

Effective Revenue Mobilisation by Districts Assemblies: A Case Study of Upper Denkyira East Municipal Assembly of Ghana

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Abstract

The Local Government Act 462 of 1993 authorises and empowers the district assemblies to mobilise revenue in the form of rates, fees & fines, licences, rent, among others to help finance projects in their various areas of authority. This study examined effective revenue mobilisation by districts assemblies: A case study of Upper Denkyira East Municipal Assembly of Ghana. The research design used for the study was the mixed approach. Both qualitative and quantitative research methods were used for the study. The sample size was 85 and both convenient and purposive samplings were used for the study. From the study, the main sources of internal funds identified were property rates, licenses, market tolls and lorry park fees and property rate made the highest contribution to the Internally Generated Funds (IGF) of the Assembly. The study also found that some of the problems undermining revenue mobilization are -inadequate data on revenue sources, lack of enforcement of revenue mobilization bye laws, inadequate revenue collectors and their training. The study recommended that for the Upper Denkyira East Municipal Assembly to efficiently and effectively generate revenue mobilisation, tax education, training and motivation of revenue staff, establishment of databank on revenue sources, enforcement of bye-laws and prosecution of defaulters constantly.

Keywords: Decentralization, revenue improvement, local government, district, mobilisation

1.0 Introduction

The framers of the 1992 Ghana's constitution in the true sense of democracy in chapter 20, Article 240 -256 dealt with Decentralization and Local Government.

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This is an Administration that brings government and governance closer to the people. The Metropolitan, Municipal and District Assemblies in the constitution was seen as a laboratory of democracy and also the principal agent for advancing the cause of equal opportunity, redistribution of wealth and poverty reduction among other things. It was thus the vehicle for decentralization.

Local government usually provides administrative, fiscal, and other public services and amenities to local residents. In highly unitary centralized states, such as France and Great Britain, local government enjoys only limited powers in the area of initiating and implementing policies, as a result of inadequate funds and lack of autonomy. Although the decentralization process has been regarded by many as a basic underpinning tool for national democracy and development, district assemblies are ill fitted to resist any encroachment on its powers by the central government (NALAG, 2005).

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

Over the years, both the central and local governments have been experiencing budget deficits year on year. The governments of Ghana and its MMDAs have consistently spent more than they are able to generate as revenue.

The District Assemblies were financed solely by the Central Government. Due to budgetary constraints, government attempted to find other sources of revenue to the assembly so that they can perform their roles effectively and efficiently. This necessitated the creation of article 240 (2) of the 1992 Republic of Ghana Constitution, which made the district assemblies rating authorities.

Article 252 also created the District Assemblies Common Fund (DACF). This fund represents seven percent (7%) of all central government internally generated revenue which is distributed to all the 216 Metropolitan, Municipal and District Assemblies to undertake development projects. The question then is; are these assemblies able to meet the developmental needs of the people?

The decentralization policy presented five sources of revenue to the district assemblies and these included the District Assemblies Common Fund (DACF), ceded revenue, internally generated fund through local taxation, loans, permits, among others, and from other sources like sale of lands. The DACF is the primary source providing a constitutionally stipulated minimum share of government revenue. The ceded revenue deals with a number of lesser tax fields that central government has ceded to the district assemblies. Entertainment duty, casino revenue, betting tax, advertisement tax and others by the Ghana Internal Revenue Service are examples of ceded revenue available to the district assemblies (Ayee, 2003).

However revenue generation by communities dates back to 1986 when central government requested the local authorities to pay wages and salaries of their employees. This was to compel them to improve upon their revenue mobilization efforts and at the same time reduced central government spending in that direction. This was further harnessed in 1988 when the District Assemblies were established and empowered by the local government Act; (Act 462 of 1993) parts VII and VIII authorized district assemblies to mobilize revenue in the form of fees, fines, and licenses. The question then is, to what extent are Assemblies able to mobilize revenue?

1.1 Statement of the Problem

The core responsibilities of the district assemblies as we have it in Articles 245 and 252 of the 1992 Constitution and section 34, (vii – x) of the Local Government Act, 1993, Act 462 dictates that they be responsible for the overall development of their respective jurisdictions and ensure the preparation and submission of development plans and budgets for approval by the appropriate authorities, as they strive to decentralize and follow good governance practices. It is clear that this responsibility of the local government system cannot be executed successfully without the adequate funds.

