

**UNIVERSITY OF CAPE COAST**

**AN ASSESSMENT OF LOCAL REVENUE MOBILIZATION OF  
DISTRICT AND MUNICIPAL ASSEMBLIES IN THE UPPER EAST  
REGION**

**BY**

**GARIBA OSWALD AYAAKASALA ANINANYA**

**2010**

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AND MUNICIPAL ASSEMBLIES IN THE UPPER EAST REGION**

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**DISSERTATION SUBMITTED TO THE DEPARTMENT OF  
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REQUIREMENTS FOR THE AWARD OF THE MASTER OF BUSINESS  
ADMINISTRATION DEGREE IN ACCOUNTING**

**JUNE, 2010**

## DECLARATION

### Candidate's Declaration

I hereby declare that this dissertation is the result of my own original research and that no part of it has been presented for another degree in this University or elsewhere.

Candidate's Signature..... Date.....

Name: **GARIBA OSWALD AYAAKASALA ANINANYA**

### Supervisor's Declaration

I hereby declare that the preparation and presentation of this dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Signature..... Date .....

Name: **MR. STEPHEN ASANTE**

## **ABSTRACT**

Under the current democratic dispensation, Metropolitan, Municipal and District Assemblies (MMDAs) in Ghana are no longer there just to discharge administrative functions. They are deeply involved in collective participation of governance, encourage physical and economic development, create the conditions for job creation within their localities and provide social services that will improve the well-being of their people. But for MMDAs to perform these functions effectively and efficiently, it is important for them to maximize their local revenue mobilization in the short-run and to gain financial autonomy in the long-run.

This research was therefore carried out to assess local revenue mobilization of the Municipal and District Assemblies in the Upper East Region and provide proposals for the way forward to help MMDAs in Ghana to optimise their local revenue mobilisation and gain financial autonomy in the long-run.

A sample of 110 was selected from 135 people made up of MDCEs, MDCDs, MDDCDs, MDFOs, MDBAs, DDAS, RAs and RCs. Out of the 110 who were given questionnaires, 103 representing 93.64 percent responded.

The results of the study revealed that local revenue mobilization, which should have been the major source of local government revenue, has rather become an obstacle in the concept of decentralization in Ghana due to politicisation and weak administration combined with lack of political will. As a result, most of the Metropolitan, Municipal and District Assemblies (MMDAs) in Ghana periodically continue to experience dwindling revenue mobilization

characterized by annual budget deficits and insufficient funds for meaningful growth and viable project development. To this end, most of them depend heavily on Central Government for financial support to execute their projects and programmes. This supports the assertions made by the administrator of the District Assembly Common Fund, Mr. M.N. Joshua (Ghana Broadcasting Corporation, 2009), Mr. Bintim, former minister for Local Government and Rural Development (Ghana Districts, 2008), Mr. Robert Wavei, District Chief Executive of Sissala West District (The Ghanaian Times, 2009) and Mr. Isaac Edumadze, a former Central Regional Minister (Ghana News Agency, 2008) that local revenue mobilisation is the biggest challenge the MMDAs face. Most importantly, the findings support the assertions that most local governments in Africa; (1) are unable to often meet their local revenue collection targets and (2) depend heavily on central government for financial support to execute their programmes (Pablong, 2006).

However, most of the MMDAs have the potential to become financial giants. To achieve this, the study recommends the following actions to be taken; (1) develop sound database of clients for local revenue mobilisation, (2) put in place an effective and efficient internal control system over local revenue collection, (3) embark on vigorous education of clients on the need to meet their tax obligation, (4) provide the necessary logistics for revenue collection officers to carry out their work, (5) make available adequate incentives to motivate revenue collection officers, (6) involve clients, revenue accountants and revenue collectors in fixing fees, rates and setting revenue collection targets, (7) conduct a

study to determine the local revenue potentials of all the MMDAs and finally, the Ministry of Local Government and Rural Development should resolve to make the MMDAs financially autonomous within a time frame.

## **ACKNOWLEDGEMENTS**

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My sincere appreciation also goes to the participants for their invaluable inputs and co-operation especially the MDCEs for allowing me access to their outfits and actually supporting me to obtain the data needed for the study.

## **DEDICATION**

Dedicated to my Queen, Gifty for her great sacrifice, support and inspiration, and our lovely children; Victoria, Akanbonglie and Asalpung.

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## **ABBREVIATIONS**

ALR	Actual Local Revenue
BAEMA	Bawku East Municipal Assembly
BAWDA	Bawku West District Assembly
BOMA	Bolgatanga Municipal Assembly
BONDA	Bongo District Assembly
BUDA	Builsa District Assembly
DDAS	District Directors of Audit Service
GATDA	Garu-Tenpani District Assembly
IGF	Internally Generated Fund
KANEDA	Kassena Nankana East District Assembly
KANWDA	Kassena Nankana West District Assembly
MDAs	Municipal and District Assemblies
MDBAs	Municipal and District Budget Analysts
MDCDs	Municipal and District Coordinating Directors
MDCEs	Municipal and District Chief Executives
MDDCDs	Municipal and District Deputy Coordinating Directors
MDFOs	Municipal and District Finance Officers
MMDAs	Metropolitan, Municipal and District Assemblies
PMs	Presiding Members
RAs	Revenue Accountants
RCs	Revenue Collectors

TANDA Talensi-Nabdam District Assembly

TLR Targeted Local Revenue

## **CHAPTER ONE**

### **INTRODUCTION**

#### **Background of the study**

The fundamental role of the central government is to mobilize adequate revenue to provide the basic needs of its citizens. However, the central government is unable to provide these basic needs effectively due to the numerous constraints and peculiarities of the individual districts, municipals and metropolises. Indeed, one of the major problems facing any government, national or local is how to mobilize resources needed to finance its socio-politico-economic development. In this fiscal mobilization process which remains central issue of most governments including Ghana, a lot of policies, strategies and programmes are pursued in order to mobilize enough revenue for development.

The Provisional National Defence Council (PNDC), after coming into office in 1982, made a proclamation that the government was committed to setting up decentralized political and administrative authorities. Following this proclamation, the government of Ghana in 1988 promulgated the local government law (PNDC Law 207) that gave birth to the district assembly concept of decentralization. As a critical part of decentralization reforms, many countries including Ghana are devolving revenue expenditure responsibilities to local governments. Local governments therefore, face the challenge of mobilizing appropriate levels of revenue from the various sources

to facilitate effective service delivery and development. This is because; a sound revenue mobilization system for local governments is an essential precondition for the success of fiscal decentralization (Olowu & Wunsch, 2003). In addition to raising revenues, local revenue mobilization has the potential to foster political and administrative accountability by empowering communities (Shah, 1998).

Dr. Anthony Akoto Osei, former minister of state at the finance ministry also believes that robust revenue mobilization is key to mitigating the impact of the Global Financial Crisis on Ghana's economy for which local government cannot be left out (Ghana Districts, 2008). However, according to Mr. Bintim, former Minister for Local Government and Rural Development, revenue mobilization has been a challenge to the ministry because only a fraction of government revenue was mobilized in 2007 at the local level (Ghana Districts, 2008).

A report in the September 29, 2009 Ghanaian Times paper also reveals that the Sissala West District in the Upper West Region will not be able to meet its annual local revenue target for 2009 simply because of numerous loopholes within the local revenue collection machinery which unscrupulous collectors have taken advantage to exploit the assembly. The assembly collected only GH¢15,096.13 from January to August 2009, representing 39.5 percent of its revenue target of GH¢44,730 for 2009. According to the DCE, Mr. Robert Wavei, the local revenue potential of the district is not bad. The assembly only needs to put in place an efficient

system of control over local revenue collection in the district to enable it meet its annual local revenue collection targets in subsequent years.

Mr Isaac Edumadze, a former Central Regional Minister, also expressed his concern about the inability of the municipal and district assemblies in the region to evolve measures at increasing their internally generated revenues when he was in office. According to him, there was a significant reduction in local revenue mobilization of the assemblies in the region over the years he was in charge of the administration of the region, adding that, records indicate that only a total of GH¢950000 was realised in 2005 (Ghana News Agency, 2009). The case of the Accra Metropolitan Assembly (AMA) is not different. According to the Mayor of AMA, Mr. Alfred Vanderpurye, the assembly is able to collect only 20-25% of its local revenue potential; hence serious measures must be put in place to maximize the assembly's local revenue mobilization (Ghana Broadcasting Corporation, 2009). Indeed, considering the numerous challenges facing central governments, especially in Africa and other parts of the world, the need for local governments to maximize local revenue mobilization cannot be over emphasized.

### **Statement of the problem**

The Local Government Act, Act 462 (1993), gives the assemblies authority to mobilize and manage revenue generated to fund their developmental projects and other operations. However, the capacity of the Metropolitan, Municipal and District Assemblies (MMDAs) to mobilize sufficient revenue to finance developmental programmes and projects have

been a major problem since their establishment. There seems to be no significant improvement in their revenue mobilization even though several workshops and seminars have been organized with the aim of improving the assemblies' local revenue mobilization capacity. Most of the assemblies periodically continue to experience dwindling local revenue mobilization characterized by annual budget deficits and insufficient funds for meaningful growth and viable project development.

According to Kelly, Montes, Maseya, Nkankha & Tombere (2001), one of the basic financial pillars of the system of decentralization is for local governments to effectively and efficiently mobilize existing sources of local revenues. This is important because the assemblies need a moderate amount of financial autonomy to be able to discharge their responsibilities effectively and efficiently. Some of the assemblies are however unable to collect fully the revenue due them. They continue to experience huge gaps between reported and projected local revenues over the years.

Mr. Abdul Rahman Gumah, a former Municipal Chief Executive of Bawku Municipal Assembly, revealed that the financial position of the assembly from January to June was not something the assembly could proudly write home about. The budget estimate for internally generated revenue for 2005 was GH¢325,887 but only GH¢64,528.09 representing 19.9% was collected at the end June (Ghana Districts, 2005). Mr. Abdulai Zakari, a district co-coordinating director also lamented over the poor revenue mobilization of the assemblies and attributed the problem to lack of database of clients within the MMDAs (Ghana Districts, 2008). Data on districts local revenue generation in the Upper East Region in 2006 reveal that the Garu-

Tempane District Assembly collected only 5 percent of its local revenue target for 2006. This has therefore compelled the assembly to increase its dependency rate on funds from central government and donors (Ghana Districts, 2007).

In an interview with Radio Ghana, the administrator of the District Assembly Common Fund, Mr. M.N. Joshua, also identified local revenue mobilization as the biggest obstacle in the district assembly concept. According to him, this is because the rate of local revenue mobilization of the assemblies is too low and this affects the smooth running of the assemblies. He also mourned over the lack of proper accounting for daily local revenue collection (Ghana Broadcasting Corporation, 2009. Speaking at the lunch of the Urban Management Land Information System (UMLIS), Mr. Stanley Nii Adjiri-Blankson, a former mayor of Accra Metropolitan Assembly (AMA), indicated that revenue generation over the years has not been encouraging due to inadequate data on properties, low level of information and absence of electronic data for effective and efficient local revenue mobilization (Ghana Districts, 2008).

The Institute Chartered Accountants Ghana (ICAG), is also of the belief that despite the considerable improvements in local tax revenue generation capacities and potential gains in identifying additional sources of levy and fee based revenues, the contribution of locally generated revenues to total government financing will remain minimal over the medium to long term due to low capacities of the revenue areas assigned to the MMDAs and the revenues being too difficult to collect (ICAG Students' Newsletter, 2002). This information attests the fact that there is the need to conduct a research to

assess local revenue mobilization at the local government level to find out whether it is really an obstacle and if indeed it is true, come out with solutions to the problem.

### **Objectives of the study**

The general objective of the study is to find out whether the District and Municipal Assemblies in the Upper East Region are able to mobilize adequate local revenue to finance their projects and programmes.

The specific objectives are:

1. to determine whether the assemblies in the Upper East Region are able to meet their annual local revenue collection targets.
2. to determine the degree of financial autonomy of the assemblies and to find out whether it is possible for them to be financially autonomous
3. to find out whether the assemblies have sound database of their clients in respect of local revenue mobilization.
4. to ascertain whether the assemblies have strong internal control systems over local revenue collection.

### **Research questions**

The following research questions will be explored or will guide the study:

- Are the assemblies able to meet their annual local revenue collection targets?

- To what extent do the assemblies depend on central government to finance their projects and programmes, and is it possible for most of them to be financially autonomous?
- Do the assemblies have sound database of their clients in respect of local revenue mobilization, and can this contribute to local revenue maximization of the assemblies?
- Do the assemblies have strong internal control systems over local revenue mobilization, and can this help to maximize local revenue mobilization of the assemblies?

### **Significance of the study**

The study will among other things;

- a. contribute to literature on revenue mobilization of local government in Ghana and the rest of the world,
- b. come out with recommendations that will help assemblies in the region as well as other regions to deal with the problems associated with local revenue mobilization,
- c. serve as a guide to the assemblies in question and other assemblies in the country as well as policy makers at the national level,
- d. serve as a foundation for further research that cover other regions, the whole country or other aspects of local revenue mobilization.

### **Delimitation of the study**

The research was delimited to the nine (9) District and Municipal Assemblies in the Upper East Region. The best thing to do was to either select a number of districts from each of the ten regions in Ghana or zone the country and select a number of districts from each zone. However, considering the time given to the researcher to carry out the study and the fact that adequate funds have not been made available, the researcher thought it wise to delimit the study to one region and for that matter the Upper East, where the researcher comes from. To this end, the researcher intends to carry out further research in the future to cover the entire country to assess the situation nationwide.

### **Limitations of the study**

Out of the nine assemblies, the research covers only seven representing 77.78%. Those left out are Bawku East and Garu-Tenpane due to the conflict in Bawku. Much effort was made to have access to the assemblies but to no avail. This will however, not have any significant effect on the results of the research since a greater number namely, seven out of nine have been covered. Again, since all the selected districts are from the Upper East Region and therefore do not represent the entire country, the findings from the study cannot be generalized to cover the country as a whole. Notwithstanding this fact however, the findings and recommendations will be useful to all the District, Municipal and Metropolitan Assemblies in Ghana and local governments in other parts of the world and those in academia.

## **Operational Definition of Key Terms**

### ***Local Government***

This is a decentralized form of governance that is closest to the people at the grassroots. Local governments are therefore strategically located and they have a pivotal role to play in national development. However in Africa, the growth of towns and cities has outpaced local governments' capacity for service delivery in terms of management, infrastructure, and financing. (McCuskey, Franzsen, Johnstone & Johnstone, 2003).

### ***Fiscal Decentralization***

The devolution of revenue mobilization and spending powers to lower levels of governments.

### ***Local Revenue***

This refers to Internally Generated Funds (IGF) of the assemblies. For the assemblies to function properly, it is important for them to strategize and maximize IGF for efficient service delivery.

### ***Local Revenue Mobilization***

This refers to the collection of local revenue by the assemblies. It has been identified as the biggest obstacle in the concept of decentralization.

### ***Financial Autonomy***

This is the ability of governmental units to finance their expenditures from their internally generated revenues.

### ***Revenue Performance Index***

The percentage of estimated revenue collected.

### ***Local Finance Support Index***

This is the ratio of the IGF to total income.

### ***Financial Autonomy Index***

This is the ratio of IGF to total Expenditure.

### ***Financing Ability Index***

This is the ratio of IGF growth rate to expenditure growth rate.

### ***Database***

This is a computer software package which enables data to be stored, retrieved and analyzed. This software can be used by the assemblies to store the names, addresses and tax obligations of all their clients for easy identification, location and collection. It is also useful in predicting and setting annual local revenue collection targets.

### ***Clients***

These are businesses and individuals who have financial obligation to the assemblies in the form of taxes, rents, and royalties to mention but a few.

### ***Internal Control System***

This comprises the control environment and control procedures. It includes all the policies and procedures adopted by management of an entity to assist in achieving their objective of ensuring, as far as practicable, the orderly and efficient conduct of its business, including adherence to internal policies, the safeguarding of assets, the prevention and detection of fraud and errors, the accuracy and completeness of the accounting records and the timely preparation of financial information.

### ***Revenue from Central Government***

This refers to all funds received from central government. It therefore includes all donor funds received through central government.

### **Organization of Dissertation**

This research is organized into five chapters. Chapter one serves as the introduction and deals with the background of the study, statement of the problem, objectives of the study, and the research questions. It also states the significance of the study, the delimitation and limitation of the study and operational definition of terms.

Chapter two reviews literature in respect of local government and local revenue mobilization of local government in Ghana and the rest of the world, while chapter three describes the methodology of the research and covers areas such as research design; population of the study, sample of the study, sampling procedure, data collection procedure, and data analysis procedure.

Chapter four presents the results of the analysis of data and the discussion while chapter five summarizes the entire work, draws conclusions from the research and makes concrete recommendations based on the findings to improve local revenue mobilization of the MMDA.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

#### **Introduction**

This chapter reviews the evolution of local government and local revenue mobilisation of local government in Ghana, the role of the Ministry of Local Government and Rural Development, the legal basis of MMDAs revenue mobilisation function and the conditions for local revenue maximization.

#### **Evolution of local government in Ghana**

Among the keys to democracy and development is good governance which entails accountability, probity, transparency, and the provision of public services in an economic, efficient, effective and responsive way. To this end, to ensure good governance decision making must be very close to the people. To achieve this, various governments in Ghana before and after independence tried to establish some form of local government system of administration.

According to Glynn (1989) while the basic origins of our current structure of local government can be traced back to Anglo-Saxon times, the

last two decades of the nineteenth century saw the establishment of local government in the United Kingdom (U.K) as known today. The most recent reorganisation of local government started in 1965 in London with the widening of boundaries of metropolis.

The search for effective and efficient local government system in Ghana however started in the 1920s with the examination of the role of the existing tribal authorities, the chiefs and the state councils. The existence of such traditional institutions provided the colonial government with the opportunity to evolve which later became known as indirect rule. This was a system by which the colonial government reached the local people through the chiefs. By this administrative style, the colonial government encouraged some measure of local participation in the governance process. The indirect rule therefore gave birth to what became known as native authorities.

In an effort to effectively finance the operations of the local authorities, native treasuries were established to mobilise local revenue through taxation. Unfortunately this could not yield the needed revenue mainly due to the people's unwillingness to honour their tax obligations. Governor Sir Allan Burns, in a speech delivered in the legislative council on the 23<sup>rd</sup> of February 1943, proposed the introduction of taxation in the Gold Coast. Even though the proposal was resisted by numerous groups notably, the traditional rulers, the propose bill was presented to the legislative council and passed into law on the 22<sup>nd</sup> of March 1943. Continuous pressure for the payment of the taxes was one of the causes of the 1943 riot which culminated into the appointment of

the Watson commission. The Commission was of the view that local revenue mobilization was key to promoting decentralization.

