UNIVERSITY OF GHANA
INSTITUTE OF STATISTICAL SOCIAL AND ECONOMIC RESEARCH (ISSER)

THE EFFECTS OF POLITICAL GEO-RE-DEMARcation ON THE INTERNALLY GENERATED FUNDS (IGF) OF THE GA-EAST MUNICIPAL ASSEMBLY IN GHANA

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This dissertation is submitted to the University of Ghana, Legon in partial fulfillment of the requirement for the award of a Master of Arts Development Studies degree

July, 2014
Declaration

I hereby declare that with the exception of identified quotations and references to other people’s work which has been duly acknowledged, this work is entirely the result of my own research and it has neither in part nor whole been presented for another degree.

Kingsley Bismark Kwadzo Sonu    Date
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Student

Certified by

Dr. Robert Darko Osei    Date
(Supervisor)
DEDICATION

I dedicate this great work to my lovely wife, Winifred A. A. Abajori-Tsali and our wonderful children, Evame Carewell K. Sonu, Bubunyo Dicah W. A. Sonu and Mawugbe Trendy K. Sonu.
Acknowledgement

I thank God Almighty through Christ and my Great Ancestor, Togbe Tsali by whose generation I came into being.

My humble appreciation goes to my tireless supervisor, Dr. Robert Osei Darko, with his immense knowledge demonstrated to see this work through on time. My thanks go to the Director of ISSER-Legon, Prof Felix Asante, the MA development Coordinator, Dr. Simon Bawakyillenuo, all lecturers and administrative staff of the institute. Thanks to Mr. Michael Kodom for his relevant pieces of advice through this work.

My sincere gratitude goes to my dear wife, Winifred Akanko Abajori-Tsali and children, Evame, Bubunyo and Mawugbe for their care and love accorded me always. Hellen Amegbor, Tobias Dawaare, Justice K Baah, Karl Osei Afoduo and Eric Kofi Ahundzo, "ayekoo" to you all for being supportive in my electronic and field research for this work.

Last but not least I say "akpe na mi" to my well-wishing Parents, Mr. & Mrs. G. K. Sonu and my siblings for their moral and spiritual support.

Indeed it is wonderful to be part of all this wonderful families.

May God richly bless you all.
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<td>AdMA</td>
<td>Adentan Municipal Assembly</td>
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<tr>
<td>DACF</td>
<td>District Assembly Common Fund</td>
</tr>
<tr>
<td>DANIDA</td>
<td>Danish International Development Agency</td>
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<tr>
<td>DCE</td>
<td>District Chief Executive</td>
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<tr>
<td>DDF</td>
<td>District Development Facility</td>
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<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
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<td>GEMA</td>
<td>Ga East Municipal Assembly</td>
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<tr>
<td>GTZ</td>
<td>Gesellschaft für Technische Zusammenarbeit</td>
</tr>
<tr>
<td>GWMA</td>
<td>Ga-West Municipal Assembly</td>
</tr>
<tr>
<td>IGR</td>
<td>Internally Generated Revenue</td>
</tr>
<tr>
<td>ISSER</td>
<td>Institute of Statistical Social and Economic Research</td>
</tr>
<tr>
<td>LG</td>
<td>Local Government</td>
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<tr>
<td>LI</td>
<td>Legislative Instrument</td>
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<tr>
<td>MBO</td>
<td>The Municipal Budget Officer</td>
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<tr>
<td>MFO</td>
<td>Municipal Finance Officer</td>
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<td>MMDA’s</td>
<td>Metropolitan Municipal and District Assemblies</td>
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<tr>
<td>MRA</td>
<td>Municipal Revenue Accountant</td>
</tr>
<tr>
<td>MRO</td>
<td>Municipal Revenue Officer</td>
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NCCE - National Commission for Civic Education
NGOs - Non-Governmental Organizations
PNDCL - Provisional National Defence Council Law
RCCs - Regional Coordinating Councils
SWOT - Strengths Weaknesses Opportunities and Threats
USAID - United States Agency for International Development
VAT - Value Added Tax
Abstract

District Assemblies across the whole nation continue to face increasing developmental demands from their various areas of jurisdiction. However, in the midst of the increasing demands is the challenge of mobilizing local revenue as many people are unwilling to pay tax. District Assemblies continue to face financial challenges as the volume of IGF generated is far below the needed capacity to harness the desired level of growth. This in effect has affected the DAs ability to meet their developmental obligations. The situation become far worse when the government, through Local Government Act 1993 (Act 462) create districts out of existing ones due to increasing population. Often times, districts are created without much recognition to the economic strength of the people.

This study sought to examine the effect of re-demarcation on assemblies on IGF mobilization in Ga-East Municipality which was created in mid-2012. Both qualitative and quantitative instruments were used where questionnaires were administered to 175 organized groups and four officials were interviewed. The research was to examine the sources of IGF before and after re-demarcation, the efficiency in IGF mobilization and the opportunities in improving IGF mobilization.

The findings revealed that the sources of revenue before and after re-demarcation have not changed. However, the volume of revenue has rather reduced due to the reduction in the size of the district. The efficiency level after the re-demarcation has rather seen enormous improvement as compared to periods before the re-demarcation. There is however some logistics challenges that continues to confront the assembly. In the midst of the increasing challenges, the Assembly continues to experience infrastructural development as well as increase in population among others, which it can take advantage of to increase its IGF base.
Chapter One

1.1 Introduction

In the last decade, the attention of the world body has shifted to promoting good governance and this has become the new development discourse. Central governments’ ability to allow grass root participation in decision-making and management of available resources has been deemed as a more appropriate and acceptable means of governance than a centralized governance system (Asamany, 2013).

Ghana introduced the decentralization concept in 1988 with the overall aim of promoting popular participation and empowering local people in decision-making (including environment and natural resource management) and enhancing national development especially rural development (Ayee, 2000; Yankson, 2000; Owusu, 2008). The intention was also to increase the capacity of the local communities to identify their own needs and priorities and explore options to meet these needs, as far as possible for themselves through the mobilization of resources that they command (Asibuo, 2000).

Successive governments that have led the country since independence have been taking measures to ensure a wider participation in the governance process. This therefore led to the creation of Metropolitan, Municipal and District Assemblies (MMDAs) as a way of achieving national participation. In the 1980s, this decentralization agenda led to the creation of 110 districts. In 1993, the creation of metropolitan, municipal and district assembles (MMDA) was given a legal impetus by a Legislative Instrument (LI) 462 in the Local Government Act.

According to the Act, a district in existence immediately before the coming into force of the 1992 Constitution shall continue as a district for the purposes of the Act. However, “the
president by an executive instrument declared any area within Ghana to be a district and assign a name to the district. The President shall in the exercise of his powers under sub-section (2) (a) direct the Electoral Commission to make such recommendations as it considers appropriate for the purpose”.

The Act gives the Electoral Commissioner the mandate to make a recommendation to the president to review areas of authority of unit committees, towns, areas, zonal, urban and sub-metropolitan district councils and districts, municipals and metropolitan assemblies as it considers appropriate. The Act further gives the minimum number of people and other criteria guiding the creation of a district, municipality or a metropolis. In the case of a district, there should be a minimum population of seventy-five thousand people. In the case of a municipality, the geographical area should consists of a single compact settlement and a minimum of ninety-five thousand people; and for a metropolis, there should be a minimum of two hundred and fifty thousand people. After considering the population, the Electoral Commission is also to consider the geographical contiguity and economic viability of the area. Economic viability is explained in the Act as the ability of an area to provide the basic infrastructural and other developmental needs from the monetary and other resources generated in the area.

There are currently 216 MMDAs in Ghana, with Chief Executives responsible for managing their respective Assemblies. According to the 1992 Constitution, Section 245 and Section 10 of the Local Government Act, A District Assembly shall exercise political and administrative authority in the district, provide guidance, give direction to, and supervise the other administrative authorities in the district.

The real action that impacts on the lives of citizens in the form of level, quality and prices of local services is dependent on how local services are financed at these local levels (Bird, 2010).
This is dependent on the financial resources at the disposal of Local Government (LG). A central issue in decentralization is therefore the capacity of LGs to deliver the responsibilities transferred to them. The assemblies through fiscal decentralization are to generate revenue support and further streamline activities aimed at developing the socioeconomic conditions of their members in their respective areas of jurisdiction (Smoke, 1993; Litvack et al., 1998). The Local Government Act 462 therefore identifies two main sources of revenue for District Assemblies; External and Internal Sources. External sources of revenue include District Assembly Common Fund (DACF), Central Government Transfers, District Development Facility (DDF), as well as, Donor supports. Internal sources of revenue include property rates, tolls, levies, licenses, fines, among others. These are jointly referred to as Internally Generated Funds (IGFs).

District Assemblies rely on IGFs for the day-to-day running of the district. In many instances however, districts are unable to mobilize enough revenue internally in order to carry out development programs. The result of this challenge is a limitation on local services such as provision of schools, health infrastructure, road maintenance, sanitation management, among others, by the assembly which consequently erodes the trust in the assembly by residents. Inadequate internal resource mobilization can threaten the very basis of decentralization and local governance, since it will lead to district assemblies’ continuous dependence on central government (Asamany, 2013).

In the view of Helmsing (2005) Local governments in sub Saharan Africa are not able to appropriately define the components of their tax and the service charges to enable then develop an effective tax base with regards to their expenditure responsibilities. According to Smoke (1993) on the other hand believes that urban LGs appear to have reliable revenue bases than rural LGs. Thus, the less developed assemblies have difficulties in revenue mobilization as compared
to the more developed assemblies. According to Boko (2007), local revenue bases in many developing countries are largely unstable because citizens are not able to pay taxes due to unstable income.

The growing interest in LG resource mobilization is to, among other things, improve on the quality of life of the people and place LG in a better position to explore local taxable opportunities (Bahl et al., 1984). Assessing the various sources of revenue to MMDA’s under Act 462 (Section 86) it seem clear that some of the sources of revenue are not significantly viable in rural districts, as in the case of metropolitan and municipal governments in Accra, Kumasi, Tema, Sekondi-Takoradi, Tamale, etc. It may represent substantial revenue if they are mobilized. Ironically, some of these well-endowed metropolitan governments are unable to mobilize substantial internal revenues and prefer to rely on the District Assembly Common Fund (DACF).

Available statistics show a variation in the volume of internal Generated Revenue (IGR) among the MMDA’s in Ghana. For instance, IGR accounted for 14% of total revenue in Tamale Metropolitan Assembly in 2009 compared to 32%, 44% and 95% of total revenue for Kumasi, Accra and Tema metropolises respectively (Commonwealth Secretariat, 2010). This affects the development of the less endowed assemblies as they tend to rely mostly on the central government for support.

Ga - East Municipal Assembly was created in 2004 and at that time, it included all communities under the current Ga-West Municipal Assembly (GWMA) and Adentan Municipal Assembly (AdMA). In June 2012, the Government of Ghana, through the recommendation of the Electoral Commissioner, exercised his powers under the Legislative Instrument (LI) 462 and created new districts, namely Ga-West Municipal Assembly (GWMA) and Adentan Municipal Assembly (AdMA).
(AdMA) out of it. The creation of these new districts from Ga-East Municipality reduced the population size of the area as well as the ability of the district to generate enough revenue to embark on its developmental projects.

1.2 Problem Statement

Increasing demands imposed on LGs by citizens has increased the desire of LGs to mobilize more revenues to be able to meet the cost of providing those needs. Resources mobilized through voluntary contributions, local taxes and user charges are all mechanisms to achieve this objective (Bahl et al., 1984). The challenge that most LGs in Ghana encounter is the small size of local revenue bases. Some LGs however have relatively broader revenue bases which when properly harnessed could impact positively on their resource mobilization efforts.

Although the 1992 Constitution and the Local Government Act, ACT 462, makes provisions for central government to finance DAs, it also empowers the DAs to go beyond central government’s sources of revenue to raise funds within the district. DAs continue to face financial challenges as the volume of IGF generated is far below the needed capacity to harness the desired level of growth. This in effect has affected the DAs ability to meet their developmental obligations. It is therefore necessary for in-depth study into examining the factors that affect assemblies in their revenue mobilization.

Prior to the re-demarcation of Ga-East Municipality, one of the challenges that periodically confronted them was the ability to mobilize adequate IGF to meet it developmental challenges. The volume of IGF generated within those periods was said to be inadequate. After the re-
demarcation in June 2012, the volume of estimated annual revenue from IGF fell within that year and it experienced further reduction in the subsequent year (2013).

**Figure 1.1: Amount of IGF from 2011 - 2013**

![Annual IGF and cost of generation](chart.png)

Source of data: Ga-East Municipal Assembly Annual Financial Report, 2014

The statistics in the figure above show that in 2011 when the re-demarcation had not been made, the amount of IGF generated in the municipality was GH¢2,277,232.77. However, following the re-demarcation in June 2012, the amount of IGF reduced from GH¢2,277,232.77 to GH¢1,928,429.56. Thus, the amount of IGF mobilized in 2012 reduced by 15.32% less the amount that was generated in 2011. Similarly, in 2013, the amount of IGF reduced from GH¢1,928,429.56 to GH¢ 1,761,560.17. Thus, a reduction of 22.64% over the amount of IGF in 2011 (before the re-demarcation). In terms of cost of IGF generation, it cost the assembly GH¢ 538,735.24 to generate GH¢ 2,277,232.77, that is about 23.6% of the total IGF in 2011. In 2012 total IGF was GH¢ 1,928,429.56 and this revenue was generated at a cost of GH¢ 492,379.69 that is
25.5% of total IGF during the year. In June, same year, La Nkwantanan Municipal Assembly was calved out of Ga East Municipal. The total IGF for the year 2013 saw a reduction from 1,928,429.56 to GH¢ 1,761,560.17 with the cost of generation reducing from about 25.5% (GH¢ 492,379.69) to 20.7% (GH¢ 362,434.14) of total IGF generated.

The statistics therefore show that the amount of IGF that the assembly has been generating reduced some period after the re-demarcation. At this moment, what is debated is whether to attribute the reduction solely to the re-demarcation exercise or there are other factors that might have contributed to the reduction in IGR. Is it possible that the methods and strategies used by the assembly in mobilize IGF is not good enough thereby leading to some leakages or is it also possible that some officials are hiding behind the glimpse of re-demarcation siphoning some of the IGF into their own pockets? Or is it also that there are some avenues that the assembly can explore in generating additional funds into their coffers that has not yet been identified?

According to Roy and Zainab (2000) and Bird and Vaillancourt (1998), the revenues assemblies generate are highly affected by who determines what taxes and who values, assesses, collect and enforce taxes. Therefore, it may be curious to ask if there are any political influences behind the mobilization of IGF in the districts.

This study is therefore being conducted to gather data to explain some of the issues and debates affecting the mobilization of IGF especially after the re-demarcation of the assembly’s territories.
1.3 Objectives of the study

The main objectives of the study are to examine the effect of the re-demarcation of Ga-East on IGF mobilization. The following specific objectives are addressed:

- To identify and examine the sources of IGF before and after the re-demarcation
- To examine the efficiency of the IGF mobilization before and after the re-demarcation of Ga-East Municipality.
- To explore the possible opportunities for improving the IGF collection in GA-East municipality.

1.4 Research Questions

To be able to achieve the stated objectives above, the researcher sought data to answer the following questions:

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<td>What are the major contributing sources of IGF for the Ga-East Municipal before and after the re-demarcation? (2011 versus 2013)</td>
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<td>Are there any changes in the sources of IGF after the re-demarcation?</td>
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<tr>
<td>To examine the efficiency of the IGF mobilization before and after the re-demarcation of Ga-East Municipality.</td>
<td>How efficient is IGF mobilization before and after re-demarcation?</td>
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<td>What factors have improved or reduced the level of efficiency before and after the re-demarcation.</td>
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<tr>
<td>What are the possible opportunities for improving IGF collection in Ga-East Municipality from the perspective of taxpayers and revenue mobilization officers?</td>
<td></td>
</tr>
<tr>
<td>To explore the possible opportunities for improving the IGF collection in GA-East municipality.</td>
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### 1.5 Significance of the Study

The purpose of this study is to acquire in-depth knowledge about the effect of territorial re-demarcation on the various sources of internally generated funds and to clarify our understanding of problems associated with the assembly’s revenue generation.

The findings of this study is intended to assist the district policymakers and stakeholders of the Assembly in finding ways of generating adequate funds for developmental projects as well as improving the welfare of the people especially after the re-demarcation. The citizenry are likely to receive better services and infrastructure from the Assembly when the Assembly is able to improve upon its revenue generation mechanism. The data is therefore expected to be useful to both the district and other district assemblies to address some of their shortcomings in the collection of the revenue and improve internal revenue generation.

The findings of the study are also expected to help governments and government agencies in future re-demarcation of district. It is not just that the population of the district has risen that the president should utilize the power given him by the constitution to re-demarcate district boundaries. Neither should re-demarcation be solely based on number of land size but other
factors such as the annual IGF should be taken into consideration *viz-a-viz* the number of developmental projects being undertaken. This study is therefore to assist governments in making future re-demarcation decisions

Lastly, many are the researchers and current debates going on in academia concerning the challenges of IGF mobilization and its effect on development. This study is expected to contribute to the on-going debate and open the spectrum for future studies into this area of IGF mobilization.

### 1.6 Limitations of the Study

Access to data was not easy as anticipated. The persons that were assigned to assist the researcher were often not available. In most cases the data was just not available making the whole process a little difficult. Again some of the respondents live in different localities and cities, as such the researcher had to travel or conduct telephone interviews.

The choice of the sampling method used raised quite a number of questions about the validity of the findings. The study uses purposive sampling as the main technique for data collection. The quality of the work was at stake due to likely biases. However, care was taken in selecting the respondents to minimize biases in the outcome of the research.

Given the scope and time frame the researcher had to complete this work, time constraint became a major obstacle to the researcher. Much finances were pulled towards the completion of this work and these two (time and finance) posed a great challenge for the researcher.
1.7 Structure of the Work

This study is divided into five parts. Chapter one is a general introduction to the concept of decentralization, mobilization of IGF and creation and re-demarcation of districts. It discusses the legal framework underlying the creation of districts in Ghana and narrows down to the main objective of the study, that is, effect of territorial re-demarcation on internally generated funds. It also presents the statement of problem of the study, the general and specific objectives of the study. The chapter also captures the research questions to be answered by the study, significance of the study as well as the limitations of the study.

