

UNIVERSITY OF GHANA



**ASSESSING THE IMPACT OF REVENUE ON THE DEVELOPMENT OF PUBLIC
SECTOR IN GHANA: A CASE STUDY OF ACCRA METROPOLITAN ASSEMBLY**

(AMA)

BY

ROSE AFRAMOAHI ACHEAMPONG

(10702861)



**A LONG ESSAY SUBMITTED TO THE DEPARTMENT OF FINANCE, UNIVERSITY
OF GHANA, IN PARTIAL FULFILMENT FOR THE AWARD OF A MASTER OF
SCIENCE DEGREE IN DEVELOPMENT FINANCE**

JULY, 2019

DECLARATION

I herewith say that this study is the result of my own research and has not been presented to this or any other university for an academic award. All references used in the work have been fully recognized.

I have exclusive liability for any weaknesses.

.....

.....

ROSE AFRAMOH ACHEAMPONG

DATE

10702861

CERTIFICATION

I hereby certify that this thesis was supervised in accordance with procedures laid down by the University.

.....

.....

DR. LORD MENSAH

DATE

(SUPERVISOR)

DEDICATION

This work is dedicated with love to the following personalities; my amazing parent, Mr. Samuel Asante Acheampong and Mrs. Georgina Owusua Acheampong, my siblings, Nana Kwesi, Maame Ama, Junior and Joseph Boateng (J.B).

ACKNOWLEDGMENT

I am most grateful to the Almighty God without whose providence and faithful guidance I would not have been able to reach this level in my academic career to produce this work. I am humbled for His tender mercy. My special thanks go to the Metropolitan Chief Executive Hon. Mohammed Adjei Sowah and the entire management of the Accra Metropolitan Assembly for their various supports. Let me also place on record, my profound gratitude to my Supervisor, Dr. Lord Mensah. And an immense contribution of Edwin –Richard Wia Tawiah who generously assisted me during this academic experience. I also wish to express my heartfelt and sincere appreciation to Matilda Sena who assisted me in conducting the fieldwork. To them all, I say a very big thank you. To my colleagues Nana Osei Adjei, Jennifer Boateng, Maasia Amoah, Yoki Tee- Koduh and Norbert. I say thank you all for your encouragement. God bless you all.

TABLE OF CONTENTS

DECLARATION.....	I
CERTIFICATION.....	II
DEDICATION.....	III
ACKNOWLEDGMENT	IV
TABLE OF CONTENTS	V
LIST OF TABLES	IX
LIST OF FIGURES	X
LIST OF ABBREVIATIONS	XI
ABSTRACT.....	XII
CHAPTER ONE	1
INTRODUCTION.....	1
1.1 Background of the study	1
1.2 Problem Statement.....	4
1.3 Aims and Objectives of the study	5
1.4 Research questions.....	5
1.5 Scope of the Study	5
1.6 Justification of the study	6
1.7 Limitations of the study.....	6
1.8 Organization of the Study:.....	7
CHAPTER TWO	8

LITERATURE REVIEW	8
2.1 Introduction.....	8
2.2 Profile of Accra Metropolitan Assembly (AMA)	8
2.2.1 Administrative Structure.....	9
2.2.2 Core Functions.....	9
2.2.3 Metropolitan Decentralized Department	11
2.2.4 Decentralization in Ghana	11
2.2.5 Units of the office of the Metropolitan Assembly	13
2.2.6 Legal Framework.....	13
2.3 Local Government Revenue.....	16
2.3.1 Business licenses	31
2.3.2 User fees – linking payment and service delivery	32
2.3.3 Implications for policy.....	35
2.4 Problems of Local Governments Tax Mobilization in Nigeria.	36
2.4.1 Shortage of trained personnel.	36
2.4.2 Lack of capacity to attract and retain personnel.	37
2.4.3 The dependence syndrome.	37
2.4.4 State control over local Government budget.	37
2.4.5 Corruption.	38
2.5 Factors that affect low revenue.....	38
2.6 Strategies for effective IGFs.....	38
2.7 Purchase of equity shares by local government authorities through statutory guidance by some developed countries are:	39
CHAPTER 3	41
METHODOLOGY	41
3.1 Introduction.....	41
3.2 Research Design	41
3.3 Research Population	42
3.4 Respondent	42
3.5 Sources of data collection	43

3.6 Research Instruments	43
3.6.1 Interviews	44
3.7 Sample and Sampling Techniques	44
3.8 Sources of Data	45
3.9 Research Instruments	45
3.10 Data Collection Methods	45
3.11 Administration of questionnaires	46
3.12 Conduct of interview	46
3.13 Focus-Group Discussions	47
3.14 Telephone Conversations	47
3.15 Data Analysis Method	47
3.16 Empirical Results	48
3.17 Models used or data analysis	49
3.18 Gap Analysis	49
CHAPTER FOUR	52
DATA ANALYSIS AND PRESENTATION OF FINDINGS	52
4.1 introduction	52
4.2 Demographic Characteristics of Respondents	52
4.3 Revenue Mobilization:	53
4.3.1 Sources of Revenue for the Accra Metropolitan Assembly	53
.....	55
4.3.2 Challenges/Problems with Revenue Mobilization	55
4.3.3 Reasons why People found it difficult to pay rates	56
4.3.4 Strategies to be adopted to encourage efficient revenue mobilization	60
4.4 Impact of Revenue Collection on Development in the Metropolis	63
4.5: Government and Donor Support	67

CHAPTER FIVE	71
SUMMARY OF FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS	71
5.1. Introduction.....	71
5.2. Summary of Findings	71
5.3 Conclusion	73
5.4. Recommendation.....	74
REFERENCE.....	75

LIST OF TABLES

Table 3. 1: Classification of Respondents.....	43
Table 4. 1: Reasons why People find it difficult to pay rates	57
Table 4. 2: Rating of Mobilization Processes in Accra Metropolis	58
Table 4. 3: Rating of Revenue Mobilization in the Accra Metropolis.....	59
Table 4. 4: Strategies for Improving Revenue Mobilization	60
Table 4. 5: Control in the Administration of Revenue Collection.....	62
Table 4. 6 Monitoring Control Unit in the Assembly	63
Table 4. 7: IGF Funded Development Projects	65
Table 4. 8: are you satisfied with the projects over the years given the quantum of revenue collected	66
Table 4. 9: Rating of the Effect on Revenue.....	66
Table 4. 10: Awareness of Central Government Remittance to the Accra Metropolitan Assembly?.....	67
Table 4. 11: Government Development surpasses contribution from IGF	68
Table 4. 12: External sources of funds have a greater impact development than assembly's IGF	69

LIST OF FIGURES

Figure 4. 1: Position of Respondents at the Assembly 53

Figure 4. 2: Other Sources of Raising Revenue..... 55

Figure 4. 3: Problems with Revenue Mobilization 56

Figure 4. 4: Percentage 57

Figure 4. 5: Rating Revenue Mobilization Team..... 59

Figure 4. 6: Strategies for Improving Revenue Mobilization 60

Figure 4. 7: Being conversant with accounting reporting procedures 61

Figure 4. 8: The Assembly fund some development projects with its IGF 64

Figure 4. 9: Suggest ways to improve revenue management..... 70

LIST OF ABBREVIATIONS

1. MMDAs Metropolitan Municipal and District Assemblies
2. IGF Internal Generated Fund
3. DACF District Assemblies Common Fund
4. AMA Accra Metropolitan Assembly
5. MCE Metropolitan Chief Executive
6. VAT Value Added Tax
7. NDPC National Development Planning Commission
8. HIPC Highly Indebted Poor Countries
9. DDF District Development Fund
10. MIS Management Information System
11. MCD Metropolitan Coordinating Director
12. ME Metropolitan Engineer

ABSTRACT

The study is on the topic assessing the Impact of revenue on development in the Accra Metropolitan Assembly. The research aims at discovering other sources of revenue that are available to the Assembly, assess the strategies that is being used for revenue collection and the accounting standard being used. Lastly, the research considered the impact of the internally generated fund. The test was made up of Assembly members, Revenue collectors, Core management Staff, District Planning Committee, Permanent Revenue collectors, Commission collectors and Staff of Urban Town and Area Councils. A total of hundred respondent was used. The final outcome showed that there are other sources of revenue that has not been tapped by the assembly. It also revealed that though the IGF of the Assembly is contributing to the development of the Metropolis, it is not enough to significantly fund projects. Consequently, Government funding is extremely important. To increase the revenue of the Assembly, the study discovered that more logistics should be provided ,continuous education of the taxpaying public, prosecution of defaulters and training for Revenue collectors.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Decentralization has become an increasingly widespread and significant dimension of political and administrative reform in many developing countries since the late 1980s. In West Africa for example, it was difficult to find a country that did not have a decentralization programme. Decentralization was presumed to have a number of benefits. It was believed that decentralization induces positive outcomes in both democratic and developmental terms. It was assumed that democracy would be deepened by the extension of political representation to the local level, with democratic processes strengthened through enhanced political participation by local civil society actors. Further, it was assumed that benefits in socio-economic development would accrue through local government is more responsive and more accountable to citizens' needs and desire. These two benefits are interlinked in that local-level representation and participation was believed to lead to development planning processes and the delivery of public services that are relevant to the local context. Yet, to what extent were such anticipated benefits actually realized?

In Ghana, decentralization reforms started at the end of the 1980s. Between 1957 and 1988 efforts were made by successive Ghanaian governments to decentralize authority to the local level. These took the form of regional devolution and district focused public administration. Progress was minimal until the 1970s when the decentralized system was reformulated to a four-tier structure consisting of Regional, District, Local Councils and Towns, and Village Development Committees. The District Councils were made the focal point of local government with administrative and executive power for local level development and governance. For development to be effective at the local level, financial responsibility is thus one of the core components of

decentralization. If local governments are to carry out decentralized functions effectively, they must have adequate levels of revenue either raised locally or transferred from the central government as well as the authority to make decisions about expenditures. The case of Ghana is not different from other African countries. Revenue collection remains a prerequisite for the implementation of the Metropolitan, Municipal and District Assemblies (MMDAs) plans and programmes. The operations and functions of the assemblies largely depend on the availability and quantum of revenue. While it might receive some revenue from the central government, development partners and other sources, it is important that MMDAs are able to raise money internally. It was therefore imperative that all resources due to an assembly are efficiently collected, recorded, controlled and accounted for. Like the practice in other systems elsewhere, MMDAs have been provided with sources of revenue including central government transfers, internally generated revenue as well as revenue from bilateral and multilateral donor support and technical assistance. The District Assembly Common Fund, however, provides the largest source of funding for financial empowerment. The thinking behind this financial arrangement in PNDCL 207, the 1992 Constitution and Act 462 of 1993 is that the MMDAs are to be made financially autonomous in order to be able to undertake their assigned functions.

Granting that some of the MMDAs have not been up-and-doing in internal revenue mobilization, and that poor financial management affects the judicious use of financial resources in the MMDAs, it was prudent to conduct a study to examine in detail the impact revenue collected over the years has made on the lives of the people in the respective Districts.

In Ghana Metropolitan, Metropolitan and District Assemblies (MMDAs) are partners to the central government in the national development and as partners, they are required to generate enough Internal Generated Funds (IGFs) to enable them to carry out development projects. The revenue

generated internally is used to support the statutory District Assemblies Common Fund (DACF) to provide infrastructural development and services to the people. It is the responsibility of MMDAs to provide metropolitan and other services as well as maintaining law and order, all which require enough financial capital and internal revenue mobilization is therefore paramount. Over the years, both the central and local governments have been experiencing budget deficits year on year. The governments of Ghana and its MMDAs have consistently spent more than they are able to generate as revenue. In the case of the central government, the gap is often financed with foreign aid which has perpetuated the country 's aid dependency (Osei and Quartey, 2005). In the case of local authorities, they cannot take loans to fill their revenue-expenditure gaps. The current financial crisis has created financial difficulties for many developing countries that depend mainly on an external source for public finance, given the lack of liquidity on the international market and according to Drine (2009), this puts into question the robustness of their development. This system of financing budgetary gap of government transcends to the local governments or the MMDAs.

To avoid excessive foreign financial support which may in the long-run lead to problem of debt burden and possible domination, Gupta (2007) is of the view that countries need to rely substantially on domestic revenue mobilization. Domestic revenue mobilizations of developing countries have been dependent primarily on various forms of taxation. For central and local governments to raise additional revenue. Gberegbe (2007) states that they need to expand the tax base and strengthening revenue administration. In his view taxation is the most efficient and effective means of raising revenue for both central and local governments. In the case of MMDAs they do not generate enough from taxation because greater part of taxes paid go to the central government. Korkor (2003) has stated that financing local government development programmes

in Ghana by the MMDAS has become a typical problem as a result of the inability of the Assemblies to mobilize substantial revenue from their areas of jurisdiction. Despite the enormous resources available to the various MMDAs, they have not been able to actualize the mobilization for their full benefit making the assemblies dependent on the central government for their development programmes.

1.2 Problem Statement

The spirit of decentralization is that local government should generally be in a better position than the central government to identify local needs and to deliver public services accordingly. Given this background, the MMDAs are enjoined to identify and raise revenue from local sources in form of rates, tolls, property tax, fees, and fines among others to boost their financial base for the development of the locality. In addition to the Internally Generated Funds (IGFs), the MMDAs are expected to fashion out projects and programmes that allure to poverty reduction in their local areas. The MMDAs by the Local Government Act represents an executive arm of government at the decentralized level and for that matter, they are encouraged to generate, and collect revenue among other things and to make expenditures in accordance with the Laws and Acts of Ghana. This implies that development projects in the Metropolis should be routed through the Metropolitan Assembly. As such MMDAs should be able to generate enough revenue to sustain their own projects.

However, the system of revenue generation, collection, and its management within most MMDAs is seemed to be hampered by the unidentified constraints within the setup, specific to each of the MMDAs. Also, over the years, though the effort has been made to specifically, examine the impact of revenues collected on development of the Metropolis in the light of the Ghana Poverty Reduction Strategy policy at the grass-root level by the MMDAs, much seem not to have been

done. Further, examining the profile of some MMDAs, the literature indicates that there are a lot of untapped revenue sources that the Metropolis can take advantage of to boost their revenue base.

In the light of the above shortcomings, the issues regarding revenue generation, collection, and its usage for development projects need to be investigated to assess their impact on the development of the local community, specifically the Accra Metropolitan Assembly.

1.3 Aims and Objectives of the study

The aim of the research is to assess the effectiveness of revenue mobilization strategies used by the AMA. The research will also establish the following specific objectives:

1. To assess the sources of revenue to the Accra Metropolitan Assembly.
2. To examine the factors undermining effective revenue mobilization.
3. Determine the impact of Internally Generated Funds on the development projects in the Accra Metropolis.

1.4 Research questions

In order to achieve the objectives of the study, the following research questions were posed for the appropriate answers:

1. What are the sources of revenue to the Accra Metropolitan Assembly (AMA)?
2. What are the factors undermining effective revenue mobilization?
3. What contribution has IGF made to the development of Accra Metropolitan Assembly?