According to Aryee (ibid) statutory grant provisions and other central government financial support notwithstanding, the MMDAs are not able to generate sufficient revenue at the local level for development. They depend heavily on the District Assemblies Common Fund (DACF) ceded from the central government to support their developmental programmes. The low level of revenue mobilization coupled with misapplication of funds by local authorities has been a source of concern especially the central governments.

However, at the Upper Denkyira East Municipal Assembly (UDEMA), the major sources of revenue have been central government funds, internally generated funds, and funds from donor agencies. The Internally Generated Fund (IGF) was expected to make the biggest contribution to the district assembly's income since the decentralization concept was for assemblies to generate their own revenue to fund their own projects.

Given the tightness in central Government budget and the inadequate funds from donor agencies, it has become necessary for the assembly to find ways and means of improving its revenue generation in order to meet the higher levels of their developmental needs. However, in the review of relevant literature, it was observed that very little study has been done regarding how the District Assemblies can maximize revenue mobilization. Thus there is a knowledge gap and this thesis seeks to fill this knowledge gap.

1.2 Objective of Study

The general objective is to examine how the Upper Denkyira East Municipal Assembly can improve the mobilization of its internally generated fund.

Specific Objectives

1. To assess the sources of revenue to the Upper Denkyira East Municipal Assembly
2. To examine the factors undermining effective revenue mobilization.
3. To explore whether the Upper Denkyira East Municipal Assembly is able to mobilize adequate fund to meet its developmental agenda.
4. To make recommendations to Upper Denkyira East Municipal Assembly for the improvement of revenue mobilization.

1.3 Research Question

How can the Upper Denkyira East Municipal Assembly improve the mobilisation of its internally generated fund?

Specific Questions

1. What are the sources of revenue to the Upper Denkyira East Municipal Assembly
2. What are the factors undermining effective revenue mobilization?
3. How can the Upper Denkyira East Municipal Assembly mobilize adequate fund to meet its agenda

2.0 Literature Review

2.1 Study Area

The Upper Denkyira East Municipal Assembly is one of the twenty (20) Metropolitan, Municipalities and Districts Assemblies in the Central Region of Ghana. It lies within latitudes 5°. 30' and 6°. 02' north of the longitudes 1° W and 2° W of the Greenwich Meridian. It shares common boundaries with Upper Denkyira West Districts on the north, Wassa Amenfi West and Wassa Amenfi East Districts on the northwest and west respectively, Twifo-Ati Mokwa District and Assin North Municipal on the south, Obuasi Municipal on the southeast and Amansie Central on the northeast. The Upper Denkyira East Municipal covers a total land area of 1700 square kilometers, which is about 17% of total land area of the Central Region. The Administrative Capital is Dunkwa-On-Offin. (www.ghanadistricts.com accessed on 23/03/2011).

The district assembly is the highest political authority in the Upper Denkyira East Municipal Assembly. The district has one constituency. It is the duty of the Assembly to ensure the total economic development of the district through planned and co-ordinated projects and programmes executed in line with the central Government's economic policies. In this direction, the Assembly oversees the full implementation of Government economic policies.

The Assembly is also permitted by law to go into direct investment to generate revenue for its development projects. The major economic activities in the District are farming, small-scale processing of agricultural produce and trades like hairdressing, tailoring, carpentry, services and others (www.ghana-districts.com accessed on 23/03/2011). However, in response to the present Government's economic policy of encouraging the private sector to create wealth and serve as the engine of growth, the Assembly as a matter of priority is laying emphasis on providing basic infrastructure to create the enabling environment for the private sector to take off.

The Upper Denkyira District Assembly has been charged by law to mobilize its own funds to implement its projects and programmes. There are two sources of funds to the district, Internally Generated Funds and External Sources. The internally generated sources are rates, lands, fees and fines, licences, Investments and Rent from Assembly buildings. The external sources include; District Assemblies' Common Fund, salaries paid to staff by the Government, EU/GOG Micro Project Fund, Community Based Rural Development Project Fund, Community Water and Sanitation Project Fund, Ghana Aids Commission, HIPC, Getfund, etc. Despite the introduction of other interventions under Grants, the Assembly has not relaxed in the mobilization of revenue from its traditional sources. However, revenue mobilization over the years has been low. (www.ghana-districts.com accessed on 23/03/2011).

