

**UNIVERSITY FOR DEVELOPMENT STUDIES**

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**MAXIMIZING INTERNALLY GENERATED FUND FOR LOCAL  
DEVELOPMENT IN SISSALA EAST DISTRICT ASSEMBLY OF THE  
UPPER WEST REGION**



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**UNIVERSITY FOR DEVELOPMENT STUDIES**

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**MAXIMIZING INTERNALLY GENERATED FUND FOR LOCAL  
DEVELOPMENT IN SISSALA EAST DISTRICT ASSEMBLY OF THE  
UPPER WEST REGION, GHANA**

**BY**

**PATIENCE SAASI**

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DEGREE IN ACCOUNTING**

**2019**



## DECLARATION

I hereby declare that this Thesis is the result of my own original work and that no part of it has been presented for another degree in this University or elsewhere:

**PATIENCE SAASI**

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

## Supervisors'

I hereby declare that the preparation and presentation of the thesis was supervised in accordance with the guidelines on supervision of thesis laid down by the University for Development Studies.

**Dr. Alhassan Musah**

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



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## **DEDICATION**

To my children and family

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## ABSTRACT

Generally, the concept of decentralization involves the relinquishing of the power of decision making by a central authority to local government administrators on issues that affects the general wellbeing and development of local people. To strengthen the financial standing of MMDAs, the Local Government Act 1993 (462) and Act 2016 (Act 936) provides the opportunity for all MMDAs to raise internally or locally generate revenue for the purpose of undertaking developmental projects without relying on central government support or other external sources of funding that would have time effect especially in the provision of health and basic needs. However, most of the MMDAs for some time have not been able to raise revenue effectively at the local level. The study adopted a cross sectional survey design with a sample of 100 business and properties owners to collect and analyze its data. The findings showed that education has a significant relationship with the knowledge and understanding of IGF whereas marital status and occupation have significant relationship with payment of taxes and levies. Much of the IGF is used to run the day-to-day affairs of the Assembly as showed by the results. The findings showed that ineffective monitoring and evaluation of revenue mobilization exercise has affected internal revenue mobilization efforts of the Assembly. Though significant, the study concludes that the Sissala East Municipal Assembly has not been effective in the mobilization and maximization of its IGF, thus recommends that the Assembly should revive its dead rates and levies in order to widen the revenue base.

**Key Words:** Decentralization, Revenue, Internally Generated Funds (IGF), Development,



## LIST OF ABBREVIATIONS

ADB	Agricultural Development Bank
DA	District Assemblies
DACF	District Assemblies Common Fund
DDF	District Development Facility
EGF	Externally Generated Funds
FAR	Financial Administration Regulation
FIs	Financial Institutions
GCB	Ghana Commercial Bank
IGF	Internally Generated Funds
IGT	Inter-Governmental Transfers
IMF	International Monetary Fund
LGSS	Local Government Service Secretariat
MMDAs	Metropolitan, Municipal and District Assemblies
MLRD	Ministry of Local Government and Rural Development
MTDP	Medium Term Development Plans/ Mid-Term Development Plan
NGOs	Non-Governmental Organizations
PNDC	Provisional National Defense Council
SPSS	Statistical Package for Social Scientists



## **CHAPTER ONE**

### **INTRODUCTION**

This chapter as the opening chapter of the study provides the background to the study. It also highlights the problem statement of the research, research objectives and questions, the justification of the research, and limitations/delimitations in conducting this research. The chapter further presents the structure of the entire study.

#### **1.1 Background of the Study**

In literature, (Akudugu, 2012; Chibba, 2009; Mogues and Banin, 2012) it has been observed that the most theoretical reason underpinning the adoption of decentralization is desire of central government to attain the efficient allocation of scarce resources among the different local preferences. Generally, the conventional conception of decentralization often comprised of a national project transmitted outwards from the capital through the establishment of a set of formal structures and procedures (Chibba, 2009). As they theorized, it is the elements of devolution and de-concentration that are the main principles constituting the actual local government systems, hence must be well outlined and distinguished in the process of adopting decentralization. Since its inception, decentralization has been hailed and promoted as the solution to many challenges confronting local communities and national development in terms of administration and governance (Crook, 2003; Chikulo, 2007, World Bank, 2001).



A number of scholars (Alexeev and Habodaszova, 2012; Mahama, 2013; Ahwoi, 2010) indicated that the definition and conceptualization of decentralization varies in terms of meaning and purpose and this depends so much on the viewpoints of the different scholar. Despite the difference in the definition or conceptualization, most scholars share the same similar view, thus agreeing that decentralization as a concept is broad and nonspecific in nature.

Decentralization has do with relinquishing part or whole of an authority especially the power of decision making by a national authority to local government authorities established by the national authority (World Bank, 2001). Decentralization includes the handing over of the power of revenue generation by a national authority to a lower level of governance body or unit. Worldwide, there two main forms of decentralization mostly practiced by countries, thus de-concentration and devolution (Riva, 2014; Smoke et al, 2010).

In recent times, fiscal decentralization has become a critical aspect of decentralization to many countries which has adopted the concept of decentralization. As argued by Norio, (2007) and Zakaria, (2015) fiscal decentralization is so important because it is the pillar of local development as it encompasses two critical issues thus economic efficient and local revenue mobilization. Ahwoi (2010) further noted that fiscal decentralization has the potential of empowering local people to fully influence the level of development and decision making in their own communities.







Ebel and Yilanmaz (2002) in their view observed that fiscal decentralization supports the idea that public sector units should be given the power to control their minimum geographic area both politically and financially so that they can internalize the benefits and otherwise of their development. The whole idea about fiscal decentralization is to provide local authorities the power to generate enough resources capable of bringing meaningful provision of goods and services as well as real development capable of improving the lives of the people at the local level with minimum support of the national authority.

In a study, both Mahama, (2013) and Ahwoi, (2010) stated that fiscal decentralization involves the transfer of the power to mobilize, allocate and manage financial resources by a national authority to sub-national governments. In this case, the sub-national governments of the power use the available financial resources to determine the priorities of the local people. In any case, fiscal decentralization has do with providing local authorities the capacity to generate revenues both internally and externally revenues. In recent literature, Zakaria, (2015), Dick-Sagoe, (2012), and Nguyen and Anwar, (2011) argued that fiscal decentralization is critical because it can ensure the effectiveness of decentralized institutions which are very important to the functioning of national government. Without the support of these local governments, the national government cannot achieve the desired developmental goals at the local level.



It is undeniable that the potential benefits of decentralization are numerous, but many research works have also revealed that most of these benefits are rarely realized (Chikulo, 2007; Crook, 2003; Vo, 2010). As observed by scholars, (Hadingham 2003; Kuusi, 2009; Crawford, 2004, Vo, 2010), the benefits of decentralization to practicing states include poverty reduction, improve performance of institutions and enhance the empowerment of local citizens. Through decentralization, the optimization of financial resources at the local level becomes possible since local authorities will have the power of levying local taxes, fees, levies, licenses and permits. The second benefit is the efficient allocation of the resources. In this case, local authorities are more sensitive and better placed to priorities local level needs and are efficient in the provision of services to meet their needs and responsiveness. The proximity of local government to service users means that they can be more responsive to local needs than the central government.

As noted by Smoke, (2003), decentralization has been adopted and practiced in the public sector of many sub Saharan African countries, yet there are no real success stories as far as improved development performance at the local level is concerned. Considering the wide range of benefits a nation can derive from decentralizing, its administrative and structural powers, why is that the experience so far is disappointing in terms of local participation and rural development?



In Ghana, the main objective of decentralization program was to bring governance closer to the general citizenry and providing the opportunity for majority at the local level to participate effectively in local level decision making (Ahwoi, 2010; Kuusi, 2009). The 1992 Constitution of Ghana, Article 35 (5) (d) further provides that the State shall “take appropriate measures to make democracy a reality by decentralizing the administrative and financial machinery of government to the regions and districts by affording all possible opportunities to the people to participate in decision making at every level of national level and in government. This became a reality with the promulgation of the erstwhile Local Government Act of 1993 (Act 462) and that of Act 2016 (936). These two critical Acts have mandated MMDAs to take full responsibility for the entire development of their respective locational jurisdictions. The mandate of the MMDAs cannot be feasible without adequate resources to successfully carry out it efficiently (Republic of Ghana, 2016). According to Kodobisa, (2008), the general revenue envelope available for MMDAs can be grouped into three distinctive sources, thus transfers from the central government, internally or locally generated revenue and donor transfers.

In Ghana, the local government system is based on the principle that developmental issues must respond to the problems of people. Development should also represent the objectives and priorities of the people and that responsibility for development is shared by central government, local governments, parastatals, non-governmental organizations (NGOs) and the people as the ultimate beneficiaries of development (MLGRD, 2010).



In literature, Akudugu, (2013), and Puopiel and Chimsa, (2015) indicated that the financial resources for district Assemblies are crucial in that they empower the local authorities to convert their powers and capabilities into development activities. This can only be achieved if the needs of the people are assessed and appreciated through the use of decentralized tools such as the case of local government best Practices. In Ghana, the financial provisions of the local government system are outlined in section 27, Parts IV and VIII of the Local Government Law 1988; in the Provisional National Defense Council (PNDC) Law 207; and in Articles 245 and 252 of the 1992 Constitution of the Republic of Ghana (MLGRD, 2010). In this regard, revenues for decentralized government agencies (MMDAs) are broadly classified as internally generated funds (IGF), District Development Facility (DDF) grants and central government transfers (grants-in-aid and ceded revenue). The introduction of the District Assemblies Common Fund (DACF), under which 7.5% of the national budget is allocated to districts, has further strengthened the framework of local government in Ghana (Ahwoi, 2010, Mahama, 2013; Puopiel and Chimsa, 2015; Akudugu, 2013).

In order to strengthen the financial base of Metropolitan, Municipal and District Assemblies (MMDAs), the Local Government Act 2016 (936) empowered MMDAs to raise revenue locally for the purpose of undertaking developmental projects without relying on central government support or other external sources of funding that would have time effect especially in the provision of health and basic needs.



However, research has shown that over the years MMDAs have not been able to do this effectively, as empirical studies have shown that more than 60% of revenues for MMDAs have come from central government and partner sources.

Most MMDAs in Ghana heavily rely on central government transfers (notably the DACF) and other external sources to finance their development projects. But this reliance typically delays the implementation of their Medium Term Development Plans (MTDPs) (Zakaria, 2015; Puopiel and Chimsa, 2015). Funding often fails to meet budgeted requirements, which means that development projects are not completed on schedule or often left uncompleted. It is thus crucial for MMDAs to mobilize locally generated funds, in order to implement development plans without needing to rely on central government and development partners. In this light, this study seeks to explore why MMDAs in the Northern Region have difficulty in meeting IGF targets.

Nevertheless, the IGF landscape is plagued with structural, administrative and systematic inefficiencies which undermine the ability of MMDAs to realize the full potential of local revenues. The emphasis of fiscal decentralization is to strengthen sub national finances and thus their capacity to provide public goods and services. If decentralized units are to carry out their responsibility effectively, they must have adequate level of revenues either raised locally and/or transferred from the central government. They must also have the authority to make decisions about expenditures (Mahama, 2013; Kuusi, 2009; Akudugu, 2013).

## 1.2 Problem Statement

Like in other countries, decentralization is has been adopted in Ghana towards attaining efficiency in the allocation of scarce resources for the development of local areas (Mahama, 2013; Ahwoi, 2010; Kuusi, 2009). Scholars (Ebel and Yilanmaz, 2002; Mahama, 2013; Ahwoi, 2010; Kuusi, 2009) have argued that many local authorities are not able to develop their areas because of inadequate level of revenues either generated internally or externally. As observed, local authorities (MMDAs) in Ghana are financially weak and rely heavily on financial transfers and assistance from the central government to meet the growing service demands.

In study, Appiah-Agyekum et al. (2013) observed that there is a wide gap between the internally generated revenues of these MMDAs and those obtained from the central government and other external sources for Assemblies which are not reliable. This has affected negatively, infrastructural development and the smooth operations of many MMDAs across the country. Though it is a general problem for MMDAs in Ghana, it is more acute in the Northern part of country where the Sissala East Municipal Assembly is no exception. The general statistics on the IGF for the past five years for the Northern part of Ghana showed a consistent budget deficit and this has been attributed to the inability of the MMDAs to generate adequate revenue internally or locally.





The statistics further showed that average revenue performance of the average revenue performance of the Northern belt IGF stood at 74% of budgeted performance in 2008, dropping to 62% in the 2009 fiscal year, then rising to 83% in 2010 and maintaining that level in 2011. Similarly, the average IGF performances in the Upper West Region dropped to 76.15% and 67.01% of budgeted revenue during the 2012 and 2013 fiscal years (Regional Coordinating Council, 2013). Like other Assemblies, the IGF mobilized by the Sissala East Municipal Assembly cannot meet its financial and developmental needs. It is against this backdrop that, this study evaluated internal revenue mobilization and maximization of the Sissala East Municipal Assembly.

### **1.3 Research Questions**

#### **1.3.1 Main Question**

What are the various strategies adopted by MMDAs to improve and maximize internally generated fund in Ghana?

#### **1.3.2 Specific Questions**

1. What are the various IGF generating tools employed for internal revenue mobilization in Sissala East Municipal Assembly?
2. How effective are IGF generating tools used by Sissala East Municipal Assembly in mobilizing adequate revenue?
3. How efficient is the maximization of IGF at the Sissala East Municipal Assembly?

4. What are the challenges that affect the capacity of MMDAs in maximizing internal generated fund?

#### **1.4 Justification of the Study**

Following the decentralization program, MMDAs in Ghana have taken various governmental roles and responsibilities. District development programs and plans which may have been initiated by the local communities or their representatives require sufficient amount of financial resources (Ahwoi, 2010).

It is a common planning practice that every year a number of projects may be initiated by the local communities and only few are taken to be part of the district plan. This is mainly because the available resources for plan implementation are so limited as compared to the demand for development projects (Kuusi, 2009; Mahama, 2013). It is logically reasonable to think and thoroughly investigate the various sources of internally generated revenue that the District has at hand. Given the different opinions of the need to empower the local assemblies financially to carry out its activities, called for this current study to research into how new model with the current technology can help improve the level of internally generated fund at the Sissala East Municipality located in the Upper West Region of Ghana.

It is line with above premise that, this study is initiated to assess the performance and potentials of internally generated revenue of Sissala East District Assembly as one of the critical sources of revenue for the development of projects and programs in the district.





The study has examined the policy environment, institutional and administrative set ups of IGF taking into account a time series data of the past five years of IGF performance of the district. The study has forwarded possible ways and means that may help to improve IGF & the implementation of decentralization program for better local level service delivery.

The research will benefit the Sissala East District Assembly by further clarifying the existing challenges and problems of mobilizing IGF in the District. The recommendations can be used by the district to improve IGF. The finding of the study may not be limited to Sissala East District Assembly and hence it can be utilized by other districts of the country.

Stakeholders involved in mobilizing IGF at local level may benefit from the findings and recommendations of the study as the study has clarified their roles and coordination needed for improved mobilization of revenue for the MMDAs.

Central government, donors, financial institutions, NGOs and other development partners may use the output of the study as it may give them an insight on how the district is mobilizing its local revenue and what efforts are being exerted. The above partner organizations may use the study to shape and strengthen their relationships with the District.

Finally the study shall be used as reference in future for scholar who may want to conduct further studies on improving activities at the Metropolitan, Municipal and District Assemblies in Ghana as well as the Sub-Saharan Africa.



### **1.5 Scope of the Study**

Fundamentally, the study covered two main dimensional aspects as its scope. These include theoretical scope and geographical scope, thus the exact location of the study.

The theoretical scope covered the works conducted by scholars, researchers, students and institutions with regards to MMDA's internal revenue generation concepts and issues. It is on the theoretical scope that the study would be able to build its theoretical foundation and review a large scale of relevant literature on the subject matter.

The study theoretically covered literature on general IGF strategies, the types and nature of IGF generations and disbursement. Geographically, the study covered Sissala East Municipality of the Upper West Region.

### **1.6 Organization of the thesis**

The whole study has been organized into five main chapters. The first chapter is considered as chapter one which present the general introduction of the study. It captured the background of the study, the problem statement, research questions, and objectives, the significance as well as the organization of the study. Chapter two presents the literature review which comprises the introduction, conceptual framework, and definition of basic terms, overview of IGF and the tools used by MMDAs in Ghana.



The Concept of IGF, relationship between IGF and projects and programs development and implementations. The management of IGF and Disbursement among MMDAs, the sustainability of using projects, and programs development fund.

Chapter Three (3) profiles the research the research methodology which comprises the Introduction, Profile of study of Public Sector Organizations understudied, Methodology, Research Design, Sources of Data, Sample, Sampling Techniques, Sample Size Determination and Distribution, Data Collection Methods and Data Analysis.

Chapter Four (4) consists of Research Findings and Data Analysis and this involved, the Introduction, Research Findings, Data Analysis and Discussion of Results and Chapter Five (5) Includes Conclusion and Recommendations and the way forward for future research.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This section presents the literature review and as such, synthesis previous studies on decentralization and internal revenue mobilization. Consequently, the chapter discusses the works of previous scholars with the aim of unearthing the information capable of assisting to the study answer its research questions. The chapter provides the theoretical framework for the study which is the stakeholder theory and provided a justification for it. The chapter further reviewed extensive literature on fiscal decentralization and its components as adopted in developing countries. It also considered the tools used in mobilizing revenue locally by MMDAs as well as the effectiveness of these tools. The chapter finally reviewed literature on the challenges hindering the mobilization and maximization of IGF by MMDAs.

#### **2.1 Theoretical Framework**

Like many other studies, this study is faced with a challenge of selecting a particular theories as there are number of relevant theories that could be used as its theoretical framework. However, the difficulty in understanding the tenants of various theories such as resource dependency theory, institutional/agency theory, transaction cost theory, and social exchange theory has influence the decision of the study to consider the stakeholder theory.



Unlike the other theories, the stakeholder clearly identifies who the stakeholders in an organization, their individual responsibilities and most importantly, the how the main lead stakeholder can maximize the scarce resources of the organization for the benefit of all the stakeholders.

### **2.1.1 The Stakeholder Theory**

The study considered the Stakeholder theory and this sense, it regarded the Sissala East Assembly and tax payers as stakeholders in the mobilization of resources and development of the municipality. The general idea of the Stakeholder theory is a redefinition of the organization and maximization of the scarce resources of the organization as well as the stakeholders involved in the organization. In a study, Friedman (2006) revealed that the organization itself should be thought of as grouping of stakeholders and the purpose of the organization should be to manage their interests, needs and viewpoints.

