which is accumulating adequate revenue from existing tax base.

According to Kessey and Gunter (1992), administration and policy formulation constitute the principal aspects of internal revenue mobilisation, where policy formulation entails the establishment of feasible objectives and enacting laws and policies towards the achievement of the stated objectives. But then, administration entails the implementation and adherence to enacted laws and policies. Though equally important in revenue mobilization, policy formulation and administration does not receive equal attention both in theory and practice. However, in recent times a lot has gone into policy formulation in terms of revenue mobilisation and utilisation of revenue generated. A study conducted by Thuronyi (2000) revealed that African countries engage in uneven tax administration systems that amount to a decline in revenue and a spike in the cost of revenue generation.

Fjeldstad (2001) is of the opinion that, the revenue system of local governments need to be redesigned to enhance an efficient revenue collection system that will minimize evasion and curb corruption. Furthermore the revenue administration of local governments need to be improved to meet the new structural design of the revenue system in order to minimize revenue collection and administration costs.

In several countries, local government institutions to increases taxes, fees and charges they are proficient of mobilising regularly without being worried about the economic distortions and distributions effects that these instruments may make (Brosio, 2000). It shows that the local level has potential to increase their revenue sources; just that they glue to the traditional source of collecting taxes, fees and fines as source of revenue.

The extent to which local governments can adequately identify existing and new revenue sources by taking advantage of the growing economic landscape will result in improved revenue generation to them. In most cases, local level institution are not able to keep up with the daily build-up of economic activities, and also with the rapid infrastructure development and businesses that spring up daily and in the process they lose revenue.

2.2.4 Sources of Revenue to MMDA

The developing countries are in speed to bring development to their citizens in order to reduce the poverty level and deprivation to its people by way of increasing both infrastructural development and social intervention. All this requires a huge revenue base, hence more revenue mobilisation. According to Stren (1998), the struggles that face countries in their developmental efforts is the issue of revenue generation to fund the numerous developmental projects which are crucial to enhance the living standards of their citizens. This shows that countries are faced with challenges to provide basic education, primary health care, housing, clean water, electricity, sanitation, refuse collection, roads, and transport network and these challenges have been transfered to the local government (MMDAs). The MMDAs are struggling to mobilise enough revenue to fund the numerous development projects and programmes which are crucial to enhancing the living standard of its citizens.

Revenue is the lifeline for the effective operation of every organisation. It is therefore essential for MMDAs to know the available sources by which revenue can be gained while identifying effective and efficient approaches of drawing from the identified sources. The sources of revenue to MMDAs can be categorised into central government revenue transfers and locally generated revenue (Kodobisa, 2008). Article 240(2)(a) of 1992 Republican Constitution also provide that, parliament shall enact appropriate laws to ensure that, functions, powers, responsibilities and resources are at all times transferred from the central government to the local government units in a co-ordinated manner. This shows that, Ghana intends to practice devolution where there will be transfer of functions, powers, responsibilities and resource from the central government to the people at the grassroots who are the direct beneficiaries of the goods and services to be deliver to determine when, how and whom to delivered the goods and services.

The National Decentralisation Policy (2010) commits to the principle of fiscal decentralization that states that finances should follow the functions. Therefore, the policy seeks to ensure that there is equilibrium between the functions that are transferred to the MMDAs and the decentralised fiscal resources. In other words, the totality of the financial resources made available to the MMDAs comprising of the District Assemblies Common Fund (DACF), District Development Facility (DDF), Budgetary allocations (budgets of decentralized departments plus transfers for payment of MMDA staff) and the IGFs and other miscellaneous transfers must be sufficient to cover the totality of the cost of providing the devolved development and municipal service functions within the district. This indicates that, there is a deliberate effort to transfer resources to the local government level by state actors through policy direction to enhance the performance of the local institutions.

2.2.5 Central Government Revenue Transfers

Revenues received by local governments from a central government is known as central government revenue transfer (Nsarkoh, 1992). According to Zanu (1996), revenues from the central government are in four categories namely; recurring expenditure transfers, ceded revenue and District Assemblies Common Fund (DACF).

Abonyo (2003) notes that transfer revenues are under the direct control of the central government as local governments played no role in ascertaining such amounts;

moreover, transfers from the central government are to aid undertake specific tasks in the assemblies of local governments.

2.2.5.1 Recurring Expenditure Transfers

The salaries and pensions of District Assembly staffs, administrative and operation expenses of the assembly, wages of locally employed staff such as revenue collectors and other repetitive expenses constitute the recurring expenditure of MMDAs (MLGRD, 2002). Revenue released by the central government to meet the responsibility of settling these expenses is what is termed as recurring expenditure transfers.

2.2.5.2 Ceded Revenue

Ceded revenue is when the central government aborts the collection of taxes or duties from specific sources of revenue through the Internal Revenue Service (IRS) and allows local government authorities to generated revenue from those sources. This is an effort to reinforce fiscal decentralisation by the central government.

2.2.5.3 District Assemblies Common Fund

The District Assemblies Common Fund (DACF) is a major source of revenue for MMDAs with the backing of the 1992 Constitution. Article 252 Clause (1) of the 1992 Constitution states that: *"there shall be a fund known as the District Assemblies Common Fund"* with Clause (2) entreating parliament to allocate a minimum of five percent of total revenue to the fund in quarterly installment. This is to aid development in the various assemblies. The District Assembly Common Fund is allocated as 7.5% of total national revenue. Scott (2003) notes that generally the concept of the District Assemblies Common Fund has been highly praised as a useful tool of decentralisation. The fund has since played a very important role in assisting District Assemblies in their effort to develop their respective areas.

2.2.6 Locally Generated Revenue

Internally Generated Fund (IGF) of MMDAs is a key component of fiscal decentralization. In almost all countries, central government plays an important supervisory role over local government operations and more specifically their revenue mobilisation operations. The absence of visible support and supervision, lack of coordinated and consistent Central Government support over local government revenue mobilisation has led to un-sustained efforts at improving internally generated funds of most local government institutions.

Locally generated revenue entails tax instruments, revenue policies and solicitations engaged by local governments to acquire adequate resources for optimal service delivery in the locality. In addition, Ahwoi (2010) asserts that MMDAs may acquire financial assistance from three main sources; local revenue, transfers from high-status institutions and loans and grants. Revenues derived from property rates, licenses, rents and fees and fines are convened under local revenue.

Internally Generated revenue consist of funds collected exclusively by or for sub-national governments .These revenues could be grouped broadly into tax and non-tax sources. Tax revenues are the compulsory payment and include chargeables on the income of self-employed persons, businesses and property. The non-taxable revenues are voluntary payment or contributions paid by specific beneficiaries to the district. These include user fees, charges, licenses, permit and royalties. The Minister for Local Government and Rural Development is the one in charge for issuing guidelines for levying of rates and other local taxes. This, however has to be done upon the passing of resolutions by the Assemblies to adopt the fee-fixing resolutions.

2.2.6.1 Property Rates/Tax

This is an annual rate levied by the District Assemblies based on assessed values of premises situated within the area of authority of the Assembly. Assemblies are to possess valuation lists to cover the properties to be levied and the rate to be charged for each property within the district. This source of revenue encompasses fixed immovable assets in the locality; an annual levy is fixed for owners of real properties to pay. Jibao (2009) asserts that revenue derived from property rates amount to about 14% of local governments' total revenue in Ghana. According to Yeboah and Johanson (2010), African and developing countries usually have an inefficient system with respect to the collection of property rates.

Other Anglophone African countries levy an annual tax on real properties (Franzsen & McCluskey, 2005): it was further noted that property rates are taxes contributed to the coffers of local government structures, usually in urban centers. According to Franzsen (2007:10), Ghana undertakes three forms of property tax: "property transfer tax", "urban property tax" and "value added tax".

According to the Local Governance Act (2016) 936, *"District assembly shall be the sole authority for the district and subject to any special provision in the Act or any other enactment; no other authority other than the Assembly shall, notwithstanding any customary law to the contrary have power to make or levy rates in the districts".* Section 95 of the act further indicates that, *"District Assembly shall levy sufficient rates to meet their estimated expenditure".*

2.2.6.2 Licences

A licence is an evidence of authorisation, enabling the engagement of certain activities within the jurisdiction of an assembly; thus the licensor (Metropolitan, Municipal and District Assemblies) allowing a licensee (individuals and organisations) to undertake an economic activity at a premium over a stipulated time period. In line with the LI (local government instrument), all District Assemblies are mandated to licence every business, trade, vocation or profession. Licences are a form of permit granted to a person or persons or groups to enable them engage in legal activity. The essence of licences is to enable the District Assemblies control or restrict certain public activities in order to foster or enhance public order or interest, or generate revenue. These covers business operating permits, building permits, permits for private schools and self-employed artisans including fashion designers and hairdressing salons, sign post. Also marriage registration centres, registration of NGOs, chop bar operators, hotels, guest houses and restaurants, beer and wine sellers, cinema houses, food vendors to mention but a few.

According to Devas and Kelly (2001:384), licenses issued out to businesses by local government authorities are issued in two main forms: (i) as a percentage of profits or turnover and (ii) as predefined amount calculated based on the size, type and location of the business. However, it is inefficient to derive actual license fees from small businesses based on the profitability or turnover as these businesses do not keep proper financial records. The inability of Assemblies to assess the financial performance of businesses equally contributes to the imposition of bills in respect of licences, which are usually contested

2.6.2.3 Fines and Fees

According to Kessey (1995), a fee can be referred to as any amount charged by local authorities on a specific right or economic engagement by the payer as an element of the overall cost of service or project delivered by local governments. Fees may be levied on slaughter houses, market spaces and lorry stations.

2.6.2.4 Grants and Loans

Local governments do not have adequate avenues from which ample revenue can be generated (Halloway, 2003) hence the need to develop and exhibit strategic measures that are competitive enough to attract funds from donor organisations.

To undertake specific developmental projects in the assemblies, International Organisations, NGOs such as GTZ, DANIDA and other Corporate Institutions make available grants and contributions of various forms to assemblies.

2.3 MMDAs and Revenue Mobilisation

According to McCluskey et al. (2003) countries in the African region have grown significantly in terms of population, yet the capacity of local authorities has not been developed towards maximum service delivery in terms of infrastructure, finance and general management. Brosio (2003) posits local governments to be frail financially; they are unable to efficiently collect and solicit for revenue for development and other functional activities, hence they rely on financial aid and transfers from the central government.

According to Baskin (2010), African countries such as Ghana, Malawi, Uganda, Kenya and Tanzania engage in the creation of social action funds and constituency development funds as significant financial sources for developmental projects with respect to economic and social advancement.

2.4 Revenue Mobilisation and Service Delivery

According to Ray (2007), service delivery entails the provision of fundamental services such as education, healthcare, good drinking water, communication and transport for the comfort of the local people. It is the obligation of local government authorities to acquire adequate revenue for the delivery of quality service within their scope of jurisdiction.

Decentralisation is the best mechanism to enhance total development from the grass-roots: this is mainly as a result of local authorities' high tendency of identifying the basic and essential needs of the people and making adequate provisions through service delivery to meet those needs (Brewer et al., 2006). According to Bray (2008), the central government is to assist local authorities in identifying and generating revenue through taxes, tolls, fines and fees towards developing a good financial standing for local governments. Also, the central government is to administer projects in the assemblies to aid in curbing poverty at the grass roots.