2.2 Definition of Decentralisation

Decentralisation is any act in which a central government formally cedes powers to actors and institutions at the lower levels (Smith, 1995). It implies sharing political power and responsibilities between levels of government as well as giving local governments the financial, legal, institutional and managerial resources to fulfill those duties. It also implies that local governments must be accountable to both central governments and their constituencies (World Bank, 1989). The allocation of power amongst all levels of government is a basis for democracy. The expression decentralisation implies the shift of authority on a physical basis to local government units or particular legal bodies. It can be explained that decentralisation takes the variety of de-concentration (delegation) of authority to field units of the same department, or the level of government, or by devolution of authority to local government (Badu, 2007).

Fass & Desloovere (2003), on the other hand, viewed the idea of decentralisation as “any act in which a central government formally cedes powers to actors and institutions at lower levels in a political administrative and territorial hierarchy. This implies that decentralization is the mechanism for bringing government closer to the governed and helps to improve public administration by empowering local authorities to be the planning and decision making bodies thus enhancing government capacity to achieve local participation”. Rondinelli (1981) defines decentralisation as the transfer of authority to plan, make decisions, and manage public functions from a higher level of government to any individual, organisation, or agency at a lower level.

From the above given definitions and explanations of decentralisation, it can therefore be defined as the process of bringing the governance process to the local people to manage, direct and control over their development through the help of the central government and the decentralised bodies.

The concept of decentralisation, though widely discussed, is interpreted differently (World Bank, 1989). Some writers identify different forms of decentralisation as de-concentration, devolution and privatisation (Manor, 1999) but others distinguished among three main forms as de-concentration, delegation and devolution.

Three main types of decentralisation are commonly identified:

- *administrative decentralisation* or *deconcentration*: the re-location of branches of the central state to local areas, entailing a transfer of powers to locally-based officials who remain part of, and upwardly accountable to, central government ministries and agencies;
- *Fiscal decentralization*: the transfer of fiscal resources and revenue-generating powers, inclusive of authority over budgets and financial decisions, to either deconcentrated officials and/or central government appointees or to elected politicians;
- *Political decentralisation* or *democratic decentralisation* or *devolution* (of power) : the transfer of powers and resources to sub-national authorities which are “(a) largely or wholly independent of the central government and (b) democratically elected” (Manor 1995: 81-2).

Decentralisation has become a household name over the past years in Ghana. It has been so effective that several African countries have been attracted to come to Ghana to study our local governance system so as to implement it in their various countries. Ghana's decentralisation system is backed by the supreme document of the land - 1992 Constitution - under Act 240.

2.3 Brief history and Local government structure in Ghana

The decentralisation process in Ghana was initiated in 1988 when the PNDC Law 207 provided legal and institutional direction to constitute the first District Assemblies. The process was boosted when the Local Government Act 1993, Act 462, was passed. More than a decade later, the capacity of the Metropolitan, Municipal and District Assemblies (MMDAs) to respond to development issues, especially poverty, is still critical in institutionalising the decentralisation process.

The districts of Ghana were re-organized in 1988/1989 in an attempt to decentralize the government and to combat the rampant corruption amongst officials. The reform of the late 1980s subdivided the regions of Ghana into 110 districts, where local district assemblies should deal with the local administration. By 2006, an additional 28 districts were created by splitting some of the original 110, bringing their number up to 138. In February 2008, there were more districts created and some were upgraded to municipal status. This brought the final number to 170 districts in Ghana. Since then, a further 46 districts have been added since 28 June 2012 bringing the total to 216 districts.

2.4 Historical Development of the District Assemblies in Ghana

The earliest attempts at local administration during the colonial era were with the 355 native authorities, which centered on a chief or some unit of local royalty which was not well-defined. The native authorities were not democratic but were mere representatives (as they were hand-picked).

Their main interests were to help the British colonial government

1. With limited involvement in local administration
2. To administer law and order.

The Municipal Ordinance of 1859 established municipalities in the coastal towns of the Gold Coast. In 1943, a new Ordinance established elected town councils for Accra, Kumasi, Sekondi-Takoradi and Cape Coast. In 1953, the Municipal Councils Ordinance was passed. After independence, this was followed by the Local Government Act 54 of 1961. In all of these pieces of legislation, the distinction between central and local government institutions was maintained.

In terms of this distinction, there have always been two different machineries for the administration of Ghana: one based in the capital with branches at the local (district) level and another separate and district level, based in well-defined localities and referred to as local government. The central government bodies at the local level dealt with national matters. They also attracted the better qualified personnel in terms of management skills and professional expertise. These central government agencies had less clearly defined powers in terms of local responsibilities, but had a much better presence by reason of their de facto position as bodies of central government (Ahwoi, 1999).