Fontaine, Haarman and Schmid, (2006) indicated that the goal and stakeholder management in this case is thought to be fulfilled by the managers of a firm. In this case, the managers should on the one hand manage the corporation for the benefit of its stakeholders in order to ensure their rights and the participation in decision-making and on the other hand the management must act as the stockholder's agent to ensure the survival of the firm to safeguard the long term stakes of each group.

Relating this to the current study, the Sissala East Municipal as organization is a grouping of different stakeholders, thus government representative, Assembly staffs, traditional leaders, Assembly members and the local citizens. Managers or





administrators of the Assembly have a goal of mobilizing and maximizing resources for the benefit of all the stakeholders. The Administrators in charge should work in order to ensure the rights and the participation of the other stakeholders in the decision-making and the survival of the Assembly to safeguard the long term stakes of each group at the local level. Stakeholder theory begins with the assumption that values are necessarily and explicitly a part of doing business. This means that assumptions are made very clearly for everyone to understand the motive of the organizational set up. It asks managers to articulate the shared sense of the value they create, and what brings its core stakeholders together. In addition, to articulate in order to understand the core principles that direct coordinate and control the means of achieving the organizational purpose. It also pushes managers to be clear about how they want to do business, specifically what kinds of relationships they want and need to create with their stakeholders to deliver on their purpose.

In a concise manner, managers of the companies herein referred to as Public and Civil Servants have the duty of care to specifically understand strategizing ways to promote and increase the level of income generations within the assembly level. As decentralized entity which has the capacity to make bye laws and ensure their implementation, it is of more concern to conclude that, adopting the stakeholder concept would promote unity and together by bringing everyone on board by making them to understand the basic principles regarding the short term, medium term and long term goals of the assembly.

The stakeholder therefore is a toll that is used to bridge the lagged relationship between the management of the Sissala East Municipal Assemblies and the stakeholders as to revenue collections and the use of this revenue to their own benefits.

## **2.2 Operationalization of Key Concepts**

A number of concepts have been used by the study. Various conceptualization given by various scholars have been reviewed under this sub-section.

### **2.2.1 Local Governance**

Generally, local governance is considered as a form of public administration which exist as the lowest tier of governance or administration in a state (World Bank, 2001). Though part of state governance local government is often differentiated from the central, national or federal government. In most cases, the local governments function within the limit of powers delegated to them by legislative instruments or directives from the central or federal government.

According to Kuusi, (2009), there is a wide range of vital services under the care of the local governments and these may include but not limited to the following; provision of schools, housing, planning, management of waste and sanitation and social protection care. Other less-known functions include registration of businesses, levying and taxing, licensing and supporting business growth. Crawford, (2004) noted that local government also have the power to determine and institute measures capable of protecting people and businesses within a restricted area as given by the state.



Throughout the world, almost every country practices some degree of local governance which is contributing significantly to the development of those countries. As noted by Hadingham (2003), vibrant local government or self-governance is critical as it provides the freedom for local people to decide and act within the confines of the state laws and directives.

### **2.2.2 Decentralization**

According to Francis and James, (2003; p8), the “conventional conception of decentralization comprises a national project transmitted outwards from the capital through the establishment of a set of formal structures and procedures”. As they theorized, it is the elements of devolution and deconcentration that are the main principles constituting the actual local government systems, hence must be well outlined and distinguished in the process of adopting decentralization.

Since its inception, decentralization has been recognized as the gateway to solving the numerous developmental challenges confronting local communities and national development particularly with respect to administration and governance (Chikulo, 2007; Crook, 2003).

Citizens tend to appreciate projects and development activities in cases where there is enough participation in decision-making at the local level (Da Rocha, 2002). It is widely recognized that local government bodies are usually closer to the people, hence being in a better position to understand, determine and could easily meet the needs of the people.







Therefore, the system allows a better match of the needs of the people with public goods and services (Da Rocha, 2002). Fundamentally, many local authorities have become the central pillar of the governance system and have been used for the management of local resources more efficiently as compared to the centralized system of managing public funds in some other countries. Bahl and Martinez-Vazquez (2005), observed that only few countries have their local authorities fully developed and this is because many central government still maintained the power of taxation and spending. Considering the importance of decentralization, Alexeey and Habodaszova, (2012) argued that local people will have to develop the topmost interest and strength to demand better services and greater accountability from local authorities.

The nature of the many decentralized systems have forced many people to argue that realization of complete decentralization still remains a detached vision in many countries particularly in the developing countries like Ghana as most of these countries practice partial decentralization. The partial decentralization is bound to occur when local authorities are only able to exercise control over their expenditure without correspondent authority to generate enough revenue and manage their human resources base which is essential in achieving a complete decentralization system (Eller, 2004). Aside the differences in definition and meaning of the concept of decentralization, most scholars have agreed that the concept is generic.



In this many agreed decentralization has to do with ceding the power of decision-making by the central government to local government authorities established by the national government so that the local government administrators can take decisions on matters that affect the welfare of the local people. Hammond and Tosun, (2011) further stated that a critical component of decentralization is fiscal decentralization which has do with the transfer of the power of revenue generation to local government units. Decentralization can take many forms though deconcentration and devolution has being the two main forms of decentralization adopted and practiced by most developing countries especially those in Africa. In terms of meaning, deconcentration involves the transfer of administrative and operational powers from the central administration to lower units working within the structure of the central administration. On the other hand, devolution has do with surrendering of powers or granting an autonomy to local government bodies to enable them take decisions which are devoid of the directive or control of the central administrative (Chikulo, 2007). The process of decentralization generally involves the enactment of relevant legislations and the institution of policy frameworks that will allow local authorities discharge their roles and responsibilities without fear or favor.

In Ghana, the decentralization system can likened to devolution and as such the decentralization system reposes on three main pillars which include legal framework, political administration and fiscal decentralization (Mahama, 2013; Ahwoi, 2010).

The 1992 Constitution Article 34 Section 5 (d) clearly indicates that the state is mandated to “make democracy a reality by decentralizing the administrative and financial machinery of government to the regions and districts and by affording all possible opportunities to the people to enable them participate in decision making at every level in the national life and in government” (Constitution of Ghana, 1992 cited by Mahama, 2013). In most cases, the definition of individual roles and responsibilities in the decentralized system is facilitated by the existence of a robust legal framework.

### **2.2.3 Internally Generated Fund (IGF)**

In a decentralized system, sub-national governments are mandated to generate revenue or funds internally. In Ghana, the internally generated funds as stipulated by the local governments Acts encompasses the revenues or funds exclusively collected by or for sub-national governments (Armah, 2014; Kanentet, 2009). The revenue sources could be categorized into two main groups thus, tax and non-tax sources. The tax category comprised of the compulsory payments and as such includes taxes chargeable on properties of individuals, business as well as the incomes of self-employed persons. On the other hand, the non-taxable revenue involves the voluntary payments or contributions paid by specific beneficiaries of the districts’ services. These include user fees/charges, licenses, permits and royalties (Armah, 2014).



At the national level, the Ministry of Local Government and Rural Development is the agency of government responsible for issuing guidelines for the mobilization of revenue at the local level. Using the guidelines provided by the ministry, the MMDAs then pass their fee fixing resolutions and from which the revenue are levied and collected from individuals and businesses. In a study, the World Bank (2001) identified legislative provisions, implementation strategies and designs funding relations as well as economic efficiency and accountability which determine the magnitude of revenues to be generated in the District Assemblies.

#### **2.2.4 Fiscal Decentralization**

Scholars such as Ahwoi, 2010; Mahama, 2013; and Kuusi, 2009 widely acknowledged that the common reason why many countries have adopted decentralization is to attain efficiency in the allocation of the limited resources. Consequently, financial responsibility has become a critical component of the decentralization process. For decentralized bodies to perform their roles and responsibilities effectively, the need to have enough financial If decentralized units are to carry out their responsibility effectively, they need to have adequate level of revenues either raised locally and/or transferred from the central government or from other sources as well as the authority to make decisions about expenditures with the main aim of ensuring participation and projects sustainability.





This process of distribution of public finance and responsibilities to the various levels of government is usually referred to as fiscal decentralization (Ahwoi, 2010; Mahama, 2013). The emphasis of fiscal decentralization is to strengthen finances of local government units and their capacity to deliver quality and reliable public goods and services to people at the local level. The whole notion is to give the local government unit some sort of authority that will allow them control their revenue mobilization and expenditure. It is also meant to allow them to decide on the level and structure of their expenditure budgets. With fiscal decentralization, the local people will have the opportunity to articulate their developmental needs and preferences as well as having the interest to participate fully in local governance.

Fundamentally, the idea of fiscal decentralization rests on two arguments, thus local revenue mobilization and economic efficiency (Akudugu, 2012). On local revenue mobilization, the argument is advanced on the idea that a decentralized tax structure has the potential of increasing the overall rate of revenue mobilization (Armah, 2014). On the other hand, the efficiency argument is that fiscal decentralization moves government nearer to the people and makes local governments more responsible for decisions about the level and mix of taxes and expenditure, thus increasing welfare. Typically, central governments collect taxes with a high threshold, which leaves many individuals and small firms outside the tax net (Akorsu, 2015; Akudugu, 2015).



What this means is that a significant proportion of taxable capacity is left out of the tax base because of central government lack the familiarity with the local tax base, which makes it difficult to identify small taxpayers and maintain tax base.

Secondly, the revenue gains from bringing small taxpayers into the tax net are small and negligible compared with the mobilization costs. However, local governments do have familiarity with the local tax base because of a variety of licensing and regulatory activities in property and land based transactions. Also, the potential revenue yield from these local taxable activities may be a sizeable part of the local government budget. Therefore, local governments might be able to reach these small payers through local taxes, rates and user charges for the provision and maintenance of local public services at lower cost than the central government (Armah, 2014; Kanentet, 2009).

### **2.3 Conceptual Framework of Fiscal Decentralization**

In the domain of decentralization, fiscal decentralization is the transfer to sub-national governments of the power to mobilize, allocate and manage financial resources according to locally determined priorities (Mahama, 2013; Ahwoi, 2010). The emphasis of fiscal decentralization is to strengthen the finances of sub-national governments and thus their capacity to provide public goods and services. The idea is to give local governments some revenue authority and expenditure responsibility, and allow them to decide on the level and structure of their expenditure budgets.



Fiscal decentralization, however, is not only a question of transferring resources to the different levels of local government (Ahwoi, 2010). It is also about the extent to which local governments are empowered, about how much authority and control they exercise over the use and management of devolved financial resources, measured in terms of their control over the provision of local services for which they are mandated to perform; the level of local taxes and revenues; and the government's willingness to finance other projects. Evidence has shown that effective fiscal decentralization by itself may not be enough to practically empower local communities to achieve the needed development (Kee, 2003; Ebel and Yilmaz, 2002). The most common theoretical rationale for decentralization is to attain allocation efficiency among different local preferences for public goods and services (Ahwoi, 2010; Kuusi, 2009). Fiscal decentralization as a means of achieving local development is based on two main arguments namely economic efficiency and local revenue mobilization (Ahwoi, 2010).

The need to ensure financial autonomy at all levels of government is the basis of fiscal decentralization (Akudugu, 2015; Akorsu, 2015). Fiscal decentralization is about empowering people to actively influence the decisions made within their own community. Theoretically, fiscal decentralization advocates that each public service must be provided by the jurisdiction having control over the minimum geographic area that would internalize benefits and costs of such provision.



This enables the local governments (LGs) to have enough resources to be able to deliver meaningful services that improve the lives of the people (Ebel and Yilanmaz, 2002). Adu-Gyamfi, (2014) also observed that District Assemblies (DAs) are expected to identify revenue structures which can provide sufficient financial resources necessary for effective local service delivery. The three main sources of revenue for the DAs are the local revenue, transfers from higher-level institutions, and loans and grants (Ahwoi, 2010). Fiscal decentralization is an aspect of a decentralization policy that supports and further streamlines the financial capacity of LGs in the country. It involves four policy issues and these include fiscal regulation, inter-governmental transfers (IGT), revenue, and expenditure (Appiah-Agyekum, 2013). This form of decentralization involves the transfer of financial resources including the capacity and authority to budget and take fiscal decisions in respect of income and expenditure. The basic design of fiscal decentralization is that decentralization of government addresses the problems with allocative inefficiency (Tanzi, 2000) by allowing smaller communities to take responsibility for governance making local governance receptive, relevant and more accountable to the community.

Financial (fiscal) decentralization policy does not only pursue efficiency through provision of critical facilities at the local levels, but also to achieve sustainable development, economic growth and poverty reduction (Zakaria, 2015; Puopiel and Chimsa, 2015). Therefore through the fiscal decentralization, local government units are required to mobilize revenues within their territorial



jurisdiction. Therefore, mobilization of revenue at the local level is enshrined in the decentralization process of Ghana and revenue at local government level must be properly assessed and assigned within the local authority's jurisdiction (Akudugu 2015; Puopiel and Chimsa, 2015).

Smoke (2001), identifies five elements critical for the implementation of a good fiscal decentralization program and these elements are captured as an adequate enabling environment; assignment of an appropriate set of functions to local governments; assignment of an appropriate set of local own-source revenues to local governments; the establishment of an adequate intergovernmental fiscal transfer system; and the establishment of adequate access of local governments to development capital.

In addition to support the above views on fiscal decentralization, delegation of tax and expenditure authority to subnational governments is a complicated exercise. National decision makers set their sights on attaining efficiency and equity when issues of fiscal decentralization are being discussed. Decentralization experts tend to focus on devolution of powers, taxation, responsiveness, accountability and coordination (Kee, 2003). Fiscal decentralization concentrates on sharing core functions such as stabilization, distribution and allocation amongst various tiers of government. Central to the stabilization function is the overall macroeconomic management of the economy using taxation and expenditure as critical instruments (Vo, 2010).



Central government control of the stabilization function has strongly been advocated especially in developing economies where macroeconomic fluctuations have assumed perennial dimensions. Central government need to maintain the stabilization function because it has the jurisdiction over the macro management of the economy (Smoke, 2001).

It is the primary duty of central governments to plug the gaps between the rich and the poor thereby redistributing incomes. In supporting central governments to retain the stabilization function, the following assumptions were considered: (a) Central governments should have a broader tax net that can be cast wide enough to effect income redistribution, and (b) Subnational governments should have a narrower tax regime which disables them from undertaking any meaningful income redistribution. Subnational governments have been touted to have the acumen to judiciously allocate resources. The delivery of public goods and services such as national defense and national health is however better served by national governments. Nevertheless, local authorities should be given some leverage over generation of owned resources and determination of public expenditure because they are in good stead to match local goods and services to local wants and priorities. This study is therefore anchored on the standpoint that fiscal decentralization should include local leverage over marshalling local resources and expending same in providing value to local citizens (Ahwoi, 2010).



The study does not seek to attribute stabilization and distribution functions to subnational governments in its subsequent discourse on fiscal decentralization.

In assigning allocation functions to local administrators, the following guidelines were outlined:

- The neutrality of local revenue generation through taxation especially on local consumer buying behavior should be assured.
- Local citizens should be adequately briefed on the merits and demerits of local tax regimes.
- Injection of equity in tax imposition and collection.
- Institution of a tax scheme that is simple and less cumbersome to administer.

Once some level of revenue and expenditure functions have been ceded to subnational authorities, fiscal decentralization is deemed to have occurred regardless of the quantum of revenue or expenditure (Kee 2002). Furthermore Kee, 2003 underscores the importance of this framework in influencing decisions regarding the category of taxes and expenditure functions that needs to be ceded to local authorities.

### **2.3.1 Nature of Fiscal Decentralization**

Despite the fact that many developing countries are likely to remain fairly centralized in the near term as a result of their way of struggle for power and leadership, a few emerging realities have collectively generated a growing interest in developing or reviving local government (World Bank, 2003; 2001).





First, economic planning by central governments has not been successful in promoting adequate development. Although there have been periods of strong economic performance in the developing world during the past few decades, particularly in Asia, many countries have faced a variety of economic problems that central governments have been unable to cope with and this is not different to Ghana as the central government has consistently borrows from the International Monetary Fund (IMF), the World Bank and other international countries (World Bank, 2003).

In addition, changing international economic conditions and structural adjustment program designed to improve public sector performance have created serious fiscal difficulties for developing countries (Vo, 2010, 2009). Growing service demands and underperforming economies resulted in large budget deficits, which were financed primarily by external borrowing. Over time, interest payments claimed an increasing share of public resources, and a vicious cycle of borrowing and overspending ensued. In response, central governments are trying to reduce their role in managing development and to rely more on local governments, which are often underutilized and may have considerable untapped revenue potential.

Finally to this trend is changing political climates which encourage the development of local governments in developing countries. As people become more educated, better informed through improved communications and more aware of the problems of central bureaucracies, they desire to bring the control of government functions closer to themselves.

In numerous developing countries, there has been movement toward greater democracy as military regimes and dictatorships are forced to relinquish power and institute political reforms. This sets an example for other countries and emboldens people to push for further changes, including efforts to decentralize. Fortunately, with the effort of decentralization is seeing more space in Ghana as the government has created more municipal and districts assemblies as well as creating at least six regions in addition to the existing ten regions. (Government of Ghana, 2018).

### **2.3.2 Good Fiscal Decentralization Components in Developing Countries**

There are basic elements that constitute good fiscal decentralization within the developing countries as compared to the developed societies (Vo, 2010; 2009; Samimi et al, 2010). According to Smoke (2001), key elements that should be included in a good fiscal decentralization program are: an adequate enabling environment; assignment of an appropriate set of functions to local governments; assignment of an appropriate set of local own-source revenues to local governments; the establishment of an adequate intergovernmental fiscal transfer system; and the establishment of adequate access of local governments to development capital. These elements among others include but not limited to the following;



## **I. Friendly and Adequate Enabling Environment**

An enabling environment for fiscal decentralization can begin with constitutional or legal mandates for some minimum level of autonomy, rights and responsibilities for local governments. This provides a foundation on which to build decentralization, but it does not by any means guarantee successful fiscal decentralization. There are many countries with constitutional clauses and laws on local government that have not managed to decentralize successfully. A good example is Indonesia, which became more fiscally centralized after a major decentralization law was passed in 1974 (Smoke 2001).