Chapter two deals with the review of existing literature to further elaborate on the concept of decentralization and IGF mobilization. The various sources of IGF are explained into details and challenges faced in the mobilization of IGF are also further explained into details. So, far, no work has been found to have been conducted in assessing the effect of territorial re-demarcation on the mobilization of IGF. Therefore not much literature was obtained in reviewing the effect of territorial re-demarcation on IGF mobilization. The structure of the Ghana local government structure has also been provided in this chapter. The conceptual frame work is also provided in this chapter.

Chapter three discusses the methodology used for the research as well as a broad overview of the study area. It has been structured into two parts. The first part describes study design, the methods used to collecting data, sampling techniques as well as sample size and how data collected was organized for analysis. Aside the tables and graphs used in the analysis of the data, the study also used SWOT analysis in examining issues relating to IGF mobilization in the district. This technique has also been explained into details. The second part of the chapter focuses on the study area; Ga –East Municipal Assembly. It provides an overview of the study
area with emphasis on the physical and socio-economic characteristics of the TMA. This section gives a broad understanding of Ga-East with regards to the various activities both commercial and non-commercial that takes place within it.

Chapter four provides the findings, data analysis and discussions on the data gathered. This is presented in graphical forms such as tables and graphs depicting characteristics of IGFs over the study period. The analysis also seeks to identify the major contributing items of IGFs, as well as the relationship between re-demarcation and funds generated as well as the expenditure pattern over the period.

The final Chapter, five, contains a summary of key findings, recommendations and conclusion of the study. It presents in summary the various findings and also makes recommendations as to how best to improve the performance of IGFs in the Ga- East after the re-demarcation.
Chapter Two

Literature Review

2.1 Introduction

Africa’s population has seen tremendous growth rates to the extent that it has outpaced local authority’s capacity for service delivery in terms of management, infrastructure, and finance (McCluskey et al. 2003: McCluskey and Franzen, 2005). Firstly, the urban municipal authorities, many of which were originally instituted as colonial administrative institutions, have not been restructured to cope with the fast-growing population (Beall, 2000). Secondly, a growing number of residents live in informal settlements characterized by deficient basic services such as housing, clean water, electricity, sanitation, refuse collection, roads, and transport (Devas, 2003). Thirdly, many local government authorities are financially weak and rely on financial transfers and assistance from the central government (Brosio, 2000). Moreover, local government tax administrations are often inefficient and not able to properly account for revenues collected (Fjeldstad, 2006).

As a result, many African local governments are facing a governance crisis and poor service delivery capability. Fiscal decentralization – the devolution of revenue mobilization and spending powers to lower levels of government – has become a main theme of local governance in recent years (Fjeldstad and Heggstad, 2013). The purpose of this section of the paper is to examine opportunities and constraints facing local revenue mobilization in Africa as a whole and Ghana in particular. We also present the structure of Ghana’s local government.
2.2 Source of local government finance

Decentralization strives on finance and it is based on this that some scholars perceive finance to be the ‘lifeblood’ of decentralization (Fjeldstad and Heggstad, 2013). However, generation of funds has remained a major problem for decentralization in Ghana (Ayee, 2006). In practical terms, Prud'homme (1989) argues that subnational governments generate about 20% of total government revenues while they spend about 30%. The difference of 10% is made up of Central Government transfers. Thus, revenues to local governments consist of internally-generated revenues and Central Government transfers.

As noted earlier, the 1992 Constitution requires that 7.5% of the total revenue of Ghana be transferred to local governments based on an annually agreed formula by the legislature. The Internally Generated Funds (IGFs) include rates and fees, rents, fines and licenses, investments and income from commercial activities. However, local governments in Ghana still rely heavily on Central Government transfers mainly because of capacity challenges in internal revenue mobilization, mismanagement and corruption.

2.3 Instruments for revenue mobilization

As noted above, the local government ‘own revenue’ systems across Anglophone Africa are often characterized by a huge number of revenue instruments. However, the main sources of ‘own revenues’ are usually property rates in urban councils, business licenses, market fees and various uses charges, often in the form of surcharges for services provided by or on behalf of the local government authority. Nevertheless, experiences from a number of African countries show that these revenue instruments have serious shortfalls. For instance, property taxes can be very costly to administer (Brosio, 2000: McCluskey and Franzsen, 2005), and the enforcement of user
fees has resulted in widespread resistance to pay from the poorer segments of the urban population in some countries (Fjeldstad, 2004; Fjeldstad et al., 2005). Moreover, complex business licensing systems have proved to be major impediments for the start-up and expansion of especially micro and small enterprises (Devas and Kelly, 2001; Sander, 2003; Pimhidzai and Fox, 2011). However, experiences from other regions show that when well administered, these revenue instruments can provide substantial and reliable revenues for Assemblies.

2.3.1 Taxation

Taxes can be described as compulsory payments imposed on inhabitants of a particular jurisdiction over ownership of properties and incomes. Taxes are designed to mobilize revenues in order to meet public expenditures and redistribution of income. Governments and for that matter LGs depend on taxes and other service charges as their revenue base, as it forms a substantial part of local revenues (Helmsing, 1997).

There are two main principles of taxation. These include the Benefit principle and the Ability to pay principle. The Benefit principle underscores that taxation depends on the expenditure policy of government. Therefore, people will be unwilling to honour their tax obligations if they do not benefit from the existing tax system. People rationally expect to benefit from payments that they make (Abdul-Basit, 2011). One of the taxes assemblies depend on is property tax.
2.3.1.1 Property Tax

Real property is visible, immobile, and a clear indicator of one form of wealth. Hence, in principle, property tax is difficult to avoid and, if well administered, it can represent a non-distortional and highly efficient fiscal tool.

Property tax as an annual tax on real property is levied in all Anglophone countries in Africa except in the Seychelles (McCluskey and Franzsen, 2005). Commonly, it is a local government tax, levied mainly in urban areas. Only in Liberia the property tax is a national tax. Rural properties are often not taxed, although property taxation is being extended to rural properties in South Africa under the terms of the Local Government: Municipal Property Rates Act 6 of 2004 (Franzsen, 2007). Namibia introduced a land tax on commercial farmers in 2004 as a measure to fund a land reform programme.

Property tax revenue accounts for less than 0.5% of GDP in many African countries. In the 1990s, property taxes accounted for 40% of all sub-national taxes in developing countries (Bird and Slack 2002: 6), but less in most African countries. For instance, property tax accounted for 10–30% of ‘own’ revenues in urban councils in Tanzania (Fjeldstad et al., 2004), and around 20% in metropolitan councils in South Africa (Bahl and Smoke, 2003). In Ghana property tax accounts for about 14% of the total revenues of local assemblies, an average of 6.1% in local councils in Sierra Leone, and less than 10% in The Gambia (average for the period 2006 -2008). In Liberia, where local councils are not allowed to collect revenue, property tax accounts for about 1% of total revenues of the central government (Jibao, 2009).

Why is property tax not more heavily exploited as a local revenue source in Africa? There are a number of constraints that can explain why (Bell and Bowman, 2006): (a) With the exceptions of Botswana, Namibia and South Africa, property markets are not well developed; (b) property
registers and valuation rolls are often outdated or not in place; (c) administrative capacity and equipment are often limited; (d) the tax base is generally narrowed by extensive legal exemptions; and (e) lack of political support to enforce the property tax and political interference in revenue collection. Mikesell (2002) argues that the reasons are considerably more political than economic. First, the difficulty and cost of administering an equitable property tax is exaggerated by those more familiar with income and consumption taxes than with property taxation. Second, in many countries, the property tax has powerful political enemies. The tax strikes people with wealth accumulations quite directly, the real properties to be taxed are obvious to all, and the levy itself is visible. People with considerable property wealth usually have considerable political power and use that power to thwart taxes that aim directly at their holdings. As Burgess and Stern (1993) suggest, low utilization of property and land taxation “reflects the success of the resistance of the rich and powerful to measures which harm their interests.” The result is that taxes are paid on a base that often bears little resemblance to the true level of property values (Franzsen, 2007).

Most countries apply different tax rates to different types of property (Franzsen, 2007). Rates are generally determined annually (e.g. Botswana, Namibia, South Africa, and Swaziland), but in some instances are fixed by central government or municipal by-laws for a determined or undetermined period so rates may remain static for years (e.g., Ghana and Tanzania). Where differential rates apply, the tax rates for residential properties tend to be significantly lower than the rates for commercial, industrial, and government properties, where these are taxable (e.g., Lesotho, Swaziland and Zambia).

There is generally a distinction between imposing tax on land or buildings. Since land in many African countries is owned by the state, often only buildings are included in the property tax
base. This applies to Tanzania, Ghana, Mozambique and Sierra Leone. Kenya is the only African country with a land value tax, while South Africa has a uniform, capital value tax. Nigeria is unique by having formally delegated the authority for property tax legislation to the 36 state governments, leaving the various areas in Nigeria with different approaches to estimating property tax (Franzsen and Youngman, 2009).

2.3.1.2 Business License Tax

These are taxes levied on businesses and other economic activities for operating within a jurisdiction. This forms a significant part of local revenues in most Local Government areas (Helmsing, 1997). Most Local Governments will wish to impose local business taxes due to the un-reliability of residential property taxes. Business taxes in some jurisdictions have become the sole source by which local governments can expand local revenues to meet the cost of local needs. Local business taxes are popular among both Local Government officials and citizens because of the substantial revenue they produce which is also elastic than property taxes.

Typically, business licenses generate between 5% and 30% of local government own revenues in urban councils. In many countries, however, the system has been quite unsatisfactory, often quite inequitable, and has imposed huge costs on business, while generating relatively little money. In Uganda, for instance, a common complaint from small and medium-sized enterprises has been that ‘they do not know what to pay, where and to whom’. The regulatory aspects of the license system have been largely abandoned. In addition, poor policy design and weak administration mean that license coverage; assessment, collection, and enforcement rates are low, leading to poor revenue generation.
Local business taxes are generally levied in one of two ways (Devas and Kelly, 2001): (a) either as a fixed amount, which usually varies by type, size, or location of the business, or (b) as a percentage of turnover or profits. Assessing turnover or profitability, however, is difficult both in relation to small businesses, which often do not maintain proper records, and to large businesses with multiple premises across various jurisdictions. Thus, local business taxes often use proxies for turnover or profitability, such as the size of premises, type of business, number of employees, installed electricity power, etc. Obtaining a license typically involves multiple visits to various offices, sometimes over several days, with associated travel costs. Failure to provide the correct license receipts may result in closure of the premises. Consequently, the system is often riddled with rent seeking and corruption. Moreover, poor administration often means that many businesses are not included in the license system due to lack of proper business registers (Arajou-Bonjean and Chambas, 2003; Brun et al., 2012). Furthermore, weak financial management will often imply that collection and enforcement provisions are rarely enforced. This erodes the tax base and introduces inequities into the system. Thus, many existing business license systems across Africa contain serious defects. These include (Devas and Kelly, 2001: 385):

- high compliance costs to businesses, due to multiple licensing and complex procedures;
- tariff structures that are complicated and do not reflect ability to pay;
- a process loaded with ineffective regulatory requirements, which provide opportunities for rent seeking;
- poor administration and evasion, which reduce the tax base and generate inequities; and
- A revenue source that generates relatively little income for local governments.
Several African countries have reformed (Kenya, Tanzania and Uganda) or are in the process of reforming their local business license systems, to make them simpler, more transparent, and effective (Sander, 2003; USAID, 2005). The main objectives of these reforms are to (a) enable local authorities to collect significantly more revenues, and (b) to reduce the compliance burden on the businesses.

In Francophone Africa, local governments levy a tax called the *Patente*, which was originally based on the French *Taxe Professionelle* (Devas and Kelly, 2001). In Cote D’Ivoire, the *Patente* was the largest single local revenue source in the 1990s, financing about 17% of the local government budget, and more in the commercial capital Abidjan. The calculation of this tax, however, is quite complex, involving the value of the premises, number of employees, turnover, machinery employed, installed energy capacity, and other size proxies. Moreover, within this formula, rental value of premises is by far the largest factor, so that the tax starts to resemble a property tax.

### 2.3.2 User fees

LGs provide services such as public places of convenience, garbage collection and other essential services. These represent substantial cost to LG. Therefore user charges are instituted to provide for at least the marginal cost of the provision of those services. According to the benefit model of “wherever possible, charge”, it is advocated that charges should be levied on direct beneficiaries of local government services for efficiency reasons whether residents, businesses or real property.
The main economic rationale for user charges is not to produce revenue, but to encourage the efficient use of resources within the public sector. When properly designed, user charges provide information to public sector suppliers on how much clients are willing to pay for particular services and by ensuring that the public sector supplies are valued by citizens. Free or subsidized services may result in overconsumption of such services. Moreover, it may prove difficult to target the beneficiaries of free services. Yet, experiences from several countries, including Namibia and South Africa, show that user charges can impose a heavy burden on lower-income service users, and exclude the poorer segments of the urban population for the services (Fjeldstad et al., 2005; McDonald and Pape, 2002). Adjustments can, however, be made to offset such effects. For instance, user charges can also reflect differences in ability to pay by incorporating sliding scales for the type of user or the amount of usage (Rondinelli et al., 1989), although this will require adequate administrative capacity.

User charges for ‘trading services’, including water, electricity, sewage, and solid waste removal, are major sources of revenue in urban municipalities in Southern Africa, especially in Namibia and South Africa (Fjeldstad et al., 2005; Bahl and Smoke, 2003). In particular, service charges on water and electricity supply are important. This revenue is generated by a surcharge added to the cost of the utilities that the local authorities typically buy from the utility companies, or, if the authority itself produces the utility, added to the cost of producing it.

According to Bahl et al. (2003), around a quarter of the electricity-distributing authorities in South Africa raise substantial revenues from the surpluses earned from their sales. A large share of these revenues is used to cover the cost of providing the service. However, in some municipalities a substantial surplus is left for general local government purposes. Hence, the tax component of the user fee is hidden for ratepayers, and the ‘true level’ of local government
taxation is not transparent for citizens. The accountability capability of the local revenue system is therefore undermined.

An increasing amount of evidence suggests that the rate of contribution to a public good is affected by factors such as citizens’ trust in others and the trustworthiness of the government (Slemrod, 2003). Without trust there is little basis for social co-operation and voluntary compliance with laws and regulations that could potentially benefit everyone. In particular, three dimensions of trust seem to affect citizens’ compliance: (1) trust in the local government to use revenues to provide expected services, (2) trust in local governments to establish fair procedures for revenue collection, and (3) trust in other citizens to pay their share. The larger the fraction of the local population that is observed not paying the lower is the perceived risk of being prosecuted. This impacts the individual rate payer’s perception of the credibility and trustworthiness of the revenue administration. Moreover, the attitude of local political leaders with respect to payment seems to be important, for example, by legitimizing non-payment through their own behaviour. This suggests that there are reasons and scope for innovation.

The problems of non-payment should therefore be attacked on several fronts, including service delivery, better administration and payment schemes, and community involvement (Fjeldstad, 2004). To achieve this, in-depth knowledge and data are required on payment levels for each ward, the proportion of municipal accounts delivered, the number and type of complaints received, living conditions for the poorest segments of the population, including the elderly and unemployed, etc.
2.4 Features of local government tax systems

Many local tax systems in Anglophone Africa are characterized by high levels of arbitrariness, coercion and corruption (Bahiigwa et al., 2004; Fjeldstad and Therkildsen, 2008; Juul, 2006; Prichard, 2010; Pimhidzai and Fox, 2012). Further, a widely found feature is the huge number of revenue instruments used by local authorities (Brosio, 2000; Fjeldstad and Semboja, 2000). Local governments seem to raise whatever taxes, fees, and charges they are capable of raising, often without worrying excessively about the economic distortions and distribution effects that these instruments may create.

A complicated and non-transparent local government revenue system is costly to administer and it facilitates corruption and mismanagement (Bardhan and Mookherjee, 2002). Moreover, many local taxes have a distorting effect on resource allocation decisions, and, thus, an inhibiting effect on the start-up of new enterprises and the achievement of economic growth (Bahiigwa et al., 2004; Devas and Kelly, 2001; Sander, 2003). These effects occur when effective rates vary greatly between different goods that are traded, or when license fees are set too high for start-up small-scale enterprises to survive. In a study of small and medium sized enterprises in Zambia, Misch et al. (2011) find that the effective tax burden varies substantially between firms. Enterprises face a range of different taxes, fees and licenses, and the types of taxes that firms are subject to differ - not only between sectors, but also between firms within the same sector. Even among marketers in the same municipality the type of fees and levies differ substantially.

In addition, the levels and types of local revenue instruments by themselves can result in the tax burden falling more on the poor than on the relatively better off in local communities. A recent study from Uganda shows that small informal non-farm enterprises pay local taxes in a regressive way (Pimhidzai and Fox, 2011). While the majority of the micro enterprises in the
Ugandan sample were poor enough to be exempted from the national business taxes (i.e. the small business tax and VAT) they ended up paying a large share of their profits to local authorities - with the poorest paying the highest share of profits. This is mainly due to the basic design of the local revenue system and the way revenues are collected. Thus, a top-down drive toward more tax revenue from this sector through formalization could be counterproductive, and would increase the vulnerability of this segment of informal enterprises.

Consultations and cooperation between the central government revenue administration and local government authorities are generally limited. In Ghana, for example, national tax officials report that local tax officials sometimes urge citizens to pay local taxes instead of national taxes (Prichard, 2010).

Meanwhile, local officials complain that the national government has monopolized virtually all available tax bases and offers little if any administrative support. This lack of coordination has allowed the emergence of a high degree of arbitrariness and abuse in local tax systems, while little attention is paid to economic efficiency. Due to lack of capacity and poor co-ordination between the central and local government only limited questions are raised at the central level on local governments’ tax proposals. Therefore, the local revenue systems often have developed without much interference from the center. Furthermore, lack of co-ordination between the central and local levels has led to duplication of taxes, and inconsistencies between taxes imposed by local authorities (e.g., high taxes on export crops) and the national government’s policy to encourage export production.

Firms often have to negotiate and provide similar information on their operations to several government bodies, imposing high compliance costs on the private sector (Fjeldstad and Heggstad, 2011). For instance, in Tanzania the City Service Levy, a major local revenue source
in urban councils, is levied as a fixed percentage on the firm’s turnover (0.1% of turnover for the bank/financial sector, and 0.3% for the other sectors), requires the same data for tax assessment that the central government tax administration requires for corporate income tax. The duplication of databases also implies higher administrative costs on the public sector.

A recent study of the tax systems in Mozambique, Tanzania and Zambia, finds that local taxation is still a major constraint on the commercialization of smallholder agriculture and formalization of the small and micro enterprises (ibid). Specifically, multiple taxes (including fees and charges) make it difficult to enter new businesses and markets. Levies are perceived as exorbitant, often charged upfront irrespective of the size and type of business (Misch et al., 2011). New local taxes, fees and charges are introduced replacing taxes abolished by the government in recent years. This contributes to undermining the legitimacy of the local tax system, encourages tax evasion and delays the formalization of micro- and small scale enterprises. Furthermore, it undermines compliance enhancing initiatives such as community outreach and taxpayer education.