Decision-making took an unduly long time because these bodies had to refer decisions on most matters of any significance to a ministry in Accra, which – bogged down with matters of “national significance” was unable to react quickly enough to problems referred from the local level, thus causing the tempo of activity to be slow. The local government bodies were vested with authority specifically for local matters, and had grown up alongside the central government agencies that operated at the local level. They were required to provide municipal services and amenities in their localities without regard to whether or not they had the resources to deliver. These bodies lacked personnel with the requisite skills and professional expertise.

Unable to raise funds to meet their obligations and attract able and competent officers, the local government bodies only succeeded in creating for themselves an unpleasant image, in most cases, of ineptitude and incompetence.

2.5 Constitutional Provisions

The 1992 Constitution, which marked the transition to multi-party democracy at the national level, endorsed the 1988 reforms.

It consolidated the aim of decentralization within the overall context of a liberal democratic constitution, yet essential democratic elements remained compromised, especially through the retention of presidential appointments and non-partisan local elections. The objective of decentralisation was laid out unambiguously in Chapter 20, entitled 'Decentralisation and Local Government'.

This states emphatically that: "Local government and administration ... shall ... be decentralized" (Article 240 [1]), and that the "functions, powers, responsibilities and resources should be transferred from the Central Government to local government units" (Article 240[2]). The autonomous role of local government, with discretionary powers at the local level, was inferred by the provision that: "measures should be taken [by Parliament] to enhance the capacity of local government authorities to plan, initiate, co-ordinate, manage and execute policies in respect of matters affecting local people" (Article 240[2][b]).

The principles of participation in local government and downward accountability to the populace was emphasised by the statement that: "To ensure the accountability of local government authorities, people in particular local government areas shall, as far as practicable, be afforded the opportunity to participate effectively in their governance" Article 240[2][e].

Indeed, the democratic intent in the decentralisation provisions is made explicit in another section of the Constitution which states that the:

"State shall take appropriate measures *to make democracy a reality* by decentralizing the administrative and financial machinery of government to the regions and districts and by affording all possible opportunities to the people to participate in decision-making at every level of national life and in government" (Article 35[6][d]) (emphasis added).

These are deliberative, legislative and executive. Section 10(3) of Act 462 lists them as follows:

- a) be responsible for the overall development of the district and shall ensure the preparation and submission through the regional coordinating council for approval of the development plan to the commission and budget to minister of finance for the district.

- b) formulate and execute plans, programmes and strategies for the effective mobilisation of the resources necessary for the overall development of the district.
- c) promote and support productive activity and social development in the district and remove any obstacles to initiative and development.
- d) initiate programmes for the development of basic infrastructure and provide municipal works and services in the district.
- e) be responsible for the development, improvement and management of human settlements and the environment in the district.
- f) in cooperation with appropriate national and local security agencies, be responsible for the maintenance of security and public safety in the district.
- g) ensure ready access to the courts and public tribunals in the district for the promotion of justice.
- h) initiate, sponsor or carry out such studies as may be necessary for the discharge of any of the functions conferred by this Law or any other enactment perform such other functions as may be provided under any other enactment.

2.6 Concept of Revenue Mobilization

With regards to the district assemblies; revenue mobilization involves the increase in assets of governmental funds that do not increase liability or recovery of expenditure. This revenue is obtained from taxes, licences, fees, permits etc. In simple terms, Revenue is income that a company receives from its normal business activities, usually from the sale of goods and services to customers.

Revenue mobilization is the act of marshaling, assembling, and organizing financial contributions from all incomes accruing from identifiable sources in an economic setting. Olowu & Wunsch, (2003) stated that sound revenue system for local governments is an essential pre-condition for the success of fiscal decentralization.

Oates (1998) adds that local revenue mobilization has the potential to foster political and administrative accountability by the empowering communities. Revenue generation has been defined as the process of acquiring revenue through investments that bring returns, while revenue mobilisation is also defined as the use of available resources to harness revenues that are by law to be paid by citizens, corporate institutions and quasi-governmental organizations on their operations (Encarta Encyclopedia, 2004).

A extensively found trait of local government revenue systems in Africa is the enormous figure of revenue instruments in employ by local authorities (Bahiigwa et al, 2004). In several countries, local governments intends to increase taxes, fees and charges they are proficient of mobilising regularly without perturbing extremely about the economic distortions and distributions effects that these instruments may make (Brosio, 2000).