On the other hand Ethiopia and Uganda are two often-cited cases of recent good performance (World Bank 2001). First, in both countries, emerging political conditions have led to a strong national will to decentralize, second, both countries have recently developed unusually robust and clearly defined constitutional and legal provisions to support decentralization and the strengthening of decentralized levels of government, third they established institution to oversee and co-ordinate decentralization and local government reform and fourth both Ethiopia and Uganda recognized that effective local governments must have adequate resources to meet their responsibilities under decentralization.



## **II. Proper Appropriation and Allocations of Revenues to Local Authority**

Central governments generally attempt to assign local government's revenue bases that are relatively immobile and should therefore not lead to serious spatial efficiency effects, which do not compete seriously with central tax bases and so on. Smoke (2001) identified four particularly problematic concerns on the revenue side. First, assigned revenues are almost never adequate to meet local expenditure requirements. This means that central government transfer programs are inevitably required. Second, local governments often use too many unproductive revenue sources that barely cover the costs of collecting them. Third, the same lack of attention and capacity to implementation also plagues the revenue side. Fourth, individual local revenue sources suffer from some serious design problems, such as static bases, overly complex structures and ineffective collection mechanisms.

### **2.4 Local Government Revenue Mobilization**

It is very important to acknowledge that local governments perform important roles in the generation of revenue for development in most developing countries around the world as it contributes to local content management within their respective (Zakaria, 2015; Puopiel and Chimsa, 2015). In a study, Lutaya (2009) indicated that in Uganda, local governments do not only play a major role in revenue generation but also encourage "civic involvement" thereby building a connection between taxes and service delivery.





It is also worth-noting that governments around the world, including Ghana, have laws and bye-laws that support governments to the generation of revenue through taxes and other forms of levies. According to sections 28 and 29 of Ghana's Financial Administration Act, 2003 (Act 654), revenue is classified into tax revenue and non-tax revenue. The regulation 162 of the Financial Administration Regulation (FAR), 2004, also requires that revenue collections shall be started from the first working day of the financial year and new rates or charges shall become effective from that date. With the case of district assemblies in Ghana, Act 462 orders managements of various institutions to collect revenue from their citizens through levies (locally known as "lampo"). These levies include licenses, fees, rates, tolls and fines.

#### **2.4.1 Sources of Local Government Revenue**

Finance and revenue are very crucial part of decentralization (Akudugu, 2015; Akorsu, 2015; Zakaria, 2015; Puopiel and Chimsa, 2015). However, it has remained a major problem for decentralization in Ghana (Aryee 2006). In most cases, subnational governments generate even less than 20% of the total revenues they required to do their administrative, but always end up spend about 30% of the Assembly resources. The difference of about 10% and above, is mostly covered by Central Government transfers. Central government revenue transfers are revenues transferred from the national or central government to LG units (Akorsu, 2015; Akudugu, 2012; Tanzi, 2000; Nkrumak, 2000).





In Ghana, central government revenues transferred to LGs include recurrent expenditure transfers, ceded revenue, the DACF and the District Development Fund (Puopiel and Chimsa, 2015). The recurrent expenditure involves the responsibility in the forms of salaries, operational and administrative expenses of civil servants and other remunerations, including pensions of staff of the DAs and the payments of the wages of locally recruited staff like revenue staff (Puopiel and Chimsa, 2015; Zakaria, 2015). Ceded revenues are derived from some selected revenue sources which initially were tapped by the national government through the Internal Revenue Service. But as part of strengthening decentralization, central government has ceded this revenue source to the Metropolitan, Municipal and District Assemblies (MMDAs). Included in this source are entertainment Duty Act 1962 (Act 150), casino revenue under the Casino Revenue Tax Decree, 1973(NRCD 200), Income Tax Law 1986 (PNDCL 177) and advertisement tax under the Advertisement Tax Decree, 1976 (SNCD 50).

External financial sources available to MMDAs include special transfers such as stool land and timber royalties, mineral development funds, and revenues from lotto operators derived from the Weekly Lotto Amendment Law, 1990 (PNDCL 233). Other agencies operating in the districts sometimes pay gratuity as a mark of good corporate relationship with communities (Ofei-Aboagye, 2008; Osei-Kufour, 2010; Ghana Government, 2018).



In his view, Adu-Gyamfi (2014) asserted that at District Assembly levels reform of property taxation coupled with increasing discretion over user charging may provide sufficient enhancement of local accountability. By far the greatest scope for increasing fiscal independence lies, however, with the substitution of surcharges for shares of personal income tax. This might be particularly suitable for upper tiers of local government which generally lack taxing power at present (Kuusi, 2009).

Locally generated sources of revenue are derived from six main sources, namely rates, land, fees, licenses, trading services, and miscellaneous sources. But Ahwoi (2010) believes that the major local revenue sources in Ghana have been the basic rates, user charges, grants and loans. The local revenue sources appear to be erratic and undependable. This leads to low level of development at the local level (Smoke, 2001). To strengthen the revenue generation powers of the MMDAs in Ghana, Articles 245 and 252 of the 1992 Constitution designate MMDAs as the sole rating authorities at the local level and empower them to levy and collect taxes. The criterion for rating, types of properties to be rated and the general sources of revenues mandated to be raised locally by the MMDAs are provided in the 6th Schedule of Act 462 (Mahama, 2013; Ahwoi, 2010). MMDAs are therefore to mobilize revenue in the form of fees and taxes, rents, royalties, registration and licenses for local level development. In most Assemblies, rates especially property rates, licenses and fees contribute the greater proportion of local revenues while fees, especially market fees and licenses, yield the greater part of local revenue collected by the DAs (Bandie, 2003).

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

**Table 2.1: Composition of Metropolitan, Municipal and District Assemblies' funding sources**

Sources	Annual Average Percentage
Internally Generated Funds (IGF)	18%
Rates	4%
Lands (e.g. Royalties)	2%
Fees and fines	6%
Licenses	3%
Rent	1%
Investment income	1%
Miscellaneous	1%
Total grants given by the central government	62%
Donor Support/Other Transfers	12%

Source: Government of Ghana, (2018)



## **2.5 Traditional tools used for Revenue Mobilization by MMDAs**

The source of revenue for the Assembly is categorized into three: Grants from central government, Internally Generated Fund and ceded funds (Aryee, 2003). Among the sources, the major contributor to the District Assembly is the money from central Government which over the years has constituted over 60% of the total inflow (Akudugu, 2015; Akorsu, 2015) followed by the donor funds. The internally generated revenue otherwise known as the locally generated contributes the least and include Income Tax, License/Store Fees, Kiosk Rent, Property Rate, Market Toll-, Hawkers license, Toilet Fees, Bar Operation License, Lorry Park Tolls, Street/light/water Levy, Special Levy, and Birth and Death Registration (Armah, 2014).

Among these taxes, the most popular is the Basic Rate. Rate 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, Further to the above, section 95 states that, “District Assembly shall levy sufficient rates to meet their estimated expenditure” (Armah, 2014; Kazentet, 2011).



Rates may be classified according to section 96 of the Local government Act, 1993 as general and specific rates. Specific rates are rates levied over specified areas for the purpose of specified project approved by the district Assemblies. The general rates are rates made and levied over the whole district for the purpose of developing the district. Property rate and basic rates are the two major categories under general rates. Property rate is a major source of revenue in many urban types of council (Mikesell, 2002).

**i. Fees**

This is the amount of money paid for a particular piece of work or for a particular right or service. A fee is defined as an amount of money paid for a particular right or service or piece of work that is in proportion to the cost of distribution of government services provided to the payer (Akudugu, 2015). The sixth schedule of Act 462 provides a range of items where fees are levied by District Assemblies. Some area items on which fees are levied include slaughter houses, cattle ponds, trading kiosks, market dues, and market tolls. In almost all districts, there are central and mini markets, slaughter houses, stores and kiosks through the Assembly as the local authorities generates revenue from. Businesses operating in these markets and around roads are all paying fees and taxes to the Assemblies. This category of internal revenue source could provide adequate financial resources to the Assembly if the right strategies and mechanisms are put in place.



## **ii. Licenses**

Another sources through Assemblies are given the mandate to generate financial resources through are licenses. These are official documents, which give one permission to own, do, or use something usually after money has been paid. Licenses form part of the tax component of the current revenue of the central government and local governments.

Licenses are issued for a host of items and activities. These include dog's licenses, beer and wine sellers, hawker's license, self-employed artisans and petroleum installation (6th schedule Act462)

## **iii. Trading Services**

Many District Assemblies undertake trading activities which generate revenue for them. However, this is a minor source of revenue to most district assemblies.

### **2.5.1 Specific Internally Generated Fund (IGF) Tools (Sources) Used by MMDAs**

The 1992 Constitution of Ghana empowers the local government to raise revenue locally to support its developmental agenda as indicated earlier (Akudugu, 2015, 2012; Akorsu, 2015; Puopiel and Chimsa, 2015; Zakaria, 2015) These sources sometimes known as the traditional sources are derived from six main sources: rates, lands, fees, licenses, trading services and miscellaneous sources. This subsection is focused on how the traditional tools are used in order to maximize the level of IGF to meet most of the local development needs.





### **i. Rates**

According to the Local Government Act, 1993 (Act 462), the Assembly is the rating authority of the district and it is required to make and levy sufficient rates capable of funding part of the total estimated expenditure budgeted for that year by the Assembly (Akorsu, 2015; Akudugu, 2015). In addition, a DA shall make and levy an additional amount for the purposes of covering expenditures incurred by the DA in the previous year, or to meet contingencies or defray expenditure by the DA. However, this should be done without disregarding the interest and the growth the local businesses and individuals. The rate is of two types, thus, general and specific rates. The general rates are the rates made and levied by the DA for the whole district for the purposed of the general development of the district. The specific rates are levied over a specified area in the district that is purpose for a specified project approved by the DA for that area. These are usually done through the use of by-laws that are suggested and agreed by the majority within the locality.

The various rates include basic rate, property rate, and other special rates levied for specific projects undertaking in the area (Kazentet, 2011).

#### **a. Basic rates**

These are those rates levied and paid by adults, residents in the locality of the DA. This in a simple language means that the basic rates locally known as “Lampo” are the amount paid by market women and men who hawks around the market or the assembly with their goods and services (Akorsu, 2015; Akudugu, 2015).

**b. Property rate**

It is levied on landed properties that are located within the jurisdiction of the DA. This forms a major source of revenue to the DA. It is the revenue source than can easily be predicted and assessed for collection. These landed property include private houses, business center, video and cinema centers, hotels and guest houses and many physical structures (Akorsu, 2015; Akudugu, 2015).

**ii. Fees/Fines**

The DA as part of its revenue mobilization efforts and strategy could charge some fees on certain services and goods within its area of operation (Akorsu, 2015; Akudugu, 2015). Under the Local Government Act, the following are sources that could be fined: cattle pounds; conservancy; slaughter houses; market dues; market stalls/stores; lorry park dues; advertisements; trading; kiosks; restoration of conservancy service; graveyard receipts; bread bakers; chop bars; corn mills; and dressing stations. The District Assembly is empowered to make bye-laws that will help in its administration purposes (Ahwoi, 2013). The non-compliance of these by-laws allows the DA to fine the individual or institution who fails to comply. Some of these include unauthorized or illegal development of land, not observing sanitation/hygienic codes.

The most recent activity that can also be considered as fees and fines include the prosecution of individuals and organizations that do not adhere to sanitation best practices (Akorsu, 2015). It has been reported by the Daily Graphic (April, 23, 2018) that about 148 sanitation offenders have been prosecuted with various degrees.





This means that if the penalty points are being converted to cash rather than going for a jail term, the assembly will tend to gain more revenue through that.

### **iii. License**

License is supposed to be obtained from the DA before any individual or organization embarks upon some activities. This kind of revenue is derived from the following sources: dog licenses; hawkers; extension of hours; hotels and restaurants; beer and wine sellers; petroleum installations; palm-wine sellers; akpeteshie distillers/sellers; herbalists; taxi cabs; lorry parks overseers; taxi drivers (driving licenses); self-employed artisans, fishing tolls and births and deaths (Akorsu, 2015; Akudugu, 2015).

### **iv. Trading Services**

This refers to the trading activities and services that DA engages in and revenue derived from this source is also regarded as part of the IGF of the DA. (Revenues derived from trading activities undertaken by the DAs) (Akorsu, 2015; Akudugu, 2015).

### **v. Miscellaneous**

This source covers a broad area and among the areas includes casino revenue, betting tax, entertainment duty, gambling tax, income tax (registration of trade, business, profession or vocation and income tax payable by specific categories of self-employed persons in the informal sector), daily transport tax and advertisement tax (Akorsu, 2015; Akudugu, 2015).

Painter (2005) identified and classified them into three as taxes, fees and user charges. However, in many districts these sources of revenue are either





inadequate or poorly developed due to the general poverty level and underdevelopment of infrastructure and services as well as cost implications in the collection from the sources identified. From the many sources of revenue available for the DA for revenue mobilization for development purposes, not all these sources are utilized and some have not been effectively utilized for local development. It is known that most Assemblies have not been meeting their targets and this is because of lack of accurate data on landed property, massive level of revenue leakages, low capacity and low training for revenue personnel in the various districts and lack of proper monitoring of the revenue collectors all affect the MMDAs' mobilization of IGF (Akorsu, 2015; Akudugu, 2015).

## **2.6 Effectiveness of Traditional IGF Generating Tools**

As observed by Kazentet, (2011), tools used in IGF generations among MMDAs are of several forms as identified in previous section of the study. However, despite them being the most used tools, one need to ask whether they are sustainable to achieve the set purposes from now to medium and long term. This sustainability of the tools may range from Social, Political and many other associated factors.

### **2.6.1 Political Efficacy**

An alternative attitudinal explanation assumes that African citizens reason instrumentally about political institutions (Bratton and Mattes 2001). In other words, popular assessments of leaders are driven by considerations of institutional performance in the delivery of desired political and economic goods and to their resource mobilization strategies adopted. As demonstrated in related research,

citizens are more likely to grant legitimacy to governments if they perceive the performance of public institutions and for that matter Metropolitan, Municipal and District Assemblies to be effective and fair (Levi and Sacks 2009). This will mean that citizens within their locality will be ready to pay the local dues without any reservations as compared to other cases there would not be confidence and trust among indigenes.

The first step in uncovering popular views about local government revenue mobilization is to establish the scope of council responsibilities as seen by citizens. To this end, the survey asked respondents to envisage how various the assemblies adopt their processes of revenue mobilizations, range of activities from “maintaining law and order” to “keeping the community clean and promoting developmental projects.” Not surprisingly, and reflecting centralized policing in most African countries, citizens regard the maintenance of law and order primarily as a central government responsibility.

Quite accurately, people also grant the central government a leading role in income tax collection and the management of clinics and schools, even though they recognize that local authorities sometimes play supporting roles in delivering the latter services. But these local authorities seem confused about income tax collection, which, to their knowledge, is never a local government function in any of the countries studied (Armah, 2014). From a popular perspective, local councils apparently lead the way among the various tiers of government in relation to only one public function: the allocation of land.





This perception correctly reflects the gradual transfer of this responsibility from the hands of traditional leaders over recent years in many countries including IGF mobilization for local development. It is also important to note, however, that local governments usually control land affairs on behalf of central governments, continue to hold land rights (Boone 2007). Moreover, local councils are seen to cede leadership to traditional leaders when it comes to solving local disputes (especially with reference to family law) and their actions and inactions have direct influence on how sophisticated these traditional tools can work. Also people consider that their own communities bear the prime responsibility for maintaining the cleanliness of the local environs and this is a positive potential to the local assemblies but based on the fact of mutual discussions and understanding.

Against this background of IGF maximization at the local decentralized level of limited expectations, we turn to institutional performance at the expense of innovations by heads of these institutions. The conceptualizations of the performance of local government councils along two dimensions: substance and process. The first substantive dimension describes the “what” of local government activities. It captures council performance as tangible tasks of service delivery and resource extraction, such as the maintenance of roads, market places and sanitation systems and the collection of fees and taxes. The second procedural dimension concerns the “how” of local government operations. We make

particular reference to the council's efforts to publicize its activities, consult stakeholders, and involve citizens in policy decisions (Kazentet, 2011).

## **2.7 Challenges of Maximizing IGF Mobilizations by MMDAs**

Despite the efforts made to ensure that, revenue maximizations are achieved, there are still challenges impeding the processes (Puopiel and Chimsa, 2015, Akudugu, 2016, Akorsu, 2015; Armah, 2014; Kazentet, 2011). The decentralized development planning process involves the devolution of central government administrative responsibility to the district level and establishment of adequate capacity for effective utilization and management of resources.

Then the district level would also have to devolve these powers to the zonal and unit committees, the local authorities including chiefs and queen mothers all in a bid to capture the felt needs and aspirations of the people (Armah, 2014; Kazentet, 2011). The following issues are some of the challenges confronting the assemblies for not raising revenue beyond their generation level;

- i. Low community and traditional authority involvement in the planning process. As a result of the cosmopolitan nature of some metropolitan, Municipality and District Assemblies, and given the limited resources at their disposable, it has been the difficulty in engaging the community in the decision-making process (Armah, 2014; Kazentet, 2011). The urban nature of some assemblies makes it very expensive in terms of time and money for instance to conduct public hearings as in some communities with relatively large populations. Also the apathy of the urban dwellers towards community work is also a contributory factor.





Without effective participation of the target groups in the planning process their real needs and problems would not be identified for appropriate interventions and juxtaposing these in revenue target settings. Again noninvolvement of the community members in the planning process and implementation process has the tendency to affect the ownership, support, maintenance and sustainability of the revenue mobilization projects provided within the various locality (Armah, 2014; Kazentet, 2011).

ii. The decentralized development planning process requires the sub-structures to collate and prioritize the needs and aspirations of the communities and forward them to the DPCU as an input for plan formulation. The ineffectiveness or non-functioning of the sub-structures meant ineffective assessment of economic and educational needs in the various zonal areas for appropriate intervention and onward proper decision towards improving their local assets appraisal and efficient usage (Armah, 2014; Kazentet, 2011).

iii. Low commitment of the Assembly to holistically decentralize development planning and infrastructure provision. The commitment of the municipal assembly for the operationalization of the substructures is low this could have been a way of strengthening the various units to actively participate as well as hiring the local in revenue generations within the localities. The sub-structures are supposed to play a vital role in



the development planning process through data gathering and preparation of community action plans to serve as an input for the Mid-Term Development Plan (MTDP). This study has identified some of the challenges conducted by other researchers in maximizing revenue to include the sub-structures are very much constrained by a number of their duties; lack of office accommodation for local authorities, operational funds, recruitment and payment salaries/allowances of the permanent staff and operational logistics to strengthen their mobilization strategies.