2.5 Challenges in Revenue Mobilisation

Oluwa and Wunsch (2003) posit that MMDAs do not employ strategic means of mobilising revenue in their respective jurisdictions, therefore amounting to insignificant development at the Assemblies. MMDAs are unable to undertake adequate developmental projects in their jurisdictions as a result of existing financial challenges, most especially with the efficient and effective mobilisation of revenue (Kokor, 2001). This challenge nullifies the principal aim for fiscal decentralisation, leading to the exertion of pressure on the central government to financially spearhead developmental projects at the local levels.

Local authorities engage a large variety of revenue instruments for mobilising revenue.This tends to escalate taxes, fines and other fees with less consideration on the negative economic consequences residents may face (Fjeldstad et al, 2000). It was further observed that the number of revenue instruments adopted and the extent of their implementation by local authorities impose a significant weight of tax burdens mostly on the poor and less on the rich (Fjeldstad & Semboja, 2001).

In the work of Bardhan and Mookherjee (2002), it was made known that local government authorities do not engage properly laid out and transparent revenue systems, leading to inefficient administration and corruption: Fjeldstad (2006) emphasised the inefficiency of existing financial administration systems leading to poor accountability for collected revenue.

According to Prichard (2010), there is little or no collaboration or consultation between the revenue administration of the central government and local government authorities. For instance, revenue collectors of local governments in Ghana usually encourage citizens to abort the payment of national taxes and rather make due local taxes. This action on the part of local government officials is based on the perception that the central government exploits almost all sources of taxes, leaving local authorities with marginal tax avenues. The absence of collaboration between both authorities lead to double taxation and high tax charges.

Local government authorities do not keep proper records of economic activities that transpire within the boundaries of the assembly. There is an extensive number of informal economic engagement in the various assemblies of which may include: tailors, traders, carpenters and hairdressers. The inaccurate and inadequate data on activities in the informal sector hampers the generation of due revenue from such sources (McCluskey, 2003). In addition to this, small businesses hardly keep proper records of financial transactions, making it difficult for local authorities to recoup the accurate tax or charge due. According to Tibaijuka (2005), Local governments in Africa can only deliver on their mandate only if existing ways of mobilising revenue are improved.

2.6 Legal Framework for Fiscal Decentralisation in Ghana

Decentralisation in Ghana is supported by several laws and regulations which give the Assemblies the right to fix fees and charge same on citizens which may be individuals or organisations. There are laws which also controls how the funds collected are used as the Assemblies deliver on their mandates. Some of these laws have been enumerated below;

The 1992 Constitution of the Republic of Ghana

The Public Financial Management Act (2016) Act 925

Public Procurement Act, 2003 (Act, 663), Amendment Act, 2016 (Act 914)

The Local Government Establishment Instrument of 1994 (L.I. 1589) amended by LI 1967

Local Government (Urban, Zonal and Town Councils and Unit Committees) (Establishment) Instrument, 2010. (L. I. 1967).

National Development Planning (Systems) LI 2232

Local Governance Act, 2016 (Act 936), Amendment Act, 2017 (940)

The Fee Fixing Resolution of MMDAs

It is worth mentioning that, the Local Governance Act, 2016 (Act, 936) is a combination of five earlier Acts. After the passage of the Act, the first three have been repealed while the remaining two have also been partially repealed because some sections are still relevant. They are as follows;

The Local Government Act, 1993 (Act 462)

Local Government Service Act, 2003 (Act 656)

District Assembly Common Fund Act, 2003 (Act 455)

The Internal Audit Agency Act, 2003 (658)

The National Development Planning (Systems) Act, 1994 (Act 480)

2.8 The Conceptual Framework of the Study

This study opines that an established Fiscal Decentralisation can help create the appropriate fiscal space for the mobilisation of revenue to improve service delivery at the local level. The figure below captures the Conceptual Framework of the study.

Conceptual framework (Model) for fiscal decentralisation

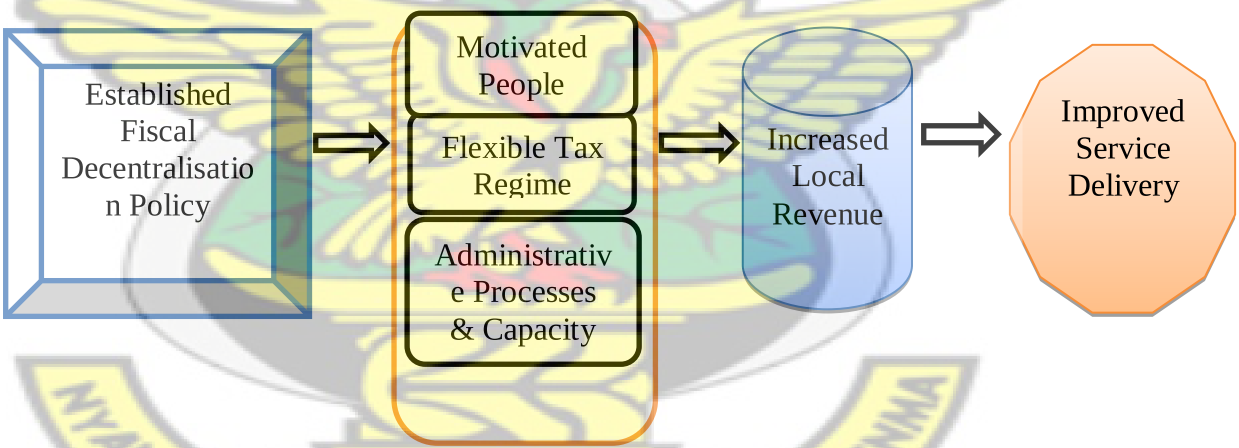

Figure 2.1: Conceptual Framework for Local Revenue Mobilisation

Source: Author's Construct, 2017

The principle under pining this model is that with the right policy directives and guidelines from the central government, fiscal decentralization will bring about the needed delivery of services to the people at the local level. However to achieve this feat, concerted effort must be made to galvanize the support of local staff with the requisite knowledge and qualifications to manage the affairs of District Assemblies. The support of the traditional authorities and other players in the decentralisation structure like Assembly members and sub structure are also important to achieve fiscal decentralization. It therefore behoves on local government authorities to work towards the identification of all taxable revenues, and also build a strong and viable collection mechanisms to maximise collection. The net effect is that local revenue will be significantly improved to fund infrastructure and other services the Assemblies are mandated to provide.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter describes the methodology that was used to generate the findings of the study. A case study research design was used with the aid of interviews, focus group discussions, and secondary data comprising final accounts of the Assembly from 2012 to 2016.

The chapter also discusses the research design, sources of data, unit of analysis and population or sample frame. It also contains the sample size, sampling technique, data analysis and ends with the profile of the study area.

3.2 Research Design

According to Burns and Grove (2007), the design of the study is the end result of a series of decisions made by the researcher concerning how the research will be conducted. Research design is simply the structure of the research. It is the glue that holds all the elements of the study. It determines whether a study employs qualitative or quantitative approach. Qualitative is usually used in the arts and social studies. The research design used for this study was the mixed method approach. That is to say both qualitative and quantitative research methods were used to collect and analyse the data. The mixed method approach was used to help have a deeper understanding of the issues raised and answer the research questions. According to research methods experts, the use of mixed methods is to draw on the strengths of both quantitative and qualitative methods. Interestingly, the fundamental principle of mixed methods research is that multiple kinds of data are used to collect data with different strategies and methods in ways that reflect complementary strengths and non-overlapping weaknesses, in order to provide insights not possible when only qualitative or quantitative data are collected (Creswell et al., 2003; Johnson & Turner, 2003; Creswell & Clark, 2007; Greene, 2007; Johnson, Onwuegbuzie & Turner, 2007; Creswell, 2013).

The mixed method approach employed provided an opportunity to understand people's perceptions, expressions, experiences and aspirations on the subject under discussions. This study adopted a case study approach to do a trend analysis of revenue performance of La Dade Kotopon Municipal Assembly's revenue items from 2012 to 2016. The case study approach studies whole units in real life context and also allows for enough examination to be made because the study involves an existing phenomenon with unclear boundaries (Baxter & Jack, 2008; Flyvbjerg, 2006; Yin, 2013). A case study approach was adopted since it has the advantage of allowing for an intensive collection of information needed to achieve the objectives of the study. It also provides in-depth understanding of the subject matter under investigation.

3.3 Sources of Data, Methods and Tools

Data are untainted or unprocessed known facts used for inference. When it is processed, analyzed and interpreted, it becomes information which is used to make an informed decision. The study used both secondary and primary sources of data to obtain information for the analysis and discussions. The researcher sought permission from the Municipal Chief Executive to conduct the study at the La Dade-Kotopon Municipal Assembly to get access to both primary and secondary data. Permission was sought to get access to secondary data which comprise the budget and annual accounts for the Assembly from 2012 to 2016. As a public sector institution, the Assembly is mandated to keep financial records for both revenue performance evaluation and auditing purposes. The study therefore collected monthly trial balances, revenue improvement plans and annual accounts for the five years period under investigation.

To complement the secondary sources of data collection, primary data were collected. Interviews and focus group discussions were conducted with the Municipal Finance Officer, Municipal Budget Officer and the Chief Revenue Superintendent as well as a cross-section of members of the various committees of the Assembly who have oversight responsibility for revenue mobilisation in the municipality. These committees include the Finance and Administration Sub-Committee of the Assembly and the Budget Committee. These group of persons have knowledge, experience and authority relating to revenue mobilization at the Municipality level.

The use of both secondary and primary data sources fitted in properly in order to derive complimentary benefits accruing out of the relationship between these two sources of data which is based mainly on the level of detail they provide.

3.4 Unit of Analysis

The unit of analysis were individuals and committees who assist in the generation of revenue and also their processing. These include staff of the Municipal Assembly who have a direct role in revenue mobilization. The sample unit or structures for the research included Budget Committee members, the Finance and Administration Sub-Committee of the assembly, as well as key principal officers including the Municipal Finance Officer, Municipal Budget Analyst and the Chief Revenue Superintendent.

3.5 Study Population and Sample Frame

A population is defined by Polit and Hungler (1997) as the total group of subjects that meet a designated set of criteria. Population is the universal set of all the existing people, units, items or events that contain characteristics of interest as well as all the set of possible data values for a subject under study. For the study's objective, the population and sample frame comprised all individuals and units within the assembly who are in charge of budgeting and revenue mobilization of the Municipal Assembly. These included budget committee members, Finance and Administration Sub-Committee members, revenue collectors, principal officers such as Municipal Finance Officer, Municipal Budget Analyst and the Chief Revenue Superintendent as well as other committee members. These people are the key stakeholders in the Assembly who can provide information and perspectives on budgeting and revenue mobilization.

3.6 Sample Size

Sampling according to Polit and Hungler (1999) is the process of selecting a portion of the population to represent the entire population. The sample size is a representation of the population of the study out of which the study is conducted.

The sample size for this study was estimated from two angles – secondary data and primary data. Firstly, the study used a sample of 5 years financial accounts of the Municipal Assembly from 2012 to 2016 on six revenue items including rates, lands and concession, fees and fines, licenses, rents and grants in order to perform the trend analysis. In all, there was 60 data-point for the secondary data which were generated from the budgeted and actual figures for all the six revenue items for the 5 years period.

