

UNIVERSITY OF GHANA

INSTITUTE OF STATISTICAL, SOCIAL AND ECONOMIC RESEARCH (ISSER)

MOBILISATION OF INTERNALLY GENERATED FUNDS IN THE AWUTU SENYA
EAST MUNICIPAL ASSEMBLY; REALITIES, PROSPECTS AND CHALLENGES.



THIS DISSERTATION IS SUBMITTED TO THE UNIVERSITY OF GHANA, LEGON IN
PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF M.A.
DEVELOPMENT STUDIES DEGREE

JULY 2014

DECLARATION

I, Ama Aku Aboagye, hereby declare that this submission is to the best of my knowledge my own work, towards the award of M.A. Development Studies. It contains no previously published material by another person or material which has been accepted for the award of any degree of the university, except where acknowledgement has been made in the text. Any opinion or views expressed in the work are entirely my responsibility and do not necessarily represent the organisation or individuals who have been cited in the work.

Ama Aku Aboagye

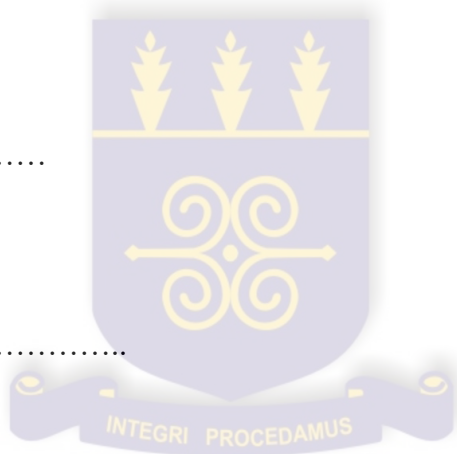
(10272162)

.....

Signature

.....

Date



Dr. Charles Ackah

(Supervisor)

.....

Signature

.....

Date

DEDICATION

This work is dedicated to my mother, Margaret Nuako (Adwoa Benewaa).



ACKNOWLEDGEMENTS

I would like to express my deepest gratitude to the Almighty God for his grace and mercy towards me and for seeing me through my work on this thesis. I am most grateful to Dr Chales Ackah for supervising my work. I thank him for his constructive criticisms and guidance. I am also grateful to Dr. Isaac Oduro Amoakoh for his support.

My heartfelt appreciation goes to the Awutu Senya Municipal Assembly staff for providing me with the necessary information. Special thanks go to the Municipal finance Officer, Budget Officer and Chief Revenue Officer for their warm reception and providing me with vital information.


I am also indebted to my parents for their support and love.

And finally to the entire MA class of 2013/2014, thank you all for the support, love, and the enjoyable times we shared.

God bless us all.



TABLE OF CONTENTS

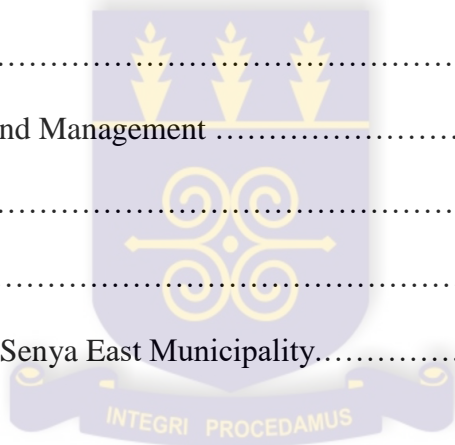
CONTENTS	PAGE
Declaration	i
Dedication	ii
Acknowledgements.....	iii
Table of content.....	iv - vi
List of Tables.....	vii
List of Figures.....	viii
List of Abbreviations	ix
Abstract	x – xi
Structure of Study.....	xii
	
CHAPTER ONE	
1.0 INTRODUCTION.....	1 - 5
1.1 Background	1 - 2
1.2 Problem Statement.....	2 - 4
1.3 Research objectives.....	4
1.4 Research Questions	4
1.5 Scope of study.....	4
1.6 Limitation of study.....	4 – 5
1.7 Significance of the Study	5

CHAPTER TWO

2.0 LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK.....	6 - 20
2.1 Literature review.....	6 - 18
2.2 Conceptual framework.....	18 - 20

CHAPTER THREE

3.0 METHODOLOGY AND PROFILE OF ASEMA.....	21 - 30
3.1 Methodology.....	21
3.2 Types and Sources of Data	21 - 22
3.3 Sampling	22 - 26
3.4 Data Collection.....	26
3.5 Data Recording and Management	26
3.6 Data Analysis	27
3.7 Limitation	28
3.8 Profile of Awutu Senya East Municipality.....	28 - 30



CHAPTER FOUR

4.0 FINDINGS AND DISCUSSIONS.....	31 – 43
4.1. Realities on the ground with regards to IGF mobilisation in the municipality....	31-36
4.2. Challenges Militating Against Effective Revenue Mobilisation.....	36 - 37
4.3. Potential Sources of Revenue.....	38 – 39
4.4 Discussions of Results	39 – 43

CHAPTER FIVE

5.0 SUMMARY CONCLUSIONS AND RECOMMENDATIONS44- 50

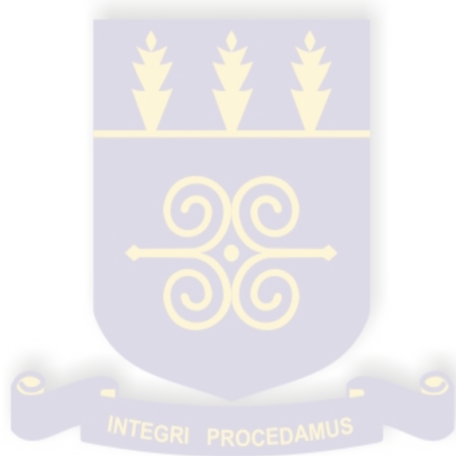
5.1 Summary of Findings44 - 46

5.2 Conclusions46 - 47

5.3 Recommendations48 - 50

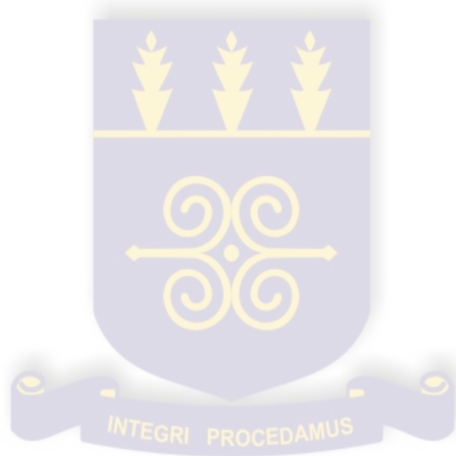
REFERENCES.....51- 56

APPENDIX.....57 - 60



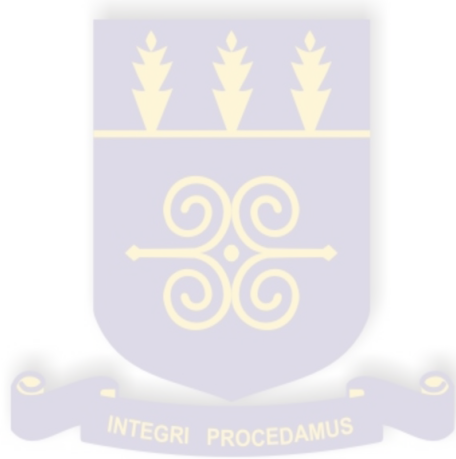
LIST OF TABLES

	PAGE NUMBER
Table 3.3.1: Summary of Profiles of Respondents of the Study.....	26
Table 4.1: ASEMA Trial Balance Sheet, (2013) Showing Sources of IGF	34
Table 4.5.3 Potential sources of revenue.....	43



LIST OF FIGURES

	PAGE NUMBER
Figure 2.1 Sources of IGF for LGs	20
Figure 4.1: Sources of IGF at ASEMA (2013)	34



LIST OF ABBREVIATIONS

ASEMA	Awutu Senya East Municipal Assembly
DACF	District Assembly Common Fund
DAs	District Assemblies
IGFs	Internally Generated Funds
LG(s)	Local Government(s)
MMDAs	Metropolitan, Municipal and District Assemblies
PRO	Public Relations Officer
UNRISD	United Nations Research Institute for Social Development
BOP	Business Operation Permit



ABSTRACT

Decentralisation comes with concepts such as fiscal decentralisation and autonomy which enjoins local governments to generate revenue from internal sources. The local government reforms in the 1990s and its subsequent Local Government Act in 1993 provide for a number of instruments to empower local governments in their local revenue generation. The internally generated funds (IGFs) are the own-sourced revenue of local governments in the country. It is revenue generated, accessed and utilised by district assemblies. However, the biggest challenge facing district assemblies is their inability to mobilise IGFs for local development. This study examines the realities in IGF mobilisation, the challenges confronting the municipal assembly in their local revenue generation and other potential local sources of revenue that can be utilised by the Assembly.

The case study approach was used to study IGF mobilisation in the Awutu Senya East Municipality, which is one of the fastest growing municipalities in Ghana. Data were collected through in-depth interviews of people with knowledge of the subject area within the municipality.

The study found out the assembly to an extent has been reaching its targets for IGF, but it was found out that these targets were not realistic considering the revenue potential of the municipality. It was also found that the assembly faces a number of challenges in its revenue generation, key among them include the leakages in the revenue system, absence of well documented data on revenue sources and a host of others. Possible solutions to these problems have been provided.

The study also came out with viable local sources of revenue that is currently not being utilised by the assembly. These sources are to enable the assembly boost IGF generation in the municipality.

The study acknowledged that, the inconsistencies in the central government transfers to the assembly coupled with the unrealistic targets set by the assembly in its IGF generation, has resulted in the inability of the assembly to expand the provision of services to the community. Revenues generated from local sources are used to finance the administration of the assembly resulting in their inability to provide the needed services within the municipality.

The study therefore made suggestions geared towards the effective mobilisation of IGFs to enable the assembly generate realistic revenues from local sources to finance developmental projects in the municipality.

STRUCTURE OF THE STUDY

Chapter 1 Introduction

This chapter introduces the aim and objectives of the dissertation, the topic and justifies the choice of topic and why it is worth researching.

Chapter 2 Literature Review

The chapter reviews the existing and relevant literature. It particularly analyses and discusses the subject and presents the conceptual framework for the study.

Chapter 3 Methodology

This chapter discusses the research strategy and methods of research used to achieve this dissertation. It also presents the context for the study

Chapter 4 Findings and Discussions

This chapter presents the data captured through primary research and discuss the results of the reviews and entire dissertation.

Chapter 5 Recommendations and Conclusions

This chapter provides recommendations and concludes the study

References

Appendix

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of study

The 1992 constitution of the republic of Ghana makes provision for a system of Government, “which shall as far as possible be decentralised” (Article 240 [1]) and to ensure that “functions, powers, responsibilities and resources are at all times transferred from the Central Government to local government units in a co-ordinated manner” (Article 240[2a]). The implementation of a decentralised system of government in the country has transferred various governmental roles and responsibilities to the Metropolitan, Municipal and District Assemblies (MMDAs) to facilitate and ensure effective administration of the country and to also bring governance and decision-making process closer to the ordinary citizen. The constitution further grants Local Governments the authority to generate revenue independent of the central government’s financial transfers. The Internally Generated Funds (IGFs) supplements the financial transfers from central government in undertaking development and poverty reduction programmes for the wellbeing of the ordinary Ghanaian. The power to generate revenue is provided for by article 240[2c]..... “There shall be established for each local government unit a sound financial base with adequate and reliable sources of revenue”. Nevertheless the Municipal, Metropolitan and District Assemblies (MMDAs) are faced with the challenge of mobilising revenue internally.