In addition ineffective functioning of the sub-structures has implication for development planning towards generating more revenue to develop, health, educational infrastructure as well as improving the agricultural sector (Armah, 2014; Kazentet, 2011).

It is important to indicate that some revenue items could be ceded to the Zonal Councils for collection to enhance revenue mobilization in the municipality (Armah, 2014).

## **CHAPTER THREE**

### **RESEARCH METHODS**

#### **3.0 Introduction**

This Chapter describes the profile of the Sissala East Municipal Assembly of the Upper West Region, the research methodology, the location as well as the population. It should also take into considerations the relief features and the socioeconomic activities of the municipality with the research methodology specifically looking at the research design, sources of data and data collection methods, sample and sampling techniques and the tools used in analyzing the data. It also explained the processes, techniques and tools employed in conducting the research that fairly dealt with the true nature of the study.

#### **3.1 Research Methodology**

It is important for every researcher to adopt an appropriate methodology capable of generating results that can address the outlined research objectives. One definition that has influenced the chosen methodology of this research work is the definition advanced by Burns and Grove (2003; p.488) who indicated that every research methodology has to capture “the design, setting, sampling, methodological limitations, and data collection and analysis technique in the study”, the methodology would be important as per this study.





### 3.1.1 Research Design

The function of a research design is to ensure that the evidence obtained enables you to effectively address the research problem logically and as unambiguously as possible. In social sciences research, obtaining information relevant to the research problem generally entails specifying the type of evidence needed to test a theory, to evaluate a program, or to accurately describe and assess meaning related to an observable phenomenon. The research design represents the framework for data collection and analysis. It serves as a guide to the structure and technique for the collection and analysis of data and therefore, the framework within which the research method is employed. The research design enables the researcher to connect empirical data to its conclusions, in such a logical sequence to the initial research question of the study (Bryman, 2008; Yin, 2003) and these designs include experimental, survey, action research, and case study. Creswell (2013), also defined it as a framework or blueprint for conducting a research project which details the procedure necessary for the information needed for structuring or solving the research problems.

With this in mind, it is important to avoid common mistake made by researchers who always begin their investigations far too early, before they have thought critically about what information is required to address the research problem. Without attending to these design issues beforehand, the overall research problem will not be adequately addressed and any conclusions drawn will run the risk of being weak and unconvincing. As a consequence, the overall validity of the study



will be undermined. Hence, the need to adopt a well-structured research design procedure.

The research is exploratory in approach and therefore adopted the design of cross sectional survey which describe specific aspects of a given population which consist of relationship between variables.

The sampling plan involves the selection of sample, determination of adequate sample size, the choice of an appropriate media for the administration of the survey. Surveys using questionnaires are perhaps the most widely-used data-gathering technique in research and this will be adopted in evaluating strategies for maximizing internally generated funds of MMDAs in Ghana for improvement in local level service delivery considering Sissala Municipal Assembly in perspective.

### **3.1.2 Sources of Data**

This study intends to combine both primary and secondary data in the analysis and discussions and presentations of information. The Primary data was obtained from the respondents on the field with the use of questionnaires, interview check list or direct observations and direct interviews. These data mainly focus on the various internal revenue generating decentralized departments. The secondary sources of data shall be collected from published articles, books, Journals and Thesis of related studies with key GRA Officers within the municipality as well as the regional office.





### **3.1.2.1 Primary Sources of Data**

The primary source of data is considered as “first-hand information” obtained from the field, thus data collected for the first time and direct from those who are actively involved in the process. The study obtained this sort of data through the use of questionnaires, focus group discussions and in-depth interviews. The Primary sources of data collected from income generating departments of the public sector as well as the businesses within the municipality. The study used the primary sources for the purpose of increasing the validity, authenticity and reliability of its findings. The primary sources of data also have the potential to help the study reflect its truthful nature as a result of its validity.

### **3.1.2.2 Secondary Sources of Data**

In respect to the Secondary source, the study would consider desk study strategy and this would be carried out on the basis of established literature on the topic and officially designed document. Usually, secondary sources are cheap and easy to access. To this extend, the study would therefore consider the use of the secondary source of data that minimised the waste of time and resources without compromising quality and reliability of the work.

## **3.2 Sample**

The population for the study is too large as it comprised of active labour force living within the Sissila East Municipality. As the population is large, it is required of the study deal with a reason portion of the population that can truly reflect the entire population, hence the need for a sample of the population.

### **3.2.1 Study Population**

Study Population according to Humgler (1987) is the totality of individuals or objects upon which a social enquiry is applicable and piloted. The study population is always necessary because it plays a significant role in the generality of the research findings that can be extrapolated for informed results. The Sample population for the study will comprise of staff of the Assembly, businesses and property owners in the Sissala East Municipality.

These categories of respondents are chosen because they are directly linked to internal revenue mobilization as they are either responsible for mobilizing or paying taxes. The entire active labour force population of the municipality is estimated at 26,715, but active labour force population of the three selected area councils is estimated 17,365. This 17,365 form the sample frame for the determination of the sample size for the study.

### **3.2.2 Sampling Study Communities**

There are five area councils in the Sissala East Municipality. But the study intends to deal with three out of the five areas councils. The three area councils are selected based on simple random sampling method. The names of the five (5) councils are written on a sheet of papers. Numbers were randomly assigned to the areas councils. They were put in a small container, where they were being rubbed and shaken vigorously and four were randomly picked. The numbers chosen are then compared with the names of the area councils.



Through the process, Tumu Town Council, Wellembele Area Council and Nabulo Area Council are selected for the study.

### **3.2.3 Sampling of Individual Respondents**

As indicated earlier, the respondents for the study will comprised of staff of the Assembly, business and property owners in the Sissala East Municipality. The selection of these individuals is subjected to their direct link to revenue mobilization.

Staff members have access and knowledge in the internal revenue generation instruments of the Assembly whereas business and property owners are those supposed to pay the various taxes to the Assembly. For the purpose of the study, gender is not an issue to be considered, therefore equal opportunity was given to all respondents. Purposive sampling as a non- probability sampling technique will be employed to select these respondents (staff, business and property owners). Convenient and/or Accidental sampling will also be employed to contact these individuals as respondents for the study.

### **3.2.4 Sample Size Determination and Distribution**

The study will use the population of the active labour force of the Sissala East Municipal since they are the major tax payers in the municipality and all the Assembly staff are also within the same category. The sample size for the study is obtainable under the condition that only those within the labour force and staff at the Assembly will have the chance of being interviewed. It is based on the above assumptions that the study obtained it sample size through the formula  $n = \frac{N}{1 + N}$



$\{e\}^2]$  where “N” is the Sample frame and “e” the significance level or sampling error.

Therefore,  $N = 17,365$  and  $e = 0.1$ .

$$n = 17,365 / [1 + 17,365 \{0.1\}^2]$$

= 99.42, rounded to the nearest 100, thus a sample size of 100 respondents.

The research used proportional approach to distribute the sample size among the Assembly staff and the three selected area councils.

This will be done taking in cognisance of the true potential respondents who can reflect the purpose of the study, therefore the reliability of the respondents can be assured. The table below shows the distributions of the respondents among the area councils within the municipality.

**Table 3.1 Sample Size Determination and Distribution**

Name of Area Council	Estimated		Sample
	Labour	Force	Size
	Population		
Tumu	6,946	[6,946/17,365] x 100	40
Wellembele	6,078	[6,078/17,365] x 100	35
Nabulo	4,341	[4,341/17,365] x 100	25
Total	17,365		100

Source: Field Survey, 2018

In addition to the 100 respondents, the study intend to obtain responses from 20 staff members from the municipal Assembly to supplement the view from the business and property owners in the municipality.



### **3.3 Data Collection and Instrumentation**

The study combined both primary and secondary data sources. The use of both primary and secondary data collections and tools is to ensure validity and reliability of the results. Secondary data obtained was verified from their sources for the purpose of adequacy and reliability. This approach was used to allow the study to detail large scale of documents and other relevant material. Combination of both primary and secondary data sources ensured interactions of ideas from theory as established in literature and results from the analysis of empirical data obtained from the field (Onwuegbuzie and Leech, 2005).

#### **3.3.1 Research Instrumentation**

The Data that was gathered from the field was use various research instruments that do not compromise standards as per best practices in the research community. As a result of the cross-sectional nature of the study that includes both quantitative and qualitative methods, the data collection tools shall include the following;

##### **i. Questionnaires**

Questionnaires shall be designed based on the objectives set for the study upon which information or data gathered shall be relevant to the study. The various section of the questionnaire shall include; Section A, this shall contain information that will establish the demographic characteristic of the respondent. Section B shall look at the various traditional IGF generating tools that maximize the fund, Section C will look at assessing the efficacy of IGF generating tools that are being used by the Sissala Municipal Assembly in improving revenue



generation and the final section B shall base on questions that are focus on identifying and ranking factors that affect the capacity of MMDAs in maximizing internally generated fund.

## **ii. Interview Guide**

The study conducted a number of interviews particularly with some top Assembly staff such as chief revenue office and finance officer. The interview guide will be used as a guide to solicit the needed information that will enable the study make strong conclusion.

## **iii. Focus Group Discussion (FGD)**

In process of the study, two Focus Group discussion were held with business operations at Tumu and Wellebele. According to Twumasi, (2001), Focus Group Discussion is a method of data collection and information gathering in which a group of 6 to 10 people who appear to be knowledgeable about a topic are brought together to engage them in a guided discussion. The focus group discussion usually has a moderator or a facilitator who will guide, lead and direct the pace of the discussion. The study formed two groups with each comprising of 6 business operators to discuss the various taxes they have been paying to the Assembly and their view on the adequacy of the amount they have been paying to the Assembly.







### **3.4. Data Analysis**

The data that was collected was basically qualitative with few information was analyzed using descriptive statistics. The qualitative data was analysed using qualitative methods such as narrations, quotation, coding and charting. Data presentation was done using percentages, frequencies and cross tabulations. The descriptive analysis was done through the use Statistical Package for Social. Based upon objective to objective analysis, Likert scale of satisfaction index shall be used to analyze objective one and two. This helped respondents to establish their level of agreement and disagreement whether a particular tool identified maximizes IGF and whether tool identified is sustainable for use respectively. Finally objective three shall be analyzed by using problem concentration index to identify and rank all the factors that limit the capacity of MMDAs in maximizing revenue at the local level.

### **3.5 Profile of the Study Area**

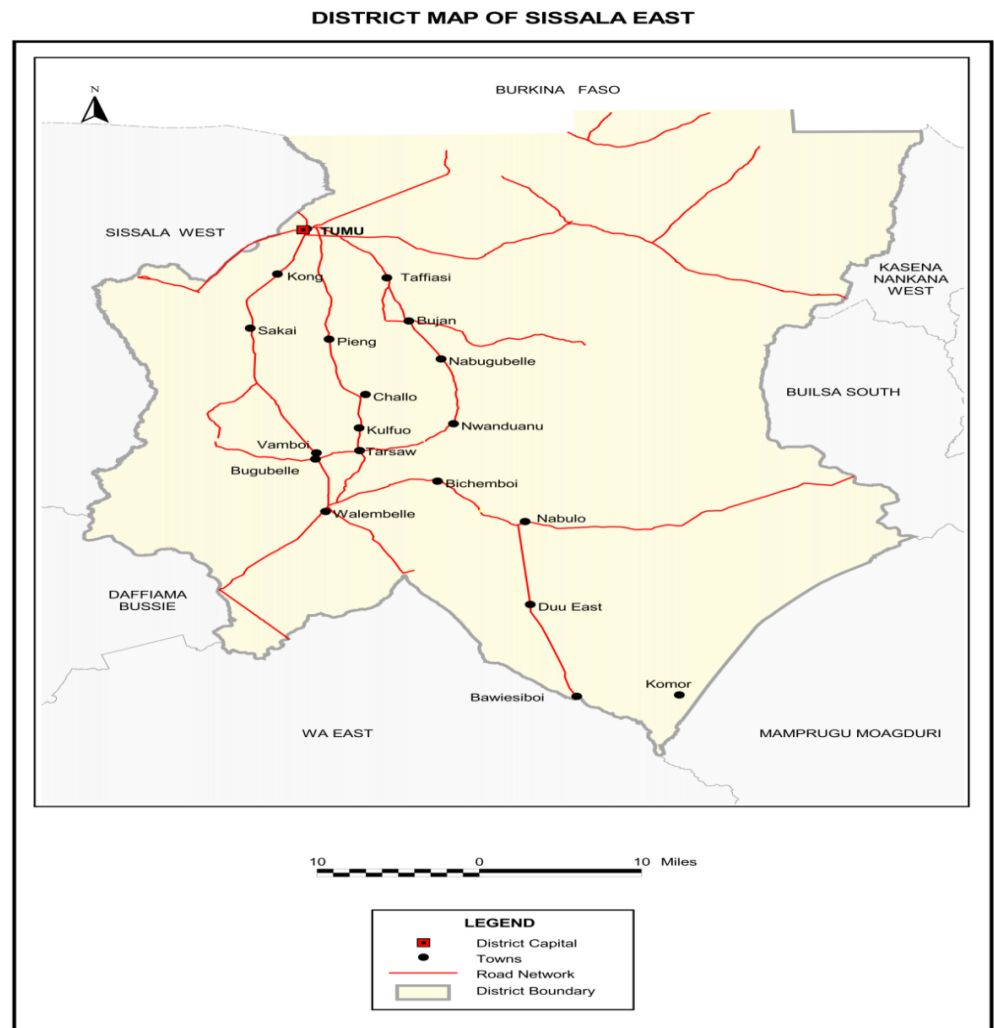
As stated earlier, this subsection focuses on the location, the size, the geographical features as well as economic activities of the study area.

#### **3.5.1 Location and Size**

The Sissala East Municipal district is located in the North- Eastern part of the Upper West Region of Ghana. It falls between Longitudes 1.30<sup>0</sup> W and Latitude 10.00<sup>0</sup> N and 11.00<sup>0</sup> N. It shares boundary on the north with Burkina Faso, on the east with Kassena Nankana West and Builsa District, to the south-east with West Mamprusi Municipal, south-west with Wa East and Daffiama-Bussie-Issah districts and to the west by Sissala West District.

The municipal has a total land size of 5,092.8 square kilometres representing 26.7 percent of the total landmass of the region. The Map below shows Sissala East Municipality of the Upper West Region.

**Figure 3.1 Map of Sissala East Municipality**



Source: Sissala East Assembly, 2010





### **3.5.2 Population Size and Growth Rate**

The population as at 2010 (GSS) was at 56,528 with an annual growth rate of 1.7%. With this growth rate, the municipal population of 2017 has been estimated at 63,608. The settlement pattern is highly dispersed and rural by nature. This affects the siting of socio-economic facilities such as boreholes, electricity extension among others. The male/female ratio of the population is 96 males to 100 females. At the moment it is only Tumu, the municipal capital, that controls 22.1% of the district population and it is the only settlement that qualifies as a town by virtue of its population.

### **3.5.3 Political Administration**

The administrative structure of the Sissala East Municipal is made up of the Municipal Assembly and its secretariat, departments of the Municipal Assembly, one Town Council (TuBodwodjmu), four Area councils (namely Bujan, Wellembelle, Sakai and Nabulo) and twenty one Unit Committees. The Municipal Assembly is made up of twenty five Assembly men and seven Assembly women, GSS (2010). It is the highest decision-making body and is responsible for the overall development of the Municipality.



### **3.5.4 Social and Cultural Structure**

The culture of the people of the Sissala East Municipal is dynamic. Culture as a totality of the way of life seeks to establish linkages with the positive aspects of our past and present. Some of the positive cultural practices of the indigenes are the celebration of the "Naaba Gbiele" which is celebrated once every year. A number of tourism potentials have been identified in the Municipality. These include the slave market at Kasena; the Wotuomo cave between Dangi and Lilixia; the Hunter's footprints at Dolibizon; the Mysterious rocks at Pieng; the Mysterious River at Nmanduanu; the Bone setters at Wuru, Kwapun and Banu; the Historical site at Santijan and the White man's grave at Tumu. The Sissala East District has two chieftaincy divisions. These are Tumu and Wellembele.

There is a close collaboration between these traditional setups and the formal system in terms of policy making, conflict resolution and the implementation of development programmes and projects. The two paramountcies have come together to form the Sissala East Traditional Council. The relationship among chiefs, on one hand and between chiefs and the municipal assembly on the other has been very cordial and welcoming.

### **3.5.5 Relief and Drainage**

Topography of the Sissala East municipal could be described as gently undulating. It is generally characterised by gentle latitudes of between 330 and 365m in the northern part descending to 220m and 290m in the Valley of the Sissili River.



The municipal is mainly drained by the Sissili River and its tributaries flowing in the south-eastern direction to join the White Volta. This is coupled with several tributaries and other unnamed streams. Though they have potential for supporting agricultural activities in the dry season, they equally serve as constraints in roads constructions and therefore access to communities during rainy season. A significant characteristic feature of most of these rivers and streams is their perennial nature of their flows.

The flow of the Sissili River itself reduces to intermittent pools in the dry season. Many of these streams could be developed to support dry season farming. The constant drying of the rivers necessitate the drilling of boreholes to supplement the seasonal shortage of water in the district which in have accounted for the out migration of the population during the dry season. The rich valleys of the Sissili River maintain a vegetative cover that provides an abode for wildlife and further protect the land from erosion.

### **3.5.6 Economy**

The economy of the municipality is largely agrarian (69%), service and commerce (15%), and the industrial sector (16%). The Sissala East municipality is basically rural with more than 80 percent of the people living in rural settlements engaging in farming (GSS, 2010 PHC).

### **3.5.6.1 Agriculture**

Agriculture is the highest employer in the municipality. The people practice subsistence farming with only a few engaged in commercial sorghum, maize and cotton farming. The main crops cultivated are cereals such as millet, maize, sorghum, and rice. The rest are groundnut, cowpea, yam and cotton. The Sissala East Municipality (SEM) has very good fertile land for crop cultivation with green vegetation suitable for animal rearing.

### **3.5.6.2 Industry**

The industrial sector (manufacturing) is dominated by small-scale industries. What is described as “manufacturing” is mostly small-scale cottage industries such as shea butter and other oil and fat extractive industries, brewing of local drinks, blacksmithing, metalwork weaving, among other sprinkling economic activities. Others are manufacturing of farm implements such as donkey carts, chairs and school-play equipment. There is a large cotton ginnery industrial outfit, located in Tumu that employs over five hundred people from and outside the municipality. The rest of the manufacturing activities include weaving and dressmaking, pottery and basketry. Other industrial activities include carpentry, masonry, building and construction, and auto-mechanic.