1.5 Scope of the Study

The research work does not cover the entire scope of financial activities of MMDAs and for that matter AMA nor their structures, systems, internal controls, and internal audit procedures. The

researcher believes however that there are other financial activities quite relevant but not appropriate to the study. The study does not also cover all the MMDAs, even though the recommendations made could be adopted by all MMDAs in Ghana and even beyond. The research work covers only the revenue generation ability of the Accra Metropolitan Assembly to determine its effectiveness. It also looks at the expenditure items incurred from revenue mobilized to identify the seeming causes of expenditure-revenue gaps year by year in the Assembly.

1.6 Justification of the study

After more than a decade of introduction and continuous implementation of fiscal decentralization in Ghana, there is an urgent need to have some mechanisms to measure the performance of MMDAs especially AMA. The study is justified and significant due to the important role the MMDAs play in the accomplishment of development goals and satisfaction of people more especially at the local level. The study will elicit the central government about the challenges facing the MMDAs in their development process as far as mobilization of revenue is concerned and to find the appropriate steps in addressing them. The study will also bring to light the causes and ineffectiveness of poor revenue mobilization as a result of dishonesty among employees, poor monitoring system, low educational background of revenue collectors, etc. The findings from the study will help the MCE and the entire Management gets insight into the need to adopt more strategies for revenue mobilization. And also, the study will also benefit other researchers studying on a related subject by serving as a reference to enhance their work. It will serve as a rich source of literature to other researchers.

1.7 Limitations of the study

As with any study, this study has limitations and these are:

- Lack of corporation in the administration of questionnaires and difficulty involved in gaining access to relevant data.
- This study could not cover all the assemblies in Ghana. Out of a number of the Assemblies in the country, the study was carried out on only AMA. This was as a result of the limited time period available within the academic calendar to conduct this study.
- Another limitation was the inadequacy of funds needed to conduct more expanded research on revenue mobilization strategies of MMDAs in Ghana.
- The study is limited to AMA because the Assembly is not using its powers under the Local Government Act, Act 462 (1993) effectively to mobilize enough IGFs for the physical development of the metropolis. The streets are full of garbage and without sufficient lights. Traders, artisans, and people who engaged in various vocations do not have sufficient locations.

1.8 Organization of the Study:

The research would be organized in the following order. Chapter one would present the background to the study, problem statement, research objectives, research questions, justification of the study, the scope of the study, limitation of the study, and organization of the study. Chapter two would review the previous literature relevant to this research. Chapter three would contain the methodology which comprises of the target population and sample size, sampling procedure, research design, research instruments, sources of data collection, models used in data analysis and data collection. Chapter four (4) presents the data analysis and discussion of results linked to literature. Data collected would be analyzed and interpretations would be made using tables and figures. Chapter five would also present the summary of findings with conclusion and recommendations

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter looks at various knowledge exhibited and produced by persons and authorities related to the subject under study. Literature review discusses or treats some ideas already in books, journals or websites that throw lights on the topic under research. An attempt is also made to examine carefully some time-tested procedures and the conditions under which internally generated revenue mobilization may be implemented effectively.

2.2 Profile of Accra Metropolitan Assembly (AMA)

The Accra Metropolitan Assembly (AMA) is one of the Two Hundred and Fifty-Four (254) Metropolitan, Metropolitan and District Assemblies (MMDAs) in Ghana and among the Twenty-Six (26) MMDAs in the Greater Accra Region. It was established in 1898 but has gone through several changes in terms of name, size, and number of Sub-Metros. When Ghana returned to constitutional rule in 1993, it derived its legal basis from Local Government Act, 1993, (Act 462) which currently has been amended as the Local Governance Act, 2016 (ACT 936), and under Legislative Instrument (L.I) 2034. According to the 2010 Population and Housing Census, the total population of the Metropolis was 1,665,086 with females constituting 51.9 percent while males formed 48.1 percent. Using the Greater Accra Population growth rate of 3.1%, the 2018 population of Accra is estimated at 2,036,889. Accra has a daily influx of more than 2million people who commute to the City for various socio-economic activities. It is therefore estimated that Accra has a daily population of about 4million which comprises of both residents and visitors. Accra covers an area of about 137sqkm. The Assembly currently is made up of six (6) Sub-Metros as follows;

Ablekuma South, Ablekuma Central, Ayawaso Central, Okaikoi South, Osu Klottey and Ashiedu Keteke. The Assembly is also made up of six (6) Constituencies.

2.2.1 Administrative Structure

The Assembly has sixteen (16) Departments and other Units with Heads of Departments who all report directly to the Metro Coordinating Director (MCD) and ultimately to the Metro Chief Executive (Mayor). The General Assembly meetings are presided over by the Presiding Member (PM). The General Assembly has a Membership of 55 comprising of 41 Elected Members, 14 Government Appointees, 6 Members of Parliament and the Metro Chief Executive who also chairs the Executive Committee. In the performance of its functions, the Accra Metropolitan Assembly works through 14 Sub-Committees. These Sub-Committees perform deliberative functions and submit recommendations to the Executive committee for further deliberation and then to the General Assembly for final decisions and implementation. The Fourteen (14) Sub-Committees include; Social Services, Finance & Administration, Development Planning, Revenue Mobilization, Justice & Security, Education, Works, Environment, Youth & Sports, Culture & Trade Tourism and Industry, Disaster Management, Food & Agriculture, Health, Women & Children.

2.2.2 Core Functions

Section 12 (3) of Local Governance Act, 2016 (ACT 936) which establishes the Assembly also mandates it to perform among other functions;

- Be responsible for the overall development of the district;
- Formulate and execute plans, programmes, and strategies for the effective mobilization of the resources necessary for the overall development of the district;

- Promote and support productive activity and social development in the district and remove any obstacles to initiative and development;
- Sponsor the education of students from the district to fill particular manpower needs of the district especially in the social sectors of education and health, making sure that the sponsorship is fairly and equitably balanced between male and female students;
- Initiate programmes for the development of basic infrastructure and provide metropolitan works and services in the district;
- Be responsible for the development, improvement, and management of human settlements and the environment in the district;
- In co-operation with the appropriate national and local security agencies, be responsible for the maintenance of security and public safety in the district;
- Ensure ready access to courts in the district for the promotion of justice;
- Act to preserve and promote the cultural heritage within the district
- Initiate, sponsor or carry out studies that may be necessary for the discharge of any of the duties conferred by this Act or any other enactment; and
- Perform any other functions that may be provided under another enactment.

According to Act 462, (1993), the primary objectives of decentralization and therefore the establishment of MMDAs are to:

- Transfer real power to local people to enable them to handle local priorities;
- Create a democratic environment and institutions in Ghana for governance and development at the local level, which facilitate the participation of the grassroots in decision making;

- Improve accountability and effectiveness by bringing political and administrative controls over services to the communities where they are delivered;
- Empower local communities and local officials and to free them from constraints imposed by the central government.
- Provide a clear link between payment of taxes and service provision;
- Empower District Assemblies to plan, budget, finance and provide services to their residents;
- Mobilize the mass of the people in the area for socio-economic development at the local level.

2.2.3 Metropolitan Decentralized Department

The new Local Government system mandates Assemblies to establish departments to perform functions, which were previously being performed by the Central Government. These are called Decentralized Departments and are responsible to the Assembly and provide technical advice to facilitate the deliberations of the Metropolitan Assembly, through the Metropolitan Coordinating Director, who is the bureaucratic head of the office of the Metropolitan Assembly.

2.2.4 Decentralization in Ghana

The history of decentralization in Ghana was traced back by Aryee (2000: 48) to the introduction of indirect rule by the British colonial authorities in 1878, lasting until 1951. During this period the colonial administration ruled indirectly through the native political institution (i.e. the chiefs), by constituting the chief and elders in a given district as the local authority, with powers “to establish treasuries, appoint staff and perform local government functions” (Nkrumah 2000: 55). Nkrumah (2000) also makes the interesting observation that, under indirect rule, downward

accountability of chiefs to the people were replaced by upward accountability to the colonial authorities: “the democratic ideals underlying chieftaincy in Ghana, which made chiefs accountable to their peoples, began to suffer as the recognition by the central government were more crucial to the chief than the support of his people” Thus, there are some echoes here, as well as obvious differences, with relations in the contemporary period between central and local government in Ghana, dispelling any lingering notions of a necessary association between decentralization and democracy, and confirming how decentralization can be used as a political mechanism by ruling political elites to reinforce their control. In the post-independence period from 1957 onwards, local government was generally weak and subject to the centralization of power that was typical of the post-colonial state in Africa (Tordoff, 1997). Attempts at decentralization reforms were introduced at different times, for instance in 1974 under the military regime of Lt. Col. Acheampong, generally characterized by deconcentrating, and aimed at strengthening central government control at the local level (Nkrumah 2000: 58). A historical aspect was the decentralization reforms introduced in the early period of Rawlings’ populist military rule (1981-92). In 1983, Rawlings’ PNDC Government announced a policy of administrative decentralization of central government ministries, alongside the creation of People’s Defence Committees (PDCs) in each town and village. The PDCs, made up of local PNDC activists as self-identified defenders of the „revolution“, effectively took over local government responsibilities, though often limited to mobilizing the implementation of local self-help projects (Nkrumah 2000:58), while the deconcentrated ministries played a more significant role. Aryee (2000: 49) notes that despite the PNDC’s populist rhetoric, its interest in decentralization reflected that of previous regimes that were, an interest in the administrative decentralization of the central government and not the devolution of political authority to the local level. To what extent have

motivations changed and decentralization becomes a genuine objective of contemporary decentralization efforts? Additionally, Ayee (2000: 49) perceives a key feature of local governance in the pre- 1988 period as a dual hierarchical structure in which central and local government institutions “operated in parallel”, but with encroachment at times by better-resourced central government on the roles and responsibilities of under-resourced local government. To what extent have such issues been resolved through subsequent decentralization reforms, or, alternatively, to what extent do such problems endure?

2.2.5 Units of the office of the Metropolitan Assembly

The Central Administration of the Office of the Metropolitan Assembly, which consists of a core secretariat of the Assembly is composed of the following: Finance and Administration, Internal Audit, Public Relations and Complaints Unit, Local Government Inspectorate, Budget Unit, Planning Unit, Environmental Health Unit, Urban Roads, Legal Department, Waste Management, Engineers Unit, and Procurement Unit.

2.2.6 Legal Framework

Ghana’s current programme of decentralization was initiated prior to the national democratic transition in the early 1990s. In 1988, the PNDC government introduced a major piece of legislative reform, the Local Government Law (PNDC Law 207). This created 110 designated districts within Ghana’s ten regions, with non-partisan District Assembly (DA) elections held initially in 1988/89 and subsequently every four years. In addition to the two-thirds of DA members elected on an individual, non-party basis, one-third was appointed by the central government, along with a chief executive for each district (Pinkney 1997: 79). The stated aim of the 1988 Local Government Law was “to promote popular participation and ownership of the

machinery of government by devolving power, competence and resource/means to the district level” (Map Consult 2002: 35). Interestingly, the language of “participation” and “ownership” anticipated the „donor speak“ of the 1990s, though it also had some resonance with the revolutionary rhetoric of popular participation of the earlier PNDC period. Quaye (2001: 36) suggests that this decentralization exercise was “largely introduced to satisfy donor demands”, but Aryee imputes different, self-serving motives. According to Aryee (2000), the real reason for the PNDC’s decentralization policy was an attempt to increase their legitimacy and simultaneously to rid themselves of political problems (Aryee 1994: 200-2, cited in Pinkney 1997: 80). The status of the District Assembly (DA) was clearly stated in the 1992 Constitution as “the highest political authority in the district, [with] deliberative, legislative and executive powers” [Article 24 i (3)].

The 170 Districts Assemblies are actually divided into three types of Metropolitan, Metropolitan and District Assemblies, depending on the size of the district. Those in the major cities and towns were called „Metropolitan Assemblies“ (three in number) and „Metropolitan DAs range in size from 54 to 130 members (USAID 2003: 9), with both elected (70%) and appointed (30%) members. Local elections are held every four years at approximately the mid-term point in the central government administration. The MPs are also entitled to participate in the Assembly, though in a non-voting capacity, while the District Chief Executive is an ex-officio member. District Assembly members elect a Presiding Member from amongst their number, responsible for the three to four general assembly’s held each year, during which the District Assembly acts as a district legislature. In between, the ongoing activities of the District Assembly take place in committee structures, of which the Executive Committee (EXECO) was the most significant, responsible for general policy and overall development planning. The EXECO was composed of one-third of the DA members and performs the main executive and administrative functions.

Under it are five statutory sub-committees (development planning; social services; works/technical infrastructure; justice and security; and finance and administration), with the EXECO able to create other ad hoc sub-committees as the need arises. All sub-committees report to the Assembly through the EXECO. The DCE, appointed by the President, is the chair of the EXECO, while the Presiding Member and district MPs are barred from its membership. Although this situation may be prompted by a notion of the separation of powers at the local level, the outcome was that an appointed representative of central government chairs the most powerful body at the district level, while the Assembly's own elected leader is excluded. The DAs were to assume control over the functions of 22 central government ministries and agencies, and the constitutional provision for the establishment of local government service was recalled (Article 240[2][d]). To date, however, the Local Government Civil Service Bill has not been enacted by Parliament (USAID 2003: 9), and the officials in the previously deconcentrated central government departments remain as members of the national civil service (USAID 2003: 5). These were partly explained as due to resistance by career civil servants to work for local government, arising from fears about the security of Assemblies (four in number), where districts have a population over 25,000 or over 95,000 respectively. The other 103 „District Assemblies“ cater for the less densely populated areas. Clearly, the failure to establish a local government service has adverse implications for local government autonomy and its ability to provide those services for which it is responsible. The powers and functions of District Assemblies have been addressed in detail in the next main section. One unusual feature of the DA system was a grievance and complaints procedure by which the local electorate can hold individual DA members and officers to account. Members of the district electorate can make a complaint about the conduct of a DA member or official, which was considered by a Public Relations and Complaints Committee, chaired by the

Presiding Member. If upheld, such complaints can lead to a district referendum, organized by the Electoral Commission, to decide whether the DA member should be recalled (i.e. stripped of his/her position). In addition, the Commission on Human Rights and Administrative Justice (CHRAJ) acts as an Ombudsman in relation to state personnel at both national and local levels.

2.3 Local Government Revenue

Local government revenue refers to funds collected and received by the MMDAs. The Accounting Manual for MMDAs (2011) defines revenue as the earnings of the Assembly within an accounting period. Revenue is recognized when cash or service associated with the transaction flow to the Assembly. For cash transactions, the revenue is recognized on receipt of payments. For other transactions, revenue is recognized when it is earned by law (i.e. non-tax revenues) or by contract (goods or services are supplied by the Assembly). The Local Government Act, 462 of 1993 provides that the District Assembly shall be the planning authority, responsible for the overall development of the district. All districts are therefore required to prepare District Medium Term Development Plans (DMTDP). These plans were linked to the Medium-Term Expenditure Framework (MTEF) as a public sector budgeting system. The district budgets show the policy intent of the local government authority and how to finance it. It serves as a tool for allocating financial resources for the implementation of the district plan and as such link to the achievement of the objective of the plan. Local Government finance provisions are defined in Article 245 and 252 of the 1992 Constitution and Section 34, Part VII and Part VIII of Act 462, MMDAs service delivery responsibilities were financed from three main sources namely: internally generated funds, transfers from central government and donor support. The traditional theory of fiscal federalism prescribes a very limited tax base for subnational governments. The only „good“ local taxes are said to be those that:

- Are easy to administer locally.
- Are imposed solely on the local residence.
- Do not raise problems of “harmonization” or “competition” among subnational governments or between subnational and national government.

