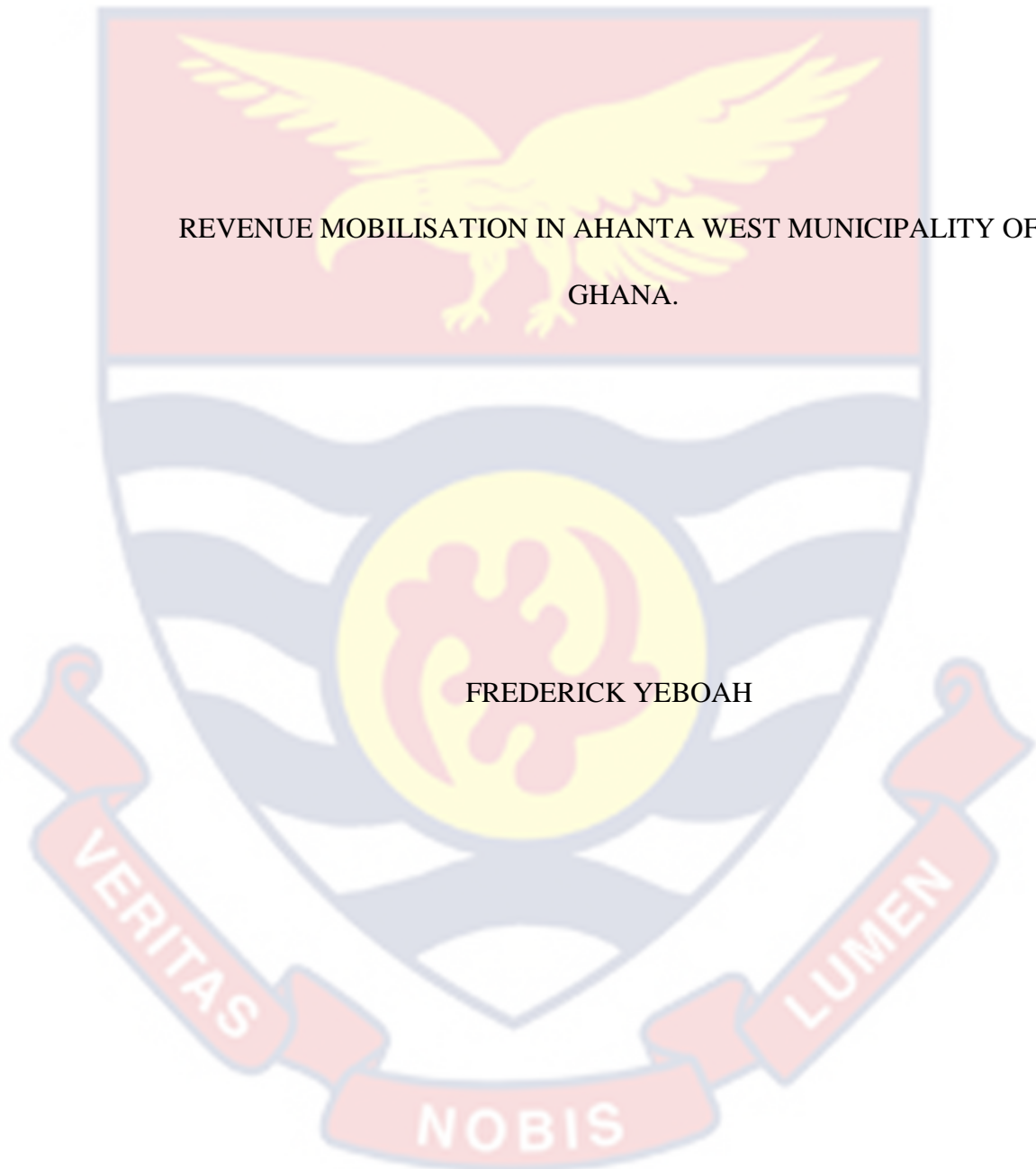


UNIVERSITY OF CAPE COAST



REVENUE MOBILISATION IN AHANTA WEST MUNICIPALITY OF
GHANA.

FREDERICK YEBOAH

2022

UNIVERSITY OF CAPE COAST

REVENUE MOBILISATION IN AHANTA WEST MUNICIPALITY OF
GHANA.

BY

FREDERICK YEBOAH

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 the award of Master of Business
Administration degree in Accounting.

SEPTEMBER 2022

DECLARATION

Candidate's Declaration

This findings is based on my own unique research, and no part of it has ever been submitted for another degree.

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

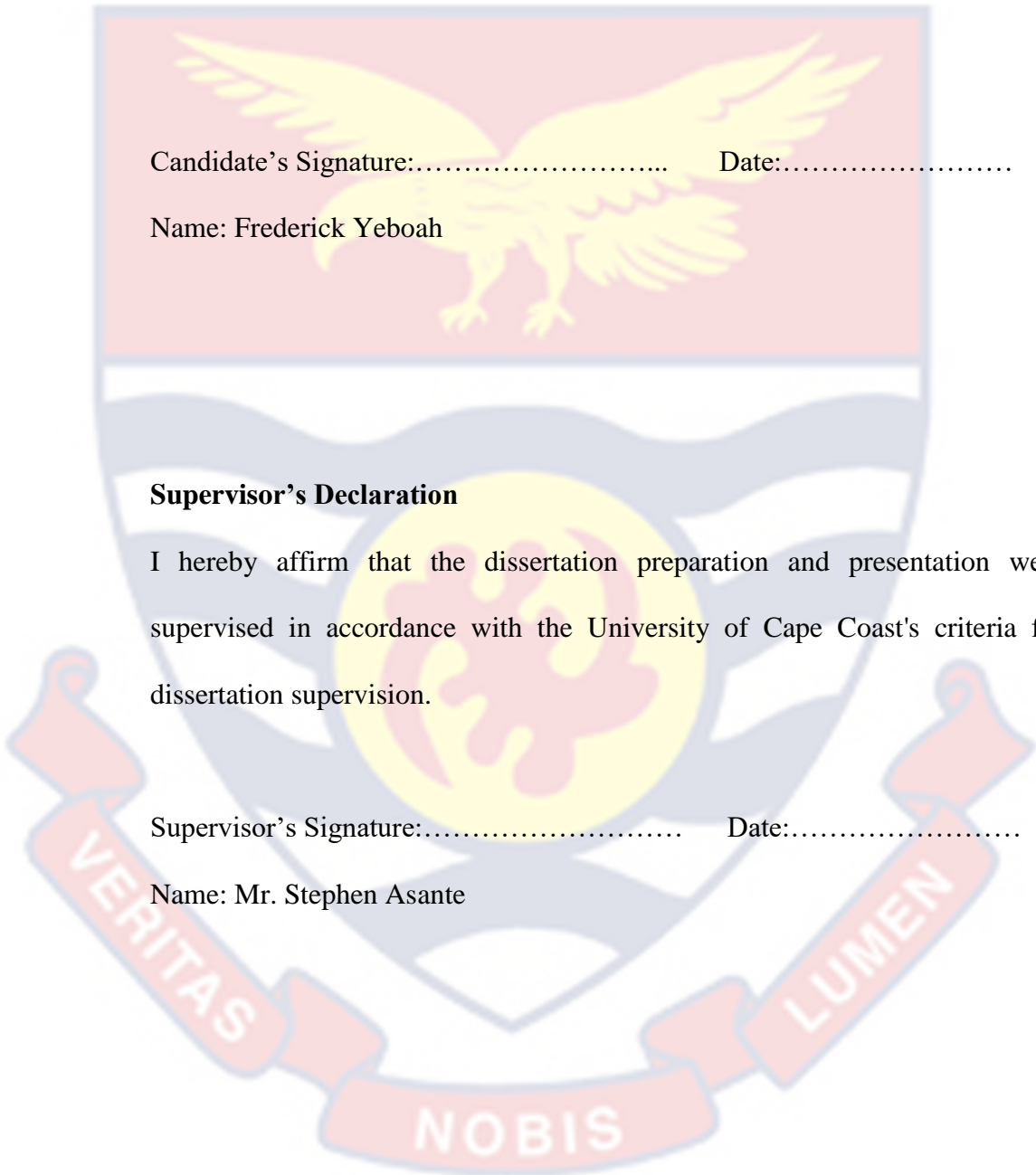
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Supervisor's Declaration

I hereby affirm that the dissertation preparation and presentation were supervised in accordance with the University of Cape Coast's criteria for dissertation supervision.

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

Name: Mr. Stephen Asante

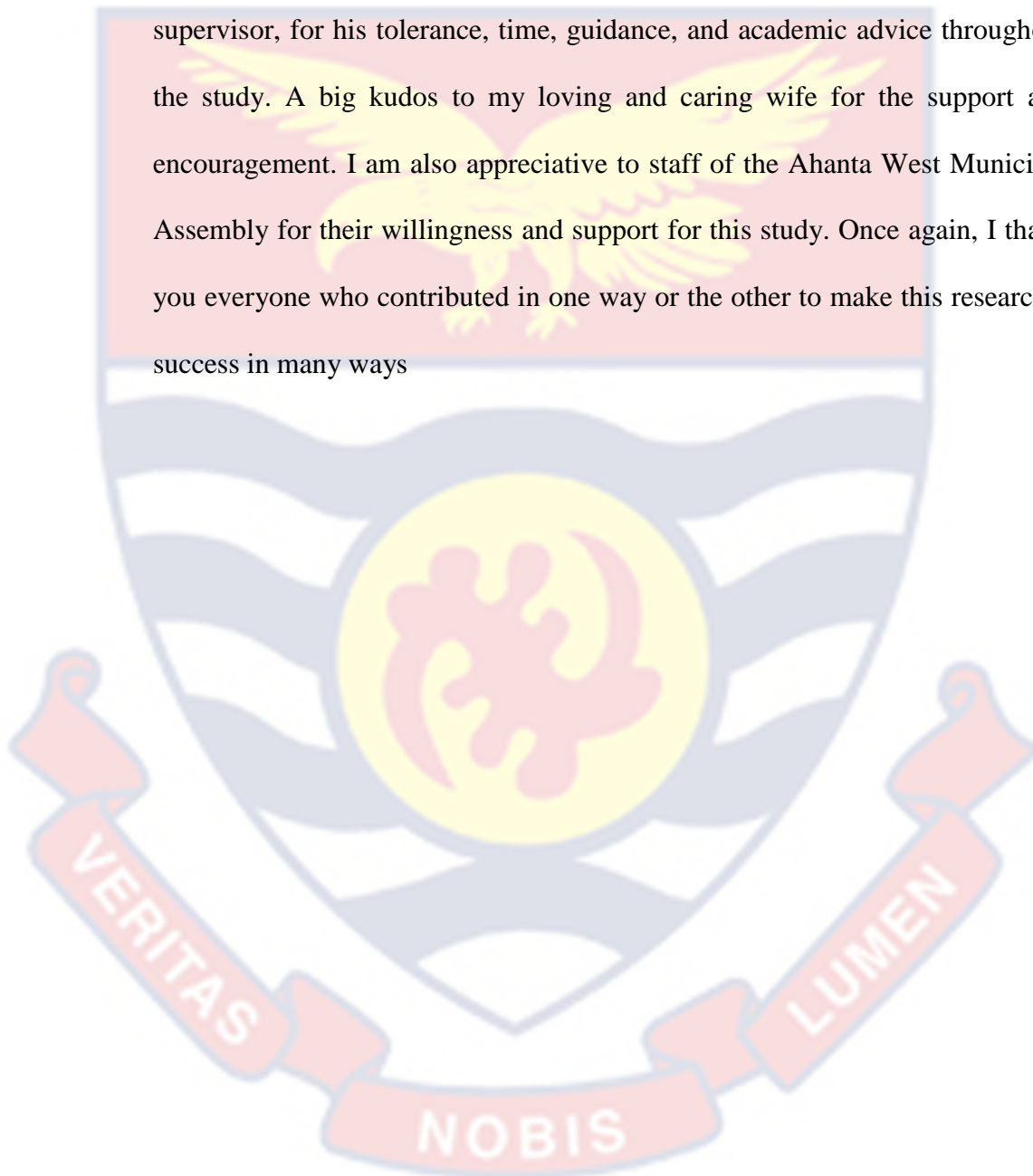


ABSTRACT

Revenue mobilisation is critical to any government's performance because it allows them to raise the necessary financial resources to raise the standard of living and improve the lifestyle of their citizens while also meeting financial obligations. The purpose of this research is to identify the various challenges of tax revenue mobilization in the Ahanta West Municipality. Specifically, the study seeks to unravel the major sources of revenue to the Assembly, unravel the major challenges of revenue mobilization faced by the Ahanta West Municipal Assembly, and examine techniques to increase revenue. This study, which examines the difficulties the Ahanta West Municipal Assembly faced in raising Internally Generated Fund (IGF) as well as looking into their main sources of revenue. The convenient and purposive sample approach were used to select a sample size of 10 participants. The study employed personal interview guide, focus group discussions, and documentary review as data collection instrument. According to the findings, the Assembly is not looking into other potential sources of income. Additionally, it noted that insufficient tracking of economic activity, poor logistics, and inadequate tax payer education were some of the difficulties encountered in raising money. According to the report, there should be ongoing tax payer education, legal action against tax offenders, as well as providing the requisite training for revenue collectors if the Assembly wants to raise its revenue mobilisation.