Secondly, a sample size of three key officers comprising the Municipal Finance Officer, Municipal Budget Analyst and the Chief Revenue Superintendent were engaged in interview sessions. In addition, 5 members each from the Budget Committee and Finance and Administration Sub-Committee of the Assembly were also engaged in focus group discussion. In all, 13 respondents were selected as the sample size for primary data.

3.7 Sampling Technique

For the purpose of the study non-probability sampling was used. According to Castilo (2009), non-probability sampling is a situation where there is no procedure to estimate the probability that each element has the chance of being selected. It involves the selection of elements based on assumptions regarding the population of interest, which forms the criteria for selection. Non-probability sampling does not use chance selection procedures, but rather personal judgment of the researcher (Castilo, 2009).

In other to capture the views of the respondents, the study used purposive sampling technique to select the three key officers who were interviewed. This was against the background that they constituted the key officers in the budgeting and revenue mobilization processes and had sufficient information to share on the subject of the study.

For the focus group discussion, the convenience sampling technique was used to select a cross section of members of the Budget Committee and the Finance and Administration Sub-Committee. Since the members of the group had similar characteristics and status, convenience sampling was then applied on the group to gain their perspectives, based on their availability.

3.8 Data collection Instruments

Data collection according to Burns and Grove (1999) is the accurate and systematic gathering of information relevant to the specific objectives and questions of the study. Data acquisition is very vital in every research since without data no meaningful research could be done. The qualitative aspect of the research made the choice of focus group discussion and interview appropriate tools for the collection of primary data. The focus group discussion was used to solicit information from finance and administrative sub-committee members and budget committee members. Again, an interview was used to collect detailed information from the key officers namely; the Municipal Finance Officer, Municipal Budget Analyst and the Chief Revenue Superintendent with the aid of an interview guide.

3.9 Data Analysis

Data analysis is a mechanism for reducing and organizing the data to produce findings that require interpretation by the researcher (Burns and Groove, 2003). The research adopted statistical tools of trend analysis to establish the relationship between yearly budgeted revenue figures and actuals collected. Using the trend analysis, tables and figures were generated to compare the budgeted figures of each revenue item to the actual figures realised at the end of each year to determine variance and trend across the 5 year-period under investigation. From the trend analysis, revenue projections for ensuing years were forecasted for each revenue item. The trend analysis was aided by a computer software known as Quantitative Methods (QM) for Windows.

Interview findings and focus group discussions were transcribed and reported in line with the objectives of the study. The main purpose of the interviews and focus group discussion was to solicit the views of respondents concerning the budgeting process of the Assembly, and its ability of to meet targets and challenges thereof.

3.10 Ethical Consideration

Ethical consideration are steps taken to ensure that the data collection is devoid of any bias and interferences and ensuring anonymity of respondents so as to give necessary information without compulsion. For a study of this nature there was the need to place much emphasis on ethical issues related to the study. In this regard, an introduction letter was issued by the University to the researcher seeking the approval of the authorities of La Dade-Kotopon Municipal Assembly for the research to be conducted at the assembly. The introductory letter assured the authorities of the Assembly that the research was for academic purpose only and the confidentiality of the respondents and secondary data so provided was assured. This was enough for authorization for the researcher to conduct the study at the Assembly.

3.11 Profile of La Dade-Kotopon Municipal Assembly

3.11.1 Location

La Dade-Kotopon Municipal is one of the sixteen (16) districts in the Greater Accra Region. The Municipality covers an area of 36.033 square kilometres. The Municipality shares boundaries with Accra Metropolitan Assembly to the west, to the east with Ledzokuku-Krowor Municipal Assembly, to the north with La-Nkwantanang-Madina Municipal Assembly and to the south with the Gulf of Guinea. The population of the Municipality according to the 2010 population and housing census stands at 183,528 comprising 86,738 males and 96,790 females.

The La Dade-Kotopon lies in the Coastal Savannah zone. It has two rainy seasons. The first begins in May and ends in mid-July while the second season begins in mid-August and ends in October. The average annual rainfall is about 730mm, which falls primarily during the two rainy seasons. There are few occasions where the Municipality experiences showers and thunderstorms in November and December. Rain usually falls in intensive short storms and gives rise to local flooding where drainage channels are obstructed.

Figure 3.1: Map of LaDMA
Source: CERGIS, 2017

3.11.2 Economic Activities

The La Dade-Kotopon Municipality is bounded on the south by the Gulf of Guinea and this provides an avenue for fishing for the indigenous people. There is the Kpeshie Lagoon, which also serves the same purpose, even though in recent times, has been partially choked with debris.

Consequently, the main economic activity for the men is operating the public transport system popularly known as trotro business, while majority of the women are into petty trading in smaller kiosks and containers as well as hawking. About 60 percent of the population of La Dade-Kotopon are self-employed and are mostly into food vending, fish smoking, mechanical works, hairdressing, tailoring and carpentry.

In addition, the Municipality also hosts several shopping malls such as the Accra Shopping Mall, Koala Shopping Mall and Marina Mall. It also houses luxurious hotels, several financial institutions, the Kotoka International Airport and the Ghana

International Trade Fair Centre. These institutions undoubtedly provide employment for the people.

These economic activities of the people provide a greater avenue for the Municipal Assembly to generate revenue for development. The traders using public infrastructure usually do pay for the use.

LaDMA has ten Electoral Areas with a representation each from these areas making up the Assembly and five members who were duly appointment by the President. Major settlements are Cantonments, Labone, Burma Camp, Kaajaano, Ako Adjei, Abufum, Kowe, New Lakpanaa, Tse-Addo, Adiembra and Adobetor.
These areas are coterminous with the electoral areas of the Municipality which are being represented by ten elected Assembly Members. Each electoral area has a five-member Unit Committee who are also elected and work hand in hand with the Assembly Members and the Traditional Authorities.
The Unit Committees are at the lowest level and form the basic unit of the Local Government Structure. The General Assembly is headed by a Presiding Member. There are two Zonal Councils in the Municipality, namely; Airport Zonal Council and Kpeshie Zonal Council. The Municipality has one constituency called the La Dade-Kotopon Constituency. Figure 1.6 shows the electoral Areas in LaDMA.
The Assembly is headed by the Municipal Chief Executive (MCE) who is nominated by the President and approved by two-thirds majority of the Assembly. The MCE is also the head of the Executive Committee of the Assembly which reviews the sub-committee reports. The Municipal Coordinating Director coordinates all the activities of the various departments and is also the Secretary to the Assembly.

There are twenty-three financial institutions in the Municipality. Most of these institutions are branches of the major financial institutions across the country. There are two indigenous banks namely; La Community Development Bank and La Apex Bank. Besides, the remaining are branch points of major banks. The Ghana Commercial Bank has dominated all banks and can be located at key economic growth poles in the Municipality. These financial institutions are captured in the budget for the payment of revenue to the assembly.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Introduction

In meeting the objectives of this study, this chapter presents the findings collected from the field and the interpretations of the results. Due to the mixed methods employed for this study, the results are presented in tables, charts as well as expressions in line with the objectives of the study.

Metropolitan, Municipal and Municipal District Assemblies (MMDAs) by the authority of the 1992 Constitution – Article 245 (b); are mandated to generate revenue for developmental purposes within their respective jurisdiction. This is done through the levying and collection of taxes, rates, duties and fees. La-Dade Kotopon Municipal Assembly operates under this mandate –Before revenue is collected over a given financial period, the Assembly projects an expected amount of funds through forecasting and this captured as a Budget.

As such, the rest of this Chapter provides the presentation of findings, analysis and discussions of findings in line with the objectives of the study.

4.2 Process of Determining Targets for Revenue Mobilization for La Dade Kotopon Municipal Assembly

The first objective of the study was to investigate the process of determining setting of revenue targets for collection by the La Dade-Kotopon Municipal Assembly. In order to achieve this objective of the study, a qualitative approach was adopted where interview was conducted with three key officers of the Assembly namely; Municipal Finance Officer, Municipal Budget Analyst and the Chief Revenue Superintendent.

Also, a focus group discussion was held with 5 members each from the Finance and Administration Sub-Committee of the Assembly and the Budget Committee.

With the aid of an interview guide, series of questions were posed to the respondents to solicit their views on the process of setting targets for revenue mobilization for collection by the La Dade-Kotopon Municipal Assembly.

4.2.1 Main Sources of Revenue for the Local Assembly

The first interview question posed to the respondents was "What are the main sources of local revenue for the Assembly"? This was answered differently by the key officers of the assembly in the interview sessions and committee members from the focus group discussion. The 3 Key officers in the persons of the Municipal Finance Officer, Municipal Budget Analyst and the Chief Revenue Superintendent who were interviewed were able to mention the 6 revenue items of the assemblies namely *rates, lands and concession, fees and fines, licenses, rents and grants.*

From the focus group discussion with the Budget committee, they attested to the responses of the 3 key officers and were able to mention the 6 sub-revenue items as the main sources of the assembly's local revenue. However, only two of the Finance and Administration (F&A) sub-committee members were able to identify the sub-revenue items of the assembly though there were able to mention a lot of single items including property rates, basic rates among others. They further explained that most often, the Municipal Assembly targets the self-employed or the informal workers to generate their internally generated fund. The Municipal Assembly goes to the market areas and the streets to levy the informal workers. Usually these levies and rates are not substantial enough to facilitate any meaningful development in the Municipality. This implies that most of the respondents whose work are associated with revenue mobilization of the assembly were conversant with the sources of revenue for the assembly.

4.2.2 Tax imposition for revenue collection by the assembly

In order to still meet the first objective of investigating the process of setting revenue targets for the Assembly, the respondents were again asked how taxes are imposed for revenue collection by the assembly. This question was directly posed to the 3 key officers of the assembly and they answered differently when they were interviewed.

Two key officers indicated that "*the Assembly consults other Metropolitan/Municipal/District Assemblies (MMDAs) like Accra Metropolitan Assembly (AMA) to guide them in imposition of taxe*s". However, the Chief Revenue Superintendent was not conversant with the tax imposition process. Nonetheless, all three officers were in agreement that they had inherited a fee-fixing resolution from AMA since the creation of the assembly which has always been revised annually for budgeting and revenue mobilization.

4.2.3 Taxpayer Involvement in the imposition of taxes for collection

It was also necessary to determine if the Assembly involved the taxpayers in the imposition of taxes for collection. A question was posed to the respondents in this regard and there was varied responses. From the interview with the 3 key officers, they were "*emphatic on the involvement of taxpayers in the imposition of taxes*". They mentioned that taxpayers were involved in the following ways;

a. through the use of the assembly's revenue mobilization van for public announcement to create awareness on the fee-fixing resolutions of the assembly.

b. by holding town-hall stakeholder consultative meetings in which revision of fee fixing are discussed. These stakeholders include taxpayers (e.g. market women, shop owners, opinion leaders, land owners, property owners, etc.).
c. Voluntary visits by taxpayers to make inquiries of their tax obligations as good citizens with the view of meeting their civic responsibilities.

As to the effectiveness of these strategies in getting the taxpayer truly involved in the imposition of taxes, almost all of the respondents were candid to agree that much could be done to make the taxpayer really accept the fee-fixing resolution as the right approach to the imposition of taxes.

