

# Mechanisms and Strategies for Mobilisation of Property Rates in the Kassena-Nankana Municipality of Ghana

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## Abstract

Property rates are important revenue items to local government units all over the world. This is due to the fix nature of its components, which makes it predictable. However, local governments find it difficult to effectively mobilise revenues from this important source. This study thus examined mechanisms and strategies adopted towards mobilisation of property rate, in the specific context of Kassena-Nankana Municipality of Ghana. Adopting a case study, data was collected through interviews with key officials of the Municipality and randomly selected revenue collectors and property owners. The study revealed that, property valuation was carried out in 2009, which was used to rate items for taxation. Revaluation, which is due every five years by statutory provision, was however not carried out in 2014 due to limited resources and lack of expertise. The study further revealed that, the Municipality employs many mechanisms in order to maximise revenues from the already flawed property rate system. Some of these included instituting a property rate task force; sensitisation of the public through radio discussions and announcements; sanctioning of tax defaulters; regular training of revenue collectors; intensification of street naming and property addressing system; designing of revenue database; and outsourcing collection of certain property taxes to private entities. Despite these mechanisms and strategies, property rate mobilisation was still hampered by the absence of professional valuation officers; low commitment and lack of political will to enforce regulations; lack of will to pay among property owners; and incomplete administrative set-up for property rate mobilisation. To improve property rate mobilisation at the local level, monitoring and supervision of processes must be made more regular and effective by relevant institutions; institutions responsible for mobilization must be equip with adequate logistics; local property rate database must be setup and updated regularly; political interference in tax mobilization should be minimized, and government should make efforts to train more valuation officers in the country by revamping the National Valuation School.

**Keywords:** Property Rate, Mechanisms, IGF, Revenue Mobilisation, Local Government

## 1. Introduction

Governments across the globe are decentralizing responsibilities to local level authorities. Decentralization involves transferring power and responsibilities from higher to lower levels aimed at ensuring popular participation of the citizenry in the decision making processes, management of assets, resources and services (Crook and Manor, 1998: 2000: Treisman, 2007: 2000: UNDP, 2004: Ayee, 2012). According to Olowu and Wunsch (2003), a sound revenue system for local governments is an important prerequisite for the achievement of the objective of decentralization. This can be achieved through fiscal decentralisation. Fiscal decentralization, which accords substantial revenue and expenditure authority to intermediate and local governments (World Bank, 2000), is generally about devolution of taxing and spending powers to lower levels of government. It has become a significant subject of governance in many developing countries in the last two decades (Fukasaku and de Mello, 1999; Shah, 1998; Crook and Manor, 1998) as efforts to achieve that have placed revenue mobilisation and management responsibilities on local governments. Since revenue mobilisation and management is an integral responsibility of local governments (Bahl et al 2003), it is imperative to build their capacities to mobilize revenue for their own development (Oyugi, 2000: Crook and Manor, 1998).

Decentralisation in many parts of the world provides diverse mechanisms through which local governments raise revenues. Raising revenues through own sources is common among all decentralization programs across the world, with Ghana being no exception. In Ghana, local governments raise own revenue through many avenues including rates, fees, fines, investments, lands among others (Tahiru et al., 2014). Of the many "own revenue" sources available to local governments, property rates form an integral and important component (Kessey and

Gunter, 1992). Property Rate has been in existence since the colonial era to cater for the basic needs of the local authority as well as empower them financially (Fortescue, 1990; Erskine and Williams, 2003).

The administration of property rate in Ghana after independence has been backed by many legal provisions in the constitution and other supporting legislations. Local Government Act, 1993, Act 462, which is seen as the structural foundation of Ghana's decentralization program provides for fiscal empowerment of local governments through revenue sources like property rates. It empowers the local authorities to impose and levy "a rate payable by the owner of any premises" within the districts on the ratable value of the premises" (Section 96 (3) (a)). Act 462 also mandates the Assemblies to mobilize revenue from various sources of internally generated fund (IGF), including property rate. Hence, property rate forms an integral part of IGF of many districts in the country.