The industrial sector lacks the capacity to expand due to lack of market and ability to meet the current technological demand and resources. The establishment of a Vocational Training Institute in Tumu by the Catholic Church has contributed significantly to the turning out of skilled young women in weaving and dressmaking who are paying various taxes to the Assembly.





### **3.5.6.3 Commerce and Service**

Commercial activities in the municipality are very prominent because it shares boarder with Burkina Faso. Commerce in the municipality is restricted to buying and selling of predominantly agricultural produce, locally manufactured items and second hand items.

Commercial activities are high during the weekly market days. There are two weekly markets in the municipality: Tumu and Bugubelle. Besides these weekly markets, there are shops in the town centres where a wide range of manufactured goods and basic household items are sold. The commerce and service sector in the municipality is still underdeveloped and needs a major boost to make it vibrant to serve the changing trends of commerce and distributive trading. Many traders also come from Burkina Faso especially Leo market which has the largest share of the border trade in the eastern and western part of the Upper West Region. These traders bring a wide range of goods such as onions, potatoes, cattle, sheep and high yielding mango seedlings.

It is also important to add that, the available financial institutions (FIs) contribute to enhance business activities. The FIs within the municipality include Ghana Commercial Bank (GBC), Agricultural Development Bank (ADB), GN Bank, Sissala Rural Bank, Bayport Financial Services Limited and Dalex Finance .Their contribution to the weekly markets gives the municipality's commerce and service sector an international touch.

#### **3.5.6.4 Tourism**

There are number of tourism potentials that have been identified in the municipality. These include Kasena slave market at Kasena, Wotuomo cave between Dangi and Lilixia, Hunter's footprints at Dolibizon, Mysterious rocks at Pieng, Mysterious river at Nmanduanu, Bone setters at Wuru, Kwapun and Banu, Historical site at Santijan and the White man's grave at Tumu.

These tourist sites can be developed further and they can be a major source of revenue for local economic development. Despite the diverse cultural practices, the people of the municipality have a strong enthusiasm for communal labour.

#### **3.6 Ethical Consideration**

In research, every researcher must ensure that the work produced has observed the necessary ethical considerations (APA Ethics Code 2002). Like any other research, the study would consider the following ethical issues in the conduct of its activities.

- i. Plagiarism

This study considered the issue of Plagiarism as a serious matter and therefore would not present portions or whole of another's work or data as its own. Any one's work or data being used would be duly cited or referenced accordingly.

- ii. Informed Consent

The study had gone by the ethic of inform consent. With this, the study would inform respondents about the purpose of the research and the expected duration. It also inform the respondents about their right to decline to participate in the study.





It drew the attention of respondents to the fact that they can withdraw from the research upon starting. The respondents were also told the probable consequences of declining or withdrawing and any prospective research benefits.

iii. Informed Consent for Recording Voices

Like any other Psychological research, the study had obtain an informed consent from respondents in order to be able to record their voices or images during data collection. It is expected that the recordings will be used in a way that would not cause personal identification or harm to the respondents.

iv. Reporting of Findings

The study presented its findings in plain and simple language form. It will not fabricate any data and in accordance with research ethics, it avoided false and deceptive declarations and proclamations. Tremendous efforts were made to discover all significant errors in the data analyse and reasonable steps would take to correct minor errors in a work.



## CHAPTER FOUR

### DATA ANALYSIS AND DISCUSSION OF RESULTS

#### 4.0 Introduction

This chapter presents the results from the analysis of the data obtained from the field using the various tools and techniques as stated in chapter three. The chapter also discusses the findings in relation to existing literature. The chapter has been divided into subsections capturing the socio-demographic characteristics of the respondents, the IGF generating tools employed, effectiveness of IGF generating tools used, efficient maximization of IGF and the challenges affecting the capacity of the Assembly in maximizing the generated IGF.

#### 4.1 Socio-Demographic Characteristics of Respondents

The socio-demographic characteristics of the respondents discussed include the sex, age, marital status, highest educational level and occupation. The reason for considering these factors was to identify their influence on payment of various levies and taxes at the local level. Socio-demographic characteristics of people play a central role in owning assets and businesses. People may be poor because of their sex, age, education status, marital status among others and may not be in the position to pay certain taxes and levies. Similarly, age, sex, marital status, educational levels, and many other factors have the potential to influence the level of understanding of an individual on developmental issues such as revenue mobilization.



**Table 4.1: Socio-Demographic Characteristics of Respondents**

<b>Characteristic</b>	<b>Option</b>	<b>Frequency (n=106)</b>	<b>Percentage (100%)</b>
<b>SEX</b>	Male	68	64%
	Female	38	36%
<b>AGE</b>	18-24	15	14%
	25-35	58	55%
	36-44	23	22%
	Above 44	10	9%
<b>MARITAL STATUS</b>	Married	65	61%
	Single	35	33%
	Widowed/Divorced	6	6%
<b>LEVEL OF EDUCATION</b>	Basic/SHS	13	12%
	Education		
	HND/Diploma certs	30	28%
	Degree/Masters	28	26%
	No formal Education	35	34%
<b>OCCUPATION</b>	Trading/Business	64	60%
	Agriculture	12	11%
	Formal Sector	30	29%

Source: Field Survey, (2018)





From table 4.1, the study showed that 64% of the respondents (business owners, property owners, civil servants and Assembly staffs) contacted were males while only 36% were females. It was observed that many of the females were businesswomen and majority of the males were property owners and civil servants. The composition of the respondents gave the study a representative view across sexes though majority of them were males.

With regards to age distribution, the results revealed that 14% of the respondents were between the ages of 18-24, 55% of them are between ages 25-35 years while 22% were between the ages of 36-44 years. The remaining 9% were above the age of 44 years. This implies that majority of the respondents were within the active labor force and as such mandated to pay taxes and levies once engaged in meaning economic activity. The study further assessed the marital status of the respondents and the results revealed that 61% of the respondents were married, 33% were single whereas only 6% were either divorced or widowed. Further analyses revealed that majority of the married people were those engaged into petty trading and other business as a way of meeting their family needs.

On the educational status, the results showed that majority of the respondents had undergone formal education. This was evident as 28% and 26% of the respondents in the study had obtained HND/Diploma and degree/master certificates respectively in various fields (Accounting, Business Administration, Development studies, economics etc).

Though a substantial number of the respondents had no formal education, the high level of education among respondents demonstrates high level of understanding of respondents in tax and revenue generation issues. Occupation of an individual plays a critical role in his/her ability to pay taxes and levies. Consequently, the study considered the occupation of the respondents and the results showed that majority constituting 60% were into trading or businesses and 29% were workers in the formal sector (Teaching, local government service, nursing etc.). Only 11% were into Agriculture. It is important to indicate that whiles engaged in trading or being in the formal sector, some of these respondents still engage in farming to support their livelihoods.



**Table 4.2: Relationship between tax/levies payment and socio-demographic Characteristics**

Dependable Variable	Socio-Demographic Variable	Pearson Chi Square Test	P-Value [p<0.005]
<b>Knowledge on IGF generation</b>	Sex	24.213	0.016
	Age	14.710	0.006
	Marital Status	44.237	0.032
	Educational Status	62.108	0.001
	Occupation	21.348	0.024
<b>Payment of Taxes/levies</b>	Sex	19.195	0.028
	Age	20.112	0.017
	Marital Status	32.149	0.002
	Educational Status	14.269	0.075
	Occupation	17.560	0.003

Source: Field Survey, [2018]

From table 4.2, the results showed that some socio-demographic characteristics have significant relationship with payment of various taxes and levies. Educational status with  $p=0.001$ , demonstrates that educational status of the respondents has significant relationship with their knowledge and understanding of IGF issues. With regards to actual payment of taxes and levies, the results showed that marital status ( $p=0.002$ ) and occupation ( $p=0.003$ ) have significant relationship with the payment of taxes and levies.



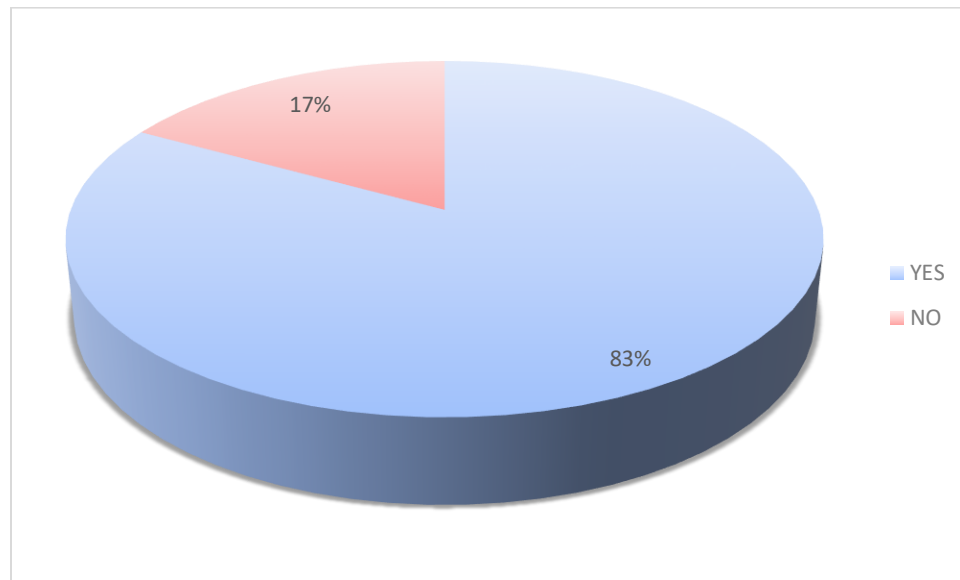


In further analyses, one would have thought since education has significant relationship with knowledge on issues, it should have similar effect on the payment of taxes and levies. But that has not been the case as educational status of the respondents did not show any significant relationship with actual payment of taxes. Also, sex and age have no significant relationship with the knowledge on IGF issues and the actual payment of taxes and levies. In literature (Mitlin and Satterthwaite, 2004), it has been established that social and behavioral nature of citizenry becomes critical when one is trying to establish whether the tools used for the generation of revenue at the local level is sustainable. The social explanation is based on a standard set of demographic indicators such as gender/sex, age, educational background, poverty, and place of residence (urban or rural). This is because the socio-demographic characteristics influence how individuals behave towards or adhere to statutory payments and other social responsibilities.

Deficiency in these socio-demographic sometimes exclude people especially the poor ones from participating in development issues such as payment of taxes. Most at times, they do not only neglect the vulnerable from participation and decision making, they often fail to empower them economically at the local level and this has narrowed the tax base of local governments. This result in tax concentration and local authorities are forced to continually tax and increase the tax rate of the few individuals who are already struggling to honour their tax obligations.

#### 4.2 IGF Tools Employed for Revenue Mobilization in Sissala East Municipal Assembly

The current study assessed the knowledge and understanding of IGF and its tools among the resident in the Sissala East Municipal Assembly and the results are shown in figure 4.1



Source: Field Survey, [2018]

**Figure 4.1: Knowledge and understanding of IGF tools employed by Sissala East Municipal Assembly**

Analysis of the data showed that majority representing 83% of the respondents indicated that they have knowledge on the various tools employed by the Assembly to generate internal revenue for development of the district though 17% attested to the fact that they do not have knowledge on the IGF generating tools used by the Assembly.





With adequate knowledge and understanding of IGF issues and the various tools being employed, it is expected that people should be willing to pay various taxes and levies.

To confirm the understanding of the concept of IGF among the respondents, a business operator in a FGD indicated that;

*“I know what IGF is. These are the funds generated by the Assembly through taxes and other levies”.*

Another business operator in the FGD is noted to have indicated that;

*“IGFs are the revenues generated through the internal sources/mechanisms of the Assembly within the catchment area”.*

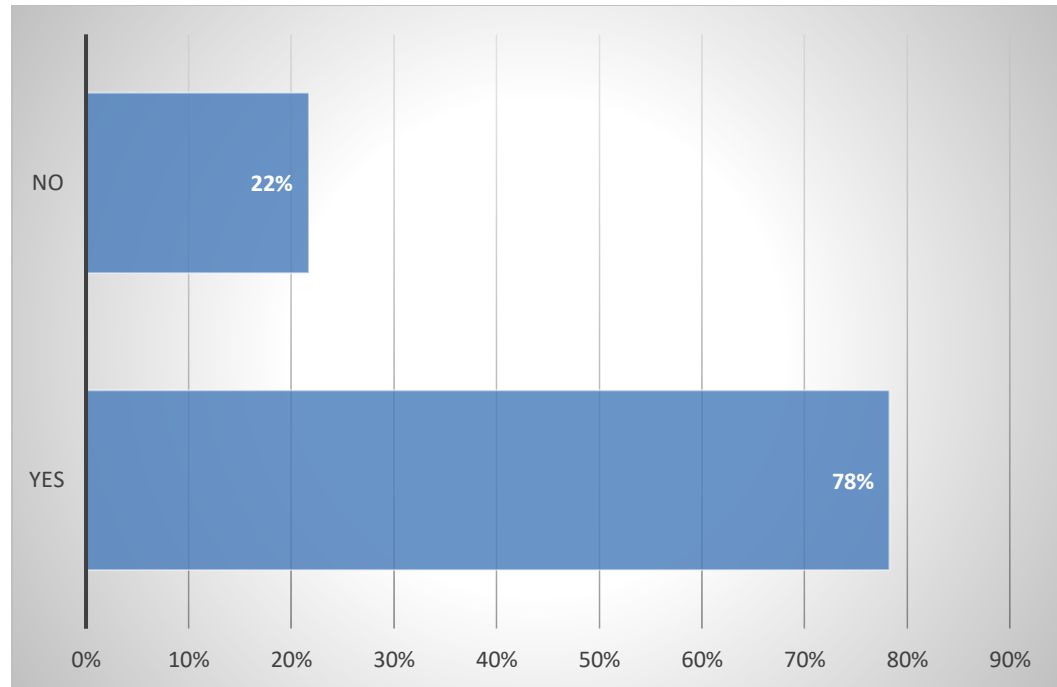
The observation made by this study contradicts what has been established in some literature. For instance in a study, Armah (2014) and Kazentet (2011), revealed that revenue mobilization at the local level usually witness low community participation because of lack of understanding of the need to mobilize revenue at the local level for development. They further indicated that the apathy of the rural/urban dwellers towards community work is also a contributory factor to low revenue mobilization. They therefore concluded that adequate knowledge and understanding of revenue mobilization among the citizens at the local level is essential for sufficient revenue mobilization.



According to the Local Government Act, 2016 (Act 936), the Assembly is the rating authority of the district. Accordingly, the Assembly is mandated to make and levy sufficient rates capable of funding part of the total estimated expenditure budgeted every year (LGS, 2016). In addition, the District Assembly (DA) has the power to make and levy an additional amount for the purposes of covering expenditures incurred by it in the previous year, or to meet contingencies or defray expenditure incurred by the Assembly. It is important that the general citizenry are informed about this mandate of the Assembly. However, this legal mandate of the Assembly is not made known to the general public and this has affected revenue mobilization at the local level.

Upon having adequate knowledge and understanding of what IGF entails, majority of the respondents attested to the fact that there is the need for the Sissala East Municipal Assembly to generate revenue at the local level for its developmental purposes as shown in figure 4.2





Source: Field Survey, [2018]

**Figure 4.2: Need for the Assembly to collect taxes as IGF**

From figure 4.2, the results showed that 78% of the respondents attested that there is the need for the Sissala East Municipal Assembly to collect taxes from individuals as its IGF for developmental purposes. However, 22% of the respondents indicated that they do not see the need for the Assembly to collect taxes from individuals at the local level. Most of these respondents believed that they pay a lot of taxes to the central government and the Assembly receives its share for developmental purposes. They further revealed that paying any tax at the local level means double payment for one purpose. In Ghana, the District Assembly has the authority to levy sufficient rates capable of meeting its estimated expenditure (Armah, 2014; Kazentet, 2011).

The Assembly is required to obtain funds from different sources. According to Armah, (2014) among the sources, the major contributors to the District Assembly is the money from central government as it usually constitute over 60% of the total inflow of the Assembly. Mostly, the IGF contributes less to the financial resources of available for developmental purposes at the Assembly. The Internally Generated Funds may be derived from Income Tax, License/Store Fees, Kiosk Rent, Property Rate, Market Toll, Hawkers license, Toilet Fees, Bar Operation License, Lorry Park Tolls, Street/light/water Levy, Special Levy, and Birth and Death Registration. The sources through which the Sissala East District derived its IGF from were assessed and the results are shown in table 4.3.



**Table 4.3: Sources/Tools for Generating Internal Revenues/Funds**

IGF Generating Tools	Responses						Rank
	Strongly				Strongly	Weighted	
	Agree	Agree	Uncertain	Disagree	Disagree	Average	
	[5]	[4]	[3]	[2]	[1]		
Fee/Fines	55%	30%	15%	0	0	4.40	2 <sup>ND</sup>
Licenses	64%	23%	13%	0	0	4.51	1 <sup>ST</sup>
Trading							
Services	31%	38%	24%	8%	0	3.92	4 <sup>TH</sup>
Basic Rates	24%	28%	22%	11%	15%	3.34	5 <sup>TH</sup>
Property Rates							
(Rents, land &							
Property)	50%	30%	11%	6%	3%	4.19	3 <sup>RD</sup>
Miscellaneous	14%	17%	41%	21%	8%	3.09	6 <sup>TH</sup>

Source: Field Survey, 2018

From table 4.3, the results showed that licensing, fees and fines as well as rates (land and property) are major sources through which the Sissala East District Assembly generates much of its internal generated funds. Based on the responses analyzed, licenses scored the highest weighted average with score of 4.51 and as such ranked 1<sup>st</sup>.



It was followed by fees and fines with a weighted average score of 4.40 and third most ranked was property rates with a weighted average score of 4.19. Other major sources through which the Assemble generates its internal revenue include trading services sometimes referred to as investments, basic rates and miscellaneous.

This finding in a way falls in line with what has been observed in the literature. Ahwoi (2010) indicated that the revenues to local authorities in Ghana come from basic rates, user charges, grants and loans. In support of the findings of the study, the Institute of Chartered Accountants, Ghana (2002), stated that rates especially property rates, licenses and fees contribute the greater proportion of local revenues of MMDAs. The finding has also been affirmed by the observation made by Bandie, (2003) and Resource Watch Agenda, (2009) who noted that market fees and licenses yield the greater part of local revenue collected by the DAs.