The Awutu Senya East Municipal Assembly (ASEMA) is one of the newly created municipalities in the country. It is a fast growing area with businesses and people moving into the municipality at a very fast rate. According to a research carried out by the municipal assembly, forty (40) new families move into the municipality every week, making it the

fastest growing city in West Africa, with a growth rate of about 3% per annum (Awutu Senya East Municipal Assembly, 2013). Being a relatively new municipal assembly, it faces a number of challenges; key among them is its local revenue mobilisation. The difficulties associated with internal revenue generation characterises most MMDAs in the country and hinder their effectiveness. According to Kessey and Kroes (1992, cited in Kazentet, 2011) “the financing of local development programs in Ghana has become so problematic that the survival of the decentralized development process in operation, appears to be threatened”

1.2 PROBLEM STATEMENT

Governments in their quest to improve service delivery to their citizens and to also reduce poverty have decentralised governance. Most governments in Africa believe the means to alleviate poverty is through the local government system (Brosio, 2000). However, there is little agreement among scholars as to whether the transfer of power and authority to sub-national government increases or decreases their effectiveness in the provision of public goods and the generation of own-source revenue (Fjeldstad, 2014). Decentralisation brings to the forefront the means by which sub-national or local governments can administer their respective jurisdictions and to also reach the target of minimizing poverty and improving service delivery to the citizenry. Revenue generation is an important task for all levels of government as a sound revenue system is needed to effectively function. In Africa and most parts of other developing world, many local governments are financially weak and depend on financial transfers from the central government. This has resulted in poor governance and service delivery at the local level (Fjeldstad and Heggstad, 2012).

Local governments (LGs) in Ghana per the Local Government Act 462 have been given the mandate to generate revenue from local or internal sources. However, LGs are faced with the challenge of generating revenue internally to finance their activities though they have high

potential revenue sources. Across the country, LGs are struggling to raise revenue to finance public projects; the increasing demand for improved services by citizens and the rising cost of service provision has led to the fiscal straits faced by MMDAs. Though, Ghana as a country has chalked some successes with its fiscal decentralisation, nevertheless, the mobilisation of internally generated funds (IGF) by the various metropolitan, municipal and district assemblies (MMDAs) deserves more attention. According to the past minister for local government and rural development Hon. Akwasi Opong-Fosu, It is estimated that, IGFs constitute only 20% of total MMDAs revenue (MLGRD, 2014).

This therefore has led to MMDAs mainly depending on the financial transfers from the central government; which is the District Assembly Common Fund (DACF). The DACF currently constitute 7.5% of the national budget. However, the DACF faces serious challenges in terms of its consistency and reliability. The inconsistencies in the transfer of the DACF can be observed from 1994 to 2000, when only 3 to 4 percent of the 5 percent national revenue to LGs were actually transferred (Awortwi, 2010). The delays and inconsistencies in the DACF were also observed between the periods of 2005-2008 as a “shortfall of not less than of 30% was observed” (ILO, 2009:59).

The Awutu Senya East Municipal Assembly is not exempted from these challenges as it is expected to generate enough revenue to finance projects within the municipality. This however seem not to be the situation, as the municipality continues to encounter problems with its internal revenue generation, making it difficult to initiate and finance developmental projects that will benefit its citizens. The dependence on the DACF leads to the disruption of programmes of the assembly when there is a delay in such financial transfers.

This research sets out to explain the factors that stall the capacity of the Awutu Senya East Municipal Assembly to raise enough funds. It also seeks to identify other potential local

sources of revenue and suggest ways through which the mobilisation of internal funds can be enhanced.

To achieve the above aims, a number of objectives and research questions are set out below:

1.3 OBJECTIVES OF THE RESEARCH

1. To identify the factors that impede revenue mobilisation within the municipality.
2. To identify other potential revenue sources that the assembly can explore.
3. Suggest ways to improve on its revenue generation.

1.4 RESEARCH QUESTIONS

1. What are the realities on the ground with regards to IGF mobilisation?
2. What are the factors hampering the effective mobilisation of IGF?
3. What are the potential sources of revenue in the municipality?

1.5 SCOPE OF STUDY

The scope of this research will be geographically limited to the Awutu Senya East Municipality of the Central region of Ghana. The focus of the study is the internally generated funds of the municipal assembly, and findings and recommendations may be used for other similar districts in the country.

1.6 LIMITATIONS OF STUDY

The study is limited by the following:

1. Due to the relatively newness of the municipality, the study was limited to only two years data for the analysis.

2. The researcher was limited by time.
3. Though the researcher put in measures to minimise biases of respondents in the final outcome of the study, the likely biases of respondents who were purposively selected was also a limitation.

1.7 SIGNIFICANCE OF STUDY

This study will contribute to literature in two different ways; in the area of academics, it is expected to offer insightful conclusions which will inform scholars on future studies of funding at the local government level. While reviewing the literature in the local government structure, it was observed that there is a lacuna in the literature in terms of how funds are generated for use at the local level. Much of the literature was focused on the description of the roles and structures of the local government system rather than how funds are generated locally for self-sustenance. This study will provide useful information to fill that gap.

In a practical sense, this study aims to provide useful information which will help local governmental bodies boost the internal fund generation. The analysis and conclusions that will be made by this study will offer practical information which will be beneficial to local governments.

CHAPTER TWO

2.0 LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

INTRODUCTION

This chapter reviews the literature on fiscal decentralisation and how it pertains to the local government structure in Ghana. The chapter is structured as follows:

2.1 LITERATURE REVIEW

2.1.1 DECENTRALISATION

Decentralisation has been defined as the transfer of powers to actors and institutions at lower levels in a political administration and territorial hierarchy (Fass and Desloovere, 2003). It is also any act in which a central government transfers power to agencies, actors and institutions at the lower levels in a political-administrative and territorial hierarchy (Ribot, 2002). The pursuit of decentralisation is aimed at bringing governance and development decision-making process closer to the ordinary citizen at the sub-national level (Akudugu, 2012). Generally, the benefits of decentralisation are argued as ensuring; (1) efficient resource allocation leading to growth and development in rural areas and the country as a whole; (2) community participation in decision making; (3) accountability of sub-national governments; (4) effective mobilisation and utilisation of local revenue and (5) poverty alleviation.

Decentralisation became an important policy in Africa between 1960s and 1970s and this led to a transformation in governance (Brosio, 2000). The motivation to practice a decentralised system of government in Africa is influenced by the cultural, political and economic conditions of the country. The political crisis, ethnic and regional conflicts have influenced the practice of decentralisation in countries such as Nigeria, Senegal and South Africa. Also

efficient service delivery characterises Cote D'Ivoire and Uganda (Shah and Thompson, 2004). In all, the purported benefits of decentralisation can be a reality when a well established system of fiscal decentralisation exists.

2.1.2 FISCAL DECENTRALISATION

Fiscal decentralisation refers to the devolution of taxing and spending powers from the control of central government to sub-national government (Boschmann, 2009). Crawford (2004: 4) defines it as the “transfer of fiscal resources and revenue-generating powers, inclusive of authority over budgets and financial decisions, to either de-concentrated officials and/or central government appointees or to elected politicians” It is also defined as the re-assigning of expenditure functions and revenue sources to lower levels of government (Fakasaku and de Mello Jr, 1997). Generally, fiscal decentralisation can be described as the sharing of revenue between the central and sub-national governments as well as the transfer of revenue generating power or authority to sub-national governments. Fiscal decentralisation is core to the decentralisation process.

Theoretically, the practice of fiscal decentralisation establishes a framework for the assignment of fiscal functions to sub-national governments and equips them with the necessary fiscal instruments to carry out these functions (Richard Musgrave 1959; Oates 1972; cited in Oates, 1999). The arguments for fiscal decentralisation point to the exercise of autonomy by local governments in the implementation of projects that are specific to the needs of their citizens and localities. Fiscal decentralisation explores in both normative and positive terms, the roles of the different levels of government and how they relate to one another (Oates, 1999).

The emphasis on decentralised finance is further established by the fact that, local governments understand the interest and conditions of their localities more clearly than the central government; their close contact with the people and respective jurisdictions make

them possess information the central government will not have at its disposal. Further, the increase in democratic participation in countries all over the world tends to favour fiscal decentralisation. The active participation of people in the decision-making process enhances transparency and accountability of both sub-national and central governments (Dabla-Norris, 2006).

Regardless of the above benefits, fiscal decentralisation in most countries encounters challenges that limit the achievement of these virtues. These challenges include;

- (1) The likelihood of the central government aligning sub-national expenditure pattern to that of the state. This practice limits the autonomy of LGs (Bird 1993);
- (2) The tendency of local politicians to indulge in corrupt activities through the misappropriation of funds;
- (3) the lack of proper expenditure management and
- (4) the inability of LGs to mobilise revenue either by limitations imposed on it or by their own failure to do so.

These factors are hindering the realisation of the benefits of fiscal decentralisation (Kazentet, 2011). These arguments against fiscal decentralisation are difficult to refute as most academic literature and the realities on ground especially in some developing countries tend to support this. However, Treisman (2000) does not find any significant relationship between fiscal decentralisation and corruption.

2.1.3 LOCAL REVENUE ASSIGNMENT

A clear assignment of fiscal functions and responsibilities among different levels of Government is fundamental to fiscal decentralisation. According to McLure and Martinez-Vazquez (2000), the benefits of fiscal decentralization will be achieved when sub-national governments have control over their own-source revenues. Without independent sources of revenue, Local government will not fully enjoy fiscal autonomy as they will be dependent on

the central government. The assignment of revenue includes revenues raised locally through local taxation and transfers from the central government.

According to Bird (1993), Local revenues should be benefit-related; that is, the payers of local taxes should benefit from these payments. This, on the other hand can be a reality when the LG to whom these payments are made have control in the revenue mobilization and management. This is supported by the argument that, the decentralisation of taxing powers enables decentralised units to implement schemes that are in line with the demands of their constituencies. However, in developing and transitional countries, the central governments play a major role in revenue collection and management. Local governments are basically responsible to a limited own source revenue (Shah and Thompson, 2004)

The assignment of revenue brings to bear questions on the type of revenue sources to be assigned to local governments. This is because central governments depend on varieties of tax instruments to raise revenue from several sources. In Richard Musgrave's (1959) theory of public finance, he conceptualises the functions of central government into three major functions. These include;

1. Macroeconomic stabilization
2. Income redistribution
3. Resource allocation

According to him, the first two should be the responsibility of the central government, while the last function should be assigned to sub-national governments. He argues that, efficient resource allocation can be a reality when sub-national governments have autonomy in implementing their home-grown policies (Musgrave, 1959).

Revenue assignment accompanies expenditure assignment; this is because the concept of fiscal decentralisation advocates for taxes related to specific objectives and functions to be assigned to the level of government with the responsibility for that function (Smoke, 1994).

Richard Bird (1993) suggests two principles in the assignment of revenue to LGs. According to him, tax assignment should depend on;

1. The spending responsibilities of the local government. Local government with low spending responsibilities should be assigned low rates but those with much expensive and expanding spending which characterises most African and transitional countries of Europe, must be assigned high rates for which they will be politically responsible;
2. Local governments should have the autonomy in the management of “own-source” revenues. This includes them being able to determine their tax base, tax rate and the kind of taxes to levy (Bird, 2008).