According to Kessey and Gunter, (1992), property rate has the potential to increase local revenue of any Assembly in the country. Considering the critical role property rates can play in local revenue mobilization (Tahiru et al., 2014; Kessey and Gunter, 1992), it is important to explore avenues of improving this revenue source through research. Though several studies have already been carried out in the area of property rate mobilisation in Ghana (See Tahiru et al., 2014; Fosu and Ashiagbor, 2012), the focused have been on examining the source in general. Little is therefore known on the specific strategies and mechanisms adopted by local governments in mobilising this important revenue item. This study seeks to address the literature gap by examining in detail, specific mechanisms and strategies adopted at the local level to improve property rate mobilization. The study thus examines how local government units in Ghana mobilises property rate, laying emphasis on specific strategies adopted in the context of Kassena-Nankana Municipality. The study specifically examines the mechanisms adopted by Kassena-Nankana Municipality in mobilising property rates and the challenges faced in this regard. This is important in understanding how local governments in the country strategize to improve IGF Mobilisation. This contributes to contemporary knowledge in local revenue mobilisation in Ghana by extensively examining the strategies being adopted to mobilise property rate.

## 2. Literature Review

Property rate is one of the major sources of revenue to local governments and even some central governments. Its contribution is seen as very predictable due to the fixed nature of the tax base and mostly in existence for a long period (Mikesell, 2002; McCluskey, 2007). Due to the fixed nature of properties, entities employ almost similar procedures in collecting rates from them. Though not many studies have been carried out specifically to outline the processes involved in collecting property rates in Ghana and beyond, there is still some amount of literature which can be deduced from some writers' works.

Milwida et al, (1994) in a study of Performance and Cost Effectiveness of the Real Property Tax in the Philippines noted that, property levy starts to accumulate on the first of January every year and can be paid in four installments before the office of the local treasurer on or before the end of each quarter. This provides for flexibility in payment for people in the country. There is also motivation to induce people to be prompt in payment of their rates. To encourage payments, concession of about 10 percent to 20 percent is offered to rate payers who pay the tax in advance while late payments usually go with a two percent (2 percent) surcharge per month, to a maximum of 36 percent. Property owners are expected to willingly pay rates to local authorities in due time. This is done by owners visiting tax offices to honor their part. However, in provinces where collection is difficult for authorities, they often assign this task to local treasurers (Milwida et al, 1994). This means that, property rates collection in the country is done by both local government units and private entities through outsourcing.

The situation in many districts in Ghana is not different. Many districts in Ghana collect property rates by themselves while few use commissioned agents in that regard. Collection is usually done through manual serving of notices at the end of the year. Few districts in Ghana have however tried to computerize the collection mechanism. According to Tahiru et al (2014), the Accra Metropolitan Assembly has a computerized system which is however separated from many departments. Their study pointed out that the computerized system at the Metropolis is independent or autonomous in nature. In this sense, data is not shared or linked to other divisions that need or depend on this information. In terms of collection, property rates are printed and distributed manually to owners; some payments are carried out manually at the sub-metropolitan offices and later recorded or transferred in the billing and payment system at the head office (Tahiru et al, 2014). This situation applies to almost all districts in Ghana. However, some districts give out the actual collection to private entities to collect on their behalf. This shows that there is no fixed procedure for property rate collection. Local entities devise their own procedures based on their context. What is however clear is the fact that, there are two main approaches; own collection and private collection. Local governments have the choice of using one procedure or

even combining both depending on the situation. It can also be realized that, property rate payment in Ghana is usually done directly by owners at local offices except property defaulters (Tahiru et al., 2014). This is quite different from other IGF revenue heads where collectors visit payers for actual collection (Mensah et al., 2015).

Though local government units try as much as possible to make property rate revenue collection mechanisms effective, many challenges still hamper their efforts. Bahl and Martinez-Vazquez, (2008) argue that, the limited buoyancy of property taxation in developing and transitional countries may arguably be due to an under-developed fiscal decentralization regime. For example, the physical, financial and human resource capacity required for effective property taxation is a major challenge in east and southern African nations (Bird and Rodriguez, 1999; Franzsen, 2002). Arguing on how limited expertise hamper property rate mobilisation, Bird and Rodriguez, (1999) note that, despite the central role of property assessment to the success of any property rating regime, professional expertise are generally lacking in most developing countries (Bird and Rodriguez, 1999; Kelly, 1993) making it difficult to carry out effective valuing. In other spheres, the entire legal provisions have been blamed for the challenges of property rate mobilisation. In the view of Bahl, (2009), property tax has been ineffective in low-income and transition countries partly because of legal exemptions which cuts large amount of valuable properties out of the net. Bahl (2009) further opines that, undervaluation and low coverage ratios in many areas have reduced the amount of revenues raised from property rates.