In most developing economies, the only major revenue source usually seen as passing these stringent tests was the property tax and perhaps a secondary role for user fees. This conclusion fits in well with the reluctance of most central governments to provide subnational government access to more lucrative sales or income taxes. Subnational governments almost everywhere are thus urged to make more use of property tax and criticized when they do not so enthusiastically.

Good subnational taxes should in principle satisfy two main criteria. First, they should provide sufficient revenue for the richest subnational units to be essentially fiscally autonomous. Second, they should clearly impose fiscal responsibility on subnational governments. The simplest and probably best way to achieve this goal was by allowing those governments to establish their own tax rates with respect to at least some major taxes. Several factors in a city’s political, administrative, cultural, social and economic history can affect the relationship of local government and the citizenry, and hence its ability to generate revenues and administer services. These include the legal and policy framework and socio-cultural traditions that indicate preferences or priorities and ability to pay.

Another important factor that must be highlighted is administrative systems, capacity, and credibility of local authorities. The local government framework enables revenue mobilization locally to happen. The critical issue was that the legal and policy framework ensures and provides the local government the authority to mobilize and manage their revenue, and realigns the political

and institutional framework at local and national levels to support this. The basic financial pillars of the system of decentralization identified include the following (FOAT / DDF Training Guide, 2011):

- Establishing a central – local grant systems – this recognizes that local authorities need additional financial resources to carry out their existing and expected future responsibilities.
- Mobilizing local revenues – this involves effective mobilizing of existing sources of local revenues, from business licenses and service fees and rents to the local government as well as property tax.
- Improving local financial management systems – this involves strengthening the ability of local governments to more effectively manage their revenues, expenditures and budget execution. In the long run, effective management capacity for local government has to be created, strengthened and maintained for sustainability purposes.

Politically, other processes may need to be determined before improvements in tax revenue can be made such as the clear definition of roles and responsibilities of relevant sub-districts, district, regional and other local government structures and offices. For example, local government leadership has to be properly constituted or elected and fiscal and administrative relationships between the central, regional and local government need to be specified. Socio-cultural traditions in a metropolitan affect the sense of empowerment and inclusion of local peoples. The sense of participation can also galvanize the citizenry to actively contribute with high compliance levels in local taxes and fees and, in some cases, partnerships and volunteerism to achieve local goals. The administrative capacity and credibility of local government to provide effective services, often

determines whether local citizenry will support tax efforts. This includes the system and human capacity to develop and manage public resources, to work in a more open and transparent environment and to encourage and enforce compliance. A favorable policy environment, therefore, enables and supports local government ability to develop and implement a strategy for revenue generation through business licenses and property taxes. If this does not exist, then efforts must be directed to create and maintain such an environment that will support effective implementation and enforcement. These include a well-designed administrative system for revenue management, developing the tax base, valuation/classification, rating, assessment and billing, collection and enforcement.

2.2.0 The definition and concept of public revenue

The Oxford Advanced Learner's Dictionary defines public revenue as the money that a government receives from taxes and other sources. In simple terms, Revenue is income that a company receives from its normal business activities, usually from the sale of goods and services to customers. In many countries, such as the United Kingdom, revenue is referred to as turnover. Some companies receive revenue from interest, dividends or royalties paid to them by other companies (Carcello, 2008). Revenue may refer to business income in general, or it may refer to the amount, in a monetary unit, received during a period of time. Profits or net income generally imply total revenue minus total expenses in a given period. In accounting, revenue is often referred to as the "top line" due to its position on the income statement at the very top.

2.2.1 Revenue - Non-profit Organizations

The US Department of the Treasury (2006) states that for non-profit organizations, annual revenue may be referred to as gross receipts. This revenue includes donations from individuals and

corporations, support from government agencies, income from activities related to the organization's mission, and income from fundraising activities, membership dues, and financial investments such as stock shares in companies.

2.2.2 Government Revenue

The Australian Government Central Government revenue includes gross proceeds from taxes levied on companies and individuals, excise duties, customs duties, other taxes, sales of goods and services, dividends and interest received. In general usage, revenue is income received by an organization in the form of cash or cash equivalents. Sales revenue is income received from selling goods or services over a period of time. Tax revenue is income that a government receives from taxpayers. In more formal usage, revenue is a calculation or estimation of periodic income based on a particular standard accounting practice or the rules established by a government or government agency. Corporations that offer shares for sale to the public are usually required by law to report revenue based on generally accepted accounting principles or International Financial Reporting Standards. Source. (<http://www.budget.gov.au/>) dated 16th April 2011. Local government revenue, on the other hand, is mainly user fees and charges, property tax, revenue from specific trade, etc. accruing at the local level. Revenue mobilization is the act of marshaling, assembling, and organizing financial contributions from all incomes accruing from identifiable sources in an economic setting.

2.2.3 Importance of local revenue to local governments

Ziria, (2008) outlines the importance of local revenue to Local Governments as follows: financing administration costs (e.g. in Uganda councilors 'emoluments and employee Costs); financing maintenance costs and thus promoting ownership of projects; permits collection of localized and

low yielding revenues; guarantees sustainability of service delivery and autonomy of local governments; regulates businesses and provides important infrastructure and services such as markets and public conveniences at a charge; and reduces pressure on central governments and reliance on donors.

2.2.4 Revenue Instruments for Local Governments

Olowu and Wunsch, (2003) state that a sound revenue system for local governments is an essential pre-condition for the success of fiscal decentralization. Shahs (1998), as well as Oates (1998), adding that local revenue mobilization has the potential to foster political and administrative accountability by the empowering communities. However, prescriptions deriving from the theory and from good international practice impose huge constraints on the choice of revenue instruments for local governments. Bahl et al (2003) classify local government revenue into two main categories for local authorities in Africa: These are internally generated funds which include taxes, user fees, and various licenses and transfers from the central or regional levels, usually in the form of grants and revenue sharing. In some countries, metropolis districts and other local authorities are allowed to borrow money for capital investments in infrastructure. In Ghana, the laws make a purchase of equity shares by local government authorities illegal.

2.2.5 Types of Local Government Revenue

The operations and functions of the assembly depend on the availability of revenue. Plans, sectoral activities and development activities in the district are financed from the revenue collected from different sources. The revenue is used among others to facilitate the execution of development projects, pay allowances and other incidental expenses for employees of the assembly, pay

assembly members' sitting allowance, exgratia awards and others and facilitates the funding of operational and maintenance cost of MMDAs in the country (MMDA Manual,2010). The main sources of District Assemblies revenue are:

- Appropriation from Government.
- Retained Internally Generated Fund and
- Grants and Donor Funding.

2.2.6 District Assemblies Non-Tax Revenue (NTR)

The Assembly generates NTR from many sources including revenues generated by rendering services and providing goods to the general public. NTRs are revenues other than tax revenue generated through:

- The operation of law (for example, property rates, penalties, licenses, etc.).
- Services and/or goods provided by the assembly (school fees, hospital fees, and proceeds from the sale of authorized items).

The Assembly was permitted by an Act of Parliament to retain and utilize a percentage of their NTR. The proportion of NTR retained by the Assembly was what was referred to as Internally Generated Fund (IGF). Revenue collection from internal sources is important for a number of reasons. In the first place, IGFs reduce pressure on the Central Government and reliance on donations. It also sustains service delivery and autonomy of Local Government and lastly, it was used for regulating business establishment in Assemblies. The sources of local revenue differ from one local government to the other. However, the Local Government Act, 1993 (Act 462) requires every Assembly to maintain a detailed list of its internal revenue sources and in addition keep

relevant information on total potential collectible revenues. The traditional sources of MMDAs revenue items as listed on Schedule Six of Act 462 are basic rates, special rates, property rates, fees and charges, license fees, trading services, rent, and investment income.

2.2.7 Revenue Mobilization and Procedures

The decentralization programme devolves revenue and expenditure responsibilities to the local authority. The districts thus adopt a number of techniques to support them in mobilizing as much revenue as possible. There are two main categories of revenue collected by the Assemblies. These are Grants or funds from the Central Government and revenue generated by the Assembly itself in the forms of fees and rates. The Head of the Assembly is charged with the responsibility of generating and collecting internal revenue for the Assembly's operations. All such revenues collected are deposited into the Assemblies designated Bank Accounts (Accounting Manual, 2011). Revenue collection in the Assemblies consists of the appointment of commission rate collectors who collect rates on behalf of the Assembly and the Assembly's own staff. Before the revenue collectors start the collection for the assigned area, they are issued the following items: a ledger, a daily report book, and identification card. In the discharge of their duties, the following procedures are observed for the collection of revenue: the appropriate serial numbers of rateable persons are checked, appropriate ledger sheet used, and after collection is done, the collector returns the ledger together with the daily report, collections and identification card to the senior collector. The senior collector then, checks each of the amount collected to the ledger to see whether the correct amount has been collected. S/he then reviews the daily reports sheet for details of not available ratepayers, defaulters, and other relevant matters that are indicated in the ledger. Finally, the revenue head carries out a final check of all ledger books and pass them to the

appropriate progress sheet for subsequent forwarding to the finance officer and update of his register (MMDA Manual, 2010).

2.2.8 Revenue Mobilization and Procedures

The decentralization programme devolves revenue and expenditure responsibilities to the local authority. The districts thus adopt a number of techniques to support them in mobilizing as much revenue as possible. There are two main categories of revenue collected by the Assemblies. These are Grants or funds from the Central Government and revenue generated by the Assembly itself in the forms of fees and rates. The Head of the Assembly is charged with the responsibility of generating and collecting internal revenue for the Assembly's operations. All such revenues collected are deposited into the Assemblies designated Bank Accounts (Accounting Manual, 2011). Revenue collection in the Assemblies consists of the appointment of commission rate collectors who collect rates on behalf of the Assembly and the Assembly's own staff. Before the revenue collectors start the collection for the assigned area, they are issued the following items: a ledger, a daily report book, and identification card. In the discharge of their duties, the following procedures are observed for the collection of revenue: the appropriate serial numbers of ratable persons are checked, appropriate ledger sheet used, and after collection is done, the collector returns the ledger together with the daily report, collections and identification card to the senior collector. The senior collector then, checks each of the amount collected to the ledger to see whether the correct amount has been collected. S/he then reviews the daily reports sheet for details of not available ratepayers, defaulters, and other relevant matters that are indicated in the ledger.

Finally, the revenue head carries out a final check of all ledger books and pass them to the appropriate progress sheet for subsequent forwarding to the finance officer and update of his register (MMDA Manual, 2010).

2.2.9 General Considerations in Revenue Mobilization

The following criteria are important considerations that the Assemblies factor in deciding on revenue sources in their area of operation. One, the adequacy of the revenue source should be considered. The identified revenue source should be capable of yielding substantial revenues. This was because small revenue sources are expensive in terms of expenditure on collection and effort (FOAT/DDF Training, 2010). Next is the elasticity of the revenue source. The identified revenue sources should be capable of yielding additional revenues to respond to the increasing demand for services from the community over time. Further, equity and administrative capacity of the source are considered. Taxes charged by the Assemblies should be based on fairness and the ability of each taxpayer to pay. Also, the cost, effort and time involved in administering a particular revenue source should not be more than the revenues collected. Other factors to consider in deciding on a revenue source are the political acceptability of the revenue source, the economic impact on the propensity of taxpayers to work, save, consume or invest and the tax base coverage.

2.3.0 Reasons for low Revenue Mobilization – The Malawian experience

Schroeder et al (1998) reveal the following as reasons responsible for poor revenue mobilization in the Malawian local authorities.

A. Weak Administration.

In general, the revenue base information is incomplete, collections are low, and enforcement is virtually non-existent. Although policy can be fine-tuned, the primary obstacle to successful local revenue mobilization is weak administration. Weak administration, combined with a lack of political will for enforcement, generates a low level of local revenue mobilization performance. There is general agreement that the local assemblies have substantial potential for enhancing local revenues—especially from business licenses and property rates (Schroeder, et al., 1998).

B. Collection and Enforcement

Local revenue collection rates in Malawi are low—estimated to range between 20-50 percent. This is only an estimate since statistics on actual collection rates are difficult to identify since information on actual revenue collections is difficult to assemble and is usually compared based on tax collection targets not on billed liabilities or potential revenues. To date, local assemblies rely mostly on individual persuasion to mobilize revenues—rather than utilizing the various enforcement mechanisms available through the Local Government Act. According to Kelly et al (2001), lack of collection ability and enforcement can be attributed to several factors such as:

C. Lack of apparent political will.

Mobilizing political will requires education and incentives to those involved in the revenue mobilization effort.

D. Poor local facilities

The taxpayer must be convinced to pay the tax through receiving improved local services and perceiving that the taxes and fees are being administered fairly. The first priority must, therefore,

be to improve service delivery—since people are always more willing to pay taxes and fees if in return they receive some tangible benefits or services.

E. Lack of education on tax responsibility

As with all taxes, attention should also be given to educating the taxpayer on the rationale, procedures, obligations, and responsibilities related to the business licenses and property tax. Having the ability to link revenue collections to improved service delivery, and a better-educated taxpayer population will enhance compliance. Mobilizing the community through enhanced participatory budgeting and civic participation will engage the citizens and also facilitate enhanced revenue collection.

F. Tax Base Coverage

Kelly et al (ibid) conclude that the coverage ratio of the local government revenue registries seems to be quite low resulting from non-existent, incomplete and or outdated information on the taxable objects, properties, and businesses. Local business license registers contain only information on those few smaller businesses being licenses issued by Assemblies. Information on any larger businesses is contained in the business register at the Ministry of Industry and Commerce (Malawi). The property tax registers are also in various levels of completeness. Within the district assemblies, property tax registers do not exist and must be created for the first time. In the previously rate-able areas, the property tax registers may be incomplete and out of date.

G. Property Valuation and Classification

Using the information from the registers, Kelly et al say that the tax administration must classify the tax object correctly for a unit tax assessment such as a license fee system or it should be valued correctly for an ad valorem tax assessment such as a typical property tax system. To them, accurate

business classification for tax assessment depends on having sufficient and unambiguous information on the business characteristics needed by the staff to correctly classify the businesses, trained staff who can classify correctly and consistently, proper supervision and oversight for quality control, and an appeal process to deal with cases of misclassification.

Accurate property valuations similarly depend on:

- Having good descriptive physical property information which can be linked to market data or indicative valuation measures to ascertain the relative property value.
- Trained and knowledgeable staff who can use this information to determine the relative valuation of the property.
- Proper supervision and oversight for quality control and an appeals process to deal with cases of mistakes in valuation.

Kelly et al argue that both the classification and valuation accuracies affect the revenue potential, equity, efficiency, administrative feasibility, and political acceptability. Generally speaking, business classification is quite straight forward. It is based on objective descriptive information such as a type of business and its size.