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DEDICATION

To my wife, kids, and parents are honoured in this study.



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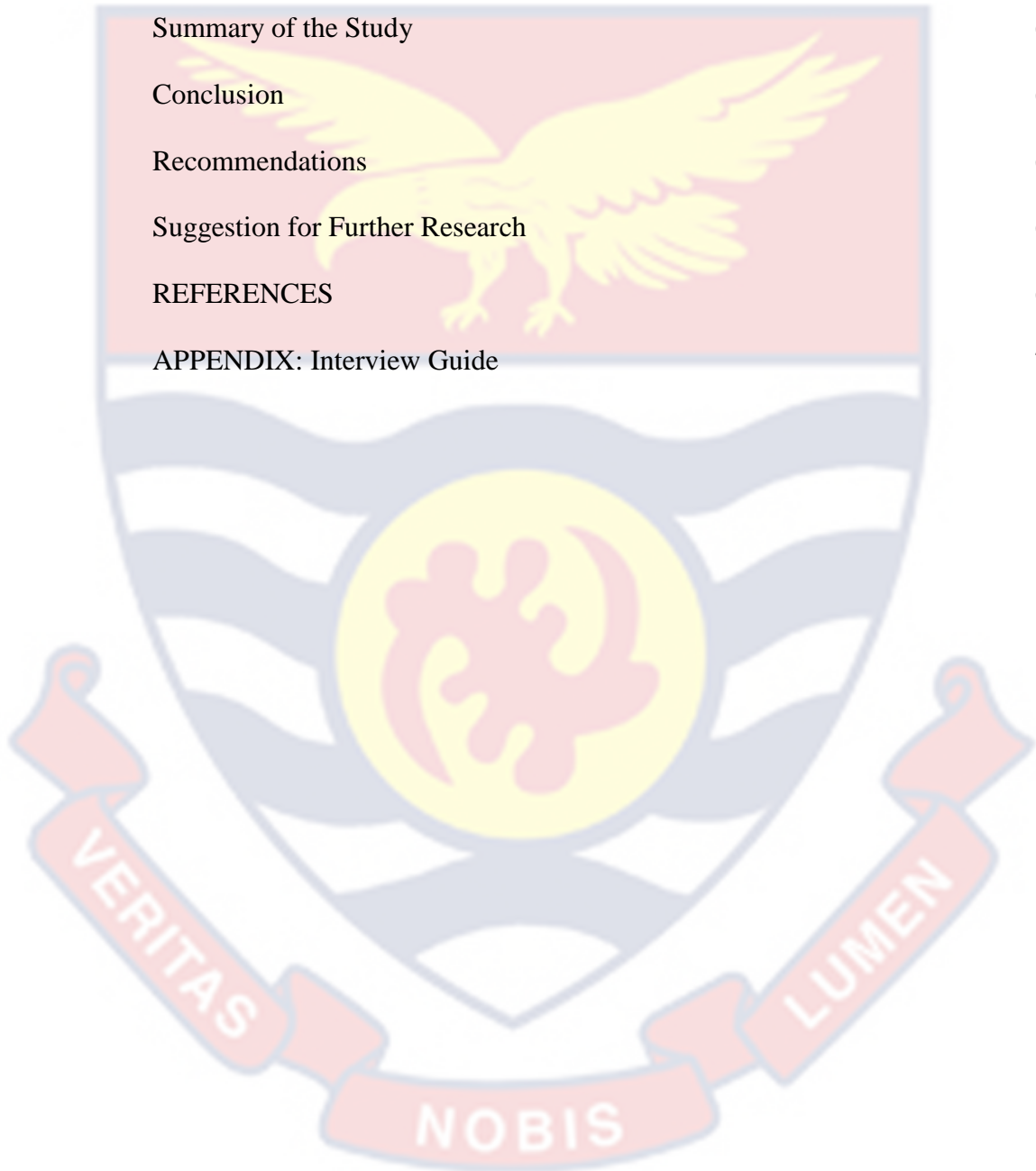
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CHAPTER ONE

INTRODUCTION

Local governing authorities are required to generate adequate income to fund developmental projects and programs in a way to promote community improvement in their specific regions. Local governments receive funding from various sources, including DACF, property rates, user fees, and public-private partnerships. Another element that has a significant impact on local income mobilization is the transparency of revenue and expenditure policies, such as the financial procedure and financial management (UN-HABITAT, 2009).

The capacity of local authorities to enhance and improve developmental projects and programs increased by effective local government finance. It makes it easier to create an environment that allows different stakeholders to benefit from it and enhance their well-being. Additionally, it permits local governments to carry out socioeconomic initiatives that raise local residents' living conditions.

Background of the Study

As the concept of decentralization gained popularity, it has equally attracted the attention of several researchers wanting to find out the significance of this important concept to the development of a country's economy in terms of developmental programs and project (Diaboh, 2022; Yeboah & Andrew, 2020; Boakye, 2017; Umar, Derashid, & Ibrahim, 2017; Opoko, Kyeremeh & Odoom, 2014; Akudugu & Opong-Peprah 2013).

Many governments throughout the world have focused on decentralizing government operations with the express goal of improving the

efficiency and effectiveness of state-owned resource administration. The desire for decentralization can be ascribed to the benefits it brings to the economy's seamless operation. Decentralization has favorable democratic and developmental consequences, and it also assures that political orientation is strengthened by extending local degrees of representation in politics (Akorsu, 2015).

Despite these hopes, the decentralization process has scarcely produced the anticipated outcomes. According to Opoko, Kyeremeh, and Odoom (2014) as well as Akudugu & Opong-Peprah (2013), decentralized local administrations have particularly struggled to promote economic development and reduce poverty. The failure of central governments to encourage fiscal decentralization, which would guarantee the transfer of financial resources to local governments, has generally been held responsible for this (Yeboah & Andrew, 2020).

It is obvious that political and institutional decentralization would have little effect without adequately defined fiscal decentralization. Roles that are poorly defined and a lack of resources can cause local governments to collapse and reduce the motivation of elected representatives and local officials to carry out their duties well (Diaboh, 2022). The problem is made worse by the fact that many local government agencies find it difficult to properly deploy their own funding streams to fund area development projects.

Diaboh (2022) posits that, Metropolitans, Municipal and District Assemblies all around the world require money to fund programs such as social amenities, infrastructure development, and security, among other things, for their population, as well as to ensure that state resources are distributed

fairly. Internal and external sources are the most common sources of revenue. Externally generated revenue, according to Boakye (2011), leaves significant debt obligations that take a long time to settle, impeding development and progress. Mobilizing funds locally helps to minimize the country's reliance on donors and reduces the level of foreign control over the government's developmental goal. However, residents are enraged by this internal alternative, which they believe is unfair (Boakye 2011).

Yeboah and Andrew (2020) further stated that, external money is usually not preferred by most Metropolitan, Municipal and District Assemblies (MMDAs) due to the conditions linked to it. Metropolitan, Municipal and District Assemblies, for example, is expected to derive the majority of its money from revenue from levies, fees, and other charges. Internally generated fund (IGF) is usually crucial to government activities since it helps to maintain the state's existence and provides cash for development programs ranging from social programs to infrastructure investments (Umar, Derashid, & Ibrahim, 2017).

It is vital to remember that any Metropolitan, Municipal and District Assemblies which does not have appropriate internally generated revenue system will inevitably fail to function well, as practically all levels of developmental projects and programs will be dependent on the state tax revenues (Umar et al., 2017). The government has many challenges in its drive to bring development to the people, one of which being revenue collection and its entanglements. Metropolitan, Municipal and District Assemblies (MMDAs) abilities to effectively mobilize enough revenue will reduce some burden from the central government to focus on certain crucial government

activates such as the provision of roads hospitals, schools, just to mention a few.

Statement of the Problem

Ghana has been undertaking a decentralization program for local governments with the goal of enhancing democracy at the local level and making sure that developmental initiatives and services are informed by and address community demands. To achieve this goal, the Municipal, Metropolitan, and District Assemblies (MMDAs) were formed. To be effective in the decentralization initiative, these assemblies must function as autonomous institutions with sufficient money to support their functions. The Assemblies' demands are not being met by central government money, necessitating the need to raise revenue for their own operations.

Though governments may contribute monies directly to MMDAs, these funds may be grossly inadequate or unavailable due to competing demands for national government financing. As a result, local government units must mobilize their own funds at the local level to supplement national government financing while also ensuring that the same resources are used effectively and efficiently (Diaboh, 2022).

According to Fjeldstad (2014), increasing the domestic income base is critical for establishing budgetary room for local development demands, which would eventually lead to country development. The majority of empirical research in Ghana, on the other hand, have concentrated on the contributions of IGF, investment in the establishment of MMDAs, while others are focused solely on revenue mobilization level of local government (Adu-Gyamfi, 2014; Akorsu, 2015; Owusu, 2015).

According to Puopiel and Chimsi (2016), MMDAs in Ghana received roughly 60% of their money from the central government, followed by approximately 69.2% from outside sources, and an average of 18% from internal sources known as internal generated funds (IGF) (Almaamari et al., 2018). Studies at the Wa Municipal Assembly (Abdul-Wahab et al., 2019), Techiman Municipal Assembly (Frimpong et al., 2015), Kpandai District (Fusheini, 2017), and Asante Akim South District Assembly (Akudugu & Oppong-Peprah, 2013; Gwaindepi, 2021a) have all confirmed the MMDAs' over-reliance on transfers from the Central Government to meet developmental needs.

Undoubtedly, the amount of financial resources that local governments have at their disposal heavily influences their ability to carry out their developmental duties or provide services to the local population. But for Ghana's District and Municipal Assemblies, mobilizing internal revenue continues to be a major obstacle. The Ahanta West Municipal Assembly has in three consecutive years had their internally generated fund reduced from 87.3% in 2020, 79.2% in 2021, and a drastic fall of 58.4% in 2022 (AWMA financial report, 2022). In order to support the decentralization process and promote local development, this study aims to evaluate the District Assemblies' potential to successfully mobilize and utilize revenue in Ghana.

Purpose of the Study

The purpose of this research is to identify the various challenges of tax revenue mobilization in the Ahanta West Municipality.

Research Objectives;

The study seeks to:

1. Explore the major sources of revenue to the Assembly.
2. Examine the major challenges of revenue mobilization faced by the Ahanta West Municipal Assembly.
3. Examine techniques to increase revenue performance.

Research Objectives

Research Questions

The following inquiries were developed to direct the investigation based on the particular research objectives:

1. What are the Municipal Assembly's main sources for raising money?
2. What are the major challenges being faced by the Ahanta West Municipal Assembly with respect to revenue mobilization?
3. What are the techniques to increase revenue performance?

Significance of the Study

Revenue mobilization is critical to any government's performance because it allows them to raise the necessary financial resources to raise the standard of living and improve the lifestyle of their citizens while also meeting financial obligations. Failure to do so increases the government's need to borrow money from outside sources. Donor money are frequently a source of stress for the recipient country because the conditions linked to them often dictate how the monies should be used.

Most of Ghana's problems in the educational, health, security, and social service sectors, as well as the rising unemployment rate, are arguably

the result of her inability to raise funds internally to cover the gaps in those sectors (Adu-Gyamfi, 2014). He further reiterates that, despite this, the rate of tax evasion continues to rise on a daily basis, particularly in the informal sector.

As a result, the researcher hopes that the research's results and recommendations would assist policymakers, government officials, and other stakeholders in learning more about the issues facing revenue collection in Ghana's MMDAs. This will aid to a considerable part in formulating policies that will assure efficiency in the country's revenue administration and collection, as well as revamping the current tax administration structure if necessary.