In the Ghanaian context, Tahiru et al (2014) assessed revenue mobilisation system in the nation's capital and argue that revenues including property rates are lost due to improper ICT systems in place to assist in identification of properties and their owners, keep up to date records on tax rolls and to verify payment done by property owners. Property rate mobilization therefore poses a real challenge to many local government units in Ghana as summed in the case of the nation's capital which is expected to have well placed systems. Considering the property rate woes in the capital, Tahiru et al., (2014) note that, there is therefore the likelihood that other districts are facing similar challenges in that regard. Fosu and Ashiagbor (2012) in their study of how Geographic Information System GIS can enhance local revenue collection especially property rates note similar challenges and constraints which make it difficult for local governments to make use of these sources. In their view, inadequate data on all economic activities, misclassification of properties, lack of realistic means of assessing revenue potentials due to lack of accurate data and deliberate avoidance of payment by property owners impede property rate mobilization. From the discussions, it is clear that property rate mobilization is being challenged by many factors in both developed and developing countries alike. The case of developing countries is however worse mainly due to low application of technology in tax administration. This is manifested by the inability of most Assemblies in Ghana to keep comprehensive database of properties.

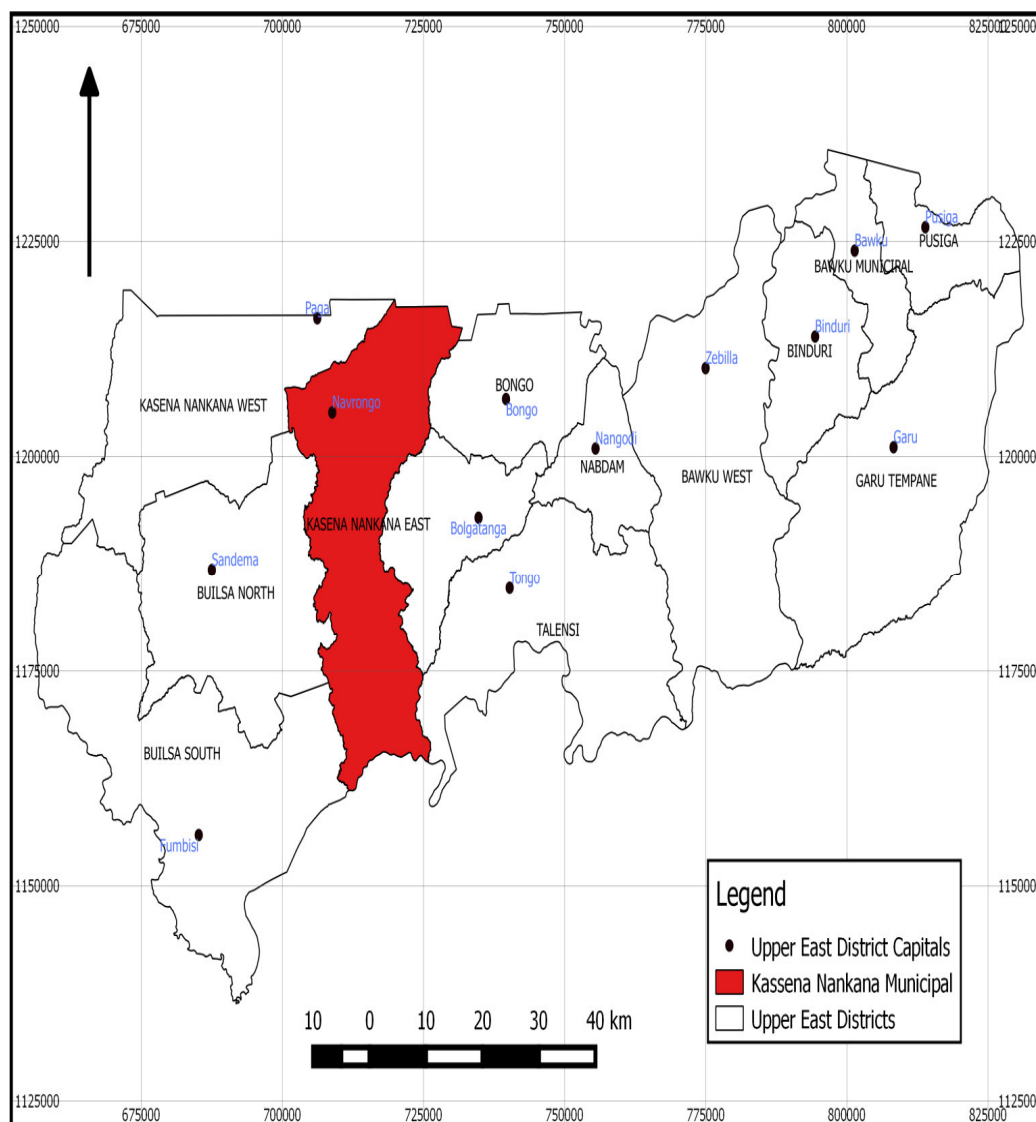
### 3. Study Setting

Kassena Nankana East Municipality is one of the 13 Municipalities and Districts in the Upper East Region. Its administrative capital is Navrongo. It lies approximately between latitude 11°10' and 10°3' North and longitude 10°1' West. It shares boundaries to the North with Kassena-Nankana West District and Burkina Faso, to the East with Kassena-Nankana West and Bolgatanga Districts, West with the Builsa District and South with West Mamprusi District (in the Northern Region) and covers a total land area of 767 square kilometres (See Figure 1).

The Municipality shares boundaries with six other districts; its central location makes it easily assessable for interactions. Interactions with other municipalities can be harnessed for IGF mobilization. This is because, its location makes trading activities in the municipal capital vibrant and this aids the Municipal Assembly in mobilizing revenues. The availability of vast land within the Municipality makes it possible for people to own fixed properties like houses which form the major property rate avenue in many areas in Ghana (Kassena Nankana Municipal Assembly, 2014).

### 4. Materials and Methods

A case study research design was adopted for this study. The case study method is best applied when research addresses descriptive or explanatory questions and aims to produce a first-hand understanding of people and events. The peculiar nature of property rating in the District and the need to get an in-depth understanding of the phenomenon influenced the choice of this research design. The units of analysis for the study included key officials of institutions responsible for mobilizing property rates. Both primary and secondary sources of data were consulted for the study. Primary data was collected through field survey using interview guides and questionnaires while secondary sources included online articles and institutional reports.