From the responses gathered, it is evident that most of the disagreement on the imposition of taxes between the assembly and the taxpayer stems from the non-participatory nature of the taxpayers in organized platform to explain the tax imposition. This state of affairs contributed largely to the non-achievement of targets set for some revenue items like property rates, business operating permits and licenses.

4.2.4 Feedback Concerns of taxpayers about the level of taxes

A follow up question was directed to respondents concerning if there was a feedback on concerns of taxpayers about the level of taxes? With regards to this question, the interviews and focus group discussions generated similar negative responses. None of the 13 respondents who were either interviewed or engaged in the separate focus group discussions could give evidence that taxpayer concerns were addressed by the assembly. Taxpayer concerns were mostly not considered in the imposition of taxes. In most situations, the taxes paid were reviewed upwards annually based on consultations with other MMDAs or arbitrarily done.

It was manifestly clear that the absence of guidelines for the imposition of taxes, was the main challenge and concern of taxpayers with regards to payment of taxes. All respondents were unanimous in recommending that for harmony to prevail, there was the absolute need to review some of the taxes downwards if the Assembly wanted to meet its revenue targets. This would invariably lead to non-achievement of targets.

4.2.5 Responsibility for the Budgeting of Revenue Items for the Assembly

In order to meet the first objective, the last question posed to the respondents was to ascertain who was responsible for the budgeting of revenue items for the assembly. This question generated different responses from the 3 key officers who were interviewed. Same could be said about the two groups that were engaged in the focus group discussions namely the Budget Committee and Finance and Administration Sub-Committee.

To ascertain the responsibility for the preparation of budgets for the assembly, the 3 Key Officers were unanimous in their responses that budgeting should be seen as a management tool aimed at improving corporate governance and as such it was a management function. However, from the focus group discussion with the Budget committee, two of the members were of the opinion that budgeting is the responsibility of management whiles the other three indicated that the preparation of the Assembly's budget was the responsibility of the Municipal Budget Analyst. They were quick to add that since the budget analyst was the technical person on the budget committee, he had the ability to influence the working of the committee. All that members needed to do at budget committee meetings was to lend their support to the budget officers in the crafting of the Annual Budgets.

Responses from the F&A sub-committee was not significantly different from that of the budget committee as they saw budgeting as the responsibility of the Budget Analyst and "his" committee. However, budgeting is a management issue and must not be left in the hands of the Budget Analyst alone to churn out unrealistic targets. So it should be a collective responsibility of all management members.

4.3 Achievement of Revenue Targets over the past five years (2012 to 2016)

The second objective of the study was to ascertain if targeted revenue had been achieved over the past five years (2012 to 2016) at La Dade Kotopon Municipal Assembly. In order to achieve this, both qualitative and quantitative approaches were adopted. With the qualitative approach, interviews were conducted with three key officers of the Assembly namely; Municipal Finance Officer, Municipal Budget Analyst and the Chief Revenue Superintendent. In addition, focus group discussion was held with 5 members each from the Finance and Administration Sub-Committee of the Assembly and the Budget Committee.

The respondents were asked, "Do you think the Assembly has been achieving its overall annual targets for revenue mobilization yearly? If yes, what is the evidence of achievement? If no, what could be the reason for the non-achievement of the revenue items"? The responses of the 3 key officers indicate that for La Dade Kotopon Municipal Assembly, except for 2015, the assembly had never achieved its overall revenue targets for the years under review. For instance, for 2012, the Assembly estimated to collect an overall amount of **GH¢ 331,450.00**. However, the actual amount realised was **GH¢ 146,915.42** which was just about 44% of expected revenue. The reason for this abysmal performance was that, the Assembly was inaugurated in

July, 2012, halfway into the year and that the revenue realised was for just five months and not the whole year.

Similarly, in 2013, 2014 and 2016, the assembly estimated to collect a total revenue of GH¢ **2,705,300.00, GH¢ 4,046,540.00 and GH¢ 6,883,475.00** respectively. However, the actual total revenue realised for the same periods were **GH¢ 2,180,514.95, GH¢ 4,046,198.87** and **GH¢6,514,879.02** respectively. These performances represent 80.6%, 99.42% and 94.64% for 2013, 2014 and 2016 respectively.

As mentioned earlier, 2015 was the best year in terms of revenue performance for the assembly as the assembly estimated a budget of **GH¢5,734,500.00** and was able to realise **GH¢ 5,885,166.23** implying a 102.63% achievement of that year's budget.

On the achievement of the revenue targets, the focus group discussions with the two committees revealed that the Assembly had been performing well in generating revenue but could not meet all annual revenue targets. However, the three key officers were emphatic that the revenue figures have not been met over the years and their performances have not been encouraging. The possible reasons adduced by the key staff was that many of the businesses and property owners continued to still pay their taxes to the Accra Metropolitan Assembly (AMA) from which the La Dade Kotopon Municipal Assembly was carved out a few years ago. They also mentioned that intensification of public awareness on the autonomy of the assembly should be enhanced so that taxpayers channel their taxes to the Assembly instead of AMA. Also, some of the respondents associated the inability of achievement of targets to familiarity of taxpayers with revenue collectors. However, it must be noted that, the use of revenue collectors has its own challenges. The perception that many collectors exhibited negligence and corrupt practices by receiving ‘gifts’ as incentives to the detriment of the Assembly. This explains the fear that human activities sometimes affect revenue mobilization negatively.

In another instance, the respondents were asked to mention the main sub-revenue items captured in the annual budgets. With this question, it was perfectly answered by the three key officials of the Municipal Assembly as they were conversant with these sub-revenue items of the assembly. The 3 Key officers in the persons of the Municipal Finance Officer, Municipal Budget Analyst and the Chief Revenue Superintendent from the interview sessions were able to mention the 6 revenue items of the assembly namely rates, lands and concession, fees and fines, licenses, rents and grants.

From the focus group discussion with the Budget committee, they attested to the responses of the 3 key officers and were able to mention the 6 sub-revenue items as the main sources of the assembly’s local revenue. However, only two of the Finance and Administration (F&A) sub-committee members were able to identify the sub-revenue items of the assembly though there were able to mention a lot of single items including property rates, basic rates among others.

Finally, the last question posed to respondents to meet this objective was “Highlight some of the sub-revenue items that brings in much revenue for the assembly”. When respondents were posed with this question, all 13 respondents mentioned property rates, business operation permits and bill board advertisement. Perhaps, this response was so because of the strategic location of the Assembly in the heart of Accra where businesses are flourishing and new landed properties are springing up day in and day out especially at Cantoments, Labone and Tseado.

4.3.1 Quantitative Analysis of Achievement of Targeted Revenue

The second objective of this study was achieved from two perspectives. This section looks at the quantitative aspect of ascertaining if targeted revenue were achieved for the period. It identifies the 6 revenue items (rates, land & concessions, fees, charges & fines, licenses and rents), the budgeted figures for each of the five years (2012 – 2016), the actual revenue accrued correspondingly as well as the variances and percentages achieved. The results were summarized in tables and can be seen in Table 4.1.1 and Table 4.1.2 as well as Figure 4.1.

Table 4.1.1: Summary of Achievement of Overall Targeted Revenue for Period 2012 – 2016

Revenue item	2012				2013				2014			
	Budget (Aug - Dec) GH¢	**Actual (Aug - Dec) GH¢**	**Variance GH¢**	**Percent Achieved %**	**Budget GH¢**	**Actual GH¢**	**Variance GH¢**	**Percent Achieved GH¢**	**Budget GH¢**	**Actual GH¢**	**Variance GH¢**	**Percent Achieved GH¢**
Rate	206,000.00	88,184.52	(117,815.48)	42.81	1,100,000.00	264,998.04	(35,001.96)	24.09	546,000.00	532,368.32	(13,631.68)	97.50
Land & Concessions	6,500.00	-	(6,500.00)	-	35,600.00	393,445.17	357,845.17	1,105.18	1,265,000.00	1,215,534.32	(49,465.68)	96.09
Fees, Charges & fines	13,390.00	5,841.90	(7,548.10)	43.63	912,700.00	343,506.70	(569,193.30)	37.64	1,386,500.00	1,477,553.56	91,053.56	106.57
License	14,260.00	8,520.00	(5,740.00)	59.75	610,000.00	1,167,391.34	557,391.34	191.38	809,040.00	757,803.90	(51,236.10)	93.67
Rent	9,900.00	-	(9,900.00)	-	-	-	-	-	-	-	-	
Investment Income	5,000.00	-	(5,000.00)	-	-	-	-	-	-	-	-	
Total	**255,050.00**	**102,546.42**	**(152,503.58)**	**40.21**	**2,658,300.00**	**2,169,341.25**	**(488,958.75)**	**81.61**	**4,006,540.00**	**3,983,260.10**	**(23,279.90)**	**99.42**

Source: LaDMA IGF Revenue Data 2012-2016

Table 4.1.2: Summary of Achievement of Overall Targeted Revenue for Period 2012 – 2016

Revenue item	2015				2016			
	Budget GH¢	Actual GH¢	Variance GH¢	Percent Achieved %	Budget GH¢	Actual GH¢	Variance GH¢	Percent Achieved %
Rates	1,100,000.00	972,945.03	(127,054.97)	88.45	1,007,000.00	857,370.27	(149,629.73)	85.14
Land & Concessions	1,069,000.00	1,177,898.16	108,898.16	110.19	2,193,000.00	2,034,959.50	(158,040.50)	92.79
Fees, Charges & fines	1,828,000.00	2,001,699.71	173,699.71	109.50	2,105,240.00	1,811,030.94	(294,209.06)	86.02
Licenses	1,272,900.00	1,244,662.35	(28,237.65)	97.78	1,578,235.00	1,356,133.01	(222,101.99)	85.93
Rents	3,000.00	-	(3,000.00)	-	-	-	-	-
Investment Income	-	-	-	-	-	-	-	-
Total	**5,272,900.00**	**5,397,205.25**	**124,305.25**	**102.36**	**6,883,475.00**	**6,059,493.72**	**(823,981.28)**	**88.03**

Source: LaDMA IGF Revenue Data 2012-2016

Figure 4.1: Percentage of Revenue Target Achieved at La Dade Kotopon Municipal Assembly from 2012 to 2016

Source: LaDMA IGF Revenue Data 2012-2016

It can be seen clearly from Figure 4.1 that the achievement of budgeted revenue items over the past five years (2012 to 2016) at La Dade Kotopon Municipal Assembly had been rising initially from 2012 to 2015 and then it fell in 2016. It could be seen that it was only in 2015 that the budgeted revenue was achieved completely with 102.36% performance. However, all other years could not meet the budgeted revenue target with the minimum been 2012. The reason which was associated with the abysmal performance was that the Assembly was inaugurated in July, 2012, halfway into the year and that the revenue realised was for just five months and that the Assembly was not that known by the tax payers who continued paying taxes to AMA.

From 2013, the performance increased considerably to 81.6%, and then in 2014, 99.42% and rose to the highest performance in 2015, 102.36%. However, it fell again to 88.03% in 2016. This shows that the La Dade Kotopon Municipal Assembly needs to put in more effort to improve the achievement of revenue targets of the Assembly.