2.1.4 LOCAL GOVERNMENT REVENUE MOBILISATION

Over the years, efforts have been made towards transferring revenue mobilising authority and financial resources to sub-national government in both developed and developing countries. Local governments generate revenue from several sources; these include intergovernmental transfers and grants, own-source revenue and borrowing (Shah and Thompson, 2004). They require adequate revenue to finance their assigned duties and responsibilities. On the contrary, it is argued that revenues mobilised by local government are largely not enough, in relation to their expenditure. The bulk of revenue to sub-national governments varies from country to country. In Africa, It is argued that local governments receive the bulk of their revenue from the central government. In 2007 Nigeria had 78% of local council revenue from the central government, Sierra Leone’s LG received 74% , Ghana had 69%, Botswana (urban and districts) 64% and 92% respectively, and Gambia had 65% , South Africa was however the exception as 89% of its revenue in 2007 were generated locally (Fjeldstad and

Heggstad, 2012). Local government own-sourced revenue constitutes 5.5% of GDP in developing countries and 7.9% of GDP in transitional countries. (Shah and Thompson, 2004). The high dependence on transfers is as a result of the inability of LGs to generate revenue internally, and that makes them susceptible to the dictates of the central government. It can therefore be argued that, for local government to generate enough own-source revenue, authority over levying of tax rates, tax base identification and collection of revenues should be entirely under the control of local governments.

2.1.5 LOCAL TAX

A local tax is defined as having the following characteristics; “ (1) assessed by a local government ; (2) rates decided by that government and collected by that government and; (3) proceeds accrue to that government”(Bird, 1993:213). Thus with local taxes, the local government has the sole responsibility in its collection, administration and management. On the contrary, most local taxes do not share these characteristic as issues with rate setting, collection and management differ from country to country.

According to Inman (1989), the structure of local taxation is an important determinant of the fiscal performance of decentralized public entities. Bahl and Bird (2008) describes three different forms of local taxes. According to them, some jurisdictions have their tax rates, assessments and collection being done by the central government. This is very common in developing countries and there exist some form of intergovernmental transfers of these taxes. In others, the LG can (1) decide whether or not to impose a particular tax, (2) determine the tax base, (3) set the tax rate, and (d) receives all the revenues but the collection is done by the central government. In such instances, it can be seen as a central tax but in reality, is a local tax. The intermediate between these two is seen in Brazil where the central government sets the rates but sub-national governments impose and collect the taxes. Examples of some local taxes include property rates, business licences and user charges.

It is however important to emphasize that, the most critical factor in local taxation is the freedom of LGs to determine the tax rate. This can make them more accountable to their constituents. (Bird, 1993). However, the taxing powers of local governments are nevertheless limited. In Ghana the lucrative tax fields such as the income tax, sales tax, export and Import duties all belong to the central government (Crowford, 2004).

2.1.6 BENEFITS OF LOCAL SOURCES OF REVENUE.

The ability of LGs to raise large share of their total revenues locally makes decentralisation effective. Local sources of revenue are of immense benefit to local governments and their citizens. The benefits include; (1) the capacity of local governments to vary the quantity and quality of its services to suit local needs; (2) there is greater accountability for monies raised locally than when is generated through grants and transfers; (3) central government transfers come with restrictions attached which constrains the way is spent; (4) locally generated revenues are argued as being used more efficiently by local politicians than transfers and grants (FAO, 2004). Regrettably, LG can be argued as not enjoying these benefits due to the challenges they face in local revenue mobilization.

2.1.7 LOCAL GOVERNMENT REVENUE IN GHANA

The 1992 constitution and the Local Government Act 462 assign various functions to MMDAs. Key among them include; (1) the exercise of legislative, deliberative and executive functions in their respective jurisdictions; (2) effective mobilisation of resources needed for overall development of their localities; (3) promotion of productive activities and social development and (4) responsible for the development of their localities (Crowford, 2004). A reliable and sound revenue source is indispensable to the performance of these functions.

In Ghana, DAs units are made up of Metropolitan Assembly with population of over 250,000, Municipal Assembly of over 95,000, and District Assembly with population of over 75,000 (Obeng-Odoom, 2010). Currently, there are 216 Metropolitan Municipal and District Assemblies (MMDAs) in the country, and they consist of 6 metropolitan, 49 municipal and 161 district assemblies. It is argued that the autonomy of local governments in Ghana is compromised and undermined in a number of ways. This is especially evident in the continued influence of the central government through presidential appointments, non-partisan elections and administrative and fiscal control (Crowford, 2004).

The local Government Act ironically makes district assemblies the highest political authority in the districts but the lowest in terms of financial administration in the country. It can therefore be argued that this tends to affect the effective and efficient functioning of the MMDAs, since the effectiveness of any government depends on the financial resources it has at its disposal, and this also applies to the MMDAs.

Revenue sources available to local governments in Ghana are the transfers from central government, internally generated funds and donations from donor agencies and NGOs (Botchie, 2000). The transfers from central government include the ceded revenue and the district Assembly Common Fund (DACF). The DACF is currently the most important source of revenue to MMDAs (Botchie, 2000). It consists of 7.5% of the total revenue of the central government which is transferred to the MMDAs. It is restricted to the financing of development projects within districts.

External assistance from donor agencies is also an important source of revenue to local governments. These assistances target poverty reduction, health, education, water and sanitation, agriculture and micro-projects (Botchie, 2000).

The revenue of District Assemblies consists mostly of transfers. In 2004, 86% of total revenue to district assemblies consisted of transfers from the central government and

international donors, only 16% were generated from the District Assemblies (DAs) own sources of revenue (Kuusi, 2009). Hence, the financial positions of DAs are weak in relation to their expenditure, leading to a high dependence on the central government.

2.1.8 Internally Generated Funds (IGFs)

The 1993 Local Government Act 462, gives district assemblies the authority to generate revenues from their respective jurisdictions. It also gives them the power to mobilise revenue locally. According to Fjeldstad (2014:2), the sources of revenue for “urban municipalities include property tax, business licences, market fees and various user charges”. The internally generated funds (IGFs) are the own-sourced revenues for MMDAs. It includes taxable and non-tax sources. Compulsory payments on businesses and properties made to the assembly constitute the tax revenue; while the voluntary payments made to the assembly constitute the non-tax revenue. The major sources for local revenue generation include;

Fees and Fines: Local governments have the authority to charge fees for services or facilities rendered. These are user charges imposed on services the assembly provides. User charges are charges levied on the “direct recipients of benefits, whether residents, businesses, or things (real property)” (Bird, 1993:212). It includes fees levied on abattoirs, markets, lorry parks, etc. The fines consist of monies from district tribunals or courts paid to the assembly.

Licences: A licence is an official document that gives legal backing to engage in, own or do something after payments have been made. Local government have the authority to issue licences for various items and activities. These include hotels, restaurants, drinking bars, self-employed artisans, hawkers etc. (Local government act, 1993). However, the generation of local revenue through business licences is hindered by its tendency to lead to rent-seeking behaviour on the part of business owners and local authorities. Also, the high compliance cost due to complex processes involved leads to low revenue generation (Fjeldstad, 2014).

Property Rates: these are rates levied on immovable property. Section 94 of the local Government Act 1993, (Act462) provides that, District assembly shall be the “sole authority for the district and subject to any special provision in the Act or any other enactment; no other authority other than the Assembly shall, notwithstanding any customary law to the contrary have power to make or levy rates in the districts”. Though property tax has been argued as a major source of revenue to local governments; the absence of clear ownership rights, the inability to enforce payment and improper valuation practices all act as constraints to it (Fjeldstad 2014).

In Ghana, property tax accounts for between 40% and 60 % of the revenue that is collected directly (Appiah et al, 2000). It accounts for an average of 6.1% in local councils in Sierra Leone, and less than 10% in The Gambia (average for the period 2006 -2008) (Fjeldstad and Heggstad,2012). These rates are however higher in the developed federal countries as in such countries, all taxes levied on properties are collected by local governments (Bird 2008).

Investment Income: Sections 89 of the local government act permits DAs to invest “Moneys of the Assembly or a portion of those moneys” into investments approved by the assembly. The proceeds from such investments serve as revenue to the assembly.

Land: these are revenues paid to the assembly from the sale of stool lands and building permits. This is usually a percentage of processing fees that are paid to the assembly.

Though the above revenue sources have been described as low yielding (Crowford,2004), they have the potential of generating substantial and reliable revenue to MMDAs if well administered and managed (Fjeldstad, 2014).

These traditional sources of revenue have not been well explored due to a number of challenges.

2.1.9 CHALLENGES TO IGF MOBILISATION

In Ghana, IGF mobilisation by MMDAs has increased over the years but still faces a number of challenges. These include;

- The lack of cooperation from the paying public: the apathy exhibited by the public towards the payment of their taxes to the district assemblies affects the generation of local revenues. This is as a result of the non-compliances on the part of the paying public. Moreover, the lack of accountability on the part of local government to their citizens has reduced people's confidence in local governments (Fjeldstad and Heggstad, 2012), hence their refusal to honour their tax obligation leading to a shortfall in the amounts generated.
- Poor revenue collection methods: efficient and effective revenue collection requires the incorporation of advanced techniques into revenue collection but in Ghana and some African countries, the manual means of revenue collection tends to dominate. In addition, the inadequate revenue collectors coupled with the poor logistics given them further exacerbate this problem (Boschmann, 2009).
- The lack of well trained and competent personnel limits the capacity for local initiatives and development. Key and important positions in finance or revenue departments are often not well staffed and equipped. It is argued that, staff involved in local revenue collection exercise, have little formal education and lack appropriate skills for records maintenance, public relations and enforcement (Boschmann, 2009)
- Arbitrariness and Corruption: the corruption and arbitrariness that characterise local revenue mobilisation in Ghana has made it unpopular and ineffective. (Prichard 2010). Revenue collection and management are poorly designed providing loop-holes

for corrupt activities. The absence of effective supervision, monitoring and evaluation negatively affect the revenues that are mobilised. Also the tendency for collectors to understate revenues collected, absence of proper revenue reporting systems, the misappropriation of revenues by district officials, and many others are challenges MMDAs face in their IGF generation (Akudugu and Oppong-Pepprah, 2013).

- Lack of up-to-date data on economic activities and properties within districts: In Ghana, it is argued that MMDAs lack proper records on their respective areas of jurisdiction. They do not keep records of the businesses and properties existing within their administrative areas. This problem is further compounded by most small scale businesses being exempted from paying taxes. Others too cannot be taxed because the earnings accruing from such businesses are negligible. With regards to property tax, there appears to be a lack of insight in the exact number and sizes of the properties. Also, the setting of the fee levels is not based on the actual cost, but often on what government has dictated decades ago or the assembly considers feasible on the grounds of political expediency (Boschmann, 2009).
- Central government regulations: local governments have less control over their own-sourced revenue. Their autonomy is restricted to rate setting within limits. (Shah and Thompson, 2004). In Ghana, the central government uses policies to regulate LG's revenue mobilisation. The ministry of local government and rural development is responsible for the provision of guidelines for the issuing of rates. This serves as a guide in the passing of fee fixing resolutions by MMDAs (Kazentet, 2011).
- The weak local revenue base due to the lack of tax authority and administration is another level of concern (Boschmann, 2009). Local governments have not been able to explore other potential local sources of revenue to widen their tax base. A tax base is the set of economic activities and assets that are taxed (African economic outlook,

2010). Each district has a wide geographical area with activities and properties to tax and yet, there is almost nothing to tax. Revenue generation from services continue to be weak. Not all taxes due are assembled, fees and rates are very low and/or not all are collected.

Local governments' own sources of revenue play a pivotal role in funding and maintenance of local public infrastructure. Further, it provides the basis for the enjoyment of fiscal autonomy by local governments. Their ability to leverage local sources of revenue is integral to good financial governance at the local level (Boschman, 2009). Appropriate measures therefore need to be put in place to address these challenges to enable LGs optimize their revenue mobilising efforts and to also develop and benefit from other potential local revenue sources.

2.2 CONCEPTUAL AND ANALYTICAL FRAMEWORK

In this section I draw on the literature review to present the conceptual framework for this study.

In the view of Smoke (2001), the design of local revenue structure plays a significant role in revenue accumulation at the local government level. Hence, the determination, setting and collection of taxes remain important issue in local revenue mobilisation.

The determination of tax and the rates to be charged are very critical. It requires the proper assessment of the tax base and taxable items. Also the collection of taxes can influence revenue targets. The methods employed in the collection and the people play an important role in the mobilisation of revenue.