The sample population for this study comprised revenue collectors, municipal budget and finance officers and land valuation officers. Probability and non-probability sampling techniques were employed. Purposively, District Assembly officials comprising Finance Officer, Planning Officer, Revenue Officer, Budget Officer, Land Valuation Officer and Revenue Supervisor who had knowledge on the subject matter were selected. Revenue collectors and property owners were also randomly selected for the study. In all, about six officials, thirty revenue collectors and fifty property owners were involved in the study. These respondents were interviewed on key issues including the current mechanisms for mobilizing property rates and the challenges being faced. Reports and other documentation on property rate mobilization were also sourced from the units of the respondents. Generally, data collected was in qualitative form and analyzed as such. This involved forming themes from responses derived and developing them into points to portray ideas given. The use of direct quotation was also used to echo the voices of the respondents.

## 5. Results and Discussions

This section discusses the main findings of the research. This is presented in line with the key focus areas of the study.

In the Context of Ghana, The Local Government Act, 1993 (Act 462 of Section 94)), states, among others, that

*“A District Assembly is the rating authority for the district and, subject to any special provision in this Act or in any other enactment, an authority other than the Assembly shall not, despite a customary law to the contrary, have power to make or levy rates in the district”.*

District Assemblies are the sole rating authorities empowered to make or levy rates in their areas of jurisdiction. The Act identifies two kinds of rates – *general rates* and *special rates*. In section 96(2) of the Act, a general rate is referred to as a rate made and levied over the whole district for the general purpose of the district, while section 96(3) (a) defines *general rate* as a rate payable by the owner of premises in the district on the ratable value of the premises; or (b) a rate assessed on the possessions, or any category of possessions of persons who reside in the district. Under section 96 (2), a *special rate* means a rate levied over a specified area in the district for a specified project approved by the District Assembly for that area, while section 96(4) defines the *special rate* as the basic amount payable by everyone of 18 years or above who resides in the area, or owners of movable or immovable property in the area.

The definition of rate in section 96(3) (a) is the most appropriate for this study. A *rate* could thus be said to be a local tax imposed by a District Assembly on the ratable values of properties to generate revenue to provide local services. This is done after properties have been valued. Valuation forms the crust of property rate taxation. Properties are valued to provide rates payable. Hence, valuation provides the data frame for which properties are rated for tax collection.

### **5.1 Property Valuation in the Kassena Nankana Municipality**

In the Kassena Nankana Municipality, valuation is done using external resources. The Municipal Assembly is only in charge of administrative works in the aspect of valuation. In undertaking valuation, the Assembly depends on expertise from the regional valuation office. The municipality has no valuation office as required by the Local Government Act (Act 462, 1993). Valuation activities are thus directed by the Municipal Revenue office due to its link with revenue mobilisation. The absence of the Municipal Valuation office is a weakness which inhibits smooth valuation of properties in the area. The study revealed that valuation of properties in Kassena-Nankana Municipality was done in 2009. About 2,014 properties were captured in the valuation and this formed the basis for property rate taxation since 2009.