Another committee called the Coussey Committee in its 1949 report observed that the native authorities were not effective and efficient due to several factors including poor local revenue mobilization. The committee therefore recommended that, size and the wealth as well as population should be the basis for the establishment of local councils to ensure their viability. The committee's ideas were later embodied in the first Local Government Ordinance which established four municipal councils in the country. According to Boateng (1990) the Green Wood Commission in 1961 also studied the existing system of Local Government Administration and made recommendation to further ensure the viability of district councils.

The Provisional National Defence Council realizing the shortcomings of the then local government structure initiated further reforms in 1988. The local government law, PNDC Law 207, established a three tier system of governance with the district assembly at the bottom and regional and central government at the top. By this new legislature, Ghana was divided into 110 assemblies, which became the supreme political and administrative authorities. The assemblies have however, been increased from the original number of 110 to 170 as shown in Table1.

**Table 1:****Summary of the structure of Ghana's Local Government System**

		<b>Assemblies</b>			<b>Total</b>
Metropolitan					6
Municipal					40
District					124
Grand Total					170
<b>New Assemblies</b>					
G. Accra	Volta	Central	Eastern	Western	
4	3	4	4	4	
Ashanti	B/Ahafo	Northern	U. West	U. East	
6	3	2	1	1	
<b>Old Assemblies</b>					
G. Accra	Volta	Central	Eastern	Western	
6	15	13	17	13	
Ashanti	B/Ahafo	Northern	U. West	U. East	
21	19	18	8	8	

Source: Ministry of Local Government and Rural Development

With the district assembly concept, the decentralization of the administration of the country is now at the door step of the people. To this end, communities can easily be mobilized through enhanced participation which further encourages grassroots participation in the decision-making process. The district assembly concept also aims at empowering and strengthening the assemblies' capacity to effectively collect and managed their local or internally generated revenue. However, information from the Institute of Local Government Studies (ILGS) reveals that the assemblies still face numerous problems and difficulties in terms of local revenue mobilization. (Resource Watch Agenda, 2009).

## **The Ministry of Local Government and Rural Development**

In a way to facilitate the smooth running of the assemblies a full ministry has been set up to supervise and promote the activities of the assemblies.

### **The Mission Statement of the Ministry**

According to the ministry, it exists to promote the establishment and development of a vibrant and well resourced decentralised system of local government for the purpose of Ghana to ensure governance and balanced rural based development.

The mission of the ministry is being achieved by;

1. Formulating, implementing, monitoring, evaluating and coordinating reform policies and programmes to democratize governance and decentralize the machinery of government.
2. Reforming and energizing local governments to serve effectively as institutions for mobilizing and harnessing local resources for local and national administration and development.
3. Facilitating the development of all human settlement through community and popular participations.
4. Facilitating the promotion of a clean and healthy environment.
5. Facilitating horticultural development.
6. Facilitating the demographic database for development planning and management.

7. Promoting orderly human settlement development. The ministry believes in efficiency, effectiveness and transparency.

Focus on the above is based on two divisions.

1. Local government
  - a. Strong government
  - b. Revenue mobilization
  - c. Sanitation
2. Rural development
  - a. Rural roads
  - b. Information and Communication Technology
  - c. Tourism and
  - d. Agro processing

### **Objectives of the Ministry**

The medium term objectives of the ministry include the following:

1. To formulate appropriate policies and programmes to accelerate the implementation of decentralization of the machinery of government. This aims at avoiding re-centralization of government machinery.
2. To improve upon the human resources and institutional capacities for all levels of the decentralized government machinery.
3. To improve community base registration, collection, analysis and publications of data in births and deaths occurring in Ghana.

4. To promote human development and sustain the orderly and healthy growth of rural and urban settlements in Ghana.
5. To monitor and evaluate the effectiveness of local government institutions for improved management performance.

### **Functions of the assemblies**

Article 245 of the 1992 Republican Constitution of Ghana and section 10 of the local Government Act 1993, Act 462; spell out the functions of the assemblies as follows:

1. To Exercise political and administrative authority in the districts.
2. Exercise deliberative, legislative and executive functions.
4. Responsible for the overall development of the districts.
5. Formulation and execution of plans, programmes and strategies for the effective mobilization of the resources necessary for the overall development of the districts.
6. Promote and support productive activities and social development in the districts.
7. Co-ordinate, integrate and harmonize the execution of programmes and projects under approved development or carried out by ministries, departments public corporations and other statutory bodies and non-government organization of the districts .
8. As sate authorities, they are responsible for levying and collection of taxes, rates, duties and fees in the districts.

The responsibilities assigned to the assemblies' require them to effectively and efficiently mobilize and manage their financial resources. To this end, the local government law has made elaborate financial provisions to enable the assemblies to generate sufficient revenue to carry out their development programmes and projects. As enshrined in the constitution, the assemblies are therefore expected to develop the areas within their defined boundaries politically, socially and economically for the total and ultimate development of the nation. The central government has therefore placed confidence in the assemblies as leading agents of the socio-politico economic development of the various assemblies in the country. It is expected of all public officers and political organs of the state to help the assemblies to contribute to the achievement of the inspiration of the people Ghana.

### **Sources of local government revenue**

The sources of funds may be grouped into four broad categories as follows;

1. locally generated revenues by Assemblies;
2. central government transfers;
3. private sector financing services;
4. loans.

### **Legal basis of MMDAs revenue mobilization function**

Local government, which is Metropolitan, Municipal and District Assemblies (MMDAs) draw revenue from varied sources. These

include the District Assemblies Common Fund. (DACF), Internally Generated Funds (IGF), a portion of stool land revenues and royalties. According to Article 245 of the Republican Constitution of Ghana (1992) “Parliament is to prescribe functions of District Assemblies which shall include (a) the formula and execution of plans, programmes and strategies for the effective mobilization of resources necessary for the overall development of District Assemblies, (b) the levying and collection of taxes, rates, duties and fees.”

Article 245 of the Constitution therefore permits local governments to levy, charge, collect and appropriate fees and taxes in accordance with the law enacted to support their activities. Apart from that, sections 34 and 94 of the Local Government Act, 1993 (Act 462) empower MMDAs to be levying and rating authorities. Under section 79 of Act 462, District Assemblies are enjoined to make byelaws for any functions they wish to carry out. Section 78 also gives the Assemblies power to charge licence fees when they deem fit. Part vii and part viii of this Act, therefore allow MMDAs to mobilize revenue in the form of fees and taxes, including rates, rents, royalties, registration and licensing fee as well as all those revenues which are specified under the sixth schedule of the Act.

Even so, there is consensus that local governments have not been able to internally generate adequate revenue to meet even their recurrent expenditure needs despite the fact that they have legal impetus to undertake the collection of local revenue for development of their respective jurisdictional areas. According to the Institute of Local Government Studies, at a two- day workshop which Friends of the Nation organised for civil society

groups in the Western Region, participants did not disagree at all with this fact. It was glaring enough that MMDAs had if not failed, refused to tap the many untapped revenue streams that they could take advantage of to build their IGF portfolio. (Resource Watch Agenda, 2009)

### **Locally generated revenue sources of MMDAs**

The traditional sources of locally generated revenue are derived from five main sources in the form of Rates, Fees and Fines, Licenses, Rents and Royalties, Investments and Miscellaneous sources. According to the Institute of Chartered Accountants Ghana, rates especially property rates, licenses and fees contribute the greater proportion of local revenues of Metropolitan and Municipal Assemblies while fees, especially market fees and licenses, yield the greater part of local revenue collected by the District Assemblies (ICAG Students' Newsletter, 2002).

### **Conditions for local revenue maximisation**

According to Pablong (2006), for local governments to maximise their internally generated funds, it is important for them to ensure that;

1. There exist sound database of their clients to make collection and enforcement for payment of the amounts due for payment periodically easier.
2. They have very strong internal control systems over the collection and recording processes of internally generated funds to eliminate the leakages in the collection and recoding processes.

3. The targets set are realistic and based on their local revenue potentials. This will make the targets challenging and achievable.
4. The collection is depoliticised and free from political interference.

He also made assertions that most local governments in Africa do not often meet their annual targets of their internally generated funds due to the non existence of sound database of their clients, unrealistic targets which are most often understated, weak internal control systems resulting in huge leakages in the collection and recording processes, and politicisation of revenue collection. As a result, most local governments in Africa depend heavily on their central governments for financial support to execute their programmes. On the average, their financial autonomy indices range from 0.01 – 0.20 in most cases with a small number recording more than 0.20.

### **The situation in Ghana**

Local revenue mobilized by all the Assemblies in Ghana amounted to GH¢360,000 and GH¢470,000 for the 1989 and 1990 fiscal years as against total Central Government revenues of GH¢19,320,000 and GH¢23,950,000 for the same periods. The ratio of all the Assemblies' locally mobilized revenue to Central Government revenues therefore stood at 1:86 and 1:96 for 1989 and 1990 respectively (ICAG Students' Newsletter, 2002). This implies that the financial autonomy indices of all the MMDAs for 1989 and 1990 were about 0.01163 and 0.01042 respectively.

## The annual financial reports of the Kumasi Metropolitan Assembly

(KMA) from January 2001 to December 2005 revealed that on the average, the assembly's IGF constitute just a little over 11 % of the total revenue generated in the District. The bulk of the revenue which is approximately 89% is from Government of Ghana and other development partners who are mostly from outside the domain of the assembly (Ghana Districts, 2009). The assembly in 2001 could realize only 80.6% of its targeted revenue. The issue in 2003 was however quiet different since the assembly's total revenue (internal) could hit just 66% of the targeted revenue with a growth rate between the periods being 8.1% indicating a massive failure on the part of those responsible.

The 2007 Annual Financial Report of the Nkwanta District Assembly also shows that the assembly performed abysmally in local revenue generation during the period. The assembly collected only GH¢36,157 of its target of GH¢112,130, representing 32.2 percent of its projected local revenue for 2007. The then DCE, Mr. Joseph Denteh, attributed the poor performance to the unfenced market, inactive revenue collectors and unexploited revenue sources (Ghana Districts, 2008). The planning and development implication of this phenomenon is that adequate attention, time and resources should be earmarked for improvement in revenue generation and economic resource mobilization as part of the planning process.

According to the Resource Watch Agenda (2009), many indeed, wonder whether the assemblies have, for instance, fully exploited opportunities for charging regular rates on masts, which the various

telecommunications and broadcasting companies erect to enhance their coverage. Several months after the 2008 general elections, the various candidates still have their posters all around us with some looking unappealing. The question is what initiatives have the various MMDAs taken to remove these posters and party paraphernalia and surcharge the owners? The point here is that, the assemblies need to look beyond the traditional avenues for rates and become more innovative otherwise, the over reliance on central government to finance local level development activities will not come to an end. However this does not mean overlooking the genuine difficulties that some MMDAs especially those newly created ones grapple with. In 2007, Mr Ignatus Baffour Awuah, the then Brong Ahafo Regional Minister noted that it is pertinent to note that most assemblies have inadequate revenue base hence no matter the modalities put in place, they cannot mobilise enough local revenue for development (Resource Watch Agenda, 2009).

However the argument still holds true that the central government has other obligations and may not be able to fund every single activity of the assemblies, leading to slow pace of infrastructure development.

### **The District Assemblies' Common Fund (DACF)**

Section 252 of the 1992 Constitution of Ghana states specifically that a District Assemblies' Common Fund be set up into which Parliament should annually make provision for allocation of not less than 5% of the total revenue of Ghana payable in quarterly instalments to the District Assemblies for development. The monies allocated to the fund are to be shared to the district assemblies using a formula proposed by the District Assemblies Common

Fund Administrator and approved by Parliament. The aim of the common fund is to make available to the district assemblies additional funds for development. As a result, in 1993 the legislature promulgated the District Assembly Common Fund (DACF) Act (Act 455) to cater for the transfer of funds to the local level to support the supplementary budgets of MMDAs. Analysts and decentralisation experts have largely agreed that the DACF has since its inception represented the largest source of funds to the MMDAs. With time the MMDAs have become over-dependent on the Common Fund. Consequently according to Mr. Eric Oduro Osae, a lecturer at the Institute for Local Government Studies (ILGS), the “MMDAs are compelled to depend on central government to interpret what actually constitutes development expenditure for which the DACF allocations can be used for development.” (Resource Watch Agenda, 2009) The evidence supporting Mr. Osae’s point is the yearly DACF Utilisation formula which virtually “ties up” all the allocations into specific development areas that are determined at central government level.

Section 9 of the District Assemblies Common Fund Act (Act 455), states that the Minister responsible for Finance in consultation with the Minister responsible for Local Government shall determine the category of expenditure of the approved development budget of the District Assemblies that must in each year be met out of the amount received by the Assemblies from the Fund. To this end, in consultation with the Controller and Accountant General, separate accounts for each of the Assemblies designated “District Assembly’s Common Fund Account” is to be opened for the payment of each

Assembly's share of the fund into the account. The signatories to each Assembly's Common Fund Account are;

1. District Coordinating Director (DCD)
2. District Finance Officer (DFO)

To ensure that the District Chief Executive is aware and has approved all transactions, the District Chief Executive together with the District Coordinating Director and the District Finance Officer sign a disbursement form relating to any transaction before cheques are issued.

### **Ceded revenue**

In the case of ceded revenue which previously was derive from taxes on entertainment, casinos, betting, gambling, income from registration of trade, business, profession or vocation, daily transport and advertisement is ceded by the Central Government to the District Assemblies. It is collected by the Internal Revenue Service (IRS) and then transferred to the Ministry of Local Government which shares the amount among the Assemblies using the approved ratio by Cabinet.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **Introduction**

This chapter describes the geographical, socio-economic and political description of the Upper East Region and the method and instruments employed in conducting the research. It also contains the research design, population and sample, sampling technique and the method used in analysing the data.

#### **Background of the Upper East Region**

Historically, the Upper East Region is part of what used to be the Upper Region (Upper East and Upper West) which was itself carved out of what used to be the Northern Region. From 1902, the old Northern Territory was a British protectorate until 1960 when it was separated into Northern and Upper Region. The Upper Region was later apportioned into Upper East and Upper West in 1983 during the PNDC rule. The process actually started in 1980 when what eventually became Upper West was run on an experimental base as a semi-autonomous region with Wa as the administrative centre even though the then Upper Regional Secretary at Bolgatanga exercised overall responsibility.

### **Location and land area**

The region is located in the north eastern corner of the country. It is bordered to the north by Burkina Faso, the east by the Republic of Togo, the west by Sissala in Upper West and south by West Mamprusi in the Northern Region.

The land is relatively flat with a few hills to the East and South east. The total land area is about 8,842 sq km, which translates into 2.7 percent of the total land area of the country.

### **Socio-economic activity of the people**

The region is made up of different tribes who speak different languages even within some of the districts. The people are predominantly peasant and subsistence farmers. However, a good number of them are engaged in commercial activities.

### **Political and administrative structure**

The region is administered politically from Bolgatanga. The main administrative structure at the regional level is the Regional Co-ordinating Council (RCC) headed by the Regional Minister. Other members of the RCC include representative from each district assembly, regional heads of decentralized districts and representatives of the Regional House of Chiefs.

The Region has nine (9) administrative districts namely Builsa, Kassena-Nankana East, Kassena-Nankana West, Bolgatanga, Bongo, Talensi-Nabdam, Bawku West, Bawku East and Garu-Tempane.

Each district is administered by a Municipal /District Assembly headed by a Chief Executive nominated by the President and approved by two-thirds majority of the Assembly members present and voting.

Two-thirds of the members of the Assembly are directly elected. The other one-third is appointed by central government. Members of parliament are ex-officio members of the assemblies of the districts in which their constituencies are located. The districts are autonomous with regard to the planning, budgeting and implementation of projects. The districts are further subdivided into Area/Town Councils and Unit Committees.

There is also effective traditional leadership and vibrant youth development Association to facilitate efficient and effective mobilization of local resources. Within the region there are currently twelve (12) political parliamentary constituencies. These are Builsa south, Builsa North, Navrongo Central, Chiana Paga, Bolgatanga, Talensi, Nabdam, Zebilla, Binduri, Bongo, Bawku central, and Garu- Tempane.

### **Research design**

A case study style was adopted using primary data collected from MMDAs in the Upper East Region to assess their performance in terms of local revenue mobilization from 2000-2010. Robson (2002) defines case study as a strategy for doing research that involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence. This style of research was adopted because of the fact that it enables the researcher to gain a better understanding of the research

(Morris & Wood, 1991). In addition, this style of research gives the researcher the opportunity to study an aspect of a problem within a limited time frame in a particular geographical area or within an organization.

The pre field work took three months, starting from January 2009 and had to do with the writing of the proposal for the research which covered chapters one to three while the field work was conducted between June 2009 and January 2010. The fieldwork activities were divided into two parts. The first part entailed contact setting, request for access to the assemblies personally and in writing, recruitment and briefing of research assistants, sample selection and pre-testing. The second part entailed the data collection using questionnaires developed by the researcher, data analysis and the writing of the chapters four and five.

### **Population of the study**

The target population of the study comprises all the MDCEs, PMs, MDCDs, MDDCDs, MDBAs, DFOs, DDAS and Revenue Accountants (RAs) and Revenue Collectors (RCs) of the nine MDAs in the Upper East Region. However, the accessible population excludes those in Bawku East and Garu-Tenpani even though the initial plan was to cover all MDAs in the region.

Table 2 shows the number of MDAs that were covered by the research and those that were not covered.

**Table 2:**

**A table showing accessible and inaccessible MDAs in the Region**

<b>MDAs</b>	<b>No.</b>	<b>%</b>
Accessible/covered MDAs	7	77.8
Inaccessible/uncovered MDAs	2	22.2
Total	9	100

Source: Field Work, (2009)

From Table 2, seven (7) out of nine (9) MDAs were covered representing 77.8%. Besides this, the total population of officers in the accessible MDAs was 135. This was sufficient enough to give a true picture of the situation in the region so far as local revenue mobilization in the region is concerned. The MDAs that were not covered by the study are BAEMA and GATDA. This was due to the insecurity in Bawku and its environs at the time of the research.

**Sample and sampling technique**

A sample of 110 people made up of MDCEs, PMs, MDCDs, MDDCDs, DFOs, MDBAs, DDAS, Revenue Accountant (RAs) and Revenue collectors (RCs) was taken from 135 officers from the seven assemblies in the Upper East Region for the study as shown in table 3.