4.5 Analysis of Revenue Trends

The third objective of the study was to forecast realistic revenue targets using trends in revenue mobilization over the past five years (2012 to 2016) for the La Dade-Kotopon Municipal Assembly. In line with meeting the first two objectives and research questions, the study captured a trend analysis of the revenue projections and actuals of the Municipal Assembly. The data was collected from the Finance office of the Assembly. This trend analysis was to find out which of the sources was bringing in much revenue to the Assembly. Additionally, it was to help discover whether or not La-Dade Kotopon Municipal Assembly met its target/budgeted revenue at the end of each financial year. The analysis captured a period of five years spanning from 2012 to 2016.

As such, each of the sub-revenue items is analysed below in terms of the targeted revenue (budget), actual revenue, variance and percentage of achievement.

4.5.1 Rates

La-Dade Kotopon Municipal Assembly classifies collected rates into four (4); namely, Basic Rates, Property Rates, Property Rate Arrears and Unassessed Rates. The budgeted and actual figures of the various rates of the assembly are given in Table 4.1.1 and Table 4.1.2.

It can be realised from the Table 4.1.1 and 4.1.2 above that, La-Dade Kotopon Municipal Assembly has never achieved its target with respect to the generation of revenue from rates as a whole. In the Year 2012, the Assembly sought to generate Two Hundred and Six Thousand Ghana Cedis (GH¢ 206,000.00) from its rates. However, only 88,184.52 representing 42.81% of expected revenue was actually generated – which is way below average. That notwithstanding, in 2013 the Municipal Assembly raised its revenue budget/target to One Million, One Hundred Thousand

Ghana Cedis (GH¢ 1,100,000.00) – out of this, only 264,998.04 representing 24.09% was collected by the Municipal Assembly. The budget for 2014 was reduced to Five Hundred and Forty Six Thousand Ghana Cedis (GH¢ 546,000.00) and Five Hundred and Thirty Thousand, Three Hundred and Sixty Eight Ghana Cedis, Thirty Two Pesewas (GH¢ 532,368.32) was actually collected. The gap between the budget and actual figure was close in this year as 97.50% of the expected revenue was collected. Similarly, the years 2015 and 2016 showed a close relationship between the budgeted and the actual figures in which 1,100,000.00 and 1,007,000.00.

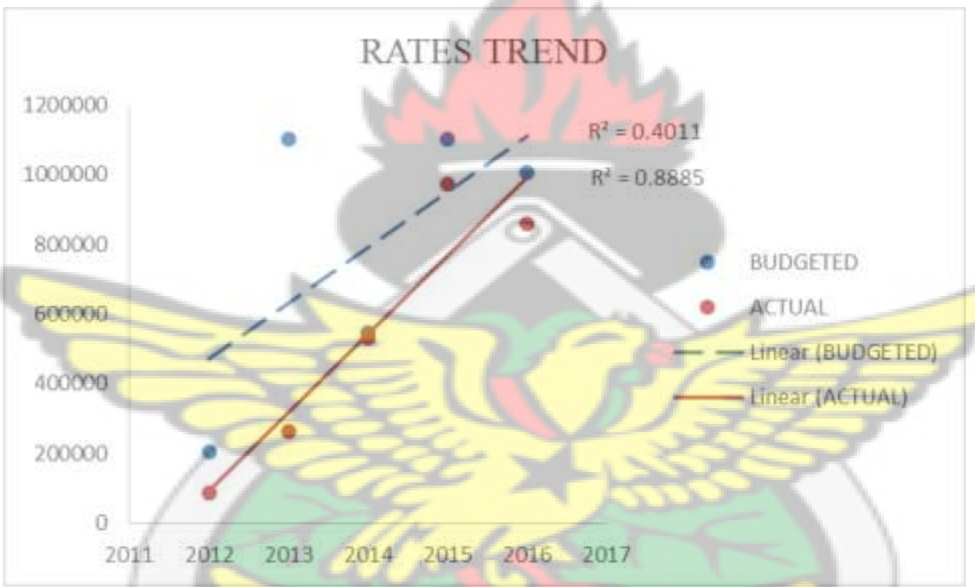

Figure 4.2: Linear regression trends for rates LaDMA from 2016 – 2016

Source: Source: Annual Accounts- LaDMA 2012-2016

Further to the analysis, Figure 4.2 above shows the statistical relationship of the budgeted and the actual variables. From the Figure, the R^2 gives a general idea of the spread of data. In comparing the budgeted and actual values of the rates over the 5 years, the R^2 of the Budgeted revenue which was 0.4011 and the Actual revenue which was 0.8885 implies that budget figures cannot be trusted as they look unrealistic but rather the actual revenue mobilized has better predictive power.

Clearly, the Municipal Assembly is not meeting its revenue targets in terms of rates. The budgeted targets are exceeding the actuals collected. The Assembly must get the people to pay their rates.

4.5.2 Lands and Royalties

Another revenue item to the Assembly is from lands and royalties. La-Dade Kotopon generates revenue from the use of lands within its jurisdiction. The categories of land rates and royalties include; Issuance of Building Permit, Transfer of Plots, Building Plans/Permits and Telecom Mast Permits. The budgeted and actual figures of these categories are given in Table 4.1.1 and Table 4.1.2 below.

It can be realised from the Table 4.1.1 and 4.1.2 that, La-Dade Kotopon Municipal Assembly achieved its target in 2013 and 2015 with respect to the generation of revenue from lands and royalties as a whole. The Assembly realized its highest revenue from Lands and Royalties in 2013 because in that year, there had been layout and approval for construction in areas such as Tseado which motivated Estate Developers to do a lot of constructions and thus seeking more permits and payment of royalties.

It was necessary to determine the regression trends for Lands and Royalties for the 5 years under review. Figure 4.3 shows the regression trend.

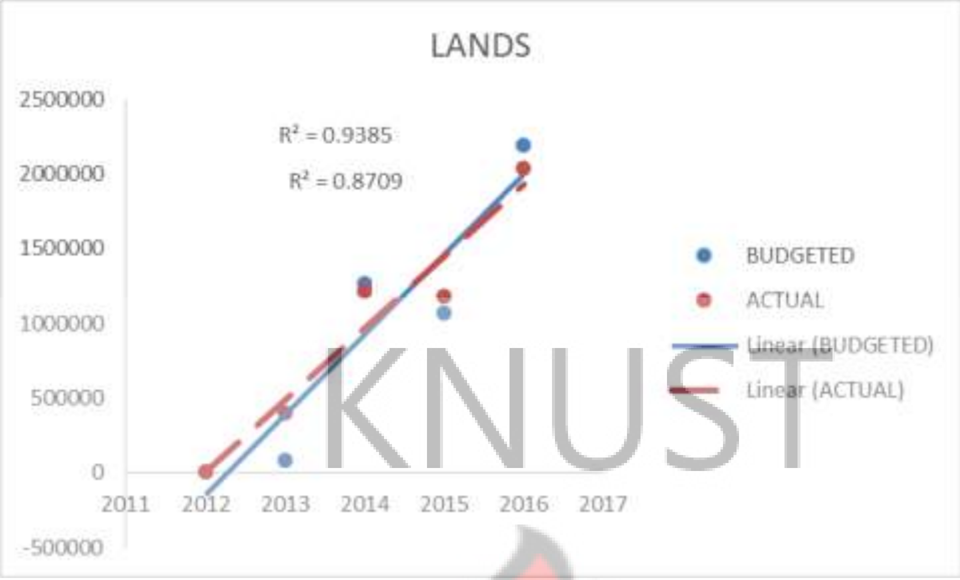

Figure 4.3: Overall Lands and Royalties

Source: Source: Annual Accounts- LaDMA 2012-2016

From the figure above, it can be seen that, the revenue from the Lands and Royalties have been increasing tremendously. From the table and the figure, the Municipal Assembly was able to realized GHC 6,241.90 in 2012 which increased to GHC 2,034,959.50 in 2016. In comparing the budgeted and actual of the rates over the 5 years, there seem to be a high correlation between the variables. That is the R^2 of the Budgeted being 0.8709 and the Actual being 0.9385. Clearly, the Municipal Assembly is mobilizing enough funds from lands and royalties. This has resulted in meeting its revenue target for land and royalties. It should be noted, however, this is not really a direct effort from the Municipal Assembly. The willingness of property owners to voluntarily pay for building permits and the zeal with which service providers to pay for telecom mast permits contributed significantly to the good performance of land and royalties.

4.5.3 Fees, Charges and Fines

Fees, fines and charges are another means by which the Municipal Assembly generate revenue. Fees, fines and charges constitute important revenue sources of the Assembly. Figures 4.4 and 4.5 below throws light in graphical terms the performance of fees in the revenue mobilization effort.

The figure below captures the trends of fines since 2012 to 2016.

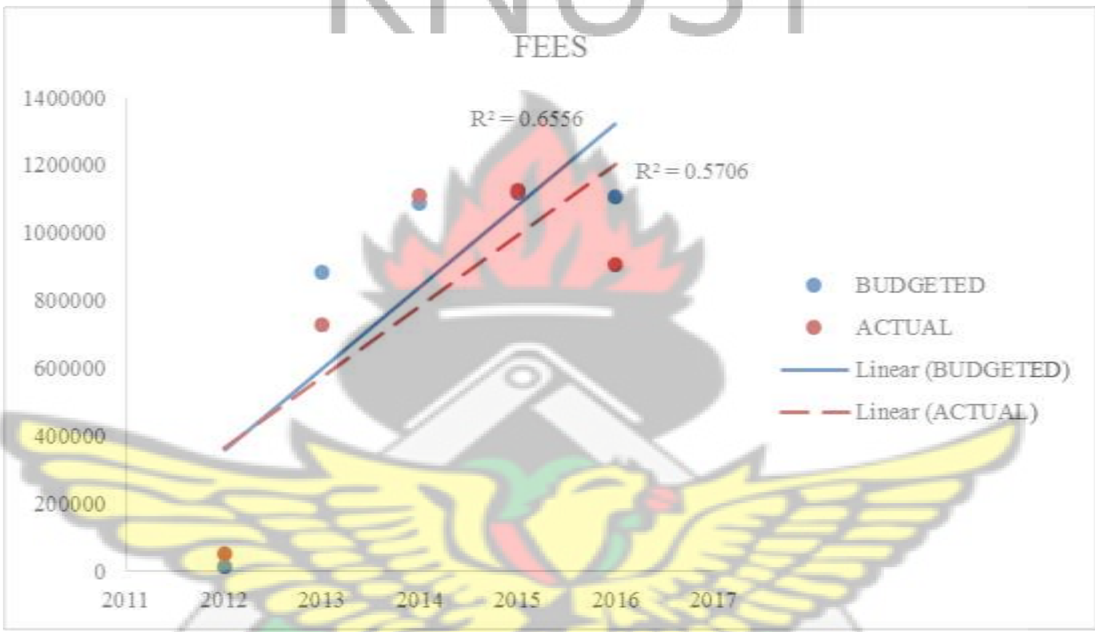

Figure 4.4: Overall Fees and Charges
Source: Source: Annual Accounts- LaDMA 2012-2016

R^2 is the fraction or percentage by which the variances of the errors is less than the variance of the dependent variable. The variability gives the general idea of the spread of data. In comparison, the budgeted and actual revenues increases at a steady rate. So with the Budgeted revenue generating an R^2 of 0.5 and the Actual being 0.6, it implies that the actual revenues accrued can be trusted slightly than the budgeted values. However, the budgeted revenue targets were not that different from the actual revenue realized. With respect to fees setting, high revenue targets will not significantly influence the actuals collected. The Assembly should therefore use scientific basis in setting revenue targets.