Arbitrariness, corruption and regressivity have made local taxes generally unpopular and ineffective (Prichard, 2010). Despite the many comprehensive central government tax reforms during the last two decades, local government revenue systems in sub-Saharan Africa have remained largely unchanged until recently, though with some exceptions.

Nevertheless, surveys in both Tanzania and Uganda indicate that citizens have a general appreciation of the necessity of taxation to support local service provision, but chose non-compliance due to lack of confidence in local government (Bahiigwa et al., 2004; Fjeldstad et al., 2009a). Moreover, studies from Tanzania suggest that peoples’ views on local taxation may change over time with implications for policy design. Based on survey data from 2003 and 2006,
Fjeldstad et al. (2009a) found that people were much more positive towards the tax system in 2006 compared to three years earlier. This, the authors’ suggest, was partly due to improvements in service delivery, particularly education, health, and law and order, and partly due to reforms which led to less oppressive revenue collection.

Corruption, however, was perceived by citizens to be a major problem in both surveys, with implications for their trust in government and government officials and, thus, their willingness to pay taxes and fees. There was also an increasing demand by citizens for more information on revenues collected and how the revenues are spent.

2.5 Potentials for increasing internally generated revenues

Potentials, conceptually, can be defined as reasonable expectations into the future. It is an expected future social or financial benefit (Abuodha & Bowles, 2000). Potentials in this study can be seen as the latent opportunities for generating more revenues that have not been explored and exploited. They could be expectations into the future investments which could alter the economic terrain of the area, improved revenue collection systems, the outcomes of education for the public and training and effective monitoring of revenue collections that maximize the potentials.

Oates (1993) believes that effective decentralization in all its facets can potentially increase revenues at the sub-national levels. According to him, there is a great relationship between decentralization and economic growth and behaviour for economic fundamentals within the decentralized jurisdiction. Emenuga (1993) also notes that a study on public revenue mobilization in Nigeria has shown a high degree of centralization, accusing the federal government of not adhering to the expenditure requirements of the tier system of revenue
distribution. He believes that with effective decentralization of revenues, local authorities in Nigeria for example, have the potentials to increase their internally generated revenues. Kayode (1993) confirms that public revenue mobilization is one of the most keenly contested issues in Nigeria, contending and supporting Emenuga’s position that a comprehensive review of reports of commissions on national revenue mobilization and sharing would put more resources to local authorities.

Kanfra (1994) examines potentials for increased internally generated revenues from administrative point of view where efficiently designed formats that set actual collections against targets are monitored and effectively implemented. He states that for this to be achievable, data on ratable property must be available and constantly updated. Nsarkoh (1994) supports the above assertion when he stresses the need to gather and document data on revenue sources and the rates adjusted periodically to their real economic demands.

Manasan (1995) writes that in the Philippines, revenue performance at the local level has the potentials of growth with the degree of urbanization and industrialization. He opines that this may be due to the fact that the informal sector is smaller in more urbanized areas thus making it easier to collect taxes not only from the sector but also the sprawling property buildup. Ayee (2004) is also of the view that prospects for improved internally generated revenues could be in areas of expansion in the revenue sources, blocking the loopholes, improving the caliber of revenue collectors and motivating them as well as entering into virgin areas of collection. He states that there are still “virgin” areas that need to be tapped by the local authorities but notes also that most local authorities have limited their activities of internally generated revenues to the most easily accessible and payable like market tolls, park fees and property rates.
Offei-Aboagye (2004) also observes that local governments possess the potential capacity to generate sizeable revenue but a lot of the ripe avenues like market tolls, the park fees and property rates never score even 40% collection rate. Even the ripe sources of revenue collections as identified by Ayee and Offei-Aboagye are under collected.

What this means is that if there happens to be effective revenue mobilization even in respect of the known areas that have been ceded to the District Assemblies, so much can be generated at the local levels to support development, particularly when adequate systems of financial supervision of revenue collectors and the issue of low remuneration of collectors have been addressed with moral support from the District Assemblies. Offei-Aboagye (2004) further believes that effective and efficient data base which enhances planning of revenue mobilization as well as efficient management and methods of property valuation, billing, collection, accounting, controlling and usage would go a long way to increase revenue for the local authorities. He notes also that the creation of a data-base which is continuously updated for revenue collections and the presence of a proper format for revenue reporting and an in-built monitoring and evaluation mechanism, are reliable ways to check abuses, a view expressed and shared by Musgrave (1995).

Oduro-Mensah, (undated) observed that some local authorities, which in the past suffered the absence of investments, today may be attracting investments in various forms because the land is virgin and available for investors. In fact, many already endowed districts are choked to the point that there are overflows of the “booming” economic activities into the hitherto deprived and “virgin” districts that are very close to them. Oduro-Mensah contends that these situations have the potentials of increasing internally generated revenue which in the past had not been available to some of the districts. Since these overflows expand economic activities, increase migration of
skilled labour, increase personal incomes and its attendant increase in consumption, levy and rate payments by individuals and small and medium scale businesses of varying nature are enhanced.

Oduro-Mensah (undated) further identifies interventions that aim at the sensitization of the people on the need for them to honour their tax obligations to the local authorities as another source of improving the revenue situation. He indicates that development partners like DANIDA, GTZ, SNV, the EU and other NGOs have made numerous attempts to help improve internally generated revenues and efficient revenue management through general and specific interventions. He explains that when the literacy level of the revenue collectors is also improved, it also helps in the revenue collection activity. He goes on to state that a literate revenue collector with effective communications skills, well trained in revenue collection techniques with good human relations has the potential of increasing revenues above the ordinary.

According to Hoe (2007), to enhance tax efficiency, tax administrators must follow these recommendations; Simplification (taxes should not be as complicated to assess and collect to both tax administrators and tax payers), Shorter audits, Transparency (publishing all documents on tax revenue with interpretation and explanatory materials readily available to taxpayers), Training (for both tax administration officials and professionals) Cost of Compliance, Confidentiality (will facilitate the willingness of taxpayers to pay) and Impartial Appeal Process.

2.6 Constraints on Revenue Mobilization

Although there are many avenues that have been provided by the Constitution for mobilizing revenue internally, there still exist some challenges that prevent DAs from maximizing internal revenue collection. Asibufo (2000) and Kokor (1991) outline some of these constraints as;
2.6.1 Managerial/Administrative

Most DAs do not have a revenue database which gives a true representation of taxpayers. This creates a situation where potential tax payers are overlooked or simply not identified. There is also low remuneration and motivation of tax collectors as well as the lack of technical expertise in areas such as investment, budgeting, planning, management information system and valuation. The strategy that is been used by the assemblies may also not be effective enough to maximise revenue generation. The level of efficiency of revenue collection and accountability which ensures that all funds collected is actually deposited in the local authority’s treasury and the adoption of proper fund accounting methods.

2.6.2 Corruption

Because of the absence of proper administrative mechanisms that monitors revenue collectors, there is also the challenge of evasion of taxes with the connivance of tax collectors; that is the problem of over invoicing and under invoicing in the collection of rates.

2.6.3 Poverty

There exists general poverty in some of the districts where economic activities are limited, in such situations revenue mobilisation will be generally low irrespective of the mechanisms put in place. Such deprived districts depend solely on government transfers in order to undertake developmental projects.

2.6.4 Apathy/ lack of education and information

In some instances there is the general lack of education on the path of the assemblies to the locals on the importance of paying their taxes. This generally creates a situation of indifference towards commitment to tax payment. Locals are also reluctant to pay taxes as a result of inability of the DAs to provide visible development projects.
2.6.5 Lenient laws

Although there are laws that govern taxes and tax default, in most instances these laws are not enforced or the punishments for defaulting are too lenient. Assemblies normally do not prosecute tax defaulters because the cost of legal processing in many cases may be more than the sum of tax evaded.

While tax laws impose obligations on tax payers to contribute to government revenues, the actual amount of revenues flowing into the hands of any government depends on the effectiveness of its tax administration (Bird, 2003). Weaknesses in revenue collections lead to inadequate tax collections. Not only do developing countries face an uphill battle in bringing individuals and businesses into the taxation process but governments face insufficient administration staff with low skills, high levels of illiteracy among tax payers, lack of logistics and lack of reliable data (Kangave, 2005).

A major constraint is the lack of adequate resources to sustain and facilitate the operation of tax authorities. Resources to administer a tax can be generally divided into two categories: human resources and physical resources (Boakye, 2011). Human resources are not only the number of tax officials but also the quality of tax officials. Physical resources cover a wider dimension, ranging from office buildings and office equipment to vehicles and communication systems. These are the resources required by the human resources in order to ensure compliance with the tax laws. Due to financial constraints, many tax officials lack the accounting concepts that are essential to analyzing returns and this is worsened by lack of adequate training facilities and opportunities. Most of the training is general in nature (Tanzi and Zee, 2000).

Lack of modern technology, especially computers, to facilitate the taxation process is another impediment to effective tax administration. Until recently, the tax agencies had to rely on
manually entering taxpayer data into records books, and keeping a voluminous amount of tax information in print (Boakye, 2011).

The other problem is the high levels of illiteracy in the Municipality. The prevalence of illiteracy inevitably affects tax administration, because taxpayers are unable to file returns or record their income sources and expenditures. Hence tax authorities are usually unable to collect appropriate taxes from such people (Bird, 2003).

2.7 Conceptual Framework

The main purpose of decentralization is for local participation in the governance and development process of a country. In order to achieve this goal there has been the need to provide avenues for financial support to ensure that district assemblies have the necessary resource available to execute their required mandate. As identified in the literature review of this study, there are two main sources of revenue available to DAs; these are the external funds through government transfers and internal funds that are mobilized within the assembly.

The external sources of revenue as stipulated by the Local Government Act 1993 include government transfers, which comprises of the DACF, Recurrent Expenditure and Ceded Revenues as well as other financial arrangements at the district level which include grants from national governments and donors; borrowing from financial markets; proceeds from investment funds and non-monetary arrangements such as communal labour, community self-help projects and contributions from organizations and individuals. The second source of revenue is the district’s own sourced revenue, referred to as Internally Generated Funds (IGFs) which includes rates, lands, licenses, fees, investment, rent and miscellaneous sources. The various financial
resources are mainly for the purposes of undertaking development projects in line with the district medium term plans.

The mobilization of IGFs however has always been at the center of discussion as this process is faced with many challenges. This is especially true for new created assemblies. This study therefore focuses on assessing and analyzing internally generated funds, in order to identify the various challenges with regards to local revenue mobilization as well as identifying other avenues which will serve as opportunities for expanding the current IGF base for development within the Assembly.

Figure 2.1 depicts the direct relationship that exists between Internally Generated Funds and district development, as indicated by the arrows. It first shows that the level of development of any district is directly or indirectly dependent on the ability and efficiency of the Assembly to mobilize its IGF. It also shows the various components of IGFs, indicated by the smaller boxes within the larger IGFs box. There is however two major factors that affect the mobilization of these funds towards development, that is, the existing challenges in mobilizing the funds as well as opportunities to increase the district’s revenue base. This study therefore explores these two factors in relation to district development after the re-demarcation of assemblies. From the literature, it is evident that local revenue mobilization may face challenges ranging from administrative constrains to the behaviour of residents within the metropolis towards meeting their local tax obligations. There are however opportunities to take advantage of, in order to increase local revenue, these includes the robust nature of the local economy, functional units of the Assembly as well as its human capacity and the planned nature of the various communities within the Assembly. The existence of all such factors affects revenue generation either
negatively or positively and ultimately affects the development process of a district after re-demarcation.

Figure 2.1 Conceptual Framework

Source: Adopted from Asamany (2012)
2.8 Re-demarcation of District Assemblies in Ghana

The re-demarcation and creation of district assemblies by the government is backed by a Legislative Act called Local Government Act 1993 (Act 462). A summary of the Act is captured as follows:

2.8.1. Act creating District Assemblies

(I) The districts in existence immediately before the coming into force of the 1992 Constitution shall continue as districts for the purposes of this Act.

(2) The President may, by executive instrument,

(a) Declare an area to be a district, and (b) assign a name to the district.

(3) The President shall in the exercise of the powers under subsection (2) (a) direct the Electoral Commission to make appropriate recommendations.

(4) The Electoral Commission shall, before making recommendations to the President under subsection (3), consider factors including

(a) In the case of

(i) a district, that there is a minimum population of seventy-five thousand people;

(ii) a municipality, that the geographical area consists of a single compact settlement and that there is a minimum of ninety-five thousand people;

(iii) a metropolis, that there is a minimum of two hundred and fifty thousand people; and

(b) the geographical contiguity and economic viability of the area, namely, the ability of an area to provide the basic infrastructural and any other developmental needs from the monetary and any other resources generated in the area.
2.8.2. Responsibility of Electoral Commission in the creation of District Assemblies

The Electoral Commission shall, at the request of the President, review the areas of authority of unit committees, town, area, zonal, urban and sub-metropolitan district councils and districts, municipal and metropolitan assemblies, and make the appropriate recommendations to the President.

2.8.3. Establishment of District Assemblies

(J) The Minister shall, by legislative instrument, establish an Assembly for each district, municipality and metropolis which, in accordance with clause (3) of article 241 of the Constitution, shall constitute the highest political authority in the district.

(2) The instrument establishing a District Assembly, shall specify

(a) the name of the Assembly and its area of authority;

(b) the number of persons to be elected to the Assembly and the number of persons to be appointed to the Assembly by the President;

(c) the jurisdiction, functions and responsibilities of the Assembly;

(d) the place where the principal offices of the Assembly are to be situated; and

(e) any other matters that are required by this Act to be included in the instrument or are consequential or ancillary to it.

(3) The Minister may, by legislative instrument, and with the prior approval in writing of the Cabinet establish within the area of authority of the District Assembly,

(a) sub-metropolitan district councils,
(b) urban or zonal councils,

(c) town or area councils, and

(d) unit committees.

(4) A legislative instrument under subsection (3) shall specify

(a) the jurisdiction, membership, functions and responsibilities of the sub metropolitan district council, urban or zonal council, town or area council or unit committee, and

(b) any other matters connected with the sub-metropolitan district council, urban or zonal council, town or area council or unit committee as may be considered necessary.

2.8.4. Incorporation of District Assemblies

(I) A District Assembly shall be a body corporate with perpetual succession and a common seal and may sue and be sued in its corporate name.

(2) A District Assembly may, for the performance of its functions acquire and hold movable or immovable property, dispose of that property and enter into a contract or any other transaction.

2.8.5. Composition of District Assemblies

(I) In accordance with article 242 of the Constitution, a District Assembly shall consist of

(a) the District Chief Executive,

(b) one person from each electoral area within the District elected by universal suffrage in accordance with Regulations made for the purpose by the Electoral Commission,
(c) the member or members of Parliament from the constituencies that fall within the area of authority of the District Assembly, except that that member or those members shall not have a voting right, and

(d) any other persons not exceeding thirty percent of the total membership of the Assembly appointed by the President in consultation with the traditional authorities and any other interest groups in the district.

(2) The members appointed under paragraph (d) of subsection (1) may be re-appointed.

(3) Elections to a District Assembly shall be held once every four years, at least six months before or after a general election of members to Parliament.

(4) A District Assembly may conduct its business in English and in a Ghanaian language common to the communities in the District.

(5) The emoluments of the members of a District Assembly shall, unless otherwise provided in this Act, be determined by the District Assembly and shall be paid out of the resources of the Assembly.

2.9 Legal Basis of Local Government

Local government is provided in the Constitution of the Republic of Ghana 1992, which provides that a District Assembly is the highest political authority in the district, and that the District Assembly has deliberative, legislative and executive powers. The Constitution prescribes that Ghana shall have a system of local government and administration which shall, as far as practicable, be decentralized. The composition, powers and duties of the different types of District Assemblies are prescribed in the Local Government Act of 1993.
The main legislative texts pertaining to local government are:

- Civil Service Law 1993 (PNDCL 327)
- Local Government Act No. 462 of 1993
- National Development Planning (System) Act 480 of 1994;
- District Assemblies’ Common Fund Act 455 of 1993;
- Local Government (District Tender Boards) Establishment Regulations (which has now been repealed);
- Local Government Service Act 656 of 2003, (and other legislation pertaining to administration of local government and central government personnel at local level);
- Institute of Local Government Studies Act 647 of 2003;
- A range of finance legislation, such as the District Assemblies Common Fund Act No. 455 of 1993, and local government fiscal regulations.

The local government units in Ghana are called District Assemblies. The first District Assemblies were established in 1988 after the first District Assembly elections were held.

The Constitution of the Republic of Ghana provides that a District Assembly is the highest political authority in the district, and that the District Assembly has deliberative, legislative and executive powers. The District Assemblies autonomy is limited by the presidential appointees: 30 per cent of the members of the Assembly and the District Chief Executive are appointed by the President. The District Chief Executive heads the executive committee of the Assembly and
is the chief representative of the Government in the district, allowing the central government to exercise considerable control over the affairs of the local government.

2.9.1 Organizational Structure of Ghana’s Local Government

The Republic of Ghana is a unitary state divided into ten administrative regions. Each of the regions is headed by a Regional Minister appointed by the President.

The principal units of local government are the district assemblies (DA), of which there are 138. Between the district assemblies and the central government are the regional coordinating councils (RCCs). The RCCs are made up of the representatives from each of the district assemblies in the region and from the regional House of Chiefs. The role of these bodies is to coordinate policy implementation amongst the district assemblies.

The Constitution provides that for the purposes of local government, Ghana has been divided into districts. The Constitution also provides, among other things, the foundation for determining the composition of the District Assemblies, and the basis for their financial resources.

The Local Government Act provides that there are three kinds of districts in Ghana – districts, municipalities and metropoles. Each of them has an Assembly as the highest political authority in the district: a District Assembly, Municipal Assembly or a Metropolitan Assembly.

The President may declare an area to be a district and assign a name to the district. The Local Government Act provides that there are three kinds of districts – districts, municipalities and
metropolises – and each of them have an Assembly as the highest political authority in the district:

- District Assemblies in districts with a minimum population of 75,000 people;
- Municipal Assemblies in districts with a minimum population of 95,000 people; and
- Metropolitan Assemblies in districts with a minimum population of 250,000 people.

Of the Assembly members 70 per cent are elected, and 30 per cent of the members are appointed by the President. The Assemblies have an executive committee, which is headed by a District Chief Executive who is appointed by the President. The District Chief Executive has significant authority over the affairs of the Assembly.