**Table 3.**

**Category of Officers**

<b>Category of Officers</b>	<b>No</b>	<b>(%)</b>
MDCEs	7	6.36
PMs	7	6.36
MDCDs	7	6.36
MDDCDs	7	6.36
MDBAs	7	6.36
MDFOs	7	6.36
DDAs	5	4.55
RAs	15	13.64
RCs	48	43.64

Source: Field Work, (2009)

The officers were purposively selected for the study based on their respective roles in local revenue mobilization of the assemblies in the region.

Due to the small number of MDCEs, PMs, MDCDs, MDDCDs, DFOs, MDBAs, DDAS, and RAs, all of them were included in the study. However, 48 out of 73 RCs were selected using a simple random sampling technique. This method was not just used because of its simplicity but to ensure that each member of that population had the opportunity to be selected so as to avoid any bias in the selection. Again, 48 of the 75 RCs were selected to ensure that there is a balance between this large group comparatively, and the minority

groups made up of MDCEs, PMs, MDCDs, MDDCDs, DFOs, MDBAs, DDOAS, and RAs totalling 62 in number.

### **Data collection instrument**

The main instrument used for the collection of the data was questionnaire development by the researcher himself for the purpose of this study (Appendix A-C). This instrument was used because apart from being the most commonly used instrument, it was the most appropriate instrument for the study. Three sets of questionnaires were designed after grouping the respondents into three.

The first questionnaire, labelled **A** was design to collect information from MDCEs, PMs, MDCDs, MDDCDs, MDFOs and MDBOs whiles the second questionnaire labelled **B** was designed to collect information from the District Directors of Ghana Audit Service (DDGOS), and the final questionnaire labelled **C** was designed to collect information from Revenue Accountants (RAs) and Revenue Collectors (RCs). The questionnaires were made up of close and open ended questions. Some of the questions were also common to all the three set of questionnaires. In designing the questionnaires, the researcher took into consideration the research Objectives and questions. This was done to obtain the right information and also to achieve the research objectives.

### **Data validity and reliability**

The concept of reliability implies that two or more people conducting similar study and using similar research design would yield similar results.

Potential sources of error in qualitative data stem from the process of data collection, categorisation and analysis. Although, the priority in grounded theory is data analysis as opposed to data gathering, it is critical that the quality of data gathered is reliable and valid. Validity and reliability therefore begins with the data collection phase and not just data analysis. To this end, the researcher adopted selection procedures that were capable of producing reliable data. A pre-testing was done using Sissala West District Assembly in the Upper West Region and East and West Mampurisi District Assemblies in the Northern Region which are closer to the study area to identify and bring out possible constraints and weaknesses in the research process and to take quick interventions and strategies to deal with identified constraints. Besides, the category of respondents used in the research was carefully selected. The data collection was also closely monitored and supervised to ensure that the quality of information gathered was high. The researcher also adopted careful data analysis procedures while at the same time identifying gaps in the data.

A second fieldwork phase was undertaken to share preliminary findings with the respondents, validate the data and fill identified gaps. This was done to ensure that the study meets its objectives.

### **Test of reliability**

The researcher also carried out a reliability test on the collected data using the Alpha Cronbach model, to determine the internal consistency of the questionnaire, using the average inter-item correlation as shown in Table 4.

**Table 4.**

**Test of reliability**

<b>Items</b>	<b>Number of items</b>	<b>Cronbach's Alpha</b>
Annual Local Revenue Collection	3	0.81
Internal Control System over Local Revenue		
Mobilization	2	0.78
Database of clients for Local Revenue		
Mobilization	2	0.85
Willingness of clients to meet their tax obligation	1	0.79
Accounting for daily Local Revenue Collections	1	0.82
Degree of Financial Autonomy of the Assemblies	3	0.87

Source: Field Work, (2009)

The outcome of the reliability test in Table 4 gives an average Cronbach's Alpha of 0.82. This implies that the questionnaires and data collected were highly reliable and consistent.

**Data collection method**

Three undergraduates with degrees from two of the public universities in Ghana and with knowledge in research were engaged by the researcher for the purpose of the data collection from the assemblies.

The three research assistants under the supervision of the researcher under took the data collection using the questionnaire. It took the team three and half months from October through January 2010 to collect the data.

Due to the sensitivity nature of the research, the first month was used to visit the MDCEs and their teams, which consist of the MDCDs, MDFOs, MDBAs and PMs in all the nine MDAs in the region to establish a good rapport and to explain the rational and significance of the research to them to ensure understanding and to elicit their co-operation.

A letter was subsequently written and addressed to all the MDCEs in the region, copied to all, and delivered to the MDAs personally by the researcher and his team to officially have access to the assemblies to collect the needed data.

Appointments to administer the questionnaire were made in person and sometimes by the use of phone calls. Since it was difficult or almost impossible to arrange to administer the questionnaires simultaneously especially those meant for the MDCEs, PMs MDCDs, MDDCDs, DFOs and MDBAs, some were left behind by the researcher and his team to be self-administered. Responses were subsequently confirmed by the researcher and his assistants. Several follow-up phone and personal calls were made by the research assistants and the researcher to elicit responses reported in the study.

### **Method of data analysis**

The analysis of the data began with the editing of the data to detect and do away with any error found in the data. This includes verifying some figures provided by the DFOs or DBAs and obtaining confirmation to ensure that conclusions drawn from the data are valid. After this, the questionnaire items

were fed into a laptop for the analysis and the Statistical Product for Service Solution (SPSS) was used to analyse the data.

The SPSS was used to analyse the data because, apart from the fact that the SPSS is currently one of the most widely used software for data analysis, it also offers a full range of contemporary statistical methods with good editing and labelling facilities, provides among other things a variety of ways of describing data and accurately describes variables of interest (Easterby-Smith, Thorpe & Lowe 2002). The instrument was therefore used alongside Excel to produce bar charts, pie charts and frequency distribution tables to answer the research questions.

## **CHAPTER FOUR**

### **RESULTS AND DISCUSSION**

#### **Introduction**

This chapter covers the data presentation and analysis of the findings based on the responses of respondents to the questionnaires received from them.

#### **Response rate**

The participants were 110. Table 5 shows the response rate of each category of respondents and the total.

**Table 5: Response rate**

Category of Respondents	Respondents	Questionnaires Received	
		No.	Percent
MDCEs	7	6	85.71
PMs	7	7	100
MDCDs	7	7	100
MDDCDs	7	7	100
MDBAs	7	7	100
MDFOs	7	7	100
DDAS	5	5	100
RAs	15	14	93.33
RCs	48	43	89.58
<b>Total</b>	<b>110</b>	<b>103</b>	<b>93.64</b>

Source: Field Work, (2009)

It is clear from Table 5 that most of the questionnaires given to the respondents were answered. Out of the 110 questionnaires that were given out to the respondents, 103 representing 93.64 % were answered and received by the respondents and the researcher respectively.

### **The age distribution of the assemblies in the Region**

The age distribution of the MDAs in the region ranges from two (2) year to twenty one (21) years as shown in Table 6.

**Table 6:**  
**Age Distribution of the Assemblies**

<b>Age (Years)</b>	<b>Frequency</b>	<b>Percent</b>
2	1	14.3
5	1	14.3
21	5	71.4.
Total	7	100.0

Source: Field Work, (2009)

From Table 6, five (5) of the assemblies representing 71.4 percent were twenty one (21) years old. These assemblies are the Bolgatanga Municipal Assembly, Bongo District Assembly, Bawku West District Assembly, Kassena-Nankana East District Assembly and Builsa District Assembly. The rest which represent 28.6 percent are Talensi-Nabdam District Assembly and Kassena-Nankana West District Assembly which were five (5) and two (2) years old respectively.

### **Basic characteristics of respondents**

#### ***Gender Distribution of Respondents***

The participants were made up of both male and female as shown in Table 7.

**Table 7:**

**Gender distribution of respondents**

<b>Description</b>	<b>Frequency</b>	<b>Percent</b>
Male	97	94
Female	6	6
Total	103	100.00

Source: Field Work, (2009)

From Table 7, most (97 of the respondents) representing 94% were men. The women were only 6, representing 6%. This was due to the fact that;

1. Out of the six (6) MDCEs, only one was a woman.
2. Out of the 48 revenue collectors, only five (5) were women and there was no woman among the coordinating directors, presiding members, budget analysts, finance officers and the revenue accountants. It was therefore not a surprise to see the gender distribution being in favour of the men. The situation is however not the best considering the fact that, women constitute more than fifty percent of Ghana's population. It is therefore important for government to put in place measures to encourage effective participation of women at the local governance level to ensure fair play and equity.

***Educational background of respondents***

All the respondents have had formal education as shown in the Table

8.

**Table 8:**  
**Educational background of respondents**

<b>Category</b>	<b>Educational Level</b>	<b>Frequency</b>	<b>Percent</b>
<b>MDCEs, and others</b>	University	32	78.0
	Polytechnic	4	9.8
	Professional	5	12.2
	Total	41	100
<b>DDAS</b>	University	1	20.0
	Professional	3	60.0
	Secondary	1	20.0
	Total	5	100
<b>RAs and RCs</b>	University	1	1.8
	Polytechnic	8	14.0
	Secondary	15	26.3
	Basic	33	57.9
	Total	57	100
<b>Summary</b>	University	34	33.0
	Polytechnic	12	11.7
	Professional	8	7.8
	Secondary	16	15.5
	Basic	33	32.0
	Total	103	100

Source: Field Work, (2009)

From Table 8, their level of education ranges from basic to university level. The first group from the table is made up of the district chief executives, presiding members, coordinating directors, budget analysts, and finance

officers. These people have gone beyond secondary education. Most of them (32) out of the 41 were university graduates with the rest being professionals and polytechnic graduates.

The second group is made up of district directors of the Ghana Audit Service. Out of the five district directors, only one (1) was a university graduate. Among the rest were three (3) professionals and one (1) advanced level holder.

The third group is made up of revenue accountants and revenue collectors. Out of the 57, only 1 and 8 had benefited from university and polytechnic education respectively. 15 had access to secondary education. 33 out the 57 had only basic education. All the 33 were revenue collectors.

From the summary in table 8, out of the 103 respondents, university graduates were 33%, polytechnic graduates 11.7%, professionals 7.8%, and those with secondary and basic education were 15.5% and 32% respectively.

### **Work experience of assemblies' staff at their current place of work**

The work experience of the district chief executives, presiding, coordinating directors, budget analysts, and finance officers of these assemblies at the time of the study ranges from one (1) year to sixteen (16) years as shown in Table 9.

**Table 9:****Work experience of senior members of the assemblies (MDCEs and others)**

<b>Years</b>	<b>Frequency</b>	<b>Percent</b>
1	12	29.3
2	6	14.6
3	8	19.5
4	6	14.6
5	5	12.2
12	1	2.4
13	1	2.4
14	1	2.4
16	1	2.4
Total	41	100.0

Source: Field Work (2009)

From Table 9, twelve (12) of this category of staff representing 29.3 percent were only one (1) year old in the assemblies. Most of these were MDCEs who were appointed and MDCDs who were transferred just after the 2008 general election. Twenty five of them representing 60.9 percent have also worked with these assemblies for two (2) to five (5) years. The rest numbering four (4) representing 9.8 percent have worked with the assemblies for twelve to sixteen (16) years. These were mostly the presiding members of the assemblies. Table 10 shows the number of years the Revenue Accountants and Revenue Collectors have worked with these assemblies in the region.

**Table 10:**

**Work experience of revenue accountants and revenue collectors**

<b>Years</b>	<b>Frequency</b>	<b>Percent</b>
1	3	5.3
2	5	8.8
3	4	7.0
4	4	7.0
5	7	12.3
6	1	1.8
7	4	7.0
8	4	7.0
9	7	12.3
11	1	1.8
12	2	3.5
14	3	5.3
16	2	3.5
18	1	1.8
19	4	7.0
20	1	1.8
22	1	1.8
25	1	1.8
34	1	1.8
35	1	1.8
<b>Total</b>	<b>57</b>	<b>100.0</b>

Source: Field Work (2009)

From Table 10, the work experience of this category of staff at the time of the study ranges from one (1) year to thirty five (35) years. Only three (3) out of the fifty seven (57), representing 5.3 percent have had one (1) year work experience at their current place of work. Thirty six (36) staff, representing

63.1 percent had worked for two (2) to nine (9) years while fourteen (14) representing 24.6 percent had also worked for eleven (11) to twenty (20) years. Finally, four (4) representing 8.8 percent had worked for twenty two (22) to thirty five (35) years. This implies that these four (4) were employed during the time of the then district councils.

### **Sources of locally generated revenue of M/DAs in the Region**

The M/DAs generate revenue locally from seven (7) main sources. These are;

1. Rates
2. Fees and fines
3. Licences
4. Rents and royalties
5. Lands
6. Investments
7. Miscellaneous

Rates, especially property rates, licences and fees, if maximized would bring in a lot of money to the assemblies to make them more efficient in service delivery. Unfortunately, the MDAs have not been able to take full advantage of these sources to maximize local revenue mobilization within their jurisdictions. They do not collect enough revenue the following sources;

1. Basic rate
2. Property rates in terms of buildings/structures, plots of land acquired by individuals and organizations, cars, motor bikes, bicycles, bill boards of individuals, organizations and political parties, and communication masts.

3. Building permits
4. Income from weekly lotto operators, illegal mining, and sand wining.

Apart from these, the various tourist sites have also not been developed to attract tourists. The few that attract tourists are either left unmanaged or managed by individuals who pocket all the monies received. This is in line with the assertion of the Institute of Local Government and Rural Development that the MMDAs have failed to take advantage of many of the revenue streams they could take advantage of to build their IGF portfolio (Resource Watch Agenda, 2009).

**Existence of measures to maximize local revenue mobilization**

In order for them to maximize their local revenue mobilization, measures have been put in place by all the seven assemblies under the study as shown in Table 11.

**Table 11:**

**Existence of measures to achieve annual local revenue targets**

<b>Response of MDCEs and Others</b>	<b>Frequency</b>	<b>Percent</b>
Yes	41	100.0

Source: Field Work (2009)

From Table 11, all the respondents agreed that measures have been put in place to maximise local revenue mobilisation. These measures include the following:

1. Setting annual local revenue collection targets
2. Formation of mobile operation task force to check the collectors

3. Engagement of commission collectors
4. Education of clients on the need to meet their obligation to the assemblies
5. Involvement of clients in the fixing of fees and rates
6. Reshuffling of revenue collectors periodically
7. Replacement/dismissal of non performing revenue collectors
8. Establishment of revenue check points
9. Display of revenue collection charts showing monthly collections of individual collectors
10. Penalties for non compliance by clients to meet their tax obligations to the assemblies

These measures are indeed good. However, the response of the respondents revealed that the measures are not effectively implemented due to some challenges which include lack of political will and political interference, nepotism and favouritism. The response of the revenue accountants and revenue collectors in table 12 also confirmed the fact that the measures are not effectively implemented by those responsible.

**Table 12:**  
**Effectiveness of measures to maximise local revenue collection**

<b>Response from RAs and RCs</b>	<b>Frequency</b>	<b>Percent</b>
Yes	11	19.3
No	46	80.7
Total	57	100.0

Source: Field Work (2009)

From Table 12, out of the fifty seven (57) respondents forty six (46) of them, representing 80.7 percent indicated that the measures were not working as required. This implies that even though there are measures in place these measures are not implemented as required to achieve the desired goals.

**Annual local revenue collection targets and actual local revenue collections**

All the seven (7) MDAs under the study set annual local revenue collection targets for themselves as a means of measuring their own performance. This can be clearly seen from the response of the district chief executives, presiding members, coordinating directors, budget analysts, and finance officers numbering forty one (41) in Table 13.

**Table 13:**

**Setting annual local revenue collecting targets by MDAs**

<b>Response of MDCEs and Others</b>	<b>Frequency</b>	<b>Percent</b>
Yes	41	100.0

Source: Field Work (2009)

From Table 13, all the respondents agreed that they set annual local revenue collection targets. Besides that, a sizeable proportion of the assemblies also set revenue collection targets for the collectors. This was revealed by the responses of the district chief executives, presiding members,

coordinating directors, budget analysts, and finance officers as well as the revenue accountants and the revenue collectors as shown in Table 14.

**Table 14:**  
**Setting local revenue collection targets for collectors**

	MDCEs and others		RAs and RCs	
	Frequency	Percentage	Frequency	Percent
Yes	29	70.7	41	71.9
No	12	29.3	16	28.1
Total	41	100.0	57	100

Source: Field Work (2009)

From 14, out of the forty one (41) district chief executives, presiding members, coordinating directors, budget analysts, and finance officers twenty nine (29) of them representing 70.7 percent and forty one (41) of the revenue collectors and revenue accountants representing 71.9 percent indicated that they set revenue targets for the revenue collectors. This implies that most of the assemblies in the region do set revenue targets for the collectors.

With regard to why some of the assemblies were not setting revenue collection targets for revenue collectors, the collectors indicated that they did know. However, the district chief executives, presiding members, coordinating directors, budget analysts, and finance officers said they inherited the situation from their predecessors. Besides they did not have data that could assist them to set revenue targets for their collectors.

**When revenue collectors and revenue supervisors fail to meet their targets**

Even though most of the assemblies do set revenue collection targets for revenue collectors, nothing is actually done to most of the collectors who are unable to meet their targets. Only some commission collectors are sometimes sacked for their inability to meet their targets or poor performance.

**Meeting annual local revenue collection targets**

It is good to hear that all the assemblies do set annual local revenue collection targets for themselves and that most of them also set revenue collection targets for their revenue collectors but, are they able to meet their annual local revenue collection targets? The response from the district chief executives, presiding members, coordinating directors, budget analysts, and finance officers as well as the revenue accountants and revenue collectors revealed that with the exception of one or two most of them rarely meet their annual local revenue collection targets as shown in Table 15.

**Table 15:**

**Meeting their annual local revenue collection targets**

	<b>MDCEs and Others</b>		<b>RAs and RCs</b>	
	<b>Frequency</b>	<b>Percent</b>	<b>Frequency</b>	<b>Percent</b>
Never	11	26.8	15	26.3
Rarely	18	43.9	29	50.9
Sometimes	6	14.6	7	12.3
Often	1	2.4	4	3.5
Always	5	5	2	7.0
<b>Total</b>	<b>41</b>	<b>100</b>	<b>57</b>	<b>100</b>

Source: Field Work (2009)

From Table 15 only twelfth (12) out of the forty one (41) district chief executives, presiding members, coordinating directors, budget analysts, and finance officers representing approximately 29 percent indicated that the assemblies always, often or sometimes met their annual local revenue collection targets. The rest numbering twenty nine (29) representing almost 71 percent indicated that the assemblies never or rarely met their annual local revenue collection targets.