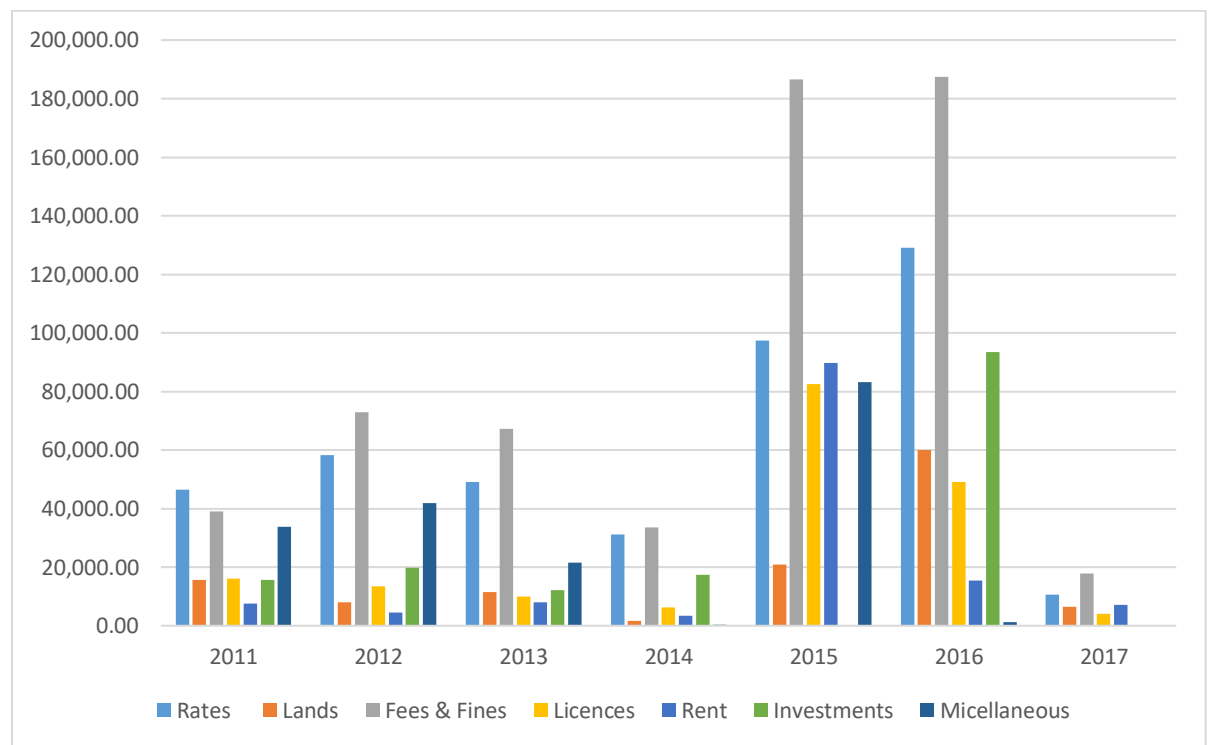
Analysis of the data obtained from the Sissala East Municipal Assembly showed that the Assembly generates its internal revenue from multiple sources, thus rates, lands, fees and fines, licenses, rents investments as well as miscellaneous as shown in table 4.4.



**Table 4.4: Annual Revenues from various sources**

IGF Tools	2011	2012	2013	2014	2015	2016	2017
<b>Rates</b>	46,425.38	58,329.20	49,075.96	31,118.30	97,419.40	129,100.40	10,645.83
<b>Lands</b>	15,620.00	8,003.32	11,392.00	1,668.00	20,814.45	60,103.00	6,391.67
<b>Fees &amp; Fines</b>	39,126.84	72,872.90	67,321.80	33,669.00	186,480.00	187,478.86	17,792.50
<b>Licenses</b>	16,111.60	13,513.70	9,925.00	6,315.00	82,465.00	49,080.00	4,080.00
<b>Rent</b>	7,629.80	4,554.00	8,070.20	3,308.00	89,686.46	15,324.00	7,083.33
<b>Investments</b>	15,757.12	19,780.53	12,229.39	17,395.85	N/A	93,522.08	N/A
<b>Miscellaneous</b>	33,840.36	41,966.90	21,496.05	253	83,081.57	1,140.50	83.33
<b>TOTAL</b>	<b>174,511.10</b>	<b>219,020.55</b>	<b>179,510.40</b>	<b>93,727.15</b>	<b>559,946.88</b>	<b>535,748.84</b>	<b>46,076.66</b>

Source: Sissala East Municipal Assembly, [2017]



Source: Field Survey, [2018]

**Figure 4.3: Annual Revenues from various IGF Sources**





The results in figure 4.3 showed that fees and fines, rates and miscellaneous were the major contributors to the IGF of the Assembly in 2011, 2012, 2013, 2015 and 2017. However, in 2014 and 2016 the IGF were high due investments which added to the revenue generated. This clearly demonstrates that for the past seven years, fees and fines, rates miscellaneous and investments have dominated the IGF portfolio of the Sissala East Municipal Assembly. The 2017 revenue targets are relatively because only first and second quarter figures were available at the time of the data collection. However, considering the available data, there is the likelihood that the 2017 fiscal could not have perform better than 2016 as the first and second quarter figures of the 2016 fiscal year were much higher.

As the sources are not limited to the above mentioned sources, it is important to acknowledge the significant contributions of licenses, land and rent to the IGF of the Assembly for the period under review. These three sources have consistently contributed significant to the IGF though they are not the leading contributors.

This clearly support what has been observed among the general public that the Assembly generates much of its internal funds from fees and fines, licenses as well as rates (property and land). This finding of the study is consistent with the finding of Kroes (2003) who argued that the probability of any local authority to raise enough revenue from independent sources is dependent upon a number of factors. It depends on whether the local authority has the authority to do the following;



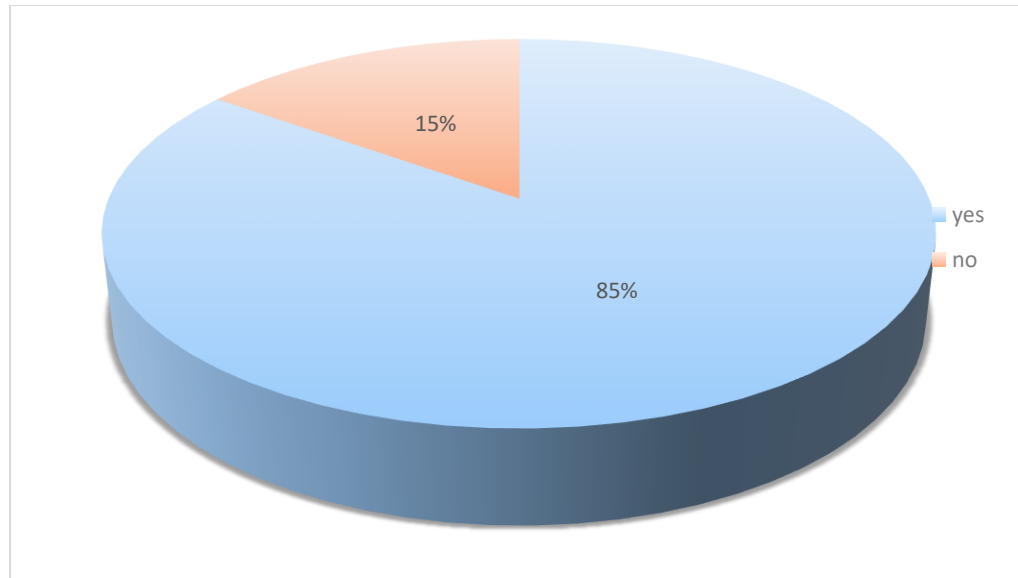
1. Impose taxes and levies or fees on the local inhabitants and transactions within the District;
2. Decide the rate or amount to be charged;
3. Collect the resulting revenues and finally;
4. Use the revenue in a manner that has been decided locally.

#### **4.3 Effectiveness of IGF generating tools used by Sissala East Municipal Assembly**

Like in many other countries, IGF is critical to the socio-economic development of rural communities in Ghana. To generate sufficient financial resources, it is important that local authorities adopt effective tools and efficient methods. Consequently, the current study assesses the effectiveness of the various tools employed by the Sissala East Municipal Assembly to generate its internal funds for development.

After demonstrating adequate knowledge and understanding of IGF and the various tools employed by the Sissala East Municipal Assembly, majority of the respondents believed that the various tools employed are effective enough to generate the needed financial resources for the development of the municipality as shown in figure 4.4.





Source: Field Survey, [2018]

**Figure 4.4: Adequacy of IGF Tools**

As shown in figure 4.4, 85% of the respondents attested that the tools employed by the Assembly to generate IGF are adequate and can generate enough financial resources for the development of the municipality. Majority of these respondents express the view that the tools are many and the people from which they collect the taxes from are also many and hence the Assembly should be able to generate enough revenue from them. Only 15% of the respondents believed that the tools employed are not effective and cannot generate the required financial resources for the municipality.



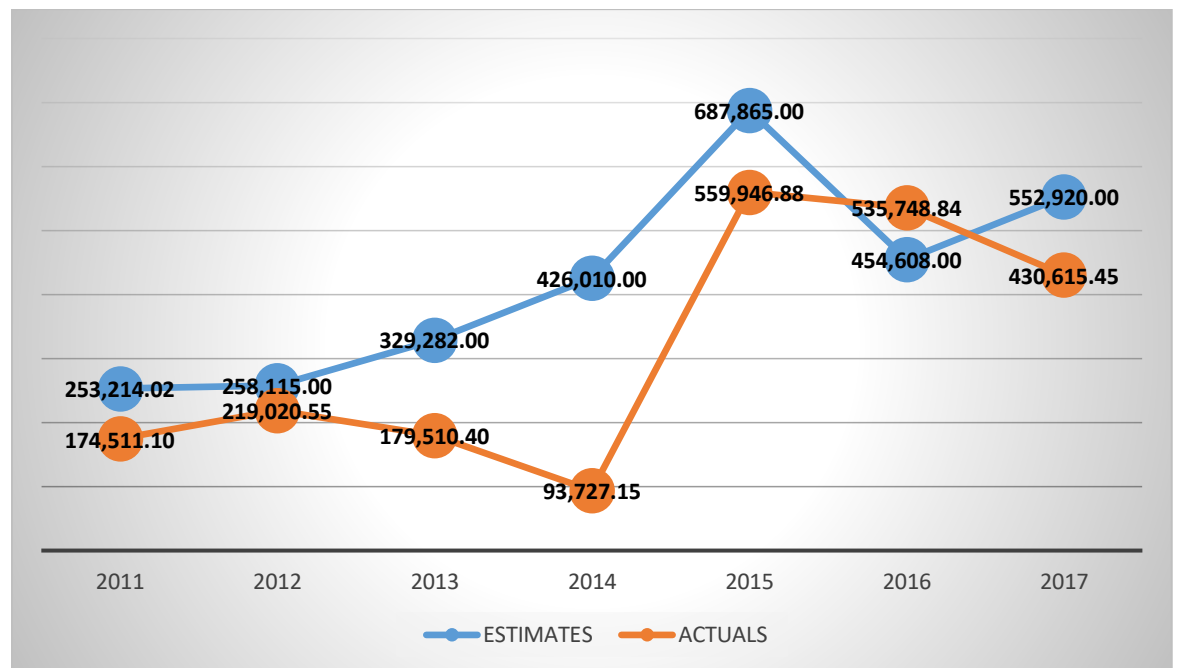
During an interview at the Assembly, the accountant of the Assembly revealed that;

*“Yes, the tools are available and have the necessary legal backing, but it is the Assembly that has not been effective in utilizing these tools. How to collect the taxes from the right people is the problem. The people themselves will not come to pay the taxes and levies at the Assembly. So the Assembly has employed revenue collectors to go round and collect these taxes. We end up using the taxes they collected to pay them for the work they are doing. I also strongly believe that some of the tax collectors don’t bring all the money they collect to the Assembly and this is affecting our revenues”.*

Further analysis of data obtained from the Assembly indicates that the various tools and method employed by Assembly have not been able to generate revenue to meet the estimated targets for the past seven years (2011-2017). This situation is not only peculiar to the Sissala East municipal Assembly but all the Assemblies in the Upper West Region. According to the Regional Coordinating Council (2013), the average IGF performances in the Upper West Region for the 2012 fiscal year was 76.15%, which dropped further to 67.01% of budgeted revenue for the 2013 fiscal year. Throughout the period under review, the Assembly was only able to exceed its revenue estimates in 2016 as shown in figure 4.4. This clearly indicates that the Assembly and its tools have not been effective in mobilizing adequate resources for development of the municipality.



The finding of the study can be supported with what has been observed by Kazentet, (2011). In a study, Kazentet, (2011) observed that the tools used in IGF generations among MMDAs are of several forms, however, despite them being the most used tools, they are not able to generate enough resources to sustainably achieve the set purposes from their current needs to medium and long term objectives.



Source: Field Survey, [2018]

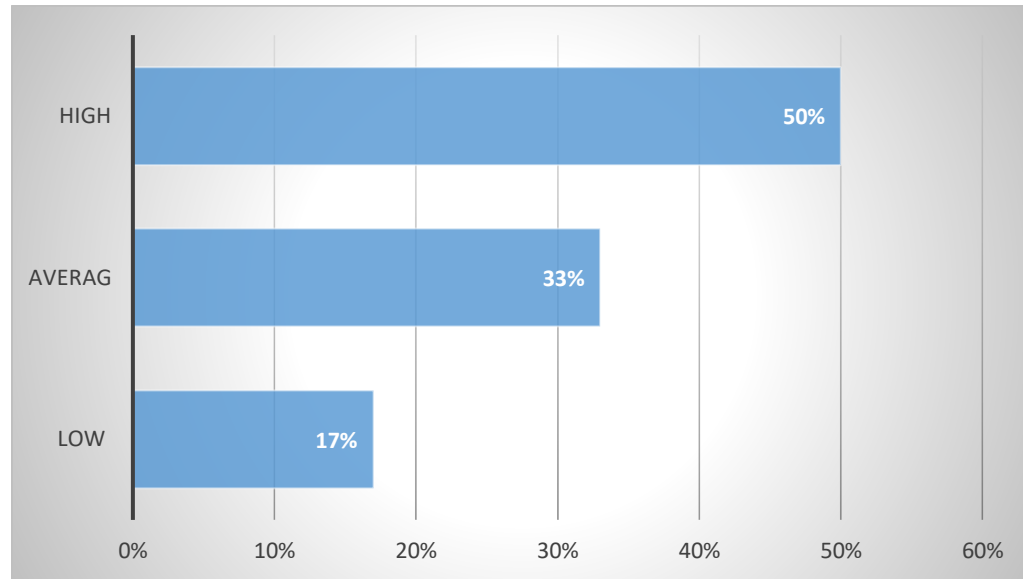
**Figure 4.5: Estimated and Actual Annual IGFs (2011-2017)**



There is financing gap in Sissala East municipality as the estimated or budgeted revenue always exceed that actual revenues mobilized since 2011. The financing gap between the estimated IGF and the actual IGF has made the Assembly to heavily depend on external generated funds such as central government transfers (District Assembly Common Fund [DACF] and District Development Facility [DDF]) and donor supports. The dependence on external support was confirmed by staff of the Assembly as shown in figure 4.6.

The observation made by this study corroborates with what has been established in literature. Throughout the world, finance and revenue mobilization have remained crucial part of the decentralization process of many countries. However, it has remained a major challenge to the successful implementation of decentralization requirements of many central governments including that of Ghana (Aryee 2006). As observed by Appiah-Agyekum, (2013), subnational or local governments generate about 20% of their total financial resources required. The remaining 80% is made up of Central Government transfers and donor supports. Most local government organizations particular in developing countries are not efficient and effective in their revenue mobilization efforts and this has accounted for their inability to generate sufficient revenues at the local level (Armah, 2014; Aryee, 2003). Most at times, the inability to generate enough revenue is attributed to the collection method and the nature of various tools or sources through which the money comes from. To further confirm the observation made by the study, Semboja, (2000) revealed that many countries generate less

revenues at the local level because they are still using outmoded collection methods and instruments.



Source: Field Survey, [2018]

**Figure 4.6: Level of Dependence on External Generated Funds**

From figure 4.6, the results showed that 50% of the respondents at the Assembly confirm the high dependence of the Assembly on Externally Generated Funds (EGF) though 33% of them believed that the dependence of the Assembly on EGF was average. Majority of these respondents express the opinion that the high dependence on the external sources is attributable to the inability of the Assembly to internally generate enough funds for the development of the municipality.



A tax collector at the Assembly stated in an interview that;

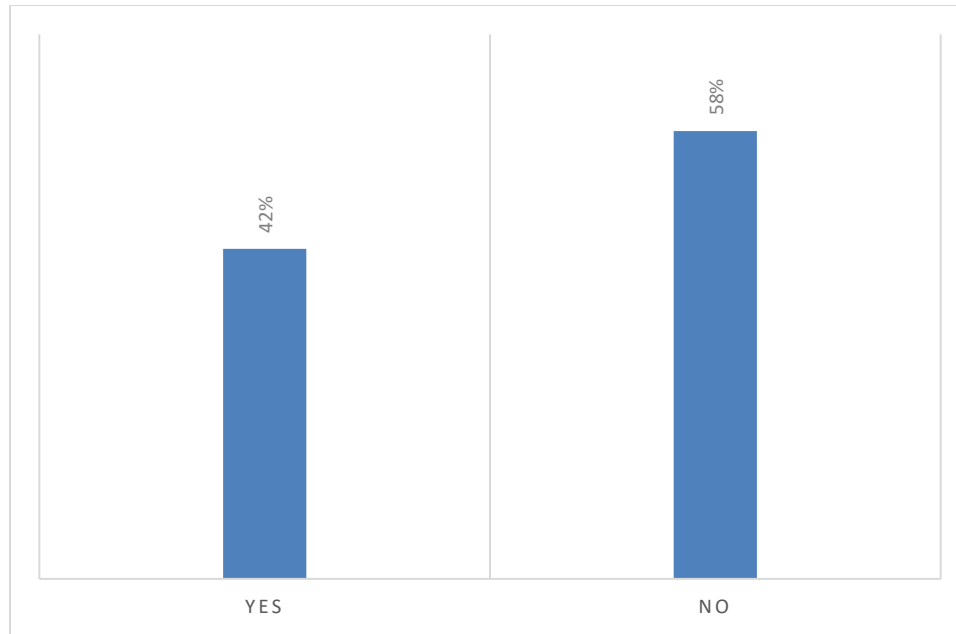
*“The people are not willing to pay the taxes and levies, and since the Assembly cannot generate enough revenue at the local level, we have to depend on the central government and donor support though they don’t also come on time. But we have no option than to always wait for them”*

In literature, Kodobisa, (2008), indicated that the mandate of MMDAs will be possible without adequate resources to successfully carry out that mandate efficiently. He further noted that the general revenue envelope available for MMDAs can be grouped into three distinctive sources, namely; central government transfers, donor transfers and locally generated revenue. As observed in the current study, Kodobisa, (2008) argued that most MMDAs relied so much on the central government transfers and the donor transfers because they are not able to generate substantial revenues from their internal or local sources. Similarly, Osei-Akoto et al. (2007) found that between 1994 and 2004, IGF only constituted an average of 31.8% of MMDA revenues and nearly 60% came from central government transfers especially the DACF and grants from development partners.

