UNIVERSITY OF CAPE COAST

ASSESSMENT OF MOBILISATION AND APPLICATION OF

INTERNALLY GENERATED FUND AT THE ADANSI-SOUTH DISTRICT

ASSEMBLY

BY

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Dissertation submitted to the Department of Accounting of the School of

Business, College of Humanities and Legal Studies, University of Cape Coast

in Partial Fulfillment of the Requirements for Award of Master of Business

Administration in Accounting.

NOVEMBER 2017

DECLARATION

Candidate's Declaration

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

Candidate Signature ………………….. Date: …………………………..

Name: Clifford Yidoh Dayina

Supervisors' Declaration

I hereby declare that the preparation and presentation of the 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: Prof. Edward Marfo-Yiadom

ABSTRACT

This study assessed the mobilisation and application of internally generated fund at Adansi-South District Assembly (ASDA). The study adopted quantitative research methodology as its research approach and used descriptive survey as its design. Questionnaires were self-designed and self-administered. Beside the primary data, secondary data was sourced from Composite Budget for 2016 as well as Medium Term Development Plan of ASDA for the period of 2010 to 2017. The data collected were analysed using descriptive statistics of SPSS version 21. The findings revealed that, the various sources of IGF in ASDA include (1) rates, (2) land, (3) rent, (4) licences, (5) fees, (6) fines, (7) investment and miscellaneous. Out of these seven (7) items, three performed extremely well exceeding their annual targets. These are Fines, Land and Rent. More so, the study found that ASDA uses its IGF to fund both recurrent and capital expenditure. However, capital expenditure accounted for only 14.51% of the total IGF, indicating that the remaining 85.49% of the total IGF of Adansi-South District Assembly were spend to recurrent items including administration, planning and budgeting, environmental health and sanitation, street naming, insurance cover, training, supervision among others. The study recommends for more capital projects to be undertaken using the IGF so that tax payers can benefit from their toils.

KEY WORDS

Adansi-South District Assembly

Ghana

Internally generated fund

Local development

Mobilisation

Revenue utilisation

ACKNOWLEDGMENTS

I express much gratitude to Prof. Edward Marfo-Yiadom, my Supervisor for his incredible assistance and encouragement which has seen me in fulfilling part of my academic dream. My sincere gratitude also goes to all the other lecturers in University of Cape Coast, School of Business for their kind commitment.

Again, I appreciate and bless the entire management of Adansi-South District Assembl for their time and support. I am also thankful to the various authors whose works have been cited in this study. Finally, special appreciation goes to my wife Hyacintha Dari for her immense support throughout the entire work.

DEDICATION

To my sons, Austin and Festus

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LIST OF ACRONYMS

AMA	Accra Metropolitan Assembly
ASDA	Adansi-South District Assembly
CSO	Civil Society Organisations
DA	District Assembly
DACF	District Assemblies' Common Fund
DCE	District Chief Executive
DDF	District Development Fund
FOAT	Functional and Organisational Assessment Tool
GoG	Government of Ghana
GSS	Ghana Statistical Service
IGF	Internally Generated Fund
IRS	Internal Revenue Service
KMA	Kumasi Metropolitan Assembly
MMDAs	Metropolitan Municipal and District Assemblies
OECD	Organisation for Economic Cooperation and Development
SD	Standard Deviation
SPSS	Statistical Package for Social Sciences
TMA	Tema Metropolitan Assembly
VAT	Value Added Tax

CHAPTER ONE

INTRODUCTION

Background to the Study

Lately, there have been developments towards decentralisation and greater urban self-government in most developing countries as democracy is spreading throughout the world. This has given room for the political process to provide greater autonomy particularly fiscal autonomy to local authorities to enable them develop their areas of jurisdiction (Todare & Smith, 2006). The current dispensation of decentralisation in Ghana as enshrined in the 1992 Constitution requires the existence of a system of local government and administration that has to be decentralised of its structures. The Local Government Act, 1993 (Act 462) among others makes provision for the establishment of District Assembly (DA) as the planning authority of the District and the District Planning Coordinating Units as the service wing of the DA (Local Government Act, 1993).

To be specific, the Local Government Act, 1993 Section 10, (subsection 3) stipulates the function of the Local Government. It states that the DA shall be responsible for the overall development of the district and preparation and submission of developmental plans and budget of the district related to the approved national development plans. Beside this, the DA shall formulate and implement development plans, programs and strategies for the effective mobilisation of the resources necessary for the overall development of the district (Local Government Act, 1993).

To ensure that the DAs are able to perform their constitutional functions of developing the local area, the central government is supposed to

advance to the DAs some funds to carry out these responsibilities. This led to the establishment of the District Assemblies' Common Fund (DACF) to provide financial support to DAs to meet their numerous functions as enshrined in the constitution of Ghana. Among the functions of the DA is to ensure total development of the district by drawing and executing development plans. The functions of the DAs require continuous flow of resources to the assembly for them to implement their programmes and these resources mostly come in the form of finance. The key dimension of the decentralisation aspect that is supposed to provide fiscal resources for the local development of the DAs is fiscal decentralisation (Azeko, 2012).

According to Bird (2008), fiscal decentralisation represents two interrelated issues: the division of spending responsibilities and revenue sources between levels of government; and the extent of discretion given to regional and local governments to determine their expenditures and revenues. In other words, fiscal decentralisation is a system where central government gives local levels of government autonomy over financial resources to implement local development aspirations into policies, plans, and programmes. The sources of funds for local development among others include the Internal Generated Fund (IGF), the DACF and the ceded revenue (Constitution of Ghana, 1992).

The District Assembly Common Fund, which is a constitutional provision, is established by government to provide for each local government unit, a sound financial base with adequate and reliable sources of revenue. However, in recent times the DACF has become woefully inadequate in the light of the numerous functions and development challenges confronting many

districts and it is also unreliable to promote local development. It comes very late and usually inadequate to meet the ever-growing funding needs of the local authorities. The ceded revenue from the central government to the DAs also has its own challenges, which hinder local development. Therefore, the last resort or way forward is to encourage DAs to raise their own revenues (IGF) to finance their needs (in the form of rates, lands, fees, fines among others) (Local Government Act, 1993).

The few assemblies that have demonstrated significant performance with regards to IGF mobilisation include Accra Metropolitan Assembly (AMA), Kumasi Metropolitan Assembly (KMA) and Tema Metropolitan Assembly (TMA). This was revealed by Deku (2015), managing consultant at Dekhab Associates. According to him, Accra, Kumasi and Tema were the three Metropolitan Municipal and District Assemblies (MMDAs) consistently topping the league table for IGF performance. That is, GH¢30,759,241.00; GH¢41,330,044.00; GH¢43,331,249.00 for the three years (2010-2012) respectively (Deku, 2015). In spite of these achievements, a significant number of MMDAs are performing poorly in IGF mobilisation and Adansi-South District Assembly (ASDA) in Ashanti Region of Ghana is not an exception.

According to the composite budget of the assembly for 2016 fiscal year, IGF constitutes a very small portion of total revenues of the assembly. As shown in Table 1, IGF (as a percentage of total revenues) averaged only 14.76% for a period spanning 2010 to 2015. Yearly, IGF constituted 22.17%, 11.08%, 23.61%, 12.27%, 11.64% and 7.80% of actual revenues from 2010 to 2015 respectively (Adansi-South District Assembly, 2016).

The Central government, development partners, ASDA functionaries, and the local communities are becoming increasingly disturbed by the current state of fiscal decentralisation in the district. Based on these general concerns, the study seeks to assess IGF mobilisation and application at the ASDA with the view of ensuring that the assembly mobilises adequate revenue to meet its growing developmental needs.

Table 1: Revenue Performance for 2010 to 2015 (Actual)

Item	2010	2011	2012	2013	2014	2015
IGF	330,477.78	109,821.10	316,758.58	373,860.27	447,788.10	484,626.00
Total Revenue.	1,490,666.25	991,449.29	1,341,595.43	3,046,529.09	3,846,763.66	6,211,839.00
% IGF of Total						
Revenue.	22.17	11.08	23.61	12.27	11.64	7.80
% Average (IGF)						14.76

Source: Adansi-South District Assembly (2016)

Statement of the Problem

The significance of finance in decentralisation process cannot be over emphasised as it is the blood of organisations (Boachie-Danquah, 2007). The decentralisation process in the world and Ghana for that matter is severely constrained by lack of institutional capacity, limited local resource mobilisation, and limited access to long-term financing for investment programmes in order to embark upon their development agenda (Operations Evaluation Department, 2009).

Ghana's local government like any developing country, have various sources of funding such as central government transfers, IGF, donor aid and loan and overdrafts, and local government agencies. These sources are characterized by chronic financial problems (Azeko, 2012). This chronic financial problem makes it very difficult for the DAs to ensure the overall development. The DAs have not been able to mobilise the necessary resources for development purposes in their local areas even though financial resources from the DACF, the ceded revenue and the IGF are put in place to make the districts financially sound (Constitution of Ghana, 1992; Local Government Act, 1993).

The Local Government Act (Act 462, 1993) allows the DAs to generate revenue locally through various sources such as property tax, levies, and fines among others. Literature (Akudugu & Oppong-Peprah, 2013; Azeko, 2012; Owusu, 2012) has revealed that the IGF of most DAs has been low beyond expectations and this situation makes it difficult for the DAs to carry out their mandate of ensuring the overall development of their areas (Deku,

2015; Government of Ghana, 2009a; Government of Ghana, 2010a; Water Aid, 2012).

In view of this, some researchers (Alupungu, Appiah, Mpeanin, Owusu, & Orgen-Woode, 2012; Armah, 2014; Akudugu & Oppong-Peprah, 2013; Azeko, 2012; Owusu, 2012) have paid attention to IGF mobilisation in specific MMDAs in Ghana, in recent times. For example, Azeko (2012) studied IGF mobilisation in Bolgatanga Municipal Assembly; Akudugu & Oppong-Peprah (2013) studied local government revenue mobilisation and management in Asante Akim South District Assembly; Owusu (2012) studied revenue mobilisation and its impact on the development of Kpando Municipal Assembly; Armah (2014) assessed the contribution of IGF to community development in GA East Municipal Assembly using Abokobi as study area; and Alupungu, Appiah, Mpeanin, Owusu & Orgen-Woode (2012) analysed the sources of IGF and its contribution at Kumasi Metropolitan Assembly.

Yet, none of these researchers focused on Adansi-South District Assembly (in the Ashanti region of Ghana) whose IGF (percentage of total revenues) averaged only 14.76% over a six year period spanning 2010 to 2015 (Adansi-South District Assembly, 2012) even though 97.2% of their economically active population are employed (Ghana Statistical Service, 2014). To buttress, the study found that little literature exist for studies on the utilisation of IGF at the district assembly level (Akudugu, 2013), hence the need for this study.

This study therefore seeks to assess IGF mobilisation and application in the ASDA with the view of ensuring that the assembly mobilises adequate

revenue to meet its growing developmental needs, with support from the agency/stewardship and stakeholder theories.

Objectives of the Study

The objectives of the study are to:

1. Analyse the various sources of IGF mobilisation in ASDA;

2. Assess the utilisation of IGF in ASDA;

3. Assess the factors that affect IGF mobilisation in ASDA; and

4. Explore the options available to ASDA to enhance IGF for local development.

Research Questions

Based on the research objectives above, the following research questions are formulated:

1. What are the various sources of IGF mobilisation in ASDA?

2. How is IGF utilised in ASDA?

3. What are the factors that affect IGF mobilisation in ASDA?

4. What options are available to ASDA for enhancing IGF for local development?

Significance of the Study

The study is significant for a number of reasons. In modern era of decentralisations, local authorities have been given various roles including mobilising enough IGF to fund their development plans. This research would therefore help the Adansi-South DA to mobilised resources adequately based

on the recommendations provided in the study. In addition, since the revenues mobilised cannot meet development objectives let alone to research into revenue mobilisation, this study would spare the DA funds on that. Moreover, the study explores the options available to ASDA to enhance IGF for local development. This study would not only be beneficiary to the Adansi-South District Assembly, but other districts that exhibit similar characteristics in the country and outside as well. To the policy makers, the finding will help them to fine-tune their policies about fiscal decentralisation and make it more responsive to the needs of both DA and their communities.

Scope of the Study

The present study seeks to assess IGF mobilisation and application at the Adansi-South District Assembly. In terms of study organisation, the study focuses on Adansi-South District Assembly. Data on IGF performance covered 2010 to 2015 financial years. Variables included in the study includes: the various sources of IGF in ASDA; the utilisation of IGF in ASDA; the factors that affect IGF mobilisation in ASDA; and the options available to ASDA to enhance IGF for local development.