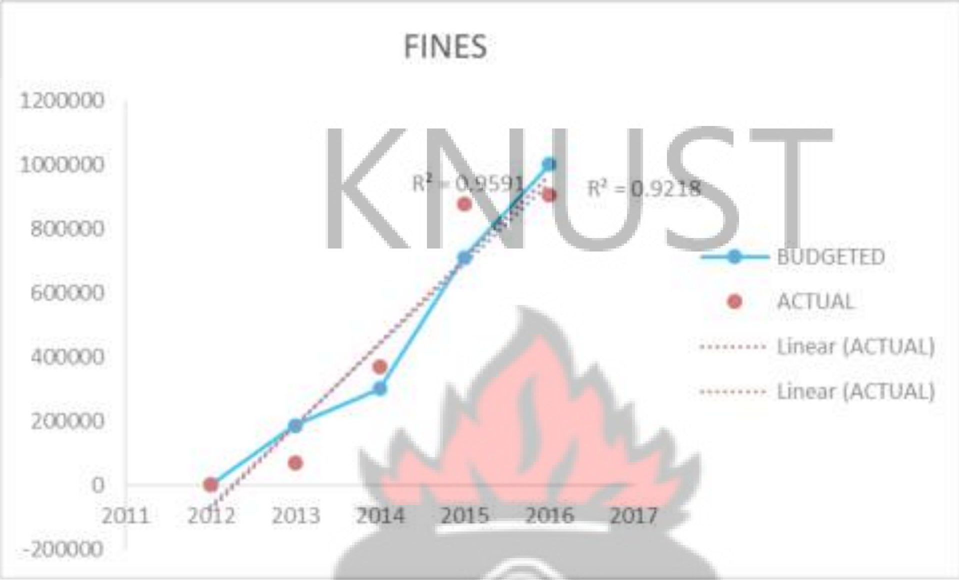

Figure 4.5: Fines, Penalties and Forfeits
Source: Source: Annual Accounts- LaDMA 2012-2016

From the above Figure 4.5, it can be seen that, the statistical relationship of the budgeted and the actual variables are significant. The R^2 of the budgeted revenue was 0.9218 and actual fines paid was is 0.9591 for the 5 years. The difference between the budgeted fines and the actual fines is insignificant as the R^2 values indicate that there was not much difference between what was targeted and the actual fines paid over the 5 years under review. The variables are highly correlated. Most often than not, what the Municipal Assembly budgets for fines, are easily achieved. This state of affairs can be attributed to the Assembly's unwillingness to set realistic targets for fines as collection depends to a large extent on the availability and willingness of the courts to prosecute tax evaders and other law breakers.

4.5.4 Licenses

Another significant sources of revenue for the Municipal Assembly is the licenses. Licenses are those permits given to businesses to allow them to operate. The Figure 4.6 below depicts the trend of licenses as a source of revenue to the Assembly.

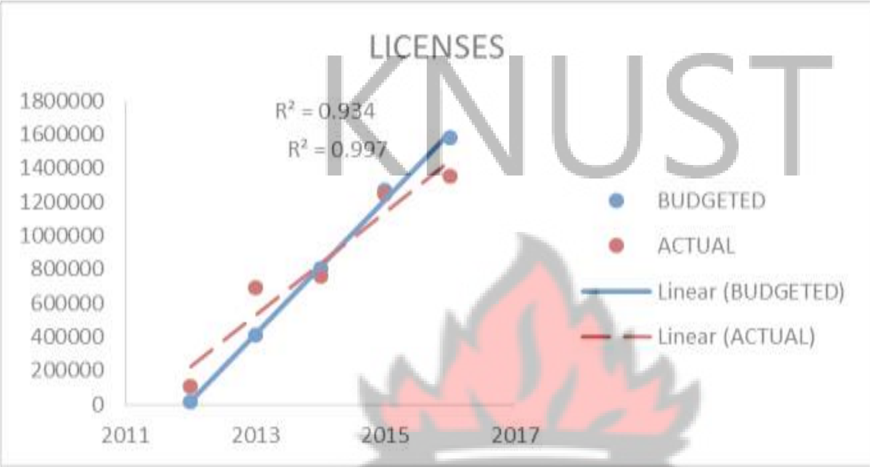

Figure 4.6: Overall Licenses

Source: Source: Annual Accounts- LaDMA 2012-2016

From the above Figure 46, it can be seen that, the statistical relationship of the budgeted and the actual variables are significant though with some variations. From the Figure the R^2 of the budgeted is 0.934 and actual of the licenses is 0.997 for the 5 years. There is correlation between the variables. From the figure, it can be noted that, the Municipal Assembly was exceeding its budgeted figures for licenses in 2012 and 2013 [refer Table 4.1.1 and Table 4.1.2]. However, 2015 and 2016 there has been steady decline in the actuals generated as against the budgeted. This however does not significantly affect the revenue performance of the Assembly.

4.5.5 Municipal Grants

Grants are releases from the government and donor organizations. These include District Assembly Common Fund, Seeded Revenues among others. Some of the identified grants in La Dade Kotopon Municipal Assembly in the course of the 5 years identified Central Gov't – Salaries, School Feeding, DDF Capacity Building, DACF - Capital Development. Project among others.

The regression trend analysis of Grants for the five year period can be seen in Figure

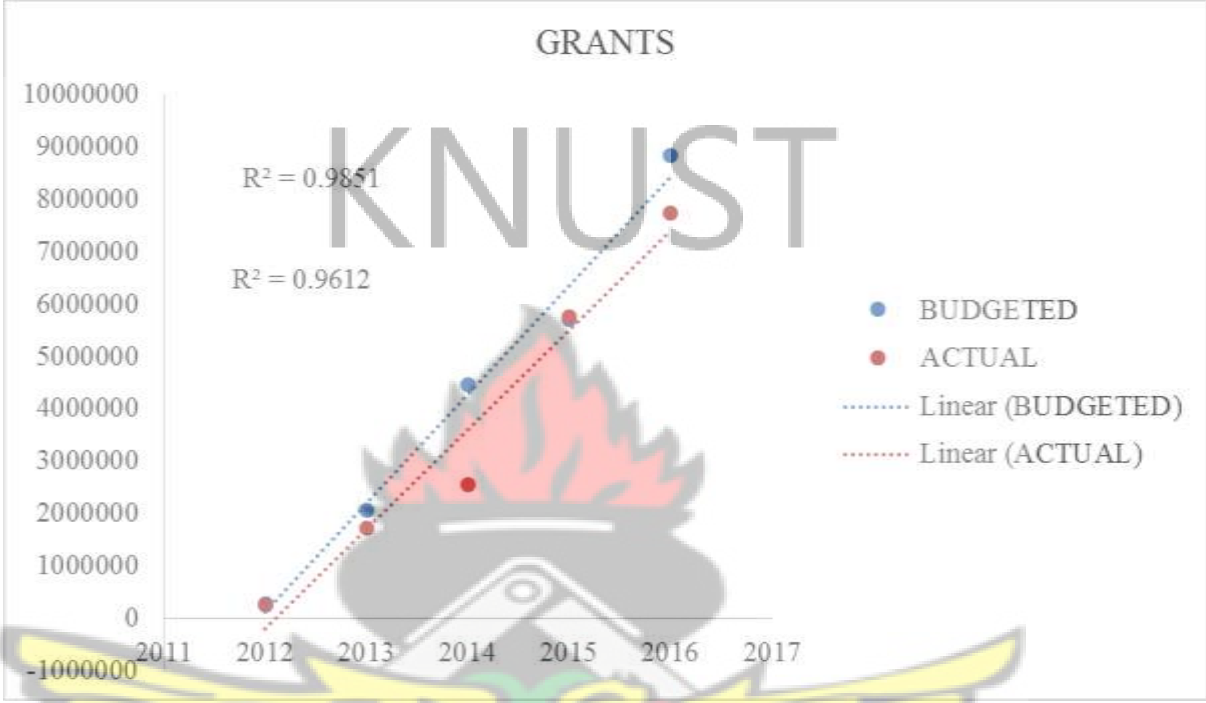

Figure 17: Overall Municipal Grants
Source: Source: Annual Accounts- LaDMA 2012-2016

From the above Figure it can be seen that, the statistical relationship of the budgeted and the actual variables are significant. From the Figure the R^2 of the budgeted is 0.9612 and actual of the fines is 0.9851 for the 5 years. Though there is high variability, the Assembly has not been able to achieve its targets since 2012, which was the closest. It is not surprising since grants constitute an unpredictable revenue sources to many local government structure. The correlation below depicts the situation.

In general term looking at the nominal revenue figures may look very encouraging, but the Assembly has the potential to do better terms of local revenue generation because of its strategic location in an urban environment with big businesses.

4.6 Forecasting of Expected Revenue

As part of the third objective, the study sought to forecast expected revenue for the Assembly using Trend Analysis. This was done for five of the revenue items namely rates, land and concessions, fees, charges and fines, licenses and grants. This because Rent was not a major source of revenue budgeted for by the La Dade Kotopon Municipal Assembly through the 5 years under review. As such, the researcher forecasted for budgeted revenue from 2012 through to 2019 using trend analysis for the sub-revenue items which were budgeted for by the Assembly for the 5 years under review. This generated 8-year trend analysis forecast for each of the five revenue items.

Table 4.2.1 and Table 4.2.2 present for each of the five sub-revenue items, their budgeted revenue, actual revenue and forecasted budgets using trend analysis.