District Assemblies consist of elected representatives. These include the District Chief Executive (similar to Mayor), one elected member from each of the electoral areas in the district, the members of parliament from the district (have no vote), and other persons, who are appointed by the president in consultation with traditional leaders and other interest groups. The number of president appointed persons cannot exceed the 30% of the total membership of the assembly.

Each District Assembly has an executive committee, which is responsible for the performance of the executive and administrative functions of the District Assembly. The executive committee is headed by a District Chief Executive (DCE).

The Minister responsible for local government may also establish, with the approval of the Cabinet, sub-metropolitan district councils, urban or zonal councils, town or area councils, and unit committees within the area of authority of the District Assembly. The District Assemblies may delegate some of their functions to these bodies, which comprise of elected and appointed members. There are presently in total 13 sub-metropolitan district councils, 1,300 urban, zonal,
town and area councils, and 16,000 unit committees in Ghana. The internal political structures of all three – the District Assemblies, Metropolital Assemblies and the Municipal Assemblies – are the same.
CHAPTER THREE

METHODOLOGY

3.0 Introduction
This chapter looks at the methodology which was employed during the study. It includes the study design, the study population, the sampling methods and sample size, instrument of data collection, data processing and analysis and ethical considerations.

3.1 Study design
The study is both explorative and descriptive and aims at going beyond existing information and delving into the unknown to bring to the fore what indeed the problem is. It tries to identify the effects of the re-demarcation on the district revenue mobilization as well as the alternative means of addressing the problem. Polger and Shane (2000) write that an exploratory study is conducted on a small scale and it is expected to be of short duration. The variables under the study are not manipulated for any reason since the research is intended to be non-interventional.

The choice of an exploratory and descriptive study in this work is based on the fact that concerns have been expressed about the problem of internally generated revenues. These concerns normally revolve around how those revenues should or can be the major source of funds for development in the various districts. The exploratory study is important on the grounds that even though the problem of low internally generated revenue at the sub-national levels has been a subject of lamentation, it seems sometimes that the problem is being addressed only at the surface. In the process of finding solutions, not much in-depth attention has been paid to it with the view to finding out the causes and solutions to them. The effect of re-demarcation on internally generated funds have however not been tackled at all as no literature has been found
on that. Majority of the study conducted on IGF have mainly been concerned with challenges and leakages and their effect on the development of districts. The exploratory study would then give way to a vivid description of the variables based on the observations made out of the ‘exploration’ and the relevant recommendations and suggestions aimed at finding answers to the problem, would then be made.

3.2 Study population

The study population is structured into three main categories. These categories are the tax payers, revenue collectors and revenue officials at the assembly (administrators). The tax payer’s category comprises residents of the district who are the major tax payers such as organized groups. In the district, some of the organized groups who are major tax payers include market women, Beauticians Association of Ghana (hairdressers and seamstresses), drivers, Local liquor brewers and retail and wholesale shop owners among others.

Ga East Municipality has ten (10) Area Councils which also represents the electoral area. The electoral areas are Taifa South, Taifa North, Abokobi, Agbogba, Kwabenya, Haatso, Atomic, Dome East, Dome west and Ablahdjei. These Area Councils also known as electoral areas were created after the 2010 Population and Housing Census. Unfortunately the assembly does not have the population for these ten area councils. This therefore did not make it beneficial for the researcher to conduct the study at the area council level. However the district has 18 communities. It will therefore be easy for the researcher to draw the respondents from the communities.
3.3 **Sampling methods and sample size**

As stated above, the municipality has 18 communities. Time and financial constraints made it practically impossible for the research to be conducted in all of the communities. It was therefore necessary for the researcher to sample some of the communities. Due to the nature of the work, a purposive sampling technique was employed to sample five communities out of the 18 communities. These communities according the one of the administrators are their major sources of revenue to the many economic activities that goes on. They mostly have market and Lorry stations as well as other diverse economic activities. All the communities were ranked by the percentage of their contribution to total revenue and based on revenue performance and proximity of the communities to the researcher, five of them were selected.

The five communities selected and their respective population is shown in Table 2 below:

Table 16.1: Population of the sampled communities

<table>
<thead>
<tr>
<th>Area Council</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dome</td>
<td>44,686</td>
</tr>
<tr>
<td>Abokobi</td>
<td>1,652</td>
</tr>
<tr>
<td>Haatso</td>
<td>10,702</td>
</tr>
<tr>
<td>Agbogba</td>
<td>9,407</td>
</tr>
<tr>
<td>Kwabenya</td>
<td>5,827</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>72,274</strong></td>
</tr>
</tbody>
</table>

Source: GEMA, 2014
The total population of the five communities was 72,274. Using a simple calculation for sample size \( n = \frac{N}{1+N(e)^2} \) where ‘n’ is the sample size, ‘N’ is the population size and ‘e’ is the margin of error, the sample size is 398. However, due to the financial constraint, the sample size was reduced from 398 to 180. This increased the 5% margin of error to 7.3%.

As noted earlier, the respondents were stratified into tax payers, revenue collectors and revenue officials. For the tax payers’ stratum, the respondents were categorized into organized groups. Since there are many organized groups in the district, those that the revenue collectors easily get access to them were target. These were market women, drivers, beauticians, wholesale/retail shop operators and local liquor brewers. Some of these groups pay annual fees like licenses; whiles others pay monthly fees and others daily rates.

The researcher decided to randomly select five respondents from each of the three strata. Thus, by estimation, five tax payers from each of the five groups in the five communities make a total of 150. Five revenue collectors from 5 communities make a total of 25 in addition to the five revenue officials from the sample. This therefore made a total of 180 respondents.

It was not difficult at all randomly selecting the revenue collectors. This was done at the Assembly. The names of the revenue officials in each community were written on a piece of paper and five were randomly selected. The telephone numbers of the revenue collectors will be collected and a meeting will be scheduled for the interview.

The difficulty was the selection of the tax payers. The first step in the selection was how to identify the leadership of these organized groups. It was very difficult because some of the people such as the hairdressers were not part of the Association. After locating the leadership of each of the associations, a list of their members were obtained and using a simple random
selection technique by replacement, five (5) of the members were randomly selected from the list. Their contact numbers were obtained. For those who were unwilling or were not available were replaced. The agreed people will be contacted and interviewed accordingly.

The research also used non-probability sampling techniques to purposively identify key informants for one on one question and answer sessions. Key informants who were purposively sampled included key district officers, namely, the District Budget Officer, District Planning Officer, District Finance Officer, District Coordinating Director and Chairman of the Finance and Administration sub-committee of the Assembly. These individuals who will be interviewed total five.

The Development Planning and the Budget Officers are responsible for planning and budgeting for proposed development programmes of the district. The two key officers therefore made serious inputs into this study as to what goes into their planning and budgeting activities and whether set targets are achieved to meet the developmental objectives.

3.4 Instruments for data collection

The data collection for the study was made up of the primary source and the secondary source. The primary data were collected by the use of questionnaires and interview guide (see Appendix A and B) while the secondary data were gathered from both the District Assembly and the Office of the District Assemblies’ Common Fund Administrator.

Interview schedules were designed to facilitate the conduct of interviews on one-on-one basis with the various respondents randomly selected from the communities while the questionnaire was designed for the key informants and the selected groups.

An interview guide was also used to gather information from the 5 key officials in the district.
3.5 Data Collection

Both closed and open-ended questions were suitably combined to ensure that sufficient data was derived from the 175 randomly selected respondents, from the 5 communities. Interview guide was designed to gather an in-depth data from the 5 officials in similar areas used in the construction preparation of the semi-structured questionnaire. Tape recorders were used in capturing the information during the in-depth interview with permission from the respondents.

Due to the nature of the economic activities these respondents are engaged in, it was barely difficult for the researcher to administer the questionnaires alone. Therefore, five research assistants were employed to administer the questionnaires in the five communities. On the other hand, the researcher scheduled a meeting with each of the key informants and interviewed them accordingly.

3.6 Data processing and analysis

After collecting the data from the field, coding was done and then captured in an SPSS software for analysis. The researcher basically employed descriptive statistical analysis using tables and frequencies to present the findings from the survey. Cross-tabulation was also used to assess the relationship between the variables. Crosstabs were mainly used to summarize categorical data and helped to create a picture of the interrelationship between pairs of variables. We also undertook a SWOT analysis to understand the challenges and opportunities in revenue mobilization for the district.

On the other hand, the researcher used a content analysis method in presenting the information gathered from the in-depth interview. This is a widely used qualitative research technique, as it enables the researcher to present vivid statements from the respondents in supporting some of the
key findings. The information that was captured on the tape recorder was transcribed under the major contents used in drafting the questionnaire to aid in analysis.

3.7 SWOT Analysis as a tool for data analysis

The study further used SWOT analysis in understanding the current challenges and opportunities available to the GEMA with regards to IGFs mobilization, having analyzed IGFs from all available perspectives. By using the SWOT analysis, the research was able to identify the strength, weaknesses, opportunities and threats that face the administration of IGFs. This provided both the internal and external factors that affect the mobilisation of revenue within the GEMA. The response from both the survey and in-depth interview were used in the SWOT analysis.

SWOT Analysis is a planning and a management tool use to understand an organisation’s internal Strengths and Weaknesses as well as its external Opportunities and Threats. It is generally designed to be used to inform decision-making and strategic planning (Johnson et al., 1989). SWOT analysis is done in a participatory manner whereby officials and the public in the district identified and fill questions relating to the strengths, weaknesses, opportunities and treats. Whiles only the officials identified the strengths, weakness and the treats, both officials and the public identified the opportunities. This helped to incorporate the various views of stakeholders in relation to the best way to solve the challenges brought forth by the re-demarcation.

3.6.1 Advantages of the SWOT Analysis

- SWOT analysis encourages participation towards assessing a situation.
- The SWOT analysis provides a structured, and concise format to analysing a situation
- It is of a very flexible nature. That is the structure for organizing the information allows for effecting changes easily.

- Because SWOT Analysis serves as a basis for assessing core capabilities of an organisation, it proposes opportunities available based on the organisation’s competences.

- It is a technique that can be applied across diverse functions and activities e.g. concept, programme or project, particularly appropriate to the early stages of planning an activity.

- It is very simple to understand and undertake; making it less neither cumbersome nor time consuming.

### 3.6.2 Disadvantages of SWOT Analysis

A major drawback on the SWOT analysis has been that it is regarded as a very subjective approach in undertaking a situational analysis. For example in some cases threats can also be viewed as opportunities, depending on the people or groups involved. The final recommendations that will be arrived at by this study will be informed by the outcome of the SWOT analysis conducted. Identification of strengths, weaknesses, opportunities and threats can be arrived at after conducting an in-depth interview with the various stake holders of internal revenue mobilization.

### 3.7 Ethical Consideration

To begin with, introductory letter from ISSER was given to the District Chief Executive Officer of GEMA and after giving the permission, copies were given to all officials in the district who were interviewed as well as the heads of the various groups and associations who were selected for the study.
After the permission was given, informed consent was ensured, as all the participants were informed about the purpose of the research. It was made known to them that the research was solely for academic purpose and there were no known risks involved in one’s participation. Participants were given consent form to fill and sign to show their understanding and willingness to participate in the study.

Voluntary Participation was another ethical issue that was adhered to by the researcher. Participants were not forced to participate in the research; they were made aware of their voluntary participation to the research by allowing the researcher a convenient time to interview them. Again, they were informed about their freedom to withdraw from the study at any point in time.

Another important ethical issue that was considered was confidentiality. Participants were assured that their information will not be disclosed to anyone and for that matter their names and identity will not feature in the research.

Finally, all references and information sources have been dully acknowledged in the work.
Chapter Four

Presentation of Data and Discussion of Findings

4.0 Introduction

This chapter presents the findings of the survey and interview conducted in Ga – East Municipal Assembly (GEMA). The study used both primary and secondary data. For the sake of clarity, descriptive statistical tools such as crosstabs, frequencies, percentages and charts were used in the presentation of the survey findings. The qualitative data was presented using content analysis method. Thus, important direct quotations were presented to support some of the findings. Relevant literatures were also used to support the findings of the study as a way of discussing them.

4.1 Demographic Characteristics of respondent

4.1.1 Gender and Age of tax payers and collectors

The results from the study indicate that out of the 150 tax payers, majority of them (78) were females and 72 were males. The average age of the males is 41 years but the minimum age is 20 years and the maximum age is 81 years. On the other hand, the average age of the females is 38 years with a minimum age of 19 years and a maximum as age of 80 years. Thus, the males were older than the females.

On the part of the tax collectors, there were 17 males and 8 females. The average age of the males was 34 years and that of the females was 29 years. The minimum age of the males was a 23 years while that of the females was 21 years. The maximum age of the males was 65 years and the maximum age of females was 37 years. Thus, in both cases of tax payer and tax collectors, the males were older than the females.
Table 4.17: Gender by age of Tax Payers and Collectors

<table>
<thead>
<tr>
<th>Gender</th>
<th>Tax Payers</th>
<th>Min. Age</th>
<th>Max. Age</th>
<th>Tax Collectors</th>
<th>Min. Age</th>
<th>Max. Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>72</td>
<td>41</td>
<td>81</td>
<td>17</td>
<td>34</td>
<td>65</td>
</tr>
<tr>
<td>Female</td>
<td>78</td>
<td>38</td>
<td>80</td>
<td>8</td>
<td>29</td>
<td>37</td>
</tr>
<tr>
<td>Total</td>
<td>150</td>
<td>39</td>
<td>25</td>
<td>33</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Author’s Field data, May 2014

4.1.2 Level of education of tax payers and collectors

From Table 4.2, the statistics show that of the 150 tax payers, 16 had primary education of which 19% were males and 81% were females. 76 of them had also attained Junior High School or Middle School level of which 49% were males and 51% were females. 27 of them also had attained Senior High School level and this comprised of 41% males and 59% females. Of the 23 people with tertiary education, 74% were males and 26% were females. 2 people had post-graduate education and interestingly, all were males. However, 8 of them had no education and this comprised of 25% males and 75% females. Looking at the trend, it is clear that the educational level of males were higher than that of females for the tax payers.

On the side of the tax collectors, of the 25 respondents, 3 had attained Junior High School level and they were all males. 17 of them held Senior High School certificate or equivalent of GCE
Ordinary Level certificate and they comprised 9 males and 8 females. 2 males held diploma certificate and 3 males also held tertiary education certificate. The proportion of males was more than the females and the educational level the males were also higher than the females.

Table 4.18: Level of Educational Attainment of Tax Payers, Collectors and Officials

<table>
<thead>
<tr>
<th>Highest Level of Education</th>
<th>Tax payer</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>Tax collectors</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>19%</td>
<td>81%</td>
<td>16</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>JHS/Middle</td>
<td>49%</td>
<td>51%</td>
<td>76</td>
<td>3</td>
<td>0</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SHS/GCE O level</td>
<td>41%</td>
<td>59%</td>
<td>27</td>
<td>9</td>
<td>8</td>
<td>17</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diploma</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tertiary</td>
<td>74%</td>
<td>26%</td>
<td>23</td>
<td>3</td>
<td>0</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Post Graduate</td>
<td>100%</td>
<td>0%</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not Educated</td>
<td>25%</td>
<td>75%</td>
<td>8</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>72</td>
<td>78</td>
<td>150</td>
<td>17</td>
<td>8</td>
<td>25</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Author’s Field data, May 2014
4.1.3 Occupation of Taxpayers

The researcher, as noted in chapter three above, selected the respondents from organized groups as indicated in Table 4.3. The gender analysis shows that of the 25 drivers, all were males and of the market sellers or traders, 2 were males and 23 were females. For the beauticians, which comprised both hairdressers and tailors or seamstress, 8 were males and 17 were females. For the Landlords, 19 were males and 6 were females. Of the total liquor sellers, 3 were males and 22 were females. And lastly, for the shop owners, 5 were males and 10 were females. The results show that there are some gender variations with regards to occupation. While driving is predominantly considered a male job, selling at the market is seen as the domain of women.

Table 4.19: Occupation of Payers and years in business

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Driver</td>
<td>25</td>
<td>0</td>
</tr>
<tr>
<td>Market/Seller/Trader</td>
<td>2</td>
<td>23</td>
</tr>
<tr>
<td>Beauticians</td>
<td>8</td>
<td>17</td>
</tr>
<tr>
<td>Landlords</td>
<td>19</td>
<td>6</td>
</tr>
<tr>
<td>Liquor sellers</td>
<td>3</td>
<td>22</td>
</tr>
<tr>
<td>Shop owners</td>
<td>15</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>72</td>
<td>78</td>
</tr>
</tbody>
</table>

Source: Author’s Field data, May 2014
4.2 Tax payers’ knowledge on the purpose of paying tax

The respondents were asked to indicate if they know the purpose of paying tax. Of the 150 tax payers, 113 indicated that they know the purpose of paying tax whiles the remaining 37 noted that they do not know the reason for paying tax. Thus, 75% of the respondents know the purpose for paying tax. Out of the total men of 72, 58 representing 81% indicated they know the purpose of paying tax. Similarly, of the 78 female respondents, 55 representing 71% knew the purpose of paying tax. Hence, proportionately, majority of males know the purpose of paying tax as compared to female.

By occupational terms, 15 out of the 25 male drivers knew the purpose of paying tax. Out of the 18 market sellers or traders who knew the purpose of paying tax, 11% were males and 89% were females. For beauticians, out of the 17 who knew the purpose of paying tax, 47% were males and 53% were females. 79% males and 21% females of the 24 landlords knew the purpose of paying tax whiles out of the 19 liquor sellers who knew the purpose of paying tax, 16% were males and 84% were females. Of the 20 shop operators who knew the purpose of paying tax, 55% were males and 45% were females.