The study further revealed that, valuation carried out was limited to residential and commercial properties. Other properties like cattle which are common in the area and from which rates are collected were not included. The Municipal Assembly therefore uses its own arbitrary system to charge rates on these properties. Interviews with key informants revealed that, valuation was just based on whether a property is for residential or commercial, hence the purpose motive was used for the exercise. This shows the weaknesses of local governments in the aspect of carrying out detailed valuation of properties for tax purposes (Tahiru et al, 2014: Ashiagbor, 2012: Bahl, 2009). The inability to effectively value all ratable properties and the limited context of those valued is a hindrance towards mobilising property taxes. This explains why many local government units are unable to maintain good databases of properties (Tahiru et al., 2014), hence losing revenues that could have accrued from those source.

Also, the Local Government Act 1993, (Act 462) of Ghana stipulates that valuation be done every five years by local government units. In the case of Kassena-Nankana Municipality, revaluation was supposed to be carried out in 2014 since the last one was done five years ago. However, interactions with assembly officials revealed that this would not be possible due to lack of funds for that purpose. The Budget Officer noted that *“looking at the law, we would have done valuation earlier this year but we cannot do it because we have no money for that purpose. I do not even think we will do it anytime soon because we do not even have any revaluation of properties in our current plan which will end in 2017”*. This view was also echoed by the Finance Officer who stated that *“looking at resource and personnel constraints, we have to do with our current register for at least ten years”*. The situation in the Municipality depicts what most local government units in Ghana and many developing countries are going through in terms of property valuation (Ashiagbor, 2012: Ellis et al., 2007: Mikesell, 2002). This confirms the claim by the International Tax Dialogue (2010) that, that local revenue items are usually inelastic despite growth in the physical size or value of the base because revaluations and valuations of old and new properties are not updated.

In the aspect of updating the database, the Assembly rarely does that. It lacks adequate resources and capacity to conduct proper revenue assessment and gather updated information on revenue potentials and actual collections to reduce undervaluation (Fjeldstad et al, 2010). The Assembly employs its own mechanisms in this regard. This is done by imposing a fixed fee on all properties. It was noted that the Assembly imposes a flat five cedis (GHC 5) fee on every single new room used for rental purposes. In the area of unassessed properties in the



Municipality, it was able to generate an amount of GHC28,500 from an estimated value of GHC36,840 within the period of 2010 to 2014. The implication is that, most properties in the municipality are not assessed making it difficult to identify them to levy rates on them (Tahiru et al, 2014). In this case, taxes are paid on a base that often bears little resemblance to the true values of properties (Besley and Persson, 2010)

Officials noted that, property owners are also not willing to pay rates with the reason that they see no reason why they should build their own structures and still pay rates to the Assembly. This submission was made by the property owners from the interview conducted. This could be attributed to the lack of education on the part of assembly officials for property owners to appreciate the need to pay rates on their properties. For this reason, there is always high defaulting rate thereby affecting revenue generation in the District.

## **5.2 Mechanisms and Strategies for Enhancing Property Rate Mobilisation**

Considering the limited nature of property valuation and updating in the District, it is important for many more specific mechanism and strategies to be kept in place in order to reduce the already reduced revenues. The District therefore carried out many activities aimed at ensuring that the limited revenues which could be collected from property rates are not lost. Some of the specific mechanisms and strategies are discussed in the paragraphs following.

### ***Formation of Property Rate Taskforce***

The study revealed that a taskforce was instituted by the Municipal Assembly in 2012. It comprised the Municipal Revenue Superintendent, the Finance Sub-committee Chairman and two other members from the finance sub-committee, the Presiding Member and the Municipal Finance Officer. The main purpose of the taskforce is to ensure that property owners comply with their tax obligation in the Municipality. This involves regular monitoring of property rate mobilisation processes. The taskforce take decisions on issues concerning property rates including identifying new properties, levying of rates, sanctioning of defaulters and many others. The effectiveness of this taskforce is however questionable considering the rate of evasion of this revenue item. The study revealed that the team barely meet to discuss issues on how to improve property taxation. This was attributed to busy schedule of team members and inadequate funds to remunerate them in the form of allowances after meetings