Organisation of the Study

This entire study is organised into five main chapters. Chapter One presents the background of the study, statement of the problem, objectives of the study, research questions, significance, and organisation of the study. Chapter Two reviews various literatures relevant to this research and Chapter Three describes the study area and methodology respectively. Chapter Four

provides details on results and discussions whiles Chapter Five finalizes the study with the summary, conclusions and recommendations of the study.

CHAPTER TWO

LITERATURE REVIEW

Introduction

This chapter covers theoretical review, empirical review, and conceptual framework. The theoretical review explains the: theories underpinning the study, concept of local government, the concept of local development, the concept of decentralisation, fiscal decentralisation and local development in developing countries, district assemblies and local development in Ghana, district assembly financing sources for local development, justification of IGF for DA development, element of local government financing, utilisation of IGF by district assemblies, and options available to DAs to enhance IGF. Then, empirical review documents the results of other studies that are closely related to IGF mobilisation and application. Last but not least, the conceptual framework shows the researchers' idea on how IGF mobilisation and its application are explored.

Theoretical Review

Two main schools of thought underpin this study: Agency/Stewardship theory and Stakeholder theory. The traditional agency relationship explains that an agent acts on behalf of another (the principal). Many agency problems arise when the goals of the principal and agent are different and conflicting (this is known as the principal–agent problem or the agency dilemma) and when it is difficult or expensive for the principal to verify what the agent is actually doing (Herrero, 2011). The members of the central administration of ASDA act as the agents or stewards.

On the other hand, all the individuals and groups (citizenry, civil society organisations, non-governmental organisations and so on) who can affect or be affected by the activities of a firm (in this case, ASDA) can be regarded as stakeholders. Stakeholder theory clarifies that managers (management of ASDA) should make decisions that take account of the interests of all the stakeholders in a firm (Jensen, 2001). Consequently, the researcher takes the agency/stewardship and stakeholder theory into account in analysing the literature on the assessment of mobilisation and application of IGF at the ASDA. Further explanation is giver below.

Agency theory

The Agency theory having its roots in economic theory was exposited by Alchian and Demsetz (1972) and further developed by Jensen and Meckling (1976). Agency theory is defined as "the relationship between the principals, such as shareholder and agents such as the company executives and managers. The agency theory happened to be the origin and first theory considered on corporate governance theories (Borlea & Achim). According to the theory, shareholders who are the owners or principals of the company, hires the agents (managers and directors) to perform work on the behalf and authority of the shareholders. Principals delegate the running of business to the directors or managers, who are the shareholder's agents (Clarke, 2004).

In agency theory, the agent may be succumbed to self-interest, opportunistic behaviour and falling short of congruence between the aspirations of the principal and the agent's pursuits. The direct input of accounting is the provision of information to facilitate the action and decisions

of all parties in the Agency theory. The agency problem of corporations can be mitigated and the level of corporate governance can be enhanced by the provision of information through accounting systems so that Board of Directors, shareholders and debt-holders are able to monitor the activities of managers to ensure goal congruent behaviour (Ekanayake, 2011)

Accounting provides various financial statements which informs all parties of the agency theory their next step of action. Shareholders need financial statement to evaluate their equity investment and help them make informed decisions as to how to vote on corporate matters. When evaluating investments, shareholders are able to glean meaningful data found on financial statements that accounting provides (Ogeh, 2013). When a business operates under a corporate umbrella, many of the business basics are governed by accounting results and practices. Through accounting, corporations can keep track of their expenditures and income and establish an accurate picture of their overall financial status. Ultimately, accounting helps corporations run smoothly on a practical, ethical and legal basis, establishing a foundation for continued growth and success. This forms the basis of harmony between all the actors in the agency theory (Borlea & Achim, 2013).

Stakeholder theory

Stakeholder theory was embedded in the management discipline in 1970 and gradually developed by Phillips, Freeman and Wicks (2003) incorporating corporate accountability to a broad range of stakeholders. Abdullah and Valentine (2009) argued that stakeholder theory is derived from a combination of the sociological and organisational disciplines. Indeed,

stakeholder theory is less of a formal unified theory and more of a broad research tradition, incorporating philosophy, ethics, political theory, economics, law and organisational science. Stakeholder theory can be defined as "any group or individual who can affect or is affected by the achievement of the organisation's objectives" (Abdullah & Valentine, 2009).

Unlike agency theory in which the managers are working and serving for the shareholders, stakeholder theorists suggest that managers in organisations have a network of relationships to serve – this include the suppliers, employees and business partners. And it was argued that this group of network is important other than owner-manager-employee relationship as in agency theory (Phillips *et al*., 2003). On the other end, Sundaram and Inkpen (2004) contend that stakeholder theory attempts to address the group of stakeholder deserving and requiring management's attention. Whilst, Donaldson and Preston (1995) claimed that all groups participate in a business to obtain benefits.

Nevertheless, Clarkson (1995) suggested that the firm is a system, where there are stakeholders and the purpose of the organisation is to create wealth for its stakeholders. Phillips *et al*. (2003) contends that the network of relationships with many groups can affect decision making processes as stakeholder theory is concerned with the nature of these relationships in terms of both processes and outcomes for the firm and its stakeholders. Donaldson and Preston (1995) argued that this theory focuses on managerial decision making and interests of all stakeholders have intrinsic value, and no set of interests is assumed to dominate the others.

Corporations are accountable to these stakeholders in a variety of ways. Proper accounting helps corporations to give reliable and valid data of the standing of the business to all stakeholders. The public decides whether or not to invest in a corporation based on accounting reports, and investors depend on proper accounting to make sure the company doesn't engage in unsavoury practices that could misrepresent the value of their investments. Accounting gives consumers the power to articulate demands, forcing management to address their needs when making decisions. Corporate policies are revealed in accounting records, which are crucial to public perception of a corporation (Sundaram & Inkpen, 2004).

The concept of local government

Local government is a political sub-division in a nation or state, which is made by law and has high degree in the control of local activities at the local level, which includes the powers to raise taxes of some purposes. The people in charge of the governing body are either elected or selected (Azeko, 2012). The 1992 Republican Constitution of Ghana makes provision for the establishment of local government and administration, which as well is to be decentralised for the purposes of development (Constitution of Ghana, 1992). The name given in Ghana to this local government at the local level is known as the district assembly (DA). According to the Local Government Act (1993), DA refers to that local authority with the highest political authority in the district and exercising oversight responsibility over a whole district, a municipality or metropolis.

The concept of local development

Development is a multidimensional process that embraces changes in the social structure, popular attitudes and national institutions. It also covers the area of accelerated economic growth, eradication of poverty and inequality. Even though this definition covers the national economy, it applies to sub-national level as well. In this case, local development refers to the process of development that ensures eradication of poverty, improvement in the living standard of the local people, reduction of inequality among others. Development must meet the three objectives of increasing the availability, widen the distribution of basic life- sustaining goods (food, shelter, health and protection), raising level, and expanding the range of economic and social choices (Azeko, 2012; Todare & Smith, 2006). From these definitions of development, it can be deduced that local development is any action taken deliberately by a local authority to alleviate what is perceived to be a local development problem.

The concept of decentralisation

Decentralisation involves the transfer of some responsibilities from the central government to the local level. The responsibilities of central government of planning, managing, and allocation of resources are ceded to the local government to perform. This lower level of government includes those of semi-autonomous public authorities and non-governmental private or voluntary organisations (Rondineeli, 1989). According to Walker (2002), decentralisation is the transfer of political power, the capacity to make decisions as well as resources from central to sub-national levels of

government while Manor (1998) and Ribot (2001) view decentralisation as the process by which the central government officially transfers its powers to the actors and institutions at lower levels in a political-administrative hierarchy.

While Rondinelli and Walker definitions involve the transfer of some responsibilities from the central government to the lower level, there is no idea about the legal backing that supports these transfers and also does not indicate the type of resources that is transferred to the lower level of government (Rondineeli, 1989; Walker, 2002).

Aryee (2000) identified different forms of decentralisation as: political, administrative, economic and fiscal decentralisation. Political decentralisation involves the transfer of specific responsibilities and resources from the central government to the local communities. Administrative decentralisation is the transfer of state responsibilities and resources from the central government ministries and agencies in the nation's capital to its periphery institutions in the districts within the same administrative system. Economic decentralisation which is also referred to as market decentralisation is where there is shift of public function to the private sector. Fiscal decentralisation is explained as the situation where expenditure decisions on revenues raised locally or transferred from the central government is done by the local authority. All these development requires regular flow of adequate funds to meet their development needs (GoG, 2010a).

From these definitions, there seems to be a general agreement that decentralisation involves the transfer of some power or responsibility from the central government to sub-national governments or other units. This is aimed at enhancing the development of the local level. This transfer of power or

responsibility to the local level goes with some form of fiscal resources which could promote and speed up development at the local level. Among the powers and responsibilities given to the local level governance structure as part of decentralisation are mobilisation of resources and the allocation of these resources for development. This, however, does not consider the capacity of the local government to accept this task.

In the view of Hadingham (2003), decentralisation ensures efficiency in resource allocation, provision of information, responsiveness, maximization of local revenue, and accountability. The second argument in favor of decentralisation is that it can enhance revenue mobilisation which could be used for local development purposes. The reason for the latter argument is that certain taxes are better assessed and collected at the local level due to the familiarity of the local economy and population than at the national level. Nkrumah (2005) sees these taxes as unprofitable to be collected at the local level. This suggests that the collection of taxes at the local level will be low.

Hadingham (2003) identifies certain risks associated with the practice of decentralisation as: capture of the process by the elites, minimisation of revenue for development, high level of corruption, low level of participation of the people, weak administrative and management systems, and weak human resource based. What is however, not certain is, to what extent these affect municipalities and what strategies are available to overcome these problems in order to improve upon revenue mobilisation at the local level. Aryee (2000) identified the issues of empowerment, equity, stability, accountability and checking rural-urban migration as some of the reasons for introducing decentralisation in Ghana in the late 1980s. The view of Aryee suggests that

the essence of decentralisation in Ghana is to ensure that development is equity at the local level.

Fiscal decentralisation and local development in developing countries

According to Ribot (2001), fiscal decentralisation is the transfer of fiscal resources and power to mobilise revenue, as well as the power of authority over budgets and financial decisions, to either deconcentrated officials and/or central government appointees or to elected politicians. Smoke (2001) identifies the following three major reasons why fiscal decentralisation is relevant to developing countries: the failure of economic planning by central governments in promoting adequate development, changing international economic conditions and structural adjustment programmes designed to improve public sector performance which have created serious fiscal difficulties for developing countries, encouragement of the development of financial autonomy in developing countries by changing of political climates. These suggest that fiscal decentralisation has political, economic and social significance to the local level (Smoke, 2001 cited in Inanga & Osei-Owusu, 2004).

The discussions on fiscal decentralisation suggest that there are many benefits accruing to the country implementing this policy. These benefits include: improvements in the level and quality of local services; improvements in revenue sources; better matching of local services to the preferences of local constituencies; and greater accountability.

The Constitution guarantees the involvement of citizens in local government areas in terms of decision making. There is however, widespread

dissatisfaction of citizens with regards to the state of participation and accountability in Ghana's local government system. In this regard, participation in the political process should include citizens as many as possible in taking crucial decisions that affects their lives in the locality (GoG, 2010a). The decisions made by the local government of which the citizens should be involved include decisions about taxation and how these taxes should be used in improving the lives of the people.

The non-state actors which should also be involved in making decision include traditional authorities of the locality and civil society organisations (CSO). The traditional authorities are seen to play various roles in the communities to support the various activities of the assembly. In addition, the traditional authorities contributes to the assembly's development in the areas of infrastructure development, security, revenue mobilisation, provision of land resources and the mobilisation of community for development programmes (GoG, 2010a).

Some other studies over the years have gone beyond broad analysis of the aggregate impact of decentralisation on economic growth to suggest specific ways in which fiscal decentralisation can affect macroeconomic stability (Tanzi, 1995).

Critics argue, among others, that local governments in many countries tend to run deficits, and draw on the central government budget to cover their shortfalls; local governments fail to repay loans from the central government, again forcing the latter to dip into its general funds, often to repay loans to international development organisations, such as the World Bank; strictly defined arrangements for sharing central resources with local governments

take control from the centre over how to use public resources; local governments tend to be more corrupt than central governments, leading to bad spending decisions and misuse of public resources; there is need to worry about the extent to which decentralised units of government compete with the centre for tax bases, or compete with one another by undertaking policies that may affect business costs and free domestic trade (Tanzi, 1995).

District assemblies and local development in Ghana

The 1992 Constitution and the Local Government Act, 1993 (Act 462) provide for the creation of districts and the establishment of District Assemblies (DAs) by the President of the Republic of Ghana. The DA per the Constitution of Ghana is the highest political authority of the district and has deliberative, executive and legislative powers. DA is the name given to local government in Ghana and there are three categories: district, municipal and metropolitan (Local Government Act, 1993).