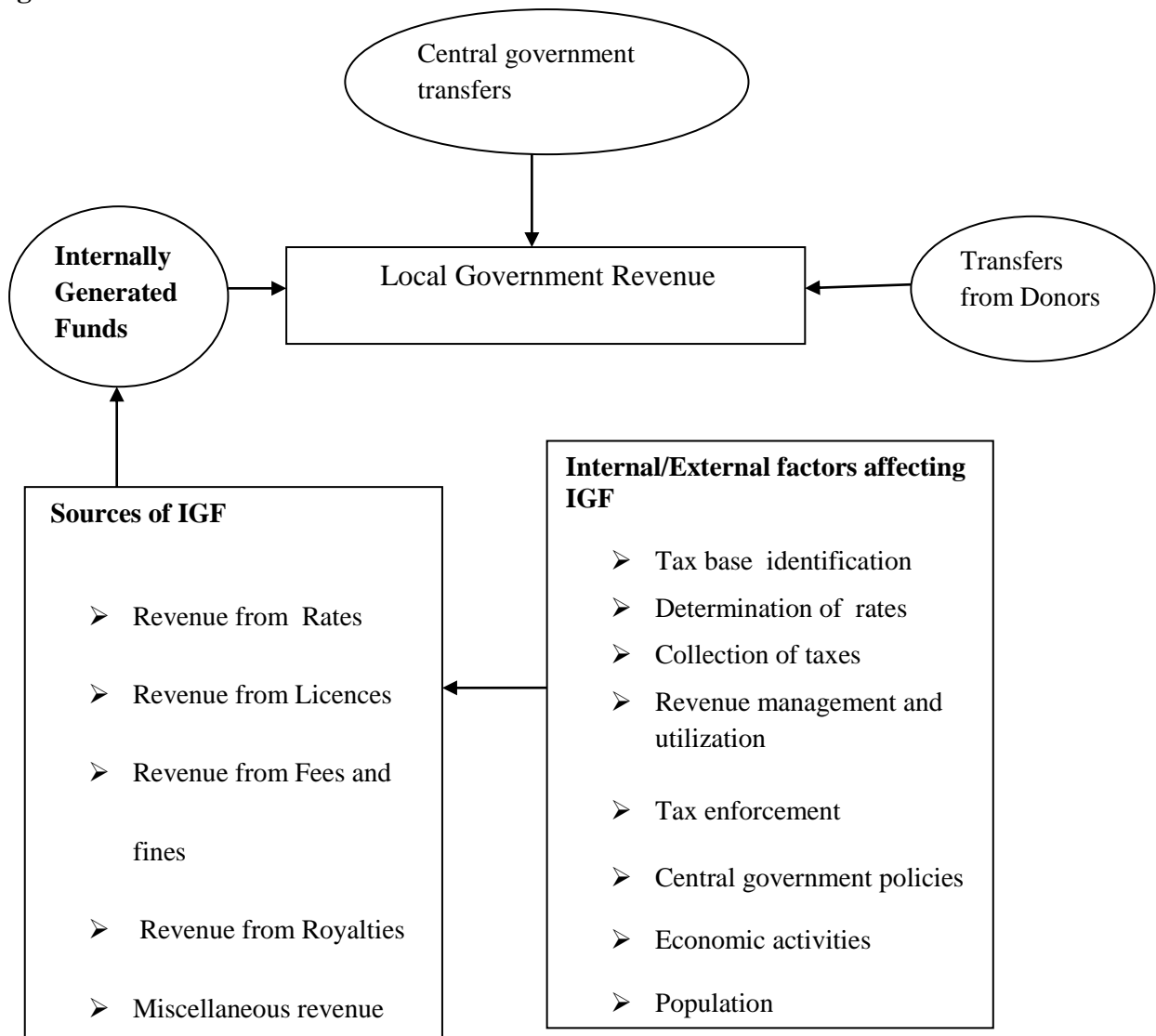
Further, the administration and utilization of revenues generated can critically affect the total revenue mobilised. It involves the proper management of revenue in terms of its use especially in the provision of services needed by the community. Since local taxes are supposed to be benefit related (Bird 1993), the paying public should receive benefit from the

taxes they pay. This serves as a motivation in the payment of taxes and its absence can adversely affect LG's revenue.

In addition, tax enforcement enables LG to apply sanctions on defaulters. This serves as a check on the paying public and also determines how much tax is collected (Roy, 2000)

This study draws on Smoke's (2001) and Roy (2000) propositions to develop the conceptual framework (Figure 2.1) for the research.

Fig 2.1 Sources of IGF for LGs



Source: Adapted and modified from Botchie (2000) and Roy, (2000)

From the framework, the major sources of revenue to MMDAs are the central government transfers, donations from donor agencies and IGF. The mobilisation of IGFs is directly

affected by both internal and external factors. Both factors involve political, social and economic issues that impedes on IGFs generation. The internal factors are those within the ambit of the local government. However, central government policies though described as an external factor, impacts on all the identified internal factors which includes; the tax base identification and coverage, determination of rates, collection of taxes, revenue management and utilisation and tax enforcement (Bird 1993). Further the level of economic activities in the local area and the population are also external factors that impact on IGF generation. The framework will be used to investigate the above intricate factors in IGF mobilisation in Awutu Senya East Municipal Assembly.

CHAPTER THREE

3.0 METHODOLOGY AND PROFILE OF AWUTU SENYA EAST MUNICIPALITY

Introduction

This chapter gives a detailed description of the methods used in undertaking this study and information on the study area, with emphasis on the socio-economic characteristics of the municipality.

3.1 METHODOLOGY

The study is a single case design. A case study according to Yin (2014: 16) is “an empirical inquiry that; (1) investigates a contemporary phenomenon (the “case”) in depth and within its real-world context, especially when (2) the boundaries between phenomenon and context may not be clearly evident.” Thus, case study research provides a better understanding of a real-world case. This case study explains the administrative, economic and legal factors hampering the effective mobilization and other prospects of IGF in the Awutu Senya East Municipal Assembly and offer suggestions through which the IGF accumulation process can be enhanced.

Though, it is acknowledged that case studies are subjective and thereby prevent generalisations to the population to be made, the aim of the study was to however ensure that the views of different informants were investigated because the “uniqueness of the individual cases and contexts is important to understanding” (Stake, 1995:39).

3.2 Types and Sources of Data

This research made use of both quantitative and qualitative data. Quantitative data deals with numerical data that can easily be quantified, while the qualitative deals with data that seeks to provide an in-depth understanding of issues. It is usually from the perspective of what will be collected from the field. Primary data was acquired through qualitative research; In-depth

interviews with purposively selected public officials who are in current practice at the assembly and other individuals who are knowledgeable in the subject matter of this study.

Review of relevant financial documents of the assembly served as secondary data.

Qualitative research as defined by Veal (2006) “involves gathering a great deal of information about a small number of people rather than a high amount of information about large number of people”. On the other hand qualitative is described by Merriam (2009) as an “inquiring into or investigating something in a systematic manner” and utilises data collection technique (such as an interview) or data analysis procedure (such as categorising data) that generate or uses non-numerical data such as words, pictures, and video clips making the best option for this research”.

3.3 Sampling

According to Saunders (2009), “by adopting the sampling techniques the amount of data required is reduced as only data from a subgroup is considered. This is based on probability or non-probability sampling. As very essential aspect of every research, adopting the most appropriate sampling strategy for this research is supreme to achieving the research aim and objectives. Consequently suitable sampling strategy was used to achieve the research aim.

Non-probability sampling was deemed most appropriate sampling method for the purpose of this research. To gain multiple perspectives on the processes involved in IGF generation, the study adopted purposive sampling in the data collection. Purposive sampling is the process of selecting sample units within the segment of the population with the most information on the characteristic of interest (Guarte and Barrios, 2006).

This was used to select senior staff of the assembly from finance, budgeting, revenue and planning departments, three tax collectors (two from the assembly and 1 from Revsol; a firm contracted by the assembly to collect market tolls). Other stakeholders were selected outside

the assembly and they included Assembly members, a member of the leadership of the market retailers association and a member of the leadership of Steps to Christ Landlords association. Their selection was critical to this study because they possess first-hand information on the processes and challenges involved in revenue generation in the municipality. All respondents were engaged in separate interviews.

This section briefly describes the categories of respondents and the rationale for involving them in this study.

3.3.1 Municipal Assembly Senior Staff

Primary data was collected through interviews with some selected key personalities (senior staff members) in the Awutu Senya East Municipal Assembly. The respondents sampled in this category were the officers responsible for finance, budget analysis, revenue mobilization and municipal planning. These respondents were purposively sampled due to their in-depth knowledge on the phenomenon under study, i.e. revenue mobilization, challenges and prospects in the municipality.

3.3.2 Tax Collectors

The researcher initiated her meeting with three tax collectors by a request for detailed functional outline. Below is a summary of how the tax collectors described their functions:

Tax collectors in the Assembly have diverse responsibilities and render essential services to help the continuous running of the Assembly. Their responsibilities range from rendering special assistance and advice to the technical men who draw budget and fix tax-billing to the provision of field services such as identification of potential tax-payers. During the preparation of the assembly's budget, the tax collectors are consulted on matters relating to

mobilization of internally generated funds and fixing of various billing rates. On the field, tax collectors have the responsibility to identify all potential tax payers, they educate the tax payers on the need and usefulness to render their tax obligations as well as give explanations to the tax payers on how their tax revenues are used by the assembly. All revenues collected are sent to the financial division of the assembly whereas; deviant tax payers are reported to the authorities for appropriate sanctions..

3.3.3 Assembly Members

Three members of the assembly who were the people's representative (Assembly Men) within some specific electoral areas were sampled to share their opinions on the subject matter of this study. These assembly members were invaluable included in this study due to the importance of their role as a linkage between the people and the assembly. They represent the interest of their people and at the same time have an understanding of the situation at the assembly.

3.3.4 Landlords and Market Association Leaders

Leaders of landlord and market associations were also interviewed to enable the researcher to fully understand the operations of IGF in the municipality. The interviews with this group mainly focused on general perception of IGF, actual and expected benefits, effect of payment of those revenues and identification of unexploited revenue sources in the municipality. Representatives of the associations' members contributing to the study emphasised on the need to pay rates or tolls to the assembly to generate revenue internally. They however hinted that, such action is a step in the right direction only if it is aimed at seeking to provide services and amenities to improve the status of the communities

The profiles of the respondents are briefly stated in Table .3.3.1

Table 3.3.1: Summary of Profiles of Respondents of the Study

Respondents Number	Age	Gender	Position	Years of service
1.	35-44	Male	Senior Staff 1	15
2.	35-44	Male	Senior Staff 2	4
3.	45-54	Male	Senior Staff 3	3
4.	45-54	Male	Senior Staff 4	4
5.	35-44	Male	Assembly member 1	4
6.	45-54	Female	Assembly member 2	4
7.	45-54	Male	Assembly member 3	4
8.	25-34	Male	Revsol tax collector	3
9.	35-44	Female	Tax collector	4
10.	45-54	Male	Commissioned tax collector	15
11.	55-64	Male	Member of the leadership of Steps to Christ landlords association	1
12.	45-54	Female	Member of the market retailers association leadership	9

The table above gives brief demographic information on the respondents in Awutu Senya Municipality. From the table all respondents were given labels for the sake of anonymity. ‘Senior Staff’ was used to represent respondents from the assembly, with numbers attached to differentiate them. The assembly members from selected electoral areas were also given numbers to differentiate them. It can also be observed that, though the municipal assembly is just two years old, most of its employees have been serving in their respective positions for more than two years. This is due to the fact that, they were already working for the district from which the municipality was carved out -Awutu Senya District. Also, the municipality

was divided into electoral areas in 2010 and this explains why all the assembly members interviewed had been at post for four (4) years. The ages of respondents were given in a range because they were sensitive in giving out such information.