The findings and recommendations will increase the knowledge base of tax collectors, present administration systems, and their issues, as well serve as a foundation for future research.

Delimitation of the Study

Ahanta West Municipal Assembly staffs and queen mothers of the various trade associations within the central market of the municipality were selected for this study. The study was limited to only Ahanta West Municipal Assembly and staffs in the Assembly. Considering the entire population of traders in the Municipality and only queen mothers of the various trade associations were used as sample size, the results may not be generalized. Even though we have public and private institutions, this study is focusing on public institutions, that is, the Ahanta West Municipal Assembly.

Limitation of the Study

There are several public institutions in the Western Region of Ghana but the researcher selected only the Ahanta West Municipal Assembly because of proximity. Among the challenges faced by the researcher include the uncooperative attitude of respondents, particularly getting participants to participate in focus group discussions and interview sessions with the participants, the challenge of sourcing for information and materials on the thrust of the study as well as the unwillingness of some of the respondents to provide information that they deemed private and delicate to put out. Despite all these limitations, the researcher was able to collect data adequately enough to help make helpful suggestions and valid conclusions.

Definition of Terms

The researcher purposefully defined the following terms as used in the study:

Decentralization: This refers to the transfer of authority and responsibility to the local Assemblies within a restricted area.

Revenue: This is the expected money from the Assembly's revenue sources or activities. **Revenue Sources:** These are the various sources of revenue available to the Assembly to raise funds.

Revenue Collector: This refer to any appointed officer of the Assembly mandated to receive or collect revenue for the assembly.

Local Government: These are government designated authority operating on behalf of the central government mandated to carry out government policies and programs within a restricted area.

IGF: Internally Generated Fund

DACF: District Assembly Common Fund

Organization of the Study

This research is organized into five (5) chapters. Chapter one covers the introduction and presents the background to the study, the statement of the problem, purpose of the study, research questions, significance of the study, delimitation of the study, limitation of the study, definition of terms, and chapter summary. Chapter two covers literature review and presents the overview of the study, conceptual review, historical development of the District Assemblies in Ghana, concept of revenue mobilization, administrative arrangement for local level revenue mobilization, inter-governmental transfers (External funds) and other funds available to MMDAs, tax evasions, Causes of tax evasion and tax avoidance. Theoretical review, and empirical review on local government's key revenue sources as well as chapter summary was captured in the chapter two as well. The researcher addressed the approach for collecting the data required to address the research questions, data processing, data analysis as well as ethical consideration in chapter three. In chapter four, the researcher presented the analysis and discussion of data gathered in the field surveys whereas chapter five presented key findings, conclusions as well as recommendations.

CHAPTER TWO

LITERATURE REVIEW

Introduction

Several scholars have contributed to the literature on revenue mobilization by MMDAs partly due to the growing concern of funding for projects and programs by the Assemblies. This study sought to investigate the main challenges confronting MMDAs in their quest to raise revenue for developmental projects and the strategies adopted by the Assemblies to overcome these challenges. This chapter of the study analyzed written materials concerning revenue mobilization by the MMDAs in Ghana. The review covered the concept of decentralization, as well as the difficulties associated with revenue mobilization by the MMDAs. The numerous theories that support the idea of decentralization was also examined. Empirical review on local government key revenue sources was considered.

Theoretical Review

Over the last few decades, the concept of decentralization has gotten a lot of scholarly attention (Owusu, 2015; Fjeldstad, 2014; Adam, 2011; Smith, 1995). Decentralization is the process through which a central authority formally transfers power to individuals or entities operating at lower ranks (Smith, 1995). It implies sharing policy-making control and responsibility between providing local authorities with the financial, legal, institutional, and managerial resources they require to execute their commitments at all levels of government. It further suggests that localized administrations ought to be responsible to both the federal and state governments, as well as their

constituents (World Bank, 2020). Democracy is based on the distribution of power.

The act of physically moving authority to local government organizations or setting legal authorities is referred to as "decentralization."

Decentralization is the transfer of power from the level of government to municipalities or the delegation of power to field units within the same department. (Badu, 2007). Adjei (2018) defines decentralization as "any act that occurs when a central power officially renounces responsibilities to organizations and individuals at lower ranks in a government and geographic structure."

This means that decentralization is a strategy for bringing government closer to the people it governs and for improving public administration by empowering local governments to act as planning and decision-making bodies and so increasing the government's potential to achieve local participation." The local population is given influence over the governing process through decentralization to manage and control their developmental projects and programs (Manor, 1999). Though often discussed, the concept of decentralization is interpreted in a variety of ways (World Bank, 1989).

Historical development of the district assemblies in Ghana

The 355 local authorities were the first efforts made by the colonial masters to establish local governance. The indigenous administrations were not democratic, but merely representatives of the people (as they were hand-picked). They were primarily concerned with assisting the British colonial authority:

1. They had little engagement in local administration.

2. To uphold the rule of law.

Municipalities were formed in the Gold Coast coastal communities by the Municipal Ordinance of 1859. Accra, Kumasi, Sekondi-Takoradi, and Cape Coast all got elected town councils in 1943, thanks to a new Ordinance.

The Municipal Councils Ordinance was passed in 1953. Following independence, the Local Government Act 54 of 1961 was passed. The separation was made by the law with respect to local authorities and governmental entities.

In terms of this distinction, Ghana's administration has traditionally been divided into two distinct system: one centered in the capital with branches at the local (district) level, and another based in well-defined localities and referred to as local government. At the local level, central government entities dealt with national issues. In terms of management abilities and professional competence, they also attracted more qualified individuals. The key government organizations had little authorities with respect to local responsibility, but because of their de-facto status as central government bodies, they had a far stronger presence (Ahwoi, 1999).

Because these committees were compelled to report the majority of significant concerns to a ministry in Accra, which was swamped with matters of "national significance" and hence unable to react swiftly enough to problems referred from the local level, decision-making took an unnecessary length of time. The local governing bodies were invested with jurisdiction specifically for local matters because they had developed alongside the central governing bodies that operated at the local level.

They were expected to offer local services and facilities to the communities regardless of their financial ability to do so. These organizations lacked individuals with the necessary skills and experience. Local government bodies, unable to collect finances to satisfy their commitments or recruit and retain qualified personnel, have only succeeded in projecting an unflattering image of ineptitude and incompetence.

Metropolitan assembly authority and roles

According to the 1992 Constitution and the Local Government Act (Act 462) of 1993, MAs have a wide range of authority and responsibilities similar to the dual structure that existed prior to 1988 and allowed for the concurrent operation of central and local government organizations. Such authority and responsibility are typically delegated to central government agencies and organizations (Awortwi, 2016). The continuation of the hierarchical relationship or the use of "independent discretionary powers" by Metropolitan Assemblies over development initiatives within their authority is a crucial subject.

The law that established the Local Authorities and the Constitution of 1992 outline the following general duties for the Metropolitan Assemblies:

To direct, oversee, and provide political and administrative guidance to the other administrative authorities in the Metropolitan areas

- i. To perform executive, legislative, and deliberative duties;
- ii. To be in charge of the metropolitan area's overall growth and make

sure that

(a) District, Municipal, and Metropolitan Development Plans are properly executed.

(b) The Metropolitan's budget in relation to the approved plans; the efficient deployment of the funds required for total district development; encouraging social and economic development;

To coordinate, integrate, and synchronize the implementation of the districts' approved development plans as well as other development initiatives support to the districts, agencies, official enterprises, additional statutorily mandated entities, and quasi organizations (Awortwi, 2016).

It appears that the Metropolitan Assemblies are intended to operate as the primary authority, responsible for all development-related actions, including coordinating and including the views of other stakeholders in the development. These general part broken down into 86 specific functions, which are listed in the legal documents that established the Metropolitan Assemblies. Crawford (2019) divides the particular tasks into de-concentration, governmental functions that have been assigned and decentralized highlighting the participation of additional actors, primarily ministries and divisions of the federal government as well as the scope of their respective authority.

Deconcentrated public services are those provided by the national government that have a branch or office in each area. Although there was tight collaboration in these sectors, between regional and state administrations, these services are not immediately under the Metropolitan Assemblies. Some of these services are provided by Municipal Assemblies, but they do so as agents of national state institutions. For example, Metropolitan Assemblies maintain all state structures that are constructed and maintained by the centralized administration (Ankamah, Samuel Siebie; & Feng, 2013).

Given that it appears that the central government is moving part of its responsibilities in this case, it was necessary to make it clear who is responsible for paying for such services, the central government or local governments. According to Forkuor et al., (2016), delegated public services are those in which District Assemblies are involved. In essence, District Assemblies seem to be carrying out state policies as a less powerful political figure, but not having a lot of discretionary or decision-making power. Examples include providing civic education in coordination with the Ministry of Local government, providing public education in partnership with the information service department, among others.

Sub-district entities perform some delegated functions, such as registering births and deaths through Unit Committees (Forkuor et al., 2016). Full authority and responsibility for devolved public services rests with the Metropolitan Assemblies, which also has the legal authority to enact by-laws subject to its approval, the ability to raise money, and the ability to make decisions. Planning for district growth, building public infrastructure like roads, parks, and cemeteries, and providing relief services during natural disasters are a few examples of these devolved services (Forkuor et al., 2016). Only in this subset of decentralized public services do Metropolitan Assemblies have independent discretion.

It became clear that Metropolitan Assemblies are at least partially responsible for 86 significant, diverse, and crucial role. However, Metropolitan Assemblies possess exclusive power over a small number of devolved public services; for the other two categories, they collaborate with

deconcentrated state entities or serve as implementer of central government directives.

As a result, the exercise of independent discretion was restricted to providing decentralized public assistance, which account for around 25% of DACF expenditures (Puopiel & Chimsi, 2016). Again, the central government has moved a wide range of services from its own ministries to local government, raising concerns that this is an attempt to shift blame and relieve itself of burdensome duties while overburdening District Assemblies (Adalety et al., 2018).

The authority of the government at the local level has been largely intact. Despite stated constitutional and legislative aim, the central government rather than the District Assemblies remains the primary power because the majority of District Assemblies activities entail delegated services (Jennifer et al., 2020). It would appear that the idea of a strict hierarchy that characterized the time before 1988 (Aye, 2008) is still valid today. This raises questions regarding the MA's capability. The most concerning aspect of MA overwork is that it may negatively impact their capacity to provide the narrow public confidence in district-level governance is weakened by the wide variety of services having monopoly of authority (Jennifer et al., 2020).

Concept of revenue mobilization

When it comes to MMDAs, revenue mobilization entails an increase in the public funds' assets without an equal increase in their liabilities or ability to recoup their spending. Taxes, licenses, fees, permits, and other sources of income make this money possible. In other terms, revenue is the money that a company makes via regular business operations, typically from the sale of

goods and services to clients. Revenue mobilization is the process of gathering, integrating, and coordinating everyone's financial contributions from recognized sources in an economic context. A sound revenue structure for local governments is a vital prerequisite for budgetary success, claim Gyedu Kwarkye and Article (2021).

According to Odinkonigbo (2020), local revenue mobilization has the ability to improve political and administrative responsibilities by empowering local communities. The vast funding sources that local governments rely on in Africa is a well-known feature of the continent's revenue systems (Gyedu Kwarkye & Article, 2021). Local governments in some nations plan to raise taxes, fees, and levies on a regular basis without being concerned about the economic distortions and distributional impacts that these tools may cause (Brosio, 2000).

Internal revenue mobilization, according to Pouryousefi and Frooman (2017), primarily comprises two aspects: policy design, and administration. Policy design deals with the physical goal determination and creation of laws and rules to achieve such goals in terms of policy formulation. The administration, on the other hand, is in charge of carrying out the physical policies that have been established. Policy formulation and administration do not receive equal emphasis in theory and practice, despite their importance in revenue mobilization.

One of the challenges that countries confront in their development efforts is generating enough cash to support the numerous development projects that are necessary to improve residents' living standards (Shamsia et al., 2019). Internally produced funds are as old as the institution of local

government itself. When sub-national and local governments become the entities in charge of providing services to identifiable beneficiaries, the value is placed on the last amount of services provided to the recipients.

Due to the fact that local governments are responsible for providing services to their particular geographical areas, vigorous internal income mobilization by sub-national organizations has become critical. In this instance, comprehensive financial planning is required, which includes a continuous examination of how local government resources are created, how they are distributed to services, and forecasting the benefits derived from those services, as well as efficient revenue production tactics (Odinkonigbo, 2020).