In all, the proportion of males who knew the purpose of paying tax were more than the females in the category of drivers, landlords and shop operators, while the female proportion was higher than males in the occupation of market traders, beauticians and liquor sellers.
Table 4.20: Knowledge of Tax Payers on the purpose of paying tax

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Driver</td>
<td>100%</td>
<td>0</td>
<td>15</td>
</tr>
<tr>
<td>Market/Seller/Trader</td>
<td>11%</td>
<td>89%</td>
<td>18</td>
</tr>
<tr>
<td>Beauticians</td>
<td>47%</td>
<td>53%</td>
<td>17</td>
</tr>
<tr>
<td>Landlords</td>
<td>79%</td>
<td>21%</td>
<td>24</td>
</tr>
<tr>
<td>Liquor sellers</td>
<td>16%</td>
<td>84%</td>
<td>19</td>
</tr>
<tr>
<td>Shop owners</td>
<td>55%</td>
<td>45%</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>58</td>
<td>55</td>
<td>113</td>
</tr>
</tbody>
</table>

Source: Author’s Field data, May 2014

4.2.1 Purpose of paying tax

The 113 of the 150 tax payers who indicated that they knew the purpose of paying tax were asked to state that purpose. Almost all of the respondents indicated that the tax they pay is used for developing the country (development purposes). As high as 109 out of the 113, representing 96% indicated that the tax they pay is used to support development projects, and the males were 52% whiles the females formed 48%. Two respondents (one male and one female) also indicated that the tax they pay is used to pay government workers. Two females also noted that it is their responsibility or the responsibility of every citizen to pay tax as indicated in Table 4.5 below
Table 4.21: Purpose for paying tax

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development purposes</td>
<td>52%</td>
<td>48%</td>
<td>109</td>
</tr>
<tr>
<td>To pay government workers</td>
<td>50%</td>
<td>50%</td>
<td>2</td>
</tr>
<tr>
<td>It is my responsibility</td>
<td>0</td>
<td>100</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>58</td>
<td>55</td>
<td>113</td>
</tr>
</tbody>
</table>

Source: Author’s Field data, May 2014

4.2.2 Proportion of those who pay tax by gender

The results in Table 4.6 below indicate that out of the 150 respondents, 129 of them pay tax to Ga-East Municipal Assembly (GEMA). Thus, 86% of the respondents pay tax whiles the remaining 14% do not pay tax. The gender analysis shows that of the 129 respondents, who pay tax to Ga-East Municipal Assembly (GEMA), 62 of them representing 48% were males and the remaining 52% were females.

The occupational analysis shows that it is only liquor sellers for which all of them pay tax. Apart from the liquor sellers, not all the people engaged in the remaining occupations pay tax. For instance, only 20 out of the 25 market sellers pay tax, of which 10% were males and 90% were females. In the same way, 18 out of the 25 beauticians pay tax, of which 33% were males and 67% were females. Also, of the 23 Landlords who pay tax to Ga-East Municipal Assembly, 74% were males and 26% were females and of the 20 shop owners who pay tax, 55% were males and 45% were females.
Table 4.22: Those who pay tax to GEMA by Gender

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Driver</td>
<td>23</td>
<td>0</td>
<td>23</td>
</tr>
<tr>
<td>Market/Seller/Trader</td>
<td>10%</td>
<td>90%</td>
<td>20</td>
</tr>
<tr>
<td>Beauticians</td>
<td>33%</td>
<td>67%</td>
<td>18</td>
</tr>
<tr>
<td>Landlords</td>
<td>74%</td>
<td>26%</td>
<td>23</td>
</tr>
<tr>
<td>Liquor sellers</td>
<td>12%</td>
<td>88%</td>
<td>25</td>
</tr>
<tr>
<td>Shop owners</td>
<td>55%</td>
<td>45%</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>62</td>
<td>67</td>
<td>129</td>
</tr>
</tbody>
</table>

Source: Author’s Field data, May 2014

4.2.3 Reasons for not paying tax

21 out of 150 respondents who do not pay tax were asked to specify their reasons for not paying. 5 people noted that they do not have enough money that is why they do not pay tax, and 1 was a male and 4 were females. Similarly, 5 people noted that looking at the development around them, they do not see any need to pay tax to Ga-East Municipal Assembly and 4 were males and 1 was female. A male respondent added that there is high level of inefficiency on the part of the assembly but to 5 female respondents, the assembly does not come to them for any tax. Thus, there are people elsewhere that the collectors are not able to identify them to pay tax. 3 people noted that they are not even aware that they are supposed to pay any tax to Ga-East Municipal
(GEMA). This calls for intensive education of the general public on the need to pay tax to the assemblies for development purposes.

This study supports the work of Abdul-Basit (2011) who found that people will be unwilling to honour their tax obligations if they do not benefit from the existing tax system. People rationally expect to benefit from payments that they make and where there is no evidence of that benefit, they tend not to honour their tax obligation.

Asibuo (2000) and Kokor (1991) also noted that where economic activities are limited poverty is the resultant effect. In such a situation revenue mobilisation will be generally low irrespective of the mechanisms put in place. Such deprived districts depend solely on government transfers in order to undertake developmental projects and depend less on the IGF mobilized.

Table 4.23: Reason for not paying

<table>
<thead>
<tr>
<th>Reasons</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not enough money</td>
<td>1</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>See no relevance</td>
<td>4</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Inefficiency of GEMA</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>They do not come for it</td>
<td>0</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Do not know about GEMA tax</td>
<td>3</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Others</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10</strong></td>
<td><strong>11</strong></td>
<td><strong>21</strong></td>
</tr>
</tbody>
</table>

Source: Author’s Field data, May 2014
4.2.4 Duration of paying tax

One of the characteristics the researcher wanted to know was the length of time the tax payers have been paying tax. The results captured in Figure 4.1 below indicate that the group which has paid tax for a long period is landlords’ whiles the least was liquor sellers. Landlords noted that they have been paying tax for nine (9) years and four (4) months on average. The second group which has paid tax for a long time was shop owners for 7 years. Market sellers had been paying tax for six (6) years and 6 (months). Beauticians have paid tax for six (6) years and three (3) months and liquor sellers have paid tax for 5 years and two (2) months.

Figure 4.2: Years of Paying Tax

![Chart showing the length of paying tax for different types of businesses.]

Source: Author’s Field data, May 2014

4.2.5 Type of Tax paid

As noted earlier, 129 people pay tax whiles the remaining 21 people do not pay tax. Of the 129 who pay tax, 59 pay rates, 28 pay license fees (vehicle and business), 21 pay toll, 13 pay sticker and 1 pay other tax. It was realized that many of respondents pay more than one tax. They were therefore asked to indicate all the tax they pay.
The results show that, 66.7% of drivers pay toll, 54.2% also pay tax for stickers, 12.5% also pay license fees and 4.2% also pay rates. For market sellers or traders, 85% pay daily rates, 25% pay toll, 10% pay business license whiles 5% pay tax on their properties. On the part of beauticians, 70.6% pay license and 29.4% pay daily rates. All the landlords on the other hand pay property rates. All the liquor sellers pay daily rates whiles 12% also pay license. 55% of shop owners pay rates, 40% pay business license and 5% pay property rates. The results show that apart from landlords who indicated that they pay only tax on property rates, all the others pay more than one form of tax.

Table 4.24: Type of Tax paid

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Rates</th>
<th>License</th>
<th>Property</th>
<th>Toll</th>
<th>Sticker</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Driver</td>
<td>4.2%</td>
<td>12.5%</td>
<td>4.2%</td>
<td>66.7%</td>
<td>54.2%</td>
<td>4.2%</td>
<td>23</td>
</tr>
<tr>
<td>Market/Trader</td>
<td>85%</td>
<td>10%</td>
<td>5%</td>
<td>25%</td>
<td>0</td>
<td>0</td>
<td>20</td>
</tr>
<tr>
<td>Beauticians</td>
<td>29.4%</td>
<td>70.6%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>18</td>
</tr>
<tr>
<td>Landlords</td>
<td>0</td>
<td>0</td>
<td>100%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>23</td>
</tr>
<tr>
<td>Liquor sellers</td>
<td>100%</td>
<td>12%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>25</td>
</tr>
<tr>
<td>Shop owners</td>
<td>55%</td>
<td>40%</td>
<td>5%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>59</td>
<td>28</td>
<td>26</td>
<td>21</td>
<td>13</td>
<td>1</td>
<td>129</td>
</tr>
</tbody>
</table>

Source: Author’s Field data, May 2014
4.2.6 Amount of tax paid

The researcher sought to examine the amount the payers pay as tax. The amounts were quoted in Ghana cedis. On the average, drivers pay GH¢12.15 daily rates, GH¢39.35 annual license, GH¢42.67 daily tolls and GH¢8.77 annual sticker. For market women or traders, they pay an average of GH¢2.72 daily rates, GH¢37.50 annual business license, GH¢20 annual property rates and GH¢11.20 daily toll. Beauticians on the other hand pay GH¢5.6 daily rates and GH¢45.83 annual business license. Landlords pay GH¢64.13 annual property rates. Liquor sellers pay GH¢6.83 daily rates and GH¢59.33 annual business license. Lastly, shop owners pay GH¢5.45 daily rates, GH¢75 annual business license and GH¢50 annual property rates.

The results indicate that drivers pay high amounts as daily tolls and this is primarily because, they are able to go many trips in a day and they pay some rate to the station officers anytime they load from the station. For annual business license, shop owners pay higher than any of the working groups under study. For property rate, landlords also pay higher and lastly, drivers pay higher daily tolls. Drivers paying higher tolls are not surprising because the drivers are able to go more than one trip in a day.
Table 4.25: Amount paid as tax

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Daily Rates</th>
<th>Annual License</th>
<th>Annual Property rates</th>
<th>Daily Toll</th>
<th>Annual Sticker</th>
</tr>
</thead>
<tbody>
<tr>
<td>Driver</td>
<td>12.15</td>
<td>39.35</td>
<td>-</td>
<td>42.67</td>
<td>8.77</td>
</tr>
<tr>
<td>Market/Trader</td>
<td>2.72</td>
<td>37.50</td>
<td>20</td>
<td>11.20</td>
<td>-</td>
</tr>
<tr>
<td>Beauticians</td>
<td>5.6</td>
<td>45.83</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Landlords</td>
<td>-</td>
<td>-</td>
<td>64.13</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Liquor sellers</td>
<td>6.83</td>
<td>59.33</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Shop owners</td>
<td>5.45</td>
<td>75</td>
<td>50</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Author’s Field data, May 2014

4.2.7 Motivation for Paying Tax

Respondents were asked to indicate all their motivation for paying tax. Of the 129 respondents who pay tax, 70 of them indicated that it is their civic responsibility to pay tax. Out of the 70 who think that it is their civic responsibility, 53% were males and 47% were females. 47 of the 129 tax payers also indicated that they pay tax because the tax they pay is used for development purposes. 30 of the 129 tax payers also noted that they pay tax because of the fear of penalty for tax default. Out of the 30 who pay tax because of fear, 37% were males and 63% were females. Lastly, 9 of the tax payers noted that they feel compelled to pay the tax, of which 78% were males and 22% were females.
The proportion of respondents who feel compelled and fear the penalty of refusing to pay tax indicate that the assembly has to intensify their education of the public on the essence of paying tax to enable people pay tax without any fear or compulsion

**Table 4.26: Motivation for Paying Tax**

<table>
<thead>
<tr>
<th>Motivation</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civic responsibility</td>
<td>53%</td>
<td>47%</td>
<td>70</td>
</tr>
<tr>
<td>Feel compelled</td>
<td>78%</td>
<td>22%</td>
<td>9</td>
</tr>
<tr>
<td>Fear of penalty</td>
<td>37%</td>
<td>63%</td>
<td>30</td>
</tr>
<tr>
<td>Development purpose</td>
<td>64%</td>
<td>36%</td>
<td>47</td>
</tr>
</tbody>
</table>

Source: Author’s Field data, May 2014

**4.2.8 Problem in tax mobilization**

The tax payers were asked to enumerate the problems they have identified in the tax systems in Ga-East Municipal Assembly. 42 of them noted that the whole tax collection system in the municipality is characterized by inefficiencies and of this; the males were 48% whiles the females were 52%. 33 of the respondents also added that there is corruption in the tax system of the assembly and the majority of those who stated corruption as a problem were females (58%).

Similarly, 28 of the respondents also noted that the administration of tax system is very poor. The males were 36% and the females were 64%. 18 believed that many payers are unwilling to...
pay and the males were the majority forming 61% of the respondents. 6 believed that the legal backing of payment of tax is weak whiles, 4 are of the opinion that the inability of the assembly to enforce punitive measures is a great challenge to tax administration in the municipality. However, 28 indicated that they have no idea.

Table 4.27: Problems in Tax Mobilization from the perspective of payers

<table>
<thead>
<tr>
<th>Problems</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unwillingness to pay tax</td>
<td>61%</td>
<td>39%</td>
<td>18</td>
</tr>
<tr>
<td>Inefficiency in collection system</td>
<td>48%</td>
<td>52%</td>
<td>42</td>
</tr>
<tr>
<td>Poor tax administration</td>
<td>36%</td>
<td>64%</td>
<td>28</td>
</tr>
<tr>
<td>Corruption</td>
<td>42%</td>
<td>58%</td>
<td>33</td>
</tr>
<tr>
<td>Weak legal system</td>
<td>16.7%</td>
<td>83.3%</td>
<td>6</td>
</tr>
<tr>
<td>Inability to enforce punitive measures</td>
<td>100.0%</td>
<td>.0%</td>
<td>4</td>
</tr>
<tr>
<td>No idea</td>
<td>67.9%</td>
<td>32.1%</td>
<td>28</td>
</tr>
</tbody>
</table>

Source: Author’s Field data, May 2014

4.2.9 Recommendation for improving Tax Collection

Many are the recommendations that the tax payers listed as possible solutions to the challenges enumerated above. Majority of those who pay tax suggested that there should be regular collection of tax and the assembly should use the monies they collect as tax wisely. They also indicated that accountability of tax collected should be taken seriously to correct some leakages
in the tax collection system. 13 of them also felt that they should sometimes be given tax holidays, where they will not pay tax on such days. While some argued for the reduction in the tax rate (14), others were also of the view that educating the public on the need to pay tax should be intensified. Finally, 5 of those who pay tax suggested that the tax collectors should exercise patience with tax payers when they come around to collect tax.

On the other hand, some of the suggestions raised by those who do not pay tax were that the tax collected should be used wisely and payers should be given tax holiday. There also need to be accountability, intensification of education of the general public on the essence of paying tax and at the same time reduction in tax rate.

Bird (2003) believes that educating the public on tax obligation is a cardinal to increasing tax revenue. He believes that prevalence of illiteracy among tax payers inevitably affects tax administration
Table 4.28: Recommendations for improvement in tax collection

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Those who Pay tax</th>
<th>Those who Don’t pay tax</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular tax collection</td>
<td>17</td>
<td>0</td>
<td>17</td>
</tr>
<tr>
<td>use money wisely</td>
<td>26</td>
<td>3</td>
<td>29</td>
</tr>
<tr>
<td>Tax holiday</td>
<td>13</td>
<td>1</td>
<td>14</td>
</tr>
<tr>
<td>Accountability</td>
<td>17</td>
<td>1</td>
<td>18</td>
</tr>
<tr>
<td>Up to the government</td>
<td>3</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Arrest tax evaders</td>
<td>8</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>reduce tax rate</td>
<td>14</td>
<td>2</td>
<td>16</td>
</tr>
<tr>
<td>Education on tax</td>
<td>10</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>Collectors must exercise patient with the payers</td>
<td>5</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>no idea</td>
<td>10</td>
<td>11</td>
<td>21</td>
</tr>
</tbody>
</table>

Source: Author’s Field data, May 2014
4.3 Analysis of data from Tax collectors

4.3.1 Database on Tax payers

From Table 4.13 below, a total of 22 out of 25 tax collectors indicated that they do not have a database on eligible tax payers. Only 3 indicated that they have a database of tax payers but even with that the database is not up-to date. Of the three, one of them collects tax from market women and 2 of them collect tax from shops.

Out of 22 who do not have database on eligible tax payers, 6 were property rate collectors, 5 were market tax collectors, 7 were shop tax collectors and 4 were car or lorry station collectors. This indicates that it very difficult for the collectors to know and identify the number and people eligible to pay tax in their areas of operation.

Table 4.13: Having a database of eligible tax payers

<table>
<thead>
<tr>
<th>Tax collected</th>
<th>Have a database of eligible tax payer</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Property rates</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>Tax from Market women</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Tax from shops</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Tax from Lorry/cars</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>3</td>
<td>22</td>
</tr>
</tbody>
</table>

Source: Author’s Field data, May 2014
4.3.2 Frequency of tax collection

With regards to how often tax collectors return taxes collected to the assembly, a total of 15 respondents reported daily as against 10 who reported weekly. On a daily base, 5 market tax collectors, 7 shop tax collectors and 3 car or bus station collectors return the taxes they collect to the assembly whiles 6 property rate collectors, 1 market tax collector, 2 shop tax collectors and 1 lorry station collector return tax collected on a weekly base.

There is therefore a risk for the weekly collectors to use some of the tax collected especially in times of emergencies. The Assembly should encourage the daily return of tax except in case of extreme difficult. Even for that one, they can be encourage to return the tax collected at least twice in a week.

Table 4.14: How often collectors return tax collected to assembly

<table>
<thead>
<tr>
<th>Tax collection</th>
<th>Often return tax to assembly</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Daily</td>
<td>Weekly</td>
</tr>
<tr>
<td>Property rates</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>Tax from Market women</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Tax from shops</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>Tax from Lorry/cars</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Author’s Field data, May 2014
4.3.3 Ability of Tax Collectors to meet tax targets

Table 4.15 shows the responses of tax collectors on their ability to meet their tax collection targets. From the Table, out of the 16 collectors who noted that they are given targets to meet, only 8 of them noted that they are able to meet their targets within the stipulated time. 8 others are unable to meet their targets. With regards to property rate collectors, 4 as against 1 are not able to meet targets, with market tax collectors, all 3 are able to meet targets and with shop tax collectors, 4 as against 2 meet targets whiles all 2 cars or bus station tax collectors fail to meet targets. Collectors should therefore to motivated to meet their targets as their ability to meet their targets means the Assembly will be able to get money to meet the development needs of the people.

Table 4.15  Ability of tax collectors to meet targets

<table>
<thead>
<tr>
<th>Tax collection</th>
<th>Ability to meet targets</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Property rates</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Tax from Market women</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Tax from shops</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Tax from Lorry/cars</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>8</td>
<td>8</td>
</tr>
</tbody>
</table>

Source: Author’s Field data, May 2014
4.3.4 How often targets are changed

Table 4.16 indicates how often tax targets are changed and from the responses given, all 5 property rate collectors indicated that it is changed yearly. 2 as against 1 market tax collectors indicated a bi-yearly change in tax whiles 4 as against 2 shop tax collectors attested that taxes are changed monthly. All 2 lorry station tax collectors indicate a bi-yearly change in taxes. Overall, 50% of the respondents indicated a bi-yearly increase in taxes whiles the remaining 50% indicated a yearly increase in the various taxes.

Bi-yearly change in tax target is ideal for tax collection. Instead of waiting for a year before considering whether or not to change target mid-year assessment and review (if necessary) will enable the assembly to check any lapses in the targets and find solution where necessary.