The response of the fifty seven (57) revenue accountants and revenue collectors also support the view that is almost similar to that of the district chief executives, presiding members, coordinating directors, budget analysts, and finance officers. Only thirteen (13) out of the fifty seven (57) representing approximately 23 percent indicated that the assemblies always, often or sometimes met their annual local revenue collection targets. The rest numbering forty four (44) representing almost 77 percent indicated that the assemblies rarely or never met their annual local revenue collection targets. This was further supported by the financial information presented in table 16, which was provided by MDFOs from their annual financial statements.

**Table 16:**

**Extract of local revenue figures from the annual financial statements of MDAs in the Upper East Region from 2000 - 2008**

**Assembly - BOMA**

Year	Targeted Revenue GH¢	Actual Revenue GH¢	Revenue from Central Govt. GH¢	Total Expenditure GH¢
2000	-	-	-	-
2001	-	-	-	-
2002	789,240.00	686,348.00	438,638.50	98,388.08
2003	1,617,028.12	1,565,411.13	1,016,177.20	1,659,137.40
2004	1,926,087.51	2,409,445.55	1,696,776.52	2,257,550.57
2005	1,313,115.54	1,657,233.29	1,558,797.54	1,641,916.17
2006	1,957,813.89	1,950,897.60	1,827,630.44	2,045,010.20
2007	1,683,359.91	1,799,658.42	1,700,027.56	1,747,024.60
2008	2,541,522.00	2,326,797.79	2,111,694.62	2,358,068.00

**BONDA**

2000	-	-	-	-
2001	27,462.48	25,006.32	164,151.59	129,225.28
2002	32,702.30	50,658.97	227,201.73	221,382.37
2003	53,930.00	76,441.39	853,729.58	848,429.38
2004	83,491.75	47,897.25	1,357,673.96	1,679,844.83
2005	83,706.83	46,682.86	1,186,531.44	1,296,839.55
2006	89,870.02	75,183.98	1,082,554.73	1,103,091.78
2007	96,450.00	73,855.58	1,637,088.59	1,589,702.75
2008	99,770.00	53,204.60	1,844,316.38	1,941,125.80

**BAWDA (Table 16 cont.)**

2000	9,176.00	9,276.30	177,229.99	165,260.83
2001	11,205.00	12,563.49	174,622.70	198,613.88
2002	28,393.99	18,645.59	348,660.39	321,390.61
2003	23,400.05	21,710.12	1,091,696.75	1,113,973.92
2004	35,500.00	28,026.83	1,009,350.37	996,398.33
2005	37,750.00	29,395.23	858,085.30	936,046.56
2006	43,607.00	43,034.95	998,367.48	1,144,894.49
2007	55,531.00	50,837.19	1,315,895.12	1,299,857.36
<u>2008</u>	<u>63,266.20</u>	<u>69,765.25</u>	<u>1,936,246.06</u>	<u>2,107,956.51</u>

**KANEDA**

2000	-	-	-	-
2001	-	-	-	-
2002	69,354.20	61,647.56	73,415.85	105,416.14
2003	82,554.51	56,231.31	490,066.14	360,791.11
2004	87,032.03	55,779.83	1,153,212.17	1,196,537.66
2005	123,224.75	48,529.79	1,008,656.69	1,158,559.08
2006	200,690.00	136,174.87	1,276,604.81	1,403,987.77
2007	146,130.00	157,174.46	1,982,019.40	1,901,798.68
2008	130,640.00	127,980.06	2,004,635.32	2,311,436.05
<u>2009</u>	<u>146,750.00</u>	<u>113,996.26</u>	<u>1,155,334.95</u>	<u>---</u>

	<b>BUDA (Table 16 cont.)</b>			
2000	-	-	-	-
2001	-	-	-	-
2002	58,098.79	42,822.86	206,020.41	278,592.52
2003	67,948.22	6,748.37	311,940.42	377,633.33
2004	72,649.56	58,849.25	340,520.88	408,722.91
2005	479,327.90	227,944.73	891,330.35	1,110,877.73
2006	486,642.70	298,409.66	1,102,620.40	1,402,760.29
2007	564,780.60	312,507.30	1,346,780.30	1,926,792.44
<u>2008</u>	<u>360,572.70</u>	<u>252,471.14</u>	<u>2,308,861.52</u>	<u>2,392,301.64</u>

	<b>TANDA</b>			
2005	8,076.00	17,504.70	784,671.94	800,470.00
2006	10,060.00	11,240.00	904,656.31	910,496.31
2007	11,114.00	27,695.00	1,530,694.00	1,504,520.00
<u>2008</u>	<u>37,972.00</u>	<u>42,800.00</u>	<u>2,547,037.00</u>	<u>2,551,400.00</u>

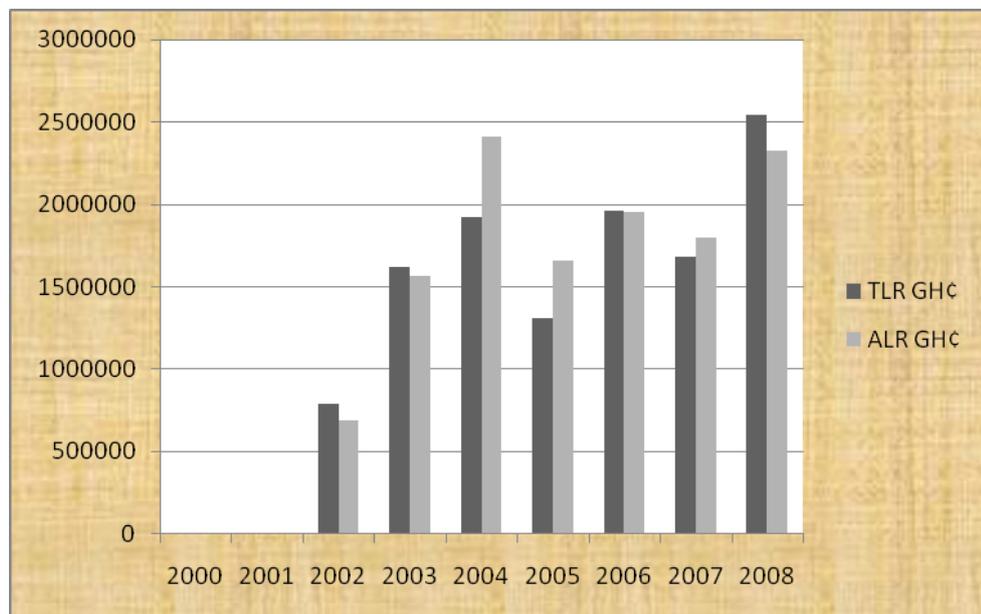
	<b>KANWDA</b>			
<u>2008</u>	<u>100,000.00</u>	<u>74,708.07</u>	<u>877,668.68</u>	<u>929,991.33</u>

Source: MDAs in the Upper East Region.

**Graphical analysis of performance of individual MDAs in terms of meeting annual local revenue collection targets**

**BOMA**

From the financial information in Table 16, the assembly could not find the final accounts for the first two years namely, 2000 and 2001. Again, from 2002 to 2008 the assembly met or exceeded its annual local revenue collection targets only in 2004, 2005 and 2007 as shown in Figure 1.



**Figure 1: Annual local revenue targets and actual local revenue collections of BOMA**

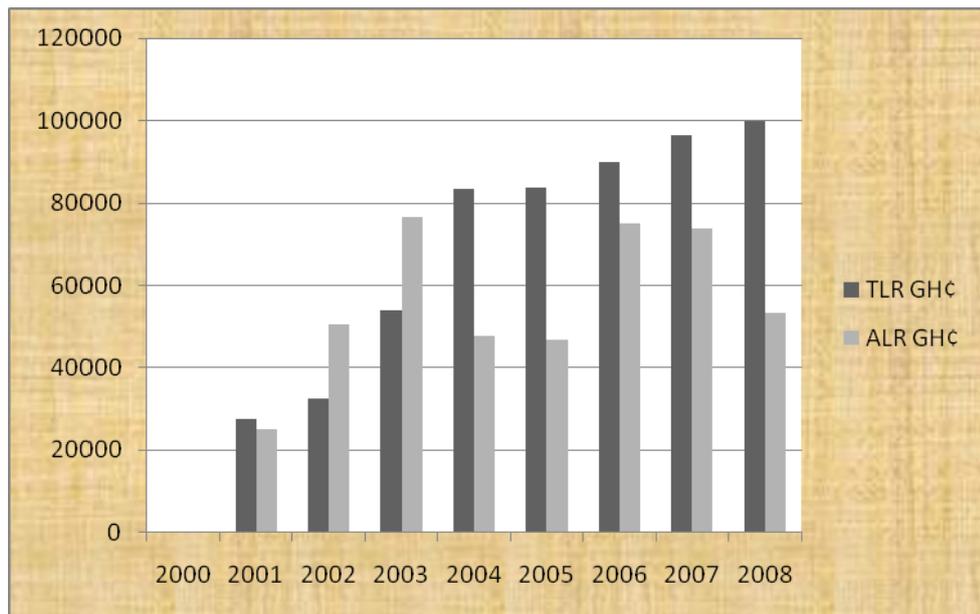
Source: Field Work (2009)

From Figure 1, the target for 2005 is far lower than that of 2004. This was due to the creation of the Talensi-Nabdam District Assembly from BOMA which invariably reduced the local revenue potential of BOMA in

terms of geographical boundary. However, the target for 2007 cannot in anyway be a realistic target because it is even less than the actual annual local revenue collection for 2006. It however did well by quickly increasing both the annual local revenue collection target and actual local revenue collection for 2008 from the 2007 figures of GH¢1,683,359.91 and GH¢1,799,658.42 respectively to GH¢2,541,522.00 and GH¢2,326,797.79 respectively.

### BONDA

The assembly could not find its final account for 2000. From the data received, the assembly met its annual local revenue collections for only 2002 and 2003 as further shown in Figure 2.



**Figure 2: Annual local revenue targets and actual local revenue collections of BONDA**

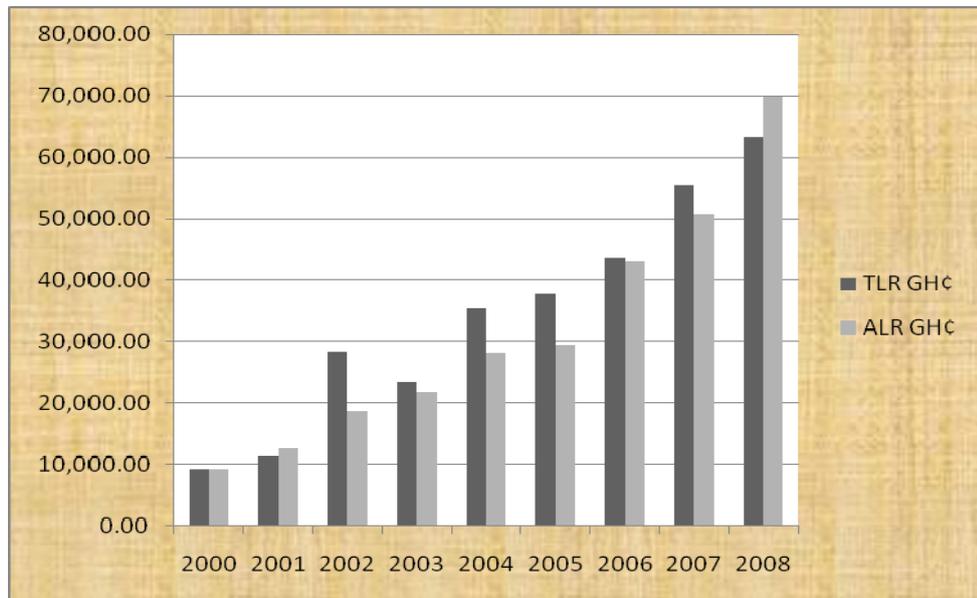
Source: Field Work (2009)

From Figure 2, even though with exception of 2005, the annual local revenue collection targets have been significantly increased progressively over the years, the actual annual local revenue collections have not seen stable

increases over the eight year period. The assembly experienced a decline in local revenue collection in 2004, 2005, 2007 and 2008 compared with the actual revenue collection in 2003. The revenue collection for 2008 is also very worrisome considering the drastic decline from the 2007 figure of GH¢73,855.58 to GH¢53,204.60 in 2008.

### **BAWDA**

This was the only assembly that had its final accounts for the period covered, that is from 2000 to 2008. However, from the records the assembly met or exceeded its local annual revenue targets for three (3) out of the nine (9) years. These are 2001, 2002, and 2008 as further illustrated in Figure 3.



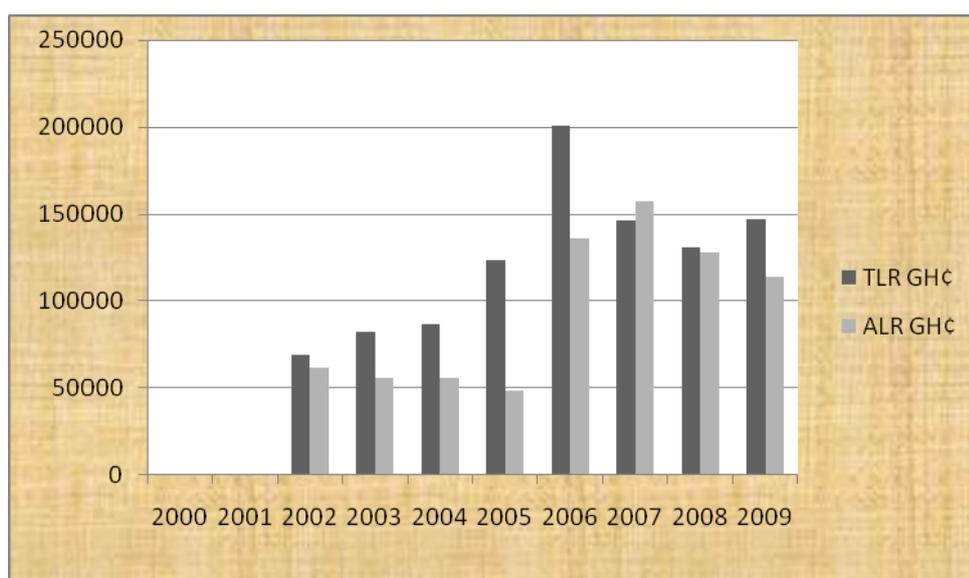
**Figure 3: Annual local revenue targets and actual local revenue collections of BAWDA**

Source: Field Work (2009)

However there has been a progressive increase in the annual local revenue collection of the assembly over the years from 2000 to 2008.

## KANEDA

The assembly was not able to provide the information needed for 2000 and 2002. However, the figures for 2009 in respect of the annual targeted local revenue, annual actual local revenue collected and annual revenue from central government were ready. To this end, these figures were captured even though that was not intended to be part of the data. From the records the assembly could not meet its annual local revenue collection targets for seven (7) years from 2002 to 2009 as presented in Figure 4. These years are 2002, 2003, 2004, 2005, 2006, 2008 and 2009.



**Figure 4: Annual local revenue targets and actual local revenue collections of KANEDA**

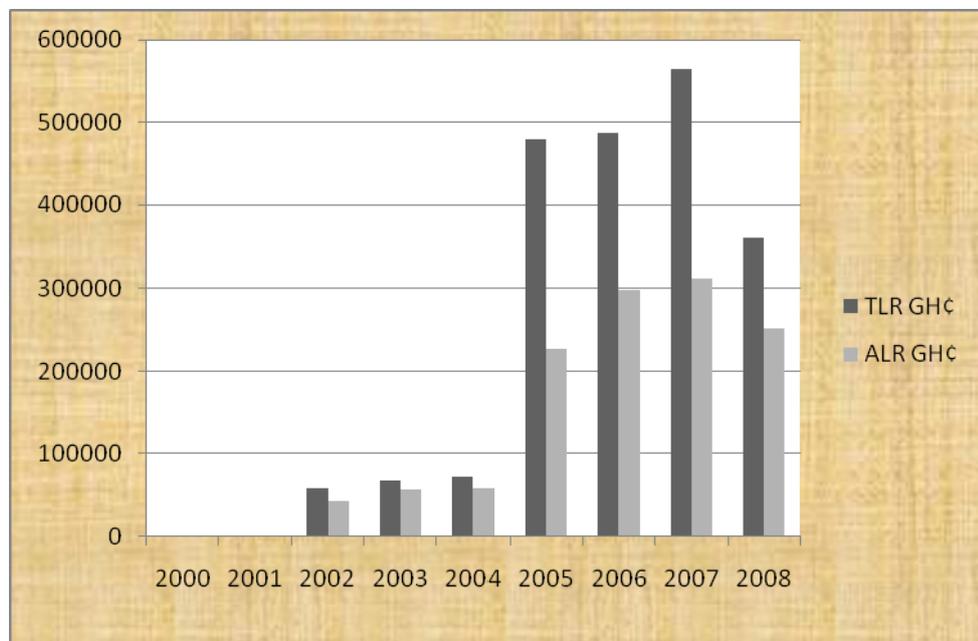
Source: Field Work (2009)

Again, from Figure 4, the assembly's annual actual local revenue collection for 2009 was less than the 2008 figure by GH¢13,983.77 which is

not a good sign of the desire to improve local revenue collection of the assembly on the part of the management.

### **BUDA**

For BUDA, the final accounts of 2000 and 2001 could not be found. The financial data collected was therefore related to only 2002 to 2008 as presented in Figure 5.



**Figure 5: Annual local revenue targets and actual local revenue collections of BUDA**

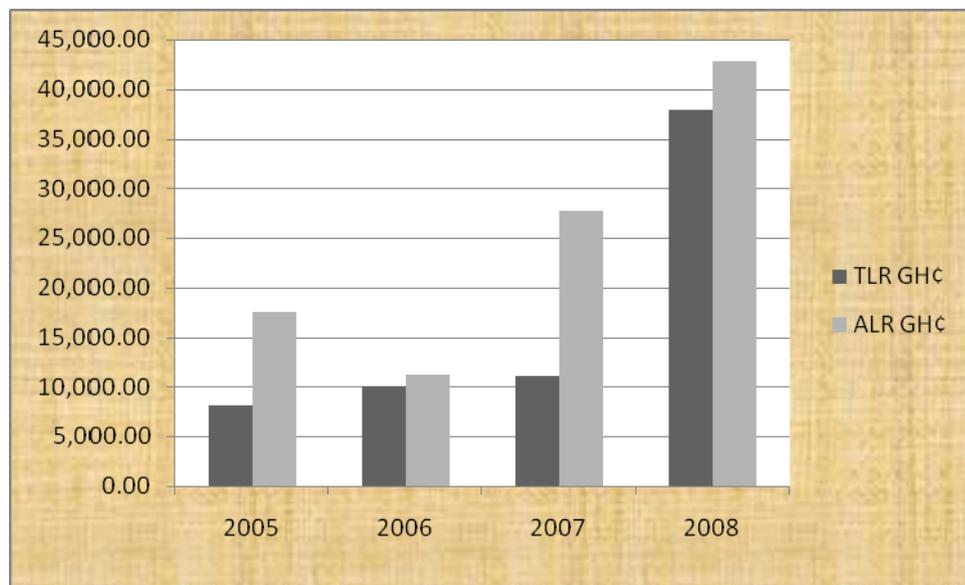
Source: Field Work (2009)

From Figure 5, the assembly has never met its annual local revenue collection target from 2002 to 2008 but, the annual actual local revenue collections for 2005, 2006 and 2007 were remarkable. The fear however, is the downward trend in the annual actual local revenue collection for 2008 which

was indeed far lower than that of 2007. There is therefore the need for management to take the necessary steps to reverse the current situation.