2.3.1 Reforming local government internal generated funds (IGFs)

Fjeldstad et al (2000) posit that a widely found characteristic of local authority IGF systems in Africa is the huge number of revenue instruments used for revenue mobilization. In many countries, 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. Bardhan and Mookherjee, (2002) argue that a complicated and

non-transparent local government revenue system is costly to administer and it 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. Despite the many comprehensive central government tax reforms during the last decade, local government revenue systems in Sub-Saharan Africa have remained largely unchanged until recently. Generally, a fundamental requirement when redesigning local revenue systems is greater emphasis on the cost-effectiveness of revenue collection, taking into account not only the direct costs of revenue administration but also the overall costs to the economy, including the compliance costs to taxpayers. In addition, losses through corruption and evasion need to be reduced. Clearly, improved revenue administration cannot compensate for bad revenue design. Thus, reforming the revenue structure should precede the reform of revenue administration since there is not much merit in making a bad revenue system work somewhat better. Fjeldstad, (2001). Recently, Tanzania conducted a comprehensive reform of its local government revenue system. The main elements of this reform were; abolition of unsatisfactory local revenue instruments, which were costly to collect from administrative and political perspectives and improvements to remaining revenue bases by simplifying rate structures and collection procedures. The Tanzanian reform demonstrates that radical changes of the local government revenue system are possible, although it is too early to assess the longer-term impacts of this reform on local government revenues.

2.3.2 Strengths and weaknesses of major local government IGF instruments

As noted above, the local own revenue ‘systems across Africa are often characterized by a huge number of revenue instruments. However, the main sources of own revenues ‘in urban councils are usually property rates, business licenses, and various uses charges, often in the form of

surcharges for services provided by or on behalf of the metropolitan. 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, p. 20), 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). However, international evidence shows that when well administered, these revenue instruments can provide substantial and reliable revenues for urban metropolitans.

2.3.3 Property tax

Property tax is a major source of revenue in several urban councils (Mikesell, 2002). In the 1990s, property taxes accounted for 40 percent of all sub-national taxes in developing countries (Bird and Slack, 2002, p. 6), but less in many African countries; for instance 10–30 per cent in urban councils in Tanzania (Fjeldstad et al., 2004), and around 20 per cent in South Africa (Bahl and Smoke, 2003). It also has the potential to become an important revenue source in semi urbanized centers in district councils. Textbooks on revenue assignments between various levels of government argue that few fiscally significant taxes are more appropriate to local administration than property tax. This is due to the fact that 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 no distortion and highly efficient fiscal tool. Property tax can be administrated by both local and central governments. When local governments administer the tax, they are responsible for maintaining property ownership records, determining taxable property values, calculating and distributing property tax bills, managing receipt payment, and applying tax enforcement against

non-payers (Mikesell, 2002, p. 22). In other cases, local governments have a say in the choice of the tax rate, while all parts of the administration of the tax are performed by the national revenue authority. In some countries, including Malawi, property valuation is done by the central government, while local authorities set rates and handle collection (Mikesell, 2002, p. 28).

2.3.1 Business licenses

Local business taxes are generally levied in one of two ways (Devas and Kelly, 2001, p. 384): either as a fixed amount, which usually varies by type, size, or location of the business or 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 too 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. According to Devas and Kelly (ibid) in Francophone Africa, local governments levy a tax called the *Patente*, was originally based on the French Taxe Professionnelle. In Cote D'Ivoire, the *Patente* was the largest single local revenue source in the 1990s, financing about 17 percent of the local government budget, and more in the capital Abidjan. The calculation of this tax, however, is quite complex, involving the value of the premises, a number of employees, turnover, machinery employed, installed energy capacity, and other size proxies. Moreover, within this formula, the rental value of premises is by far the largest factor, so that the tax starts to resemble a property tax. As pointed out by Devas and Kelly, in Anglophone Africa, the standard mechanisms for mobilizing revenues from businesses have been through licensing. Although the original intent was regulatory, local business licensing has increasingly become simply a revenue source in most places. Typically, business licenses generate between 5 percent and 30 percent of

local government own revenues in urban councils. In many Anglophone countries, however, the system has been quite unsatisfactory, often quite inequitable. It has imposed huge costs on businesses while generating relatively little money. A common complaint from Small and Medium-sized Enterprises in most African countries 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. 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 the closure of the premises. Consequently, the system is often riddled with rent-seeking and corruption. Anjou-Bonjean and Chambas, 2003) state that poor administration often means that many businesses are not included in the license system due to lack of proper business registers. 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. According to Devas and Kelly (2001), these include; high compliance costs to businesses, due to multiple licensing and complex procedures, tariff structures that are complicated and do not reflect the 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.

2.3.2 User fees – linking payment and service delivery

Bahl et al (2003) argue that taxes are not the best mechanism for matching demand and supply of public services. Better links can be achieved through cost-recovery charging

systems, which tie the amount paid directly to the amount consumed. Moreover, many African countries have a long tradition of providing basic public services through self-help activities and religious and other locally-based organizations, as well as through institutionalized, long-term relationships between state agencies and organized groups of citizens as co-production. By providing a more direct link between citizens' contributions and service delivery, such mechanisms may become effective means to recover the costs of service provision and to promote efficiency in the consumption of the service. Most observers like Bahl et al (ibid) argue that user fees should play a prominent role in local government finance. Fjeldstad et al (2005) say that the main economic rationale for user charges is not to produce revenue, but to encourage the efficient use of resources within the public sector. In the view of these authorities 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 what the public sector suppliers 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. McDonald and Pape, (2002) present experiences from several countries, including Namibia and South Africa, to 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. Adjustments according to Rondinelli et al (1989) 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, although this will require adequate administrative capacity. Bahl and Smoke, (2003) make the case that user charges for trading services ' , including water, electricity, sewage, and solid waste removal are major sources of revenue in urban

metropolitan cities in Southern Africa, especially in Namibia and South Africa. 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 (ibid), 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 metropolitan cities a substantial surplus is left for general local government purposes. Hence, the tax component of the user fee is hidden for ratepayers. The true level of local government taxation, therefore, is not transparent for citizens. The accountability of the local revenue system is therefore undermined. Moreover, since the consumer price of the service, for example, electricity is overstated by the amount of the implicit tax, this may have a negative impact on economic efficiency. Fjeldstad et al (ibid) mention that in Namibia, the majority of town councils are not determining their tariffs in accordance with an approved tariff policy of cost recovery. Hence, several trading services, including water distribution, are operated with significant losses in a number of local authorities. (Bahl and Smoke, (ibid) confirm this by saying that occurs in metropolitan cities in South Africa. The situation is worsened by an increasing number of outstanding debtors in many local authorities, that is, consumers who do not pay for basic services due to various reasons, including affordability. (Bahl and Smoke, (ibid) bring experiences from South Africa and Namibia to show that obviously there are a number of constraints on user charges and other means of cost recovery. These arise from equity considerations, that is, ability to pay, collection and billing methods, the quality of the services provided, and persistent resistance to paying. These lessons point to the fact

that dealing with the policy problem of revenue enhancement in local authorities requires some understanding of the factors underlying the individual 's decision whether to pay or evade paying service charges and taxes. Slemrod, (2003), highlights an increasing amount of evidence that suggests that the rate of contribution to payment of rates, taxes, etc. for the public good is affected by factors such as citizens trust in others and the trustworthiness of the local government to deliver quality and timely services. Without trust, there is little basis for social co-operation and voluntary compliance with laws and regulations regarding the payment of rates, taxes, etc. In particular, three dimensions of trust seem to affect citizen compliance with payment regulations and bye-laws:

- Trust in the local government to use revenues to provide expected services,
- Trust in local governments to establish fair procedures for revenue collection.
- Trust in other citizens to pay their taxes and rates etc.

The larger the fraction of the local population that is observed not paying the right taxes, the lower the perceived risk of being prosecuted is. This impacts on the individual ratepayer's perception of the credibility and trustworthiness of the revenue administration. Moreover, the attitude of local political leaders with respect to the collection of revenue seems to be important. For example, they have to legitimize non-payment through their own behavior. The problems of non-payment should, therefore, be attacked on several fronts, including service delivery, better administration and payment schemes, and community involvement.

2.3.3 Implications for policy

Bahl and Smoke (ibid) state that one major administrative problem today for several urban councils in Africa is their inability to collect fully the revenue due to them. In many metropolitan cities, there are huge gaps between actual and projected revenues. This is due

to poor administrative capacity to assess the revenue base, poor administrative capacity to enforce the payment of taxes, explicit and intentional tax evasion and resistance from taxpayers, corruption, including embezzlement of revenues by revenue collectors, external pressure on the local finance department to provide optimistic projections in their budgets, and political pressure on the local tax administration to relax on revenue collection, especially during election periods. According to Bahl and Smoke (ibid), fundamental issues to be addressed in the context of local government fiscal reforms are to redesign the current revenue structure and to strengthen financial management. Moreover, measures are required to enhance taxpayers' compliance with bye-laws and to improve the accountability of revenue collectors and elected councilors. This, however, cannot be achieved without substantial and consistent political support from the central government. Bahl and Smoke (ibid) suggest that intensified public education and improved information supplied to the public on budgets, revenue mobilization and accounts may improve the opportunities for citizens to exercise their voice and demand accountability from local authorities.

2.4 Problems of Local Governments Tax Mobilization in Nigeria.

Adedokun, (2007) has identified the following problems that inhibited local government tax mobilization in Nigeria.

2.4.1 Shortage of trained personnel.

Shortage of well trained and qualified personnel which are supposed to serve as a tool for the collection of taxes and rates at the local level, even the few available are not properly trained in efficient budgetary and financial management systems. Also, most of the local governments are short staffed to carry out their duties.

2.4.2 Lack of capacity to attract and retain personnel.

Local governments lack the capacity to attract and retain the right caliber of staff to articulate plans and execute programmes and projects in order to transform the lives of the grassroots people.

2.4.3 The dependence syndrome.

Despite the fact that there are constitutional provisions for statutory allocations and internally generated revenues, local governments are tightly controlled and subordinated by state governors through sundry mechanisms, including manipulation of the disbursement of financial transfers to them. Local governments in Nigeria mobilize their funds solely from external sources. The external sources include federal and state governments financial transfers like grants, statutory allocations, share of Value Added Tax (VAT), receipts and loans. These external sources introduce a dependency syndrome in local government revenue mobilization effort. Any setbacks from the external sources have adverse effect on the administrative machinery and execution of some local government viable projects. This also has weakened their internal revenue mobilization capacity.

2.4.4 State control over local Government budget.

Another constraint that is imposed on local government revenue mobilization capacity is state control over local government budget, which is made to pass through many levels of approval in the hands of the state or central government. Even after approval, post-budget controls still impose further restrictions on what local governments can do. The delay in the passage of the annual budget for local governments poses a great problem in the sense that budget sometimes takes 3 months before approval. Invariably, this will cause a delay in execution of local government functions including payment of the staff salaries and hinder

infrastructural facilities to be put in place. In 1996, some newly elected Chairmen of Local Governments in Nigeria condemned in its entirety the horizontal sharing formula of the local government's allocation from the federation account which was equality (40 per cent) population (30 per cent), landmass/terrain (10 per cent) social development factor (10 per cent) and internally generated revenue (10 percent). This formula will continue to yield less revenue for many local governments especially when more local governments are created.

2.4.5 Corruption.

In addition, the insincerity of council staff on field assignment poses a greater problem because most of them usually divert collected council fund for their personal usage thereby denying the council of the needed funds for its operations. Some local governments Chairmen deposited locally Government 's subventions into savings and loans companies in which the local governments had no account. Some local governments see this as an avenue to divert council 's funds for personal use.

2.5 Factors that affect low revenue

Accordingg to Aryee (2003) factors that account for low revenue mobilization in MMDAs include the following: poor administrative capacity to assess the revenue base and enforce the payment of taxes, explicit and intentional tax evasion and resistance from taxpayers, corruption, including embezzlement of revenues by revenue collectors, external pressure on the local finance department to provide optimistic projections in their budgets, political pressure on the local tax administration to relax on revenue collection especially during election periods, and poor budget formulation and implementation.

2.6 Strategies for effective IGFs

To generate enough IGFs, Korkor (2003) suggests the following strategies to MMDAs;

- Public education on payment of rates, fees, licenses, etc by corporate bodies, traders, property owners, etc.
- Revaluation of immovable properties to reflect the true earn values of such properties.
- Introduction of new business operating permits.
- Engagement of private revenue collectors.
- Use of task force and the police to enforce payment of fees, licenses, etc.

2.7 Purchase of equity shares by local government authorities through statutory guidance by some developed countries are:

1. Specified Investments.

- The investment is denominated in the countries required currency and any payments or repayments in the respect of the investment are payable only in this currency.
- The investment is not a long-term investment. This means that the local authority has a contractual right to repayment within 12 months, either because that is the expiry term of the investment or through a no conditional option.
- The investment is made with a body or in an investment scheme described as high quality (institutions certified by BoG).

2. Loans.

- A local authority may choose to make loans to local enterprises, local charities, wholly-owned companies, and joint ventures as part of a wider strategy for local economic growth even though those loans may not all be seen as prudent if adopting a narrow definition of prioritizing security and liquidity.

- Local authorities can make such loans whilst continuing to have regard to this guidance if they can demonstrate in their Strategy that; total financial exposure to these type of loans is proportionate; they have used an allowed “expected credit loss” model for loans and receivables as set out in International Financial Reporting Standard (IFRS) 9 Financial Instruments as adopted by proper practices to measure the credit risk of their loan portfolio, and they have appropriate credit control arrangements to recover overdue repayments in place and the local authority has formally agreed on the total level of loans by type that it is willing to make and their total loan book is within their self-assessed limit.

3. Other Non-specified investments.

A non-specified investment is any financial investment that is not a loan and does not meet the criteria to be treated as a specified investment. For non-specified investments (i.e. those not meeting the criteria of a specified investment), the Strategy should:

- Set out procedures for determining which categories of investments may be prudently used.
- Identify which categories of investments have been defined as suitable for use.
- State the upper limits for the maximum amounts both individually and cumulatively that may be held in each identified category and for the overall amount held in non-specified investments and confirm that investments made have remained within those limits.

CHAPTER 3

METHODOLOGY

3.1 Introduction

The research methodology employed for the purpose of this research comprises of basic methods and techniques required in gathering data. The method includes the design of the study, sampling, sample area and size, method or instrument and models used for data analysis

3.2 Research Design

Research design is a blueprint for conducting a study with maximum controls over factors that may interfere with the validity of findings (Burns and Groove 2003). According to Parahoo, (1997) a research design is a plan that describes how ,when and where data are to be collected and analyzed the research design determines what study is needed in answering the research questions.. the work is designed to be explanatory hence this long essay is geared towards ensuring that relevant strategies are captured for revenue mobilization hence the study adopted a descriptive design with a focus on assessing the effectiveness of the revenue mobilization system at Accra Metropolitan Assembly (AMA). There are two approaches to a descriptive research design that is, qualitative and quantitative. Quantitative research involves the collection of data so that information can be quantified and subjected to statistical treatment in order to support a refute “alternate knowledge claims” (Cresswell 2003). Holloway and Wheeler (2002) define qualitative research as a form of social inquiry that focuses on interpret and makes sense of their experience and the world in which they live. Qualitative research s also describes as an unfolding model that occurs in a natural setting which enables the researcher to develop a high level of detail from high involvement in the actual experiences Cresswell (1994). Both qualitative and quantitative was used for the research.

3.3 Research Population

The target population of the study consist of all residents of the metropolis especially business entities, traders, transport operators, land and property owners, revenue collectors, management and staff of AMA and Assembly members. The Finance and Administration Committee members, the Presiding Member and Assembly members, as well as Unit committee, Zonal Council and Area Council members in the various sub-metropolitan Assemblies, are important segments of the research population. Staff of the Budget Office, Metropolitan Finance Office and Internal Audit Unit were a vital part of the research population.