Administrative arrangements for local level revenue mobilization

Local governments frequently have difficulty collecting rates, fees, and charges. As a result, various experiments are being conducted in order to develop effective income mobilization options (Owusu, 2015). The global recession, according to Adam, Delis, and Kammas (2014), is the primary reason why revenue mobilization has become such a high priority for many organizations, including local governments. He proposes that traditional rulers be urged to assist revenue collection agencies in increasing their revenue base in order to fund infrastructure improvements. Still, given their crucial position in society, there are suggestions that chiefs could do more to aid by sharing educational material.

The institutional structures for local revenue mobilization range from local government bodies mobilizing the money directly to private agents collecting the revenue (Abiire, Berko, Adeniyi, Atindaana, & Mbilla, 2020). Outsourcing, on the other hand, can provide a platform for change, but its

immediate impact and long-term success are dependent on several cardinals such as political commitment, the strength and quality of the local government authority's labor force, and clarity in the dissemination of readily available and current information to the public regarding the tendering procedure, the bids received, as well as information regarding actual and prospective revenue collection (Abiire et al., 2020).

The appraisal of the income potential for respective revenue instruments is one of the most pressing issues facing privatized revenue collection in local government bodies. In most cases, revenue estimation is done on an unstructured basis, commonly based on the revenue recorded for the prior year. Extensive underestimating of expected income may mean that actual collection by the agent is significantly higher than what is seen in the contract, resulting in the agent keeping the largest amount of revenues received, which appears to be the situation in certain councils currently (Abiire et al., 2020).

Inversen, Fjeldstad, Bahigwa, Elli,s, and James (2006) investigated six (6) markets across Uganda and discovered that the difference between local government revenue yield estimates and actual revenue yield received by private agents ranged from 25% to 74 percent of total income. There is no evidence that outsourcing has resulted in superior local revenue performance when compared to keeping revenue mobilization in the hands of local government officials. However, there are examples that show local government officials are more adept at raising revenue than private citizens (Abiire et al., 2020).

Intergovernmental transfers (External funds)

For fiscal decentralization, the IGF is a necessary but insufficient requirement (Fjeldstad & Heggstad, 2012). According to studies, locally generated resources are insufficient to develop and provide necessary services for Ghana's rapidly rising population. To address this fiscal imbalance, intergovernmental fiscal transfers are required. Because of disparities in revenue-generating potentials, there are significant differences in the amount of revenue created by District Assemblies (Owusu, 2015). As a result, intergovernmental exchanges can be used to achieve national redistribution goals and even out budgetary discrepancies between local governments. According to Jibao (2009), District Assemblies earned a whopping 69 percent of their income from the federal government, highlighting one of their key financial sources.

Local government key revenue sources

Across Africa, local revenue systems are characterized by a wide range of rates, levies, and fees (Fjeldstad & Heggstad, 2012). Local governments in certain nations appear to raise whatever rates, fees, and charges they can, frequently without regard for the economic distortions and distribution impacts that these instruments cause. The enormous number of rates, taxes, and charges is a big issue from numerous aspects, including the construction of a local revenue system that is functional, transparent, and accountable (Fjeldstad et al., 2014).

When it comes to major revenue systems, it's important to remember that, according to the literature, local governments in Africa have two main sources of revenue: internally generated funds, such as rates, user fees, and

various licenses (Fjeldstad & Heggstad, 2012; Bahl & Bird 2018), and transfers from the central or regional levels, such as grants and revenue sharing (Shamsia et al., 2019). Municipalities in certain nations have the ability to borrow money to make capital investments, while some countries, such as Kenya, place restrictions on the time and quantity of the borrowing (Yatta & Vailancourt, 2010).

According to Fjeldstad et al. (2014), assessing own local income is a prerequisite for the growth of decentralized local governments, with two definitions relevant: internally generated funds and total local revenues. Tax and non-tax money directly mobilized by local government authorities are included in the internally generated fund. Property rates; rental income on property controlled by the local government authority; business licenses; service charges; fees; royalties; and miscellaneous taxes are some of the sources of revenue.

The IGF is a measure of the local government's mobilization effort as well as the accountability relationship that local revenue payers are likely to build between the local levy and the provision of local public goods (Smoke, 2013). Because of the accountability introduced at the local government level, IGF mobilization may have a positive impact on the efficacy of local expenditure (Fjeldstad et al., 2014). In addition to the IGF, which contains a measure of local mobilization effort as well as financial autonomy, it is critical to incorporate a measure of all income accessible to local governments. IGF, transfers from the central government, and foreign financial contributions like as donor-funded projects/programs are all included in the idea of total local revenues.

Local government IGF is primarily made up of utilities charges, property rates, and money from other traders. The large array of revenue tools utilized by local governments in revenue mobilization is a common feature of local government IGF systems throughout Africa (Fjeldstad et al., 2014). Many municipal income systems in poor nations are subject to arbitrary decisions, coercion, and corruption (Fjeldstad & Heggstad, 2012; Fox & Pimhidzai, 2013; Prichard, 2010). Property rates, company licenses, and various user charges are the most common sources of money at the Assemblies level, frequently as surcharges for administrations provided by or in the interest of the decentralized unit.

A convoluted and opaque local government income structure, according to Fjeldstad and Heggstad (2012), is mismanagement and corruption are encouraged, and administration is expensive. Furthermore, many local revenues have a distorting effect on resource allocation decisions, which inhibits the formation of new businesses and the attainment of economic growth (Bahiigwa, Ellis, Fjeldstad & Iversen, 2004).

These impacts emerge when effective rates fluctuate significantly between traded items and when license fees are set too high for small-scale businesses to sustain. According to Fjeldstad et al., (2014), the amounts and types of local revenue instruments are the result of the cost of taxes and levies falling disproportionately on the poor. This is mostly due to the municipal revenue system's basic design and the manner in which levies are collected.

Property Revenue: The sale of boarded assets, rent on commercial real estate, ground rent, building plan approval and inspection fees, and land search and registration fees are four major sources of IGF according to Puopiel and

Chimsi (2015). According to Fjeldstad and Heggstad (2012), real estate is visible, immovable, and a clear indicator of one type of wealth. As a result, property rates are impossible to avoid in principle, and if properly administered, they can be a non-distortion and highly efficient fiscal tool.

User Fees: The fundamental economic argument for user fees is to encourage the efficient use of public resources rather than to generate money. User charges, when properly constructed, provide information to public sector suppliers about how much consumers are ready to pay for specific services, as well as ensuring that citizens value public sector supply (Fjeldstad & Heggstad, 2012).

Cash from particular Trades: Licensing has been the normal technique in most African governments for generating revenue from enterprises. Local business licensing has progressively become an income generator in most regions, despite its initial regulatory objective. The IGF generated through business licenses accounts for a major portion of the IGF generated by local governments in urban councils (Fjeldstad & Heggstad, 2012; Owusu, 2015).

Many countries' systems, on the other hand, are unsatisfactory, often inequitable, and have imposed high expenses on businesses while producing little revenue (Sander, 2003). Furthermore, artisans, business people, and commercial farmers might benefit from cash generated by people in gainful work, which is classified as local service revenue. In Ghana, the 1992 Constitution specifies the sources of funding for the MMDA.

Articles 240 2(c) and 245 (b) of Ghana's 1992 Constitution provide for the establishment of a stable financial base that is adequate and reliable for local government. Fees, rates, and duties can be imposed and collected by the

district assembly. Local governments in poor nations get their money from two sources: cash transferred from higher levels of government and funds collected and kept within the community (Dayina, 2017). Articles 245 and 252 of the 1992 Constitution, as well as section 34 of the Local Government Act of 1993, include the financial provisions for Ghana's new local government system (Act 462). The local government's revenue sources for development objectives can be divided into two categories: locally generated (traditional) and central government transfers.

District Assemblies in Ghana's Internally Generated Funds are the District Assemblies' self-financed revenues. In modern governance systems around the world, especially in developing nations, local governments play an important role in individuals' lives. Local government has a distinct advantage in that it may arrange for the provision of local public goods in accordance with local preferences and tastes (Watt, 2006).

Governments' budgetary responsibilities are frequently limited, and their budgets are frequently dominated by external transfers related to specific projects that may or may not align with the interests of local governments. As a result, local governments' autonomy is inextricably linked to their IGF (Mogues & Benin, 2012). Local government is the component of a country's government that functions as the community's housewife, ensuring that the environment is safe to live in, keeping the streets clean, educating children, building houses, and doing everything else that allows inhabitants to live a civilized life (The Common Fund News Letter; December 2016).

In order to provide the above services, local governments rely on people's cooperation through the payment of local funds (both tax and non-

tax). Tax revenues are the required payments, which include taxes on self-employed people's earnings, businesses, and real estate. Non-taxable revenues, on the other hand, are voluntary payments or contributions made by designated district beneficiaries, such as user fees or charges, licenses, permits, and royalties. Despite the fact that sufficient legislation has been enacted to enable District Assemblies to harness domestically generated revenues, District Assemblies confront four severe design issues (Owusu, 2015).

First and foremost, local governments' income bases are stagnating due to inadequate data for estimating income possibilities. Districts' potential revenue-generating spots are not appropriately identified, resulting in a low level of tax collection. Second, some districts have complicated systems in terms of income collecting plans. Systematic internal revenue collection failures continue. For instance, revenue receipts from property rates are low because properties have not been fairly valued. In addition, most districts have insufficient revenue collectors. The absence of adequate consequences or punishments for revenue defaulters is the final design flaw, which means that ratepayers, particularly residents, are not obligated to pay revenues. Furthermore, most assemblies are known to have failed to fulfill their targets due to lack of precise data on landed property and a large amount of revenue leakage. In addition, the MMDAs' ability to mobilize IGF is hampered by a lack of capacity and training for revenue staff in diverse areas, as well as a lack of adequate revenue collector supervision (Azeko, 2012; Fjeldstad & Heggstad, 2012).

Other funds available to MMDAs

The District Development Fund (DDF) was established to assist MMDAs in improving their financial standing based on their performance. It is a unique fund established to encourage DAs to carry out their constitutional role successfully (Akudugu, 2013). This facility for funding the development of MMDAs is a collaboration between the Ghanaian government and four development partners. Capacity building accounts for 10% of the fund and is distributed in two ways: an equal share of USD 10,000 that can be used to fund government-mandated training programs for all MMDAs, and a discretionary share based on the results of the Functional and Organizational Assessment Tool (FOAT) in individual MMDAs. The performance award will be allocated at a rate of 40% of the overall pool, based on the outcome of the FOAT. The FOAT is an evaluation mechanism that requires them to meet specific specified targets in order for the fund to be made available to them to help them develop (Azeko, 2012).

The fund's key goals include mobilizing more financial resources for MMDAs, providing a performance incentive, and establishing a link between performance evaluation and capacity support (Akudugu, 2013).

Constraints of revenue mobilization

According to Asare (2015), local administrations encounter more difficulties when trying to raise money. First, local governments usually have little fiscal space that allows them to sustain certain responsibilities delegated to the area, particularly in comparison to the revenue basis of the national government. Second, they underutilize the revenue potential already present from these sources because they have few revenues from their own sources,

lack motivation to do so, and lack incentives to do so. Third, their ability to determine the tax rates they can impose is frequently limited or non-existent. Fourth, transfers made by the federal government are frequently opaquely designed and are neither stable nor predictable.

Additionally, local governments' capacity to be accountable to residents' tax and vote dollars is weakened by their reliance on central government payments (Devas, 2005). Fifth, the majority of local governments in developing nations either aren't allowed to borrow or have their borrowing limits set by the national government. Devas (2005) noted that insufficient institutional capacity affects local administrations frequently. According to Devas, decision-making procedures lack organization, there is a lack of officials with the required technical, management, and financial abilities, and there are insufficient mechanisms for holding authorities and elected or appointed representatives accountable. These Devas claimed that this is frequently brought on by a lack of funding to recruit and keep top talent. He said that a very low wage also means that employees are busy with looking for alternative sources of money.

Management of financial resources

In order to increase service delivery and reduce resource waste, local governments must effectively manage their finances: The integrity of local governments and obtaining and preserving the trust of the community's citizens have come to be seen as being critically dependent on transparent and competent local financial management (Azlan Annuar et al., 2018). Giving information about the state of local government finances and accounting for the sources and distribution of income are the objectives of financial

management, and ensure that local governments have enough revenue to meet their expenditure obligations. As part of its financial management system, local governments must create efficient systems for budgeting, accounting, and auditing if they are to achieve these goals.