### ***Organisation of Radio Discussions (Sensitisation)***

Aiming to ensure communities appreciate the need for payment of property rates, radio discussions are organised by the Municipal Taskforce. This was initiated to in 2013 to educate property owners on the relevance of tax payment and its impact on infrastructure provision in the Municipality which is mostly demanded by the citizenry. Radio discussions are held at least ones in a month in an attempt to stay close with the people by educating and reminding them of their tax obligation. During radio discussions, residents are allowed to phone in to ask questions relating to topics discussed. There are also constant jingles played on various radio stations in the Municipality over the month to sensitise people on tax payments. According to officials, the main aim of the radio sensitisation was to make residents cultivate the habit of willingly paying their taxes instead of being chased. Confirming from a sample of the residents, majority (65 percent) noted that, they do benefit from the program because a lot is being said. To them, the program has awakened their interest in activities of the Municipal Assembly. This was however not the case for some local residents, who noted that they did not have time for such programs because Municipal authorities are not to be trusted. This could explain why there still exists some level of property tax evasion which authorities estimated around 40 percent in the Municipality.

### ***Sanctioning of Rate Defaulters***

Like all tax systems, sanctioning of defaulters forms one of the many mechanisms used to curb evasion. Municipal Authorities cited sanctioning as a strategy that has been used against property rate defaulters. This was instituted and enforced by the Municipal Taskforce in line with the provisions of Local Government Act. Interviews with rate collectors revealed that there has been few sanctioning of property rate defaulters. Sanctioning comes in the form of lockup of commercial and residential properties of owners who do not pay their property rates and only made accessible to them only when they pay rates due them. This was confirmed as about three local residents noted that authorities have not been fair to the people since they keep locking up peoples stores even when they owe them little. Though sanctioning is being used as noted by the respondents, interaction with some revenue collectors revealed that this mechanism has not really been successful in the Municipality since politicians and opinion leaders in the area mostly prevailed on the actions of the Taskforce. To them, the level of power exercised by some influential people have hindered the use of this strategy as people with political connections usually get their way out even when they are sanctioned.

### ***Training of Property Rate Collectors***

As part of improving property rate mobilisation, training programs are organised for both permanent and commission revenue collectors. It involves an extensive training program in the form of workshops. This was initiated in 2012 and has since continued. Training is carried out twice every year by the Finance Department in collaboration with the Revenue Department of the Assembly. The main aim of this is to improve the capacity of revenue collectors to help improve IGF mobilisation, including property rates in the Municipality. Interactions with revenue collectors revealed that these programs have been very beneficial to their work, as it has helped update their knowledge continuously. According to some revenue collectors, the frequent training exercise helps to keep them up-to-date with revenue mobilisation mechanisms and also serves as a reminder on the ethics of their work.

### ***Improving Street Naming and Property Addressing Exercise***

As part of government policy to improve addressing system in the country, all MMDAs are required to carry out street naming. In line with this, the Municipality is making strides in the street naming and property addressing exercise which is a national project. This is used as an avenue to capture more properties in the process. The Municipality is therefore making use of this national exercise to its benefit. In this sense, it is used by Assembly to easily identify properties and their rightful owners in the Municipality. This will help in updating the out-dated database of properties which the Municipality currently uses. The use of street naming to capture properties provides prospects for property rate mobilisation in the area in the near future when the exercise is completed.

### ***Designing of Revenue Software***

Information and Communication Technology in the form computerised databases of revenue sources help to improve mobilisation of IGF for local governments (Tahiru et al., 2014; Fosu and Ashiagbor, 2012; Dillinger, 1988). Kassena Nankana Municipality has thus made efforts to improve ICT systems for property rate mobilisation. The study observed that, revenue software was instituted by the Finance Department for easy identification and collection of rates with the aim to improving IGF mobilization since 2013. The software is used to keep records of all properties in the Municipality from which taxes are due. However, the comprehensiveness and efficiency of this software is questionable considering the Assembly's concentration on only residential and commercial properties. They have tended to neglect other ratable properties like cattle which is another vibrant area of IGF if proper measures are put in place to capture it into the valuation list.