<table>
<thead>
<tr>
<th>Tax</th>
<th>Bi-Yearly</th>
<th>Yearly</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property rates</td>
<td>0</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Tax from Market women</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Tax from shops</td>
<td>4</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Tax from Lorry/cars</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>8</td>
<td>8</td>
<td>16</td>
</tr>
</tbody>
</table>

Source: Author’s Field data, May 2014
4.3.5 Changes in Targets

The respondents noted that prior to the re-demarcation, they were given targets. 10 of the 16 indicated that there has been a change in target given to them after the re-demarcation of the assembly. 4 respondents noted that after the re-demarcation, the targets given to them have increased but 6 were of the view that targets have reduced.

Of the 4 collectors who noted that their targets have been increased after re-demarcation, one was a property rate collector, 2 were shop collectors and one was a lorry station tax collector. On the other hand, of the 6 collectors whose targets have been reduced after re-demarcation, 2 were market women tax collectors, 3 were shop tax collectors and 1 was a lorry station tax collectors.

Table 4.17 Changes in target after re-demarcation

<table>
<thead>
<tr>
<th>tax targets</th>
<th>Target have increased</th>
<th>Targets have reduced</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property rates</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Tax from Market women</td>
<td>0</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Tax from shops</td>
<td>2</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Tax from Lorry/cars</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>4</td>
<td>6</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Author’s Field data, May 2014
4.3.6 How targets affect work

Out of 16 tax collectors who are given targets, 12 indicated that targets affect their work. Of the 12 respondents who indicated that the targets the assembly gives them has led to a reduction in the commission they receive, 1 of them is a property rate collector, 1 is a market tax collector, 2 were lorry station tax collector and 1 was a lorry station tax collector.

3 of the 12 collectors also noted that the target given to them put too much pressure on them and 1 was a property rate collector, 1 was also a shop tax collector, and 1 was lorry station collector. 4 others also explained that the targets have motivated them to work harder due to the incentives attached to them. 1 each was a property rate collector, market women tax collector and 2 are shop tax collectors.

Table 4.18 How target affect work

<table>
<thead>
<tr>
<th>Tax</th>
<th>Commission is reduced</th>
<th>Too much pressure</th>
<th>Motivated</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property rates</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Tax from Market women</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Tax from shops</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Tax from Lorry/cars</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5</strong></td>
<td><strong>3</strong></td>
<td><strong>4</strong></td>
<td><strong>12</strong></td>
</tr>
</tbody>
</table>

Source: Author’s Field data, May 2014
4.3.7 Seasonal Changes in Tax Collected

4.3.7.1 Rates

Table 4.19 indicates the seasonal changes in tax collection. From the table, four respondents indicated four seasons in which rates increase. Responses from 2 respondents, 1 each, stated that rates increase between February to June and January to June due to renewable payments. Another respondent stated that revenue from rates increase between January and April because this period is the dry season and it is easy for tax collectors to go around for the taxes. 1 respondent again stated that from January to May, rates also increase due to the reason that traders make a lot of money and are willing to pay their tax when confronted by the tax collectors. This therefore indicates that rates increase between January to June which is the first half of the year.

With regards to a decrease in rates revenue, 1 respondent stated that this occurs between the month of June and October and for the reason that this period marks the end of renewable payments, 2 respondents, 1 each, indicated that rates fall between May to December and July to September because this period is a rainy season and market women make less sales. Within these seasons too, tax collectors are hindered by the rains to collect taxes. Again 1 person said rates falls between June and October because during this period, the tax payers spend their money on Christmas and New Year preparation and therefore have less money for the payments of taxes.
Table 4.19  Seasonal changes in Tax collection

<table>
<thead>
<tr>
<th>Reasons</th>
<th>Season revenue from rates increases</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Feb- June</td>
</tr>
<tr>
<td>Renewable payments</td>
<td></td>
</tr>
<tr>
<td>It is a dry season</td>
<td></td>
</tr>
<tr>
<td>Traders make a lot of sales</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reasons</th>
<th>Season revenue from rates fall</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June - Oct</td>
</tr>
<tr>
<td>Finish with their renewable</td>
<td></td>
</tr>
<tr>
<td>Rainy season</td>
<td></td>
</tr>
<tr>
<td>Money is spent on Christmas</td>
<td></td>
</tr>
<tr>
<td>and new year preparation</td>
<td></td>
</tr>
</tbody>
</table>

Source: Author’s Field data, May 2014

4.3.7.2 Property Rates

Table 4.20 also indicates the season in which property rates increases and season which the property rates falls and their reasons. From the table, 1 respondent each, were of the view that property rates within the year goes up during February and June and January to June because of the renewable payments.
The table also indicates that property rate revenue also decreases between the months of June and October. The one who stated this explained that June to October is a rainy season and hence revenue falls within that season. Another stated July to September as the period that he/she records a fall in property rates due to the un-readiness of the property rate bill.

\textbf{Table 4.20 Property rate}

<table>
<thead>
<tr>
<th>Reason</th>
<th>Season property rate revenue goes up</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Feb - June</td>
</tr>
<tr>
<td>Renewable of payment</td>
<td>1</td>
</tr>
</tbody>
</table>

\textbf{Season property rate revenue fall}

<table>
<thead>
<tr>
<th>Reasons</th>
<th>June - Oct</th>
<th>July - Sept</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rainy season</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Unreadiness of property rate bill</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Author’s Field data, May 2014
4.3.7.3 License

The results on license revenue revealed that 1, 3 and 7 respondents indicated an increase in license revenue between the months of January to May, January to April and January to March respectively due to renewable of license. Another respondent was of the view that traders make a lot of money within the period of January to May and that accounts for the increase in license revenue during that period.

Several reasons were also given by respondents for the fall in license revenue. The results show that 3 respondents, 1 and 2 for June to December and April to October respectively, attested to the fact that license revenue fall within these periods because of the completion in renewable payments. A respondent was also of the view that license fall because, tax payers prepare to pay school fees of their children within the period of June and December whiles another one explained that between the period of June and October, it is a rainy season hence the fall in license. 2 of the respondents each stated that license revenue falls from May to December and April to October respectively due to the slow growth in businesses during this period.
Table 4.21 License

<table>
<thead>
<tr>
<th>Reasons</th>
<th>Season License increases</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Jan - May</td>
</tr>
<tr>
<td>Renewable of License</td>
<td>1</td>
</tr>
<tr>
<td>Traders make a lot of sales</td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reason License fall</th>
<th>June - Oct</th>
<th>June - Dec</th>
<th>May - Dec</th>
<th>April - Oct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finish with their renewable</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Preparing to pay school fees</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Rainy season</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Business is slow</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

Source: Author’s Field data, May 2014

4.3.8 Attitude of tax payers towards tax collectors

Payment of taxes is often not a pleasant thing hence tax payers often find it difficult to fulfill that obligation. Table 4.22 indicates the attitudes of respondents and the reasons for their attitudes towards revenue officials and towards the payment of taxes. Some of the attitudes towards revenue officials includes resistance to pay (5 respondents), angry when asked to pay (11 respondents) and rude to collectors because of unwillingness to pay (7 respondents). 2 respondents stated a positive attitude of tax payers to tax collectors.
Out of the 5 respondents who stated that tax payers are resistant to pay, 3 of them said the behavior of these tax payers is as a result of the tax rate being too high whiles the other 2 stated that it is as a result of no development. Of the 11 respondents who noted that tax payers get angry when asked to pay their taxes, 1, 2 and 8 said tax rates been too high, payers lack education and no development respectively.

Again, out of the total of 7 respondents who were of the view that tax payers act rudely to collectors because of unwillingness to pay, 3 stated that the rate of tax being too high accounts for the attitudes of payers. 1 was of the view that it is out of lack of education of payers and 3 were of the view that payers not seeing any developments accounts for their attitude towards the collectors. Of the total of 25 respondents, only a total of 2 respondents stated a positive attitude of tax payers towards tax collectors. Thus, tax payers are cooperative. 1 each noted that their cooperation was as a result of healthy customer relationship and development by the assembly in the area.

Overall, 7 respondents out of the total of 25 respondents stated high rates as accounting for the attitudes of payers. 3 were of the view that lack of education accounts for payers’ attitude. 13 of the view that no development accounts for tax payers’ attitude. 1 each attested that healthy customer relationship and development by the assembly accounts for the positive attitudes of payers of which makes them cooperative.

Fjeldstad (2004) and Fjeldstad et al. (2005) noted that in poorer economies of many nations, enforcement of user fees has mostly resulted in widespread resistance to pay because of their inability to pay. Sometimes those who operate shops try to avoid tax payment because their business capital is very small. They perceive tax payment as a reduction of their capital and hence avoids it (Devas and Kelly, 2001; Sander, 2003; Pimhidzai and Fox, 2011).
Table 4.22  Attitude and reason for that attitude

<table>
<thead>
<tr>
<th>Attitude of tax payers towards revenue officials</th>
<th>what account for the attitude</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>rate is too high</td>
<td></td>
</tr>
<tr>
<td></td>
<td>lack of education</td>
<td></td>
</tr>
<tr>
<td></td>
<td>due to healthy customer</td>
<td></td>
</tr>
<tr>
<td></td>
<td>due to healthy relationship</td>
<td></td>
</tr>
<tr>
<td></td>
<td>due to development by the assembly</td>
<td></td>
</tr>
<tr>
<td>Resistant to pay</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Angry when asked to pay</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Rude to collectors because of unwillingness to pay</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Cooperative</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: Author’s Field data, May 2014

4.3.9 Tax Delinquency

Not all taxes are paid even with the tax collectors going around to collect them. Figure 4.3 above shows the level of tax delinquency of tax payers towards tax payments.

Within the Ga East municipality, the tax delinquency or default of tax payers was estimated as 58%. The results show that property rate has the highest default rate of 64% followed by shop operators (61%) and market women (58%). The least is 45% from lorry stations. Strategic policies such as prosecuting property tax evaders should therefore be directed towards making the landlords pay their property rates as well as shop operators. Until such pragmatic measures are taken into consideration, the rate of tax delinquency especially property rates will continue to increase.

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4.3.10 Training and Resourcefulness of the tax collectors

Generally it was stated that tax collectors are trained and resourced at least once in a year. From Table 4.23 above, out of the 25 respondents, 11 respondents stated they were trained with human relationship skills and of this 11 respondents, 3 each were property rate collectors, shop tax collectors and a market tax collector. 4 were also lorry or car tax collectors. A total of 3 collectors, 2 being market tax collectors and 1 shop tax collector, also stated that they were trained on how to write reports. 8 collectors made up of 3 property rate collectors, 2 market collectors and 3 shop tax collectors also stated they were given attitudinal training.

Again 2 respondents comprising of 1 property rate collector and 1 shop tax collector, also noted that training was given to them on valuation and business assessment whiles 1 shop collector stated he was given training on how to mobilize money. In all, a total of 6 respondents who were trained and resourced are property rate collectors, 6 were market tax collectors, 9 shop tax collectors and 4 lorry or tax collectors.
### Table 4.23 Training and resourcefulness

<table>
<thead>
<tr>
<th>Type of training</th>
<th>Property rates</th>
<th>Tax from Market women</th>
<th>Tax from shops</th>
<th>Tax from Lorry/cars</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human relationship skills</td>
<td>3</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>11</td>
</tr>
<tr>
<td>How to write skills</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Attitudinal training</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>Valuation and business assessment</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>How to mobilize money</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>TOTAL</td>
<td>6</td>
<td>6</td>
<td>9</td>
<td>4</td>
<td>25</td>
</tr>
</tbody>
</table>

Source: Author’s Field data, May 2014

#### 4.3.11 Challenges in Tax collection

From the perspective of tax collectors, the assembly is confronted with many challenges which all impeded the increase in revenue mobilization. The major challenge that the collectors listed was lack of logistics. Of the 25 respondents, 15 of them believe that the major challenge confronting them is the unavailability of logistics needed in the collection of tax. 40% of those who outlined this challenge collect property rates, 27% collect tax from shops, 20% collect tax from market women and 13% collect tax from drivers.
The next challenge was low salary and remuneration. The salary given to the collectors are inadequate and the collector voiced out that apart from the commission or salary they receive they are not motivated in any way to induce them to work selflessly. The last challenge is the unwillingness of tax payers to pay their tax. This attitude makes collection of tax very tedious for the collectors.

Table 4.24: Challenges in Tax collection

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Property rates</th>
<th>Tax from Market women</th>
<th>Tax from shops</th>
<th>Tax from Lorry/cars</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>lack of logistics</td>
<td>40.0%</td>
<td>20.0%</td>
<td>27%</td>
<td>13%</td>
<td>15</td>
</tr>
<tr>
<td>lower salary and remuneration</td>
<td>0</td>
<td>33.3%</td>
<td>50.0%</td>
<td>16.7%</td>
<td>6</td>
</tr>
<tr>
<td>unwillingness of tax payers to pay</td>
<td>0</td>
<td>25.0%</td>
<td>50.0%</td>
<td>25.0%</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>24.0%</td>
<td>24.0%</td>
<td>36.0%</td>
<td>16.0%</td>
<td>25</td>
</tr>
</tbody>
</table>

Source: Author’s Field data, May 2014
4.3.12 Recommendation to improve tax collection

Respondents were asked to state their recommendations on how the Assembly can improve upon the tax collection system. The recommendations involved the following: education of taxpayers, awareness creation, provision of accurate bills, efficient use of tax, provision of transport, reduction in tax rates, good salaries and motivation of tax collectors, provision of the necessary logistics by the assembly and frequent training of tax personnel.

Out of the 25 respondents, 2 comprising of 1 market tax collectors and 1 shop tax collectors recommended that there should be frequent training of personnel. 1 property rate tax collector recommended for the creation of public awareness on the issue of tax payment. 2 property rates tax collectors recommended for the provision of accurate bills, whiles 8 respondents consisting of 2 property rates tax collectors, 2 market task collectors and 4 shop tax collectors also recommended that there should be an efficient use of taxes.

Again, out of a total of 2 respondents, 1 each of the shop tax collectors and lorry station tax collectors, by way of recommendation, said that the assembly should provide transportation services to ease the work of the tax collectors. 1 respondent also stated that the tax rates should be reduced to encourage payers to be willing to pay. 5 respondents recommended that tax collectors should be given good salaries and motivation to encourage them in their work. This was made up of 2 shop tax collectors and 3 lorry or car tax collectors. Again, 2 respondents, all market tax collectors, recommended that tax payers should be given education. The remaining 2 respondents made up of 1 property rate collectors and 1 shop tax collectors recommended that the Assembly should provide the necessary logistics for the tax collectors.

Ayee (2004) is of the view that prospects for improved internally generated revenues could be in areas of expansion in the revenue sources, blocking the loopholes, improving the caliber of
revenue collectors and motivating them as well as entering into virgin areas of collection. He states that there are still “virgin” areas that need to be tapped by the local authorities but notes also that most local authorities have limited their activities of internally generated revenues to the most easily accessible and payable like market tolls, park fees and property rates.

Offei-Aboagye (2004) also observes that local governments possess the potential capacity to generate sizeable revenue but a lot of the ripe avenues like market tolls, the park fees and property rates never score even 40% collection rate. According to Hoe (2007), to enhance tax efficiency, tax administrators should be able to assess both tax collectors and tax payers. There also need to transparency in tax collection as well as training of both tax administration officials and professionals.
Table 4.25: Recommendation

<table>
<thead>
<tr>
<th>Suggestion</th>
<th>Property rates</th>
<th>Tax from Market women</th>
<th>Tax from shops</th>
<th>Tax from Lorry/cars</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequent training of personnel</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Creating awareness</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Provision of accurate bills</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Efficient use of tax</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>Provision of transport</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Tax rate should be reduced</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Good salaries and motivation</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Educating the tax payers</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Assembly should provide the necessary logistics</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>6</td>
<td>6</td>
<td>9</td>
<td>4</td>
<td>25</td>
</tr>
</tbody>
</table>

Source: Author’s Field data, May 2014
4.4. Analysis of data from tax officials

Out of the five assembly officials that the researcher intended to interview, only four were available for the interview. These officials were the Municipal Finance Officer (MFO), Municipal Budget Officer (MBO), Municipal Accounts Officer (IBO), and Municipal Revenue officer (MRO). There were homogeneities in the responses that the respondents gave during the interview such that the responses were adequate enough in answering the research questions under study.

4.4.1 Sources of revenue to the Assembly

The first objective was to examine the main sources of revenue for the assembly. The responses from all the four officers interviewed showed that the major sources of revenue from the assembly are property rates, business operating license, business and building permits, fees/fines/penalties and tolls. According to the Municipal Revenue Officer, these sources account for close to about 98% of all the internally generated funds (IGF) that the Assembly receives from all sources. These sources therefore are considered by the assembly as the major sources of the revenue they receive.

The least source IGF to the Assembly come from user fees that people pay for using public toilet and water facilities such as boreholes. The Municipal Budget Officer noted that the amount generated from these sources is so little that they do not pay particular attention to them.

It was also established from the interview that the main and least sources of revenue to the Assembly have not changed even after re-demarcation. Another least source of revenue that the Assembly generates revenue from is marriage licenses which bring in only a small proportion of money to the assembly.
However, the respondents explained that it is the volume of IGF that the assembly receives that has fallen due to the re-demarcation. The Municipal Budget Officer said that “Madina used to give us a chunk of IGF that was generated in the Municipality due to the large market activities as compared to all the other communities. The re-demarcation however took Madina away from the boundaries of the municipality and this led to a reduction in the volume of IGF that was generated”

4.4.2 Efficiency in IGF Mobilization

The results from the analysis of the data showed that the respondents have different perception on what constitute efficiency to them. While some saw the reduced number of tax collectors as a hindrance to efficiency, other saw the strategies being used in assessing revenue as the definition of efficiency. Some also defined efficiency in the terms of the overall amount that was generated.

For instance the Municipal Finance Officer defined efficiency in terms of size and degree of leakages in the system. According to him,

“the municipality was not efficient at all before the re-demarcation. This was mainly because, the Assembly had a large size of boundaries with many communities engaged in different economic activities. Due to the large size of the assembly coupled with small number of tax collectors, there were many leakages in the systems. However, with the re-demarcation, the size has reduced and this has subsequently raised the level of efficiency in tax collection since the proportion of leakages has been minimized”.

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Similarly, in the view of the Municipal Accounts Officer, the efficiency level of the assembly in mobilizing IGF is good now as compared to periods before the re-demarcation. This is because, “the IGF collected is able to account for about 90% of the Assembly’s budget”. The large size of the Assembly before the re-demarcation shows that the demand of the people on the assembly was high. It therefore had to prepare a high budget to been able to meet the minimum needs of the people. However, after the re-demarcation, the administrative territory of the municipality has reduced and this therefore means reduction in budget. It is therefore not surprising the Municipal Budget Officer believes that the revenue they generate now is able to account for a large proportion of their budget.