Factors considered in the creation of districts include population size, the economic viability of the area, and geographical continuity. A district, municipality or metropolis should have a minimum population of 75,000, 95,000 or 250,000, respectively. The area should also be economically viable to be able to raise its own resources for development purposes. In other words, the ability of an area to meet the basic infrastructural, economic, social and other developmental needs from the monetary and other resources generated in the area is a key precondition for the creation of a district, a municipality or a metropolitan area. The DA is made up of the following members: elected members representing the electoral areas, member(s) of parliament, the

District Chief Executive (DCE) and not more than 30 per cent of all members of the DA are appointed by the president (Constitution of Ghana, 1992; Local Government Act, 1993).

Article 245 of the Constitution of Ghana establishes the functions of the DA as: formulating and executing plans and, programmes and strategies for the purpose of mobilising resources for the development of the district. It is also the duty of the DA to levy and collect taxes, rates, duties and fees.

The Local Government Act, Act 1993 (Act 462) identifies the elaborate functions of the DA as: responsible for the district's overall development and ensures the preparation and submission through the regional coordinating council for approval of the development plan to the commission and budget to minister of finance for the district; responsible for effective mobilisation of resources for development by formulating and executing plans, programmes and strategies that promote and support productive activity and social development in the district; initiation of programmes for the development of basic infrastructure and provide municipal works and services in the district; responsible for the development, improvement and management of human settlements and the environment in the district; cooperation with appropriate national and local security agencies is responsible for the maintenance of security and public safety in the district; ensure ready access to the courts and public tribunals in the district for the promotion of justice; initiate, sponsor or carry out such studies as may be necessary for the discharge of any of the functions conferred by the local government Act 1993 or any other enactment; and perform such other functions as may be provided

under any other enactment (Constitution of Ghana, 1992; Local Government Act, 1993).

The functions outlined above, illustrates that the DA has as one of its key mandate of fostering and promoting development at the local level. One thing that stands out in carrying out this mandate is finance.

Finance provides the means for organisational existence which then as a matter of fact is the blood of organisations. Whether finance is mobilised internally or externally transferred, its importance in organisations can never be denied (Boachie-Danquah, 2007). This makes the mobilisation of revenue by the DA very important if the DA wants to fulfil its mandate of total development of the district. According to OECD (2007), local government has become prominent because national policies alone are not enough to address the widespread and growing economic disparities between regions and localities within OECD countries, and that local development is a key issue.

The local government is a tool to promote rapid economic development. This is because local government aids rapid and sustainable development at the grassroots level. In other words, local government provides and maintains basic infrastructure and compliments the economic activities of the other levels of government (Mamman, 2006).

Despite the literature that argues for a strong role of local governments in local development, thereby improving public services and quality of life at the local level, this can only become a reality when localities are financially sound and this can happen when they are able to mobilise resources internally for their own development purposes without relying on external sources.

District assembly financing sources for local development

The 1992 Constitution of Ghana, Article 240 2(c) and Article 245 (b) makes provision for the establishment of a sound financial base that is adequate and reliable for the local government. The DA can levy and collect taxes, rates and duties. Local governments in developing countries derive their revenues from two principal sources: funds transferred to them from a higher level of government and funds collected and retained in the locality itself (Painter, 2005). The financial provisions for the new local government system in Ghana are contained in Articles 245 and 252 of the 1992 Constitution and section 34 of the Local Government Act, 1993 (Act 462). The revenue sources available to the local government for its development purposes may be classified into two namely: locally generated, traditional or internally generated funds; and central government transfers.

Internally generated funds

The 1992 Constitution of Ghana empowers the local government to raise revenue locally to supports its developmental agenda. These sources sometimes known as the traditional sources are derived from six main sources: rates, lands, fees, licenses, trading services and miscellaneous sources (Constitution of Ghana, 1992).

According to the Local Government Act, 1993 (Act 462) section 94, the DA is the rating authority of the district and it is required to make and levy sufficient rates capable of funding part of the total estimated expenditure budgeted for that year by the DA. In addition, section 95(2) spells out that a DA shall make and levy an additional amount for the purposes of covering

expenditures incurred by the DA in the previous year, or to meet contingencies or defray expenditure by the DA.

Section 96 stipulates two types of rates: general and specific rates. The general rates are the rates made and levied by the DA for the whole district for the general development of the district. The specific rates are levied over a specified area in the district and it is purposely for a specified project approved by the DA for that area. The various rates include basic rate, property rate, and other special rates levied for specific projects undertaken in the area. The basic rates are those rates levied and paid by adults, residents in the locality of the DA. Property rate is levied on landed properties that are located within the jurisdiction of the DA. This forms a major source of revenue to the DA. It is the revenue source that can easily be predicted and assessed for collection (Local Government Act, 1993)

In addition, the DA as part of its revenue mobilisation efforts could charge some fees on certain services and goods within its area of operation. Under the Local Government Act, 1993 section 86(7), the following are sources that could be fined: cattle pounds; conservancy; slaughter houses; market dues; market stalls/stores; lorry park dues; advertisements; trading; kiosks; restoration of conservancy service; graveyard receipts; bread bakers; chop bars; corn mills; and dressing stations. The DA is empowered to make bye-laws that will help in its administration purposes. The non-compliance of these by-laws allows the DA to fine the individual or institution who fails to comply. Some of these include unauthorized or illegal development of land, not observing sanitation/hygienic codes among others (Local Government Act, 1993).

According to section 86(8), license is supposed to be obtained from the DA before any individual or organisation embarks upon some activities. This kind of revenue is derived from the following sources: dog licenses; hawkers; extension of hours; hotels and restaurants; beer and wine sellers; petroleum installations; palm-wine sellers; akpeteshie distillers/sellers; herbalists; taxi cabs; lorry parts overseers; taxi drivers (driving licenses); self-employed artisans, fishing tolls, and births and deaths (Local Government Act, 1993).

Another way of generating revenue by a DA is by charging taxes on self-employed persons engaged in trading services [Section 86(9)]. These include taxes charged on the incomes of spare parts dealers; chemical sellers; tailors and dressmakers; sand crete blocks manufacturers; musical spinners; radio and television repairers; gold and silver smiths; drinking bar operators; professional photographers; chop bars and cooked food sellers; butchers; refrigerator and air-condition workshop owners; hairdressers; garage owners; video operators; corn mill owners; co-operative distillers; scrap dealers; livestock breeders and traders; and liquor sellers (Local Government Act, 1993).

Miscellaneous sources form the last category of IGF available to Das in Ghana under the Local Government Act, 1993, Section 10. This source covers a broad area and among the areas includes casino revenue, betting tax, entertainment duty, gambling tax, income tax (registration of trade, business, profession or vocation and income tax payable by specific categories of self-employed persons in the informal sector), daily transport tax and advertisement tax (Azeko, 2012). Painter (2005) identified and classified them into three as taxes, fees and user charges. However, in many districts these

sources of revenue are either inadequate or poorly developed due to the general poverty level and underdevelopment of infrastructure and services at well as cost implications in the collection from the sources identified.

From the many sources of revenue available for the DA for revenue mobilisation for development purposes, not all these sources are utilized and some have not been effectively utilized for local development. Yet many DAs still complain of inadequate resources for local development. Therefore, as a part of the objectives of the study, the study therefore seeks to explore the options available to ASDA to enhance IGF for local development.

Even though these revenue points have been identified and assigned to the various DAs, the individual performance of these revenue sources are yet to be assessed. Deku (2015) assessed the combined performance of rates, fees, and licenses in Metropolitan, Municipal and District Assemblies (MMDAs) in Ghana for year 2010 and 2012. According to him, only three MMDAs (namely: Accra, Kumasi, and Tema) were able to generate IGF averaging 35% of their total revenue from 2010 to 2012. Out of this, 74% and 71% were sourced from rates, fees, and licenses for 2011 and 2012 respectively (Deku, 2015).

It is known that most assemblies have not been meeting their targets and this is because of lack of accurate data on landed property, massive level of revenue leakages, low capacity and low training for revenue personnel in the various districts, and lack of proper monitoring of the revenue collectors. These factors affect the MMDAs' mobilisation of IGF (GoG, 2009a).

External revenue sources to district assemblies

The external revenue sources of the DA comprise all forms of funds that come to the assembly other than what is generated from its IGF. These sources include central government transfers and other financial arrangement. The central government revenue to the local government refers to those revenues which are transferred from central government sources to the DAs to support their developmental activities (Azeko, 2012).

To support the DAs in their quest to develop their localities, Article 252 of the 1992 Republican Constitution of Ghana provides for the establishment of a District Assemblies Common Fund (DACF) which shall be: allocated annually by Parliament, not less than 5 per cent of the total revenues of Ghana, distributed among DAs on the basis of a formula to be approved by Parliament, and shall be administered by a DAs common fund administrator. The Parliamentary allocation of the Common Fund is currently 7.5 per cent of the total revenue of Ghana. The Common Fund is strictly meant for specific project of the DA which forms part of the approved development plan (Constitution of Ghana, 1992).

Even though these funds are expected to boost the fiscal autonomy of the DA, studies have revealed that the funds have not lived up to expectations as there are numerous challenges facing the fund. This affects local development of the DAs of which the funds were created for. Hence, there is the need for urgent attention in findings ways of strengthening and making revenue mobilisation adequate for development in the DA. The practice of carrying forward the fourth quarter instalment of the DACF into the new financial year tends to hamper effective and efficient implementation of the

activities identified in the District Medium Term Development Plans (GoG, 2010b). The DACF Secretariat started releasing the fourth instalment of the DACF for 2008 to the MMDAs in April 2009 at a time when, the 170 MMDAs were supposed to have started implementing the 2009 development activities (GoG, 2010b).

One other source of revenue for local government authorities is that of ceded revenue. This is revenue from a number of lesser tax fields such as value added tax (VAT) and income tax that central government has ceded to the DAs. In Ghana, ceded revenue is collected by Internal Revenue Service (IRS) but then transferred to DAs via the Ministry of Local Government and Rural Development. As some see the ceded revenue as a help to most DAs, others see it as revenue that does not get to the DA (Azeko, 2012). In view of these challenges, one way of overcoming these issues is to rely on the District Assemblies' IGF as it is generated internally and if mobilised adequately could speed up development at the district level.

Another source of revenue includes recurrent expenditure transfers. Central government recurrent expenditure transfers takes the form of payment of salaries and other remuneration, operational and administrative expenses of the administrative structure of the staff at the DAs. The DA staff employed by the central government whose salaries are paid directly by the central government forms parts of the central governments expenditure on the Assembly (Azeko, 2012).

Other funds to the DAs in Ghana include the District Development Fund (DDF) which was introduced to help boost the financial standing of the MMDAs based on their performance With regards to this facility of funding

MMDAs development; it is an arrangement between the government of Ghana and other development partners. The allocation of the DDF to MMDAs is based on three components of entitlement, performance, and capacity. The entitlement component is set at 50 per cent of the overall pool of resources and this is disbursed based on equal share of 5 per cent, size of the district's population 80 per cent, and size of the territory 15 per cent (GoG, 2009a).

The capacity building is set at 10 per cent of the fund and is distributed on two factors: an equal share of US$ 10,000 that could be used to finance mandatory training programmes for all the MMDAs as prescribed by the government: a discretionary share on the basis of the outcome of the Functional and Organisational Assessment Tool (FOAT) in individual MMDAs. The allocation of the performance grant is 40 per cent of the overall pool and will be determined by the outcome of the FOAT. The FOAT is an assessment tool that requires achieving certain approved targets of which the fund would be made available to them to support their development (GoG, 2009a).

The DAs under section 88 of the Local Government Act, 1993 (Act 462) and Article 181 of the Constitution of Ghana have the power to raise loans or obtain overdrafts within the Republic of the amounts, from the sources, in the manner, for the purposes and on the conditions approved by the Minister in consultation with the Minister responsible for Finance. However, the DAs are again limited on the amount of money to borrow since any amount beyond 20 million cedis will require approval from government (Constitution of Ghana, 1992; Local Government Act, 1993).

A DA may invest the money of the Assembly or a portion of that money in Ghana Government treasury bills or in any other investment approved by the Assembly (Section 99 of Local Government Act, 1993). It is however not clear as to whether the DAs in Ghana make use of this opportunity of increasing their revenue. The study will find out whether the study area makes use of it.

Justification for IGF for DA development

It has been observed that DAs cannot rely heavily on external sources of revenue for their development purposes. The external source of fund for DA development has a lot of challenges. The external source of revenue like those coming from the DACF, has become unpredictable, unreliable and also delay in reaching the respective DAs. The fourth quarter of 2009 tranche of DACF and its arrears were paid in 2010 and this delay in the release of the DACF could stifle development at the district level. The most affected assemblies are those which rely greatly from the external sources (GoG, 2011a).