Table 2.2.1: 8-year Trend Analysis Forecast of Budgets

Year	RATES			LAND AND CONCESSION			FEES, CHARGES AND FINES		
	Budgeted GH¢	Actual Revenue GH¢	Trend Forecast GH¢	Budgeted GH¢	Actual Revenue GH¢	Trend Forecast GH¢	Budgeted GH¢	Actual Revenue GH¢	Trend Forecast GH¢
2012	206,000.00	88,184.52	393,107.20	6,500.00	6,241.90	71,589.31	13,390.00	52,489.00	405,316.90
2013	1,100,000.00	264,998.04	608,928.60	35,600.00	410,457.17	453,492.90	912,700.00	799,183.49	807,420.90
2014	546,000.00	532,368.32	824,750.00	1,265,000.00	1,215,534.32	835,396.40	1,386,500.00	1,477,553.56	1,209,525.00
2015	1,100,000.00	972,945.03	1,040,571.00	1,069,000.00	1,177,898.16	1,217,300.00	1,828,000.00	2,001,699.71	1,611,629.00
2016	1,007,000.00	857,370.27	1,256,393.00	2,193,000.00	2,034,959.50	1,599,204.00	2,105,240.00	1,811,030.94	2,013,733.00
2017	-	-	1,472,214.00	-	-	1,981,107.00	-	-	2,415,837.00
2018	-	-	1,688,036.00	-	-	2,363,011.00	-	-	2,817,941.00
2019	-	-	1,903,857.00	-	-	2,744,914.00	-	-	3,220,045.00

Table 2.2.2: 8-year Trend Analysis Forecast of Budgets

Year	LICENCES			GRANTS		
	Budgeted GH¢	Actual Revenue GH¢	Trend Forecast GH¢	Budgeted GH¢	Actual Revenue GH¢	Trend Forecast GH¢
2012	14,260.00	107,164.62	299,463.40	273,000.00	245,221.41	(1,130,341.00)
2013	610,000.00	694,302.55	538,507.40	2,068,680.76	1,723,501.25	1,916,567.00
2014	809,040.00	757,803.90	777,551.40	4,467,705.00	2,557,529.62	4,963,475.00
2015	1,272,900.00	1,244,662.35	1,016,595.00	5,710,721.00	5,742,795.15	8,010,383.00
2016	1,578,235.00	1,356,133.01	1,255,639.00	8,837,008.00	7,737,538.19	11,057,290.00
2017	-	-	1,494,683.00	-	-	14,104,200.00
2018	-	-	1,733,727.00	-	-	17,151,110.00
2019	-	-	1,972,771.00	-	-	20,198,010.00

Source: Data Analysis, 2017

From the trend analysis forecasts for each of the sub-revenue items, it could be realised the annual the budgeting did not reflect any scientific basis as in some cases, there was underestimation of revenue targets. For instance, in 2015, the annual budget for lands and concession was GH¢1,069,000.00whiles the trend analysis forecast revealed that the Assembly could have collected as high as GH¢1,217,300.00. A cursory look at the actual revenue collected for that same period was GH¢1,177,898.16. This implies parted its own back for exceeding budget estimates for the period, the trend analysis forecast revealed that the assembly could have generated a revenue of GH¢1,217,300.00. This state of affairs can be attributed to the arbitrary and unscientific estimation of revenue items for collection.

In other instances, the Assembly overestimated budget figures for the sub-revenue items resulting in marginal achievement of revenue mobilized. A typical example can be cited of the performance of licences in 2016 in which the assembly overestimated its budget to the tune of GH¢1,578,235.00 resulting in the collection of revenue of GH¢1,356,133.01. It is clear from the trend analysis forecast that the realistic estimates of GH¢1,255,639.00 should have given the real picture of revenue performance for licence for that period.

Though the trend analysis forecast for revenue generation may not be perfect, it is all the same important in the prediction of revenue performance. Relating this finding to the case study, it is evidently clear from the trend analysis that the Assembly has the potential to generate higher revenue for development even without any releases from the Central government.

4.7 Challenges to Revenue Mobilisation

There are numerous challenges and constraints for the Municipal Assembly to mobilise more revenues for development. From the responses of respondents and the focus group discussion held the issues hampering effective revenue mobilisation included tax evasion and avoidance, connivance with tax payers, corruption within management of the Assembly, dishonesty and revenue leakage by revenue collectors, misapplication of funds and lack of courage on the part of the Assembly to adopt effective strategies for revenue mobilisation. It was therefore no surprise that a respondent in the focus group discussion commented that "*the revenue collectors work to feed themselves*".

The people's unwillingness to pay rates is a major challenge confronting the Municipal Assembly. Basic rates form a considerable proportion of the Municipal Assembly's internally generated revenue and so its evasion cripples the assembly's effort in ensuring sustainable development of the district. The enforcement of user fees has resulted in a widespread resistance to pay from the poorer segments of the urban population (Fjeldstad & Semboja, 2000).

Another challenge that was gathered from respondents included the apathetic behaviour of revenue collectors. Revenue collectors fail to render accurate account to the assemblies on the revenue generated. Also, some revenue collectors connived and condoned with tax payers so as not to pay the correct amount of taxes due the assembly.

A serious challenge realized from the field interaction is the inability of the Municipal Assembly to track economic activities. There is inadequate data on all economic activities in the Municipality, such as the number of hairdressers, tailors, traders, barters, lotto kiosk among others. This therefore militates against attempts to improve locally generated revenue in the Municipality. These revenues when well administered can provide substantial and reliable revenues for local government (McCluskey, 2003).

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarises the debates and findings of the study. The study has considerably discussed and analysed various issues in respect of decentralisation and revenue mobilisation at the local level, with special reference to La Dade-Kotopon. The study adopted a case study approach about Ghana's fiscal decentralisation process.

The Municipal Assembly has been given powers and authority to mobilise revenue to support developmental projects. Revenue remains a prerequisite for the implementation of local government plans and programmes. Over the years, it seems the Municipal Assembly has not explored all the avenues to generate enough revenue. In this regards, some recommendations are made to help the Municipal Assembly to mobilise the revenues to support development.

5.2 Summary of Findings

The study sought to assess revenue mobilization performance of the La Dade Kotopon Municipal Assembly from 2012 to 2016 and to make appropriate recommendations. In order to achieve this, four objectives were set by the researcher to seek appropriate data to perform analysis to meet these objectives. This section presents the summary of findings in line with the objectives of the study.

5.2.1 Process of Determining Targets for Revenue Mobilization for La Dade Kotopon Municipal Assembly

The first objective of the study sought to investigate the process of determining setting of revenue targets for collection by the La Dade-Kotopon Municipal

Assembly. The findings revealed that the Assembly, at its creation inherited the fee-fixing resolution from the Accra Metropolitan Assembly (AMA) to guide its budgeting process which led to the revision of the document in the subsequent years. This fee-fixing resolution has always been revised annually for budgeting and revenue mobilization.

Also, in terms of taxpayer involvement, respondents indicated that this was done through the use of the assembly's revenue mobilization van for public announcement; holding of town-hall stakeholder consultative meetings in which revision of fees are discussed. In addition, there were voluntary visits by taxpayers to make inquiries of their tax obligations as good citizens with the view of meeting their civic responsibilities.

From the responses gathered, it is evident that most of the disagreement on the imposition of taxes between the assembly and the taxpayer stems from the non-participatory nature of the taxpayers in organized platform to explain tax imposition.

It was manifestly clear that the absence of guidelines for the imposition of taxes, was the main challenge and concern of taxpayers with regards to payment of taxes. All respondents were unanimous in recommending that for harmony to prevail, there was the absolute need to review some of the taxes downwards if the Assembly wanted to meet its revenue targets. This not done would invariably lead to non-achievement of targets.

5.2.2 Achievement of Revenue Targets over the past five years (2012 to 2016)

The second objective of the study was to ascertain if targeted revenue had been achieved over the past five years (2012 to 2016) at La Dade Kotopon Municipal Assembly. The findings revealed that except for 2015, the assembly had never achieved its overall revenue targets for the years under review. 2012 recorded the worst performance of revenue mobilization. The reason for this abysmal performance was that, the Assembly was inaugurated in July, 2012, halfway into the year and that the revenue realised was for just five months and not the whole year. The Assembly could not meets its 2013, 2014 and 2016 revenue targets. The possible reasons adduced by the key staff was that many of the businesses and property owners continued to still pay their taxes to the Accra Metropolitan Assembly (AMA) from which the La Dade Kotopon Municipal Assembly was carved out a few years ago. They also mentioned that intensification of public awareness on the autonomy of the assembly should be enhanced for taxpayers to channel their taxes to the Assembly instead of AMA.

5.2.3 Analysis of Revenue Trends for Forecasting

The third objective of the study was to forecast realistic revenue targets using trends in revenue mobilization over the past five years (2012 to 2016) for the La Dade-Kotopon Municipal Assembly. From the trend analysis forecasts for each of the sub-revenue items, it was realised that the annual budgeting did not reflect any scientific basis, as in some cases, there was underestimation of revenue targets. This state of affairs could be attributed to the arbitrary and unscientific estimation of revenue items for collection. In other instances, the Assembly overestimated budget figures for the sub-revenue items resulting in marginal achievement of revenue mobilized. Though the trend analysis forecast for revenue generation may not be perfect, it is all the same important in the prediction of revenue performance. Relating this finding to the case study, it is evidently clear from the trend analysis that the Assembly has the potential to generate higher revenue for development even without any releases from the Central government.

5.2.4 Challenges of Revenue Mobilization

The last objective of the study was to examine the factors that militate against revenue mobilization at LaDMA. The findings revealed a plethora of challenges and constraints for the Municipal Assembly in mobilising more revenues for development. From the responses of respondents and the focus group discussion held, the issues hampering effective revenue mobilisation included tax evasion and avoidance, connivance with tax payers, corruption within management of the Assembly, dishonesty and revenue leakages from revenue collectors, misapplication of funds and lack of courage on the part of the Assembly to adopt effective strategies for revenue mobilization.

5.3 Conclusion

Despite the legislative instruments relating to local government in Ghana, most of the district assemblies have revenue challenges. La Dade-Kotopon is no exception.

There is general agreement that La Dade-Kotopon Assembly have a substantial potential for enhancing local revenue especially from business licenses, property rates, land and royalties, etc. This study sought to address the need to improve La Dade-Kotopon Municipal Assembly's capacity to manage and administer all aspects of local revenues, including improvement in collection, coverage, recruitment of collectors, adequate markets and lorry parks, property valuation, enforcing byelaws, good database for planning and budgeting, and economical nature of basic rates. The study also found that the inability to mobilise adequate funds comes from the fact that only traditional means of mobilising funds are used.

It is observed that various challenges were found to pose difficulties in the process of revenue mobilisation from the local sources. These challenges included evasion, central governmental interruptions, corruption, high cost of collection, negative perceptions regarding the use of revenues. Accordingly the research findings show that the overall revenue mobilisation needs to be improved in order to achieve better results. In that regard, the improvement of the capacity of revenue collectors can also strengthen its ability to provide effective revenue mobilisation, sustainable for effective basic services to the citizenry and help address issues of poverty and inequality, leading to development that is poor and unsustainable.

5.3 Recommendations

From the summary of findings and conclusion drawn thereof, the following recommendations are suggested for consideration and implementation by the Assembly to improve upon its revenue mobilization.

5.3.1 Setting of Realistic Revenue Targets for Collection

The findings revealed that revenue targets were arbitrarily set without recourse to any scientific basis. It is therefore recommended that the Assembly could adopt a trend analysis forecast to guide them to set more realistic targets for revenue mobilization.

5.3.2 Revenue Targets and Motivation of Staff

It was revealed in the study that the revenue collectors in LaDMA do not have revenue targets set for them to achieve, hence the Assembly accepts whatever is collected. To encourage revenue officers to do more, the Assembly releases five percent of whatever they collect as motivation.

The study recommends that realistic targets are set for the revenue collectors and outstanding collectors rewarded. Similarly, revenue collectors who fail to achieve set targets should be made to forfeit their five percent motivation allowance.

5.3.3 Revenue Database

From the survey, it was identified that there is inadequate data on revenue items which pose a challenge to revenue mobilisation in the Municipality. Again, there has not been any valuation and revaluation of properties since the Assembly was established in 2012. As a result, LaDMA relies on the valuation list provided by AMA at the time of the creation of the Assembly. Though, the Assembly has a revenue database, it is not regularly updated to capture new businesses and properties that spring up in the Municipality.

The Assembly should therefore develop a comprehensive data base to capture all taxable items. These will include, properties, businesses and other forms of advertising. The existing database of the Assembly should be regularly update to capture new businesses and other properties rapidly springing up in the Municipality.