Budgeting

According to Crawford (2019), the local government budget serves two main goals. The first step is to outline a program of local government spending for the upcoming year and predict the revenues that will be used to pay for that spending. The second is to offer a way to limit spending so that it doesn't go above revenues. The municipality budget is an important record because, when correctly written, it will reduce wasteful spending, improve the effectiveness of the procedures used to collect taxes, and maintain the local governments' credit standing (Awortwi, 2016). Budgets also help make local governments' overall financial systems more transparent and accountable, which lowers the risk of fraud and corruption. Before being authorized as a functional document, local government budget preparation goes through a number of steps. The stages are as follows, as described by UN-HABITAT (2009) and illustrated:

The preparation of initial funding requests by each department marks the beginning of the budgeting cycle (for example, transportation, water, and recreation). During the second stage of the budget cycle, the individual departments present their proposals for funding to the principal administrative or finance manager. All funding requests are gathered, combined, and organized by this official. In addition, the finance manager is in charge of forecasting the year's expected revenue yields and allowable tax hikes. The

competing requests for expenditures are given priority due to the revenue restriction, which might lead to disputes that ought to be handled.

Therefore, departmental demands can be turned down or the budgetary limit might be increased. The local government council's budget committee is then presented with the chief financial officer's finalized budget. The council's approval of the budget is the third stage. The chief financial officer is responsible for implementing and overseeing the budget during the fourth stage of the budget cycle. The fifth stage involves an independent auditor auditing the financial records of the local government after the fiscal year has ended. The audit verifies that local governments have followed the law's criteria for local spending and that local authorities have not mistakenly or purposefully mismanaged local monies.

Including the public in the creation, execution, and oversight of local budgets is one strategy to encourage openness and transparency in local budgeting procedures. Carlitz (2010) identified four key characteristics of public budgeting. The first is the inclusion of representatives from each municipality's subdivision in the process for determining decisions. The next is that, in order to decide budget allocations, local authority representatives are responsible for the prior year's budget as well as predictions of expenditures and income for the current year. The next is accountability, which is accomplished via open public participation and open voting. The fourth is objectivity using numerical standards to order funding requests and allocate resources.

By giving the most vulnerable and underprivileged citizens a say in budget decisions, participatory budgeting fosters social inclusion and enhances

communication and discussion between the municipality and its residents. It also gives neighbourhood groups and smaller organizations more authority (Nyirakamana, 2021). However, aside from the fact that it takes a while to put budget decisions into practice, the number of community members that participate in budgeting is frequently relatively low.

Accounting

Accounting is defined as the process of gathering monetary operations and the compilation and trying to report of these operations in a meaningful and consistent manner so that government decision-makers can efficiently distribute resources among competing goals and objectives and measure progress toward budget-established goals (Nyirakamana, 2021). Accounting reports show if spending exceeds revenue, if budget plans are on track, if capital funds are being utilized to pay for operational costs and if the local government is taking on debt that it cannot afford (Martins Ifeanyi et al., 2017). When capital funds are being utilized to pay for operating costs, when spending exceeds earnings, and when the local government is taking on debt that it cannot afford, accounting reports show whether budget plans are on track (Martins Ifeanyi et al., 2017).

This method of cost reporting may overstate the costs in the first year while understating it in later years. Cash accounting excludes the valuation of fixed assets and changes in the value of long-term debt. The assets and liabilities of municipalities cannot therefore be shown on a balance sheet, making it impossible to portray the net worth of towns (Chachu, 2021). Because they are not accrued on balance sheets for cash accounting, stock, receipts, as well as payments are not frequently included.

Auditing

Financial audits of local governments are intended to identify issues with the internal control system, noncompliance with accounting principles and standards or with local government reporting obligations, and money-laundering (Chachu, 2021). The auditor must be impartial, have a legal mandate to conduct the audit, and submit the findings to the council in order to ensure the integrity of the audit (Abdul-Wahab et al., 2019). Three goals should be accomplished by local government audits, according to Jennifer and George (2019). They should start by examining the local government's financial situation, taking into account trends, the caliber of its revenues, and its outlays. They should also assess how well local governments execute across a range of issues with accounting and financial management.

Thirdly, audit findings on failure to follow laws and regulations, unnecessary spending, delays, and failure to meet budgetary goals should be included. Adu-Gyamfi (2014) stated that local governments should increase staff capability, adopt consistent and open accounting and auditing methods, and standardize financial data to improve local government audits, especially in developing countries.

Strategies for improving revenue performance

Records of rateable persons and tenements

Each district was split into geographical main control regions to make the planning and implementation of revenue collection easier. Sub-control zones are then created from the primary control regions. Each sub-control area was represented by a book of ledgers, or perhaps more than one book if the sub-control area was particularly big. The ledgers are divided into several

managerial sizes. Region code, revenue code, and account number must be used to identify each rateable individual and tenement in the sub-control area.

Program for Collecting Monthly Revenue

In the middle of each month, the revenue heads create a schedule for the following month that specifies the day and hour of the collection for each unit committee within the district's principal town or area council (Adu-Gyamfi (2014).

Constraints on democratic local governance in Ghana

The subject of whether decentralization in Ghana entails democracy is addressed in this section. Decentralization entails giving authority and funds to representatives who have been duly elected and who are mostly autonomous from the national government. As indicated above, the constitutional structure, albeit not fully explicit, was geared rather than only deconcentrating in the direction of a democratic sort of decentralization. How much of this was actually put into action? Several restrictions on local governance in Ghana have been found.

These are categorized and examined in this study into four segments: district-level capacity, engagement and involvement, and fiscal independence of local governments. The political commitment of succeeding governments to decentralizing authority was frequently weak, notwithstanding their adherence to decentralization rhetoric. In Ghana, it was clear that local governments' independence was undercut and weakened in several means, showing that centralized power is still much in effect. Achiyaale et al., (2022) asserted that its sway was preserved via a variety of procedures, including executive endorsement, nonpartisan selection, administrative power as well as financial

management (Achiyaale et al., 2022). Control of the purse strings at the federal level was a particularly important tool for limiting local government sovereignty.

Adu-Gyamfi (2014) asserts that the District Assemblies Common Fund (DACF), ceded revenue, and the District Authorities' or Assemblies' own authority to raise revenue through local taxation are the three sources of income for the District Authorities or Assemblies. The primary source was the DACF, which offered a minimum share of government money that was guaranteed by the constitution and consequently some fiscal freedom. The proof of its operation was, however, somewhat contradictory.

However, it has been questioned if district authorities have received the full 5%, as annual allocations are always understated and based on forecasts of annual revenue. Another defence was that, given the wide range of duties transferred to local authorities, the five percent minimum of national revenue was insufficient. Ceded earnings served as the second source of funding. This money came from a variety of smaller tax bases that the federal government had given the District Assemblies control over. The Internal Revenue Service (IRS) continued to collect ceded revenue and other taxes (Ayee, 2000). Adu-Gyamfi (2014) contends that surrendered money has provided relatively significant sums to local administrations.

Local governments have some authority to raise money on their own and are not entirely reliant on the federal government. Adu-Gyamfi (2014) noted that local government only had access to poor yielding taxes like as basic rates and market tolls. It was generally acknowledged that district authorities' financial situation is precarious given the considerable duties

devolved to them, as mentioned above. The ability of local governments to raise money is constrained, and they are largely dependent on the federal government for financial support.

According to Adu-Gyamfi (2014), the reliance of local governments on federal financing results in a loss of active self-reliance, undermining local drive. The creation of the DACF, which provided a constitutionally guaranteed minimum, was undoubtedly a step in the right direction in this regard, even though the percentage of 5% might appear insufficient. However, we are also reminded that 75% of expenditures are determined by orders from the central government. Greater autonomy would still result from giving up more authority over raising money, but this fiscal reform was unlikely.

Generally, it seems that the government is seen open to delegating its duties to the local authorities than it has been to devolve its tax revenues. Inability to provide public services in accordance with additional obligations would result from a local government fiscal crisis, which may have been caused by the central government. This would undermine the Metropolitan Assembly's credibility in the eyes of the population in the area. The axiom that "he who pays the piper, calls the song" undermines any concept of public control, with Metropolitan Assemblies responding more to demands from the central government and less to local taxpayers.

Theoretical Review

Studies of revenue mobilization in the decentralized authority have used the resource-based view theoretical approach, and this study is also grounded on this theory. According to the resource-based

perspective, organizations' like decentralized governments have special resources that they can use to gain a competitive edge.

According to Kimutai (2017), service delivery lenses are used to analyse competitive advantage among public sector organizations. In order to better understand the relationship between revenue mobilisation and service delivery in the District Assemblies of Ghana, Mrutu and Mganga (2016) applied the theory to analyse the effectiveness of outsourced revenue collection services among local authorities in Tanzania. As a result, this theory was deemed appropriate.

The idea of optimum taxation, which states that a tax system should be chosen to maximize a social welfare function subject to a set of restrictions, was also applied by Torome (2013). The notion holds that the social welfare system is based on how useful each person is to the society. This hypothesis has similarities with Scott's (2016) justifications for his equity philosophy. According to Scott (2016), initiatives like localized revenue mobilisation should be used to increase inclusion and improve access and distribution equality.

The study also use the Agency theory. The relationship between one party, the principal, who assigns specific tasks and decisions to another party, the agent, is the foundation of agency theory. The concept that the agent will act opportunistically, particularly if their interests conflict with the principal, is at the heart of agency theory (Mitchell & Meacheam, 2011). The pursuit of identical interests between these two parties is not always obvious, resulting in an agency dilemma. When conflicting interests exist, special attention must be paid to addressing the issue. These distinctions are difficult to quantify, and

they necessitate governance systems to promote congruence and shared risk (Bendickson, Muldoon, Liguori & Davis, 2016).

There are two fundamental assumptions in the Agency theory (Bruno & Sachs, 2013). The first is that the principal and the agent have conflicting objectives. This assumption is based on the idea that agents and principals have opposing interests. The only constraint on agents (who are considered as self-seekers), according to Onzima (2013), is their connection with their principals. The second assumption is that agents have more information than their principals, resulting in an uneven distribution of knowledge.

Agents will therefore constantly seek to benefit from this information in order to satiate their own self-seeking tendencies. The implication of this presumption with fiscal decentralization and revenue mobilization and management is that, even if administrative and legal accountability frameworks exist, agents would exploit them to hide information and use it for their own personal gain. This is due to the fact that people are in charge of other people's money (Bonsu, 2015).

Empirical Review

In order to investigate the collection and management of revenue in the Asante Akim South District Assembly, Akudugu and Oppong-Peprah (2013) gathered both primary and secondary data from the DA's trial balance. The analysis discovered that there were few internally generated revenues that were used for ongoing expenses such as personnel salaries, travel, and transportation.

In a study of Upper Denkyira East Municipal Assembly revenue mobilisation practises, Adu-Gyamfi (2014) discovered that insufficient

information on revenue sources, a lack of enforcement of revenue mobilisation by laws, insufficient revenue collectors, and inadequate training of the revenue collectors are the causes of the DAs' weak internal revenue collection. Similar conclusions were reached by Akorsu (2015) in a research for the Cape Coast Metropolitan Assembly.

Torome (2013) examined the relationship between revenue mobilisation and local government performance in Kenya using inferential regression and 10 year (2002–2012) secondary data on locally produced income, borrowings, and transfers from the national government. Performance assessment scores from the local authorities' performance contracting were used to gauge local government performance.

Torome discovered a significant positive relationship between the performance of local authorities and internally generated revenues ($=3.231$; $p < 0.05$) and transfers from the federal government ($=6.0212$; $p < 0.05$), but not a significant relationship between borrowing by local authorities ($=13.2195$; $p > 0.05$).

Otieno, Odundo, and Rambo (2014) provided empirical evidence on the impact of the Local Authority Transfer Fund (LATF) on the provision of services by local government authorities in Kenya in a different study. The study used a cross-sectional survey design with household heads and market vendors as the target population in Kenya's Siaya County. The analysis concluded that improving the delivery of vital services had not resulted from LATF resources being distributed to Siaya Municipal Council for more than ten years.

The analysis concluded that even with LATF resources, rubbish collection and sewage services had gotten worse, while water provision and sufficiency had remained same. This went against Torome's (2013) findings. Additionally, it became apparent that political leaders' meddling, non-compliance with rules governing public procurement, and understaffing are limiting service performance.