### TANDA

This assembly was established in 2004 but began full operation on its own in 2005 and is the only assembly among the participating assemblies that consistently met or exceeded its annual local revenue collection targets from 2005 - 2008 as shown in Figure 6.



**Figure 6: Annual local revenue targets and actual local revenue collections of TANDA**

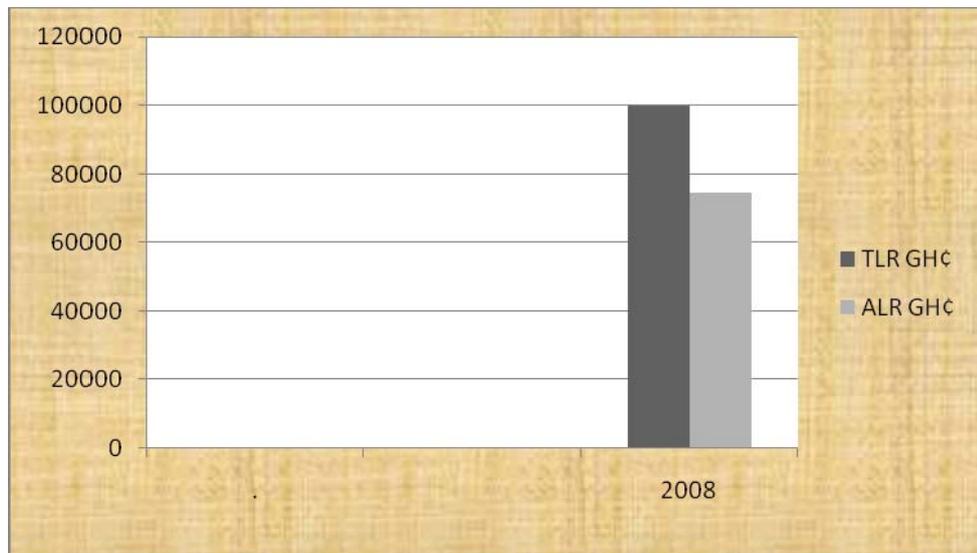
Source: Field Work, (2009)

However, from Figure 6 the annual actual local revenue collections for the period, 2005 to 2008 were nothing to write home about. The assembly could not collect even GH¢50,000.00 in one year over the five years. From the financial information collected, it had performed worse than any of the

participating assemblies in terms of local revenue mobilization over the last four years, from 2005 to 2008. The targets were no doubt unrealistic. The targets for 2006 and 2007 were far less than the actual collection for 2005. Besides, the target for 2007 was also less than the actual collection for 2006 by GH¢126.00.

### KANWDA

This is the youngest district in the region and was established in 2007 but started full operation on its own in the 2008 financial year. Its annual local revenue collection target for the 2008 financial year was GH¢100,000.00 but only fraction of this amount was actually realized as shown in Figure 7.



**Figure 7: Annual local revenue targets and actual local revenue collections of KANWDA**

Source: Field Work, (2009)

From Figure 7, KANWDA could not meet its annual local revenue collection target for 2008. GH¢74708.07 was collected out of the annual target of GH¢100,000.00 for the year.

Generally, the performance of the assemblies was not something one can really be proud of. But the question is; how do the MDAs' staff feel about their local revenue collection levels? The answer to this important question can be clearly seen from the responses of the district chief executives, presiding members, coordinating directors, budget analysts, and finance officers as well as the revenue accountants and revenue collectors as shown in Table 17.

### **Satisfaction with annual local revenue collection**

**Table 17:**  
**Satisfaction with annual local revenue collection by assembly staff**

<b>Response of MDCEs and others</b>	<b>Frequency</b>	<b>Percent</b>
Highly Dissatisfied	4	9.8
Dissatisfied	29	70.7
Indifferent	4	9.8
Satisfied	4	9.8
<b>Total</b>	<b>41</b>	<b>100.0</b>
<b>Response of RAs and RCs</b>		
Yes	14	24.6
No	43	75.4
<b>Total</b>	<b>57</b>	<b>100.0</b>

Source: Field Work, (2009)

From Table 17, 80.5 percent of the forty one (41) district chief executives, presiding members, coordinating directors, budget analysts, and finance officers, and 75.4 percent of the fifty seven (57) revenue accountants

and collectors respectively are either dissatisfied or highly dissatisfied with the level of local revenue collection of their assemblies. All the district directors of the Ghana Audit Service also expressed the same feeling as shown in table 18.

**Table 18:**

**DDAS satisfaction with annual local revenue collection targets and revenue collection**

<b>Revenue Collection Targets</b>	<b>Frequency</b>	<b>Percent</b>
Highly dissatisfied	2	40.0
Dissatisfied	3	60.0
Total	5	100.0

<b>Revenue Collection</b>	<b>Frequency</b>	<b>Percent</b>
Highly dissatisfied	4	80.0
Dissatisfied	1	20.0
Total	5	100.0

Source: Field Work, (2009)

The DDAS response in Table 18 clearly shows that they were either dissatisfied or highly dissatisfied with both the annual local revenue collection targets and the actual local revenue collections over the period.

**Table 19:**

**Room for collecting more revenue**

<b>Response of RAs and RCs</b>	<b>Frequency</b>	<b>Percent</b>
Yes	57	100.0

Source: Field Work, (2009)

From Table 19, it is heartwarming to hear that there is room for improvement from the people on the field. All the collectors and supervisors agreed that there is room for improvement.

**Factors that accounted for the MDAs' inability to always meet their targets**

The factors include the following;

1. Lack of logistics for the revenue collectors and revenue supervisors
2. Poor staff motivation.
3. Poor salaries and conditions of service of revenue collectors.
4. Inadequate education of clients on the need to meet their tax obligation by the assemblies.
5. Poverty, for example poor harvest by farmers.
6. Lack of political will and sometimes political interference in enforcing the bye-laws of the MDAs when the need arises.
7. Inadequate staffing
8. Lackadaisical attitude of some revenue collectors and revenue supervisors.
9. The noninvolvement of all the stakeholders in fixing rates, fees and revenue collection targets.

10. Weak internal control systems over local revenue mobilization leading to massive collection leakages through fraudulent activities of corrupt tax officials and clients.
11. Unrealistic local revenue collection targets.
12. Inability to collect property rate and basic rate.
13. Dishonesty of revenue supervisors and revenue collectors.

**Table 20:**

**Accounting for daily revenue collections**

<b>Revenue collectors suspected for not declaring the total daily revenue collections</b>		
<b>Response of RAs and RCs</b>	<b>Frequency</b>	<b>Percent</b>
Yes	35	61.4
No	22	38.6
Total	57	100.0
<b>Collectors properly account for daily revenue collections</b>		
<b>Response of MDCEs and others</b>	<b>Frequency</b>	<b>Percent</b>
Strongly Disagree	6	14.6
Disagree	28	68.3
Neutral	3	7.3
Agree	4	9.8
Total	41	100.0
<b>Response of DDAS</b>		
Highly dissatisfied	2	40.0
Dissatisfied	3	60.0
Total	5	100.0

Source: Field Work, (2009)

From Table 20, thirty five (35) out of the fifty seven representing 61.4 percent indicated that they were sometimes suspected for not declaring all the revenue collected, and 82.9 percent of the district chief executives, presiding members, coordinating directors, budget analysts, and finance officers disagree or strongly disagree that daily revenue collections are properly accounted for by the collectors. All the District Directors of Audit Service were also dissatisfied or highly dissatisfied with the way daily revenue collections were accounted for.

The reasons, according to the collectors included the following:

- i. the huge differences in the amounts of revenue collected by various collectors from the same collection points at different times within the same month
- ii. differences in the actual amount of revenue presented and the value of tickets or receipts issued sometimes also create doubts.
- iii. the low levels of revenue collected over the years

The following measures were also suggested as a means of ensuring that daily revenue collections are properly accounted for.

- a. Put in place strong and adequate monitoring teams to constantly check the revenue collectors.
- b. Sanction defaulting collectors.
- c. Employ honest and competent people rather than party faithfuls who are not honest and competent.
- d. A realistic assessment of the revenue potential of each collection points using scientific methods and entering into performance contracts with all the collectors.

- e. Unwillingness of clients to meet their tax obligation as shown in table in table 21.

**Table 21:**

**Willingness of most clients to meet their tax obligation**

<b>Response of RAs and RCs</b>	<b>Frequency</b>	<b>Percent</b>
No	57	100.0
<b>Response of MDCEs and Others</b>		
Strongly Disagree	5	12.2
Disagree	30	73.2
Neutral	3	7.3
Agree	3	7.3
Total	41	100.0

Source: Field Work, (2009)

From table 21, all the fifty seven revenue collectors and revenue accountants said that most clients are not willing to meet their tax obligations. Their position was also supported by 85.4 percent of the district chief executives, presiding members, coordinating directors, budget analysts, and finance officers who disagree or strongly disagree that most clients are willing to meet their tax obligation to the MDAs. The reasons for this conduct of the clients included the following:

- i. Inability of the assemblies to enforce their bye-laws.

**Table 22:**  
**Existence and application of penalties**

<b>Existence - <i>Response of MDCEs and others</i></b>	<b>Frequency</b>	<b>Percent</b>
Yes	41	100.0

<b>Application - <i>Response of MDCEs and others</i></b>	<b>Frequency</b>	<b>Percent</b>
No	41	100.0

Source: Field Work, (2009)

Even though from Table 22, all the assemblies have penalties for defaulting clients these penalties are not applied when the need arises.

This indeed should be a source of concern to all the stakeholders.

- ii. Political affiliation and, or influence of clients.
- iii. Lack of civil responsibilities and, or education.
- iv. Lack of transparency and accountability to clients in respect of the use of the assemblies' monies.
- v. The absence of visible projects carried out by the assemblies through monies collected from clients.
- vi. The non-involvement of clients in fixing rates and fees.
- vii. Human beings naturally do not always want to part with money especially in our part of the world.
- viii. Unfaithfulness of revenue collectors.
- ix. Inadequate monitoring of revenue collectors.

### **Measures to improve the willingness of clients to meet their tax obligation**

- i. Adequate education on the need for clients to meet their tax obligation to the assemblies.
- ii. Involve clients in the fixing of rates and fees and the setting of annual local revenue collection targets.
- iii. Private participation in local revenue collection.
- iv. Organize clients into groups.
- v. Undertake projects that benefit clients.

### **Involvement of revenue supervisors and revenue collectors in setting local revenue collection targets**

Table 23 shows the responses of the district chief executives, presiding members, coordinating directors, budget analysts, and finance officers as well as the revenue accountants and revenue collectors respectively

**Table 23:**

#### **Involvement of RAs and RCs in setting local revenue collection targets**

	<b>MDCEs and others</b>		<b>RAs and RCs</b>	
	<b>Frequency</b>	<b>Percent</b>	<b>Frequency</b>	<b>Percent</b>
Yes	17	41.5	21	36.8
No	24	58.5	36	63.2
Total	41	100	57	100.0

Source: Field Work, (2009)

The responses of the two categories of participants clearly show that only few of the assemblies involved the revenue accountants and revenue

collectors in setting revenue collection targets. From Table 23, twenty four (24) out of forty one (41) district chief executives, presiding members, coordinating directors, budget analysts, and finance officers representing 58.5 percent indicated that they do not involve this category of staff in setting annual local revenue collection targets. This was in support of the thirty six (36) revenue accountants and revenue collectors representing 63.2 percent of their total number of fifty seven (57) who said they were not involved by their assemblies in the setting of local revenue collection targets. However, the two groups agreed that it is important for the revenue accountants and revenue collectors to take part in setting local revenue collection targets of their assemblies as shown in Table 24.

**Table 24:**

**Revenue collectors and revenue accountants should take part in setting local revenue collection targets**

	MDCEs and others		RAs and RCs	
	Frequency	Percent	Frequency	Percent
Yes	40	97.6	55	96.5
No	1	2.4	2	3.5
Total	41	100.0	57	100

Source: Field Work, (2009)

From Table 24, forty (40) out of forty one (41) district chief executives, presiding members, coordinating directors, budget analysts, and finance officers and fifty five (55) out of the fifty seven (57) revenue accountants and revenue collectors representing 97.6 percent and 96.5 percent

respectively agreed that there is the need to involve the revenue accountants and revenue collectors in setting local revenue collection targets.

### **The need to involve revenue accountants and revenue collectors in setting revenue collection targets**

The reasons given by the two groups included the following:

1. It will make them feel that they are actually part of the team that set the revenue targets and therefore they will be motivated to work hard to achieve the set targets.
2. Apart from knowing the set targets, they will also understand fully how these targets were set.
3. It will give them the opportunity to make valuable contributions towards setting realistic revenue targets.
4. To enhance the co-operation of the revenue collectors and supervisors who are on the field.
5. The revenue supervisors and revenue collectors are the final implementers of the strategies to be put in place to ensure that the targets are achieved.
6. Contribute effectively towards the achievement of revenue targets by telling management the basic logistics and incentives needed to meet the targets.

7. Revenue collectors and revenue supervisors have a lot of useful information which management may not have.

However, three (3) of the respondents from the two groups feel that once the revenue accountants and revenue collectors are directly involved in the collection of the revenue they should not be involved in setting revenue targets because they may try to convince the team to set targets that are far below the reality. They also argued that considering the level of education of the collectors and most of the supervisors, these people may not be able to contribute meaningfully towards setting realistic revenue targets for their respective assemblies.

#### **Incentives for revenue collectors and revenue supervisors**

The information obtained from the district chief executives, presiding members, coordinating directors, budget analysts, and finance officers, and the revenue accountants and revenue collectors in respect of incentives for the latter clearly showed that not even all the assemblies that set targets for their revenue accountants and revenue collectors provided incentives for them in a way to encourage them to meet their revenue targets for the assemblies. The responses from each of the two groups were as shown in table 25.

**Table 25: Existence of incentives for collectors who meet their collection targets**

	MDCEs and others		RAs and RCs	
	Frequency	Percent	Frequency	Percent
Yes	16	39.0	11	19.3
No	13	31.7	46	80.7
Total	29	70.7	-	-
Missing	12	29.3	-	-
Total	41	100	57	100.0

Source: Field Work, (2009)

For example, from Table 25, out the twenty nine (29) district chief executives, presiding members, coordinating directors, budget analysts, and finance officers who said they set revenue targets the revenue accountants and revenue collectors as shown in table 14, only sixteen (16) representing 55.2 percent of the twenty nine (29) and 39.0 percent of the forty one (41) indicated that they provide incentives for the collectors and their supervisors. Again, from the table, out of the fifty seven (57) revenue collectors and revenue accountants, only eleven (11) representing 19.3 percent indicated that they were given incentives to motivate them to meet their targets. It was also clear that the incentives that were given were woefully inadequate as presented in table 26. However, the forty six (46) representing 80.7 percent who said they were not given incentives said they actually did not know why they were not given incentives to motivate them to work harder.

## Adequacy of incentives to motivate the collectors

**Table 26:**  
**Incentives are adequate to motivate collectors**

<b>Response of MDCEs and others</b>	<b>Frequency</b>	<b>Percent</b>
Yes	3	7.3
No	13	31.7
Total	16	39.0
Missing	25	61.0
Total	41	100.0

Source: Field Work, (2009)

From Table 26, only three (3) of the district chief executives, presiding members, coordinating directors, budget analysts, and finance officers representing 18.8 percent of the sixteen (16) and 7.3 percent of the forty one (41) said the incentives given to the collectors and their supervisors were adequate enough to motivate them to meet their targets. The incentives were their salaries or commissions and permanent employment in the case the commission collectors in the event of any vacancy for full employment. However, implementing the latter was also a problem due to political interferences. This probably might have also contributed to the poor local revenue collections of the assemblies in the region. This is because, from table 26, majority of the revenue collectors and their supervisors view incentives as very important if they are to meet their targets.

**Table 27:**  
**Incentives are necessary for local revenue maximization**

<b>Response of RAs and RCs</b>	<b>Frequency</b>	<b>Percent</b>
Yes	45	78.9
No	12	21.1
Total	57	100.0

Source: Field Work, (2009)

From Table 27, forty five (45) out of the fifty seven (57) revenue collectors and their supervisors representing 78.9 percent felt that it is important for them to be given incentives to motivate them to meet their targets.

**Measures to motivate revenue collectors and supervisors to maximize revenue collection**

The following measures were suggested by the assembly staff:

1. *Protection*

The collectors should be adequately protected by the law enforcement agencies against attacks by the clients

2. *Political*

Politicians should avoid interference and allow the assemblies to operate as required.

3. *Annual awards*

The assemblies should establish annual performance awards. These awards should be substantial enough and devoid of political interferences so as to motivate revenue collectors to work harder to achieve the revenue targets. The awards can be in the form of cash, bicycles, motor bikes, fridges, televisions, and sawing machines.

4. *Dismissal and legal action*

Officers who involve themselves in fraudulent acts should be out rightly dismissed and made to face the full rigors of the law.

5. *Employment*

Permanent employment for performing commission collectors

6. *Conditions of service*

Better salaries and conditions of service for the revenue collectors

7. *Promotion*

Recommendation for promotion should be based on performance of revenue collectors rather than long service

8. *Bonus*

Annual bonus based on total amount collected in the current year

9. *Commission rate*

The commission rate should be increased from the current 10% to 15%.

**Use of commission collectors**

**Table 28:**

**Use of commission collectors**

<b>Response of MDCEs and others</b>	<b>Frequency</b>	<b>Percent</b>
Yes	41	100.0

Source: Field Work, (2009)

From Table 28, all the forty one (41) district chief executives, presiding members, coordinating directors, budget analysts, and finance officers responded “yes”. This implies that all the seven (7) assemblies that were covered by the research use commission collectors. This might have been due to majority of them having the belief that the use of commission collectors enhances revenue collection as shown in table 29.