3.4 Data collection

Between June and July 2014, primary data was collected through semi-structured interviews based on an aide memoire as a guide. The purpose of the study – realities, challenges and prospects of IGF generation at ASEMA – was explained to the respondents (Marshall & Rossman, 1999). In all, twelve (12) people were interviewed for an in-depth understanding of the processes, practices and implications for the IGF at the assembly (Yin, 2014).

During the conversations I investigated interviewees' insights on IGF in the municipality. I attempted to understand the critical subjective meanings that are essential elements of understanding interviewees' behaviour (Sullivan 2001:98; Marshall & Rossman, 1999). This approach offered me an effective means to unearth the finance officers, tax collectors, assembly men and woman, landlords and markets associations' understanding on the issues relating to IGF in ASEMA. More information were requested on issues such as sources of revenues, challenges and prospective. However, the interviews required skill in order for me to steer the conversation to the phenomenon under study. The interviews were held at the offices and homes of interviewees depending on where they felt comfortable. Nevertheless, I acknowledge that face-to face interviews were more time consuming.

3.5 Data Recording and Management

A review of the transcribed interviews revealed that the respondents' views and perceptions could be grouped into three;

1. The realities on the ground with regards to IGF mobilisation.
2. The challenges associated with the mobilisation of revenues.
3. The prospects for mobilizing more revenues.

3.6 Data Analysis

The data collected from primary and secondary sources were scrutinised to identify errors. The data was then analysed and submitted. The intent of data analysis is to make sense out of the data (Creswell 2014, 195). The data analysis was based on theoretical propositions, therefore the choice of research questions, conceptual framework, samples of cases and instrumentation were all related (Yin, 2014) and based on the six steps proposed by Braun and Clarke (2006). The process unearthed themes within the data that emerged to become the categories for the analysis. Firstly, the data was transcribed by adhering to the admonition for a rigorous and verbatim account of the recorded interviews. The time spent on the transcription allowed me to become familiarize with the data through reading the scripts repeatedly. In this study, I coded the data with the research objectives, research questions and the conceptual framework in mind (Miles and Huberman 1994). Thematic analysis allowed me to organise and describe the research findings in detail. It is flexible, relatively easy and quick to learn and do and notably very accessible to me as a beginner in research (Braun and Clarke (2006:79).

However, there were potential biases. My role as the researcher influenced the research questions posed, the selection of the cases and the analysis of the data. Additionally, I was closely involved with the respondents under study. However, I reduced subjective influences during the research design and the data collection stages of the research by triangulation of methods such as interviewing and the use of multiple stakeholders to enhance cross case analysis based on similarities and contrasts (Bryman and Bell 2007). Furthermore, I ensured that misinterpretations during the interviews were minimized through seeking clarification on salient issues. I also retained the raw data from tapes, used field notes and secondary documents (Yin 2014; Miles and Huberman, 1994).

3.7 Limitations

This section identifies and addresses potential constraints and weakness encountered while undertaking this research. A number of constraints were encountered during this study. This research was initially based on a questionnaire. However it was identified that number of experts needed and time frame in order to present significant data were lacking. Therefore it was decided to use semi structured interviews instead in order to gain a deeper understanding of the realities, challenges, and prospects for IGF at ASEMA. Getting access to respondents outside of the district assembly was extremely difficult. Time was a major constraint as limited time was allocated for this study.

3.8 PROFILE OF AWUTU SENYA EAST MUNICIPALITY.

The Awutu Senya East Municipality was created in 2012, and is in the Central Region of Ghana. The Municipality was carved out of the Awutu Senya District. It forms part of the twenty (20) Metropolitan, Municipalities and Districts in the Central Region and has Kasoa as its capital. The municipality shares boundaries with Ga South Municipal in the Greater Accra Region to the East, to the West with the mother district Awutu Senya, to the North with West Akyem Municipal in the Eastern Region and to the South with the Gulf of Guinea.

The natives of the Municipality are mainly Guans, but there are other settler tribes of different ethnic backgrounds; these include the Gas, Akans, Ewes, Walas/Dagartis, Moshies, Basares and other numerous smaller tribes. The main languages spoken are Akan and English as the official language. (Awutu Senya East Municipal Assembly, 2013)

3.9.1 Location and Size

The municipality is located in the Eastern part of the Central Region within Latitudes 5°45 south and 6°00 north and from Longitude 0°20 west to 0°35 East. Its capital-Kasoa is found

in the south east, about 13km from Accra. The municipality covers a total land area of about 180 square km, occupying about 18% of the total land area of the central region.

3.9.2 Climate

The municipality experiences high temperatures throughout the year. It ranges between 23⁰c and 28⁰c, it can however go as high as 33⁰c during hot seasons. The average rainfall is about 750 mm with March and September being the heavy rainfall seasons (Awutu Senya East Municipal profile, 2013)

3.9.3 Population

The Awutu Senya East Municipality was carved out of Awutu Senya district in 2012. The population of Awutu Senya district as at 2000 was estimated at 124,028 (Ministry of Finance and Economic Planning, 2012). In 2010, the population of the district increased to 195,306 (Ghana Statistical Service, 2012). Since Awutu Senya East Municipality was created after the 2010 census, there is currently no official statistics on its population. However, according to the projected figures from the 2000 population census, the population of the municipality is estimated at 270,000. (Awutu Senya East Municipal assembly, 2013)

The population is very heterogeneous in nature with an annual growth rate of 3%. In a survey conducted by the municipal assembly, it was found out that, 40 families migrate to the town every week. The population is mostly youthful with a male to female ratio of 1 to 1.06 (Awutu Senya East Municipal Assembly, 2013).

3.9.4 Economic activities

Trading is the main economic activity within the municipality. Data indicates that about 60% of the population are traders. Majority of the people in the municipality are engaged in informal trading mostly in the open market located right at the centre of the town and other

areas. Other activities are the service sector, agro processing and farming. The service sector includes banks, schools, hospitals etc. and it employs about 21% of the working population. With farming and agro processing, they tend to be done on a small scale, however, there are few large scale commercial farms in the municipality (Awutu Senya East Municipal Assembly, 2013).

CHAPTER FOUR

4.0 FINDINGS AND DISCUSSIONS

INTRODUCTION

This chapter presents the findings and analysis of data solicited from respondents with the purpose to unravel the research problem. In line with this, qualitative data were collected from assembly staff (senior and junior), Assembly members and opinion leaders of the Awutu Senya East Municipality through in-depth interviews. In addition, the researcher's field notes and observations made during her visitations to the Assembly are also used to enrich the study. The chapter employs thematic analysis, in finding answers to the specific research questions stated in the introductory part of this study.

For the purpose of anonymity the senior staff of the assembly involved in the study were referred to as SS1, SS2, SS3 and SS4, the collectors were labelled as TCI, TC2 and TC3, the assembly members were identified as AM1, AM2 and AM3 and finally the respondents for the market and landlords associations were identified as LMA and LLA respectively.

4.1 Realities on the ground with regards to IGF mobilisation in the municipality

This section of the chapter presents the data obtained from an interview with some selected key personalities in the Awutu Senya East Municipal Assembly. All the respondents' voluntary agreed and freely participated in the study. The data have been analyzed and presented in line with the specific research questions.

In finding out the realities on the grounds regarding revenue mobilization in the assembly, the researcher asked respondents to indicate various revenue sources available to the assembly in running its administrative and development projects. Below are precise responses

expressed by the respondents when asked to indicate revenue sources available to the assembly?

“We mainly depend financially on revenues internally generated and funds from the central government, though we are to be benefited from donor funds but we are yet to receive such funds as we are still looking forward. Internal funds are raised from rates, fees and fines, licenses, rents” (SS1).

“The assembly receive funds from the government of Ghana and revenues generated from internal sources to cover all its financial obligations but for the past one year, the internally generated funds have been the only reliable source of revenue to the assembly. This is due to the fact that the central government since the 3rd quarter of the year 2013 has not fulfilled her financial obligations to the assembly. The IGF is raised from rates, land permits, fees, and fines with the market fees forming the highest proportion. Heaping to over 40% of all funds generated internally”(SS2).

“The assembly depends on internal funds generated from property rates, licenses, issuance of building and business operation permits, and market tolls for its financial needs. The mobilization of internally generated funds has witnessed continuous improvement over the years and the assembly is doing all it can to have them keep improving”(SS3).

The secondary research confirmed the information provided by the senior staff with regards to sources of internal generated funds.

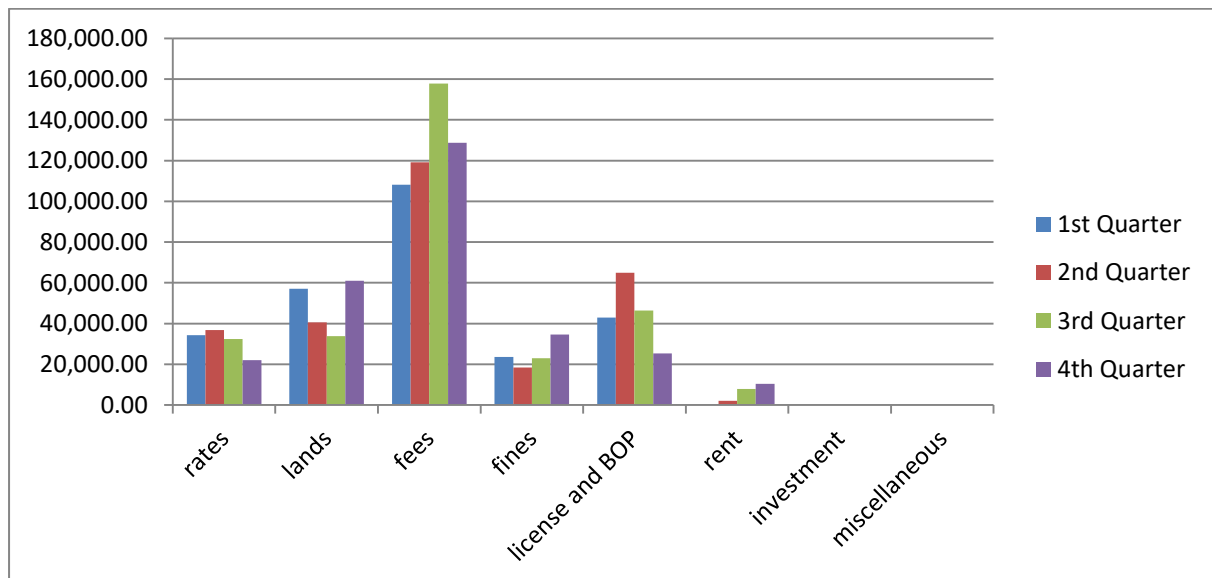
Table 4.1 and Figure 4.1 below show the quarterly analysis of IGF generation from the various sources in 2013.

Table 4.1: ASEMA Trial Balance Sheet, (2013) Showing Sources of IGF

Sources of IGF	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	TOTAL
	GHS	GHS	GHS	GHS	GHS
Rates	34,245.00	36,845.00	32,358.00	22,072.41	125,520.41
Lands	57,115.50	40,577.00	33,758.00	61,095.00	192,545.50
Fees	108,089.95	119,293.95	157,839.92	128,777.90	514,001.72
Fines	23,586.25	18,389.25	22,970.70	34,645.60	99,591.80
license / BOP	42,888.80	64,874.00	46,359.00	25,297.00	179,418.80
Rent		2,106.00	7,852.00	10,360.40	20,318.40
Investment		-	-	-	
Miscellaneous		-	-	-	
TOTAL	265,925.50	282,085.20	301,137.62	282,248.31	1,131,396.63

Source: ASEMA, 2013.