### ***Outsourcing of Certain Property Rates***

The use of outsourcing as a local revenue mobilisation mechanism is gaining grounds among local government units (Fjeldstad *et al.* 2009; Fjeldstad *et al.* 2004), and Kassena Nankana Municipality is no exception to this. The study revealed that, the tax collection on telecommunication masks within the municipality were outsource to private collectors with the reason being that this telecommunication giant's headquarters are mostly located in the nation's capital, making it difficult for the Assembly to directly collect rates from them. This thereby made it prudent to outsource its tax collection to private institution who takes 30 percent commission on total revenue collected. This confirms the fact that most local government units are beginning to appreciate the use of outsourcing for revenue mobilisation (Tahiru et al, 2014; Fjeldstad et al, 2010), with the case of property taxation being no exception to this drive. This method was deemed successful by key informants as the private companies were able to collect the supposed amount due these institutions. However, the amount of commission and efficiency of private sector in collecting revenues for government agencies has been questioned by some researchers (Franzsen, 2007; Iversen *et al.*, 2006)

Generally, many strategies as discussed in this section have been implemented in an effort to improve property rate mobilisation in the Kassena-Nankana Municipality. Concerning the success of these strategies, officials noted that, the Assembly is making positive strides, though with hindrances. However, analysing revenue performance of the Assembly, these strategies appear to be yielding little dividends (see Abdulai et al., 2016). It is therefore important to examine some of the challenges that still hinders effective mobilisation of property rates in the area in the midst of these mechanisms and strategies.

## **5.3 Challenges and Constraints in Property Rate Mobilization**

The study revealed many issues inhibiting the successful mobilization of property rates in the Kassena Nankana Municipality. These issues are discussed as follows:

### ***Incomplete Rate Administration Set-up***

Institutions play a key role in revenue mobilization processes. The adequacy of institutions within a local government set-up influences its ability to carry out required responsibilities (Mensah et al., 2015). Thus, for any successful property rate mobilization, there is the need for well-established institutional system to facilitate the processes. The situation in Kassena-Nanakana Municipality was however short in this regard, with certain vital units missing. The study revealed that, the Kassena-Nankana Municipal Assembly had no Rating Unit as part of their administrative set-up, exposing a shortfall in property mobilization system. It was the budget office which had additional responsibility of levying property rates in the Municipality, doing so with little or no professional background relating to property rating. Thus, there were no technically trained rating personnel in the Municipality to support the Land Valuation Department, leading to low property rate generation. The absence of this vital unit explains why the Municipality has not been to rate many ratable properties in the area, concentrating on only obvious physical infrastructure. This explains why many local government units in the developing world have been noted as having limited administrative capacity (Fjeldstad, 2012) which hinders property rate mobilization processes.

### ***Lack of Professional Valuers***

It was also observed from the study that, the Assembly had no professionals or personnel with technical background in rating, such as Valuation officers, Land Economists or Estate Managers in handling the administration of property rates. In response to questions by Assembly officials, it was realized that, this was due to weak financial capacity to engage such professionals. This finding confirms the fact that there are inadequate financial and human resource capacities for effective property taxation in many developing countries (Bird and Rodriguez, 1999; and Franzsen, 2002). The inadequacy of qualified professionals to manage property tax regime is a major constrain to utilizing property tax revenue in Kassena-Nankana Municipality. This calls into question the administration of the country's decentralisation systems, where local units have little power to employ personnel into key positions.

### ***Weak Commitment to Law Enforcement***

Political interferences in administrative systems which are presumed by law to be run on neutral basis have the tendency of killing effectiveness. This was the situation realized in the Kassena Nankana Municipality. The study revealed that, there exists excessive political interference in the prosecution of property rate defaulters. This manifests in complete lack of commitment on the part of the administration to implement enforcement decisions due to political interest. Due to the political nature of the District Assembly system in Ghana, where the Chief Executive is appointed by the ruling government, the tendencies to compromise enforcement of certain regulations in the bid to gain political points is high. This explains why the Municipal Officers interviewed voiced their frustration on the level of political interference, and its detrimental effect on their efforts to mobilize revenues. This confirms earlier study by Yatta and Vaillancourt (2010) who note that, there is weak enforcement of the law, which serves as a basis for tax defaulters to carry out the illegality of not paying the taxes or under declaring property. Weak enforcement in this situation is driven by the lack of political will among many other factors. Also explaining the issue of political will and how it affects property rate mobilization, key informants (Finance and Budget officers) noted that, anytime the Assembly wants to collect rates according to the laws, a political tag is mostly given to this action compelling them to always relax their efforts. This confirms the fact that many local governments lack the political will to enforce tax regulations (Fjeldstad, 2012; Bell and Bowman, 2006) and many factors affecting property rate mobilization are more political than economic (Mikesell, 2012).