Kessey & Gunter (1992) stipulated that principally internal revenue mobilization is made up of two aspects, which are policy formulation and administration. With regard to policy formulation, it deals with the physical goal determination and formulation of laws and rules for the attainment of such goals. The administration on the other hand deals with the executions of the physical policies formulated. Though equally important in revenue mobilization, policy formulation and administration do not receive equal attention both in theory and practice.

One of 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 (Stren, 1998). The concept of internally generated revenues is as old as the concept of local governance itself. When sub-national and local governments become the agencies that provide services to identifiable recipients up to where the value placed on the last amount of services that the recipients are

The need for aggressive internal revenue mobilisation by sub-national institutions has become very essential in view of the fact that local authorities have the responsibility to provide services to their respective geographical areas.

In this case, effective financial planning which requires continual review of how the resources of the local authorities are generated, how they are allocated to services and predicting the benefits gained from those services in addition to efficient revenue generation strategies, needs to be put in place (Ebel & Vaillancourt, 1998).

2.7 Components of District Assemblies' Revenue

This section will analyse the main components of district assemblies' revenue. These include rates, lands, fees and fines, licences, rent, investments and grants.

Rates

Property rates constitute a substantial part of the total revenue for local assemblies, but the collection of property rates is often not efficient. This is a common problem not only for Ghana, but for many developing countries (Yeboah & Johanson, 2010). The basis for the rate is the resident adult population and immovable properties. The property rate is levied on immovable property.

Licences

Licences are based on economic activities in the district. The licence serves as the permit for undertaking any such activity in the district. Business operating permits, development permits etc. are forms of licences given to people to allow them carry out some activities in the district. It provides revenue to support local authorities in the performance of their functions (Yeboah & Johansson, 2010). Whilst some of such licences are paid on an annual or quarterly basis a greater number of them are paid on a monthly basis and thus increasing the cost of collection (www.ghanalocalassemblies.com, accessed on the 22/02/2011).

Report of a study in Malawi concerning revenue mobilization showed that local business license registers contain only information on those few smaller businesses being issued licenses by the assemblies. Information on any larger businesses is contained in the business register at the Ministry of Industry and Commerce. This is denying the local district assemblies huge sums of money (Kelly et al. 2001).

Fees, fines and grants, Rents

Fees are charges or tolls paid by the users of the services provided by the Assembly. These services include the provision of markets, lorry parks etc. by the District Assembly mostly from the DACF. Therefore, users of these facilities pay for the usage of these facilities. Rents are also collected from hiring of market stalls/stores, Assembly quarters etc. Fines include court fines on people who violate the Assembly's bye laws.

District Assemblies' Common Fund

In addition to the traditional sources of revenue is the District Assemblies Common Fund (DACF), embodied in the 1992 constitution of Ghana and implemented for the first time in 1994. It is the single largest source of income for the Assembly and contributes about 75% of the annual revenue of the Assembly (www.ghanalocalassemblies.com/districts/ accessed on 22/3/2011). Other funds released to MMDAs from Central Government are wages and salaries of the local government staff at the Assembly.

The fact emerging from the analysis above is that much of the funding received via central government transfers, including DACF, is earmarked in some way and, as a result, MMDAs have little flexibility over how the funding is spent. The monies received for salary payments, which is the majority of the funds received by MMDAs, is for staff in decentralized departments who report directly to sector ministries (MLGRDE, 2008).

The need for Central Government to financially support local government has been highlighted in the 1992 constitution. The constitution recognized the need to strengthen the financial base of the District Assemblies. The constitution therefore provided for the establishment of the District Assemblies Common Fund (popularly called the Common Fund) under section 252. Section 252 of the constitution made it mandatory for Parliament to set aside not less than 5% of the national revenue by an Act of 455 to be shared among MMDAs solely for development and ensuring effective discharge of statutory functions. Currently, the fund is 7.5% of the national revenue (ILGS, 2010).

About 50% of the total Common Fund is earmarked by the central government for specific MMDA purposes. As this implies, the MMDA's have flexibility over 50% of the amounts allocated to support their local investment needs. Under the devolved form of fiscal decentralisation, MMDAs should have the ability to plan and budget for their own local needs (MLGRDE, 2008).

District Development Facility

A new funding source for MMDAs is the District Development Facility (DDF).

Pooled funding from both development partners and Government of Ghana is used to fund the new DDF. The DDF includes performance based criteria to serve as an incentive to enhance financial management practices at the Districts; yet, designed in such a way that no MMDAs is punished for actions beyond their control. The District Assemblies who meet the criteria receives additional resources. Assessment is conducted based on the Functional and Organisational Assessment Tool. The DDF also provides a more systematic approach to capacity building as capacity building is targeted at those Districts that are not performing adequately based on the Functional and Organizational Assessment Tool (FOAT) assessment. But the DDF is targeted toward development and capacity building and does not impact recurrent expenditures (MLGRDE, 2008).