Figure 4.1: Sources of IGF at ASEMA (2013)



Source: ASEMA (2013)

From the Table 4.1 and Figure 4.1 it can be observed that fees form the highest proportion of IGFs in ASEMA with rents being the least performing source. In 2013, the assembly did not

generate revenues from miscellaneous and investments. It was because, as noted by the study, the assembly mainly rely on collection of tolls and other financial duties rendered to it by the people in raising internal funds rather than engaging in productive business or provision of charged services to generated funds. The assembly generated high revenues from the fees in the 3rd quarter of 2013 though there were some reductions in the 4th quarter. The high revenues generated from this source can be attributed to the commercial nature of the municipality. Kasoa is a commercial hub and currently has two big markets (old and new market), also hawkers and traders engaging in various trading activities and commercial drivers all pay daily tolls to the assembly. The assembly has also contracted the collection of market tolls to a private firm and as indicated by respondents the revenue generation from tolls have increased since it was contracted out.

Rates (property rates) have not been performing well in terms of revenue generation even though it has the potential to generate substantial amounts of revenue to the assembly, considering the rate at which properties are springing up in the municipality. Its non-performance is due to the unavailability of data on properties and the use of un-accessed rates in charging property rates. Also the compliance level in the payment of rates is very low. This results from the non provision of services lamented by members of the community.

Revenue from fines appreciated at the last quarter of the year and this can be attributed to the fact that, the assembly at the end of the year prosecutes all tax defaulters and this leads to the payment of fines to the assembly.

In furtherance, attempt by the researcher to unravel the actual situation on the ground regarding generation of internal funds led to an investigation into the level and coverage of local tax base in the municipality. In line with this, respondents were asked to share with the study, the expanse of local tax base and level of its coverage. Responding to these, it was

commonly noted that the assembly has a broad tax base (specific items) to tax from but limited coverage (compliance rate) within these tax sources. Lamenting on tax base and coverage as prevailing in the municipality, a senior staff of the assembly lamented thus:

“Tax base or revenue base in the municipality is very broad as the assembly depends on varied sources for funds generation. On the other hand, the coverage rate is relatively low, between 50% to 60%. Low revenue coverage rate in the assembly stems from various factors, with the paramount one being the fact that properties in the assembly have not been valued, hence relying on un-assessed rates which are not realistic. The challenge to the ratification of this blocking pillar is that the assembly does not have enough financial resource to enable it embark of mass property evaluation” (SS1).

On the collection of taxes and the performance of tax collectors, the study discovered the assembly has contracted the collection of market tolls out but all the other sources of revenue were being collected by people employed by the assembly. With regards to the performance of the collectors, respondents agreed the collectors were improving as revenue targets were being met. They however added that, the inability of the assembly to set targets for collectors is affecting revenue mobilisation. A senior staff sums up the responses of the respondents as follows:

“The assembly has contracted the collection of tolls to a firm called Revsol Ghana limited, but the rest of the sources are collected by collectors from the assembly. The collectors from the assembly have been doing well in revenue generation as I have been tracking their weekly returns to the assembly. Comparatively, Revsol is doing better as revenue targets have been increasing every quarter ever since it was contracted to them. The only problem is the percentage they take; they take 40% of the total revenues they generate which I think should be reconsidered” (SS3).

The study dived into an investigation of management and utilization of revenues generated from internal sources and how it betters the lives of local people. It was generally agreed among the respondents that local revenue generated are used to cover various administrative cost and also to support ongoing development projects in the assembly. It was revealed that all monies spent from the assembly's coffers must strictly be captured in the yearly budget, which must first be approved by the general assembly. In determining how the payment of local taxes are enforced in the municipality, the respondents agreed defaulters are prosecuted by the assembly after being given a grace period to honour their tax obligations. This to them have been successful as those prosecuted pay their taxes and also serves as a deterrent to others.

4.2 Challenges Militating Against Effective Revenue Mobilisation

The researcher's encounter with respondents within the Awutu Senya East Municipal Assembly revealed a number of challenges militating against effective mobilization and utilization of internal revenues. Below are the responses obtained from respondents when responding to challenges faced in local revenue mobilization.

“The major problem I have identified over the years to be affecting effective and efficient mobilization of internal revenues is the leakages in the revenue system; this is more concerned with as lack of strict supervision and checks on the revenue collectors. Also the Boundary disputes with other districts where residence in these areas deliberately fail render their financial responsibilities to the assembly” (SS2).

The tax collectors also identified the common challenges facing local revenue mobilization in the assembly and these include: poor data and records keeping, poor road networks to link communities, lack of education on the need to pay tax and unwillingness on the side of the tax payers to pay, high dependence on manual system in the revenue mobilization and lack of

supporting materials and logistics to aid the tax collectors to efficiently carry out their duties.

Below are some unedited responses given by a respondent:

“ In most cases the people complain whenever we go to collect the taxes, they agitate and complain because they feel they are giving out money without the provision of any tangible services but market and stores tolls are highly effective as we are able to cover about 80% of all these takes. The most pressing challenge to our work is the low understanding of the tax payer in rendering their tax obligations; they only think we take the monies for no reason because they do not see any physical development in their areas ”(TC2).

Among common challenges undermining effective internal revenue mobilization as identified by the assembly members were low understanding among the community members on the usefulness to make such contributions to the assembly, lack of logistics such as vehicles for the revenue collectors, inadequate provision of services and confrontation with tax payers, and boundary disputes. In addition, it was hinted that there was political interference in the revenue mobilization where some people hide behind political affiliation to escape tax payment. An assembly member and a senior staff explained respectively:

“The rate payers always want to see direct and tangible benefits. Most of them complain about not receiving any benefit for the monies they pay and this makes voluntary compliance difficult while increase default tendencies (AM 3).

“There are many hindrances to effective internal revenue mobilization in this municipality but the most pressing one over the years has been the unpaid District Assembly’s Common Fund by the central government, this has forced the assembly to push greater proportions of all monies generated internally into covering administrative cost halting developmental projects in the municipality, hence continued agitations from the tax payer on the monies paid to the assembly”(SS4).

4.3 Potential Sources of Revenue

At this juncture, the researcher engages the respondents' attention to focus on identifying the untapped revenue sources available to the assembly. This in the view of the researcher is to discover more sources to help the assembly expand its internal revenue mobilization. These potential sources will lead to a boost in the IGF generation and also ease the already exploited sources from over burden. Responses obtained from all categories of respondents suggest that there are numerous unexploited revenue sources available in the municipality. They emphasised that if proper measures are put in place to ensure that those viable sources are also tapped into the assembly's coffers, there will be financial thriving to enable the assembly provide its intended developmental projects for the people in the community. Respondents in general affirmed that their identified potential revenue sources are worth exploiting in terms of cost benefit analysis and indicated that they will have long term benefits to the assembly. Below are the responses from a number of respondents on the potential sources of revenues at ASEMA.

“The municipality doesn't have a car park. The construction of one can generate revenues for the assembly. In Kasoa, most people park their cars along the streets. When the car park is constructed it will prevent the indiscriminate parking of cars and also generate revenue for the assembly as those who park their cars there will have to pay some monies to the assembly (TC3).

“The collection of tolls from people who sell in the evening. Large numbers of sellers of different kinds of wares come to sell from 5:00 till midnight. The assembly can raise revenue from them by charging market tolls. The collection of revenue from truck-pushers. There are about 1000 truck pushers working in the old and new markets that the assembly has no benefit from. These people charge money for their services. Thus they should pay revenue to

the assembly. These pushers can be well organised through the issuance of number plates to identify them. The issuance of this identification will also generate revenue for the assembly. It will also ensure the safety of people's items they carry" (AMI).

The evidence presented above reveals that respondents agreed that their identified potential revenue sources are worth exploiting due to the potential long term benefits to the assembly.

4. 4 Discussions of Results

4.5.1 The realities in IGF mobilisation

According to Obeng-Odoom (2010) the sources of revenue to DAs include central government transfers, donor funds and IGFs, the study acknowledge that, the assembly is to depend financially on funds and grants from the central government, funds generated internally, and funds donated to it by donor organizations but the reality is that since its establishment in the year 2012, the assembly has received no single donor fund to support its financial standings. Also the municipality is not exempted from the inconsistencies that characterises the central government transfers (Awortwi, 2010). The central government more often than not does not meet her financial obligations to the assembly as it has not received its share of the DACF since the third quarter of 2013. This has resulted in the IGF being the most reliable source of revenue to the assembly even though its generation faces challenges.

The assembly sources its local revenue from rates, fees, fines, lands, licences, miscellaneous and investment (Fjeldstad 2014). Among these sources, the assembly generates large proportion of revenue from fees. Though property rates are argued as a potential source of revenue to LGs, the assembly is not able to generate enough revenue due to, as argued

Fjeldstad (2014) the absence of clear ownership rights, the inability to enforce payment and improper valuation practices.

The structure of local taxation plays an important role in local revenue generation (Inman, 1989). In the determination of rates and tolls, the study discovered the assembly exercises much control. The collection and utilisation is entirely in the ambit of the assembly though it should conform to the general guidelines of the Ministry of Local Government and Rural Development (MLGRD). This tends to contrast the assertion by Bird and Bahl (2008) that, central governments exercise maximum control in local rates setting and collection in developing countries.

In ensuring accountability and transparency in the collection of revenues, the study noted that, Revenue inspectors and internal auditors periodically go to the field to cross check on revenues paid into the assembly's coffers by the tax collectors with those paid by the contributors. In addition, tax collectors were not allowed to keep collected revenue in their possession for more than 24 hours.

4.5.2 Challenges to effective mobilisation of IGF

Responding to hindrances to effective mobilization of internally generated funds within the municipality, the study noted among other barriers, to include;

Poor and limited availability of logistics and operational materials coupled with limited number of collectors affects revenue generation in the municipality (Boschmann, 2009). The assembly doesn't have revenue mobilising vehicles that can convey collectors to all prospective payers. The absence of this has rendered some areas within the municipality out of coverage in the collection of property rates.

Unavailability of well documented data on revenue sources; the assembly is yet to properly document its revenue sources. Being a newly established municipality, it is faced with the task to document its revenue sources.

Boundary disputes between the municipal assembly and other bordered local areas-Ga South Municipality, Gomoa East District Assembly, and Awutu Senya District Assembly. Though the legal instrument that created the municipality was clear on its boundaries, the situation on the ground proves otherwise. The encroachment into the Awutu Senya East municipalities by the other bordering district is affecting property rate collection.

The willingness to pay taxes in the municipality is described as low in terms of the compliance rate. This is however attributed to low provision of needed services to payers. It was bewailed that huge sums of monies are being taken from the residents and business operators within the municipality but how those monies are utilized has become a hoax to those who actually make such contributions. As argued by Fjeldstad and Heggstad, (2012), the lack of accountability on the part of local government to their citizens has reduced people's confidence in local governments. It was howled by the respondents that the assembly is not providing the communities and various market centres with basic necessities and those available are deteriorating without repairs. Revenue payers therefore perceive the assembly as not accountable to them even though they contribute to the assembly and demand accountability in the provision of services needed by the community.

4.5.3 Potential sources of revenue

The study identified some potential sources of revenue to the assembly. This in the view of the researcher, is to help the assembly expand its internal revenue mobilization to increase IGF generation and also ease the already exploited sources from overburden. It was emphasised that, proper measures should be put in place to ensure that the identified viable

sources are tapped into the assembly's coffers. This will be financial thriving to enable the assembly provide its entire intended development project for the people in the community.

The potential sources are tabled below;

Table 4.5.3 Potential sources of revenue

POTENTIAL SOURCE	REVENUE
Night markets	Collection of tolls (fees)
Truck-pushers	Collection of tolls (fees)
Temporal structures	Payment of Land permits
Institution of instant fines on indiscriminate waste disposal	Payment of fines
Institution of 'pay as you dump'	Payment of fees (user charges)
Developing of dams into resort/ recreational centres	User charges
Stone quarry	investments
Construction of car parks	User charges

Source: field data, 2014.