It has again been observed that because the funds are coming from a centrally located point other than from the assembly, its distribution would never be equal for all districts and deprived district would also be at a disadvantage. The reasons assigned for some districts taking lower sums have been because among others the deductions made at the source are based on statutory requirements. However, relying on internal funding sources is easily accessed and collected and also relatively easy to predict and no deductions

are done anywhere. There are also no restrictions with regards to the use of these funds.

Element of local government financing

Smoke (2001) identified five basic elements of local government financing which he considered critical for development. These elements include an adequate enabling environment, assignment of an appropriate set of functions to local governments, assignment of an appropriate set of local own-source revenues to local governments, the establishment of adequate intergovernmental fiscal transfer system and the establishment of adequate access of local governments to development capital. From the earlier reviewed literature, it is very clear that some of these elements have not worked well for the development of local government in Ghana and therefore their efforts to mobilise revenue internally and externally are impeded.

Utilisation of IGF by district assemblies in Ghana

One important dimension of budgeting is the pattern of expenditure. As noted by Rubin (2016), budgets themselves have the function of not only identifying priorities (targets) and allocating resources, but also of enabling those resources to be shared out with a reasonable degree of fairness. As noted by Akudugu (2013), the internally generated fund of district assemblies is supposed to be spent on both recurrent and capital items. But as noted by Wolman (2008), unlike central government expenditure that is dominated by transfer payments, local government spending is almost wholly incurred on exhaustive expenditures (goods and services).

A similar trend was found in Asante Akim South District (Akudugu, 2013). As revealed by Akudugu, more than half of the internally generated fund's expenditure of Akim South District was recurrent. For instance, in 2002, 2003 and 2004, nearly the entire internally generated fund was used on recurrent expenditure alone. The three main recurrent expenditure areas of the internally generated fund were personnel emoluments, travelling and transport, and miscellaneous. The high recurrent expenditure was partly attributed to cases where the Assembly had to use its internally generated fund to monitor and maintain projects established through the District Assemblies Common Fund or donor funds. The core staff of the Assembly explained that provision has not been made to use part of the District Assemblies Common Fund (restricted central government transfers) to monitor projects financed by the fund. As such, the Assembly was compelled to use part of its internally generated fund to finance the monitoring activities of such projects.

Another area of concern that Akudugu (2013) found was the captioning of the third major recurrent expenditure item as miscellaneous. Miscellaneous expenditure was identified as expenditure incurred on items or activities not budgeted for. Such expenditure items do not therefore fall under any specific expenditure head, hence the name miscellaneous expenditure. This blanket categorisation of expenditure is worrisome because it is not appropriate to spend such large sums of the internally generated fund on unbudgeted or vaguely classified expenditure items. In 2004 for instance, the researcher found out that as much as ¢149,060,941.00 was expended on miscellaneous at Asante Akim South District. This was inappropriate since it could easily make room for misappropriation of funds. In cases where specific

items or activities are not identified for spending, funds could be misapplied or misappropriated.

There is therefore the need for proper revenue forecasting and planning. To support, Kroes and Manikas (2018) argued that, the specification of quantities of inputs and money required for each project has to be done in advance. It is only through this that the utilisation of funds can be tracked or monitored. The general observation has been made is that increases in revenue usually go with proportionate increase in expenditure. This form of 'indiscipline' spending behaviour could adversely affect revenue management. The consistent reduction in the proportion of the internally generated fund and the rising expenditure pattern of the Assembly translate into a low financial base for the Assembly. This means that investment in physical projects through the internally generated fund would be minimal if not impossible (Akudugu, 2013).

Options available to DAs to enhance IGF

There are a number of options available to local government to improve their revenue capacity. Local government can; increase their own source revenues within the legal framework: reduce their expenditures: and/or can develop new sources of revenue (Painter, 2005). By doing so, local government will be able to raise revenue in excess of expenditure which is the desire of every local government which wants to finance its development properly. He alluded that the first option is the easiest to implement in developing countries.

Increasing own source revenue

Painter (2005) identified that transfers of funds from the central government to the local government and fund raised and retained by the locality are the principal sources of revenue for most local government in developing countries. The low performance of revenues raised and retained at the local level may be caused by: restrictions imposed on the type of revenue to collect, local politics that oppose local revenue collection, poor revenue mobilisation technology, and corrupt practices at the local level.

In Ghana, the Local Government Act is clear on the sources of revenues for DAs and they are legally bound to rely on these sources to mobilise the necessary revenue for its development agenda. Painter (2005) identified the various revenues as taxes, fees and user charges. Among the taxes, property tax is the major source of revenue for local government and the performance of this source can affect the total amount of revenue raised. But this type of tax has underperformed in many local governments. The factors identified by Painter for the low performance of this area are; lack of adequate property registration resulting in out-dated tax rolls; undervaluation of the properties on the tax roll; poorly managed billing and collection of tax bills; and corruption in the registration, valuation, and billing/collection processes. To overcome these challenges, he suggests that it will require the political will of leaders at local level will.

Controlling expenditures

The local government has to take measures to ensure that what the revenue raised is spend on is reduced. Areas where this expenditure can be

reduced include non-discretional expenditures (Painter, 2005). The assemblies could make savings on both electricity and water consumption in order to save some cost of the assembly which would reduce expenditure.

New sources of revenue

The DA can increase their revenue internally by identifying and executing new sources of revenue in the district that can be harnessed for collection and utilization. This is however, very difficult for implementation by many DAs in Ghana.

In order to step up revenue of local government from any source, one has to analyse current collections level and identify the reasons why the local government may be receiving less revenue than they should. This informs the study to identify the specific performance of the DAs in order to identify the sources that will be adequate. Mahi (2002) identified five categories of local tax policies that could be undertaken by local government. Those categories include; enlarging local revenue base, controlling, tax collection requirements, administration and better revenue planning.

The first local tax policy to improve revenue performance is the enlargement of local revenue base system. There are four types of action identified by Mahi (2002) that should been taken by local authorities in order to enhance revenue. The options available include the identification of new or potential taxpayers and ratepayers, improvement of the object databases, improvement of the valuation (reassessment of tax objects), and calculation of the revenue capacity for each type of levy.

The second local tax policy is to meet the Tax Collection Requirements. It is important that for the enhancement of revenue collection at the local level, a number of factors should be considered for effective tax system. These factors necessary for meeting the tax requirement are optimum rate structure; appropriate rules and regulations (in the form of good regulations); and quality human resource capacity.

Thirdly, increasing control to reduce leakage is another way to improve upon revenue collection by assemblies. Leakage of revenue indicates the outflow of collected revenue into individual pockets, which could take place at the very lowest level of generation, intermediary stage or tertiary level. Corruption in general terms is the misuse of power (Kessey, 1995). Revenue leakage is a factor that accounts for the low local revenue collection in some of the local government. The following measures are to address revenue leakages: surprise audit to complement self-assessment procedure, improving the control process, efforts to enforce a strict and heavy penalty for non-compliance, administrative discipline to financial staff that may have contributed to leakage in local revenues and efforts to link tax payment with services provided by local government (Mahi, 2002).

Revenue could also be improved through improving administrative efficiency to reduce collection costs. Improvement in revenue performance is also critically dependent upon the ability of local authorities to minimize the cost of collecting revenues. There are four possible actions that could be taken by local government to improve their administrative efficiency: improving the existing tax administration procedures through administrative simplification, efforts to calculate collection efficiency for each type of revenue, efforts to

reduce cost of collection and efforts to eliminate the identified factors in the field that has contributed to suboptimal revenue.

Lastly, revenue capacity improvement through better planning could leads to increased revenue. Planning is critical in local government efforts to improve upon their revenue mobilisation efforts which would be reliable and sustainable. In fact, in such a crisis, it is important for them to adopt and ensure good revenue planning strategy. In the absence of coordinated and systematic planning, it is difficult to expect local revenue to increase. In their revenue collection strategies, many districts are found lacking behind in terms of creativity (Kessey, 1995).

The DA should consider the following factors in their efforts to mobilise revenue locally for development. The factors include simplicity, the economy, convenience, certainty and equity. By equity every tax payer should be able to pay the tax levied according to their ability or income level as levied on it by the local authority (Harvey, 1982; Uremadu, 2000 cited in Uremadu & Ndulue, 2011).

If taxes are levied without considering the ability of the people, it will not be possible to collect them because the very people of whom the taxes were levied will genuinely not be able to pay. This presupposes that the rich and the poor should pay differently and this also counts in revenue collection. The people paying the taxes should be clear of the time of payment, the way the payment should be done as well as the exact amount to be paid. This will ensure 'certainty' in payment. Certainty is viewed in two perspectives: certainty in the collection time, and certainty in the amount to be collected (Harvey, 1982; Uremadu, 2000 cited in Uremadul & Ndulue, 2011). Tax

payment should be convenient in a way that the time of payment and the manner of payment should be very convenient to the people paying the taxes. According to Uremadu (2000), a system of taxing should be simple, very easy to assess, and collected at a minimal cost.

In embarking on revenue mobilisation, efforts made in collecting taxes should be economical. The cost involved in the collection of revenue should be less than the tax yields of the tax (Harvey, 1982). These imply that tax element can be considered efficient and sustainable if it is collected at a minimal cost. By simplicity, the tax to be collected should as a matter of fact be very simple to administer. For it to be collected, both the tax payer and the tax administrator should be cleared in their minds of the administration of the tax.

From all the discussions, it is clear that the options available to the DAs to mobilised revenue internally have been identified. The discussions have also been able to disclose some of the reasons for the low performance of the DAs revenue mobilised internally.

Government in response to the need to improve upon the revenue management in Ghana at the local level undertook a number of reforms. A draft Local Government Finance Bill was submitted to Cabinet and subsequently laid in Parliament for passage into law. This led to the establishment of a Local Government Finance Authority with a mandate of mobilising resources from both internal and external sources for MMDAs to channel them into productive infrastructure development and to manage risk (GoG, 2009a). In addition, efforts are made to improve generation of revenue at the local level by updating existing revenue database, monitoring

performance measurement of the various MMDAs and working with the private sector to focus on street naming, house numbering, property evaluation, and blocking of leakage through introduction of appropriate technology into revenue collection (GoG, 2009a).

A key initiative in 2008 with respect to revenue generation is the preparation of a Municipal Financing and Management Initiative (MFMI) which was the outcome of the International Forum on Municipal Finance and Management held in October 2005. The main aim of the MFMI is to assist MMDAs to; significantly increase internally generated funds, identify and find ways of minimizing or even eliminating financial leakages significantly; and improve management and accounting systems raise necessary funds to meet infrastructural and service delivery requirements and win public confidence (GoG, 2009a).

Empirical Review

Some researchers (Alupungu, *et al*., 2012; Armah, 2014; Akudugu & Oppong-Peprah, 2013; Azeko, 2012; Owusu, 2012) have paid attention to IGF mobilisation in specific MMDAs in Ghana, in recent times. For instance, Azeko (2012) studied IGF mobilisation in Bolgatanga Municipal Assembly found that the Municipality's IGF is weak as it could only finance 12 per cent of its total expenditure for the period 2007 to 2011. It also experienced a decline in growth from 102 to -18 per cent in 2007 to 2011 respectively. The major sources of revenue of the IGF component to the assembly came from rates as it contributed on average 44 per cent to total IGF of the assembly.

According to Azeko (2012), the assembly has not been able to mobilise adequate IGF due to political interference. Other factors accounting for the low performance of the IGF of the assembly were low calibres of revenue collectors, dishonest revenue collectors and high level of corruption perception amongst them as well as low remuneration which affects their moral.

Similarly, Akudugu & Oppong-Peprah (2013) examined the challenges confronting the Asante Akim South District Assembly in its revenue mobilisation and management drive. Using in-depth interview, group discussions and review of relevant financial documents of the Assembly, particularly the trial balance, they found that Asante Akim South District Assembly performed poorly in internal revenue mobilisation. Comparatively, the internally generated fund was the least contributor to district revenue. They also noticed that: a wide difference existed between budgeted revenue or expenditure and the actual revenue or expenditure, especially in 2002; a large amount of the internally generated fund was spent on recurrent expenditure (personnel emoluments, travel and transport, and miscellaneous); and any increase in revenue has a corresponding increase in expenditure.

In addition, Owusu (2012) studied revenue mobilisation and its impact on the development of Kpando Municipal Assembly. His sample was made up of Core Management staff of the District Planning Committee, Permanent Revenue collectors, Commission collectors, Staff of Urban Town and Area Councils, and Assembly members. The results indicated that there were other revenue sources that were not being explored by the Assembly. Also, though the IGF of the Assembly is contributing to the development of the Municipality, it is not enough to significantly fund projects. Consequently,

Government funding is extremely important. To increase revenue mobilisation of the assembly, Owusu recommended that there should be continuous education of the tax paying public, prosecution of defaulters and training for revenue collectors.