#### **4.4 Efficient maximization of IGF at the Sissala East Municipal Assembly**

The current study sought the views of the respondents on the efficient use or maximization of the financial resources mobilized for the development of the district and the result is presented in figure 4.7.





Source: Field Survey, [2018]

**Figure 4.7: Maximization of IGF by the Assembly**

As presented in figure 4.6, majority of the respondents representing 58% indicated that the Assembly do not maximize the internal revenue generated though 42% of them are of the view that the Assembly maximizes the revenue generated locally. Majority of those who believed that the Assembly do not maximize the IGF expressed the opinion that they cannot identify the projects or development that the Assembly uses the revenue to undertake. They believed that all the developmental projects are funded by resources from the central government and donor support.



To confirm the view of the respondents, the Finance Officer at the Assembly is noted to have indicated in an interview that;

*“The Assembly depend so much on the IGF to run the day-to-day affairs of the Assembly. What I can say is that substantial portion of our IGF is used for administrative purposes though we use part of it to fund our projects”*

For the fact much of the IGF of the Sissala East municipal Assembly is spent on the day-to-day running of the Assembly, majority of the respondents particularly those at the Assembly still express the opinion that the IGF have positive impact on the development of the Assembly. When asked, most of the respondents (75%) agreed that the IGF has positive impact on the development of the municipality (see figure 4.6).

A business operator who disagreed to the assertion that IGF usage has positive impact on the development of the municipality express the opinion that;

*“Mostly, the IGF is not used for its intended purpose and so how can it bring positive result or development? I believe that the IGF is always being misused by the Assembly and it doesn’t bring any serious development to the people at the local level”.*

It is important that local authorities and their organizations maximize their limited resources. District development programs and plans often initiated by the local communities or their representatives require sufficient amount of financial resources (Ahwoi, 2010).



The common planning practice is that every year, a number of projects are initiated by the local communities and only few are adopted to be part of the district plan. This is mainly because the available resources for plan implementation are so limited as compared to the demand for development projects (Kuusi, 2009; Mahama, 2013). The Assembly is required to make the best use of the limited resources generated both internally and externally.

As most people believed that IGF is not well maximized, it became important to assess the actual usage of the IGF. Analysis of the responses are shown in table 4.5.

**Table 4.5: Usage of IGF at the Sissala East Municipal Assembly**

IGF Usage	Response Analysis		
	Frequency	Percent	Rank
<b>Developmental Projects (Water facilities, schools, health facilities roads &amp; electricity)</b>	20	19%	3 <sup>rd</sup>
<b>Administrative purposes at the Assembly</b>	42	40%	2 <sup>nd</sup>
<b>Other uses of the IGF unknown to me</b>	68	64%	1 <sup>st</sup>

Source: Field Survey, [2018]

From table 4.5, the results showed that the internally generated funds of the Sissala East Municipal Assembly is used on purposes unknown to majority of the respondents who are the tax payers as 64% of them attested to this.



Also, 40% of the respondents attested that the IGF is used for administrative purposes at the Assembly and only 19% of the respondents indicated that IGF is used for developmental purposes such as provision of water facilities (Boreholes), roads, schools building, health facilities and electricity.

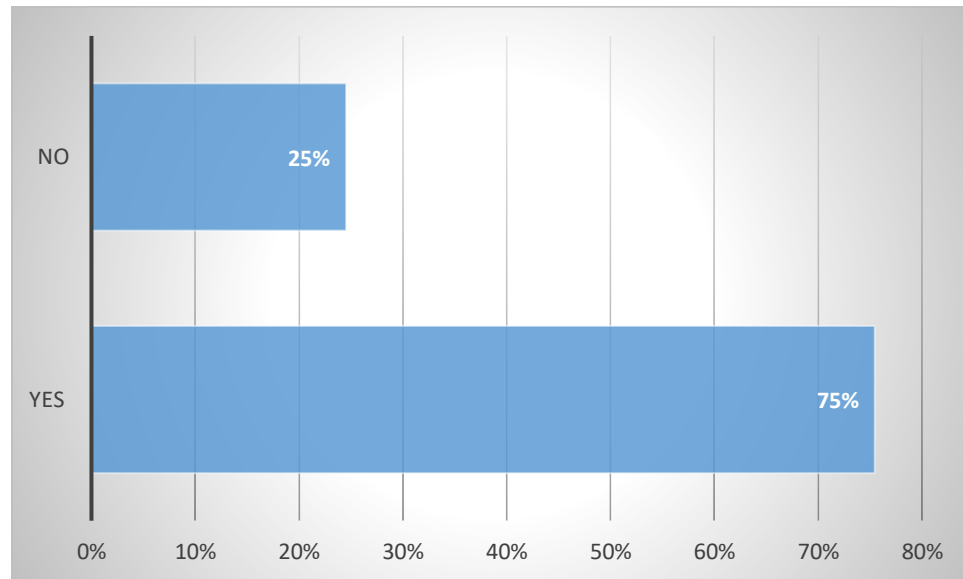
To confirm the usage of IGF at the Assembly, the Finance Officer in an interview revealed that;

*“At the Assembly here, we use 20% of the amount mobilized to pay the revenue collectors. The remaining amount is used for the day-to-day running of the Assembly”.*

This clearly shows that much of the IGF of the Sissala East municipal Assembly is used for administrative purposes and other purposes unknown to the tax payer.

This actually has the tendency of influencing the behaviour of these tax payers since they do not know how their taxes are being used. Despite this, most of the respondents still express the view that IGF could have positive impact on the development of the municipality as shown in figure 4.8.





Source: Field Survey

**Figure 4.8: IGF and the impact on Development**

It is very important to acknowledge that local governments like the Sissala East municipal Assembly perform important roles in the generation of revenue for development in their respective countries around the world as it contributes to local content management. This falls in line with the finding of the study which showed that IGF positively impact the development of the Sissala East municipality. Lutaya (2009) in a study argued that in Uganda, local governments do not only play a major role in revenue generation but also encourage “civic involvement” thereby building a connection between taxes and service delivery.

Notwithstanding the continuous efforts made by local authorities to ensure adequate mobilization and maximization of IGFs, there are still related challenges impeding the individual efforts to ensure that enough financial resources are provided for development and adequate delivery of services to the general citizenry (Armah, 2014; Kazentet, 2011).

#### 4.5 Challenges affecting the capacity of MMDAs in Generating and maximizing IGF

The study assessed the specific challenges confronting the Sissala East municipality in its attempts to mobilize revenue internally to support local development and the results are shown in table 4.6.

**Table 4.6: Challenges Confronting Revenue mobilization and Maximization**

Challenges	Responses Rates		
	Freq. [n=106]	Percent [%]	Rank
<b>Ineffective Monitoring and Evaluation</b>	32	30%	1 <sup>st</sup>
<b>Inadequate Motivation of revenue collectors</b>	15	14%	4 <sup>th</sup>
<b>Inadequate Public Sensitization</b>	19	18%	3 <sup>rd</sup>
<b>Unavailability of data on businesses and IGF database</b>	20	19%	2 <sup>nd</sup>
<b>Insufficient Revenue Collectors</b>	14	13%	5 <sup>th</sup>
<b>Political Interference</b>	6	6%	6 <sup>th</sup>

Source: Field Survey, [2018]

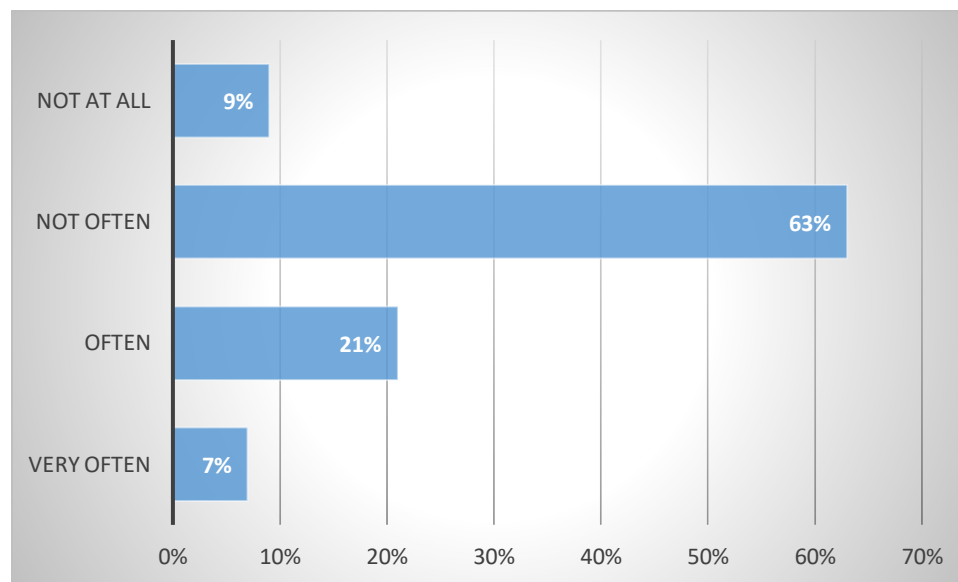




From table 4.6, the results showed that ineffective monitoring, unavailability of data on businesses and IGF database, and inadequate public sensitization are the main challenges facing the Sissala East municipal Assembly in its efforts to mobilize sufficient revenue internally for developmental purposes. The results showed that 30% of the respondents considered ineffective monitoring as the major challenge faced by the Assembly. Similarly, 19% and 18% of the respondents considered unavailability of data on businesses and IGF database and inadequate public sensitization respectively as the main challenges facing the revenue mobilization efforts of the Assembly. Other important factors include inadequate motivation of revenue collectors, insufficient revenue collectors and political interference. This finding corroborates with the work of Puopiel and Chimsi (2015) who identified a number of challenges facing MMDAs in Ghana's Northern region which include inadequate logistics to support effective IGF mobilization, under-declaring of revenue by revenue collectors, inadequate trained revenue collectors, poor supervision of revenue mobilization, political interference and weak monitoring of the activities of revenue among other factors.

Across the world, local governments are faced with different challenges which affect their ability to mobilize enough resources locally to support development (Puopiel and Chimsi 2015). Some scholars (King et al., 2003; Nicol, 2005; Agyepong, 2012) have identified lack of database on IGF, under declaration of amounts by revenue collectors, weak monitoring of the activities of revenue collection, corruption and lack of qualified personnel at the Assemblies.

Like many MMDA in Ghana, the Sissala East municipal Assembly is not able to mobilize enough financial resources internally to help solve its own developmental problems and one critical issue identified with the situation is the lack monitoring and evaluation of revenue mobilization activities at the local level. Analysis of the responses showed that though crucial to the development of the municipality, the Assembly pays less attention to the activities of internal revenue mobilization as shown in figure 4.9.



Source: Field Survey, [2018]

**Figure 4.9: Monitoring and evaluation of revenue mobilization activities**

From figure 4.9, the results showed that majority representing 63% of the respondents express the view that the Assembly do ‘not often’ monitor and evaluate the activities of revenue collectors adequately or properly. Few of the respondents (9%) are of the opinion that the Assembly do ‘not at all’ monitor internal revenue mobilization.



These respondents revealed that the Assembly always leave the revenue mobilization exercise in the hands of few revenue collectors who will not disclose the entire revenue collected from individuals to the Assembly.

A business operator in a FGD indicated that;

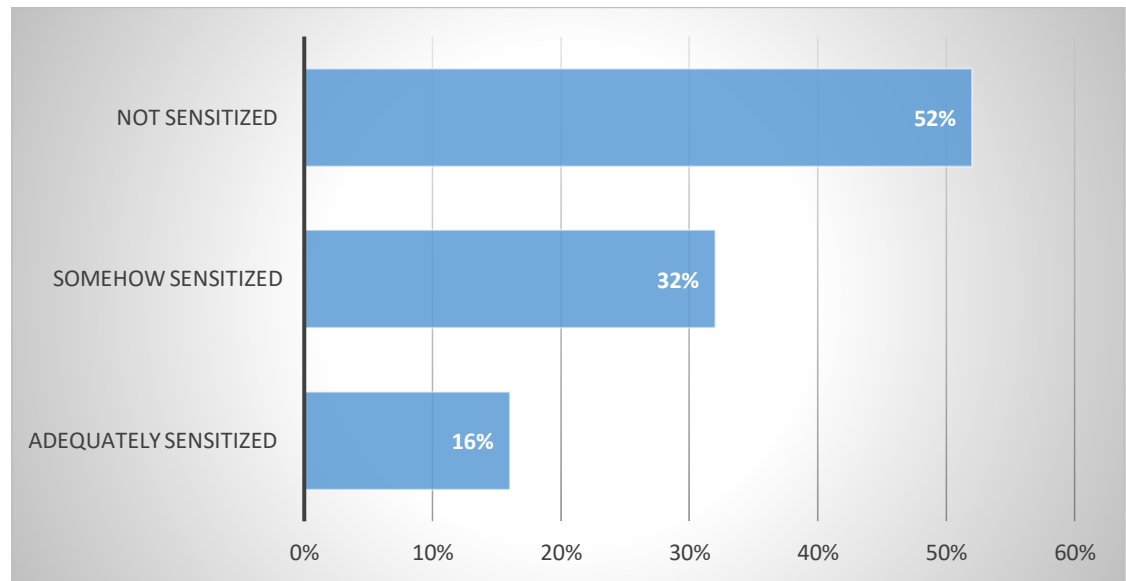
*“The revenue collectors are not correct. We pay a lot of money to them, but I learnt that they do not reveal all that they always collect to the Assembly. The Assembly too does not monitor these people. They allow them to do whatever they want”*

Also, 21% of the respondents most of which are staff working at the Assembly indicated the Assembly often monitors and evaluates its internal revenue mobilization activities. Only 7% of the respondents believed that the Assembly monitors and evaluates revenue mobilization activities ‘very often’.

Another critical issue identified as a challenge to internal revenue mobilization in the Sissala East municipality is the lack of sensitization of the general population on the need and use of internal generated funds. As shown in figure 4.10, most of the tax payers are sensitized on the use of the taxes and levies the Assembly collectors. They are not educated on the need to pay taxes locally to the Assembly.







Source: Field Survey, [2018]

**Figure 4.10: Level of Sensitization on Internal revenue mobilization by the Assembly**

From figure 4.10, the results showed that 52% of the respondents revealed that they are 'not sensitized on the need for them to pay taxes and levies to the Assembly, 32% of them were somehow sensitized whereas only 16% of them indicated that they are being sensitized on the need to pay taxes and levies to the Assembly. With this, it can be concluded that majority of the tax payers in the Sissala East municipality are not adequately sensitized on the need to pay taxes and levies. This has greatly affected the efforts made by the Assembly to mobilize revenue internally from the people.

#### 4.6 Conclusion

Generally, the availability of financial resources to local governments is critical to their development plans. Internally Generated Funds (IGF) plays a critical role in providing financial resources to both central and local governments across the world. The 1992 Constitution of Ghana empowers the local government to raise revenue locally and the Local Government Act, 2016 (Act 936), empowers the Assembly as the rating authority of the district with the mandate to make and levy sufficient rates capable of funding part of its total estimated expenditure budgeted. Like among other local government organizations in developing countries, the IGF contributes the least to the financial resources of the Sissala East Municipal Assembly.

Under the decentralization policy, all the District Assemblies including the Sissala East Municipal Assembly are expected to raise revenue within their catchment areas to support its budget designed for the development of the municipality. The Sissala East Municipal Assembly has the authority to impose taxes and levies or fees on the local inhabitants and transactions within the District. It also has the power to determine the amount to be charged and collect the resulting revenues as well as determine the expenditure of the revenue in a manner that will be beneficial to all at the local level. Even though the legal instruments and backing are available to the Sissala East Municipal Assembly, the responsibility of revenue mobilization has been a major challenge, perhaps to be overcome by the Sissala East Municipal Assembly and others across the country.





The Sissala East Municipal Assembly has the authority to mobilize revenue locally. However its internal revenue mobilization energies have not been providing meaningful results. Since 2011 till date, the Assembly has not been able to generate up to thirty percent (30%) of its total revenue locally though the percentage contribution of the IGF to total revenue has experienced some level of increment in some years (2013 and 2016). Looking at the gap between the estimated budget of the IGF and actual figures often generated, one could say that the Assembly has a very long way to go as far as achieving financial self-sufficiency is concerned.

The impact of low IGF mobilization is often felt as it negatively affects the development efforts of the Assembly at the local level. Another significant conclusion one can draw is that the low level of IGF of the Sissala East Municipal Assembly has made the Assembly excessively dependent on external sources (central government transfers and donor funding) to finance most of its developmental projects.

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.0 Introduction

Chapter five is the final chapter of the study and it provides the summary of major findings of the study. The chapter also presents the conclusions drawn from the analysis of the data obtained which were discussed in relation to existing literature. It finally makes recommendations capable of improving Internally Generated Funds at the municipality. It is also important to indicate that the study made its conclusions and recommendations based on its major findings.

As a way of recap, the study attempted to find answers to the following research questions;

#### Main Question

What are the various strategies adopted by MMDAs to improve and maximize internally generated fund in Ghana?

#### Specific Questions

1. What are the various IGF generating tools employed for internal revenue mobilization in Sissala East Municipal Assembly?
2. How effective are IGF generating tools used by Sissala East Municipal Assembly in mobilizing adequate revenue?
3. How efficient is the maximization of IGF at the Sissala East Municipal Assembly?
4. What are the challenges that affect the capacity of MMDAs in maximizing internal generated fund?