Donor Support

Most district assemblies benefit from donor grants from development partners such as DANIDA, GTZ etc to carry out certain projects in the assembly. For instance, DANIDA provided water and sanitation facilities to some communities in the Greater Accra districts. The Upper Denkyira East Municipal Assembly has received support from European Union, World Vision International and other donor organisation which are present in the Municipality.

3.0 Methodology

3.1 Study Design

The research design used for the study was the mixed approach. Both qualitative and quantitative research methods were used for the study. 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 issues under investigation.

3.2 Sources of Data

Both primary and secondary data were used for the study. Relevant literature was reviewed from secondary sources to support and refute arguments and conclusions raised by different people on the subject under investigation.

Survey was conducted by administering questionnaires to collect information regarding revenue mobilisation in the assembly. In addition, structured interviews were also conducted for some stakeholders involved in revenue collection for the assembly.

3.3 Study population

In this study, the research population is the assembly members, heads of decentralized departments, opinion leaders and other local bureaucrats who have workable understanding of Assembly issues and community members at the grass root level.

3.4 Sample Size

The sample size was eighty five (85) and it included 20 revenue collectors, 60 respondents comprising assembly members, unit committee members, chiefs, opinion leaders in community suburbs, drivers, and hawkers, traders in the market and community members and five personnel from the municipal assembly were also selected for the study. These personnel were municipal planning officer, municipal coordinating director, municipal finance officer, municipal engineer and the municipal assembly presiding member.

3.5 Sampling Technique

Both convenient and purposive samplings were used for decentralized department, assembly men, opinion leaders and community members.

These methods of sampling were used because the information the researcher is looking for can only be gained from the selected groups mention

4.0 Results and Discussion

4.1 Stakeholders Analysis

4.1.1 Gender of respondents

Of the 60 stakeholders interviewed, 70% of them were males while 30% were females (Table 1).

This shows that more males were concerned with issues of municipal assembly than females. The respondents had different educational background.

Table 1 Gender of respondents

Response	Frequency	Percentage
Male	42	70
Female	28	30
Total	60	100

Source: Field survey, 2013

4.1.2 Educational Background of Respondents

More than half of the respondents (51.7%) have completed tertiary education as it can be seen in Table 2. It is believed with their educational status, respondents would provide in-depth information regarding revenue mobilization within the District Assembly.

Table 2: Educational Background of Respondents

Responses	Frequency	Percentage
No Education	0	0
Basic	14	23.3
Secondary	15	25
Tertiary	31	51.7
Total	60	100

Source: Field Survey, 2013

4.1.3 Categories of Stakeholders

Various categories of stakeholders were selected to answer the questionnaire. According to the results, some of the stakeholders were hawkers and artisan (Table 4.3). This might be due to the fact that traders often pay tolls to revenue collectors from the assembly hence have contact and information concerning revenue mobilization by the assembly.

Table 3: Category of stakeholder

Response	Frequency	Percentage
Students	5	8.3
Hawkers	10	16.6
Traders	9	15
Assembly Member	15	25
Teachers	4	6.6
Nurse	2	3.3
Pharmacist	1	1.6
Artisan	10	16.6
Banker	2	3.3
Clergy	2	3.3
Total	60	100

Source: Field survey, 2013

4.1.4 Respondents' Knowledge on Revenue Mobilisation

Almost of the respondents (97%) interviewed were aware of revenue mobilization by the district assembly. This implies that information gathered from respondents was adequate and in detail since almost all respondents have high awareness concerning revenue mobilization by the assembly. All the respondents were aware of revenue mobilisation by the assembly had varying views concerning it. All their views centered on fund generation by the assembly and to be used for development projects. All the respondents (100%) mentioned that they know the sources of revenue mobilization in the district assembly. Those who know the various source mentioned property rates, licenses, tolls, common funds, central government funds, donor agencies and investment.

According to the Local Government Act 1993 (Act 462), the District Assemblies are authorized to mobilize and manage revenues to fund their operations. Assemblies are given three main revenues sources: locally generated revenues (traditional), central government transfers, and Donor Funds. The locally generated revenues (traditional) are to include property rates, ground rent, fees and licenses, commercial undertakings, and service charges (Kelly et al., 2001). All these sources were identified by stakeholder respondents as sources of revenue in the studied district assembly.