Moreover, Armah (2014) assessed the contribution of IGF to community development in GA East Municipal Assembly using Abokobi as study area. Specifically, the survey assessed how IGFs are utilized, the extent to which members are involved in the allocation of IGFs for community development, and finally, the trickling down effect of the benefits of selected community projects on the well-being of community members. Findings revealed that: the level of knowledge of tax usage was low; and community members had little and conflicting information about what their taxes were used for. According to Armah, there was the need to involve the community in the DAs activities especially activities channeled towards planning. For instance, 80% of the respondents do not perceive that their contributions will be included in the planning process of the Assembly, hence the above discourse.

Last but not least, Alupungu *et al*. (2012) analyzed the sources of IGF and its contribution at Kumasi Metropolitan Assembly (KMA). Using the financial records of KMA; and assembly members, unit committee members and opinion leaders in the metropolis as respondents, they sought to acquire in-depth knowledge about the various sources of Internally Generated Funds (IGF) and to clarify understanding of problems associated with the assembly's revenue generation. Findings revealed that: IGF contributed almost 12% to the total funding of projects undertaken by the assembly; and citizenry are not

well informed about the relevance of paying taxes to assembly. The researchers concluded that there should be provision of appropriate logistics and incentives to revenue collectors and sanctions should be applied on tax payers who default.

Conceptual Framework

The District Assemblies (DAs) have been given several responsibilities to perform in order to ensure that their local areas are developed. The performance of the district level functions requires adequate funds and appropriate financial arrangement for the assemblies to make them responsive to the various delivery needs of the citizens. The main sources of funding to the assemblies to finance their development are grouped into two as external and Internally Generated Fund (IGF). The sources of IGF are rates, fines/fees, license, lands, rents and investments. These sources are examined to establish their performance as they are the sources that contribute little to the DAs financial resource base. Figure 1 depicts the conceptual framework towards adequate IGF mobilisation.

Every spending of the DAs comes from two major sources: external, and internal. The external resources that come to support the district assemblies include the DACF, DDF, ceded revenue, NGO, and other financial arrangement. The internal fund, which is referred to as IGF, is what the assembly generates for itself. At the initial stages of the assembly's financial base, the external sources constitute the largest portion of the assembly's revenue (represented by a big arrow) while the small arrow represents the IGF as seen in Figure 1.

The internal revenue resources of the assembly comes from mainly tax and non-tax revenue sources and these include the rates, fines, fees, lands licences, rent investment and miscellaneous. The smallness of the arrow shows that there are certain obstacles that prevent the IGF from being adequate as compare to the external sources. If these impediments are removed through the commitment of local and political authorities then IGF will be increased and could provide sufficient funds for districts development activities. The IGF could expand through exploring options like finding new sources of revenue; reducing leakages; controlling expenditure; reduction of collection cost; and increasing own source revenue. This forms the pillar of enhanced IGF.
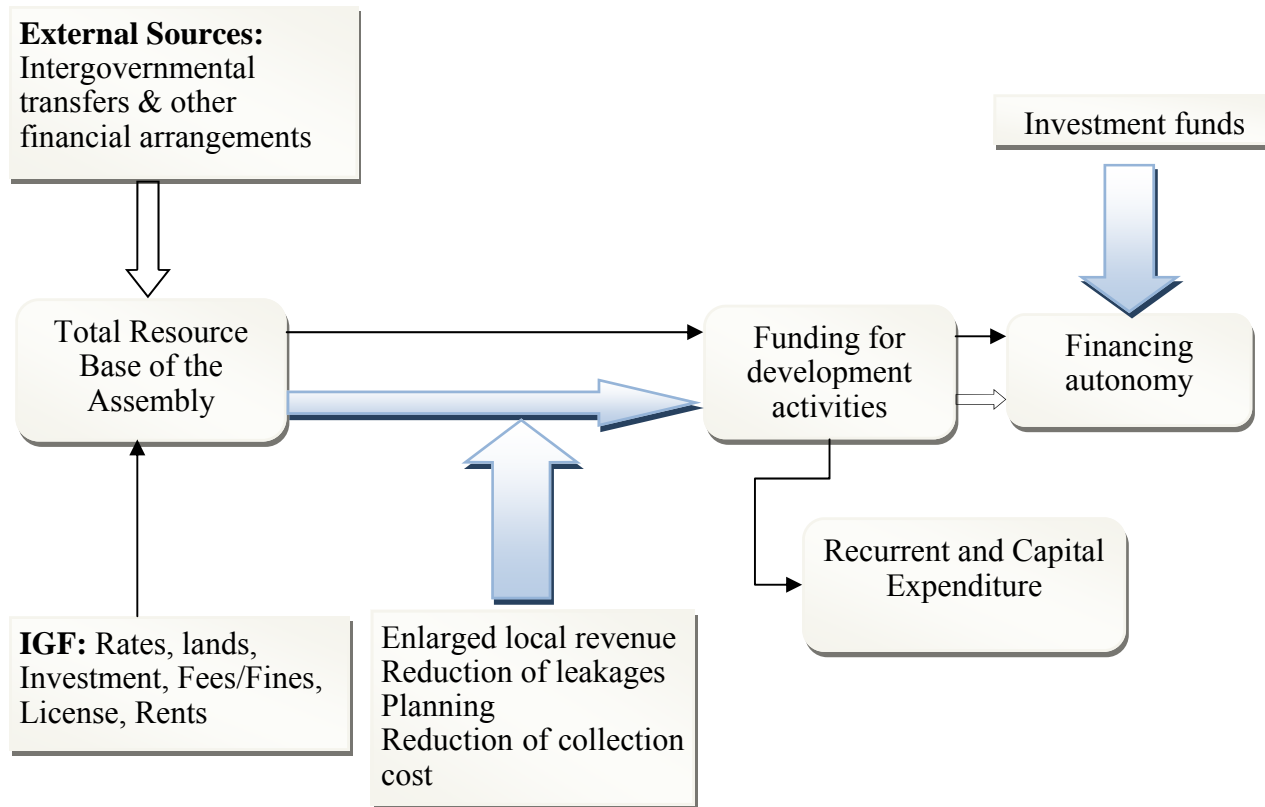
Figure 1: Conceptual framework on IGF mobilisation and utilisation

Source: Author's construct, Dayina (2017) based on Azeko (2012, p. 25)

The spending of these resources is based on the needs of the DA that are prioritized and captured in their medium-term development plan. It is expected of the study that the internal source of funding of the DA should form the biggest of the revenue base of the assembly, which in the long term make the DAs financially autonomous from the external sources. The study therefore seeks to analyse the various sources of IGF mobilisation in ASDA; assess the utilisation of IGF in ASDA; assess the factors that affect IGF mobilisation in ASDA; and explore the options available to ASDA to enhance IGF for local development.

With the financing options outlined in Figure 1, IGF will become the biggest revenue source for DAs development as indicted by the big arrow while the small arrow will represent the revenue from the external sources. With the increase in IGF, DAs development project and programmes will be completed, poverty will reduce, employment will increase and there shall be improvement of basic infrastructure, less reliance on external sources of funding, attraction of investment fund from investors, and economic activities which again will increase the revenue base of the assembly.

The improved internal revenue of the DA will be used to provide social services like water and sanitation facilities, generation of employment, and provision of school and health infrastructures among others. If all these are provided, then the revenue at the DAs will be enhanced and this would make it possible for the DA to mobilise adequate revenue to fund their development plans. Finally, the DA would be able to fund about 100% of its total estimated expenditure budgets. When there is enhanced IGF, there will be a lot of options in service delivery employment opportunities, reduced poverty levels

and rapid social and economic infrastructural development. These services will be delivered timely, efficiently and effectively as much as possible to foster development at the local level.

In the measurements of performance of revenue, Gill (2000) identifies four indicators of the measurement of the revenue sources. These are revenue gap, actual revenue against estimate revenue, cost-benefit ratio, and the amount of revenue paid voluntary as against the total revenue collected. For the purpose of this study, performance of revenue sources would be measured using the following indicators: the actual IGF collected as against the estimated IGF for the period, the cost-benefit ratio of the administration of IGF, performance of individuals IGF sources, and growth of IGF as against grants and proportions of total expenditure financed by IGF. It measures the total cost involved in the administration of the tax as against the total revenue achieved.

Chapter Summary

The present study sought to assess IGF mobilisation and application in the ASDA with the view of ensuring that the assembly mobilises adequate revenue to meet its growing developmental needs. Chapter two presented the theoretical review, empirical review, and conceptual framework. The theoretical review explained the agency/stewardship and stakeholder theories and how these theories related to the current study, concept of local government, the concept of local development, the concept of decentralisation, fiscal decentralisation and local development in developing countries, district assemblies and local development in Ghana, district assembly financing

sources for local development, justification of IGF for DA development, element of local government financing, utilisation of IGF by district assemblies, and options available to DAs to enhance IGF.

Afterwards, the empirical review documented the results of other studies that are closely related to IGF mobilisation and application. Last but not least, the conceptual framework showed the researchers' idea on how IGF mobilisation and its application are explored. Regarding gaps in literature, the study found that little literature exist for studies on the utilisation of IGF at the district assembly level (Akudugu, 2013), hence the need for this study.

CHAPTER THREE

RESEARCH METHODS

Introduction

This chapter seeks to presents the research approach, the study design, study area, population of the study, sample size and the sampling procedure, data collection techniques, data analysis procedures and ethical considerations. It is important to follow these academic research procedures to ensure that it becomes replicable, easy to understand and follow and therefore can be compared to any other research work. According to Pallant (2007), for any academic work to be comparable to any other, it must follow those procedures.

Research Approach

The study adopts the quantitative research approach. Among the many advantages of quantitative research approach is its ability to enhance speed of conducting a research. Further, it offers a broader coverage of a series of events where statistics are combined from a larger sample (Amarantunga & Baldry, 2002). In addition, quantitative approach enhances the use of statistical data analysis methods, thus, making it easier to generalise the findings from the study. It should however be noted that, this approach to research approach lacks flexibility and, thus, makes it very challenging to apply same in assessing or gauging human behaviour (Crotty, 1998). However, given the purpose and nature of this study, where most of the analyses were quantitative in nature, quantitative approach is deemed the most appropriate and therefore adopted.

Study Design

For the purpose of this study, descriptive study design is used for this study. In general, a descriptive research design is a type of research design that is used when one wants to get information on the current status of a person or an object. It is used to describe what is in existence in respect to conditions or variables that are found in a given situation such as determining the nature of prevailing conditions, practices and attitudes, opinions that are held, processes that are going on, or trends that are developed (Bryman & Bell, 2007).

According to Cohen, Manion and Morrison (2004), descriptive survey helps to examine a broad array of issues, populations and events so that one can offer description and generalise the features found. It actually provides a relatively simple and straightforward approach to the study of attitudes, values, beliefs and motives. Also, it is usually associated with the deductive approach and is most frequently used to provide answers to the questions of who, what, when, where, and how associated with a particular research problem; a descriptive study cannot conclusively ascertain answers to why (Saunders, Lewis, & Thornhill, 2007). It is popular because it allows the collection of a large amount of data from a suitable population in a highly economically way. Data is often obtained by administering questionnaire on a sample.

Study Area

The study area for the study is Adansi-South District Assembly. Adansi-South District Assembly (ASDA) is one of the thirty (30) administrative MMDAs in the Ashanti Region of Ghana. It was carved out of

the erstwhile Adansi-West District and Adansi-East District Assemblies in the year 2004 with Legislative Instrument (LI 1752) (Figure 2). Its vision is to transform the local economy through the creation of a vibrant agro-based sector, training of the youth in employable skills, while giving the people access to basic services and bringing the vulnerable and excluded to the mainstream of development.