3.4 Respondent

Respondents were selected from the various target groups within the research population.

Judgment sampling technique was used to select respondents because the actual size of the research population could not be determined. However, the respondents selected were true representatives of the population and their responses to questionnaires as well as the information received from them through interviews, discussions, and conversations represented those of the entire population.

TABLE 3. 1: CLASSIFICATION OF RESPONDENTS

TARGET GROUP	NUMBERS
Clerical Staff	5
Supervisory	8
Top Management/Unit Heads	5
Petty Traders	30
Business Operators/Owners	20
Land and Property Owners	12
TOTAL	80

3.5 Sources of data collection

Data were collected from primary and secondary sources the primary sources were questionnaires and interviews and the secondary sources included journals, publications from AMA, the internet, textbooks, and articles.

3.6 Research Instruments

The study required intricate information which was acquired using two main sources of data acquisition made up of primary and secondary sources. The primary sources of information were obtained by one on one interview with individual sample members on the field through questionnaires for accurate information concerning the study. Straight forward questionnaires were administered and the views of these were taken on-site. The questionnaires included both closed and open-ended question were divided into two sections thus section A which centered on Strategies and enforcement. And section B focusing on suggestions.

3.6.1 Interviews

One on one interviews with experts in the local government was conducted to obtain relevant and accurate information in due regard. On the other hand secondary data were obtained from research journals, articles and other publications from the internet and from the local government concerning the subject.

3.7 Sample and Sampling Techniques

Two separate sample methods were used to select respondents who are staff and valued clients of the AMA. The major sampling techniques used in this study were purposive and simple random sampling. The purposive sampling was adopted to enable the researcher gain an insight into the revenue mobilization process in central and peripheral administration so as to administer questionnaires to respondents who are well versed in the finances of the Assembly. Purposive sampling was also used to select respondents from Sub-Metropolitan Assemblies of AMA for the study. Simple random sampling was considered important to the study since the study was intended to ensure some randomness and representativeness in the sample. The selection of the respondents for the study required a non-probability sampling procedure. The process involves the adoption of a sampling frame that selects respondents relevant to the study. At the sub metros, stratified random sampling was used to select staff for the study. This method of sampling ensured that clerical, supervisory and managerial categories of staff were selected without bias. Using simple random sampling method, non-staff respondents were chosen from all the identified stakeholder groups such as petty traders, business operators, and owners, retail, small and medium enterprises operators as well as land and property owners. This was intended to ensure representativeness in the sampling. The advantages of using non-probability or judgment sampling technique are that;

it enables the researcher to use his skills and experience in selecting respondents, and it did not require the use of mathematics or statistical formula to determine the sample size.

3.8 Sources of Data

Various instruments were used to gather data from primary and secondary sources. The primary source provided data gathered through interviews, observations, focus groups discussions and questionnaires. The advantage of using primary data is that they are more reliable since they come from the original sources and are collected especially for the purpose of the study (Saunders et al 2007). The secondary data provided from the various publications, reports, documents, records, annual financial statements, and annual budgets.

3.9 Research Instruments

The research instruments that were used consisted of a questionnaire, interviews, focus-group discussion, observations, and telephone conversation. Face to face discussion with focus-groups on revenue fixing, budgeting, revenue collection, and accounting as well as telephone conversations with key stakeholders in revenue collection and utilization proved useful.

3.10 Data Collection Methods

Prior to the administration of the questionnaires, the administrators of the 10 sub metros and the Metropolitan Coordinating Director (MCD) were contacted for permission and staff list of their respective sub metros were obtained. Names of the staff were randomly selected from the various levels. The number of staffs picked from a particular level depending on the number of staff. After this, questionnaires were sent to staff to complete. In the case of the top management members, an appointment was booked with them for focus discussions and also the distribution of questionnaires. Ten questionnaires were pilot tested with the aim of fine-tuning the item covered by that research instrument. It was also anticipated that the pilot test would assess the validity of

the questions and the reliability of data collected. The respondents in the pilot test were asked to share their opinion on the strengths and shortcomings of the questionnaires, the clarity of the instrument, how long it took to complete the questionnaire, respondents were to state if there were omissions of very important areas, and where respondents found uncomfortable in answering questions. In all ten respondents, from AMA were used for the pilot test.

3.11 Administration of questionnaires

After the pre-test, self-administered questionnaires distributed to respondents. These were mostly hand-delivered. Some of the questions required the respondents to list the strategies used by AMA. There were other questionnaires which required respondents to rank, categorize, rate and quantify certain issues related to revenue collection strategies and the effects of such strategies. Some of the questions were closed-ended demanding just Yes or No answers. Some of the questionnaire items also required the respondents to rate a situation on a scale of strongly agree, agree, strongly disagree, and disagree. Some of the questionnaire items also provided space for the respondents to record their opinion or views on certain situations. The questionnaire items that requested record on AMA's organizational profile provided a range of five (5) years period against which the data were to be recorded. These questionnaire items centered on the following issues; the difficulties that AMA face in revenue mobilization, their revenue mobilization performance of AMA over the last five years, the effectiveness of revenue mobilization strategies used by the Assembly and recommendations on measures that should be adopted to improve the performance of AMA in revenue mobilization.

3.12 Conduct of interview

Type of respondents interviewed were business entities, traders, transport operators, land and property owners, revenue collectors, management and staff of AMA. Also interviewed were six

members of the Finance and administration Sub-Committee members, the Presiding Member and five Assembly members. The languages used were English and Twi to enable respondents to express themselves freely. The mode of discussion was face to face interview. Issues centered on the effectiveness of revenue mobilization strategies to enhance revenue for the Assembly.

3.13 Focus-Group Discussions

A focus-group discussion was organized with six (6) representatives from the various departments of AMA, traders' associations and property ratepayers. The mode was round table discussion conducted to solicit views from participants. The languages used were English and Twi to enable members to express themselves well. The issues discussed centered on methods or strategies used by AMA in revenue mobilization and how to ensure the effectiveness of the strategies in revenue mobilization.

3.14 Telephone Conversations

Those who were so busy and could not be contacted personally to answer the questionnaires and interviews were contacted through telephone conversations. These respondents were Assembly members, the Metropolitan Chief Executive, the Presiding Member and Directors of Finance and Internal Audit Unit of the Assembly Issues on which the telephone conversation centered were as follows;

- Types of strategies used by AMA in revenue collection.
- The effectiveness of revenue collection strategies.
- How to ensure the effectiveness of the current strategies used.

3.15 Data Analysis Method

Four stages of qualitative data analysis were open to the researcher for data analysis. These include data assembling from a variety of sources, data reduction which involves organization and

structuring of qualitative data, data display which involves summarizing and presenting the structure that is seen in qualitative data and finally data verification involving seeking alternative explanations and interpretations of qualitative data through other data sources. The following were used to analyze the data for the study. Editing of the data to detect and correct, possible errors and omissions that are likely to occur so as to ensure consistency of responses of respondents. Coding of the data to enable respondents to be grouped into a limited number of categories. The Microsoft Excel software was used for this analysis. Data were presented in tabular form, graphical, Chat, and narrative forms. In analyzing the data, descriptive statistical tools such as bar graphs and pie charts.

3.16 Empirical Results

To ensure that the study instrument is valid and reliable the researcher ensured that the questions designed were based on the following guidelines:

- The questions were formed in such a way to make it easy for respondents to understand them.
- The questions asked were brief and concise as necessary to produce relevant information required.
- The question required answers which were precise and concise in nature.
- The questions are directly related to the information required.
- The questions were such that it could be answered in due regard without bias.

3.17 Models used for data analysis

Data collected during the research were analyzed using statistical methods. The result of data analysis is represented in tabular forms, percentages (%) and in chart forms. Graphical representation and design models were used to represent the findings or results of the analysis.

3.18 Gap Analysis

A gap analysis can be defined as a tool that enables an organization to compare its actual performance with its potential performance. It is the difference between where an organization is and where they want to be by choice or regulatory mandate. Gap refers to the space between, where we are (present state) and, where we want to be (the target state). A gap analysis may also be referred to as a need's analysis, needs assessment or need-gap analysis. The goal of gap analysis is to identify the gap between the present state and the desired target state. This helps provide the company with insight into areas which could be improved. The gap analysis process involves determining, documenting and approving the variance between requirements and current capabilities. Once the general expectation of performance in the industry is understood, it is possible to compare that expectation with the company's current level of performance. This comparison becomes the gap analysis. The analysis should include specific action steps the company must complete to close the gap and achieve its goals. Every gap analysis template must have a few essential components, as shown below:

A. State Description

The first step in gap analysis is identifying your current and future desired state. This can be done by describing the following:

➤ Your Current State

Every gap analysis starts with retrospection. The gap analysis template should start off with a column labeled “Current State” wherein you list out all the attributes you would like to see improved. The focus can be as wide or narrow as the objective demands. The analysis can be quantitative, qualitative or both. The key thing is to be specific and factual with an emphasis on identifying weaknesses.

➤ The Future State

The future state represents an ideal condition you would want your organization to be in. This state can be highly specific, or generic. The gap analysis template should record all the idealized attributes as they correspond to the current state. Sometimes, you may not even have a clear conception of an idealized future state and might be conducting a gap analysis as an exercise towards self-improvement. In this case, ‘N/A’ can be recorded under the future state column.

B. Bridging the Gap

This is where you identify and describe the gap before finding ways to remedy it.

➤ Gap Identification

The next column in the gap analysis template should record whether a gap exists between the current and future state. A simple ‘Yes’ or ‘No’ can suffice.

➤ Gap Description

The gap description should record all the elements that make up the gap between the current and future state. The description should be consistent with the current/future state. It can be qualitative or quantitative. This should only serve as a description, not a remedy.

C. Factors and Remedies

Identify the factors responsible for the difference between your current and future performance. You can then use this data to come up with remedies and action plans to tackle the performance gap.

➤ Factors responsible for Gap

The next part of the gap analysis template should list all the factors responsible for the gap identified in the previous column. This list should be specific, objective and relevant.

➤ Remedies, Actions and Proposals

The last step in the gap analysis is lifting out all the possible remedies for bridging the gap between the current and ideal state. The remedies should directly address the factors listed in the column above. The remedies must be action-oriented and specific

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION OF FINDINGS

4.1 introduction

This chapter of the research contains the analysis and a comprehensive discussion of the responses obtained from the field of study. It also deals with the analysis of both the preliminary and the main data. The preliminary data is concerned with the background information of the respondents and the measurement was based on variables such as educational level, age, gender, occupation was as the main data deals with the realization of the objectives of the study. The main subjects of concern in this chapter are discussed according to the questionnaires which posed a number of questions aimed at identifying the views and perceptions of respondents on the research topic.

4.2 Demographic Characteristics of Respondents

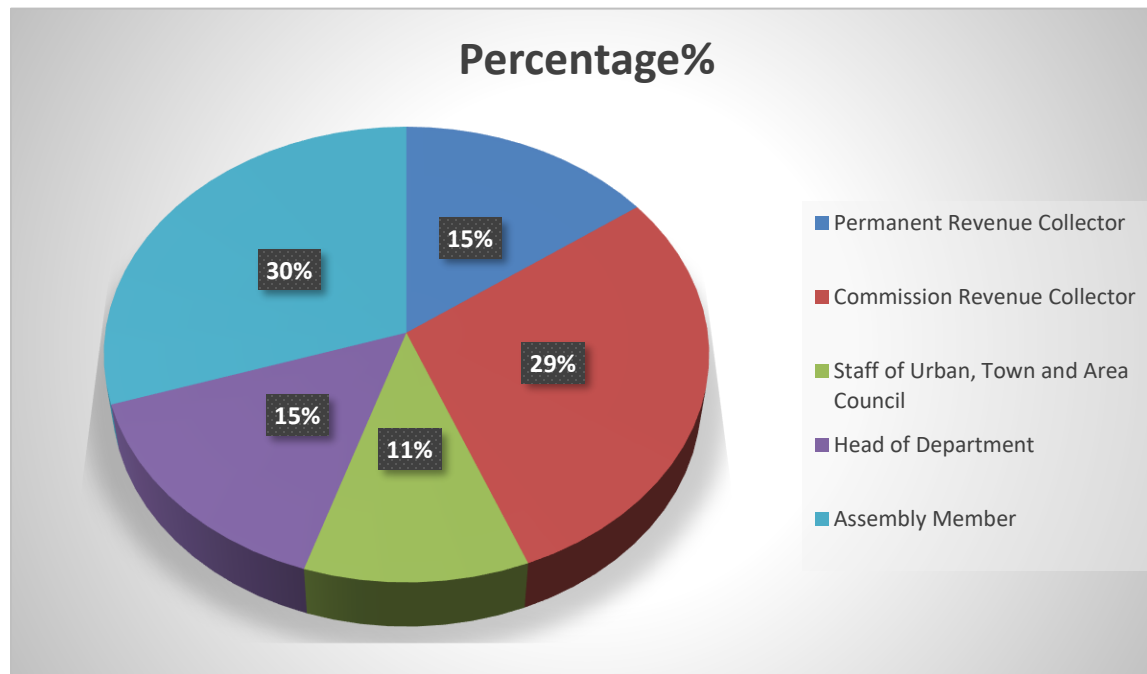
Respondents were classified into the following demographic characteristic:

- Educational attainment
- Profession or occupation
- Status or position

The researcher was interested in the various positions or roles played at the Assembly by respondents. The results showed that the sample consisted of individuals who were permanent revenue collectors, commission revenue collectors, the staff of the Urban and Town Area Council, Heads of Departments and Assembly Members representing the various Electoral Areas in the Metropolitan. From the analysis, 30% of the respondents representing the majority of participants were Assembly Members. This was followed by Commission Revenue Collectors who constitute 29% of the respondents. The rest of the respondents were Staff of Urban, Town and Area Council

who formed 11% of the respondents while 15.0% were Heads of Departments. Further, it can be said that only 44.0% of the respondents were actually engaged in revenue collection. Their rest is either in administration or in policymaking positions. This could have a significant impact on revenue mobilization since the staff involved are not many. chat 4.1 presents the results.