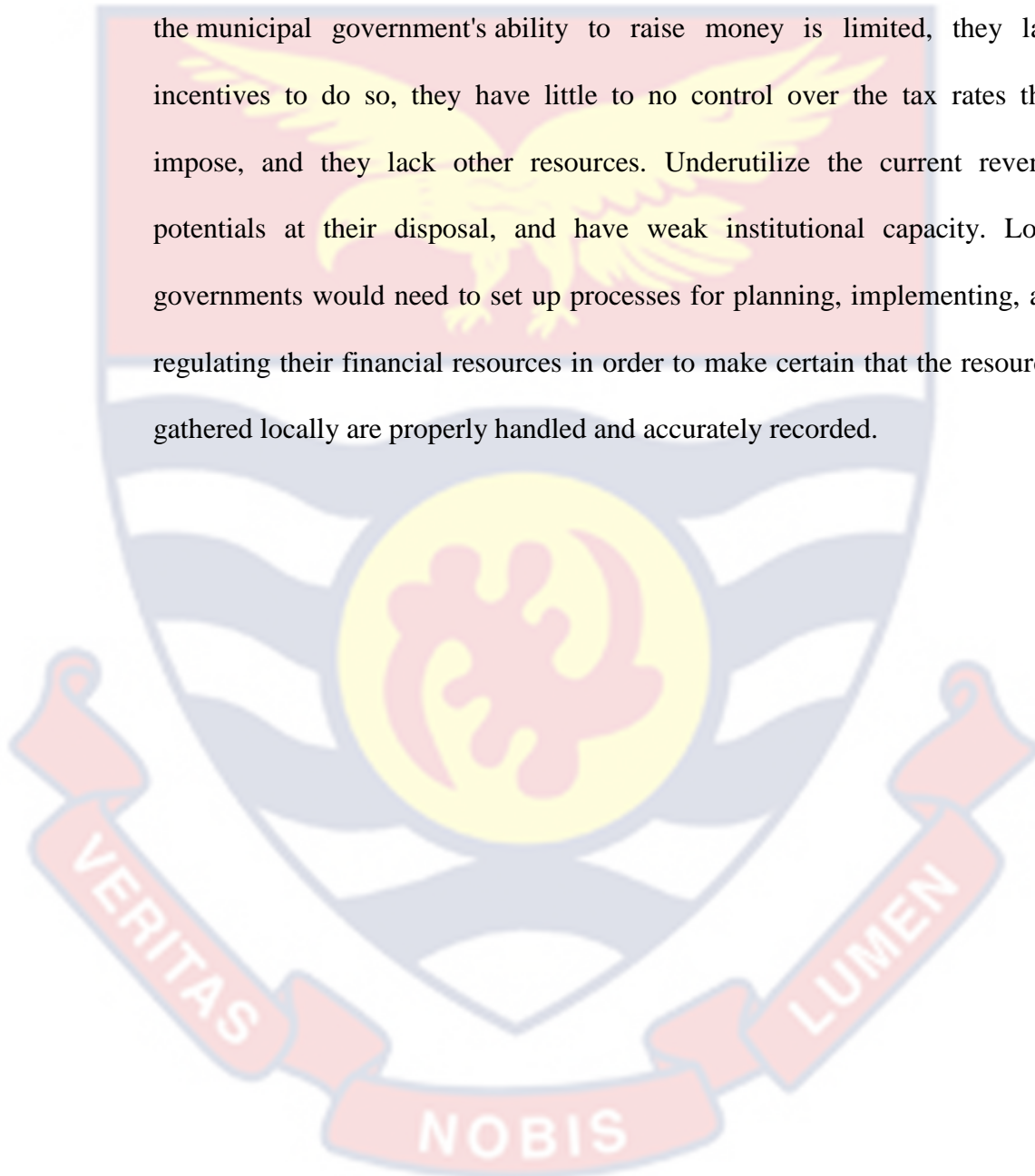
Chapter Summary

This review explored some of the existing empirical research concerning revenue mobilization. The review covered the concept of decentralization, Tax Evasion, Reasons / Causes of Tax evasion and Tax avoidance, Concept of Revenue Mobilization, as well as the Historical Development of the District Assemblies in Ghana. The review pointed out that, the concept of revenue mobilization has received much interest from several scholars within the educational literature. Intergovernmental payments are still a significant source of income for local governments, but they are typically unstable and unpredictable because they depend on the financial health of the receiving authorities. Although local authorities work to raise money for a variety of local projects, they are unable to do so at a rate that can meet the demands brought on by urbanization and population growth.

The review again pointed out that local governments frequently have difficulty collecting rates, fees, and charges. As a result, various experiments are being conducted in order to develop effective income mobilization options. According to the review, decentralization has become a household term in recent years in Ghana. It has been so successful that it has encouraged numerous African countries to come to Ghana to study our local governance

system in order to emulate it in their own country. Under Act 240, Ghana's decentralization system is backed by the country's ultimate document, the 1992 Constitution.

Regarding the restrictions on revenue mobilization, it was noted that the municipal government's ability to raise money is limited, they lack incentives to do so, they have little to no control over the tax rates they impose, and they lack other resources. Underutilize the current revenue potentials at their disposal, and have weak institutional capacity. Local governments would need to set up processes for planning, implementing, and regulating their financial resources in order to make certain that the resources gathered locally are properly handled and accurately recorded.



CHAPTER THREE

RESEARCH METHODS

Introduction

Several scholars are of the view that any scientific study is based on a certain methodology to arrive at specific results or findings (Nunan, Malhotra & Birks, 2020; Kothari, Cudjoe, 2011). Kothari (2004) posits that research methodology is a systematic and procedural way of addressing a research problem to arrive at a desirable outcome. This chapter of the study deals with the methodological approach used for the study. The elements discussed include research design, study approaches, study area, technique of collecting data, study population and sample size, ethical considerations and data analysis.

Research Design

Silverman (2011) posits that research design depends on the intentions of the researcher and what he or she hopes to find out. He further reiterates that research design represents a logical and procedural way of obtaining the needed information to structure and solve the research problem under consideration. Scholars share a common notion that there is no single documented research design that is the best one to be followed by all but instead, different designs offer a variety of choices, with each having its own merits and demerits. Therefore, the selection of a research design depends on the research problem at hand (Silverman, 2011).

A case study research design was used in this investigation to gather important data from the respondents. Qualitative approach entails data gathering in its natural state. Merriam (2002) posits that qualitative approach

is grounded on the belief that people usually interact with their natural environment. A qualitative style was used due to the fact that the researcher deemed it appropriate and accurate to get the desired responses for the research questions posed. Furthermore, the suggested project dealt with participants' in their natural settings and qualitative methodology was considered appropriate for this project (Ellis & Levy, 2008). This method was again selected due to its tractability in investigation and data gathering. This approach offers participants the liberty to render their account and also the freedom to express their views and opinions without any fears, which leads to discovering the reality on the ground (Mile & Huberman, 1994).

Despite the numerous merits connected to the utilization of qualitative methodology in dealing with social phenomena, it has its limitations. Hughes (2006) posits that, due to the personal nature of qualitative research, it poses a challenge of adequate validity and reliability. To address this challenge, the triangulation approach, such as interviews, focus group discussions, and documentary reviews were employed to cross-check, approve, and enhance the facts so as to establish credibility and reliability.

Furthermore, a case study design was used to investigate the research problem. According to Yin (2009), case study design provides the best option for investigating a problem in its natural settings, hence providing a justification for using case study design. Again, the case study design afforded the researcher the opportunity to have a detailed understanding of the research problem and provided useful insight into the challenges of tax revenue mobilization in Ghana.

Study Area

The research was carried out in the Ahanta West Municipality in the Western Region of Ghana. The area was preferred because of the dominance of different working class of people in the Municipality. The Ahanta West Municipal Assembly was chosen because over the years the Assembly has not met its revenue mobilization target due to leakages in the revenue mobilization process. Though this research could have been done in any part of the country, the researcher holds the view that it is appropriate

identifying the possible causes of revenue leakage and to make recommendation on ways to address these leakages in order to boost the revenue mobilization of the Assembly.

Population

According to Njiru and Moronge (2013), a study's population is defined as the collection of individuals, things, or items from which a specimen is taken. Those who provide revenue to the assembly in whatever form, as well as those responsible with collecting and those who put the resources to use, are all included in this study. Among them are market queens, hairdressers, weavers, artisans, revenue collectors, supervisors, and members of the Municipal Assembly's management team.

The targeted population was ten (10) management members, thirty (30) staff in charge of revenue collection, five (5) budget committee members, and five (5) audit committee members were also selected. Fifty (50) participants were, therefore, the targeted population for the study.

Sampling Procedure

Seuring, Müller, Westhaus, and Morana (2005) contended that in research it is difficult to examine the totality of members of a target population, hence, the need to pull a sampling of the target population as a whole. The sampling technique on the other hand is a process by which sample size is chosen from a population (Seuring et al., 2005). The convenient and purposive sample approach were used in this study, which are non-probability sampling methods, since it enabled the researcher to conduct personal interviews and focus group discussions with respondents who possess the needed information.

These techniques were employed to select participants. The study's sample size and composition are listed in the table below. (1 management member, that is, the municipal finance officer, 1 budget committee member, 1 audit committee member, and 7 revenue collectors). A total of 10 participants was selected for this study. The choice of the sample size is justified by Klassen et al., (2012) who suggested that a qualitative study could be between 5-25 participants.

Table 1: Sample size of the Study

Unit	Frequency (n)	Percentage (%)
Municipal Finance Officer	1	10%
Budgeting Committee	1	10%
Audit Committee	1	10%
Revenue Collectors	7	70%
Total	10	100%

Source: Field Survey (2022)

Data Collection Instrument

Different data collection instrument was employed in gathering information for the study. This study utilized a focus group discussions guide, personal interviews guide, and documentary reviews guide to collect data.

Focus Group Discussions

This method entails identifying individuals and putting them in a group, usually not exceeding eight, to whom interrogations are posed and responses are gathered through discussions (Kombo & Tromp, 2006). This technique was used to gather responses from a group of people with similar characteristics. The strength of focus group discussion, according to Kombo and Tromp (2006), is that it allows members to agree or disagree about the problem.

They further reiterate that focus group sessions help to gain understanding about the topic, the spectrum of opinions and ideas, as well as the contradictions and variation in beliefs, experiences, and practices that exist in that particular group. The goal of focused group discussion was to collect superior data in a natural setting so that persons could reason independently and provide responses in relation to questions asked. Focus group discussion is regarded as vital since it aids in identifying the members' experiences, attitudes, and views concerning the issues of revenue mobilization.

Under focus group discussions, respondents expressed their opinions and ideas as well as shared their experiences in a given social context. Focus group discussions were aimed at getting high-quality data from respondents since the group can agree or disagree with each other to get the best from

participants in the discussions. In this study revenue collectors were put into group made up of five respondents.

The objective of this grouping is to get respondents to express their views and experiences regarding revenue collection and the challenges faced in the line of their duty. This technique encouraged communication with members, in addition, motivated them to declare their emotional state and involvement in the process, which they will not express if interviewed individually. Both the English language and the local dialect were used as a medium of communication during the focus group discussion.

Personal Interview

Another data collection technique that was used for this study was personal interviews. Stake (2010) posits that, an interview represents one-on-one chat with a person to achieve a specified aim. Under interview, individuals were expected to make face-to-face or telephone presentations to allow the researcher to get more insight into why participants act in a certain manner. The researcher used a semi-structured interview method to inquiry as well as solicit for further responses to acquire a better grasp of understanding the interviewee's sentiments, and viewpoints on the topic at hand.

According to DiCicco-Bloom and Crabtree (2006), semi-structured interviews provide detail responses on pre-set questions. They reiterate that employing a semi-structured interview guide allows the researcher to elicit in-depth responses from individuals or groups.

They emphasize that the interview guide's questions include a core inquiry as well as a slew of supplementary questions about the major themes. They further argued that recording the interviews is a good idea if you want to

capture the data from the interviews more efficiently. The selection of participants for the interviews and focus group discussions was based on the level of knowledge regarding revenue mobilization by the Assembly. This helped the researcher get better insight and a deeper understanding of the issues under discussion.

Documentary Review

Finally, this study used documentary review in the form of written or recorded revenue generated over the past five years by Assembly. The rationale for using the data from the recorded document was to double-check the accuracy and consistency of the data acquired through interviews and focus groups. Lee (2012) posits that, a document as any printed or documented material that was not created for the intent of the inquirer; Kombo and Tromp (2006) defined secondary data as information that was not produced for the questioner. The documents denoted to data that had already been gathered by another party.