4.1.5 Functions of the District Assemblies in Ghana

All respondents (100%) mentioned that they know the duties of the district assembly which include provision of potable water, maintenance of roads within the district, construction of markets etc. Respondents all (100%) said they know about some facilities provided by the District Assembly through the assembly's mobilized revenue.

4.2 Analysis of Data from Revenue Collectors

4.2.1 Gender of Respondents

The 20 revenue collector interviewed were 65%female and 35% male. This means there are more female revenue collectors than male revenue collectors, with varying educational background.

4.2.2 Educational Background of Revenue Collectors

About 65% of the revenue collectors have basic education (Middle/JSS) certificates and 35% had Senior High School Certificate of education. This clearly shows respondents had some level of education which would help them carry out their duties diligently.

4.2.3 Categories of Revenue Collectors

The two main categories of revenue collectors were part of the survey. Of the respondents 10% were revenue supervisors whiles 90% were revenue collectors.

Because they are the people who are in charge of revenue collection within the assembly, information gathered from them would be a true reflection of what is happening on the field. In addition, revenue collectors had varying working experiences in the assembly.

4.2.4 Number of years working with the Assembly

The result indicated that 55% of revenue collectors have been working with the assembly between 1-3 years, 25% indicated that they have been working with the assembly 4-7 and 8 years and above was 20%. This implies that they have adequate working experience to provide information needed for the study. Revenue collectors who responded to the questionnaire were all from Dunkwa- On-Offin because it is the Upper Denkyira East Municipal Assembly's administrative capital town with commercial businesses and other towns in the municipality are predominantly peasant farmers. There are a lot of businesses and other economic activities going on in the Municipal capital which the assembly could derive its IGF from.

4.2.5 Sources of Internal Generated Fund

According to the result, property rates, lorry parks and market tolls contribute the highest revenue mobilized in the assembly. About 95% of revenue collectors mentioned that revenue from property rates constitute as the highest revenue to the total IGF of the assembly. This is because a lot of people are building and always requesting for building permits to allow them construct houses on their plots. A report by Yeboah & Johansson (2010) indicated that property rates constitute a substantial part of the total revenue for local assemblies, but the collection of property rates is often not efficient. This is because assemblies do not regularly revalue their properties. This is a common problem not only for Ghana, but for many developing countries. Property rates are based on the value of the building and are paid by the owner of the building.

4.2.6 Problems Encountered during Revenue Mobilisation

Revenue collectors said that they encounter problems during revenue mobilization. The main challenges they encounter during revenue collection is that people do not see the usefulness of paying these levies.

This is because people were not willing to pay any money to the district assembly due to lack of information regarding the use of the money within the assembly. In addition, some pay and do not see any activity or project being embarked on by the assembly using these funds hence their refusal to pay any longer.

All the respondents said that Upper Denkyira East Municipal Assembly does not have reliable databases on revenue sources. Effective, efficient and dependable revenue programmes are dependent on up-to-date information regarding properties and businesses through which taxes are charged. Without this required information it is impossible for the Upper Denkyira East Municipal Assembly to forecast, bill, collect and maximize the revenues due to them. Moreover, the respondents said they have inadequate logistics to collect revenue and there is low morale among them owing to low incentives given.

4.2.7 Ways of Maximizing Revenue Collection

Revenue collectors suggested different ways by which the assembly could address the problems facing them during collection of revenue. All revenue collectors believed that tax education should be the way forward. They suggested that tax education should be carried out on the radio stations, print media, information van and other electronic forms to the general public regarding the importance of revenue mobilization by the assembly. They added that the general public must be informed about projects the Assembly intends to carry out with the revenue. Revenue collectors said tax education is crucial for revenue maximization. That tax education should clarify projects and time line up for the district and how they are to be achieved given the revenue expected. This tax education will motivate and inform the populace to pay their revenue to the assembly.

4.3 Analysis of District Assembly Staff Data

The municipal assembly staff play very instrumental task in revenue mobilization in the municipality. It is the mandate of the staff of the assembly to locate and find revenue sources and manage the revenue generated.

4.3.1 Gender and Educational Background

All the five respondents were males and these key personnel possessed university education qualification. Three of the respondents have various masters' degree qualifications and two have bachelor's degree.

4.3.1 Sources of Internal Revenue Mobilisation to the Assembly

They identified the various sources that the assembly mobilise its revenue from. The main sources are property rate, fines, licences, investment and sanitation fees. These sources of revenue have also being stipulated in the Local Government Act 1993 (Act 462) for revenue mobilization by the assemblies.