FIGURE 4. 1: POSITION OF RESPONDENTS AT THE ASSEMBLY



Source: Field Data, June 2019

4.3 Revenue Mobilization:

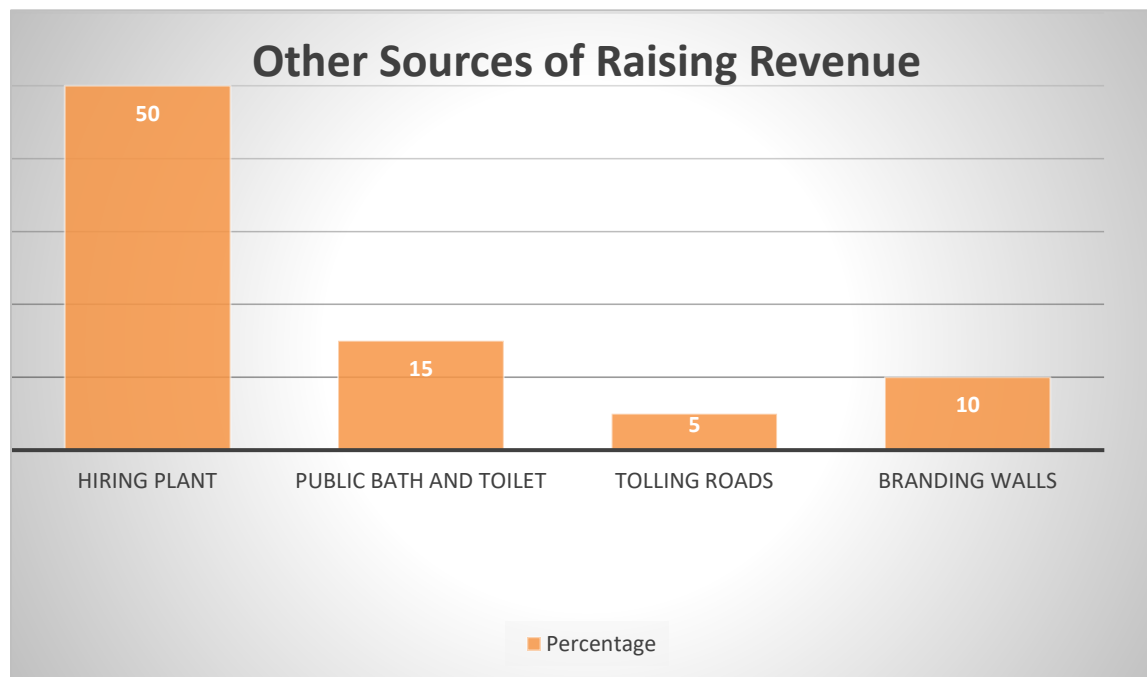
4.3.1 Sources of Revenue for the Accra Metropolitan Assembly

Per the Local Government Law establishing and regulating the activities of the Metropolitan, Metropolitans and District Assemblies (MMDAs), the various Assemblies have been mandated to raise revenue from local sources to fund development projects in their areas of jurisdiction. Traditionally, the MMDAs have some sources of revenue that are specified in the Local Government Act. These sources include raising revenue through the collection of Tolls, Property Rates, Licenses, and Permits. The researcher, in investigating the revenue sources of the AMA

sought to discover other sources of revenue mobilization that are not being explored by the Assembly. The results in one part showed that the traditional sources of revenue were well known to the respondents. In the second part, the participants were requested to identify other sources of revenue that the Assembly can explore to increase revenue for development projects in the Metropolitan. The results showed interesting revelations. The respondents mentioned the following as other sources of revenue. The hiring of Road equipment owned by the Assembly, establishing Public bath and Water Closet Toilets in markets, fencing and branding major markets in the metropolitan and tolling ceremonial roads in the metropolitan. Probing further, the respondents explained regarding the hiring of road equipment that, the machines are used only when the Assembly was reshaping feeder roads in the metropolitan. The equipment is thus left fallow when these projects were completed. However, there are private individuals in the community who on a daily basis need the services of heavy-duty vehicles to perform one function or the other. So, the road construction equipment owned by the Assembly could be engaged to good use all year round. Concerning the building of public bath and toilet in the major markets, the respondents explained that there are no modern toilet facilities at all the markets in the metropolitan. Consequently, the construction of such facilities to be operated at a fee could generate income for the Assembly. The next source of revenue suggested was that the fencing of major markets in the metropolitan and selling the wall surface to businesses for branding. The wall surface space could be sold to companies for the advertisement of their products. Lastly, the participants suggested that the Assembly can reconstruct the ceremonial streets, the Accra High Street and toll the road. The idea was that commuters knowing how good the road was would not hesitate to pay the toll which would thus increase the Assembly's purse. Figure 4.2 presents the

results showing the number of respondents who suggested the alternate sources of raising revenue for the Assembly.

FIGURE 4. 2: OTHER SOURCES OF RAISING REVENUE



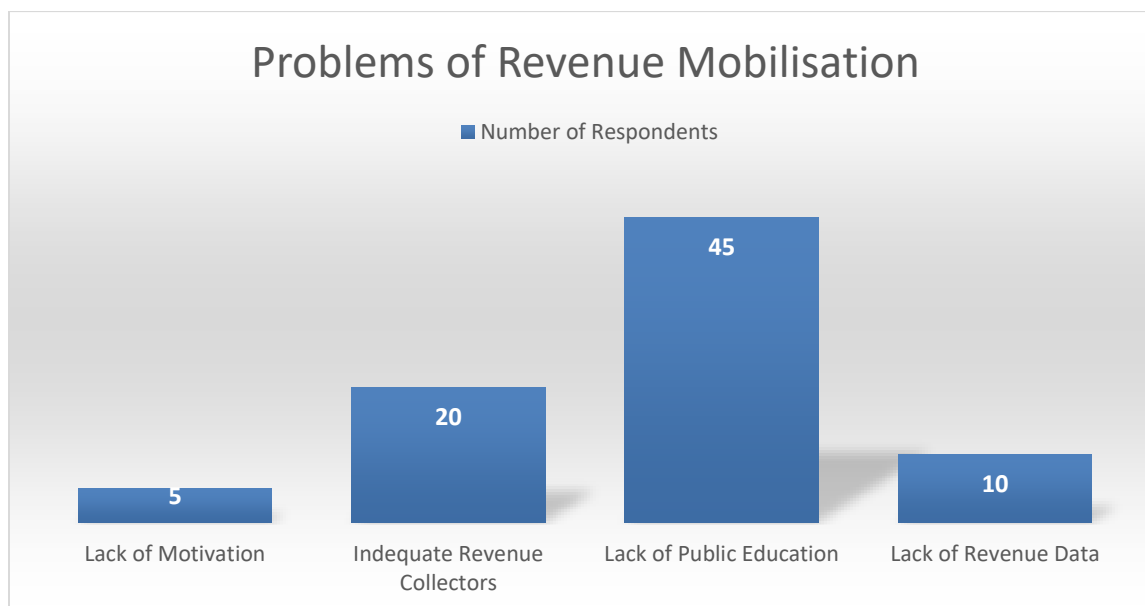
Source: Field Data, July 2019

4.3.2 Challenges/Problems with Revenue Mobilization

The researcher sought to find out the main problems that are associated with the traditional sources of revenue which was accounting for the low revenue mobilization of the Assembly. The results showed that the major problem identified was lack of education on payment of tax and other fees to the Assembly. The other problems mentioned were lack of motivation of revenue collectors, inadequate revenue collectors and lack of data on revenue collection in the Assembly. The result presented in Table below shows that 45 respondents mentioned that revenue collection would have increased tremendously if the general public had been well educated on the Assembly’s by – laws on revenue and the Local Government Act on Revenue mobilization. Next, there was a complaint

that the revenue collectors were inadequate. Given the size of the metropolitan and the number of revenue collection points – markets, the revenue collectors identified their numbers as a source of worry to their smooth operation. From the analysis, 20 participants mentioned this as a problem which was thwarting their efforts to increase revenue for the Assembly. Lack of motivation for the revenue collectors and lack of revenue data - a chart that shows weekly/monthly revenue collections as two other problems that hindered their operations. Figure 4.3 presents the number of respondents who identified with the problems listed in the table.

FIGURE 4. 3: PROBLEMS WITH REVENUE MOBILIZATION



Source: Field Data, June 2019

4.3.3 Reasons why People found it difficult to pay rates

Given that the Assembly’s revenue target for the last two years had not been achieved, despite significant increases in the quantum of revenue collected, the researcher sought to identify the reasons why people living and working in the Metropolitan found it difficult to pay rates due to the Assembly. The result revealed that corruption, poor financial management, and lack of education were the reasons outlined explaining why individuals found it difficult to pay rates to

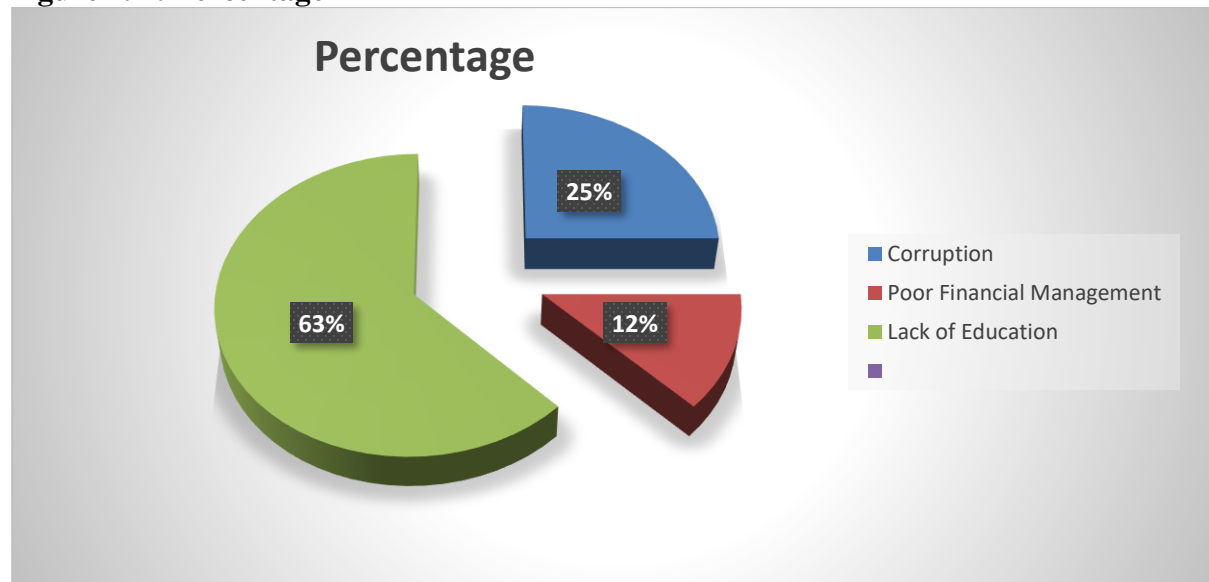
the Assembly. From Table 4.1 it was revealed that 20 respondents mentioned Poor Financial Management as the reason why people in the Metropolitan have difficulty paying rates, another 50 mentioned lack of education while 10 mentioned corruption as the problem. The Table presents the number of respondents who mentioned the reasons listed in the Table.

TABLE 4. 1: REASONS WHY PEOPLE FOUND IT DIFFICULT TO PAY RATES

Reasons	Number of Respondents
Corruption	10
Poor Financial Management	20
Lack of Education	50

Source: Field Data, July 2019

Figure 4. 4: Percentage



Source: Field Data, July 2019

To seek further understanding into the reasons why people in the Metropolis find it difficult to pay rates to the Assembly, the researcher requested participants to indicate their level of agreement with the statement “Revenue mobilization processes in the Accra Metropolitan Assembly was very cumbersome”. The results revealed that 50% of the participants agreed that the process was

cumbersome and 18.75% strongly agreed to the statement indicating that the process is very cumbersome. On the other hand, 18.75% mentioned that they disagreed with the statement. This implied that to them the process was not cumbersome and 12.5% could not tell whether the process was cumbersome or not. In sum, it was about 68.75% of the respondents who agreed to the statement to indicate that the processes of revenue mobilization are cumbersome. And since a lesser percentage indicates otherwise, there was no sufficient evidence to conclude that revenue mobilization at the Accra Metropolitan Assembly is cumbersome. See Table 4.2

TABLE 4. 2: RATING OF MOBILIZATION PROCESSES IN ACCRA METROPOLIS

Response	Number	Percentage
Strongly Agree	15	18.75
Agree	40	50.0
Don't Know	10	12.5
Disagree	15	18.75
Total	80	100.0

Source: Field Data, July 2019

The efficiency and effectiveness of the mobilization team in the revenue mobilization process was also assessed in the study. Respondents were requested to respond to the statement “Accra Metropolitan Assembly has efficient and effective revenue mobilization team”. The result revealed that 50% of the participants agreed that the revenue mobilization team has been efficient and effective in their operations. However, 31.25% disagreed with the statement, implying that the team has not been effective and efficient in their work, while 18.75% could not tell whether the team has been effective or not. From this result, it was difficult to confidently conclude that the revenue mobilization team of the Assembly had been efficient and effective in the day to day operations. See Table 4.3 for the details.

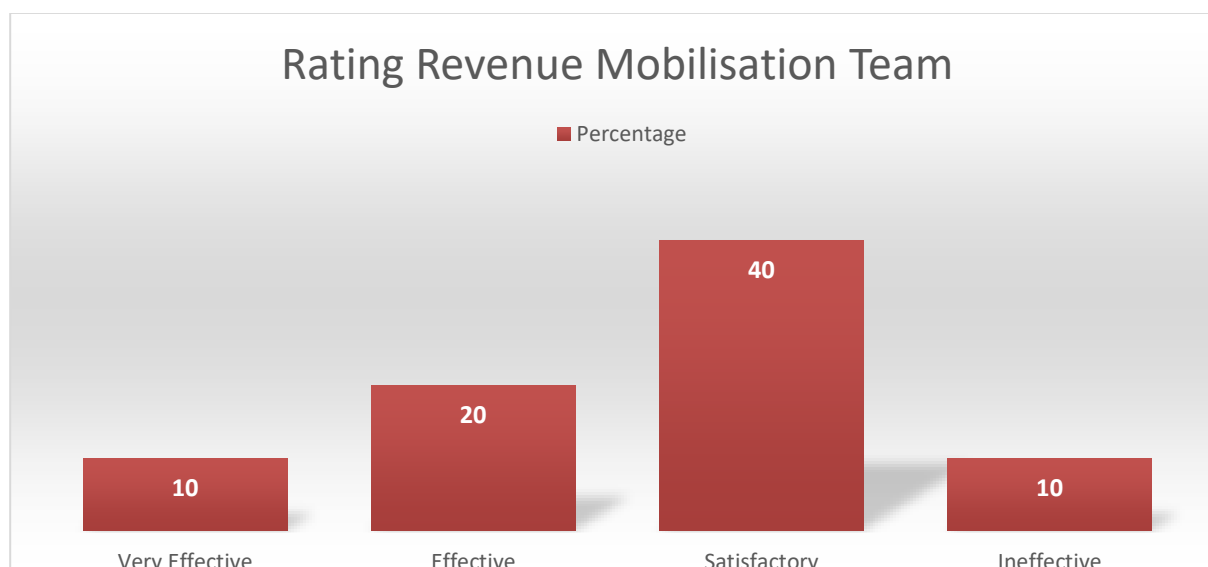
TABLE 4. 3: RATING OF REVENUE MOBILIZATION IN THE ACCRA METROPOLIS

Response	Number	Percent
Agree	40	50.0
Don't Know	15	18.75
Disagree	25	31.25
Total	80	100.0

Source: Field Data, June 2019

Further, the respondents were requested to rate the revenue mobilization efforts by the revenue mobilization team. Specifically, the respondents were asked to respond to the statement “how will you rate revenue mobilization efforts in the Accra Metropolitan Assembly? “ The respondents were to indicate on a five-point scale whether revenue mobilization had been very effective, satisfactory, ineffective or very ineffective. The analysis revealed that 10% indicated that revenue mobilization has been ineffective, while 40% mentioned that it had been satisfactory. Further, 20% indicated the process had been effective. In sum, it could be concluded from the ratings that though there have been challenges with the revenue mobilization team, the team was doing well.