Effective and strict monitoring of collectors activities has also increased the volume of IGF collected than anticipated even though the overall volume after re-demarcation has reduced according to the respondents. According to the Municipal Revenue Accountant, taking Madina from the boundaries of the municipality, it was anticipated that IGF will reduce drastically since it was the ‘revenue bank’ of the Assembly but such was not entirely the case of re-demarcation.

The Municipal Budget Officer also added that after re-demarcation, efficiency level has risen above the period before because “we are able to monitor well the performance of each source and identify leakages very quickly”.

4.4.3 Strategies in IGF mobilization

A broad overview of the responses gathered from the interview shows that during the period before the re-demarcation, the Assembly used to employ people to go round and collect tax from people. It was however realized that that system was not efficient and therefore the need to re-strategize. The Municipal Budget Officers noted that “that system made many of the eligible tax payers to escape paying tax and many people too were not reached. The leakages and corruption
in tax collection was also very high during those period even though in nominal terms the monies they brought in was quite substantive”

The strategizing of the tax collection system led to the reliance on contractors and commission based workers for tax collection. This was seen as quite effective as compared to periods when all the collectors were salary workers. The contractors also worked as commission workers where they are paid some percentage on the tax they collect. The companies who were contracted also recruited and trained their own staff to go round and collect tax. The contractors too were given territories for their operation in order to avoid conflict of interest.

After period of re-demarcation, the Assembly continues to rely much on the contractors for revenue mobilization especially in the collection of property rates. Thus, “the strategies that the Assembly used before the re-demarcation and after the re-demarcation remain the same” (Municipal Budget Officer and Revenue officer). The Municipal Finance Officers also sided with the two officials that the Assembly relies on contracted companies to collect tax and this has led to an increase in revenue.

The information from the field shows that the assembly has seven (7) but five (5) active and very proactive contractors working in 6 zones. The contract of one is near termination. These contractors are all commission based. After speaking to the Municipal Finance Officer and meeting three of the contractors, it was found that all of them were collecting property tax except one who was collecting all forms of tax in their zone. Below is a list of the contractors and their zone of operation.
Table 4.26: Contractors and their zone of operation

<table>
<thead>
<tr>
<th>Name of contractor</th>
<th>Type of tax</th>
<th>Zone of operation</th>
<th>Operational/Disengaged</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skymount consult</td>
<td>Property rate</td>
<td>Haatso</td>
<td>Feeling being terminated</td>
</tr>
<tr>
<td>Excellent Chance</td>
<td>Property rate</td>
<td>Dome - Kwabenya</td>
<td>operational</td>
</tr>
<tr>
<td>Willihommes Com. Ltd</td>
<td>Property rate</td>
<td></td>
<td>operational</td>
</tr>
<tr>
<td>Primeval Consult Ltd</td>
<td>Property rate</td>
<td></td>
<td>operational</td>
</tr>
<tr>
<td>Akwapoo Ventures Ltd</td>
<td>All forms of tax</td>
<td>Kisseman (South Haatso)</td>
<td>Disengaged</td>
</tr>
<tr>
<td>Bonzy Bee</td>
<td>Property rate</td>
<td></td>
<td>operational</td>
</tr>
<tr>
<td>Whiteman company</td>
<td>Property rate</td>
<td>Haatso</td>
<td>Operational</td>
</tr>
</tbody>
</table>

Source: GEMA, 2014

In an interview with Skymount Consult, they complained that the contract they had with the Assembly has been given to another company. It was explained that their contract has not been officially terminated by the Assembly but they have realized that the Assembly has employed another company which is also collecting property rate in their area of operation (Haatso). They have therefore halted their collection of revenue at Haatso. They believe that this may have repercussions on the revenue mobilization base since they will take commission on any amount
that any of the residents pay to them at their office. There are many people whom they have taken their property tax already and the new organization is also forcing them to pay another tax. This has therefore resulted in many controversies.

While talking to the director, a woman angrily came to the office to inquire about the operations of the other company and why they are forcing her to pay property tax when she has done that already to Skymount Consult. The director explained that they receive similar reports almost every day and this is not healthy for the Assembly since many can capitalized on that to evade tax payment.

4.4.3 Number of Tax collector before and after re-demarcation

The Table below supports the assertion made by the officials of GEMA that the number of tax collectors after the re-demarcation has reduced. It can be seen that a year before the re-demarcation in 2012, the total number of tax collectors were 72 but this number reduced to 21. For instance, the revenue collectors on government payroll were 8 but after the re-demarcation, they were reduced to 2. Similarly, 33 of the revenue staff on IGF payroll was reduced to only 6. Those who were employed as commission workers were reduced from 15 to 4 after the re-demarcation. For contractors who are also commission-paid were also reduced from 13 to 7 after the re-demarcation. Lastly, the zonal council revenue collectors were also reduced from 3 to 2.

Thus, there was a general reduction in the number of revenue collectors due to the re-demarcation. The officials believe that the current number of collectors they have is not adequate enough to reach all eligible tax payers to collect tax. The Municipal Budget Officer noted that “there are still some eligible tax payers somewhere who are not paying tax”. This observation by the Budget Officer is not surprising because the results of the survey conducted to interview tax payers show that of the 21 people who do not pay tax, 5 females and 3 males explained that the
Assembly does not come for tax collection and they also do not know anything about paying tax to Ga-East Municipal Assembly respectively. Thus, they do not pay tax because no one has ever come to them to collect tax from them.

**Table 4.27: IGF Revenue Collectors**

<table>
<thead>
<tr>
<th>IGF Collectors</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Those on central gov’t payroll</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Revenue staff on IGF payroll</td>
<td>33</td>
<td>6</td>
</tr>
<tr>
<td>Commission collector</td>
<td>15</td>
<td>4</td>
</tr>
<tr>
<td>Commission contractors</td>
<td>13</td>
<td>7</td>
</tr>
<tr>
<td>Zonal council collectors</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>72</strong></td>
<td><strong>21</strong></td>
</tr>
</tbody>
</table>

4.4.5 Monitoring of Revenue Collection

The Assembly has their own monitoring system which they believe is very effective. According to all the respondents, tax officers go around asking payers at random to check the amount the payers pay and compare to see if they are charging the right amount. The Municipal Budget Officer (MBO) also explained further that the assembly is very cautious about corruption and leakages. For this reason, the Assembly sometimes contracts some Human Resource personnel to come in and train the tax collectors as a way of equipping them with the skills they need to go about their duties effectively.

The respondents also added that the effective and strict monitoring of collectors activities has increased the volume of IGF collected than anticipated even though the overall volume after re-demarcation has reduced.

4.4.6 Training of Revenue collectors

It is an undeniable fact that working with people of different classes, educational level, occupation, ethnicity and ideological inclination can really be hectic and sometimes disheartening. It is also a fact that in developing countries, people do not feel obliged to pay their tax but rather prefer to be exempted from paying tax. As it was realized from the analysis of the data gathered from the tax payers, where the payers do not see that the tax they pay is translated into development, they become resistant to pay further tax.

Due to these among many other factors, tax collectors need to be equipped with the skills they need to interact with tax payers. All the four officials noted that the Assembly organizes training for the tax collectors at least once in a year. The training is organized for all the tax collectors
except for the contractors. The contractors on the other hand organize training for their own workers. Sometimes, the assembly hires consultants to come and offer training for their tax collectors.

The training they give to the tax collectors includes lessons on effective communication, anger management and efficient revenue mobilization. The Municipal Finance Officer noted that they place high emphasizes on anger management and effective communication because “tax payers will always try to provoke them in many ways. And where collectors have the communication skills, they are able to persuade the tax payers to pay because they cannot force them”.

4.4.7 Challenges in revenue mobilization

The analysis of the interview data show that the Municipality is confronted with a lot of challenges which impede tax collection. One of the major challenges that were listed was inadequate collectors. According to the Municipal Budget Officer (MBO) and Municipal Revenue Officer (MRO), the number of workers is still inadequate comparative to the size of the municipality. They believe that there are still some eligible payers in some areas who are not paying tax. They consider the inadequate number of the collectors as the basis for such people not paying tax. If the collectors as adequate enough, they will be able to canvass all the corners of the municipality to ensure that if not all eligible payers are identifies, close to all may be found.

Another challenge that was outlined was that the Assembly is not resourced enough to collect tax. The Municipal Revenue Accountant (MRA) outlined that the Assembly do not have any vehicle (car) to convey the collectors to some of the Areas. The Municipal Budget Officer also
added the lack or inadequate logistics for collectors especially in rainy seasons. According to him, “the collectors do not have adequate rain coats, umbrellas and boots to help them in effective tax collection especially in the rainy season”.

Kangave (2005) noted that tax administration face challenges such as insufficient administration staff with low skills, high levels of illiteracy among tax payers, lack of logistics and lack of reliable data. A major constraint is the lack of adequate resources to sustain and facilitate the operation of tax authorities. Boakye (2011) broadly categorized that challenge in tax administration human resources and physical resources. In his view, inadequate and unqualified personnel as well as lack of basic logistics can hinder the smooth administration of tax.

Boakye (2011) further added lack of modern technology, especially computers to facilitate the taxation process as another impediment to effective tax administration. Until recently, the tax agencies had to rely on manually entering taxpayer data into records books, and keeping a voluminous amount of tax information in print.

Lack of database on the eligible tax payers in the municipality was also outlined as one of the challenge. The Municipal Finance Officer (MFO) noted that “the Assembly has some leakages in the tax collection because of the lack of updated database on the number of tax payers and where these people are located”. This makes it very difficult for the Assembly to forecast accurately the amount of tax revenue expected to be generated within a period. “This affects the budget the Assembly and makes it difficult for the assembly be able to meet the development needs of the people” (Municipal Budget Officer). Presently, the assembly is unable to properly forecast their expected since they do not have the database of all tax collectors. They only use the trends in past revenue collection to forecast expected revenue.
Offei-Aboagye (2004) believes that effective and efficient data base which enhances planning of revenue mobilization as well as efficient management and methods of property valuation, billing, collection, accounting, controlling and usage would go a long way to increase revenue for the local authorities. He notes also that the creation of a data-base which is continuously updated for revenue collections and the presence of a proper format for revenue reporting and an in-built monitoring and evaluation mechanism, are reliable ways to check abuses, a view expressed and shared by Musgrave (1995).

Leakages, corruption and sometimes the unannounced leaving of the tax collectors were also outlined as the challenges facing the Assembly. It was explained that sometimes, the amount collected from the field is not the same as what is submitted to the Assembly. The Officials clearly added that there are some patches of corruption on the part of the tax collectors and even on the part of the officials.

It was noted that these challenges are not so much different from what confronted the assembly before the re-demarcation. The Municipal Revenue Officer stated that the challenges such as inadequate collectors, lack of logistics, leakages, corruption among others were even worse than the period after re-demarcation. To him, the large size of the Municipality before the re-demarcation made the problems much higher than after the re-demarcation due the reduction in the size of the Municipality.

The findings in this study support the work by scholars such as Bahiigwa et al. (2004), Fjeldstad and Therkildsen (2008) and Juul (2006). All of these scholars among others like Pimhidzai and Fox (2012) and Prichard (2010) found that one of the basic characteristics of local tax systems especially in Anglophone Africa is high levels of arbitrariness, coercion and corruption. These are seen at all levels from the tax collectors to the tax officials at the higher level. Thus at the
level of taxpayers, people have to be forced (coerced) before they pay their tax and after collection, corruption crowns it all from collectors to officials at the Assembly. Arbitrariness, corruption and regressivity have made local taxes generally unpopular and ineffective (Prichard, 2010).

Bardhan and Mookherjee (2002) explained that a complicated and non-transparent local government revenue system is costly to administer since such system facilitates corruption and mismanagement. Moreover, many local taxes have a distorting effect on resource allocation decisions, and, thus, an inhibiting effect on the start-up of new enterprises and the achievement of economic growth (Bahiigwa et al., 2004; Devas and Kelly, 2001; Sander, 2003). These effects occur when effective rates vary greatly between different goods that are traded, or when license fees are set too high for start-up small-scale enterprises to survive.

Asibuo (2000) and Kokor (1991) opined that because of the absence of proper administrative mechanisms that monitors revenue collectors, there is also the challenge of evasion of taxes with the connivance of tax collectors; that is the problem of over invoicing and under invoicing in the collection of rates.

Brosio (2000) and Fjeldstad and Semboja (2000) were both shocked to note from their study that local governments seem to raise whatever taxes, fees, and charges they are capable of raising, often without worrying excessively about the economic distortions and distribution effects that these instruments may create in the lives of the citizenry.
4.5 SWOT Analysis of Revenue Collection in the Municipality

In the quest to understand the various facets of challenges and opportunities of generating internal revenue, a SWOT analysis was conducted to present two broad perspectives. The first objective is to identify GEMA’s internal strengths and weaknesses in undertaking revenue mobilization. Such strengths and weaknesses are with regards to GEMA’s current capacity and mode of operations. The second perspective regards external factors that may present opportunities or threats to GEMA in mobilizing internal revenue.

Table 4.28: SWOT Analysis of revenue collection in GEMA

<table>
<thead>
<tr>
<th>Internal STRENGTH</th>
<th>Internal WEAKNESS</th>
<th>External OPPORTUNITIES</th>
<th>External THREATS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Skilled professionals / Human capacity</td>
<td>1. Inadequate resources and logistics for Tax collectors and officers</td>
<td>1. Large informal sector (Market, shops etc.)</td>
<td>1. Residents negative perception regarding application of tax revenue</td>
</tr>
<tr>
<td>2. Commission-based organizations aiding in tax collection</td>
<td>2. Low education and sensitization on tax obligation to tax payers</td>
<td>2. On-going infrastructural and housing developments</td>
<td>2. Legal/Administrative bottle-necks</td>
</tr>
<tr>
<td>5. Accountable and functional units in the assembly</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Author’s own construct
4.5.1 Strength

These are factors that could be referred to as GEMA’s current advantages to undertake effective revenue mobilization. From the research conducted, it was noted that officials of the GEMA were not only very well qualified for their respective positions but also had long working experience in these positions. All the officers interviewed indicated they were serving in the Assembly before the re-demarcation.

Another strength identified was the existence of a functional financial accounting system. This included the effective preparation and publication of annual financial statements as well as an effective auditing unit responsible for ensuring compliance with laid down procedures. The finance department also undertook performance evaluation on GEMA’s finances. The rate at which worker also leave the Assembly (turnover) was very low compared to the period before the re-demarcation. All of these factors identified can account for GEMA’s current strengths.

4.5.2 Weakness

Like any organization, GEMA has its own weaknesses. One of such weaknesses is the inadequate resources and logistics for tax collectors. Many of the collectors do not have vehicles such as bicycles, motorbikes and cars that can smooth their movement and make their operations less tedious. Similarly, the Assembly does not have enough vehicles for revenue officials to go for monitoring of tax collection.

Another challenge was that majority of the tax payers are ill-informed about tax collection. The sensitization level among the tax payers is low and some of the tax payers even noted that they do not know they are even supposed to pay tax to GEMA. The lack of updated database on eligible tax payers was also flagged as another challenge. The nature of some of the roads linking
some of the communities is also poor to the extent that it is difficult for collector to assess some of the communities especially in the rainy seasons.

4.5.3 Opportunities

Although the GEMA is faced with many challenges there exist opportunities it could take advantage of, in order to increase its current local revenue generation. Majority of the residents in the municipality are employed in the informal sector. There are many shops and markets in almost all the communities and the assembly can take advantage of the increasing informal sector to generate high revenue.

Also there is an on-going infrastructural development. Regimanuel Estate Limited among many other estate agencies are in the municipality putting up many estate buildings. This means that the assembly can take advantage of them and get property rates. Generally, the municipality has a high population and this is also an advantage to them.

4.5.4 Threats

These are external factors that can impede GEMA’s quest of expanding it local revenue generation. Many of the residents have a negative perception concerning the whole tax system. Many of the residents are of the opinion that the tax they pay are not used to develop the communities. Many think that the tax goes into the pocket of people and if this is allowed to exist, a time will come when no one will pay tax again.

Also because of the political gains of governments it becomes very difficult for assemblies to enforce punitive sanctions on populous communities which sometimes refuse to pay tax for political reasons. In recent times, the rate of unemployment has been heightened as alarming. Inasmuch as increasing population can be an opportunity for the assembly, it can equally be a
threat is the growth in population is not associated with economic development. Where the rate of development is not higher than the rate of population growth, it will but much pressure on the assembly and overstretches the existing infrastructural development.
Chapter Five

Summary of Findings, conclusion and Recommendation

5.0 Introduction

The study sought to examine effects of political geo-re-demarcation on the Internally Generated Funds (IGF) of the Ga-East Municipal Assembly. The total sample used for the study was 179. This includes 150 tax payers, 25 tax collectors and 4 Assembly officials. The approach used for analysis involved the use of descriptive statistics such as cross-tabs, frequencies and charts. SWOT analysis was also conducted to assess the Assembly’s position in terms of increasing revenue mobilization after the re-demarcation. This section presents the summary of the key findings as well as the conclusion that was drawn from the findings. Possible policy recommendations that the researcher believes can aid the assembly in increasing their revenue mobilization are also captured in this section.

5.1 Summary of Key Findings

The study sought to test three main objectives: to identify and examine the sources of IGF before and after the re-demarcation; to examine the efficiency of the IGF mobilization before and after the re-demarcation of Ga-East Municipality; and to explore the possible opportunities for improving the IGF collection in GA-East municipality.

The analysis of the data gathered from tax payers selected from six working groups namely market women/traders, beauticians (hairdressers and tailors), drivers, liquor sellers, shop owners and landlords show that majority of tax payers know the purpose of paying tax (76%). They know the tax they pay are used for development projects. However, 14% of the people do not pay tax because they are unaware they are supposed to pay tax to the assembly and even those
who are aware, no tax collector has ever come to them for it. Others refuse to pay because they
do not see any benefit from the tax they use to pay in their communities. The motivation for
those who pay was that it was their civic responsibility and the tax was used for development
projects. Others however pay because they fear to pay penalty when caught or feel compelled to pay.

On the other hand, the analysis of the data gathered from the tax collectors show that only 12%
of tax collectors in the municipality have some form of outdated database on the eligible tax
payers in their areas of operation. As high as 88% do not have any database on the eligible tax
payers in their areas of operation. Even though some of the collectors are given targets to meet
only 50% were able to meet their tax targets. Though the Assembly used to give them targets
before the re-demarcation, after the re-demarcation, targets were reduced for 60% but were
increased for 40%. To some of them, the changes in target (increases) put too much pressure on
them causing them to earn less commission when the amount of revenue collected is low.