Validity and Reliability of the Instrument

According to Kothari (2004), the validity and reliability of data are determined by the research instrument. According to Kumar, Bradley, Gray and Swinkels (2011), validity describes how well a research tool meets its desired and intended purpose. Kumar et al. (2011), on the other hand, defines reliability as an instrument's ability to generate consistent findings when the process is repeated. The triangulation method of data collection was used to assess data reliability.

A trial study was conducted at Ahanta West Municipality in the Western Region to ensure the validity of the data obtained and the

dependability of research instruments. The supervisor also helped to fine-tune the instrument by concentrating on the study, research task, and questions. The data was evaluated, and the results of the trial assisted the researcher in identifying and eliminating uncertainties generated by the instrument. Overall, research instrument validation continued during fieldwork by correcting, reorganizing, and altering parts or full questions as needed as the study progressed.

Data Collection Procedure

The researcher used face-to-face administration of data collection in the form of scheduled interview appointments with staffs of the Assembly as well as revenue collectors for the Assembly. As a result, the researcher conducted individual interviews with the Municipal Finance Officer, 1 budget committee member, and audit committee member. Again, one (1) focus group discussions comprised seven (7) revenue collectors in a group were selected. Both the English language and the local dialect were used as a medium of communication during the focus group discussion. Simple and respectful language was used, along with short and unambiguous interview questions that were free of ambiguity. A tape recorder was used to record all of the interviews.

Data Processing and Analysis

The data acquired in this study were analysed by transferring the information to the research instruments. Interviews were taped, copied, and organized into categories based on where and when they were obtained. The information gathered was grouped into patterns that could be recognized. The procedures began by classifying the data and aligning it according to its

themes. All data and materials pertaining to a single goal were brought together, and each was explained in accordance with the research objectives.

The researcher scrutinized data acquired through focus group conversation using content and thematic analysis approaches, organizing oral information into themes and categories and editing the information until a final perspective emerged. Marks, as well as recognizing and characterizing both implicit and explicit thoughts.

Ethical Consideration

According to Cohen et al., (2007), research that involves human beings in order to conduct a study must have a clear obligation to secure and preserve the participants' rights and general well-being. Bhattacharjee (2012) further posits that any given research work must consider and assure respondents of certain confidentiality such as voluntary participation, harmlessness, and anonymity.

In terms of maintaining secrecy as well as privacy, the researcher agrees with Cohen et al (2007) that, while a researcher may know who provided the information or be able to identify participants based on the information provided, the study made no attempt to make them publicly known, and the boundaries of the shared secret were also protected. As a result, the study was able to maintain trust with people who assisted in gathering significant data for the study.

It was critical to examine research ethical factors to guarantee adherence to research standards and that knowledge and truth are preserved to avoid errors. All participants were informed that their data would be kept

confidential, so they were not asked to give their identities or to answer any questions that made them feel uncomfortable.

Chapter Summary

This chapter explained the methodology employed to arrive at specific results or findings. This study employed a qualitative approach to gather important data from the respondents. In a qualitative study, data is collected in a natural situation. This approach offers participants the liberty to render their account and also the freedom to express their views and opinions without any fear, which leads to discovering the reality on the ground.

Hughes (2006) posits that, due to the personal nature of qualitative research, it poses a challenge of adequate validity and reliability. To address this challenge, the triangulation approach, such as interviews, focus group discussions, and documentary reviews were used to cross-check, approve, and enhance the facts to establish credibility and reliability.

The purposeful sampling method was used in this investigation since it enabled the researcher to conduct personal interviews and focus group discussions with respondents who possessed the needed information. A sample size of 10 was selected from the population. Focus group discussions, personal interviews and documentary reviews were utilized to collect data.

To evaluate data obtained through focus group discussions and personal interviews, he used content and thematic analysis tools to organize verbal information into topics and sorts, modifying the information until a final perspective emerged. The researcher made sure that ethical concerns such as respondents' consent, anonymity, and confidentiality were respected.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

In this chapter, data on revenue mobilization by district assemblies are analysed and discussed using the example of Ahanta West Municipal Assembly. The study aimed at making an enquiry into the various challenges of tax revenue mobilization in the Ahanta West Municipality. In finding out this, the following objectives were outlined to guide the study. In the first place, the study sought to unravel the major sources of revenue to the Assembly and to identify other sources of revenue available to the Ahanta West Municipal Assembly. Secondly, the study examined the major challenges of revenue mobilization faced by the Ahanta West Municipal Assembly.

The study also looked at the techniques the Ahanta West Municipal Assembly used to achieve effective tax collection. Data was collected from revenue collectors of the Assembly, Municipal Finance Officer, Budgeting officer, and Audit committee chairman of the Assembly. Data was collected from 10 participants through interviews and focus group discussions. The themes presented in this chapter were derived from the data analyzed. Each participant was assigned a code to protect his or her confidentiality as follows: seven collectors were assigned RC1, RC2, CP3, RC4, RC5, RC6 and RC7.

Participants' characteristics

Table 2: Gender of Participants

		Frequency (N=10)	Percent (%)
Gender	Male	06	60.0
	Female	04	40.0
Educational Level	Tertiary	07	70.0
	SHS	03	30.0
Occupation	Municipal Finance Officer	01	10.0
	Revenue Collectors	07	70.0
	Budgeting Committee	01	10.0
Number of years worked	Audit Committee	01	10.0
	2-5	02	20.0
	6-10	07	70.0
	Above 10	1	10.0

Source: Field survey (2022)

Table 4 lists the number of respondents according to their gender, level of education, occupation, and number of years of employment. It was determined that 60% of the respondents were men and 40% were women. This assumes that appropriately balanced representative samples of all the population's known components were taken into account. The claim that there is a

reasonable gender balance with respect to the sample size is further emphasized by the dominance of females at 40%.

The table also depicts that 70% of the participants had tertiary level of education. This supposes that the composition of the participants were very knowledgeable and were fully aware of the nature of the responses given and also understood the questions being asked. The 30 percent educational level depicted by the table indicates that the composition of the participants were not only centered on highly educated respondents. This shows that diverse opinions with respect to the topic under discussion were gathered. Most of the participants 70% had been working for a period ranging from 2 to 10 years. This confirmed that respondents who were involved in the study have had a couple of working experience.

Themes

This section presents the main findings of the data collected for the study taken into consideration the research objectives of the study.

Perspectives of municipal assembly staff on major source of revenue to the assembly

The first objective of the study was to unravel the major sources of revenue to the Assembly. Participants expresses different views and opinions. The findings revealed that District Assembly Common Fund and other transfers from central government form the major source of revenue and funding. Based on this, management believes that the transfers from the national level should be raised, particularly because of the municipality's poor commercial standing. According to research participants, the municipality has a very small number of companies and organizations that is why management

chose to increase national transfers. For instance, MFO had this to say in response to a question main source of funds to the Assembly: *“I may suggest that transfers should be raised, particularly in our condition here. Since we are among the less needy communities, our IGF is significantly weaker than that of major cities like Accra, Techiman, and those locations. So it will be very helpful if they can enhance the transfer”*. In another instance, RC1 quoted: *“When it comes to fiscal decentralization, in my opinion, increasing the transfer may be more beneficial since when they assign the tax collection to us, we might not be able to collect it all, and the funds would not be enough for us to carry out our duties. Therefore, increasing the transfer from the government will help while steps are being implemented to enable us to collect revenue locally”*.

It was further established by another respondent that the Assembly inability to generate enough IGF makes it imperative for the central government to consider increasing its transfers to the less endowed Assemblies. RC2 had this to say: *“The ability of each district varies, thus it depends on the district. If you compare, say, New Juaben Municipal to Ahanta West Municipal, you cannot execute even 10% of our budget if you want to restrict our decentralization based on what we produce domestically. Therefore, I will continue to support government transfer is increased.*

RC3 further stated that: *“Ahanta West Municipality is not as developed as other areas where there are large factories and other establishments where you may make a lot of money to support yourself. We appreciate the government's support through the District Assembly Common Fund, but we also want to generate our own income. However, I believe that if the DACF*

can be expanded, it can also help, particularly for people who are unable to make a lot of income”.

Badu (2007) posit that 30% of the MMDAs' annual budget cannot be covered by their mobilization efforts. This illustrates why MMDAs rely so significantly on transfers from the federal government. Hence, increasing financing at the national level is pointless since Ahanta West Municipal Assembly cannot be compared to other successful MMDAs in Ghana. The management of decentralized units therefore believes that central transfers should be enhanced (Badu, 2007). The opinions expressed by respondents clearly point to the findings are in line with other studies on revenue mobilization. Jibao (2009), revealed that local governments in Ghana receive an average nearly 69% of their revenue from the central government. The findings further indicated that there are cases when MMDAs in this country receive their first quarter share of the Common Fund in the third or fourth quarter of the year, with the rest of the remaining three quarters overlapping into the following year and so on.

The major source of revenue to the Assembly: The study identified six levies that are handled by the Assembly as sources of revenue. Business operating permits (BOP), property rates, sign or billboard fees, building permit fees, market tolls, and fees and fines were among them.

Business Operating Permit

Business Operating Permit, a levy levied or managed by the District Assembly, was named by respondents as a source of IGF. For instance, ADC indicates that *"revenues from Business Operating Permit such as the yearly costs for business operating generate some money to the Assembly”.*

Property Rates

Another respondent recognized the tax levied by the Assembly on property rates. For instance, MOF posits that: *"we are also able to raise some little money based on valuation, fees are assessed on residential properties by members"*.

Signage/ Billboards

ADC identified signage or billboard fees as one of the source of IGF. For example, he quoted: *"sometimes people come to our office for a place to place their billboards for advertisement. The monies derived from the payment of the use of billboards and other forms of commercials bring some revenue to the Assembly"*.

Building Permit Fees

Respondents identified Building Permit Fees as one of the key source of IGF to the Assembly. For instance, RC5 indicated that, *"even though some residents do not come for building permit before putting their structures, other law abiding residents' pay for their prescribed building permit fees to put up their building structures which served as a source revenue to the Assembly"*.

Market Tolls

Other respondents indicated that market tolls in the form of levies paid by traders for using market facilities bring in little revenue as IGF. For instance, RC5 quoted: *"in fact, the revenue from market tolls is nothing to write home about as market women and traders had failed in their commitment to paying the fees charged on the usage of the market facilities"*. This assessment was confirmed by the audit report (2020) of the Assembly

which revealed that revenue from market tolls represented the lowest in terms of IGF to the Assembly.

Fees and Fines

Participants were also of the view that the imposition of fees and fines by the Assembly in a way add some money to the Assembly's internally generated fund. For instance, RC5 had this to say: *"Frankly, the Assembly generates some revenue from marriage and divorce fines. Interestingly, divorce rate is on higher ascendancy of late and this is bringing in some revenue to the assembly"*.

The findings are in line with several researchers on revenue mobilization by the MMDAs in Ghana (Agyapong, 2012; Adu-Gyamfi, 2014; Antwi, 2016). Antwi (2016) revealed that IGF of the various Assemblies are limited to fines and charges. Adu-Gyemfi (2014) further revealed that the over dependency of the funds from government by the MMDAs as the major source of revenue create a major challenge for the assemblies since they are unable to generate a lot of internal revenue by themselves.

Perspectives of municipal assembly staff on major challenges of revenue mobilization

The study's second goal was to identify the main obstacles to income mobilization faced by the Ahanta West Municipal Assembly. The study revealed that the IGF, which is their primary source of funding, is insufficient, district assemblies have not been able to function at full capacity. For instance, MFO had this to say: *"It is worth noting that all revenues earned by municipalities are transferred to the central government's coffers, where they are held until they are needed for development. This is done based on the*

budgets that have been submitted". This explains why certain initiatives intended for the municipalities have been postponed or scrapped. The assembly is unable to address the needs of its community due to a lack of funding or a delay in receiving funding from central governments.

Again, participants were required to choose one of the undermentioned issues that hindered Ahanta West Municipality's efforts to mobilize money.

Table 3 lists the findings.

Table3: Factors preventing Ahanta West Municipality from mobilizing domestic revenue

Response	Frequency	Percentage
Inadequate Policy Education	8	80%
Lack of reliable data	7	70%
Government interference	5	50%
Inadequate logistics	9	90%
Lack of current and accurate data on municipal activities	6	60%
Poor tracking of economic ventures	4	40%

Source: Field survey (2022)

According to Table 1 above, 90% of the revenue collectors believed that insufficient logistics was a problem that made their revenue mobilization process difficult. Revenue supervisors and collectors have extensive responsibilities in the local government that considers the use of automobiles to be essential for effective tax collection. 60% of revenue collectors confirmed that the lack of up-to-date and correct data on municipal activities posed a threat to the revenue mobilization effort, and 80% of participants said

that insufficient public education was a barrier to raising fund internally or within the municipality. 70% of respondents also agreed that poor data on income generated activities have adverse effects on the effectiveness of raising funds. Poor tracking of business initiatives was considered by 40% of respondents to be a problem hindering local revenue mobilization.