FIGURE 4. 5: RATING REVENUE MOBILIZATION TEAM



Source: Field Data, June 2019

4.3.4 Strategies to be adopted to encourage efficient revenue mobilization

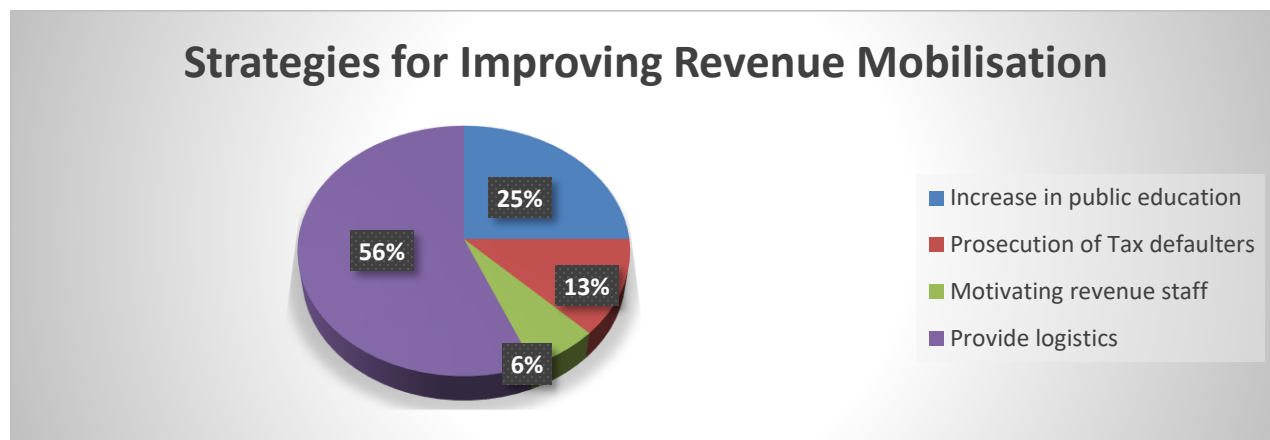
The last item in this section solicited the views of respondents on the strategies to be adopted to encourage efficient revenue at the Metropolitan Assembly. The result identified four areas that have been outlined by the respondents. These are increased Public Education, prosecution of tax defaulters, motivating revenue collection staff and providing adequate logistics for personnel to work with. Details of the analysis revealed that the provision of logistics and motivating revenue collection were the strategies most conceded to by the respondents. Forty – five respondents representing 56.25% suggested this strategy. The next strategy outlined was to increase public education and lastly, prosecution of tax defaulters. See Table 4.4 below.

TABLE 4. 4: STRATEGIES FOR IMPROVING REVENUE MOBILIZATION

Strategies	Frequency	Percentage
Increase Public Education	20	25.0
Prosecution of Tax defaulters	10	12.50
Motivating Revenue staff	5	6.25
Provide logistics	45	56.25
Total	80	100.0

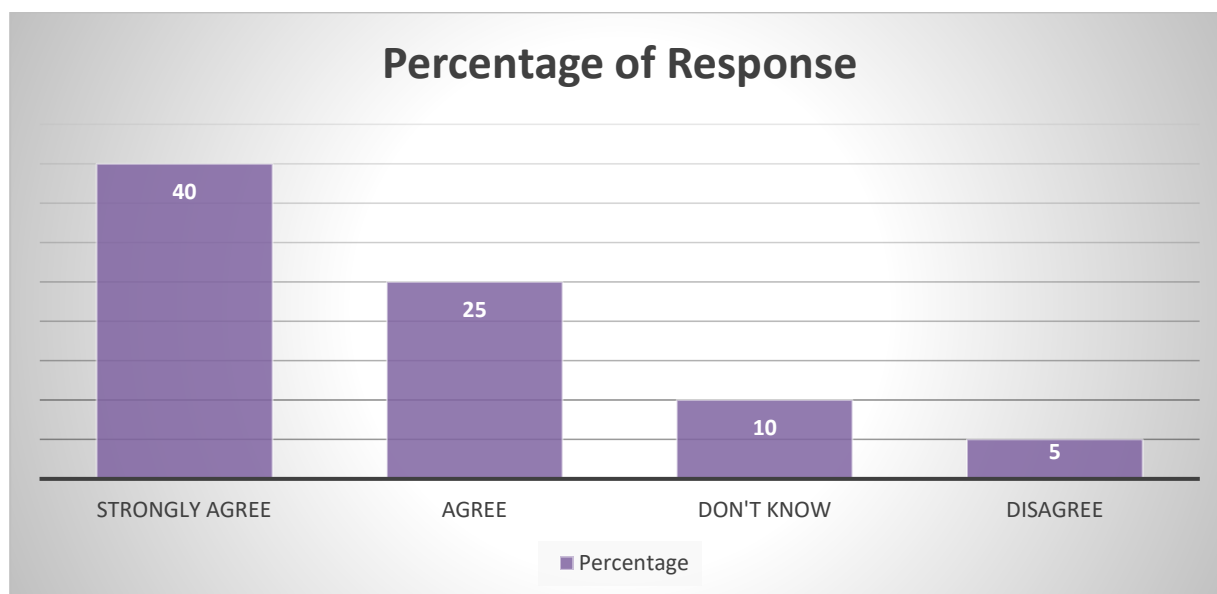
Source: Field Data, July 2019

FIGURE 4. 6: STRATEGIES FOR IMPROVING REVENUE MOBILIZATION



Source: Field Data, July 2019

FIGURE 4. 7: BEING CONVERSANT WITH ACCOUNTING REPORTING PROCEDURES



Source: Field Data, July 2019

To examine the procedures involved in accounting for the revenue collected. The items sought to find out whether respondents who were revenue collectors are conversant with the accounting reporting procedures of revenue collection, examine whether proper systems of control were in place to properly administer the revenue collection process and finally, whether there was monitoring unit in the Assembly. The analysis of the data revealed that the respondents were very much conversant with the accounting procedures of the Assembly and as stipulated in the Accounting Manual 2010 of MMDAs. From graph 4.4, the result indicated that a total of 80% of the respondents strongly agreed and agreed to the statement “I am conversant with the accounting reporting procedures of revenue collection”. Interestingly, 15% of respondents do not know whether accounting procedures are followed in reporting revenue while 5% disagreed with the statement. This implied that majority of the respondents mentioned accounting reporting procedures are strictly followed in reporting revenue collected. This was good in that it conforms to the expectations indicated in the Accounting Manual 2010 of MMDAs in Ghana. This in essence

means that the Assembly had proper financial records and proper accounts would thus be prepared at the end of each accounting year. See results in Appendix. The researcher also wanted to find out whether there were proper systems of control in revenue administration and whether there was monitoring control unit. In the first place, the results showed in response to the question “do you have proper systems of control in the administration of Revenue collection in the Assembly?” that 50 respondents representing 62.5% of the respondents responded yes, implying proper systems of control in the administration of revenue collection was in place. However, 25% of the respondents said no, there were no proper control systems of control while 12.5% were not sure whether control systems existed at the Assembly.

TABLE 4. 5: CONTROL IN THE ADMINISTRATION OF REVENUE COLLECTION

Response	Frequency	Percentage
Yes	50	62.5
No	20	25.0
Not Sure	10	12.5
Total	80	100.0

Source: Field Data, July 2019

Regarding the presence of monitoring unit to monitor revenue collection procedures at the Assembly, the results revealed that 68.75% of the respondents confirmed that the monitoring unit existed while 33.75% said no it did not exist and 16.25% were not sure whether the Monitoring Unit existed in the Assembly or not. See Table 4.6 for details.

TABLE 4. 6 MONITORING CONTROL UNIT IN THE ASSEMBLY

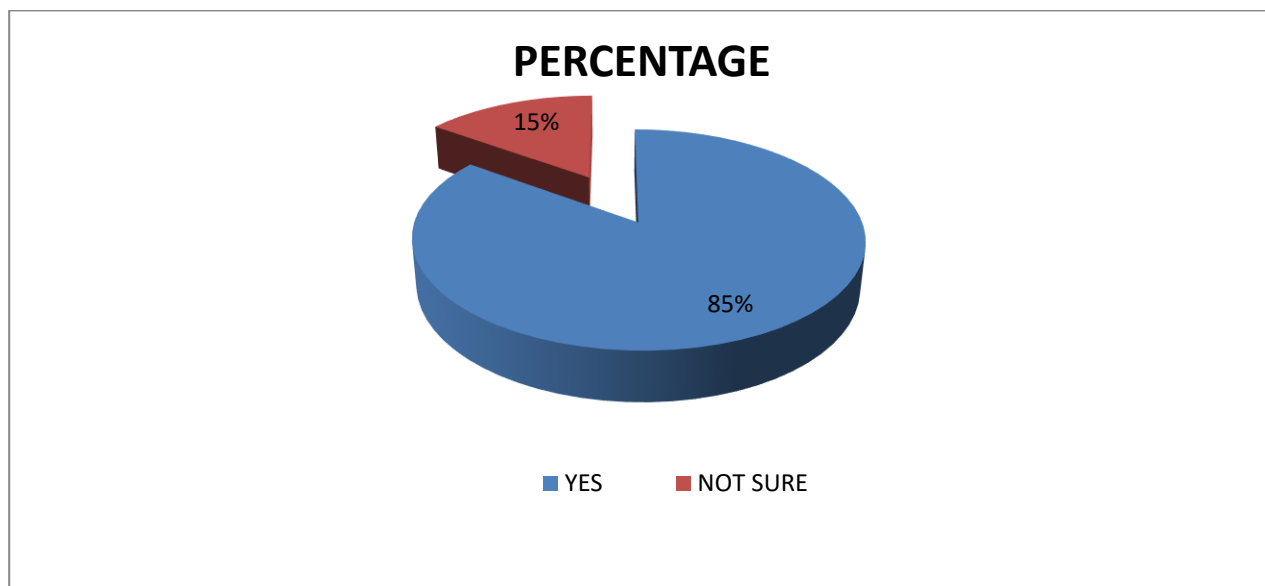
Response	Frequency	Percentage
Yes	55	68.75
No	27	33.75
Not Sure	13	16.25
Total	80	100.0

Source: Field Data, July 2019

4.4 Impact of Revenue Collection on Development in the Metropolis

The third objective of the study was to examine the impact of Internally Generated Funds (IGF) on the development projects in the Accra Metropolis. Here, the researcher wanted to discover whether revenue collected by the Metropolitan Assembly was being used for the development of the Metropolitan. Specific questions were asked. Their responses were analyzed and presented below. In the first place, the researcher wanted to find out whether the Metropolitan Assembly used the IGF to fund developments in the metropolitan. The result showed that 85% of the respondents confirmed that the Metropolitan Assembly funds some development projects in the Metropolitan except 15% who were not sure of their response. Though majority of the respondents indicated that the Assembly funded some projects through its IGF, it could be that the Assembly does not report on the sources of funding such projects. If this was the case, all the respondents would have mentioned that the Assembly used its IGF for some projects in the metropolitan.

FIGURE 4. 8: THE ASSEMBLY FUND SOME DEVELOPMENT PROJECTS WITH ITS IGF



Source: Field Data, July 2019

The next item in this section sought to find out if the quantum of revenue generated internally by the Assembly was enough to completely fund the development projects being undertaken in the metropolitan. The result presented in Table 4 revealed that a significant number of participants concluded that the IGF was not enough. Specifically, 25% of the respondents responded yes to the statement “do you consider the quantum of Internally Generated Fund of the Assembly enough to embark on development projects”. On the other hand, 62.25% responded no, the IGF was not enough while 12.25% could not tell whether the quantum of IGF was enough or not. This implied that a greater percentage of the respondent agreed that the IGF was not sufficient to fund development projects in the metropolitan. Table 4.2.1 presents the results.

TABLE 4. 7: IGF FUNDED DEVELOPMENT PROJECTS

Response	Frequency	Percentage
Yes	20	25
No	50	62.5
Not Sure	10	12.5
Total	80	100.0

Source: Field Data, July 2019

Further examination of the data showed that the IGF of the metropolitan were used to fund a number of projects in the metropolitan. Specifically, the respondents mentioned the construction of the administrative building of the Assembly, Market expansion and development, provision of street lights on major streets in the metropolitan and construction and renovation of a number of school buildings. There were also a number of projects which were under construction with some nearing completion. See results in the Appendix. Lastly, the researcher sought to find out whether, given the quantum of IGF collected, they were satisfied with projects undertaken so far and also to find out whether revenue collected has had a positive effect on economic, social and infrastructural development of the people in the metropolitan. The results showed that majority of the respondents were satisfied with how the IGF had been used so far. The analysis revealed that 50 respondents representing 62.5% indicated they are strongly satisfied while 25% mentioned they were just satisfied with projects undertaken so far with the IGF. However, 12.5% of the respondents were not sure whether the projects done with the IGFs merits the quantum of money collected as revenue. See Table 4.8 for the results.

TABLE 4. 8: ARE YOU SATISFIED WITH THE PROJECTS OVER THE YEARS GIVEN THE QUANTUM OF REVENUE COLLECTED

Response	Frequency	Percentage
Strongly satisfied	50	62.5
Satisfied	20	25
I am not sure	10	12.5
Total	80	100.0

Source: Field Data, July 2019

Regarding the impact of IGF on developments in the metropolitan, the respondents were requested to respond to the statement “revenue collected over the years has had a positive effect on economic, social and infrastructural development of the people of Accra Metropolitan Assembly”. The result indicated that 73% of the respondents agreed with the statement. This means that IGF has had a significant impact on the development of the Metropolitan. On the other hand, 7% could not tell whether there has been a positive impact regarding the usage of IGF in the metropolitan while 20% completely disagreed with the statement. See Table 4.9

TABLE 4. 9: RATING OF THE EFFECT ON REVENUE

Response	Frequency	Percentage
Agree	53	66.25
I am not sure	7	8.75
Disagree	20	25
Total	80	100.0

Source: Field Data, July 2019

4.5: Government and Donor Support

The last objective of the study was to compare the impact of IGF to other external sources of revenue that accrue to the Accra Metropolitan Assembly. As per the Local Government Act, the central government had established the District Assemblies Common Fund which on a quarterly basis remitted money to the Assemblies depending on a formula of the Fund Administrator. In addition, Central Government fund projects through the government’s own resources or through the support of development partners like the World Bank, the European Union among others. In examining the extent of government support to the Assemblies, participants were requested to respond to a number of questions which sought to elicit information regarding the funding of projects by the central government in the metropolitan. In the first place, respondents were requested to tell whether Central Government remits funds to the Metropolitan Assembly for projects. True to expectation, 80% of the respondents confirmed that the Central Government remitted the Assembly. Interestingly, 20% of the respondents claimed they were not sure. This could be as a result of the delay in the release of fund by the District Assemblies Common Fund Administrator.

TABLE 4. 10: AWARENESS OF CENTRAL GOVERNMENT REMITTANCE TO THE ACCRA METROPOLITAN ASSEMBLY?

Response	Frequency	Percent
Yes	60	75.0
Not Sure	20	25.0
Total	80	100.0

Source: Field Data, July 2019

The researcher further requested the respondents to compare the contribution to development projects through Central Government funding to IGFs of the metropolitan. The respondents were requested to respond to the statement “Government’s contribution to development in Accra Metropolitan Assembly surpasses contribution from Internally Generated Funds.”. The result indicates that majority of the respondents mentioned the Central Government’s contribution to development in the metropolitan as surpassing that of the IGF. 68.75% of the respondents strongly agreed that Central Government contribution was more than that of IGF, and 18.75% also agreed with the statement. This means that almost 90% of the respondents agreed that the Central Government’s contribution to funding development projects in the metropolitan was far more than that of IGF of the Assembly. Interestingly, 12.5% of the respondents could not tell whether the contribution of IGF was far below that of Central Government. See Table 4.11.