The assembly exists to improve the standard of living of the people in the district through the provision of economic, social and political facilities with the enabling environment for private participation and investment in the District with qualified human resource. To achieve this mission, the Assembly has set the following objectives: To facilitate the effective functioning of the local government institutions in the District Assembly; to ensure efficiency and effectiveness in the mobilisation and utilisation of resources in the District Assembly and its decentralised departments; to monitor, co-ordinate and harmonize the implementation of development plans and activities in the District Assembly; to facilitate the provision of basic social and economic infrastructure and services in the District; and to facilitate community-based and private sector development in the District.
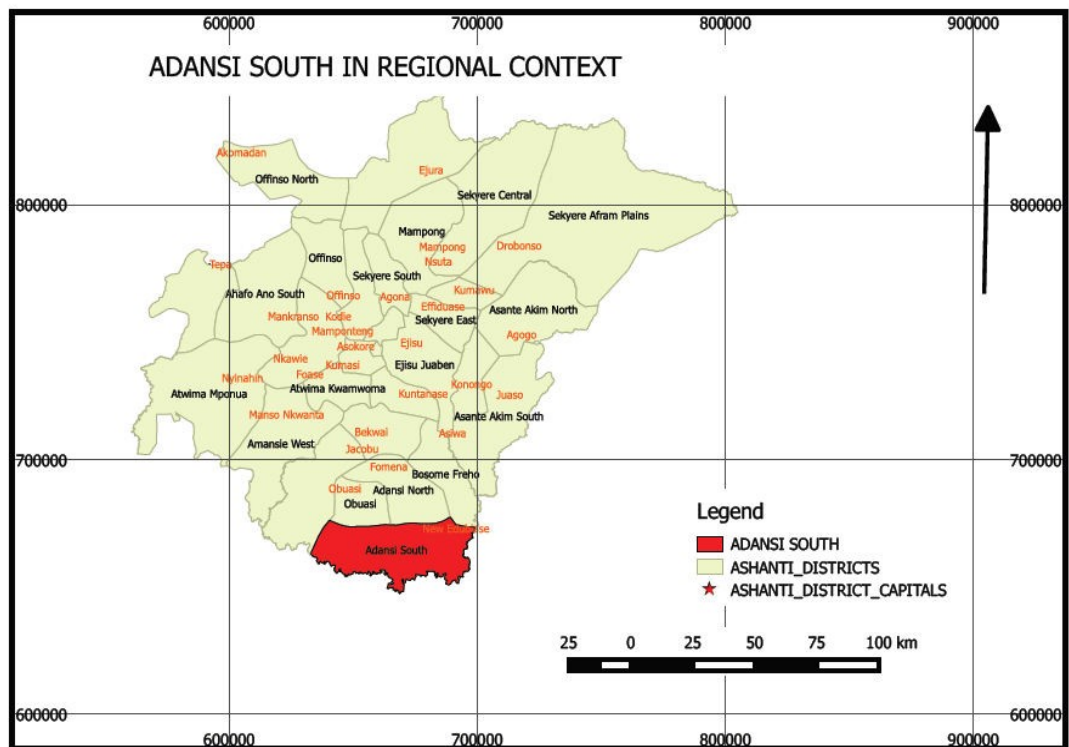
Figure 2: Adansi-South District in regional context

Source: Adansi-South District Assembly (2017)

Population of the Study

A population is made up of all the units of the group that the research emphases on. Malhotra (1996) opines that the members or units of the group should possess material facts relevant to the study and the researcher. According to Rubin and Babbie (2001), target population is "the theoretically specified aggregation of study elements". Consequenlty, all 24 management staffs of the assembly (Table 2) shall constitute the population for this study. Data was obtained from the administration of ASDA.

Table 2: Category of Staffs in ASDA

Staffs	Frequency
District Coordinating Director and Deputy	2
District Finance Officer and Deputy	2
District Planning Officer and Deputy	2
District Budget Officer and Deputy	2
District Works Engineer and Deputy	2
District Internal Auditor and Deputy	2
Heads of Revenue Collectors	12
Total	24

Source: Field survey, Dayina (2017)

Sampling Procedure and Sample Size

Sampling is the procedure of choosing adequate number of elements or units called sample from a given population in such a way that by studying the sample, and by understanding the properties or characteristics of the sample subjects, it would be possible to generalize the properties or characteristics of the population (Cavana, Delahaye, & Sekaran, 2001). Sample is thus the representative portion of the population that is selected for investigation (Bryman & Bell, 2007). Owing to the small number of the population, the researcher used the census method to select the entire population of 24 management staffs to represent the sample size for the study.

Data Collection Techniques

The study utilise both primary and secondary sources to achieve the research objectives. Secondary data sourced from the Medium-Term Development Plan of ASDA for the period of 2010 to 2017 as well as Composite Budget of ASDA for year 2016 shall be used to answer research questions one and two as enumerated in Chapter One. Other forms of secondary data were sourced from the Internet, journals, textbooks and other relevant sources.

Besides using secondary data, primary data was collected with the use of self-administered questionnaire. Questionnaire was used because, in the view of Neelankavil (2007), it guarantees greater uniformity, consistency and objectivity in data collected. The questionnaire is made up of 17 items grouped into three sections namely A, B and C. Section A is made up of three questionnaire items which were used to capture background information of respondents. Sections B and C on the questionnaire, shall answer research questions three and four respectively, as stated in Chapter One. Section B is made up of eight variables which were used to gather information on the factors that affect IGF mobilisation in ASDA. Section C is made up of six variables which were used to gather information on the options available to ASDA to enhance IGF for local development.

Sections B and C is measured on a five-point likert-scale indicating the degree of agreement with a statement with 'Score 5' representing the highest agreement and 'Score 1'representing the least agreement. The Likert-scale is a method of measuring respondent's attitudes by combining their scores on a variety of items into a single index. Scaling is achieved by ensuring that high-

scoring and low-scoring individuals differ in their responses on each of the items selected for inclusion in the index or the interval between the likert-scales are equal (Likert, 1932).   It is worth mentioning that, all 24 management staffs of ASDA responded to the questionnaire hence a retrieval rate of 100%.

Ethical Considerations

In order to ensure strict compliance with ethical standards of research, the researcher introduced a clause in the introductory paragraph of the questionnaire assuring respondents of anonymity and confidentiality. Furthermore, the questionnaire was designed in such a way that one cannot identify it with each respondent. Finally, the time required for filling the questionnaire was mutually agreed between the all the 24 key management staffs of ASDA and the researcher.

Data Analysis Procedures

Quantitative techniques were used in analysing and presenting the data. All completed questionnaires were entered and analysed by Statistical Package for Service Solutions (SPSS) for windows, version 21. Descriptive statistics such as means and its associated standard deviations (SD) were used to describe continuous data. For categorical data, frequency tables and their respective percentages were used. In addition, data sourced from Medium-Term Development Plans and Composite Budget of ASDA was analysed quantitatively using tables and graphs.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This chapter covers the analysis and interpretation of data collected for the study. The data collected were analysed in line with the research questions enumerated in Chapter One. The information presented in this chapter served as inputs for discussion.

Background Information

This section highlights the background information of respondents. It describes respondents' age, gender, and highest educational qualification achieved. As mentioned earlier, all 24 management staffs of ASDA responded to the questionnaire hence a retrieval rate of 100%. With respect to respondent's age, it came to light that majority of respondents (n=15, representing 62.50%) fell within the "36-45 years" age category, followed by "26-35 years" age category (n=5, representing 20.83%), and finally, "46 and above" age category (n=4, representing 16.67%). This indicates that all the respondents were adults hence their responses can be taken as the true reflection in ASDA (Table 3).

Regarding gender, males constituted 66.67% (n=16) while females constituted 33.33% (n=8) signifying that the respondents were male dominated. More so, the highest educational qualification achieved by respondents as shown in Table 3 suggests that, majority of them (n=15, representing 62.50%) have attained bachelors' degree qualifications, followed by diploma qualifications (n=6, representing 25.00%), then 3 respondents

(representing 12.50%) have attained masters' degree qualifications. This presupposes that, all of the respondents have formal education which facilitated their understanding of the questions upon which they were able to make informed contributions to the study.

Table 3: Background Information

Background Information	Frequency	Percentage
Age:		
26 – 35 years	5	20.83
36 – 45 years	15	62.50
46 and above	4	16.67
Sex:		
Male	16	66.67
Female	8	33.33
Highest educational qualification achieved:		
Diploma	6	25.00
Bachelors' Degree	15	62.50
Masters' Degree	3	12.50

Source: Field survey, Dayina (2017)

Various Sources of IGF in Adansi-South District Assembly

The first objective of this report sought to analyse the various sources of IGF in Adansi-South District Assembly. As evident in Figure 3, the various sources of IGF in ASDA include (1) rates, (2) land, (3) rent, (4) licences, (5)

fees, (6) fines, (7) investment and miscellaneous (Local Government Act, 1993).

As at December 2015, the IGF performance was 86.95% (Figure 3) and was equivalent to GHø508,224.85 of the estimated budget of GHø584,527.76 (Appendix B). This is a little below the expected revenue target as at December, 2015. Out of these seven (7) items, three performed extremely well exceeding their annual targets. These are Fines, Land and Rent (in descending order) as shown in Figure 4, 5, and 6 respectively. The reason for the rise in revenue with respect to Land is Mineral Royalties and Stool Land Revenue the District has received. With Fines, the Assembly performed well due to an improvement in the revenue generated from Street Parking Fines. Performance for Rates was very weak. As at December 2015, an amount of GHø102,960.62, representing 41.68% has been collected out of the total amount of ø247,050.12 (Figures 3 and 7).
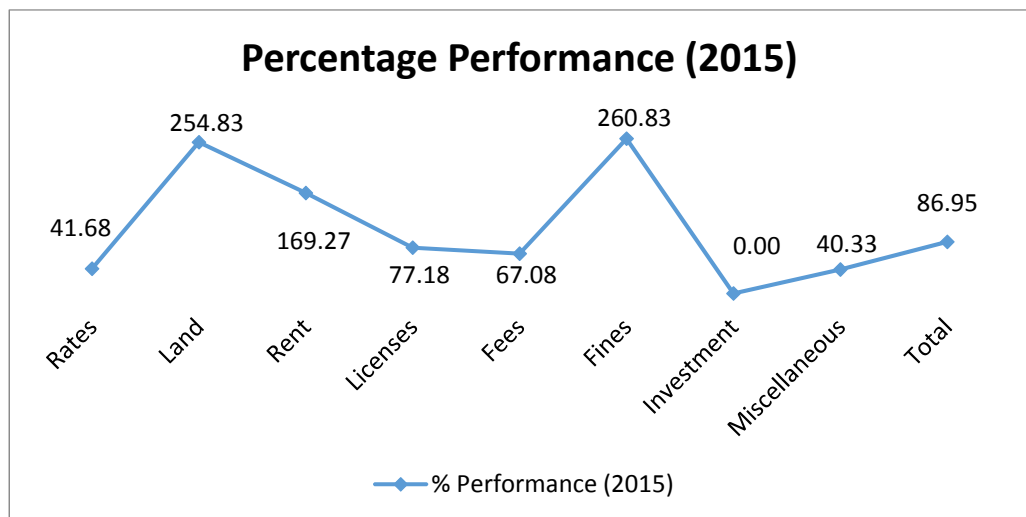
Figure 3: Percentage IGF performance of ASDA for 2015

Source: Author computation (Dayina, 2017)

Fines

3,496.00

3,678.00

1,000.00

671.00   800.00

1,410.12

2013 (Budget) 2013 (Actual) 2014 (Budget) 2014 (Actual) 2015(Budget) 2015 (Actual)
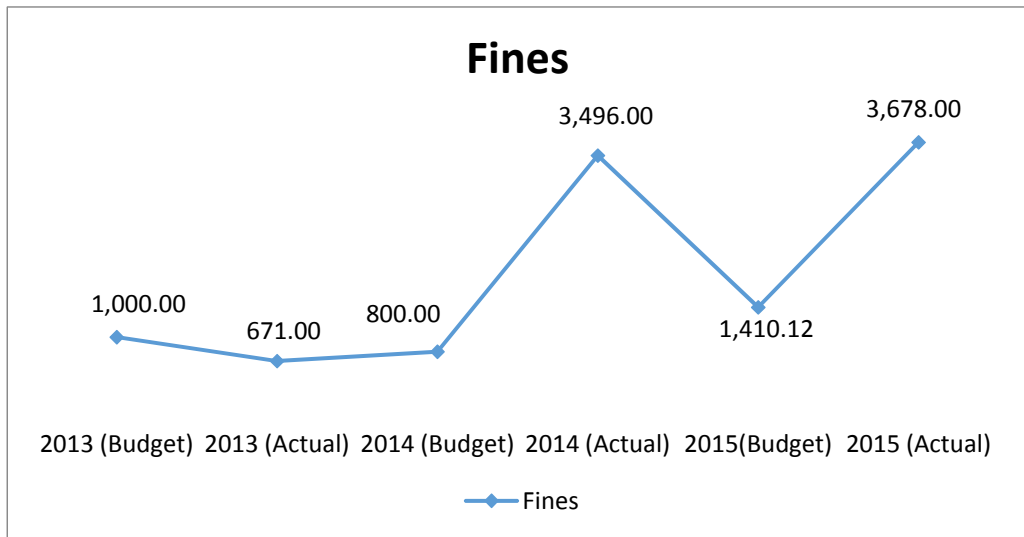
→ Fines

Figure 4: Performance of fines in ASDA from 2013 to 2015

Source: Author computation (Dayina, 2017)

Land

→ Land

226,700.00

204,119.43

137,880.00

88,954.61

84,972.91

80,100.04

2013 (Budget) 2013 (Actual) 2014 (Budget) 2014 (Actual) 2015(Budget) 2015 (Actual)