A further analysis showed that there are seasonal changes in the tax collected. All the tax
collected (Rates, License and property rates) increase in the first half of the year (January to
June) and falls in the second half (July to December). The increase in revenue in the first half is
mostly as a result of the renewal of licenses or rates and increase in sales. The fall is as a result of
savings towards Christmas and other festivities, low level of renewals and rainy season.

It was also noted from the data that the level of tax delinquency is relatively high for property
rates and tax collected from shops even though that of market women and drivers are also high.

Of the numerous challenges that confront tax collectors, it was found that lack of logistics was
flagged as the most pressing even before lower salaries and lack of remuneration.
Haven laid these premises, the interview data gathered to answer the first objective show that the Assembly has many sources of revenue. These sources were property rates, business operating license, building permits, fees/fines/penalties, and tolls. Of these, the major sources of revenue to the Assembly were property rate, business operating license, tolls and building permits. The least contributing items were fees from marriage registration, user fees for public toilet and other facilities such as refuse disposal. These major and least items have not changed even after re-demarcation.

In assessing the efficiency of the Assembly in IGF mobilization, the respondents noted that the efficiency levels before the re-demarcation was relatively low compared to period after re-demarcation. This is because, before the re-demarcation, the size of the municipality was very big such that there were many leakages in the revenue mobilization. Many areas and people were not reached due to the size and number of collectors. Monitoring and supervision of tax collection was also poor. In order for the assembly to correct the inefficiencies, the assembly resorted to the use of commission-based contractors in addition to commission and salary paid revenue collectors. The contractors’ main purpose was to collect property rates and the municipality was re-demarcated among them. This strategy tends to improve the revenue collection system even though size was still an issue.

However after the re-demarcation, the size of the assembly has reduced. This also led to a fall in the volume of IGF. But the level of efficiency was relatively better than periods before re-demarcation. Statistics show that the total IGF collected a year before the re-demarcation was GH₵ 2,277,232.77 and a year after re-demarcation was GH₵ 1,761,560.17, showing a variance of GH₵ 515,672.60. This represents a reduction of 22.64% in annual revenue. The officials noted that they expected a much higher reduction in revenue, since Madina, which use to be “revenue
bank” of the assembly was cut off from the municipality boundaries after the re-demarcation. Efficiency level to them has increased after the re-demarcation because they are able to reach many of the eligible tax payers and monitoring system has improved as compared to the period before the re-demarcation.

The challenges they continue to face, which used to exist before the re-demarcation is the lack of logistics for effective tax collection. Some of the logistics mentioned were vehicles (to ease collectors’ transportation and for effective monitoring), corruption and leakages and unwillingness of tax payers to pay. The inability of the Assembly to get a database of all the eligible tax payers in the Municipality was also flagged as a major challenge to them.

Lastly, in assessing the opportunities available to the assembly, a SWOT analysis was conducted. The results show that the assembly has some internal strength that it can take advantage of to increase the revenue they collect. These include skilled professionals / human capacity, commission-based organizations aiding in tax collection, strong and efficient financial accounting system and low turn-over rates of professional staff. The opportunities that are available to the Assembly were large informal sector (Market, shops etc.), on-going infrastructural and housing developments (Estate agencies) and highly populated communities such as Dome, Haatso, Abokobi among others. The assembly can also take advantage of the strategies they have adopted which have led to an improvement in revenue collection as well as the estate development in the area to increase their revenue base.

However, there are some weaknesses and threats that the Assembly has to be cautious about if it wants to increase revenue. The weaknesses which need to be tackled with all urgency include inadequate resources and logistics for tax collectors and officers, low education and sensitization on tax obligation to tax payers, lack of database on tax payers and difficulty in assessing some
communities (esp. during rainy seasons). The possible external threats to the Assembly were residents’ negative perception regarding application of tax revenue, legal/Administrative bottlenecks, political influence on internal tax system and some government policies that give tax holiday to some emerging companies.

5.2 Conclusion

The results of the study have shown that the geo-political re-demarcation of Ga-East Municipal Assembly in 2012 has both positive and negative consequences on the mobilization of IGF in the municipality. Negatively, it has reduced the overall volume of IGF generated by approximately 23%.

On the bright side, the reduction in the administrative size of the municipality has led to an effective re-structuring in the overall tax administration system. The municipality is now able to reach many eligible tax payers as compared to periods before the re-demarcation. It is able to monitor effectively the tax collection systems to reduce the level of corruption and leakages.

However, the Assembly continues to face many administrative bottlenecks which seem to have some negative consequences on the revenue mobilization in light of all the significant benefit it has enjoyed. These bottlenecks mainly center around logistics, database on eligible tax payers and unwillingness of tax payer to pay tax. Given the opportunities available in the municipality, it is imperative that some administrative re-evaluation and re-strategizing is done to enact policies that may positively lead to an increment in the volume of IGF.
5.3 Recommendation

Based on the findings and conclusion drawn from the study, the researcher believes that certain policy recommendations can aid the assembly in improving its IGF mobilization especially after the re-demarcation. On the basis of this, this study recommends the following:

First and foremost, the government should intervene to provide the Assembly with vehicle logistics. The IGF generated in the municipality will not be adequate enough to meet the increasing needs of the people let alone purchase cars. The government should therefore support the Assembly with cars, motorbikes and bicycles to ease the movement of the collectors. While waiting for government support, the Assembly can also decide to buy some motorcycle and bicycles which are not very much costly within every half of the year to assist the collectors. The Assembly can also appeal to philanthropists and NGOs in the municipality to support them with logistics.

Secondly, there need to be an intensification of education of the general public exploiting all available means such as media and public function. There are many people within the country who evade tax and this tends to affect national development. The Assembly, through their public relations should organize outdoor campaigns to educate their members. The information unit in the Assembly can also use their information vans to educate the people. Gatherings such as church meetings and Moslem meetings can equally serve that purpose. The National Commission for Civic Education (NCCE) can also help with the nationwide education.

One weakness that came out clear was the lack of database. To increase revenue, the Assembly should try all possible means to create a database of eligible tax payers in each community. In creating the database, the 2010 census data can be very useful since it was very detailed and captured information on people’s age, occupation and income as well as assets they have. The
tax collectors can update such information as they to the field, adding the details of those who have moved into the community. Those who have moved out too can be deleted over time.

Local government directorate should try and enact punitive measures to penalize people who refuse to pay tax. Those laws can be advertised in the media especially the radio and the television since those are the predominantly assessed media forums. Implementation of these measures will serve as deterrent to others to induce them to pay.

Some of the few people who do not pay tax indicated that they do not see what the Assembly is doing and hence their refrainment from paying. The Assembly should therefore commerce an education campaign on periodic basis to educate the people of what they use the revenue for. Thus, accountability of the Assembly to the people will be an advantage to the Assembly as people who have no idea what the assembly is doing and hence not paying tax will change their attitude.

Lastly, the assembly should intensify training of tax collectors especially in the areas of customer relations. In like manner, they should be well motivated to induce them to give off their best. Proper remuneration will help reduce the corruption and leakages on their side.

It is clear from the analysis so far that the political geo-re-demarcation of Assemblies does not totally affect the operations of the assemblies but rather, it put them on their toes to re-strategize in their work to become more effective. Periods after re-demarcation should serve as periods for re-assessment and re-strategizing to exploit all possible means of increasing revenue since IGF will certainly fall.
References


Taxation and state building in developing countries. (Cambridge: Cambridge University Press).


Appendix A: Questionnaire for Tax Payers

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QUESTIONNAIRE ON “EFFECT OF RE-DEMARcation ON THE MOBILIZATION OF IGF”

This questionnaire has been developed to examine the effect of re-demarcation of Ga-East Municipality on the mobilization of IGF. Your response will contribute greatly not only in academia but also towards strengthening of the decentralization agenda of the country by providing in-depth information to policy makers. Please read it carefully and provide the appropriate responses. Please note that responses to these questions would be used for academic purposes only and your confidentiality is assured.

Interview Questionnaire for Tax Payers

Part One: Personal Data

A1. Age …………………………………………………

A2. What gender are you?


A3. Where do you do business (location/Address)?


A4. Highest level of education


A5. What is your current occupation?

[1] Professional/Technical  
[2] Admin./Managerial  
[3] Clerical

[4] Sales/Trade  
[5] Service  
[6] Agricultural

[7] Production  
[8] Unemployed

[9] Other (specify) ……………………………………………………………………………………..

A6. How long have you being in business ………………………………………………….

Part Two: Tax knowledge, History and Perception

B1. Do you know the purpose for paying taxes to the GEMA?  [1] Yes  [2] No

B2. If yes, what are they?

…………………………………………………………………………………………………………………


B4. If No, why?

[1] Do not have enough money  
[2] Do not see the relevance

[3] Because of the inefficiency of the GEMA  
[4] Do not gain any benefit from paying tax to the GEMA

[5] Other (specify) …………………………………………………………………………

B5. What do you want to see the Assembly do before you start paying taxes more regularly?

[1] Reduce tax rates  

[4] Provide more development services/ projects

[5] Give them some tax holidays

[6] Other (specify) …………………………………………………………………………

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B7. If yes, what kind of penalty would you recommend for persons who evade tax to the GEMA?
[4] Other (specify) ………………………………………………………

[ONLY for Tax payers]

B8. What type of tax/taxes do you pay to the GEMA? (Multiple answers applicable)

B9. How long have you been a tax payer to the GEMA?
[5] More than ten (10) years

B10. How often/frequent do you pay this tax and how much do you pay as tax?

<table>
<thead>
<tr>
<th>Taxes</th>
<th>Frequency</th>
<th>Amount (GHe)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>User Fees/Fines</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property rates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Licenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (Specify)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
B11. What motivates you to pay your tax to the GEMA?


B13. If Yes, what are they?
[1] Development Projects      [2] Social Services (e.g. waste management, road maintenance)
[3] Other (specify) ..................................................

B14. If No (in question B12), why do you think it is so?
[3] Misplaced priorities on the part of the GEMA
[4] Other (specify) ........................................................

B15. What do you think are the weaknesses/problems in the tax mobilization system within the GEMA? (Multiple answers applicable)

B16. What measure(s) do you think should be put in place to correct these weaknesses within the GEMA? (Multiple answers applicable)
Section C: Efficiency in IGF Mobilization

C1. Would you say GEMA has been efficient in the tax mobilization?


C2. Give reasons to support your answer?

........................................................................................................................................................................................................................................

C3. Do you have any suggestions for reform in the tax collection system in the municipality?

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This is the end of the interview

THANK YOU FOR YOUR TIME

FOR INTERVIEWERS ONLY

Any relevant observation/reaction

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Appendix B: Questionnaire for Tax collectors

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QUESTIONNAIRE ON “EFFECT OF RE-DEMARcation ON THE MOBILIZATION OF IGF”

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Questionnaire for Tax Collectors

A: Personal Data

A1. What gender are you?


A2. Age ......................................................

A3. Highest educational level achieved


A4. How long have you been working as a tax collector in the GEMA?
……………… yrs

**B. Tax Collection**

B1. Which type of tax(es)/revenue(s) do you collect for the assembly? *Tick all that is applicable*


B2. If more than one, which one(s) are the most important?


B3. Which areas within the GEMA do you operate?


B5. Do you know the number of eligible tax payers (number of market women, cars, shops etc.) in your area of operation?


B6. If yes, please specify …………………………………………

B7. What proportion of this number pays tax? ……………………….

B8. Why does the remaining proportion not pay?

………………………………………………………………………………………………………

………………………………………………………………………………………………………
B9. How frequent do you collect tax from the tax payers?


[6] Other (specify) ……………………………………………………………………………………………

B10. On average how many people are you able to collect tax from at each of the time

……………………………………………….

(NOTE TO INTERVIEWER: B11 and B12 is ONLY for those who collect tax from Lorry Stations)

B11. How many rounds can a driver go in a typical day? ………………………


B13. How much do you take from a person as tax? …………………………………

B14. How often do you return revenue collected to the assembly?


B15. On average, how much do you return at each a time?

……………………………………………….

C. Tax Targets and seasonality

C1. Are you given targets to meet?

C2. If No, why are there no targets?

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........................................................................................................................................

C3. If Yes, how often are targets changed?

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........................................................................................................................................

C4. If Yes in C1, are you able to meet your target?


C5. If No, what reasons account for your inability to meet your target?

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........................................................................................................................................

C6. Have targets changed after re-demarcation (after 2012)?


C7. If yes, what has been the change(s)?


C8. Does the target affect your work in any way?


C9. If yes, in what way(s) does target affect your work?

........................................................................................................................................
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C10. Are there any seasons where tax goes up/fall beyond the average expectation?

C11. If yes, please indicate (NOTE: Season here refers to the month(s) in the year)

<table>
<thead>
<tr>
<th>Taxes</th>
<th>Season(s) goes up</th>
<th>Season(s) goes down</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily rates</td>
<td>………………………</td>
<td>………………………</td>
</tr>
<tr>
<td>User fees/fines</td>
<td>………………………</td>
<td>………………………</td>
</tr>
<tr>
<td>Property rates</td>
<td>………………………</td>
<td>………………………</td>
</tr>
<tr>
<td>Licenses</td>
<td>………………………</td>
<td>………………………</td>
</tr>
<tr>
<td>Other:</td>
<td>……………………...</td>
<td>………………………</td>
</tr>
</tbody>
</table>

C12. Give reason(s) for what account for the

a. Tax going up:
   …………………………………………………………………………………………………
   …………………………………………………………………………………………………

b. Tax falling:
   …………………………………………………………………………………………………
   …………………………………………………………………………………………………

C13. What is the general attitude of tax payers towards tax collectors?


[5] Other (Specify) ……………………

C14. What accounts for this attitude?
C15. What is the general level of tax delinquency/default?

D. Training and resourcefulness

D1. Do you receive any training from the assembly?


D2. If yes, how often do you go for training in a year?


D3. When was the last time you went for training?

D4. What kinds of training do tax collectors undergo?

D5. Has training had any positive impact on your work as a tax collector?


D6. If yes, what are some of the benefit of training on your work?

D7. Are you resourced enough with logistics in collecting tax?

D8. If Yes, in what way(s)?

.............................................................................................................................
.............................................................................................................................

D9. If No, how should the Assembly resource you?

.............................................................................................................................
.............................................................................................................................

E. Challenges in Tax Collection and Recommendation for improvement

E1. Do you face any challenge in your work as a tax collector?


E2. If yes, what are some of the challenges you face? *(Choose any two most important)*


[2] Lower salary and remuneration

[3] Unwillingness of taxpayers to pay

[4] High targets to meet

[5] Other (specify) ........................................................................................................

E3. What are the possible measures to ensure efficiency in the tax collection system?

.............................................................................................................................
.............................................................................................................................

E4. Are there any other activities, outside of the current IGFs scope, available to the GEMA to generate resources from?
This is the end of the interview

Thank you for your time
Appendix C: Interview guide for Assembly Officials

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INSTITUTE OF STATISTICAL, SOCIAL AND ECONOMIC RESEARCH (ISSER)

INTERVIEW GUIDE ON “EFFECT OF RE-DEMARcation ON THE MOBILIZATION OF IGF”

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ADMINISTRATIVE REVENUE OFFICIALS

Part One: Personal Data

A3. What gender are you?

A4. Highest educational level completed .........................................................

A5. Position in assembly .................................................................

A6. How long have you been working in this position/with the GEMA? .................

Part Two: Sources of IGFs before and after the re-demarcation

B1. What were the main sources of IGFs in the GEMA before the re-demarcation?
B2. Are these sources different from the period after the re-demarcation?

B3. If yes, what are the main sources of IGFs in the GEMA after the re-demarcation?

**MAJOR CONTRIBUTING ITEMS TO IGF**

B4. What were the major contributing items to IGFs in the GEMA before re-demarcation?

Give reason(s) why they were the major contributing items?

B5. Are these items different from those after the re-demarcation?

B6. If yes, what is the difference?

**LEAST CONTRIBUTING ITEMS TO IGF**

B7. What are the least contributing items to IGFs in the GEMA before re-demarcation?

Give reason(s) why they are the least contributing items?

B8. Are these items different from those after the re-demarcation?

B9. If yes, what is the difference?

**Part three: Efficiency of the IGF mobilization before and after the re-demarcation**

C1. How efficient was the assembly in the mobilization of IGF before the re-demarcation?

Give reason(s) for your choice of answer

C2. How is the level of efficiency of the assembly in IGF mobilization after the re-demarcation?

Give reason(s) for your choice of answer

**C3. Use the following assessment grading to answer the level of efficiencies in IGF mobilization before and after the re-demarcation**
**VE – Very Efficient  ME – Moderately Efficient  LE – Less Efficient**

<table>
<thead>
<tr>
<th>IGF Mobilization</th>
<th>Before re-demarcation</th>
<th>After re-demarcation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>VE  ME    LE</td>
<td>VE  ME    LE</td>
</tr>
<tr>
<td>Strategies in collecting IGF</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel in collecting IGF</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ensuring accountability of revenue collectors</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

C4. Has there been any major change in the strategies for IGF mobilization after the re-demarcation?

C5. If yes, what the changes that the assembly has made in IGF mobilization after the re-demarcation

C7. Has the strategies yielded any desired change in the IGF

C8. What are the changes that the strategies have effected in the level of IGF?

C9. Would you say the re-demarcation had negative effect on the volume of IGF?

**Part Four: IGFs mobilization in GEMA**

D1. Is the GEMA often able to meet its IGF targets?

D2. Are tax payers ready to meet their tax obligations?

D3. What is the general level of tax delinquency/default?
D4. Does the Assembly have a database of all eligible tax payers?

D5. How do you determine the various amounts to be paid by tax payers?

D6. How do you audit the account of tax payers?

D7. Are tax collectors enough to undertake effective tax collection?

D8. Are tax collectors resourced enough with regards to undertaking their assignments?

D9. What other incentives or logistics would be necessary to equip tax collectors in order for them to work efficiently?

D10. What kinds of training are given to Tax Collectors?

D11. How often are tax collectors trained?

D12. What are the mechanisms for monitoring the activities of tax collectors?

D13. How do you conduct back-checks to ensure that the amount accounted for by tax collectors are a true reflection of the amount collected?

D14. What are the major challenges facing revenue mobilization within the GEMA?

**Part Five: Opportunities/avenues available for expanding IGFs**

E1. Are there any other activities, outside of the current IGFs scope, available to the GEMA to generate resources from?

E2. If yes, what are these areas?

*This is the end of the interview*
Thank you for your patience