TABLE 4. 11: GOVERNMENT DEVELOPMENT SURPASSES CONTRIBUTION FROM IGF

Response	Frequency	Per cent
Strongly Agree	55	68.75
Agree	15	18.75
I am not sure	10	12.5
Total	80	100.0

Source: Field Data, July 2019

Further, the respondents confirmed that external sources of funds have had a greater impact on development than the Assembly’s IGF. This could be attributable to the quantum of revenue remitted by Central Government which was far more than the IGF by the Assemblies. The respondents were asked to respond to the statement “external sources of funds have had a greater impact on development in Accra Metropolis than the Assembly’s IGF”. The result as presented in

Table 4.21 shows that 75% strongly agreed with the statement while 25% agreed to the statement. This implies that all the participants agreed that external sources of funding projects have had a greater impact on development than the Assembly’s IGF.

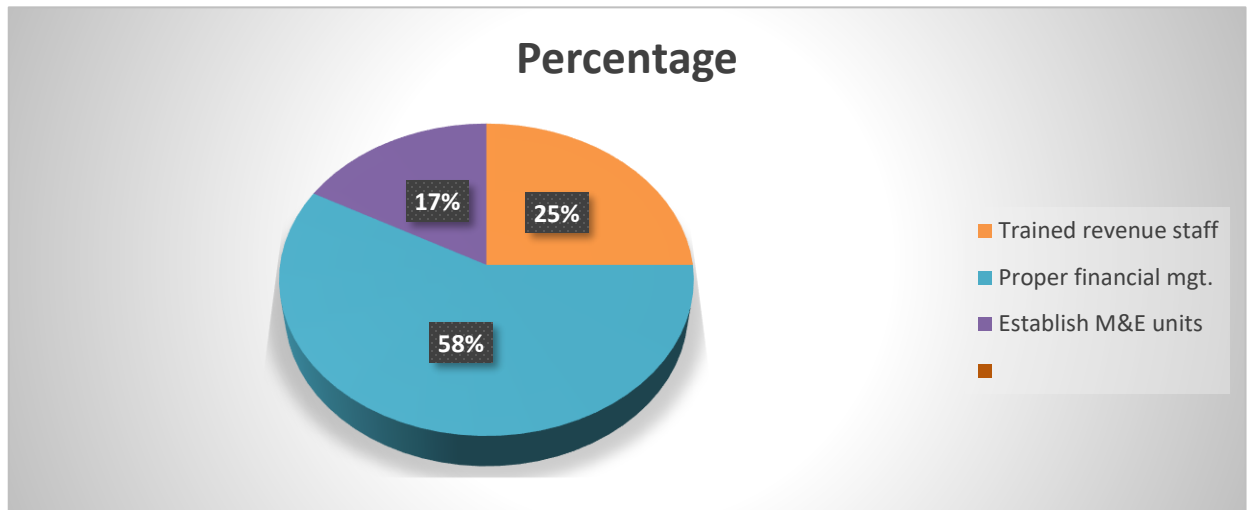
TABLE 4. 12: EXTERNAL SOURCES OF FUNDS HAVE A GREATER IMPACT ON DEVELOPMENT THAN ASSEMBLY’S IGF

Response	Frequency	Percentage
Strongly Agree	60	75
Agree	20	25
Total	80	100.0

Source: Field Data, Julye 2019

Finally, the participants suggested ways of improving revenue collection and management at the Accra Metropolitan Assembly. The respondents suggested among other things that, the Assembly should train more revenue staff, have proper financial management practices, and then establish monitoring and evaluation units. From Graph 4.9 25% of the participants mentioned that the Assembly should train more revenue staff, 58% suggested that proper financial management should be practiced. Next 17% suggested establishing monitoring and evaluation units. These, they believed when implemented the revenue mobilization of the Assembly would improve

FIGURE 4. 9: SUGGEST WAYS TO IMPROVE REVENUE MANAGEMENT



Source: Field Data, July 2019

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

5.1. Introduction

This chapter presents the summary of major findings of the study, conclusion, and recommendations of the study. The study investigated the impact of revenue on development in the Accra Metropolis. The study set out to achieve the following objectives. In the first place, the study aimed at identifying other sources of revenue available to Metropolis, especially the Accra Metropolitan. Secondly, the study examined the strategies adopted by the Assembly to ensure effective and efficient revenue collection. It also examined the procedures involved in accounting to determine whether the procedures were effective and efficient. Further, the study sought to determine the impact of IGFs on development projects in the Accra Metropolis. Lastly, this study sought to compare the impact of IGF to external sources of revenue to the Accra Metropolitan Assembly.

5.2. Summary of Findings

To achieve the objectives of the study, the following research questions were posed to guide the study. One, what are the sources of revenue generation available to the Accra Metropolitan Assembly? Two, what are the strategies adopted for revenue collection in the Accra Metropolitan Assembly? Three what contribution has IGF made to the development of the Accra Metropolitan Assembly. In the first place, the study discovered new revenue sources that were not being sufficiently explored by the Assembly. As presented in Graph 4.1, alternate revenue sources as the hiring of plants and machinery of the Assembly, building places of convenient in the major

markets and walling big markets and selling the wall surface for branding purpose. This finding when explored by the Assembly could increase the revenue outlay of the Assembly. Secondly, the study discovered the challenges that hinder the smooth operation of revenue collectors of the Assembly. Challenges such as motivation of revenue collectors, lack of education of the tax paying public, inadequate revenue collectors and lack of revenue data were outlined. Further examination of the data revealed that the problems mentioned in the study were as a result of corruption on the part financial managers and collectors of the Assembly and lack of education. This finding is significant because, it is now possible for solution to be provided for the Assembly to have efficient and effective revenue collection team. Given the results shows that the revenue collection processes at the Assembly was very cumbersome. Consequently, measures should be taken to make the process friendlier to the tax paying public. The study also discovered that revenue collection has been effective and efficient though with some challenges. The results as presented in Graph 4.3 shows that 41.6% of the respondents agreed that revenue mobilization teams had been efficient and effective with about 16.7% disagreeing. since a higher percentage agreed that the team had been effective, the number that disagreed was quite small. Based on this outcome it was concluded that training programs should be organized for revenue collectors to make them more efficient and effective in the discharge of their duties.

Further, the study discovered that increase in public education, provision of logistics and prosecution of tax defaulters could help the Assembly to increase revenue. This was because, for example when one individual is prosecuted for non-payment of tax it would serve as deterrent to others. In addition, the study also found out that accounting for revenue had been effective as majority of the collectors were conversant with the accounting reporting procedures. In analyzing the contribution of IGF to the development of the Metropolis, the study found that the Assembly

had applied IGF to fund a number of projects in the area. Some of these projects include the construction and renovation of classrooms, the building of the Assembly's administration block, and provision of street lights and expansion of markets among others. However, comparing the contribution of IGF to external sources of funding such as the Central Government, the study discovered that, Central Government was by far the greater contributor to funding of the Assembly and that the projects funded by Central Government have had significant impact on development of the area than IGF ones. This is reported in Table 4.20. In another breadth, the study discovered that IGF alone was not enough to fund projects in the local communities even though majority of the respondents were satisfied with the contribution of IGF to development of the Assembly in the face of dwindling revenue. Finally, it was discovered that revenue could be increased if training of revenue collectors was carried out and proper financial management practices are upheld in reporting the Assembly's finances.

5.3 Conclusion

This study has open up the Accra Metropolitan Assembly for examination. This had led to interesting findings regarding the financial administration of the Assembly. To ensure that good practices that had been recorded in this study be maintained there should be continuous training for the mobilization team. The study found that revenue collection at the Assembly has been pretty effective and efficient and that though IGF has contributed significantly to the development of the Assembly, it was not enough to meet the development needs of the Metropolis. Central Government still had a greater say.

5.4. Recommendation

Following the findings of this study, the under listed recommendations have be proposed for practice.

- That the Assembly should recruit more revenue collectors and train them to collect revenue for the Assembly.
- The assembly should provide more logistics for revenue mobilization
- That a task force or debt collection team should be established to arrest rate defaulters for such rates to be collected for the Assembly.
- The Assembly management should endeavor to present their yearly budget to Central Government on time so that Government can factor projects that the Assembly cannot fund form its IGF into the Central Budget.
- The regular training programme should be held for revenue collectors and logistics that would make them perform creditable well should be provided.
- Revenue staff should be motivated to boost revenue collection.
- Public education should be increase to educate the public to create awareness on the relevance of the tax, tolls, etc. they are paying.

REFERENCE

- Ayee, J.R.A. (2000), *Decentralization and Good Governance in Ghana*, unpublished paper of May 2000 prepared for the Canadian High Commission, Accra, Ghana.
- Ayee, J.R.A. (1994), *An Anatomy of Public Policy Implementation: The Case of Decentralisation Policies in Ghana* (Avebury, Aldershot).
- FOAT / DDF Training Guide, 2011 ((Ghana Publishing Corporation, Assembly Press, Accra)
- Local Government Act, 1993 Act 462 (Ghana Publishing Corporation, Assembly Press, Accra)
- Local Government finance provisions are defined in Article 245 and 252 of the 1992 Constitution and Section 34, Part VII and Part VIII of Act 462,
- Map Consult Ltd. (2002), *Good governance in Ghana: Lessons Learnt from Donor Support to Governance in Ghana 1992 –2002* Royal Danish Embassy, Accra.
- MMDAs Accounting Manual, 2011(Ghana Publishing Corporation, Assembly Press, Accra)
- Nkrumah, S.A. (2000), „Decentralisation for Good Governance and Development: The Ghanaian Experience“ in *Regional Development Dialogue* vol.21 no.1, pp.53-67
- Oquaye, M. (2001), *Government and Politics in Contemporary Ghana (1992 – 1999) – A Study* (Africa Governance Institute, Accra)

Oyugi, W.O. (2000), „Decentralization for Good Governance and Development“ *Regional Development Dialogue* vol.21 no.1, pp.3-22

Pinkney, R. (1997), *Democracy and Dictatorship in Ghana and Tanzania* Macmillan, Basingstoke

PNDC 207, chapter 20 of the 1992 Constitution and Act 462 of 1993 (Ghana Publishing Corporation, Assembly Press, Accra)

Tordoff, W. (1997) (3rd. edn.), *Government and Politics in Africa*

United States Agency for International Development (USAID) (2003), „Decentralization in Ghana: an Assessment“ mimeo

1992 Constitution and the Local Government Act (Act 462) of 1993 (Ghana Publishing Corporation, Assembly Press, Accra)

Fjeldstad, O-H. & Semboja, J. (2001) _Why People Pay Taxes. The Case of the Development Levy in Tanzania‘, *World Development* Vol. 29, No. 12, pp. 2059–2074.

Fjeldstad, O-H.etal. (2004). _Local Government Finances and Financial Management in Tanzania. Observations from Six Councils, 2000–2003‘, REPOA Special Paper No. 16 (Dar es Salaam: Research on Poverty Alleviation (REPOA)).

Appendix A

SURVEY QUESTIONNAIRE

Dear survey Respondent,

This study is aimed at investigating the Revenue Mobilization and its impact on Development of Accra Metropolitan Assembly. To help attain this objective, I humbly request you to provide relevant and objective responses to the items on this questionnaire. It will take approximately 15 minutes to be completed.

Note that your answers would be treated in strict confidence and used for academic purpose only.

Thank you

Section A: Demographic

Please provide the information that reflects your present circumstances. Tick (✓) the appropriate response.

1. Sex: Male () Female ()

2. Age:

a) Below 20()

b) 20 -29 ()

c) 30 – 39()

d) 40 - 49 ()

e) 50 – 59 ()

f) 60 and above ()

3. Please indicate the number of years you have been working with the AMA
Municipal Assembly.....

4. I am a

- Permanent Revenue collector
- Commission Revenue collector
- Staff of Urban, Town and Area Council
- Head of Department / DPCU
- Assembly Member

Section B: Mobilization items

1. In your view, what are the other sources of revenue available to the AMA
apart from the traditional sources?

.....

.....

.....

2. How will you rate revenue mobilization efforts in the AMA?

- Very effective
- Effective
- Satisfactory
- Ineffective
- Very ineffective

3. What in your view are reasons why people are finding it difficult to pay rates and others?

.....

.....

.....

4. Revenue mobilization processes in AMA is very cumbersome.

- I strongly agree
- I agree
- I don't know
- I disagree
- I Strongly disagree

5. AMA has efficient and effective revenue mobilization team :

- I strongly agree
- I agree
- I don't know
- I disagree
- I Strongly disagree

6. Please, in your view what strategies should be adopted to encourage efficient revenue mobilization at the Assembly?

.....

.....

.....

.....

7. I am conversant with the accounting reporting procedures of revenue collection.

- I strongly agree
- I agree
- I don't know
- I disagree
- I Strongly disagree

8. If you respond positively, do you implement these procedures in your work?

- Yes No

9. Do you have proper systems of control in the administration of Revenue collection at the assembly?

- Yes
- No
- I am not sure

10. Do you have monitoring control unit?

- Yes
- No
- I am not sure

Section C: Impact of Revenue

1. Does the Accra Metropolitan Assembly fund some development projects in the Municipality?

- Yes
- No
- I am not sure

2. Do you consider the quantum of Internally Generated Fund of the Assembly enough to embark on development projects in the Municipality?

- Yes
- No
- I am not sure

3. Please, list some projects undertaken by the assembly using Internally Generated Fund

.....
.....

.....
.....

4. Given the quantum of revenue collected, are you satisfied with the projects over the years?

Strongly Satisfied Satisfied I am not sure Not Satisfied Strongly not satisfied

5. Revenues collected over the years have had positive effect on economic, social and infrastructural development of the people .

I strongly agree I agree I am not sure I disagree
I Strongly disagree

Section D: Government and Donor Support

1. Does the Central Government remit funds to AMA?

Yes

No

I am not sure

2. Government's contribution to development in AMA surpasses contribution from Internally Generated Funds.

- I strongly agree
- I agree
- I am not sure
- I disagree
- I Strongly disagree

3. External sources of funds have a greater impact on development in the Municipality than the Assembly's IGF.

- I strongly agree
- I agree
- I am not sure
- I disagree
- I Strongly disagree

4. Use the scale below to rate the contribution of the following stakeholders in the development of the Assembly.

Very significant contribution (3), significant contribution (2), little contribution (1)

- (a) Government / other external funding
- (b) Metropolitan Assembly (Accra)
- (c) Philanthropic individuals

**Section E: SOURCES OF REVENUE AND THEIR CONTRIBUTION TO
TOTAL REVENUE (To be completed by Heads of Department only)**

1. Revenue accounting procedures at the Accra Metropolitan Assembly are very efficient.

- I strongly agree
- I agree
- I am not sure

- I disagree
- I Strongly disagree

2. If you agree or disagree with the accounting procedures at the Assembly, please suggest some ways to improve upon the revenue management at the Assembly

.....

.....

.....

.....

Thank you.