**Table 29. Use of commission collectors enhance maximization of local revenue mobilization**

<b>Response of MDCEs and others</b>	<b>Frequency</b>	<b>Percent</b>
Strongly Agree	1	2.4
Agree	29	70.7
Neutral	8	19.5
Disagree	2	4.9
Strongly Disagree	1	2.4
<b>Total</b>	<b>41</b>	<b>100.0</b>

Source: Field Work, (2009)

From Table 32, thirty (30) of the district chief executives, presiding members, coordinating directors, budget analysts, and finance officers representing 73.2 percent, strongly agree or agree that the use of commission collectors enhance local revenue mobilization. A number of reasons were given to support their choice. These were;

- The salary outlay of the permanent collectors is quite heavy and does not allow many to be employed to man the many revenue collection points. The use of commission collectors however makes it cheaper and therefore possible to employ many people to man these revenue collection points.
- The direct relationship between the amount of commission and the amount of revenue collected serves as an incentive for commission collectors to collect more revenue for their respective assemblies.
- Knowing that they can easily be replaced if they perform poorly deters most of them from engaging in fraudulent acts thereby minimizing the leakages in local revenue mobilization.

- The desire to be fully employed has moved most commission collectors to work harder and honestly.

Despite these arguments, three (3) of the officers representing 6.3 percent disagree or strongly disagree that the use of commission collectors enhances local revenue mobilization. The reasons given by this group are;

- Most of the commission collectors are not serious with the work. Some of them even delegate the work of revenue collection to their relatives and friends.
- Due to the low nature of their commissions, most of them try to use fraudulent means to amass wealth quickly and leave the work.

Those who were neutral felt that whether the collectors are on commission or not they always have their way to cheat the assemblies so far as the systems to check them remains weak.

### **The degree of financial autonomy of the assemblies**

The need for every assembly to be financially autonomous cannot be over emphasized because for them to meet the needs of the communities they serve effectively and efficiently, it is very important for every assembly to generate adequate revenue to take care of itself without depending heavily on the Central Government. The responses of the district chief executives, presiding members, coordinating directors, budget analysts, and finance officers in Table 30 however indicate that most of the MDAs were not financially autonomous to appreciable extent.

**Table 30:****Degree of financial autonomy of the MDAs**

<b>Satisfaction with the degree of financial autonomy of the MDAs</b>				
	<i>MDCEs and others</i>		<i>DDAS</i>	
	<i>Frequency</i>	<i>Percent</i>	<i>Frequency</i>	<i>Percent</i>
Strongly dissatisfied	11	26.8	1	20.0
Dissatisfied	27	65.9	3	60.0
Satisfied	3	7.3	1	20
Total	41	100	5	100

**MDAs Depend on Central Government funds**

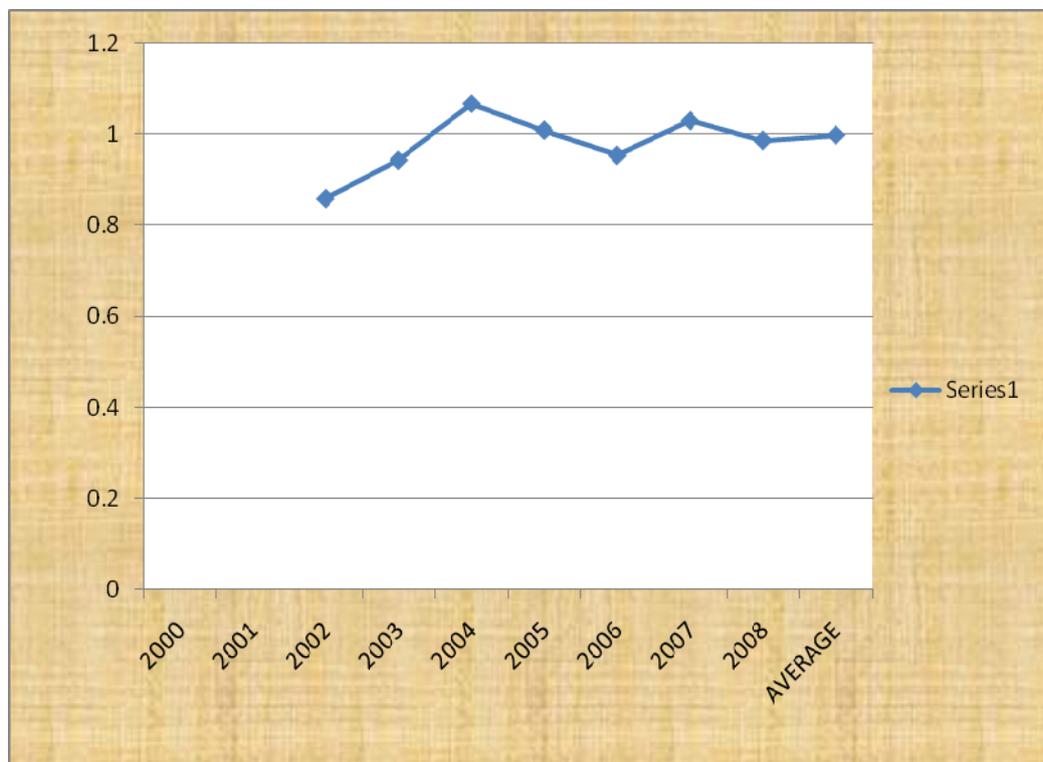
	<b>MDCEs and others</b>		<b>RAs and RCs</b>		<b>DDAS</b>	
	<i>Frequency</i>	<i>Percent</i>	<i>Frequency</i>	<i>Percent</i>	<i>Frequency</i>	<i>Percent</i>
Strongly agree	21	51.2	36	63.2	5	100
Agree	17	41.5	19	33.3	-	-
Neutral	-	-	1	1.8	-	-
Disagree	3	7.3	1	1.8	-	-
Total	41	100	57	100	5	100

: Field Work, (2009)

From Table 30, 92.7 percent of the district chief executives, presiding members, coordinating directors, budget analysts, and finance officers and 80.0 percent of the auditors indicated that they are dissatisfied or strongly dissatisfied with the degree of the financial autonomy of their assemblies. The same percent (92.7%) of the assemblies' senior staff, 96.5 percent of the junior staff and all the auditors agreed or strongly agreed that the MDAs depend on Central Government to finance their projects and programmes. Besides these facts, the analysis of their annual internally generated revenues and their annual expenditures clearly showed that the picture was very bad. With the exception of BOMA, the financial autonomy indices of the rest namely,

BONDA, BAWDA, KANEDA, BUDA, TANDA and KANWDA were nothing to write home about as shown in Figures 8, 9, 10, 11, 12, 13 and 14. Apart from the last points on the graphs which represent the average financial autonomy indices of the MDAs, the rest are their annual financial autonomy indices.

### BOMA



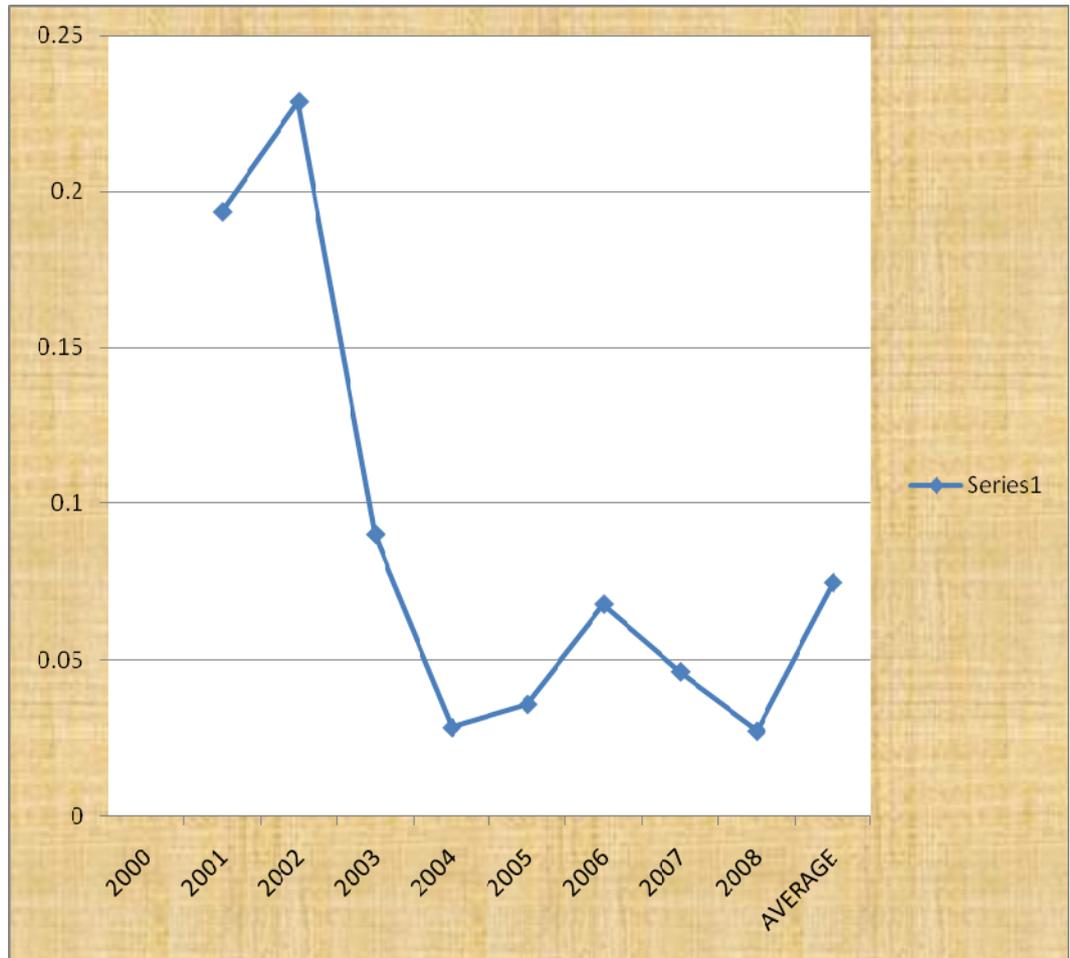
**Figure 8: Financial Autonomy Index Line of BOMA**

Source: Field Work, (2009)

From Figure 8, it clear that BOMA is doing very well. BOMA's annual financial autonomy index for 2008 was almost 0.99 and the average from 2002

– 2008 was about 1.00. This implies that BOMA can survive without Central Government support.

### BONDA



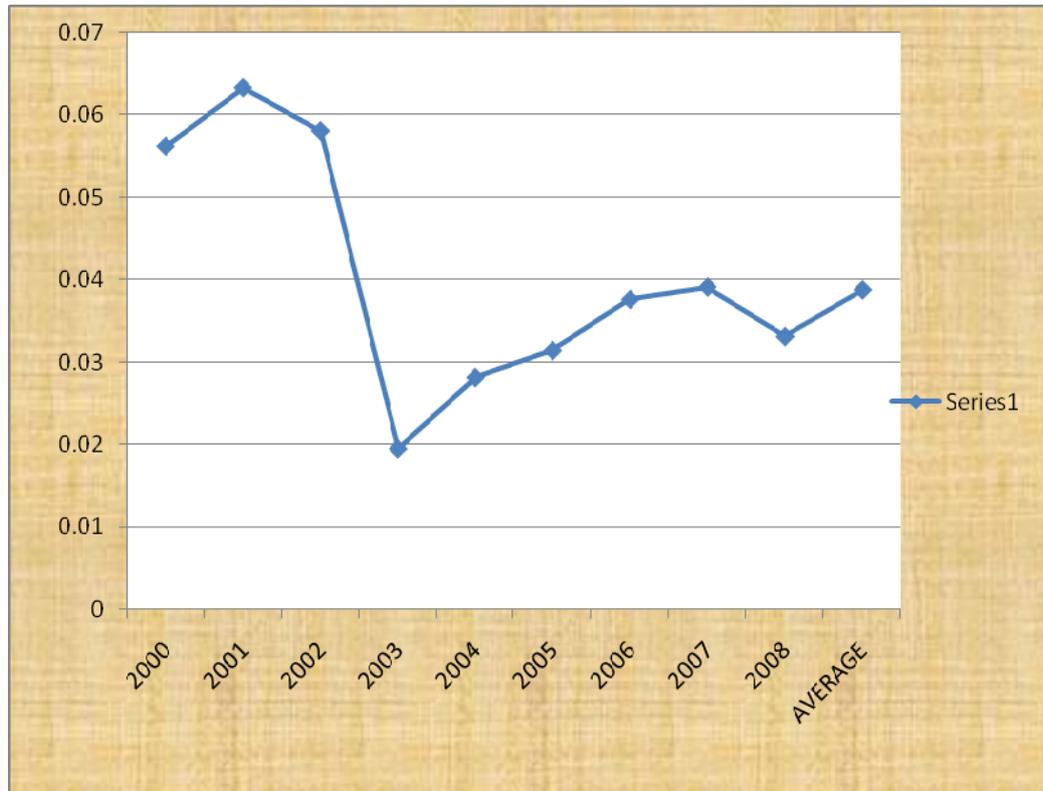
**Figure 9: Financial Autonomy Index Line of BONDA**

Source: Field Work, (2009)

From Figure 9 BONDA depends heavily on Central Government for survival and for that reason the assembly cannot carry on any meaningful project on its own. BONDA's financial autonomy index dropped from about

0.19 in 2001 to about 0.025 in 2008 resulting in an average of about 0.075 from 2001- 2008.

### BAWDA

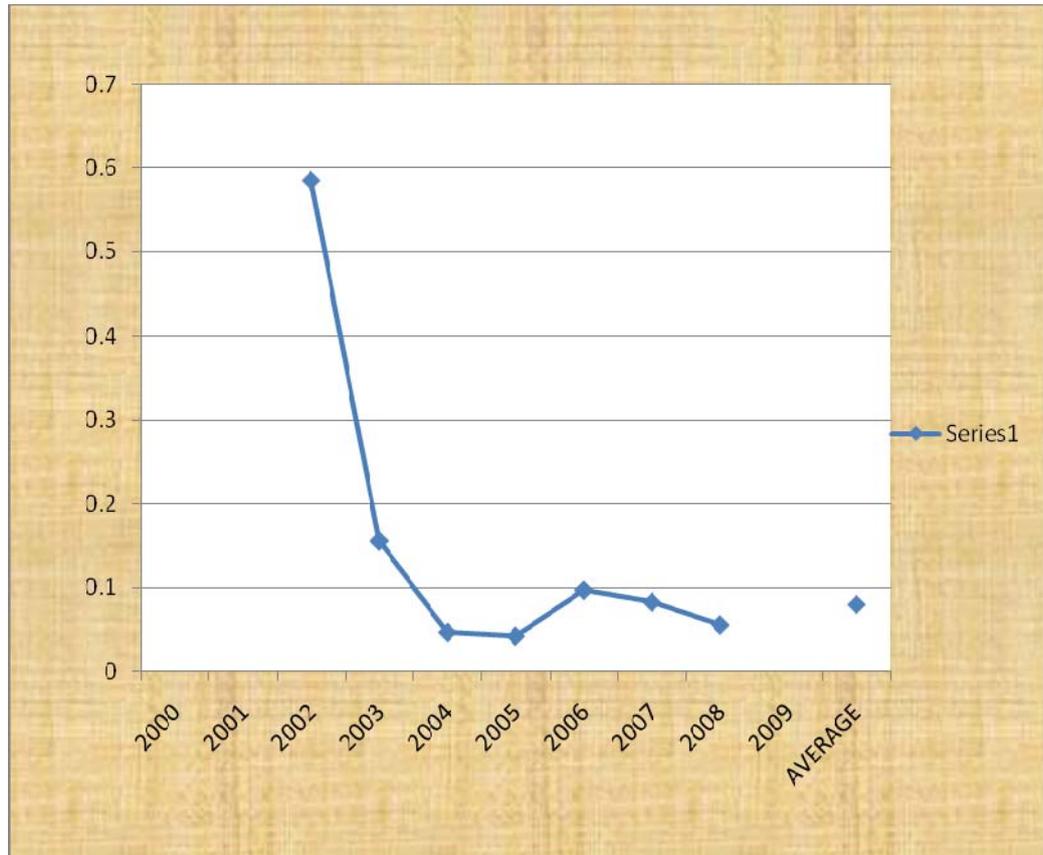


**Figure 10: Financial Autonomy Index Line of BAWDA**

Source: Field Work, (2009)

From Figure 10, BAWDA's annual financial autonomy index for 2008 was about 0.033 and the average from 2000 – 2008 was about 0.039. Clearly this is nothing to write home about. The implication is that in the event of failure on the part of government to provide financial support for the assembly, BAWDA will run into a halt.

## KANEDA

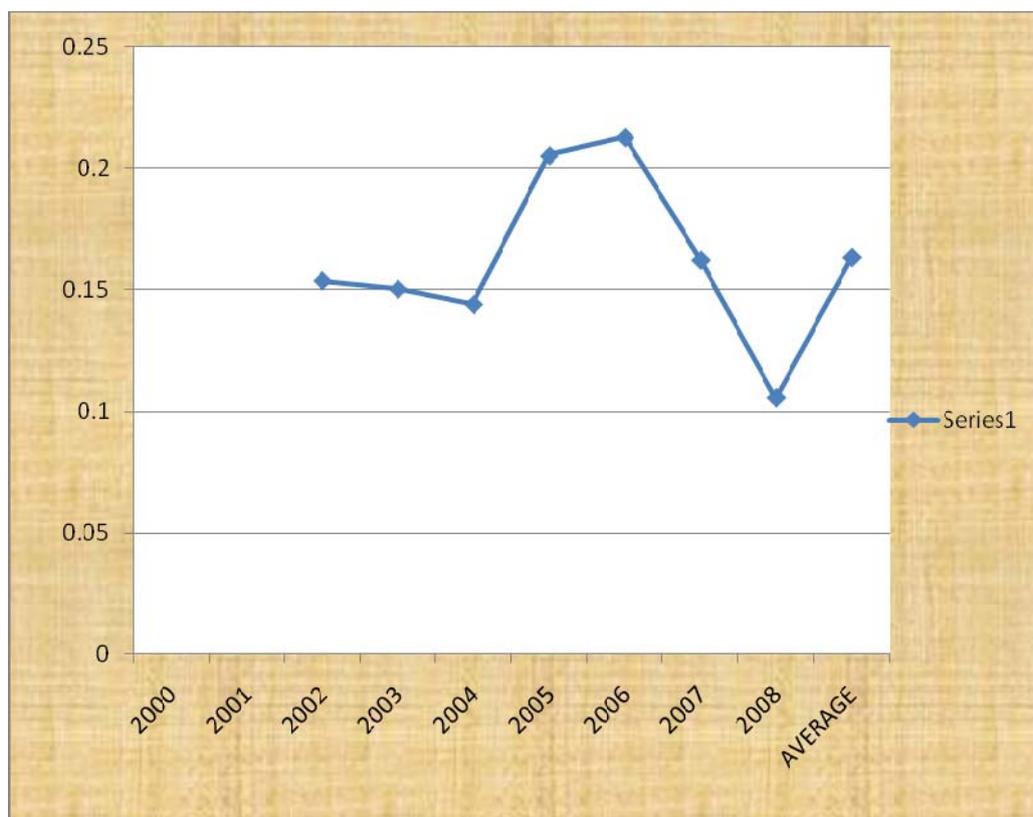


**Figure 11: Financial Autonomy Index Line of KANEDA**

Source: Field Work, (2009)

The financial autonomy index of KANEDA has dwindled over the years, right from 2002 up to 2008. From Figure 11, KANEDA's financial autonomy index for 2002 was about 0.58. In 2003 it dropped to about 0.15 and subsequently to 0.05 in 2008 resulting in an average of about 0.08 from 2002 – 2008. If this trend continues the average index will fall below the current 0.08.