Figure 5: Performance of land in ASDA from 2013 to 2015

Source: Author computation (Dayina, 2017)

Figure 6: Performance of rent in ASDA from 2013 to 2015

Source: Author computation (Dayina, 2017)

Figure 7: Performance of rates in ASDA from 2013 to 2015

Source: Author computation (Dayina, 2017)

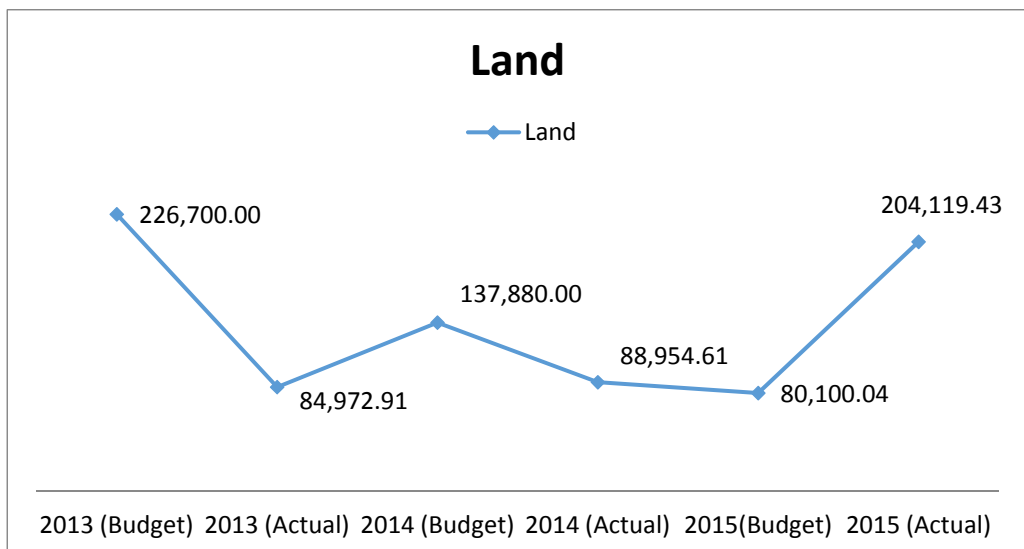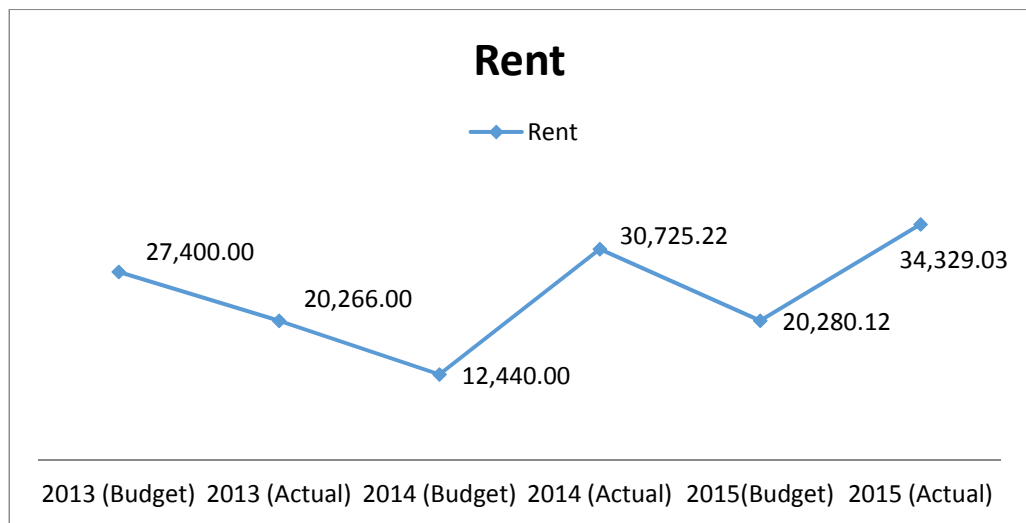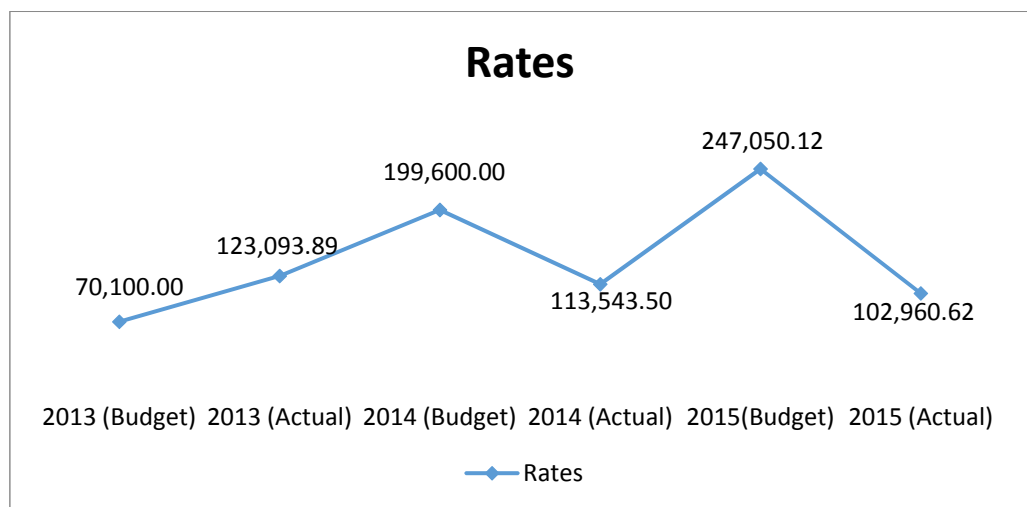**Utilisation of IGF in Adansi-South District Assembly**

The second objective of this research project sought to assess the utilisation of IGF in ASDA. Data sourced from the Composite budget of Adansi-South District Assembly for 2016 as well as Medium Term

Development Plan from 2014 to 2017 suggest that, Adansi-South District Assembly use their IGF to finance both recurrent and capital expenditure as shown in Table 4.

Table 4: Utilisation of IGF at Adansi-South District Assembly

Programme and Projects (by sectors)	IGF GH₵
Administration, Planning and Budget	
1. Compensations, transfer grants and other allowances to staff	56,541.00
2. Internal Management Of Office Facilities	70,000.00
3. Utilities And Other Service	13,996.00
4. Ensure Proper Sanitation at The District Assembly	10,000.00
5. Purchase, Repair And Maintain Assembly Grader And Official Vehicle	20,000.00
6. Provide for The Running Cost and other Travel and Transportation Activities	48,000.00
7. Maintenance of General Office Equipment	5,000.00
8. Provide For Training, Seminars and Conference Cost	35,000.00
9. Government Policies And Assembly Decision Making Enchased Throughout The Year	38,000.00
10. Provide Contingency For Unanticipated Projects	25,000.00
11. Provide Insurance Cover For Assembly Official Vehicles	4,000.00
12. Provide for miscellaneous And Other Expenses	41,000.00
Gender/Children/Disability	
1. Support paupers, children and physically challenged annually and perform other official functions.	1,000.00

Table 4, continued

2. Create equal opportunity for all, eradicate gender violence and improve enrolments of pupils.	2,500.00
Community	
1. Supervise community initiated projects/ programmes and Purchase building materials to communities.	2,500.00
2. Provide for street naming and purchase satellite imagery for selected communities	5,000.00
Economic	
1. Train producers, processors and marketers in post-harvest handling.	5,000.00

Table 4, continued

2. Repair and maintain feeder/access roads by 2015.	10,000.00
3. Construction of market stalls at Akrofuom and Adansi Praso.	60,000.00
Environment	
1. Screening of food vendors	10,000.00
2. Support to NADMO in disaster Prevention	5,000.00
Financial	
1. Equip The Finance Department To Boost Their Performance	15,000.00
Total	482,537.00

Source: Adansi-South District Assembly (2016, p. 23-27)

As noted by Akudugu (2013), the internally generated fund of district assemblies is supposed to be spent on both recurrent and capital items. From Table 4, capital items include: Repair and maintain feeder/access roads (GHø10,000); and the Construction of market stalls at Akrofuom and Adansi

Praso (GHø60,000). In total, the capital expenditure accounted for 14.51% (70,000/482,537*100%) of the total IGF (GHø482, 537), indicating that the remaining 85.49% of the total IGF of Adansi-South District Assembly were spend to recurrent items including administration, planning and budgeting, environmental health and sanitation, street naming, insurance cover, training, supervision among others.

This result is in line with the statement made by Wolman (2008) that, unlike central government expenditure that is dominated by transfer payments, local government spending is almost wholly incurred on exhaustive expenditures (goods and services). A similar trend was found in Asante Akim South District (Akudugu, 2013), where more than half of the internally generated fund's expenditure of Akim South District was recurrent.

Factors that Affect IGF Mobilisation in ASDA

The third objective of this report sought to assess the factors that affect IGF mobilisation in Adansi-South District Assembly. Prior to this assessment, the descriptive statistics for each of the study indicators were determined. To achieve this, the data for each of the study indicators were analysed into means on a mean scale of 1.00 to 5.00 with 1.00 to 2.90 indicating low levels and 3.00 to 5.00 indicating high levels (adopted by Koomson, 2017; Mohammed, 2017; Tweneboah-Koduah, 2017). This was done in order to enhance the understanding of the differences that exist among the study indicators.

For the purpose of assessing the factors that affect IGF mobilisation in ASDA, eight indicators were measured on a five-point likert scale. Score '5' showed the strongest agreement and score '1' showed the least agreement.

With this measurement scale, the highest overall score for the factors that affect IGF mobilisation in ASDA is 40.00 (eight indicators * five scale) and the lowest is eight. These scores are generalised based on the extent to which respondents agree or disagree with the statements provided under "Factors that affect IGF mobilisation in ASDA" on the questionnaire.

Table 5 shows the factors that affect IGF mobilisation in ASDA as determined by the various indicators that measure it. In the table, the average value of "Local politics that oppose local revenue collection" from a sample of 24 is the mean value of 4.33 with a degree of variability from the standard deviation of 0.767. The average value of "Poor revenue planning strategy" from a sample of 24 is the mean value of 4.17 with a degree of reliability from the standard deviation of 1.098. The average value of "Inadequate education regarding the time of payment, the way of payment and the exact amount to be paid" from a sample of 24 is the mean value of 4.06 with a degree of reliability from the standard deviation of 1.110.

Also, the average value of "Poor revenue mobilisation technology" from a sample of 24 is the mean value of 4.01 with a degree of reliability from the standard deviation of 0.700. The average value of "Inadequate records and emphasis on property rates as the major source of revenue for local development" from a sample of 24 is the mean value of 3.89 with a degree of reliability from the standard deviation of 0.752. The average value of "Tax payers' inability to pay (low income levels of tax payers)" from a sample of 24 is the mean value of 3.81 with a degree of reliability from the standard deviation of 0.916 (Table 5).

Moreover, the average value of "Corrupt practices at the local level" from a sample of 24 is the mean value of 3.75 with a degree of reliability from the standard deviation of 1.125. The average value of "Restrictions imposed by government on the type of revenues to collect" from a sample of 24 is the mean value of 3.71 with a degree of reliability from the standard deviation of 1.251 (Table 5).

Thus, in relation to means, it can be said that "Local politics that oppose local revenue collection" as an indicator, has the highest mean of 4.33 (Painter, 2005); followed by "Poor revenue planning strategy" ($\overline{X}$ = 4.17) (this is consistent with the results of Kessey, 1995); "Inadequate education regarding the time of payment, the way of payment and the exact amount to be paid" ($\overline{X}$ = 4.06) (this is in conformity with the findings of Owusu, 2012); "Poor revenue mobilisation technology" ($\overline{X}$ = 4.01) (this supports the results of Painter, 2005); "Inadequate records and emphasis on property rates as the major source of revenue for local development" ($\overline{X}$ = 3.89) (Local Government Act, 1993); "Tax payers' inability to pay (low income levels of tax payers)" ($\overline{X}$ = 3.81) (this is in line with past studies, Harvey, 1982; Uremadu, 2000 cited in Uremadu & Ndulue, 2011).; "Corrupt practices at the local level" ($\overline{X}$ = 3.75) (this supports the assertion made by Painter, 2005); and finally, "Restrictions imposed by government on the type of revenues to collect" ($\overline{X}$ = 3.71) (this is in line with the results of Painter, 2005).

Consequently, all the above factors greatly affect IGF mobilisation in ASDA since the mean values of all the indicators or factors are above 3.00. More so, the sum of the means of the eight indicators that make up the factors

that affect IGF mobilisation in ASDA is 31.73 and this indicates robust contribution compared to the total score of 40.00. Lastly, the overall mean score from the table is 3.97 (31.73/8) and this also shows that IGF mobilization in ASDA in highly affected by those factors.