### ***Low Willingness to Comply with Property Rate Payment***

Though the study revealed a high level of compliance in terms of payment, it was noted from the interviews conducted from the field that about 30 percent of property owners do not pay property rate to the Assembly. Respondents gave many reasons for their non-compliance including perception of corruption among assembly officials by property owners (Bahigwa et al. 2004; Fjeldstad, 2012), low level of awareness on the need to pay taxes, poor performance of the assembly in terms of providing the expected services for the people among others. Also, most inhabitants did not understand why they should pay rates on houses they build by themselves. This was attributed to a low knowledge on the relevance and motive for collecting property rates. The issue of non-compliance by property owners is detrimental to actualising the benefits for this revenue item (McCluskey et al, 2003).



## 6. Recommendations

To ensure effective mobilization of property rates in the Municipality and other areas at large, the following are recommended.

Monitoring and supervision play important role in tax administration (Tax Justice Network, 2005). Effective monitoring and supervision of property rate collection should therefore be pursued with all seriousness needed. In doing this, outsourcing is a good option to consider as already employed by the KNMA but there should be mechanisms in place to check leakages and embezzlement of the proceeds by officials in connivance with the outsourced agent (Iversen et al, 2006). Some corrupt assembly officials would turn a blind eye as the outsourced agent under-declare the real amount of the proceeds from their collectors (Iversen et al, 2006) and share the booty among them. This has been one problem with outsourcing as a strategy to help boost the assembly revenue collection. However, with good political and moral will on the part of officials to curb this habit, outsourcing could make local government revenue mobilisation systems effective. The Municipal Assembly must institute effective monitoring mechanisms to check activities of outsourced agents and collectors to reduce siphoning of proceeds, so as to improve revenue mobilization. This can be achieved by keeping proper records of all potential revenue items in the area and establishing a supervisory system to keep track of revenue mobilisation including activities of outsourced agents.

Related to effective monitoring, there is the need to establish and regularly update a good revenue database. Though efforts have been put in place in this direction, more need to be done due to the limited coverage. The KNMA should maintain and improve a reliable revenue collection database in its efforts to improve IGF mobilization. Providing adequate logistics like computers and vehicles needed for this kind of task should be the starting point to this effort. This will enhance processes of collecting data on all ratable properties in the area, hence, expanding the coverage of the existing database. The Assembly in collaboration with the lands valuation board should be able to value all properties for realistic and economic rating, with the needed support given. This measure, among other things will provide accurate nominal rolls with which the Assembly will effectively administer rates. This will help in monitoring processes and reduce revenue leakages thereby, increasing volumes of revenue collected.

It is also important to reduce the level of political interferences in revenue mobilization processes. The study identified political interference as a major hindrance affecting local government efforts in enforcing property rate regulations. Though politics cannot be totally separated from the District Assembly system in Ghana due to the structure of decentralisation, the interest of the general public should still be considered paramount in all dealings. It is therefore appropriate that political components of the Assembly system allow other officials who have the expertise, and have been charged with responsibilities by law to carry out their tasks with little or no interference. When political interests are separated from that of the public, it will go a long way to enhance the will to enforce regulations, especially, when it comes to sanctioning of defaulters. If property rating is delinked from politics, the Municipal Assembly could enhance its property rate generation to improve upon development in the municipality.

On the broader scale, efforts must be made to train more property valuation officers in the country. It was realized that valuation officers are inadequate and eventually absent at the Municipal level in the country. This situation is compounded by the closure of the Valuation Training School in Accra. It is therefore recommended that government as a matter of urgency institute measures to provide the necessary funding for the revival of the only school in the country accredited to train technical personnel for property valuation. This will help increase the number of valuation officers in the country, making it possible for some to be posted to district level to facilitate revenue mobilization.

## 7. Conclusion

Efficient revenue mobilization can have significant influence on overall growth and development provided the amount of funds mobilized are aptly used. Local governments are supposed to collect revenues to fund development activities as part of the decentralization concept. It has however, been observed that, local revenue sources have not provided adequate revenues to facilitate development in many areas (Mensah et al., 2015: Kessey and Gunter, 1992). It is therefore important for local governments to devise effective mechanisms and strategies to explore and improve efficiency of mobilising many internal sources of revenue. This can be done by concentrating on the most viable revenue sources, with the aim of improving efficiency of those revenues.

Considering the viability of property rate in many local jurisdictions around the world (Milwida et al, 1994: Tahiru et al., 2014: Kessey and Gunter, 1992), deliberate efforts must be made to improve its mobilisation, and this should be done through effective planning. In this case, more efforts must be tailored towards property

revenues. Putting in place deliberate and well thought mechanism and strategies could prove to be vital in this quest, as it will help make property rates collection at the local level more effective. Making effective use of this financing option in Ghana and beyond will help raise huge amount of financial resources to bridge the financing gap facing many local government units, especially in the developing world.

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