The findings are in line with Darison (2011) and Dick-Sagoe (2013). Dick-Sagoe (2013) revealed that poor records on economic activities adversely affects revenue mobilization by MMDAs. Darison (2011) revealed that insufficient public education has been a major barrier to revenue mobilization in most Assemblies.

Strategies to be Adopted to Encourage Efficient Revenue Mobilization

The study's ultimate goal was to get respondents' opinions on the approaches that should be taken to promote effective revenue mobilization at the Municipal Assembly. The findings revealed four areas that the respondents had mentioned. These include enhancing public education, prosecuting tax evaders, inspiring revenue collection professionals, and giving staff members sufficient logistics to work with.

Public Education

All respondents were of the view that given proper education to tax payers and the general public as a whole would significantly help to create awareness and consciousness among people. It was pretty interesting to note from the comments of some of the respondents. For instance, RC1 had this to say: *“I sometimes get worried about some of the comments made by tax payers which suggest that they don't understand why they should pay tax”*. Furthermore, RC2 also said: *“Frankly speaking, people whom you think*

should be abreast with the Assembly tax system seem not to have any ideas about it". In another instance, RC3 had this to say: *"In my line of duty as a revenue collector, a lot of people asked questions regarding my job as a revenue collector and why they should pay tax to the Assembly"*. Again, RC4 responded that: *"In a similar interview, MFO had this to say: "looking at the internal revenue of the Assembly over the previous years, it is evidence that the Assembly ought to intensify its public education on taxation since only few people who are eligible to pay tax actually pay their tax to the Assembly"*. Another respondent, B.O in an interview also had this to say: *"the Assembly's IGF keeps on dwindling each year. Personally, I believe the Assembly has not done enough public education to sensitize the public on their civic right to pay taxes to the Assembly"*.

Based on the responses from the participants, it was evidence that intensifying public education on tax could ensure compliance to tax laws. This finding is consistent with Ayensu (2013) which revealed that public education is very indispensable factor to revenue breakthrough of MMDAs.

Prosecution of tax defaulters

All participants were of the view that people who default in their tax obligation are either left to go free or given verbal warning by the Assembly contributes significantly to the low revenue mobilization of the Assembly. Participants consented that the Assembly must prosecute tax offenders to serve as a deterrent to others within the tax bracket. For instance, RC1 posited that: *"Frankly speaking, little is being done to let those who failed to honour their tax obligation face the full punishment of the law. We turn to show too much human face to those who fall foul to the tax law"*. In another instance, RC2

had this to say: *“Some people think they know big men in higher authority so don’t fear the Assembly task force because they know nothing will come out of their arrest”*. The Assembly’s inability to generate more internal revenue is partly due to non-enforcement of the laws that prosecute tax defaulters. For instance, in an interview, F.O had this to say: *“When people are apprehended for defaulting in tax payment, they are not prosecuted because the system is loose. People easily get away with tax offence”*.

The findings are consistent with Adenugba and Ogechi (2013) and Antwi (2016). Antwi (2016) opined that the inability of the Assemblies to prosecute tax defaulters encouraged other tax payers to become reluctant to pay taxes to the Assembly. The findings of Adenugba and Ogechi (2013) revealed that Assemblies that prosecuted tax offenders had an upward revenue generation as a result of hefty fines and charges imposed on defaulters.

Motivating revenue collection staff

Motivation is an important factor in employee performance at work place. Participants revealed that the task they performed was very demanding and hence ought to be motivated aside their normal salaries. For instance, RC7 opined that: *“At least some incentives package should be given to revenue officials for their effort in bringing in some revenue to the Assembly”*. In a similar interview, F.O posited that: *“I personally think that revenue collectors who exceed their target should be given some incentive to motivate them, but the Assembly is not well resourced to do that now”*. Based on the responses, it became evident that motivation plays key factor in revenue mobilization drive but the findings revealed that revenue collectors and other assembly staff were less motivated.

Providing adequate logistics

The Assembly staff were of the view that non availability of the requisite logistics served as a major threat in the quest to mobilize adequate revenue for the Assembly. For instance, RC5 had this to say: *“Sometimes we are unable to cover all demarcated areas for our revenue collection due to lack of logistics”*. Another participant also opined that: *“I tried my best to do with the little resource at my disposal but I believe more could be done if the Assembly could provide vehicles or motor bikes for our internal runs”*. Another participant opined that bad state of the available logistics hinders the smooth operations of the work of the Assembly staff. In an interview, F.O had this to say: *“It is sad to know that the available logistics such as vehicles and motor bikes are all in a deplorable state which make it difficult to use, and this really affects our operations”*.

The findings are in line with other researchers (Antwi, 2016; Dick-Sagoe, 2013; McCluskey, 2003). Dick-Sagoe (2013) revealed in his study that motivating revenue collectors, and revenue supervisors lead to increase in revenue generation due to the extra effort they put in to ensure that those who are supposed to pay taxes are being made to pay.

Chapter Summary

This section presented the analysis and discussion of data on revenue mobilization by the Ahanta West Municipal Assembly. The findings revealed that District Assembly Common Fund and other transfers from central government form the major source of revenue and funding. Based on this, management believes that the transfers from the national level should be raised, particularly because of the municipality's poor commercial standing.

The findings showed that motivation plays key factor in revenue mobilization drive but the findings revealed that revenue collectors and other assembly staff were less motivated. The findings further revealed that insufficient logistics and lack of public education were major problem that made their revenue mobilization process difficult. In order to address this challenge, the findings revealed that public education should be intensified, and adequate logistics should be made available to the Assembly staffs to facilitate their work.



CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Introduction

The chapter provides a summary of the study's major conclusions. It further presents recommendations and suggestions to the Municipal Assemblies.

Summary of the Study

The primary goal of this study was to examine the many obstacles to raising revenue in the Ahanta West Municipality. Specifically, the study sought to:

1. Explore the major sources of revenue to the Assembly.
2. Examine the major challenges of revenue mobilization faced by the Ahanta West Municipal Assembly.
3. Examine strategies adopted by the Ahanta West Municipal Assembly to ensure efficient revenue collection

Based on the specific research objectives, the following questions were formulated to guide the study:

- i. What are the major sources of revenue mobilization of the Municipal Assembly?
- ii. What are the major challenges being faced by the Ahanta West Municipal Assembly with respect to tax revenue mobilization?
- iii. What are the strategies adopted by the Ahanta West Municipal Assembly to ensure efficient revenue collection?

Extensive Literature review was done with respect to the research topic and purpose of the study. Both theoretical and empirical review containing relevant information related to the study was carried out. A total of 10

Assembly staff were included in the study. Their responses were gathered with the help of personal interviews and focus group discussion. Qualitative research approach was adopted. Data gathered was transcribed, sorted and grouped based on the objectives. The data gathered was presented in logical manner after critically analysing them.

Summary of the Study

From the study it was revealed that District Assembly Common Fund and other transfers from central government form the major source of revenue and funding. The study revealed that the IGF, which is their primary source of funding was insufficient, and Assembly has not been able to function at full capacity. As a result, management believes that the transfers from the central government should be raised, particularly because of the municipality's poor commercial standing. The study further identified six levies that are handled by the Assembly as sources of revenue. Business operating permits (BOP), property rates, sign or billboard fees, building permit fees, market tolls, and fees and fines were among them.

The study identified inadequate logistics, and lack of policy education as the major problem hindering local revenue mobilization. In order to address this challenge, the findings revealed that public education should be intensified, and adequate logistics should be made available to the Assembly staffs to facilitate their work. The findings showed that motivation plays key factor in revenue mobilization drive, hence, the study revealed that motivating revenue collectors and other Assembly staffs is key to increasing revenue mobilization.

Conclusion

Although there is still much to study, this research demonstrates that District Assembly Common Fund and other transfers from central government form the major source of revenue and funding to the various MMDAs. The study revealed that the IGF, which is their primary source of funding was insufficient, and Assembly has not been able to function at full capacity.

MMDAs in different areas have different developmental profiles, hence multiple criteria approaches in terms of revenue mobilisation must be adopted by the Assemblies in their quest to identify potential sources of revenue generation. This research has several interlocking challenges such as inadequate logistics, and lack of policy education hindering local revenue mobilization

For the Assemblies to be able to function at full capacity and mobilize the needed IGF, several clusters within the municipality or the district such as market queen mothers, traders, shop owners, administrators, revenue collectors and any stakeholder, whose roles are critical for effective identification of potential revenue source that will aid in maximizing the assembly's IGF should be brought on board.

Recommendations

The researcher has made the following recommendations based on the findings:

1. The Assembly has to hire more tax collectors and train them in revenue collection.

2. To stop rate defaulters so that such rates can be collected for the Assembly, an advisory committee or debt collection team should be constituted.

3. The Assembly's management should make an effort to submit its annual budget to the Central Government on time so that it can be included in the National Budget together with projects that the Assembly cannot cover from its IGF.

4. Regular training sessions for revenue collectors should be held, and they should have access to the resources they need to do their jobs well.

Suggestion for Further Research

Only the Ahanta West Municipality in Ghana's Western Region was included in this study. It is possible to do more research on the subject in other municipalities or districts to support or contradict the study's conclusions. It is also advised that more research be done in other municipalities and districts so that the results of the study can be used more broadly throughout the Region. The current study made use of qualitative research approach in conducting this research. However, future study should consider adopting a different research approach that can accommodate a large sample size so as to be able to establish the extent of the problem in order to generalize the research findings.

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APPENDIX
UNIVERSITY OF CAPE COAST
DEPARTMENT OF
INTERVIEW GUIDE

SECTION A: Municipal Assembly Staff Characteristics

1. Please indicate your educational level
2. What is your position in the institution?
3. For how long have you been working with the institution?

Theme 1: Unraveling the major sources of revenue to the Assembly

Personal Interviews With Municipal Assembly Staffs

1. Please can you mention the main sources of revenue for Ahanta West Municipal Assembly.

Probe: Could you please indicate among the various sources of revenue available to the Ahanta West Municipal Assembly, the one that represent the highest source of

Revenue to the Assembly.

2. Apart from the aforementioned main revenue sources to the Assembly, are there any other sources of revenue you would like to share with us?

Theme 2: Unraveling the major challenges of revenue mobilization faced by The MMDAs

3. What are the challenges the Assembly encounter in the revenue collection process

4. How are these challenges affecting revenue mobilization of the Assembly?

Theme 3: Evaluating the strategies put in place to ensure efficient revenue collection

1. How is Assembly enforcement by Law on Revenue Mobilization?
2. What mechanisms are in place of Checking Revenue Collected?
3. So what suggestions on mobilizing adequate IGF can you offer?

FOCUS GROUP DISCUSSIONS WITH REVENUE COLLECTORS

Theme 1: Unraveling the major sources of revenue to the Assembly

Q1: The Assembly's revenue collected is crucial for the development of the municipality. Please can you mention some of the main sources of revenue for Ahanta West Municipal Assembly.

Q2: Do you agree that the levies paid by traders, and artisans contribute a lot to the revenue mobilization of the Assembly? If Yes / No, Give reasons.

Theme 2: Unraveling the major challenges of revenue mobilization faced by The MMDAs

1. : Do the traders and artisans face challenges in paying levies imposed by the Assembly in the revenue collection process? Yes / No.

Probe: What are some of the challenges faced in the payment of levies or taxes imposed by the Assembly?

2. : How are these challenges affecting revenue mobilization of the Assembly?
3. Factors militating against internal revenue mobilization in Ahanta West Municipality

Response	YES	NO
Inadequate Policy Education		
Lack of reliable data		
Government interference		

Inadequate logistics		
Lack of current and accurate data on municipal activities		
Poor tracking of economic ventures		

Theme 3: Evaluating the measures put in place to ensure efficient revenue collection

1. : What do you think the Assembly should do to enforce its Bylaws on Revenue Mobilization?
2. What mechanisms do you think the Assembly should put are in place to Check Revenue leakage?
3. In your opinion what do you think the Assembly should do to improve revenue mobilization?