The study identified the collection of tolls on refuse dumping which is currently free. Secondly, it identified collection of tolls on booming night marketing and other night business activities, the payment of permit for temporal structures for business and also, the recycling of waste generated by residents. The charging of entry fee on market goods into the municipality and the establishment of commercial car parks, and developing of some dams in the municipality into modern resort centres among others, as having high potency to heighten the financial standings of the assembly.

It is the hope of the researcher that an expansion of revenue generation into these new areas will help increase IGF generation in the municipality and the initiation of developmental projects in the assembly.

Decentralization of administrative and economic responsibilities from the central government to the local assembly is ultimately aimed at ensuring development in the local areas and

improvement in the living standards of the local people. Effective management and efficient utilization of locally generated funds to benefit the local people from whom those monies have been taken is seen as essential goal fulfilment for the establishment of the local assemblies. As opined by Bird (1993), local revenue cannot be generated without the payers receiving benefits. Thus people who pay fees, rates, business operation permits (BOPs) will naturally expect to receive benefits. Commenting on the impact of mobilized revenues on community development, respondents bitterly slammed the assembly's inability to support community development from funds collected from the people. This disappointment is echoed by the local leader who intimated that: *"It is very sad how rate payers receive nothing in return after paying so much to the assembly. Our roads are very bad and the assembly seems not to have seen those needs so you ask yourself, why paying all these monies to the assembly? For what purpose?"* .This study has therefore uncovered the general concern and complains by all stakeholders of the community on the utilization of funds to the benefit of the taxpayers

CHAPTER FIVE

5.0 SUMMARY OF FINDINGS, CONCLUSION, AND RECOMMENDATION

Introduction

This chapter condenses and brings to end the entire study by presenting the significant findings deduced from the analysis of data captured in the preceding chapters as well as presenting appropriate recommendations based on key findings and observations made throughout the study period by the researcher. The major components of this chapter include summary of findings, recommendations, and conclusion of the entire study.

5.1 Summary of Findings

For the purpose of clarity and coherency, the findings of this study have been advanced and presented in line with the specific research questions stated in the initial chapter.

5.1.1 Realities on the Ground with regards to IGF Generation in ASEMA

Results obtained from the analysis of solicited data from the various responding groups suggest that the assembly is doing quite well in the mobilization of funds internally, It has been clear in the study that IGFs are the main financial resource available to ASEMA since it has not received any donor funds and the transfers from the central government to the assembly have been inconsistent leading to the assembly depending more on its local revenues. This affects the financing of local development.

Though the assembly managed to attain its target for 2013, the target has been described as unrealistic. It is described as such because as opined by the senior staff interviewed from the budget department, “the budget was underestimated due to the new nature of the assembly, the assembly did not have a realistic base for the revenue projection”.

It was noted by the study that the assembly generates large proportion of its IGF from tolls and mainly rely on the collection of tolls and other financial duties rendered to it by the people in raising internal funds rather than engaging in productive business or provision of charged services to generate funds. On the collection of taxes the study acknowledged the use of automated machines for revenue collection by the private firm contracted to collect tolls as against the manual system being done by the collectors from the assembly. The study found out that revenue from market tolls has increased substantially since it was contracted out.

On the coverage rate of taxes, the study found that, the assembly has a broad base and is able to cover approximately 80% of all potential payers into its mobilization net. This notwithstanding, the assembly faces the challenge of voluntary compliance, especially, regarding the payment of property rates.

Greater proportion of internally generated funds are used to cover administrative cost and the running of the assembly, leaving very little available to spend on developmental projects and provision of community social services to benefit the people in the communities.

The assembly has specific measures in place to ensure that revenues raised internally are not arbitrarily used. In line with this, the central government's financial administrative measures are employed to check orderliness in financial management in the assembly.

5.1.2 Challenges Facing Effective Mobilization of IGF

The study found several related and unrelated factors which militate against effective mobilization of internal funds within the ASEMA municipality. One common and most consistent challenge cited by most of the respondent is boundary and demarcation problems existing between the studied municipality and other boarded assembly areas. It was noted that the boundary conflicts faced by the municipality allows residence in those areas not to render

their revenue obligations to the assembly. In addition, limited understanding of the residence regarding the need to pay tolls and rates, improper data and records keeping, insufficient logistics for tax collectors, and failure of the assembly to provide needed social support services to motivate the people, were all found to have negative consequences on local revenue mobilization.

5.1.3 Potential Revenue Sources to the Assembly

In succinct, respondents shared in the view that the assembly must be more innovative and proactive to expand its 'revenue basket' base in order to increase its generated revenue from internal sources so as to promote community development within the assembly area.

Respondents specifically identified collection of market tolls from traders who engage in business activities in the night as one important revenue source that the assembly needs to look at in its attempt to expand its internal revenue mobilization. Collection of tolls from truck pushers who currently do not pay any tolls to the assembly, collection of permits on temporal structures for business, construction of car parks and the charging of fees on waste disposal were found by the respondents to be a good revenue sources to the assembly.

In addition, engaging in direct business activities such as operation of resorts and other recreational centres, recycling of waste products, and rock quarrying were recommended to by respondents to the assembly as viable revenue sources the assembly needs to tap from.

5.2 Conclusion

The study was undertaken mainly to investigate into the mobilization and generation of internal revenues by the district and municipal assemblies in Ghana, using the ASEMA Municipal Assembly as a case study. To achieve this goal, the researcher specifically investigated into the actual happenings regarding the mobilization of internally generated

fund, factors affecting effective mobilization of IGF generation, and identification of potential revenue sources available to the municipality.

In this respect, in-depth review of related literature was undertaken to gain clearer understanding of already known knowledge of the subject matter. In addition, empirical data was collected from some selected key stakeholders for the purpose of critical analysis, and in accordance with the stated research methodology for the study. The study found that the municipality is to an extent doing well in its internal revenue mobilization as it managed to meet its targeted revenue generation. However, many concerns were raised on the utilization of this generated revenue to benefit the people within the community.

Though the study found that the assembly is doing well in the mobilization of internal funds, many factors were found to constrain effective mobilisation, which if addressed will go a long way to have greater positive impact on the financial standings of the assembly. These stumbling blocks to effective mobilization of IGF in the municipality were found to include but not limited to low education on the importance of IGF generation among the residence and business operators within the area, insufficient logistics for revenue collection and poor road network, and failure of the central government to honour its financial obligation to the local assembly to ensure community development.

The study gained some great knowledge from respondents on various sources of revenue that the assembly can utilize in order to enhance its revenue mobilization and these new identified revenue sources covered extending tolls and rates collections to cover untaxed areas as well as engaging practical service provision and other business activities to generate financial revenues.

5.3 Recommendations

This part of the chapter presents recommendations made out of the long investigation and evaluation of empirical data solicited from respondents. The recommendations are essentially directed at promoting effective mobilization of IGF among the local assemblies in Ghana so as to achieve the ultimate goal of which those assemblies were established. Below are the recommendation presented by the researcher.

The study found that there is a generally low understanding of the need to render financial obligations to the assembly among the general public within and operating from the municipality. This has made it difficult for the people to freely pay their tolls and rates which complicate the work of the assembly in general and the tax collectors specifically. The researcher therefore, recommends that the assembly should embark on massive and continued public education and sensitization not only on the need to pay tolls and rates but also on how and what those monies generated by the assembly are used. It can embark on these through periodic interaction with stakeholders such as the traditional rulers, landlords and market associations and other association in the municipality. There is also the need to let the public be aware of other financial challenges undermining the activities of the assembly so that they can appreciate what the assembly does for them.

In addition, since the assembly generates large proportion of its revenue from market tolls (fees), it should consider making the new market which is the 'legal' and designated place for trading activities to operate throughout the week. Currently it operates on only Tuesdays and Fridays (market days), whiles becoming virtually empty during the other week days. By making the market vibrant and operational throughout the week, it will enable the assembly gather data on the market and also increase its revenue generation.

It was uncovered by the study that the revenue mobilisation and management are highly manual in nature except the collection of tolls. This undermines easy identification and consistency in the revenue collection. The researcher is recommending for the engagement of IT experts and consultants to understudy the operations of the revenue mobilisation and management system so that it can be automated to enhance efficiency and precision in the revenue generation process. In the short term, it is recommended that, the number of collectors should be increased and provided with logistics such as vehicles for revenue collection. According to Boschmann (2009), the inadequate revenue collectors coupled with the poor logistics given them exacerbate the problem with internal revenue mobilisation.

The assembly should make it a policy to keep records/database of all business operators and property owners within the municipality to ensure that it can trace defaulters and also inform them on timely bases, of their financial obligation to the assembly. The assembly should embark on the valuation of its property as it has the potential to generate substantial revenue from rates. This will enable it do away with the use of un-assessed rates for properties.

Though the study found that there are some financial constraints undermining the executions of the assembly's programs and policies urging towards community development, yet the researcher found it more appropriate for the assembly to have a policy which will force a specific proportion of the internally generation funds to channel into community development to have positive impact of the tax payer.

Also, it is important for the assembly to set target for its collectors, especially the firm contracted to collect market tolls. These targets should correspond to the percentages that will be paid to the collectors. Though the assembly has engaged the services of commissioned collectors, the setting of targets will not only compel collectors to generate more but will also compel the municipal assembly to ensure the realisation of these targets and also be able

to set realistic annual targets. However this will be feasible when the assembly is able to develop a well documented data on its sources of revenue.

In line with respondents' suggestions on potential revenue sources, the researcher highly recommends that taxes and revenues collection should be extended to areas such as the night-business operators and truck pushers. This will help to broaden the revenues base of the assembly which intern can keep the revenue rates constant. In addition, the assembly is urged by the researcher to engage itself in innovative business operation such as upgrading of dams in the assembly into recreational centres and resorts to generate revenues.

REFERENCES

- African Economic Outlook. (2010). Deepening the tax base. Retrieved from
options/deepening-<http://www.africaneconomicoutlook.org/theme/public-resource-mobilisation-and-aid/policy-the-tax-base/>
- Akudugu, J. A. (2012). Accountability in local government revenue management: who does what? *Information and Knowledge Management 2*: 22-32.
- Akudugu, J.A. and Oppong- Pepprah, E. (2013). Local Government Revenue Mobilisation and Management: the case of Asante Akim South District Assembly, Ghana. *Journal of Public and Governance.vol3.No.2:103*Doi:<http://dx.doi.org/10.5296/jpag.v3i2.3977>
- Appiah,F., Aryee, J., Appeah, J.,Baah-Wiredu,K., Martin, R., Steffensen, J., Trollegard, S.(2000). *Main report on Fiscal decentralisation and sub-national government finance in relation to infrastructure and service provision in Ghana prepared for the World Bank*. Retrieved from pdf.usaid.gov/pdfdocs/Pnacn728.pdf
- Awortwi, N. (2010) ‘the Past, Present, and Future of Decentralisation in Africa: A Comparative Case Study of Local Government Development Trajectories Of
- Awutu Senya East Municipal Assembly. (2013). Trial balance sheet 2013.
- Awutu Senya East Municipal profile. (2013).
- Bahl, R. and Bird R. (2008). *Sub national Taxes in Developing Countries: The Way Forward*. Financial Publications, Inc.
- Bird, R.M. (1993). Threading the fiscal labyrinth: some issues in fiscal decentralization. *National Tax Journal*, 46(2), 207-227.
- Bird,R.M.(2008).Tax assignment revisited. Retrieved from
http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1273810