Table 5: Factors that affect IGF mobilisation in ASDA

Indicators	N	Mean	SD
Local politics that oppose local revenue collection.	24	4.33	.767
Poor revenue planning strategy.	24	4.17	1.098
Inadequate education regarding the time of payment, the way of payment and the exact amount to be paid.	24	4.06	1.110
Poor revenue mobilisation technology.	24	4.01	.700
Inadequate records and emphasis on property rates as the major source of revenue for local development.	24	3.89	.752
Corrupt practices at the local level.	24	3.75	1.125
Restrictions imposed by government on the type of revenues to collect.	24	3.71	1.251
Overall Mean Score		3.97	
Summation of Means		31.73	

Scale (Mean): Low = 1.00 – 2.90; High = 3.00 – 5.00

Source: Field survey, Dayina (2017)

Options Available to ASDA to Enhance IGF for Local Development

The final objective of this research project sought to explore the options available to ASDA to enhance IGF for local development. For the purpose of exploring the options available to ASDA to enhance IGF for local development, six indicators were measured on a five-point likert scale. Score '5' showed the strongest agreement and score '1' showed the least agreement. With this measurement scale, the highest overall score for the options available to ASDA to enhance IGF for local development is 30.00 (six indicators * five scale) and the lowest is six. These scores are generalised based on the extent to which respondents agree or disagree with the statements provided under "Options available to ASDA to enhance IGF" on the questionnaire.

Table 6 shows the options available to ASDA to enhance IGF for local development as determined by the various indicators that measure it. In the table, the average value of "Reducing collection costs by improving administrative efficiency" from a sample of 24 is the mean value of 3.91 with a degree of variability from the standard deviation of 1.014. The average value of "Reducing revenue leakages to improve revenue collection" from a sample of 24 is the mean value of 3.71 with a degree of reliability from the standard deviation of 1.018. The average value of "Increasing own source of revenue for local development" from a sample of 24 is the mean value of 3.68 with a degree of reliability from the standard deviation of 1.120

Besides, the average value of "Linking tax payment to the services by ASDA" from a sample of 24 is the mean value of 3.57 with a degree of reliability from the standard deviation of 0.730. The average value of

"Reducing non-discretional expenditures like both electricity and water consumption" from a sample of 24 is the mean value of 3.54 with a degree of reliability from the standard deviation of 1.231. The average value of "Identifying and executing new sources of revenue in the district" from a sample of 24 is the mean value of 3.50 with a degree of reliability from the standard deviation of 0.872 (Table 6).

As a result, in relation to means, it can be said that "Reducing collection costs by improving administrative efficiency" as an indicator, has the highest mean of 3.91 (this is consistent with the findings of Harvey, 1982; Uremadu, 2000); followed by "Reducing revenue leakages to improve revenue collection" ($\overline{X}$ = 3.71) (this is in line with previous studies, GoG, 2009a; Kessey, 1995); "Increasing own source of revenue for local development" ($\overline{X}$ = 3.68) (this is consistent with the statement made by Painter, 2005); "Linking tax payment to the services by ASDA" ($\overline{X}$ = 3.57) (this is in conformity with the findings of Mahi, 2002); "Reducing non-discretional expenditures like both electricity and water consumption" ($\overline{X}$ = 3.54) (this confirms the results of Painter, 2005); and "Identifying and executing new sources of revenue in the district" ($\overline{X}$ = 3.50) (this supports the results of Mahi, 2002; Painter, 2005). In view of this, it can be said that respondents agreed that those options could help improve IGF mobilisation in Adansi-South District Assembly since the mean values of all the indicators (options) are above 3.00.

More so, the summation of the means of the six indicators that make up the options available to ASDA to enhance IGF mobilisation for local development is 21.91 and this indicates strong contribution compared to the

total score of 30.00. Last but not least, the overall mean score from the table is 3.65 (21.91/6) and this also confirms that all the options provided in the questionnaire has the potential of enhancing IGF mobilisation in ASDA which is highly needed for local development. As already stated, this result is in line with previous studies (GoG, 2009a; Harvey, 1982; Kessey, 1995; Mahi, 2002; Painter, 2005; Uremadu, 2000).

Table 6: Options Available to ASDA to Enhance IGF for Local Development

Indicators	N	Mean	SD
Reducing collection costs by improving administrative efficiency.	24	3.91	1.014
Reducing revenue leakages to improve revenue collection.	24	3.71	1.018
Increasing own source of revenue for local development.	24	3.68	1.120
Linking tax payment to the services by ASDA.	24	3.57	.730
Reducing non-discretional expenditures like both electricity and water consumption.	24	3.54	1.231
Identifying and executing new sources of revenue in the district.	24	3.50	.872
Overall Mean Score		3.65	
Summation of Means		21.91	

Scale (Mean): Low = 1.00 – 2.90; High = 3.00 – 5.00

Source: Field survey, Dayina (2017)

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter presents summary of the study and major findings derived from the study. Conclusions arrived and recommendations arising from the findings are provided in this chapter.

Summary of the Study

This study assessed the mobilisation and application of internally generated fund at Adansi-South District Assembly. Quantitative research methodology was deemed the most appropriate and therefore adopted hence most of the analyses were quantitative in nature. The study used descriptive study design as its study design and used that multi-stage sampling (sampling at two or more stages) to select samples for the study.

Owing to the small number of the population, the researcher used the census method to select the entire population of 24 management staffs to represent the sample size for the study. It is worth mentioning that, all 24 management staffs of ASDA responded to the questionnaire hence a retrieval rate of 100%.

Questionnaires were self-designed and self-administered. Questionnaires were used because, in the view of Neelankavil (2007), questionnaires guarantee greater uniformity, consistency and objectivity in data collected. Questionnaires were made up of 17 items. The 17 items on the questionnaire were grouped into three important sections namely A, B and C. In addition to the questionnaire, the study used secondary data sourced from

Composite Budget and Medium-Term Development Plan of ASDA.

The data collected were analysed using descriptive statistical tools such as frequencies, tables, percentages as well as mean and its associated standard deviation of SPSS version 21. The findings were organised in line with the research objectives which were formulated to guide and give the study direction.

With respect to the first objective which sought to analyse the various sources of IGF in ASDA, it came to light that the various sources of IGF in ASDA include (1) rates, (2) land, (3) rent, (4) licences, (5) fees, (6) fines, (7) investment and miscellaneous. Out of these seven (7) items, three performed extremely well exceeding their yearly targets. These are Fines, Land and Rent. Concerning the second objective which sought to assess the utilisation of IGF in ASDA, the study revealed that ASDA uses its IGF to fund both recurrent and capital expenditure. However, capital expenditure accounted for only 14.51% of the total IGF, indicating that the remaining 85.49% of the total IGF of Adansi-South District Assembly were spend to recurrent items including administration, planning and budgeting, environmental health and

The third objective of this report sought to assess the factors that affect IGF mobilisation in ASDA. Findings revealed that, local politics that oppose local revenue collection; poor revenue planning strategy; inadequate education regarding the time of payment, the way of payment and the exact amount to be paid; poor revenue mobilisation technology; inadequate records and emphasis on property rates as the major source of revenue for local development; tax payers' inability to pay (low income levels of tax payers; corrupt practices at the local

level; and finally, restrictions imposed by government on the type of revenues to collect (in order of importance) greatly affect IGF mobilisation in ASDA.

The last and final objective of this research project sought to explore the options available to ASDA to enhance IGF for local development. Results show that, reducing collection costs by improving administrative efficiency; reducing revenue leakages to improve revenue collection; increasing own source of revenue for local development; linking tax payment to the services by ASDA; reducing non-discretional expenditures like both electricity and water consumption; and identifying and executing new sources of revenue in the district (in order of importance) are the options that can help improve IGF mobilisation in Adansi-South District Assembly.

Conclusions

The study assessed mobilisation and application of internally generated fund at Adansi-South District Assembly. The study concluded that, ASDA should implement the available options for enhancing IGF mobilisation so as to enable them mobilise enough funds to implement developmental projects in the district. This will go a long way to enhance the livings standards of the district and could transform it into a municipality in the near future.

Recommendations

After assessing mobilisation and application of internally generated fund at Adansi-South District Assembly, it is proper to make recommendations to help promote decentralisation and financial development in MMDAs in Ghana.

The study recommends that, the management of ASDA should not politicise local revenue collection; should ensure proper revenue planning strategy; should provide adequate tax education; should provide the appropriate revenue mobilisation technology; should provide adequate records; and should place more emphasis on property rates as it is the major source of revenue for the district.

More importantly, study recommends for more capital projects (for instance, toilet facilities, health centres and markets) to be undertaken using the IGF so that tax payers in the district can benefit from their toils.

Limitations of the Study

The confinement of the study is to Adansi-South District Assembly rendered the result of the study applicable mainly to such jurisdiction. Also, relying on staffs from the Central Administration of the district as the sole respondents raises questions regarding possible bias. Even so, the use of close-ended Likert-type scale statements limits the amount of information respondents may provide with respects to the main variables of the study.

Suggestion for Future Research

It is suggested that future research looks at IGF mobilisation and Utilisation in several MMDAs in Ghana jointly (for example, all MMDAs in the Ashanti Region) to provide a more holistic assessment of the happenings at the local level.

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APPENDIX A

Questionnaire for management staff

ASSESSMENT OF MOBILISATION AND APPLICATION OF INTERNALLY GENERATED FUND AT THE ADANSI-SOUTH DISTRICT ASSEMBLY (ASDA)

This questionnaire is designed to gather information for a research project in partial fulfilment of the requirement for Master of Business Administration (Accounting) degree from the University of Cape Coast. Your participation is necessary and your responses will be treated confidential and for academic purpose only.

Please tick [√] the appropriate response where options are provided and write your response where spaces are provided.

Section A: Background Information

1. Age [years]: a. 18-25 [   ]   b. 26-35 [   ]   c. 36-45 [   ]   d. 46 and above [   ]

2. Sex: a. Male [   ]   b. Female [   ]

3. Highest educational qualification   a. Diploma [   ]   b. Bachelor's Degree [   ] c. Master's Degree [   ]   d. Doctorate Degree [   ]

Section B: Factors that Affect IGF Mobilisation in ASDA

Each of the following statement relates to the factors that affect IGF mobilisation in ASDA. Please indicate the extent to which you agree using the following scale:

5: Strongly Agree   4: Agree   3: Neutral   2: Disagree   1: Strongly Disagree

Statements	1	2	3	4	5
4. Restrictions imposed by government on the type of revenues to collect.					
5. Local politics that oppose local revenue					

	1	2	3	4	5
collection.					
6. Poor revenue mobilisation technology.					
7. Corrupt practices at the local level.					
8. Inadequate records and emphasis on property rates as the major source of revenue for local development					
9. Poor revenue planning strategy					
10. Tax payers' inability to pay (low income levels of tax payers)					
11. Inadequate education regarding the time of payment, the way of payment and the exact amount to be paid					

SECTION C: Options available to ASDA to enhance IGF

Each of the following statements relate to the options available to ASDA to enhance IGF for local development. Please indicate the extent to which you agree using the following scale:

5: Strongly Agree   4: Agree   3: Neutral   2: Disagree   1: Strongly Disagree

Statements	1	2	3	4	5
12. Increasing own source of revenue for local development					
13. Reducing non-discretional expenditures like both electricity and water consumption					
14. Identifying and executing new sources of revenue in the district					
15. Reducing revenue leakages to improve revenue collection					
16. Linking tax payment to the services by ASDA					
17. Reducing collection costs by improving administrative efficiency					

APPENDIX B

IGF Performance in Adansi-South District Assembly

Items	2013 Budget	Actual As at 31st December 2013	2014 Budget	Actual As at 31st December 2014	2015 Budget	Actual As at 31st December 2015	Percentage Performance (as at December, 2015)
Rates	70,100.00	123,093.89	199,600.00	113,543.50	247,050.12	102,960.62	41.68
Land	226,700.00	84,972.91	137,880.00	88,954.61	80,100.04	204,119.43	254.83
Rent	27,400.00	20,266.00	12,440.00	30,725.22	20,280.12	34,329.03	169.27
Licenses	15,125.00	35,856.10	31,366.00	34,266.18	52,437.00	40,472.43	77.18
Fees	52,560.00	62,000.37	66,258.00	168,874.20	182,250.36	122,262.04	67.08
Fines	1,000.00	671.00	800.00	3,496.00	1,410.12	3,678.00	260.83
Investment	45,000.00	47,000.00	-	-	-	-	-
Miscellaneous	2,500.00	0.00	1,000.00	999.99	1,000.00	403.30	40.33
Total	440,385.00	373,860.27	449,371.00	447,788.10	584,527.76	508,224.85	86.95

Source: Adansi-South District Assembly (2016, p. 11)