## BUDA



**Figure 12: Financial Autonomy Index Line of BUDA**

Source: Field Work, (2009)

From Figure 12, BUDA did not also do well over the period covered by the research if the assembly's performance was measured in terms of BUDA's financial autonomy index over the period. BUDA saw a drastic decline in the 2006 financial index figure of 0.213 to 0.162 in 2007 and 0.105 in 2008 resulting in an average of 0.163 over the period, 2002 - 2008. This indeed cannot be described as good. BUDA therefore needs to work harder to collect more local revenue than what was collected in the past.

## TANDA

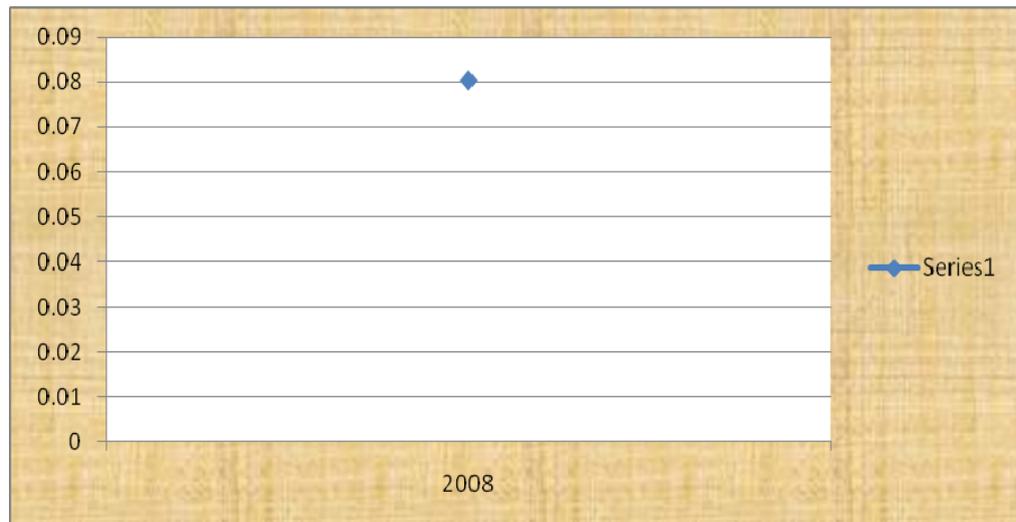


**Figure 13: Financial Autonomy Index Line of TANDA**

Source: Field Work, (2009)

From Figure 13, TANDA could not maintain the improvement made in 2007. The financial autonomous index figure for 2007 was 0.018 as against 0.017 in 2008, with an average of about 0.016 over the four (4) year period, from 2005 – 2008.

## KANWDA



**Figure 14: Financial Autonomy Index of KANWDA**

Source: Field Work, (2009)

From Figure 14, KANWDA's financial autonomy index for 2008 was 0.080. Even though this is nothing to write home about, it is worth to note that it was better than the financial autonomy index of most of the old assemblies in the region in 2008 namely, TANDA, KANEDA, BAWDA and BONDA.

From the analysis of the financial autonomy indices of the assemblies, only BOMA was able to mobilize its local revenue to an amount of 99 percent of its total expenditure over the period, from 2000 – 2008. The financial autonomy indices of the rest of the assemblies range from 0.04 – 0.16, with most (6) of them recording dwindling financial autonomy indices in the last three (3) years (2006 – 2008). The results support the assertions made in the annual financial reports of the Kumasi Metropolitan Assembly that the assembly depended heavily on central government for financial support from 2001 – 2005 (Ghana Districts, 2009). Besides, they are also in line with

Pablong's assertion that on the average ,the financial autonomy index of most local governments in Africa ranges from 0.01 – 0.20 with a small number going beyond 0.20 (Pablong, 2006). There is however an improvement over the general MMDAs financial autonomy indices for 1989 and 1990 which were 0.01163 and 0.01042 respectively (ICAG Students' Newsletter, 2003).

### **Possibility of MMDAs to gain financial autonomy**

**Table 31: Mobilising 90% of local revenue potential of an assembly can make the assembly financially autonomous**

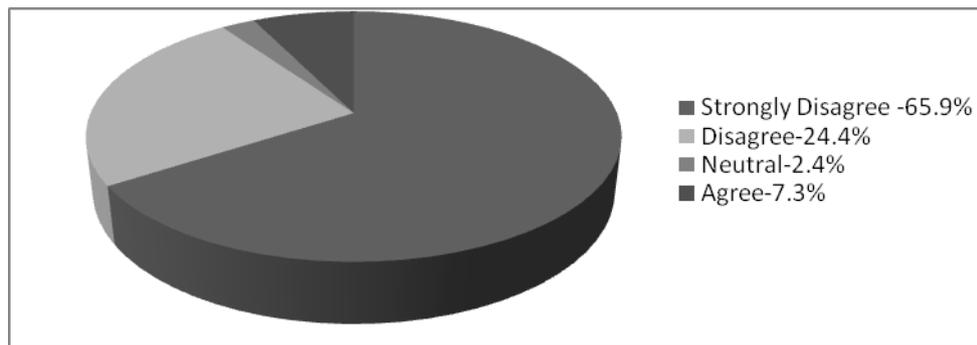
	MDCEs and others		RAs and RCs		DDAs	
	<i>Freq.</i>	<i>Percent</i>	<i>Freq.</i>	<i>Percent</i>	<i>Freq.</i>	<i>Percent</i>
Strongly agree	8	19.5	15	26.3	3	60
Agree	25	61.0	26	45.6	2	40
Uncertain	4	9.8	13	22.8	0	0
Disagree	4	9.8	2	3.5	0	0
Strongly disagree	0	0	1	1.8	0	0
Total	41	100	57	100	5	100

Source: Field Work, (2009)

From Table 31, most of the respondents are optimistic that if the assemblies are able to collect ninety (90) percent of their local revenue potential they can be financially autonomous. 80.5 percent of the district chief executives, presiding members, coordinating directors, budget analysts, and finance officers, 71.9 percent of the revenue collectors and supervisors and all the district directors of the Ghana Audit Service agree or strongly agree that if they are able to mobilize ninety (90) percent of their revenue potentials they will be financially autonomous.

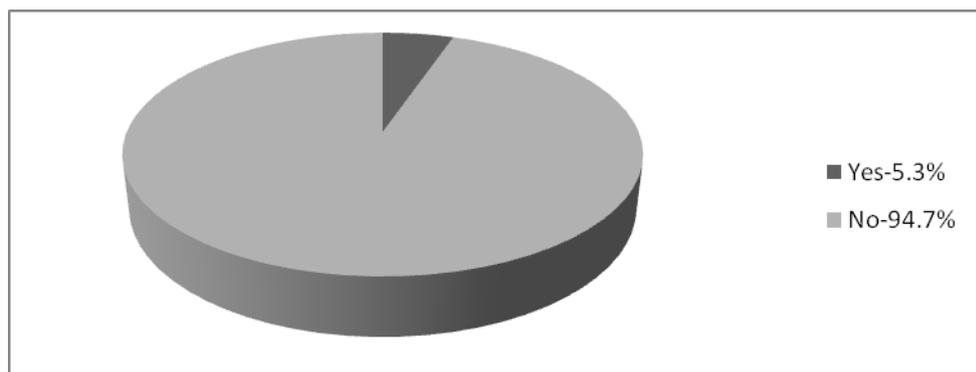
**Existence of sound database of clients in the MDAs for local revenue mobilisation**

The third objective of the study was to find out whether the MDAs in the region have sound database of their clients for local revenue mobilisation. Figures 15, 16, 17 and 18 reveal the situation in the region.



**Figure 15: Existence of sound database – Response of MDCEs and others**

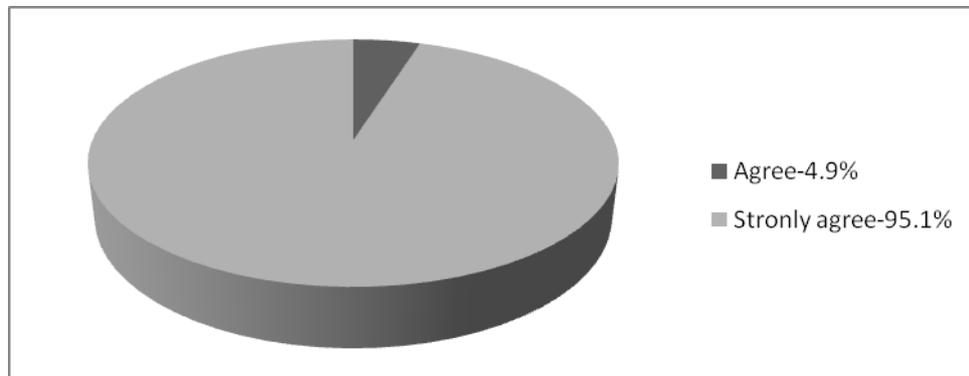
Source: Field Work, (2009)



**Figure 16: Existence of sound database - Response of RAs and RCs**

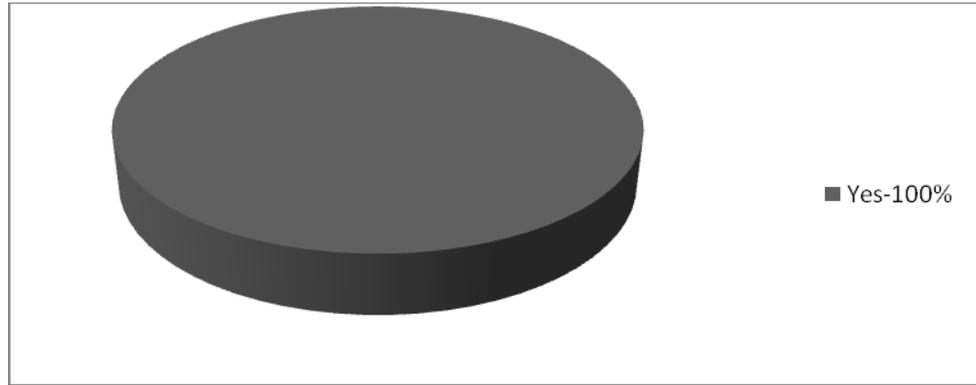
Source: Field Work, (2009)

From Figure 15, 90.3 percent of the forty one (41) district chief executives, presiding members, coordinating directors, budget analysts, and finance officers strongly disagree or disagree that the MDAs have sound database for local revenue mobilization. The response of the fifty seven (57) revenue collectors and supervisors was also not different as shown in figure 16, 94.7 percent of the revenue accountants and collectors indicated that the MDAs do not have sound database of their clients for local revenue mobilization. The response therefore supports Mr. Abdulai Zakari's, claim that the MMDAs do not have sound database of their clients for the purpose of local revenue mobilization (Ghana Districts, 2008). The respondents associated the situation to failure on the part of management to commit resources to ensure that they have sound database of their clients for effective and efficient local revenue collection.



**Figure 17: Having a sound database of clients will enhance local revenue mobilisation - Response of MDCEs and others**

Source: Field Work, (2009)



**Figure 18: Having a sound database of clients will enhance local revenue mobilisation - Response of RAs and RCs**

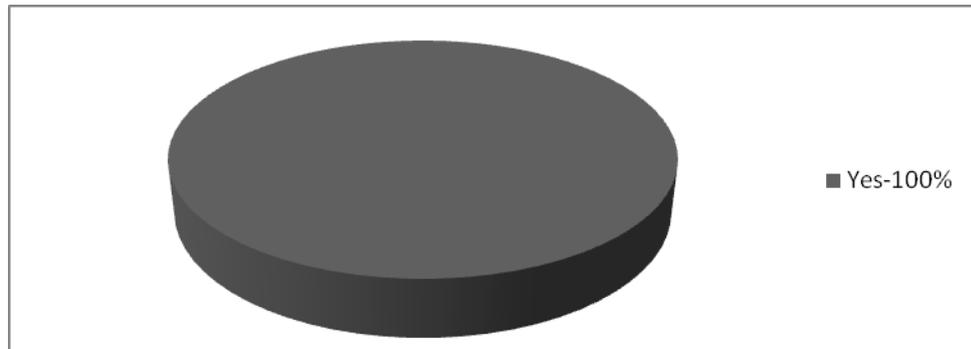
Source: Field Work, (2009)

However, the response of both the senior and junior staff of the MDAs in Figure 17 and Figure 18 clearly implies that they believe that having sound database will enhance local revenue mobilization of the assemblies. All of them attest to this fact. According to them, having sound database will make the collection of local revenue very easy by revealing the local revenue potential of the various MDAs, making data easily accessible and ensuring the setting of realistic targets, facilitating inspection and enforcement, identification of clients who fail to meet their tax obligation as well as revenue officers who try to cheat the system to make dishonest gains and bring them to book, and to ensure maximization of local revenue mobilization for development of the communities and improve the lives of the people.

The results support Pablong's assertion that sound database of clients is key to maximizing local revenue mobilization at the local government level

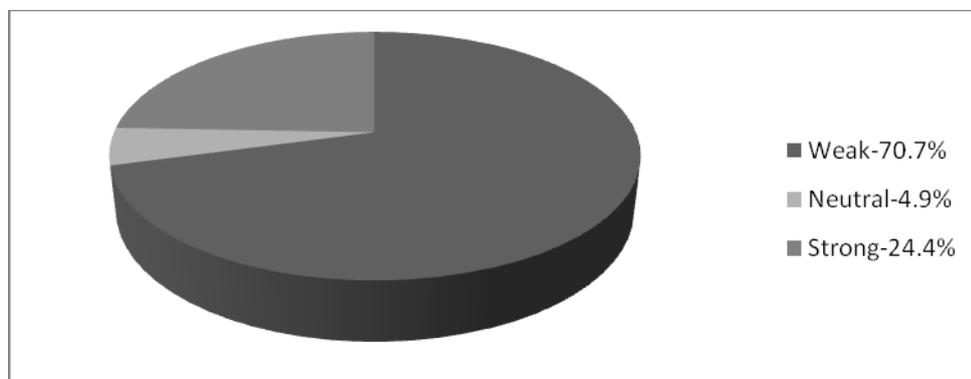
but most local governments in Africa do not have sound database of their clients leading to low local revenue mobilization (Pablong, 2006)

**Existence of internal control system over local revenue mobilisation**



**Figure 19: Existence of internal controls Systems over local revenue mobilisation - Response of MDCEs and others**

Source: Field Work, (2009)



**Figure 20: Soundness of the internal control systems - Response of MDCEs and others**

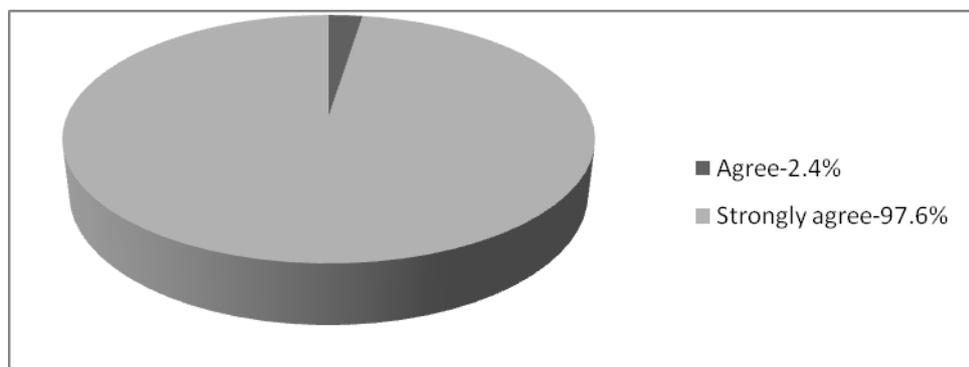
Source: Field Work, (2009)

From Figure 19, all the MDAs have internal control system over local revenue mobilisation. However, the internal control systems are not strong. From figure 20, 70.7 percent of the forty one (41) district chief executives,

presiding members, coordinating directors, budget analysts, and finance officers believed that the internal control systems of their assemblies are weak. Only twenty four (24) percent of them indicated that their assemblies' internal control systems are strong.

This implies that none of the MDAs in the region can boast of a very strong internal control system over local revenue mobilisation. The main reasons for saying the internal control systems are weak are (1) the huge leakages in the local revenue mobilisation process and (2) the inability of the assemblies to mobilise the needed local revenue for development of the respective areas.

Despite this, they all recognise that a sound internal control system is key to local revenue mobilisation as shown in figure 28.



**Figure 21: Sound internal control system over local revenue mobilisation enhance local revenue maximisation**

**– Response of MDCEs and others**

Source: Field Work, (2009)

From Figure 21, 97.6 percent of the forty one (41) the district chief executives, presiding members, coordinating directors, budget analysts, and finance officers strongly agree or agree that there is the need for the MDAs to have sound internal control systems. This results also support the assertions that the internal control systems over local revenue mobilisation of most local governments in Africa are weak and this contributes to the low levels of local revenue collection by most of them (Pablong, 2006).

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **Introduction**

This section presents a summary of the study, the conclusions and concrete recommendations on what needs to be done for the MMDAs to maximize local revenue mobilization and gain financial autonomy.

#### **Summary**

The study sought to assess local revenue mobilization of the MDAs in the Upper East Region. The findings are expected to give a better understanding of the challenges MMDAs face in their local revenue mobilization drive to improve the quality of life of the people in the communities under their jurisdictions and to provide proposals to the Ministry of Local Government and Rural Development and the MMDAs to improve upon their performance and gain financial autonomy in the long-run.