4.3.2 Challenging facing the Assembling in Revenue Mobilization

The five key personnel of the assembly said the Land Valuation Board does not possess sufficient resources to carry out its mandate and task of always valuing and re-valuing properties in the municipality. This job is very decisive and significant for revenue events to the district, municipal and metropolitan assemblies in Ghana. Furthermore, they said the assembly does not have consistent databases on revenue sources. This claimed confirmed what the revenue collectors said.

4.3.3 Suggestions on mobilizing adequate IGF

All the respondents were of the view that the assembly was not mobilising adequate revenue from these sources. They said that the assembly could mobilise adequate revenue by using tax education to educate the general public and prosecute defaulters who refuse to pay revenue due to the assembly. They said this will serve as deterrent to other people.

4.3.4 Mechanism of Checking Revenue Collected

All the respondents said that the assembly has for accountability. They gave both internal auditors and external auditors and revenue supervisors from the revenue monitoring board which check revenue generated and mobilised by the municipal assembly.

The revenue supervisors and internal auditors check revenues generated as they come while external auditors audit the accounts of the municipal assembly on annual basis to check for accountability and irregularities in the system.

4.3.5 Enforcement of Assembly's by Law on Revenue Mobilisation

The municipal assembly has by laws which govern revenue mobilization. However, according to the five key staff members interviewed, they mention that the bylaws were not usually enforced on victims who go contrary to the assembly's by laws. All five interviewed stated that, any violator of the municipal assembly's bylaws should be sent to court and face the due process of the law. If this is done, people would pay their revenues promptly for the assembly to mobilize more revenue.

A thorough interview with the 5 key personnel indicated that assembly has many developmental projects to complete and start new ones and said the assembly could not implement all projects on its annual action plan owing to inadequate funds. Again, it was gathered that the assembly is not mobilising adequate revenue relative to its annual projections. They all agreed that educating people concerning the need and importance to paying taxes to the municipal assembly can help effectively to improve on revenue mobilisation within the district.

5.0 Conclusion

From the findings of the study, it can be concluded that the Upper Denkyira East Municipal Assembly does not generate enough funds internally to support its developmental agenda and therefore, there is an over reliance on District Assemblies' Common Fund from the central government and donor support. Mobilising of internal revenue is being undermined by factors such as unreliable data, low of tax education, irregular valuation of properties, and poor enforcement of the assembly's bye-laws, inadequate logistics for revenue collectors and low morale of revenue collectors due to low incentives.

5.1 Recommendations

- The land valuation board should be empowered to undertake regular valuation of properties at least every five years with a supplementary valuation list every year. Data bases of valued immovable properties of people as well as other revenue sources in the Assembly's jurisdiction should be computerized and data distributed to departments so they can easily be traced and taxes paid for.
- Proper and reliable measures should be put in place to prevent tax leakages. The internal audit unit should be resourced fully with logistics such as computers; vehicles among others to enable it perform its role as expected. "Familiarity they say breeds contempt" some revenue collectors remain at one revenue station for several years such that they become too familiar with the tax payers. Such familiarity could lead to revenue collectors not collecting any amount from certain tax payers or even if collections are made at all the collections could be lower than the approved rates. Revenue collectors should be rotated at the beginning of each year.
- There is the need to recruit more revenue collectors to improve upon revenue mobilisation by the Assembly.
- The Upper Denkyira East Municipal Assembly should widen its tax net by identifying new revenue sources to match with new trends in the municipality. The assembly should device means of adding mineral prospects and telecommunication operators in the municipality to its tax net.
- The Upper Denkyira East Municipal Assembly should train its revenue collectors on the mechanics of effective and efficient revenue mobilisation at the beginning of each year. The training will equip them with the requisite skills, tools and techniques to perform better while in the field.
- For efficient tax collection, priority should also be given to education of the taxpayer on the rationale, procedures, obligations and responsibilities related to the tax being paid. Having the capacity to link revenue collections to improved service delivery, and a better-educated taxpayer population will enhance compliance.
- Mobilising the community through enhanced participatory budgeting and civic participation will engage the citizens and also facilitate enhanced revenue collection. Collection and enforcement must rely on a combination of positive incentives, sanctions and penalties.

Positive incentives should be the first approach that is convincing taxpayers and businesses to pay their required taxes and fees by providing improved local services, by administering the revenue system in an efficient and equitable manner and by providing taxpayer education and taxpayer services.

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