- Boschman, N. (2009). Fiscal Decentralization and Options for Donor Harmonisation. *Local Association for Development Research(NFU) Annual Conference, Oslo, 23-24*
- Botchie G. (2000) Rural District Planning in Ghana: A Case Study. *Environmental Planning Issues* No. 21, International Institute for Environment and Development, London.
- Braun, V. and Clarke, V. (2006) Using Thematic Analysis in Psychology, *Qualitative*
- Brosio, G. (2000). Decentralization in Africa. Retrieved from <http://www.perjacobsson.org/external/pubs/ft/seminar/2000/fiscal/brosio.pdf>
- Bryman, A., and Bell, E. (2007) *Business Research Methods*, Second Edition, Oxford University Press, Oxford
- Caldeira, E., Foucult, M., Gregoire, R-G. (2010). Decentralization in Africa and the nature of local governments' competition evidence from Benin. Retrieved from <http://www.cerdi.org/uploads/ed/2010/2010.19.pdf>
- Creswell, J.W. (2014). *Research design: qualitative, quantitative, and mixed methods approaches*. Los Angeles: SAGE
- Crowford, D. (2003) Democratic decentralisation in Ghana: issues and prospects. *Paper for Association for Development Research(NFU) Annual Conference, Oslo, 23-24 Norwegian October 2003.*
- Dabla-Norris, E. (2006). The challenge of fiscal decentralisation in transition countries. *Comparative Economic Studies*, 2006,48, 100–131.
- Fass, and Desloovere (2003). Chad: Governance by the Grassroots. In Olowu and Financial Publications, Inc.
- Fjeldstad, O-H and Heggstad, K. (2012). *Local government revenue mobilisation in Anglophone Africa*. (CMI working paper 2012:6) Chr. Michelsen Institute Retrieved from <http://www.cmi.no/publications/file/4570-local-government-revenue-mobilisation-in.pdf>

- Fjeldstad, Old-Helge. (2014). *Fiscal decentralisation in developing countries-Lessons for Bangladesh* (CMI working paper) 13(2) . Retrieved from <http://www.cmi.no/publications/file/5125-fiscal-decentralisation-in-developing-countries.pdf>
- Food and Agricultural Organisation. (2004). *Financing decentralisation*. Retrieved from. <http://www.fao.org/docrep/007/y5444e/y5444e05.htm#bm5>
- Fukasaku, K. and De. Mello, L. (1997). *Fiscal Decentralisation and macroeconomic stability: the experience of large developing and transition economies*. Paper prepared for the 8th International Forum on Latin American Perspectives.
- Ghana Statistical Service (2013). *2010 Population and Housing Census. Regional Analytical Report, Central Region*. Ghana Statistical Service, Accra.
- Guarte J.M. and Barrios E.B. (2006). Estimation under purposive sampling. *Communication in statistics-simulation and computation*, 35(2). Retrieved from <http://www.tandfonline.com/doi/abs/10.1080/03610910600591610>
- Inman, R P. (1989). The local decision to tax: evidence from large U.S. cities. *Journal of regional science and urban economics*, 19(3). DOI: 10.1016/0166-0462(89)90015-X. 25.06.2014
- International Labour Organisation (2009). *Financing Local Economic Development; Old Problems, New Strategies. ILO- Ghana Decent Work Country Programme Conference Proceedings*.
- Kazentet, M.H. (2011). *An assessment of internally generated fund and its contribution for district development expenditure: a case of Asutifi district, Ghana*. (Master's thesis, Kwame Nkrumah University of Science and Technology. Kumasi, Ghana.). Retrieved from <http://dspace.knust.edu.gh:8080/jspui/bitstream/123456789/325/2/fulltxtpdf.pdf>

Kessey K.D. and Kroes G. (1992) *Local Revenue Administration in Ghana; Practice and Prospects*. Springer Center, University of Dortmund, Germany.

Kuusi, S.(2009). *Aspects of Local Self-Government: Tanzania, Kenya, Namibia, South Africa, Swaziland and Ghana*.The Association of Finnish Local and Regional Authorities. Helsinki.

Manor (1999). The political economy of democratic decentralization. Retrieved from <http://www.worldbank.org>.

Marshall, C. and Rossman, G.B, (1999), *Designing qualitative research*, SAGE Publication, Inc. 3rd edition

McLure and Martinez-Vazquez . (2000). The assignment of revenues and expenditures in

Merriam, S. B. (2009). *Qualitative Research*. San Francisco: Jossey-Bass.

Miles, M.B. and Huberman, M., 1994, *Qualitative data analysis: an expanded sourcebook*, Thousand Oaks, SAGE Publication Ltd.

Ministry of Finance and Economic Planning (2012). *The composite budget of Awutu Senya District Assembly for the 2012 fiscal year*. Retrieved from <http://www.mofep.gov.gh/sites/default/files/budget/Awutu%20Senya.pdf>.

Ministry of Local Government and Rural development (2014) *Statement delivered by the honourable Akwasi Opong-Fosu, Minister of local government and rural development at the IGF national conference*. Retrieved from <file:///E:/research/new%20ref/Ministry%20Of%20Local%20Government%20Ghana%20igf.htm>.

Musgrave. (1959). The theory of public finance . McGraw Hill: New York .Oates,

National Development Planning Commission.(2007). Annual Progress Report.

Obeng-Odoom, F. (2010). Is decentralisation in Ghana pro-poor? *Commonwealth journal of local governance*. Issue 6,120-126

Prichard, W. (2010) 'Taxation and State Building: Towards a Governance Focused Tax Reform Agenda'. Institute of Development Studies working paper 341, University of Sussex, United Kingdom.

Republic of Ghana, (1992). *The constitution of the republic of Ghana*, Accra.

Republic of Ghana.(1993). Local Government Act (Act 462), Ministry of local Government and Rural Development, Ghana Publishing Corporation, Accra

Ribot (2002) *Local Actors, Powers and Accountability*. UNRISD Programme on Democracy, Rienner Publishers.

Roy, K (2000) Designing a Property Tax Strategy for Sub- Saharan Africa: An Analytical Framework Applied to Kenya.

Saunders. (2009). Business Research Methods for Business Students. In Saunders, *Business Research Methods for Business Students* (p. 375). Essex: Pearson.

Smoke, P. (1994) *Local Government Reform in Developing Countries: Lessons from Kenya*.

Smoke, P. (2001) '*Fiscal Decentralisation in Developing Countries*', *A review of current concepts and Practice*, United Nations Research Institute for social development Programme paper No: 2.

Stake, R.E. (1995). *The Art of Case Study Research*, Sage Publications, London.

Sullivan, T.J., (2001), *Method of social research*, Fort Worth, TX; London: Harcourt College Publishers

Tanzi, V. (1997), *The Changing Role of the State in the Economy: A Historical Perspective*.

Presented at the OECD-ESAF Seminar on Decentralisation, Intergovernmental Fiscal Relations and Macroeconomic Governance, Brasília, Brazil.

Treisman, D. (2000). The Causes of Corruption:A Cross-National. *Journal of Public Economics*, 76(3) 99-457.

Veal, A. J. (2006). *Research Methods for Leisure and Tourism*. Essex: Pearson Education limited.

Wallace E. (1999). An Essay on Fiscal Federalism. *Journal of Economic Literature*, 37(3):1120-1149. Doi: 10.1257/jel.37.3.1120

Wunsch, *Local Governance in Africa: The challenge of democratic decentralization*.

Yin, R. K. (2014). *Case study research: design and methods*. Los Angeles, USA: Sage

APPENDIX

Interview Guide for Research on IGF Mobilization in ASEMA; REALITIES, PROSPECTS AND CHALLENGES

I Questions for Metropolitan Officials

Sources of revenue to the assembly

1. What are the major sources of revenue to the assembly?
2. What has been the performance of the various sources of revenue over the years? (is there any data to support the various sources?)
3. Which of these sources is highly reliable?
4. What are the sources of IGF in the municipality?
5. What has been the estimated share of IGF to the total revenue of the assembly?
6. Generally what is your assessment on IGF mobilisation in the municipality?

FACTORS AFFECTING IGF MOBILISATION

2. How will you describe the documentation of data on the sources of revenue within the metropolis?
3. Do you think these sources of revenue are viable? And why?
4. How are tax rates determined by the assembly?
5. What are the issues you consider before setting taxes?
6. what are the challenges in setting of tax rates?

Tax Collection

1. How is revenue collection done?
- 2 Does the assembly do the collection? Or it has this been contracted out?
5. Has revenue targets been met? If no, why
6. What do you think are the specific problems that hinder revenue mobilisation?

Revenue management and utilization

1. In your own view how will you assess the management of local revenue
2. What measures have been put in place to ensure accountability and transparency among staff?
3. How will you describe tax payer benefits in the metropolis?
4. Is there tax payer education in the metropolis? And how is it done?
5. If yes how has it impacted on revenue mobilization?

Tax enforcement

1. How do you treat tax defaulters?
3. How successful has this been in the past?

Other potential revenue sources

1. What are the potential revenue sources within the municipality that has not yet been utilised by the assembly?
2. How in your own view do you assess that revenue source? (is it worth exploiting?)
3. How will this source impact on IGF in the metropolis?
4. What do you think can be done to harness the resource?
5. How do you assess the cost involved in generating revenue from this source in relation to the benefits?

II. Questions for Assembly members

1. What is your view on the local revenue mobilization situation of the metropolis?
2. Do you think tax payers receive the services for which they are taxed? If yes, how will you describe tax payer benefits in the metropolis?
3. What issues in your view are the specific challenges to revenue mobilisation in the municipality?
4. What will you suggest as ways to improve IGF mobilisation in the municipality?

Other potential revenue sources

1. What are some potential revenue sources within the municipality that you think the assembly can utilise into?
2. How in your own view do you assess that revenue source? (Is it worth exploiting?)
3. What do you think can be done to harness the resource?
5. How do you assess the cost involved in generating revenue from this source in relation to the benefits in terms of revenue generation?

III. Questions for tax collectors

1. How is billing of revenues in the metropolis done?
2. How do you do this?

3. In your estimation what is the proportion of prospective tax payers that you are able to send bills to and why?
4. How will you describe the willingness to pay on the part of the prospective payers?
5. What in your views are challenges to revenue collection?
6. Is the collection done manually or computerised?
7. In your own view, how will you assess IGF mobilisation in the metropolis?
8. In your own view, how will you assess the provision of services to tax payers?

Other potential revenue sources

1. What are the potential revenue sources within the municipality that has not yet been utilised by the assembly?
2. How in your own view do you assess this revenue source? (Is it worth exploiting?)
3. What do you think can be done to harness the resource?
4. How do you assess the cost involved in generating revenue from this source in relation to the benefits?

IV. Questions for market women association

1. What is your view on the collection of revenue by the assembly in the market?
2. How will you describe the understanding of market women with respect to the payment of tolls?

Do you think you receive the services for which they are taxed? If yes, how will you describe these benefits?
3. what are some of the genuine concerns of the market?
4. What issues in your view are the specific challenges to revenue mobilisation in the market?
5. what suggestions will you recommend?

Other potential revenue sources

1. What are some potential revenue sources within the market that you think the assembly can utilise? (and potentials outside the market)
2. How in your own view do you assess this revenue source? (Is it worth exploiting?)
3. What do you think can be done to harness the resource?
4. How do you assess the cost involved in generating revenue from this source in relation to its benefits?

V. Questions for landlords association

1. What is your view on the property rate collection in the metropolis?
2. Do you think rate payers receive the services for which they are taxed? If yes, how will you describe rate payer benefits in the metropolis?
3. How will you describe the willingness to pay these rates?
4. What issues in your view are the specific challenges to property rate collection in the municipality?
5. What will you suggest as ways to improve on the payment of rates in the metropolis?

Other potential revenue sources

1. What are some potential revenue sources within the municipality that you think the assembly utilise?
3. How in your own view, how do you assess that revenue source? (Is it worth exploiting?)
4. What do you think can be done to harness the resource?
5. How do you assess the cost involved in generating revenue from this source in relation to its benefits?