This is critical because, under the current democratic dispensation, local government, MMDAs in Ghana are no longer there just to discharge administrative functions. They are deeply involved in collective participation of governance, encourage physical and economic development, create the conditions for job creation within their localities and provide social services that will improve the well-being of their people. But for MMDAs to perform their functions effectively and efficiently, it is important for them to gain

financial autonomy, maximize their local revenue mobilization as is being done by most councils in the Republic of South Africa and Namibia. However, most of the MMDAs continue to depend heavily on Central Government to finance their projects and programmes due to low local revenue mobilization. The study is based on primary data obtained from seven (7) of the nine (9) MDAs in the Upper East Region. BAEMA and GATDA were left out due to the conflict in Bawku and its environs.

A sample size of 110 was used. Four (4) different sets of questionnaires containing closed and open-ended questions were carefully designed for the data collection.

Four (4) research questions were also framed from the research objectives to direct the study. The data collected were analyzed using tables, bar and line graphs, and pie charts.

The study established the following:

- Most (86%) of the MDAs in the region were often unable to meet their annual local revenue collection targets from 2000 – 2008.
- None of the seven MDAs in the region had sound database of its clients for local revenue mobilization even though they all recognize that it is key to maximizing local revenue mobilization. They failed to commit the needed resources to enable them have sound database of their clients for effective and efficient local revenue mobilization planning and administration. This resulted in setting unrealistic low local revenue collection targets which also contributed to the low local revenue mobilization of the MDAs in the region and their inability to often meet their targets even though the targets were not challenging.

- Even though all the MDAs in the region had internal control systems in place, the internal control systems were weak resulting in huge local revenue leakages in the collection process and this also contributed to the inability of the MDAs to meet their local revenue targets in most cases over the period 2000 – 2008.
- Majority of the MDAs depend heavily on Central Government for financial support to execute their plans. Out of the seven (7) MDAs, six had an average financial autonomy index ranging from 0.015 to 0.163 for 2000 – 2008. Only one recorded an average financial autonomy index of 0.998. Besides, if concrete steps are not taken to reverse the current trend, the future will no doubt be disastrous.

### **Conclusions**

About 86% of the MDAs in the Upper East Region are unable to meet their annual local revenue collection targets. As a result, they depend heavily on Central Government to finance their projects.

The primary reasons are politicization and weak administration combined with lack of political will for enforcement of their bye-laws and other measures aimed at ensuring maximization of local revenue mobilization.

However, the MMDAs have substantial potential for enhancing local revenue mobilization to gain financial autonomy and to provide effective and efficient basic services to the citizenry and help address issues of poverty and inequality, leading to equitable and sustainable development.

## **Recommendations**

The researcher proposed the following recommendations based on the findings.

In the short-run, the assemblies should make sure the following are put in place:

### **1. Database**

Commit the needed resources to ensure that they have sound database of their clients for local revenue mobilisation. This will enable the MMDAs to have the needed information for local revenue mobilisation administration for example, set realistic revenue targets, identify defaulting clients and dishonest revenue collection officers who attempt to cheat the system and take the necessary steps to collect whatever money that is due to the assemblies.

### **2. Internal control system**

Ensure that effective and efficient internal control systems are in place to block all the revenue leakages in the collection process in a way to optimise their local revenue mobilisation.

### **3. Local revenue sources and potential**

Identify all the local revenue sources and the revenue potential of the various collection points within their jurisdictions. This will contribute greatly to the setting of realistic and challenging but achievable targets.

### **4. Education of clients**

Embark on vigorous education of their clients on the need to meet their tax obligation and to depoliticise local revenue mobilisation in a way to contribute to the speedy development of the various communities.

5. **Motivation of revenue collection officers**

Provide the needed logistics and adequate incentives for the revenue collection officers to enhance their performance and maximise local revenue mobilisation.

6. **Training of revenue collection officers**

Embark on training programmes for their revenue staff to enable them carry out their work with professionalism.

In the long-run;

- The MMDAs should consider allowing private participation in local revenue mobilization where they can enter into performance contracts with corporate bodies to collect local revenue on their behalf.
- Every assembly should be encouraged to work hard to gain financial autonomy. They should mobilize adequate local revenue to take care of themselves without being assisted by the Central Government. The Metropolitan, Municipal and some few District Assemblies currently have the potential of being financial giants.

To achieve this, the following steps should be taken;

- The Ministry of Local Government and Rural Development should resolve to make every possible effort to make MMDAs financially autonomous within a time frame.
- A small team should be formed to plan, co-ordinate and implement the programme of making MMDAs gain financial autonomy.
- Studies should be carried out to determine the revenue potential of each assembly.

- The programme to make MMDAs financially autonomous should be done in phases with the Metropolitan and Municipal Assemblies being in phase one.
- Ceded revenue sharing should be discontinued. Each assembly in the first phase should collect its own or have revenue collected for them.
- The right capacity should also be built to enable the MMDAs collect and manage their funds effectively and efficiently.
- Land revenue collected by the Lands Commission and other agencies should go to the MMDAs.

If the MMDAs are helped to gain financial autonomy, it will free the Common Fund and other Government transfers to be shared among the deprived assemblies and speed up development as well as create the conditions necessary for job creation to improve the lives of their people.

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**APPENDICES**

**APPENDIX A**

**QUESTIONNAIRE FOR MDCEs, PMs, MDCDs, MDDCDs, MDFOs**

**AND MBAs.**

I am **Gariba Oswald A. Aninanya**, an MBA (Accounting) student from the University of Cape Coast undertaking a research on **local revenue mobilization of District and Municipal Assemblies in the Upper East Region.**

This questionnaire is therefore aimed at eliciting information on Local Revenue Mobilization of Districts and Municipal Assemblies in the Upper East Region.

Your co-operation and objective response will greatly contribute to provide an empirical basis for assessing local revenue mobilization of the assemblies in the region.

You are assured of confidentiality of all information that you will provide.

Thank you.

1. Sex Male ( ) Female ( )

2. Educational Background

Basic ( ) Secondary ( ) Polytechnic ( ) University ( )

Professional (specify).....

3. Position in the assembly .....
4. How old is the assembly? .....
5. How long have you worked with the assembly? .....
6. What are the assembly's sources of local revenue mobilization? .....
7. Are there other local sources of local revenue which the assembly is not taking advantage of? Yes ( ) No ( )
8. If yes, please list them.....
9. Has the assembly put in place some measures to ensure maximization of local revenue collection? Yes ( ) No ( )
10. If yes, list them and indicate whether they are working or not.....
11. If your response in question 9 is no, give reason(s).....
12. Are you satisfied with the assembly's annual local revenue collection?
 

Highly satisfied ( ) [5] Satisfied ( ) [4] Indifferent ( ) [3]

Dissatisfied ( ) [2] Highly dissatisfied ( ) [1]
13. Does the assembly set annual local revenue collection target?
 

Yes ( ) No ( )
14. If yes, to what extent has the assembly been meeting its annual local revenue collection target?

Always ( ) [5] Often ( ) [4] Sometimes ( ) [3]

Rarely ( ) [2] Never ( ) [1]

15. If not always, what factors account for the assembly's inability to always meet its annual local revenue collection target.....

16. Are revenue collectors and supervisors involved in setting annual local revenue collection target of the assembly? Yes ( ) No ( )

17. Do you think it is important to involve the revenue collectors and supervisor in setting annual local revenue collection target?

Yes ( ) No ( )

18. Give reason(s) for your choice? .....

19. Does the assembly set local revenue collection targets for collectors?

Yes ( ) No ( )

20. If the assembly does not set annual local revenue collection targets for collectors, state the reason for not doing so .....

21. If yes, what happens when one fails to meet his or her target? .....

22. Does the assembly have incentives for collectors who meet their collection targets? Yes ( ) No ( )

23. If yes, in what form? .....

24. Do you think the incentives are adequate to motivate the collectors to collect the desired revenue for the assembly? Yes ( ) No ( )

25. If no, what do you think should be done to motivate the collectors to maximize their revenue collection? .....

26. Does the assembly use commission collectors? Yes ( ) No ( )

27. To what extent do you agree that the use of commission collectors enhance maximization of local revenue mobilization?

Strongly agree ( ) [5] Agree ( ) [4] Uncertain ( ) [3]

Disagree ( ) [2] Strongly disagree ( ) [1]

28. State the reason(s) for your choice. ....

29. Does the assembly have internal control system over local revenue mobilization? Yes ( ) No ( )

30. If yes, how do you view the internal control system?

Very Strong ( ) [5] Strong ( ) [4] Uncertain ( ) [3]

Weak ( ) [2] Very Weak ( ) [1]

31. What factors account for your response in question 30?.....

32. What do you think should be done to enhance the internal control sys

33. To what extent do you agree that a sound internal control system on local revenue mobilization will help to maximize local revenue mobilization?

Strongly agree ( ) [5] Agree ( ) [4] Uncertain ( ) [3]

Disagree ( ) [2] Strongly disagree ( ) [1]

34. Do you agree that the assembly has a sound database of its clients in terms of local revenue mobilization?

Strongly Agree ( ) [5] Agree ( ) [4] Undecided ( ) [3]

Disagree ( ) [2] Strongly Disagree ( ) [1]

35. If the assembly does not have a sound database of its clients, state the reason for not doing so? .....

36. To what extent do you agree that having a sound database of clients will enhance the assembly's local revenue mobilization?

Strongly agree ( ) [5] Agree ( ) [4] Uncertain ( ) [3]

Disagree ( ) [2] Strongly disagree ( ) [1]

37. Give reason(s) for your response in question 36.....

38. Do you agree that most clients are willing to meet their tax obligation to the assembly?

Strongly agree ( ) [5] Agree ( ) [4] Uncertain ( ) [3]

Disagree ( ) [2] Strongly disagree ( ) [1]

39. What do you think account for the unwillingness of some clients to meet their tax obligation to the assembly? .....

40. What should be done to improve the willingness of clients to meet their tax obligation to the assembly? .....

41. Are there penalties for people who fail to honour their tax obligation to the assembly? Yes ( ) No ( )

42. If yes, are these penalties enforced? Yes ( ) No ( )

43. If no, give reason(s)? .....

44. Do you agree that daily revenue collections are properly accounted for by the revenue collectors and supervisors?

Strongly agree ( ) [5] Agree ( ) [4] Uncertain ( ) [3]

Disagree ( ) [2] Strongly disagree ( ) [1]

45. What do you think should be done to ensure that daily revenue collections are properly accounted for by collectors and supervisors?.....

46. To what extent are you satisfied with the degree of financial autonomy of the assembly?

Strongly satisfied ( ) [5] Satisfied ( ) [4] Uncertain ( ) [3]

Dissatisfied ( ) [2] Strongly dissatisfied ( ) [1]

47. Do you agree that the assembly depends heavily on central government funds to finance its projects and programmes?

Strongly agree ( ) [1] Agree ( ) [2] Uncertain ( ) [3]

Disagree ( ) [4] Strongly disagree ( ) [5]

48. Do you agree that if the assembly is able to mobilize 90% of its local revenue potential it can be financially autonomous to a large extent?

Strongly agree ( ) [5] Agree ( ) [4] Uncertain ( ) [3]

Disagree ( ) [2] Strongly disagree ( ) [1]

49 What do you think should be done to maximize the assembly's local revenue collection?.....

50. Please, complete the table if you are a finance officer or budget analyst

<b>Year</b>	<b>Targeted Local Revenue</b>	<b>Actual Revenue</b>	<b>Revenue from Central Govt.</b>	<b>Total Expenditure</b>
	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>
<b>2000</b>	-	-	-	-
<b>2001</b>	-	-	-	-
<b>2002</b>	-	-	-	-
<b>2003</b>	-	-	-	-
<b>2004</b>	-	-	-	-
<b>2005</b>	-	-	-	-
<b>2006</b>	-	-	-	-
<b>2007</b>	-	-	-	-
<b>2008</b>	-	-	-	-

**APPENDIX B**

**QUESTIONNAIRE FOR DISTRICT DIRECTORS OF AUDIT  
SERVICE (DDAS)**

I am **Gariba Oswald A. Aninanya**, an MBA (Accounting) student from the University of Cape Coast undertaking a research on **local revenue mobilization of District and Municipal Assemblies in the Upper East Region**.

This questionnaire is therefore aimed at eliciting information on Local Revenue Mobilization of Districts and Municipal Assemblies in the Upper East Region.

Your co-operation and objective response will greatly contribute to provide an empirical basis for assessing local revenue mobilization of the assemblies in the region.

You are assured of confidentiality of all information that you will provide.

Thank you.

1. Sex      Male    (    )    Female (    )

2 Educational Background

Basic (    ) Secondary (    ) Polytechnic (    ) University (    )

Professional (specify) .....

3. Rank .....

4. How many years have you audited the assemblies? .....

5. What are the assemblies' sources of local revenue? .....

6. Are there other sources of local revenue which the assemblies are not taking advantage of? Yes ( ) No ( )

7. If yes, please list them.

.....

Please indicate by ticking the appropriate box the extent to which you are satisfied with the performance of the assemblies in the areas listed below.

	Highly satisfied [5]	Satisfied [4]	Uncertain [3]	Dissatisfied [2]	Highly Dissatisfied [1]
8. Internal control systems					
9. Database of clients for revenue collection					
10. Accounting for daily revenue collection					
11. Annual local revenue collection target					
12. Degree of achieving annual local revenue					
13. Degree of Financial Autonomy					

14. Do you agree that the assemblies depend heavily on funds from central government to finance their projects and programmes?

Strongly agree ( ) [1] Agree ( ) [2] Uncertain ( ) [3]

Disagree ( ) [4] Strongly disagree ( ) [5]

15. Do you agree that if the assemblies are able to mobilize 90% of their local revenue potential they can be financially autonomous to a large extent?

Strongly agree ( ) [5] Agree ( ) [4] Uncertain ( ) [3]

Disagree ( ) [2] Strongly disagree ( ) [1]

16. What do you think should be done to maximize the assemblies' local revenue collection? .....

**APPENDIX C**

**QUESTIONNAIRE FOR REVENUE ACCOUNTANTS AND REVENUE COLLECTORS (RAs and RCs)**

I am **Gariba Oswald A. Aninanya**, an MBA (Accounting) student from the University of Cape Coast undertaking a research on **local revenue mobilization of District and Municipal Assemblies in the Upper East Region**.

This questionnaire is therefore aimed at eliciting information on Local Revenue Mobilization of Districts and Municipal Assemblies in the Upper East Region.

Your co-operation and objective response will greatly contribute to provide an empirical basis for assessing local revenue mobilization of the assemblies in the region.

You are assured of confidentiality of all information that you will provide.

Thank you.

1. Sex      Male ( )      Female ( )

2. Educational Background

Basic ( ) Secondary ( ) Polytechnic ( ) University ( )

Professional (specify) .....

3. Position in the assembly .....

4. How long have you worked with the assemblies? .....

5. What are the sources of the assembly's local revenue? .....

6. Does the assembly set local revenue collection targets for you?

Yes ( )      No ( )

7. If your response in question 6 is yes, are you able to meet the targets?

Yes ( ) No ( )

8. If no, why are you not able to meet the targets? .....

9. Do you take part in setting revenue collection targets? Yes ( ) No ( )

10. If no, give reason(s).....

11. Do you think it is necessary for you to take part in setting local revenue collection targets for yourself and the assembly as a whole? Yes ( ) No ( )

12. Give reason(s) for your response in question 11. ....

13. Are most clients willing to meet their tax obligation to the assembly?

Yes ( ) No ( )

14. If no, give reason(s) .....

15. Are you sometimes being suspected for not declaring all the daily revenue collection? Yes ( ) No ( )

16. If yes, why? .....

17. What policies have been put in place to ensure that more revenue is collected for the assembly? .....

18. Are the policies working? Yes ( ) No ( )

19. Are you given incentives to meet your local revenue collection target(s)?

Yes ( ) No ( )

20. Give reason(s) if no? .....

21. Do you think it is necessary for you to be given incentives to meet your local revenue collection target Yes ( ) No ( )

22. If yes, in what form? .....

23. Does the assembly have a sound database of its clients? Yes ( ) No ( )

24. If no, give reason(s).....

25. Do you think it is important for the assembly to have a sound database of its client? Yes ( ) No ( )

26. Give reason(s) for your choice in question 25. ....

27. To what extent has the assembly been meeting its annual local revenue collection target?

Always ( ) [5] Often ( ) [4] Sometimes ( ) [3]

Rarely ( ) [2] Never ( ) [1]

28. Are you satisfied with the current local revenue collection level of the assembly? Yes ( ) No ( )

29. Do you agree that there is room for the assembly to collect more local revenue than what is being collected? Yes ( ) No ( )

30. Give reason(s) for your response in question 29.....

31. Do you agree that the assembly depends heavily on central government funds to finance its projects and programmes?

Strongly agree ( ) [1] Agree ( ) [2] Uncertain ( ) [3]

Disagree ( ) [4] Strongly disagree ( ) [5]

32. Do you agree that if the assembly is able to mobilize 90% of its local revenue potential it can be financially autonomous to a large extent?

Strongly agree ( ) [5] Agree ( ) [4] Uncertain ( ) [3]

Disagree ( ) [2] Strongly disagree ( ) [1]

33. What do you think should be done to maximize the assembly's local revenue collection?

## **APPENDIX D**

### **AN INTRODUCTORY LETTER TO MDCEs IN THE REGION**

University of Cape Coast  
School of Business  
Dept. of Accounting & Finance  
Postgraduate Studies

2<sup>nd</sup> October, 2009

The MDCEs  
Upper East Region

Dear Sir/Madam,

#### **DATA FOR MBA DISSERTATION**

I am Gariba Oswald A. Aninanya, an MBA Accounting student from the University of Cape Coast undertaking a research on Local Revenue Mobilization of MDAs in the Upper East Region.

A set of questionnaires have therefore been designed to elicit information on local revenue mobilization of MDAs in the Upper East Region from the following members of the assemblies;

1. MDCEs, PMs, MDCDs, MDDCDs and MDBAs,
2. DFOs
3. Revenue Accountants and Revenue Collectors

Your co-operation and objective response to the questionnaires will greatly contribute to provide an empirical basis for assessing local revenue mobilization of the assemblies in the region.

You are assured of confidentiality of all information that will be provided.

Thank you

Yours faithfully

Gariba Oswald A. Aninanya

cc:

MCE, Bolgatanga Municipal Assembly

MCE, Bawku East Municipal Assembly

DCE, Bawku West District Assembly

DCE, Garu-Tenpane District Assembly

DCE, Kassena Nankana East District Assembly

DCE, Kassena Nankana West District Assembly

DCE, Builsa District Assembly

DCE, Bongo District Assembly

DCE, Talensi-Nabdam District Assembly