## 5.1 Summary of Major Findings

This study considered the socio-demographic characteristics of respondents with the view of understanding the different characteristics influencing tax payments among the respondents. It considered views of revenue collectors, administrative staff of the Assembly, business and property owners. With regards to these individuals, the study presented data on the sex, age, marital status and educational background and occupation of them as respondents.

The study analyzed and presented unbiased responses from revenue collectors, assembly staff, farmers and business and property owners (64% of males and 36% of females). On the demographic characteristics, majority of these individuals were between 25-44 years (77%) and were contributors to the IGF of the Assembly. Also, majority of the respondents had undergone formal education and had either obtained HND/Diploma and degree/master certificates. The high level of education among respondents demonstrates high level of understanding of respondents in tax and revenue generation issues. On occupation, over 80% of the respondents were business and property owners and people working at the Assembly as staff. The findings of the study showed that education has significant relationship with the knowledge and understanding of issues concerning IGF issues whereas marital status and occupation have significant relationship with payment of taxes and levies.



Deficiency in these socio-demographics sometimes exclude people especially the poor ones from participating in development issues such as payment of taxes. Most at times, they do not only neglect the vulnerable from participation and decision making, they often fail to empower them economically at the local level and this has narrowed the tax base of local governments. This result in tax concentration and local authorities are often forced to continually tax and increase the tax rate of the few individuals who are already struggling to honor their tax obligations.

### **5.1.1 IGF Tools Employed for Revenue Mobilization in Sissala East**

#### **Municipal Assembly**

The Assembly is the rating authority of the municipality and as such, has the mandate to make and levy sufficient rates capable of funding part of the total estimated expenditure budgeted for development of the municipality. For effective mobilization of revenue, it is important for the citizens to know this mandate of the Assembly. This may facilitate the acceptability of the various taxes and levies imposed by the Assembly.

The results of the study showed that majority (83%) of the respondents know about the mandate of the Assembly and the various tools employed by the Assembly to mobilize revenue at the local level as its mandate. With adequate knowledge and understanding of IGF issues and the various tools being employed, it is expected that people should be willing to pay various taxes and levies. Majority (78%) of the respondents also attested that there is the need for





the Sissala East Municipal Assembly to collect taxes from individuals as its IGF for developmental purposes.

For the Sissala East Municipal Assembly, IGF contributes less to the financial resources required for the development of the municipality. The IGF contributes less than 30% of the total revenue of the Assembly. From the results, licensing, fees and fines as well as rates (land and property) have been the major sources through which the Sissala East District Assembly generates much of its internal generated funds. Other major sources through which the Assembly generates its internal revenue include trading services sometimes referred to as investments, basic rates and miscellaneous. These sources, since the creation of the municipality, have generated substantial revenue which has been used to support the development of the municipality.

#### **5.1.2 Effectiveness of IGF generating tools used by Sissala East Municipal Assembly**

After demonstrating adequate knowledge and understanding of IGF and the various tools employed by the Sissala East Municipal Assembly, majority (85%) of the respondents believed that the various tools employed are adequate enough to generate the needed financial resources for the development of the municipality. As observed, majority of these respondents expressed the view that the tools are many and the people from which they collect the taxes from are also many and hence the Assembly should be able to generate enough revenue from them.

The findings of the study revealed that the various tools and method employed by Assembly have not been effective and as such have not been able to generate revenue to meet the estimated targets for the past seven years (2011-2017). Throughout the period under review, the Assembly was only able to exceed its revenue estimates in 2016.

Due to the ineffectiveness of the IGF tools, there has always being financing gap in Sissala East municipality as the estimated or budgeted revenue always exceed the actual revenues mobilized since 2011. The financing gap between the estimated IGF and the actual IGF has made the Assembly to heavily depend on external generated funds such as central government transfers (District Assembly Common Fund [DACF] and District Development Facility [DDF]) and donor supports. The findings of the study also showed that majority of the respondents at the Assembly confirm the high dependence of the Assembly on External Generated Funds (EGF) though some believed that the dependence of the Assembly on EGF was average. Majority of these respondents express the opinion that the high dependence on the external sources is attributable to the inability of the Assembly to internally generate enough funds for the development of the municipality.





### **5.1.3 Efficient maximization of IGF at the Sissala East Municipal Assembly**

It is important local authorities and their organizations maximize their limited resources. District development programs and plans often initiated by the local communities or their representatives require sufficient amount of financial resources (Ahwoi, 2010). As a major finding, the results showed that majority of the respondents representing 58% revealed that the Assembly do not maximize the internal revenue generated though 42% of them are of the view that the Assembly maximizes the revenue generated locally.

Majority of those who believed that the Assembly do not maximize the IGF expressed the opinion that they cannot identify the projects or development that the Assembly uses the revenue to undertake. It was confirmed that the Assembly depends so much on the IGF to run the day-to-day affairs of the Assembly as substantial portion of the IGF is used for administrative purposes. Little of it is used to fund physical developmental projects. For the fact that much of the IGF of the Sissala East municipal Assembly is spent on the day-to-day running of the assembly, majority of the respondents particularly those at the assembly still express the opinion that the IGF have some positive impacts on the development of the assembly.



As the findings indicated, the internally generated funds of the Sissala East Municipal Assembly are used on purposes unknown to majority of the respondents who are the tax payers. Though the Assembly continuous to make efforts towards ensuring adequate mobilization and maximization of IGFs, there are still related challenges impeding the individual efforts enough financial resources are provided for development of the Sissala East Municipality.

#### **5.1.4 Challenges affecting the capacity of MMDAs in Generating and maximizing IGF**

Globally, local governments are faced with different challenges which affect their ability to mobilize enough resources locally to support development. Like many other Assemblies, the Sissala East Municipal Assembly in its attempts to mobilize revenue internally to support local development is faced with some challenges include;

- a. Ineffective monitoring and evaluation of revenue mobilization exercise;
- b. Unavailability of data on businesses and IGF database at the Assembly;
- c. Inadequate public sensitization on the need to voluntarily pay their taxes
- d. Inadequate motivation of revenue collectors which has influenced their declaration behaviours and;
- e. Insufficient revenue collectors

The findings showed that the Assembly do not monitor and evaluate the activities of revenue collectors frequently and adequately. Also, majority of the tax payers in the municipality are not adequately sensitized on the need to pay taxes and



levies and this has greatly affected the efforts made by the Assembly to mobilize revenue internally from the people.

## **5.2 Conclusions**

Since its inception, decentralization has been hailed and promoted as the solution to many challenges confronting local communities and national development in terms of administration and governance (Ahwoi, 2010; Crook, 2003; Chibba, 2009; Chikulo, 2007).

Despite its varied definitions, decentralization has to do with relinquishing power of decision-making by national authorities to local government administrators to enable them handle matters that affect the welfare of their people at the local level. One aspect of decentralization critical to many practicing nations is fiscal decentralization which emphasizes local development based on two main dimensions thus, economic efficiency and local revenue mobilization. Fundamentally, the availability of financial resources to local governments is critical to their development plans. Internally Generated Funds (IGF) plays a critical role in providing financial resources to both central and local governments across the world.

In Ghana, the 1992 Constitution of Ghana empowers the local government to raise revenue locally and the Local Government Act, 2016 (Act 936), empowers the Assembly as the rating authority of the district with the mandate to make and levy sufficient rates capable of funding part of its total estimated expenditure budgeted.



Like among other local government organizations in developing countries, the IGF contributes the least to the financial resources of the Sissala East Municipal Assembly. With regards to the decentralization policy adopted, the Sissala East Municipal Assembly and all other District Assemblies are expected to mobilize revenue within their catchment areas to support its budget designed for the development of the municipality.

The Sissala East Municipal Assembly has the authority to mobilize revenue locally, however its internal revenue mobilization energies have not been providing meaningful results. Since 2011 till date, the Assembly has not been able to generate up to thirty percent (30%) of its total revenue locally though the percentage contribution of the IGF to total revenue has experienced some level of increment in some years (2013 and 2016). Looking at the gap between the estimated budget of the IGF and actual figures often generated, one could say that the Assembly has a very long way to go as far as achieving financial self-sufficiency is concern. The impact of low IGF mobilization is often felt as it negatively affect the development efforts of the Assembly at the local level. Another significant conclusion one can draw is that the low level of IGF of the Sissala East Municipal Assembly has made the Assembly excessively dependent on external sources (central government transfers and donor funding) to finance most of its developmental projects.



Like many other Assemblies, the Sissala East Municipal Assembly in its effort to mobilize revenue internally to support local development is faced with some challenges such as inadequate monitoring and evaluation of its revenue mobilization activities and lack of sensitization of the people on the need to their mandatory pay taxes and levies which this have greatly affected the efforts made by the Assembly to mobilize revenue internally from the people.

### **5.3 Recommendations**

The following recommendations are made based on findings of the study and different views expressed in literature. These recommendations are grouped into two; those that will deepen revenue mobilization and those that widen revenue mobilization. These recommendations are made for policy makers at the local level and future researchers who might have interest in revenue mobilization and maximization at the local level.

#### **5.3.1 Deepen Revenue Mobilization**

- i. The findings of the study also showed that the Assembly do not regularly and adequately monitor and evaluate the activities of revenue collectors. This has provided the room for revenue collectors and the tax payers indulge in unwarranted behaviours leading to improper disclosure of collected revenue. In line with this, the study recommends that the Assembly institute adequate mechanisms that can provide sufficient monitoring and evaluation of the activities of tax collectors and the payers



as well. This will help prevent tax invasion by both the collectors and the payers, thus deepening the revenue mobilization for the Assembly.

- ii. The revenue collectors at the Assembly are inadequate and the few workers are not also motivated as identified by the study. With this the study recommends that the Assembly employ more qualified and honest individuals for adequate revenue mobilization. The Assembly should also design motivational packages and targets for the revenue collectors. This may encourage them to work with sincerity and honesty for the benefit of the Assembly as far as revenue collection is concerned.

### **5.3.2 Widening of Revenue Mobilization**

- i. Internally Generated Funds contributes less to the financial resources required for the development of the Sissala East Municipal Assembly. As the findings revealed, the IGF contributes less than 30% of the total revenue of the Assembly. There is the need for the Assembly to increase its IGF base to enable it develop the municipality. Consequently, the study recommends that the Assembly intensify its mobilization efforts by extending the collection exercise to cover more businesses and properties in the municipality which have always been left out. The Assembly should also revive its dead rates and levies and ensure that revenue collectors visit the affected individuals. This, study believes can widen revenue mobilization and increase the proportion of contribution of the IGF to the total revenue of the Assembly.





- ii. There is lack of sensitization of the public on the need to pay various taxes and levies to the Assembly. The public also lack knowledge and information on the actual uses of the internally generated funds of the Assembly. These issues have made many people feel reluctant in paying the taxes and levies and others even resist any attempt to collect taxes from them. Accordingly, the study recommends that the Assembly should embark on a vigorous and regular sensitization campaign to create the awareness on the need for businesses and property owners to pay various taxes and levies. This the study believe will increase the participation of many people in tax payment, hence increase the IGF of the Assembly

If the aforementioned recommendations are implemented well, the study is confident that the financing gap between the estimated IGF and the actual IGF will be reduced if not closed.

Accordingly, the Assembly's heavy dependence on external generated funds (central government transfers (District Assembly Common Fund [DACF] and District Development Facility [DDF]) as well as donor supports will be a thing of the past and the Assembly will be in a better position to develop the municipality with its own resources.

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## APPENDICES

### UNIVERSITY FOR DEVELOPMENT STUDIES

#### SCHOOL OF BUSINESS AND LAW

#### WA CAMPUS

**PATIENCE SAASI** is my name, a student of University for Development Studies, Wa Campus. As a partial fulfillment of my Master of Science in Accounting, I am conducting a research entitled; '**Maximizing Internally Generated Fund for Local Development in Sissala East District Assembly of the Upper West Region, Ghana**'. Your response to this questionnaire is highly important as it help in the completion of my thesis. I will like to assure you that your response to questions will be treated under the strict ethics of research, thus anonymity and confidentiality. I sincerely would like to thank you very much for accepting to participate in this survey. I really appreciate your time and energy spent on this questionnaire.

### SECTION A

#### DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

I. Age?

18-24 [ ☐ ]    25-35 [ ☐ ]    35-44 [ ☐ ]    More than 44 [ ☐ ]

II. Sex? Male/M [ ☐ ] Female/F [ ☐ ]

III. Marital Status                      Married [ ☐ ] Single [ ☐ ] Divorce [ ☐ ]

IV. Highest Educational Level:





(a) SHS [ ]                      (b) Diploma/Certificate [ ]                      (c) Degree/Masters' [ ]

(d) Others [Specify].....

V.      Occupation.....

## **SECTION B**

### **SOURCES OR TOOLS USED BY MMDAs IN IGF GENERATIONS**

1. What are the sources of revenue for the Sissala East District Assembly?

.....

.....

.....

.....

2. Do you know of Internal Generated Fund?

Yes [ ] No [ ]

3. If yes in (3 above), what is your understanding of IGF?

.....

.....

.....

.....

4. What are the various taxes does the assembly collect from people living within the locality?

.....

.....





- .....
- .....
5. What are the ways adopted by the assembly to collect these taxes from the people?

.....

.....

.....

6. State in your opinion by ticking, whether the following are the traditional tools used by the assembly in revenue mobilization? Where 1= Strongly Agree, 2= Agree, 3= Uncertain, 4= Disagree and 5= Strongly Disagree.

Tool	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
Fee/Fines					
Licenses					
Trading Services					
Basic Rates					
Property Rates					
Miscellaneous					

### SECTION C

**EFFIVENESS OF TRADTIONAL GENERATION TOOLS OF**  
**MMDAs**

1. Are the tools used by the assembly in revenue generation reliable in practice?

Yes [ ] No [ ]

2. Which of the revenue sources is not reliable and why?

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

3. How do you measure the dependency rate of the district on external revenue sources?

a) Low      b) Average      c) High      d) Others.....

4. If your answer to question four is c', can you explain why the assembly depends so much on external revenue source?

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

5. Does the Assembly set targets in its attempt to mobilize internal revenue?

Yes [ ] No [ ]

6. If yes, does the assembly meet its set targets?

Yes [ ] No [ ]



7. Do you think the Assembly has convincing reasons to collect taxes?

Yes [ ] No [ ]

8. What is the reason for the answer given above?

.....

.....

.....

### **SECTION D**

#### **IGF USAGE AND MAXIMIZATION**

1. Are you aware of how the Assembly spend the IGF?

Yes [ ]

No [ ]

2. If yes, can you please explain how the Assembly spend the IGF?

.....

.....

.....

3. In your opinion, do you think the Assembly maximizes the IGF generated?

Yes [ ]

No [ ]

4. If yes, why do you think the Assembly maximizes the IGF generated? Please briefly explain.

.....

.....

.....





5. If no, why do you think the Assembly is not maximizing the IGF appropriately? Please briefly explain.

.....

.....

.....

6. In your opinion, do you think the current usage of the IGF is affecting revenue from other sources for the Assembly?

Yes [    ]

No [    ]

7. If yes, how has the current usage affected revenues from other sources? Kindly explain.

.....

.....

.....

8. In your opinion, do you think the current way of sending affects development of the municipality?

Yes [    ]

No [    ]

9. If how does it affect development? Choose a response and provide a reason for your answer in the table below

Response	Reason(s)
[    ] Affect development positively	

[ ] Affect development negatively	

### **SECTION E**

#### **CHALLENGES AFFECTING THE CAPACITY OF MMDAs IN MAXIMIZING IGF**

1. From the above, if no, what are the possible limitations that affect the assembly to achieve their targets?

.....

.....

.....

2. How often does the assembly monitor the activities of tax collectors in the district?

a) Very often b) Often c) Not often d) Not at all.

3. Are there any motivation for performing tax collectors?

Yes [ ] No [ ]

4. From the above, if your answer is yes, what form does the motivation take?





- .....
- .....
- .....
5. Does the assembly have data on all possible revenue sources  
(example businesses and property) in the District? Yes [ ] No [ ]
6. If yes, would you say that there is an increase(s) in revenue source  
over the period 2014-2017 (please give example/explain)?
- .....
- .....
7. . If no, what are the possible reasons for the lack of data on  
revenue source for the Assembly?
- .....
- .....
8. Does the assembly revise its fees, licenses and rates regularly?
- Yes [ ] No [ ]
9. If yes, what informs this decision of revising the tax ceiling?
- .....
- .....
- .....
10. If yes to question twelve (8), how regular does the Assembly  
revised its fees, licenses and rates? Quarterly [ ] Yearly [ ]  
others.....

11. If no, what are the constraints to the revision of the fees, rate and licenses?

.....  
.....

12. Rank the following factors that you think affect the capacity of the assembly in maximizing IGF generation, where 1= highest ranked challenge and 6= the lowest ranked limiting factor.

S/N	LIMITING FACTOR/CHALLENGE	RANK
1	Ineffective Monitoring and Evaluation	
2	Inadequate employee Motivation	
3	Inadequate Public Sensitization	
4	Access to quality data	
5	Insufficient Revenue Collectors	
6	Political Interference	



*Thank you*



**UNIVERSITY FOR DEVELOPMENT STUDIES**

**SCHOOL OF BUSINESS AND LAW**

**WA CAMPUS**

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**KEY INFORMAT INTERVIEW GUIDE**

**Interview Questions**

1. Can you please list some of the sources of revenue to the assembly (external and internal)?
2. What are the specific sources of IGF to the assembly?
3. Do you think the assembly is able to generate enough revenue from the sources you have mentioned?
4. Are there alternative sources of revenue the assembly can rely on?
5. Do you have revenue mobilization plan? If yes, how often do you review your plan?





6. Who are the individual responsible for IGF mobilization?
7. How does the Assembly utilizes the IGF generated? Please mention some of the areas the Assembly spent the IGF on.
8. Do you think the way the Assembly utilizes the IGF is the best way? If yes, why do you think is the best way of using the IGF. If no what other areas or way(s) do you think the Assembly could spend the IGF on?
9. What is your view on households and businesses in respect to paying their levies?
10. Does the assembly put in measures to ensure that the various sources of revenue generations are sustainable? What are some of these measures?
11. Does the assembly make frequent sensitizations towards revenue mobilization?
12. Do you have adequate staffs that go out for revenue collections?
13. What do you think are the factors/Challenges affecting the assembly in maximizing IGF in the following areas;
  - Mobilization
  - Usage of IGF

**!!!!Thank You!!!!**