The Municipal Assembly should complete the housing numbering and property addressing system to capture all properties in the Municipal. The use of Geographic Information System can come in valuable handy for the Municipal Assembly. When the Municipal Assembly has all immovable properties captured in their GIS database, it will be easier for the Municipal Assembly to locate the properties in order to levy them. From the trends analysis it was realised that, the Municipal Assembly can generate more through Property Rates.

The Municipal Assembly must digitise its revenue mobilisation strategies. The use of too much human beings is not helpful. To reduce corruption and embezzlement as well, where receipts are issued, it must have security features to prevent fake receipts in the system. It is imperative that, as part of the use of the Ghana Integrated Financial Management Information System (GIFMIS) there should be a special feed to have a

Local Government Revenue Collection System (LOGRECS) to capture all inflows and outflows.

5.3.4 Stakeholder Involvement

From the survey, many of the tax payers indicated their non-involvement in the imposition of fees, though officials of the Assembly had records to prove that they constantly held town hall meetings to solicit the views and concerns of payers. This is because the town halls are organised in a manner that is not convenient for stakeholders especially the time and venue for such activities. Again, such programmes are targeted at representatives of groups who may not give feedback to their members.

The study recommends that to achieve maximum benefits of stakeholder involvement, the meetings should be held at popular venues and at times when majority of the populace can take part. Again, the language used should be simplified for all to ensure acceptance of the rates imposed.

5.3.5 Capacity in Revenue Collection.

It came to light in the survey that the revenue collectors in LaDMA lack the expertise in Revenue Administration as a greater majority have only basic secondary education with no accounting backgrounds. .

The success of any tax regime depends large on the capacity on the administration of the tax. This role is played by revenue collectors. A needs assessment should be carried out by the Human Resource Unit to determine the exact courses to build their capacity. These courses should include but not limited to basic book keeping and accounting, communication skills and human relations.

In a similar vein, the Assembly Members and Revenue should equally be trained to supervise the activities of the revenue collectors within their electoral areas to ensure that there are no leakages.

5.3.6 Logistics for Revenue Collection

It was gathered from the Focus Group Discussions that there are no dedicated vehicles for revenue mobilsation. This makes is difficult for the revenue collectors to discharge their mandate of timely collection of fees.

The study that recommends that two dedicated vehicles should be purchased for the exclusive use of the revenue unit of the Assembly.

5.3.7 Use of ICT in Revenue Collection

The Assembly currently uses electronic means in the collection of payment of taxes. Though Zenith bank has been engaged in the collection of property rates and business operating permits this means is only limited to these two item.

In view of this, the study recommends that the sub-structures should be strengthened and established as permanent pay points in addition to the main LaDMA office.

5.3.7 Existence of Special Zones

The profile of LaDMA indicates that there are special zones including the airport, the burma camp and the embassies. These are enclaves with restrictions though a high potential of revenue exists due to that large number of businesses therein. These restrictions do not permit the Assembly to enter and take taxes with respect to business operating permits and property taxes.

There is therefore the utmost need for consensus building with the respective government agencies in charge of these special zones to liaise with the Assembly to collect on their behalf.

5.3.8 Distribution of Bills and Demand Notices

Bills are supposed to be given to tax payers within the quarter of each fiscal year. However, the study revealed that in all the five year period under study, bills were distributed late, sometimes as late as the end of June. This situation was due to the absence of special equipment for the printing of the bills among other human resource challenges. This adversely affects collection.

The study therefore recommends that more staff should be trained to do the billing while ensuring that the bills are received in the first quarter to facilitate early payment.

5.2.9 Absence of Viable Market Infrastructure

The only market in the Municipality is the La Market which is currently under construction. As a result most of the trading go on along the streets thereby making the identification and collection of market tolls very difficult.

The study recommends that the construction works on the ongoing market should be completed to allow for the collection of rents and other market tolls.

5.2.10 Boundary Disputes

It was gathered from the Focus Group Discussion that one lingering problem which is adversely affecting revenue mobilisation is the boundary disputes between LaDMA and the adjoining Municipality, LEKMA.

Among the areas of disputes are businesses along the Spintex Road, the Accra Shopping Malls and the Airport Hills. These prevent the collection of building permit, business operating permits and property rates.

Though the Regional Coordinating Council has set up a committee to oversee the resolution of the boundary disputes LaDMA continues to lose revenue. The study therefore recommends that the committee expedites action in the resolution to enable LaDMA increase its internally generated revenues.

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APPENDIX 1:

KWAME NKRUMAH UNIVESITY OF SCIENCE AND TECHNOLOGY
INTERVIEW GUIDE

(For interview with Municipal Finance Officer, Municipal Budget Analyst and the Chief Revenue Superintendent/Focus Group Discussion with Budget Committee and Finance &Administration Sub-Committee Members)

Part A – Revenue Targeting Process of Revenue

1. What are the main sources of local revenue for the Assembly?
2. How are taxes imposed for revenue collection by the assembly?
3. Does the assembly involve the taxpayer in the imposition of taxes for collection? If yes, how is it done?
4. Is there a feedback concerns of taxpayers about the level of taxes?
5. Who is responsible for the budgeting of revenue items for the assembly?

Part B: Achievement of Targeted revenue

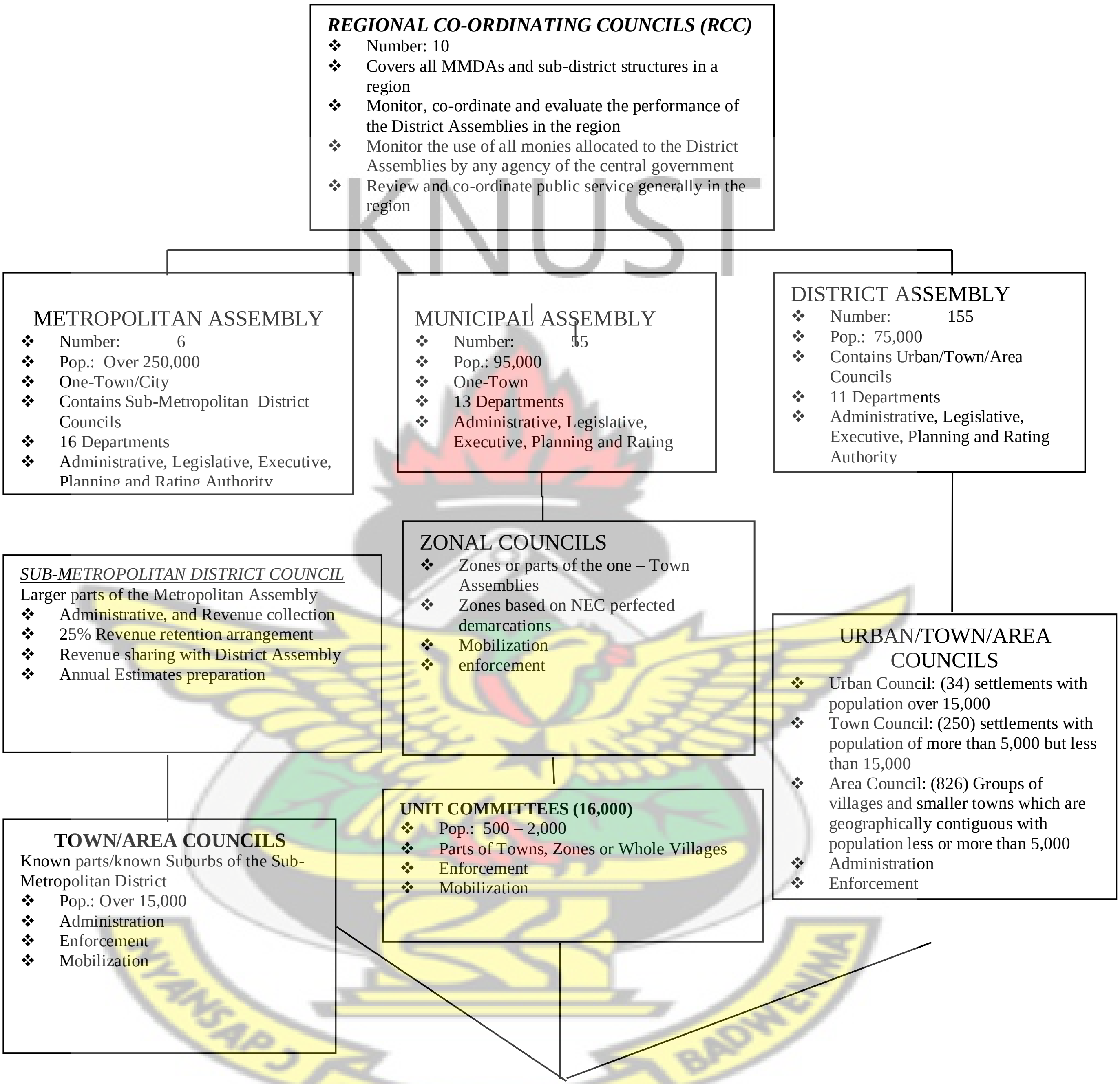
1. Do you think the Assembly has been achieving its overall annual targets for revenue mobilization yearly? If yes, what is the evidence of achievement? If no, what could be the reason for the non-achievement of the revenue items?
2. Mention the main sub-revenue items captured in the annual budgets.
3. Highlight some of the sub-revenue items that brings in much revenue for the assembly.

Part C: Strategies to improve Revenue Mobiliztion

1. What in your view could be done by the assembly to come out with realistic annual targets for revenue collection?
2. How can realistic budget estimates help in achieving revenue target set by the assembly?

APPENDIX 2:

THE LOCAL GOVERNMENT STRUCTURE



Source: Ministry of Local Government & Rural Development 2016

APPENDIX 3:

Main Features of Decentralization and Local Government in Ghana

- Re-demarcate districts to create more manageable and viable local government units.
- Establish District Assemblies as non-partisan local government bodies.
- Empower District Assemblies as the legislative, administrative, development planning, service delivery, budgeting, and rating authorities.
- Transfer responsibility for 86 statutory functions of state to Local Government bodies with jurisdiction over demarcated geographical areas.
- Institutionalise a fused system of public administration by integrating the local government system with the central government district administration system
- Establish sub-district councils and unit committees to create access to political authority for majority of Ghanaians
- Promote participatory decision-making and implementation.
- Modify the election qualifications by removing literacy (the ability to read and write in English) as a qualification for seeking election to the District Assemblies and Sub-district Councils and Unit Committees, among several other modifications.
- Reserve 30% of the membership of the District Assemblies as government appointees to ensure the representation of certain local interest groups, such as women and chiefs, and also enable the DAs have access to the local people with requisite skills and expertise to guide informed decision making and assist in the performance of the statutory functions of the DAs
- Restructure resource allocation and establish resource sharing between central and local governments: example, District Assemblies Common Fund (DACF), land rates and minerals royalties, grants, transfers, and external credits to local governments
- Redefine the roles, functions and structures of government institutions at the national, regional and local levels by making the national level responsible for policy formulation, the regional level responsible for co-ordination, and the local level responsible for implementation.
- Designate the MLGRD as the agency for the implementation of the decentralisation policy

- Establish National Development Planning Commission (NDPC) to co-ordinate decentralised development planning
- Establish structures and mechanisms to enhance probity, accountability and transparency in public administration at all levels of government.