

A Qualitative Analysis of Revenue Mobilisation at Local Government Level in Ghana: Evidence From Bongo District

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Abstract

Fiscal decentralization continues to gain prominence in international development discourse and policy analysis, with a significant body of literature devoted to it. But one issue that has never been lost in public discourse hinges on good governance and judicious utilization of scarce resources. This study therefore examines revenue mobilization at the local government level using Bongo District Assembly (BDA) as a study area. Specifically, it unravels the major sources of revenue to the Assembly and revenue administration. The study is a qualitative study which uses thematic analysis in data processing. One FGD comprising six revenue payers (made up of market queens and leaders of various associations) and seven IDIs (comprising four management members and three revenue collectors) were sampled for the study. The study revealed massive revenue leakages and poor citizenry engagement resulting in a huge over reliance on external funding for its annual budget. It is recommended that BDA should roll out both compelling and motivating mechanisms such as motivation of revenue collectors and constant monitoring to eliminate revenue leakages while enhancing efficient utilization of public resources.

Keywords: Revenue, Decentralization, Local Government, Revenue Sources, Revenue Collectors.

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1.0 Introduction

Many Countries across the globe have focused on decentralization of the operations of the government with the sole objective of ensuring efficiency and better effectiveness of the administration of state owned resources. The craving for decentralization may be attributed to its associated advantages for the smooth running of the economy. Decentralization brings about positive outcomes in both democratic and developmental terms and also ensures that democracy is deepened by the extension of political representation to the local levels (Akorsu, 2015).

According to the World Bank (1989), there are four arguments in favor of decentralization. The first is based on the assumption that the demand for local public services varies from place to place. Only decentralized provision of local services will adjust to the multifaceted demands. Efficiency is the second; it can be argued that locally financed and produced services will cost less. The third is of a political nature. Local government is an important training ground for democracy; stronger regional or local governments can control the tendency of central government to become all powerful. The fourth and the last could be called institutional. Co-ordination at the local level is necessary and local public services cannot and would not be treated independently. Local government can co-ordinate these services much more easily than a national government would.

Through globalization, it is becoming increasingly apparent that nation-states are too small to tackle large things and too large to address small things (Bahl & Bird, 2008). In Africa, both former French and English colonies inherited highly centralized systems of governance geared toward command and control and away from responsiveness to the public. In most countries, national governments have failed to ensure regional equity, service delivery, a stable macroeconomic environment and local autonomy (Owusu, 2015).

Since the late 1980s, many countries in Africa have started the process of devolving political, administrative, and fiscal responsibilities from central to provincial and local jurisdictions (Mogues & Benin, 2012). The motivations of countries for undergoing such a governance change are varied and include a range of political as well as social and economic factors. Even where political factors have been the main drivers in implementing decentralization, strong financial backing from the donor community has usually been founded on equity and efficiency arguments. One of these arguments is that local governments have better information (or can obtain information more cheaply) about the local needs for and requirements of public services, and thus a decentralized system will generate greater allocative efficiency in public service provision (Fjeldstad & Heggstad, 2012 ; Mogues & Benin, 2012).

The backbone of all these things, are the availability of funds. Though governments may directly provide funds for the decentralized units, this may either be woefully inadequate or may not be forthcoming following the competing demand for national government funding. For instance, Jibao (2009) reports that there are cases when MMDAs in this country receive their first quarter share of the Common Fund in the third or fourth quarter of the year, with the rest of the remaining three quarters overlapping into the following year and so on. This therefore calls for the need for local government units to mobilize their own funds at the local level to supplement national government funding and subjecting same resources to effective and efficient utilization. Fjeldstad et al. (2014) posit that strengthening of domestic revenue base is essential to creating fiscal space for local developmental needs and eventually translate into the development of the country.

However, most empirical studies in Ghana have focused attention on contributions of internally generated funds in the development of MMDAs, while others are done in the area of revenue mobilization only at the local government level (Adu-Gyamfi, 2014; Akorsu, 2015 ; Owusu, 2015). Literature on revenue mobilization and management at the decentralized units is scant. This study is therefore designed to examine this issue with Bongo District Assembly as a study area, with the view to closing this gap in the literature.

2.0 Literature Review

2.1 Empirical Review on Local Government Key Revenue Sources

Local revenue systems across Africa are characterized by a large number of rates, levies and fees (Fjeldstad & Heggstad 2012). In some countries local governments seem to raise whatever rates, fees, and charges they are capable of raising, often without worrying too much about the economic distortions and distribution effects that these instruments create. The large number of rates, fees and charges is a major problem from several perspectives, including the development of an effective, transparent and accountable local revenue system (Fjeldstad et al, 2014).

Broaching into the concept of major revenue systems, one needs to remember that according to literature there are two main sources of revenue for local governments in Africa: internally generated fund, which include rates, user fees, and various licenses (Fjeldstad & Heggstad, 2012; Bahl & Bird 2008), and transfers from the central or regional levels, that is grants and revenue sharing (Bahl et al 2003). In some countries, municipalities are given the right to borrow to undertake capital investments although some restrict the timing and quantum of the amount, example Kenya (Yatta & Vailancourt, 2010).

In the views of Fjeldstad et al. (2014), an assessment of own local revenues is a pre-condition for the development of decentralized local authorities, of which two definitions are relevant, that is internally generated fund and total local revenues. Internally generated fund includes tax and non-tax revenue directly mobilized by the local government authorities. These revenues include: Property rates; rental income on property owned by the local government authority; business licenses; service charges; fees; royalties and miscellaneous levies. The amount of IGF is an indicator of the local government's mobilization effort and of the accountability relation that local revenue payers are likely to establish between the local levy and the supply of local public goods (Smoke, 2013).

Mobilization of IGF may have a favorable effect on the effectiveness of local expenditure due to the accountability introduced at the level of the local government (Fjeldstad et al., 2014). In addition to the IGF, which include an indicator of the local mobilization effort as well as its financial autonomy, it is important to include an indicator measuring all the revenues available to local authorities. The concept total local revenues include IGF, transfers from the central government and external financial contributions such as donor funded projects/programs.

Local government IGF is mainly user fees and charges, property rate, revenue from specific trade etc. accruing at the local level. A widely found characteristic of local government IGF systems in Africa is the huge number of revenue instruments used by local governments in revenue mobilization (Fjeldstad et al., 2014). Again, many local revenue systems in developing countries suffer from high levels of arbitrariness, coercion and corruption (Fjeldstad & Heggstad, 2012; Pimhidzai & Fox, 2012; Prichard, 2010).

The fundamental sources of internally generated revenues at the local government level are normally property rates, business licenses and different user charges, often as surcharges for administrations given by or in

the interest of the decentralized unit. Nevertheless, encounters from various African countries demonstrate that these revenue instruments have genuine setbacks (Owusu, 2015).

Fjeldstad and Heggstad (2012), further argue that a complicated and non-transparent local government revenue system is costly to administer and it facilitates corruption and mismanagement. Moreover, many local revenues have a distorting effect on resource allocation decisions and thus, an inhibiting effect on the start-up of new enterprises and the achievement of economic growth (Bahiigwa, Ellis, Fjeldstad & Iversen, 2004). These effects occur when effective rates vary greatly between different goods that are traded, and when license fees are set too high for start-up small-scale enterprises to survive. Fjeldstad et al (2014), observe that the levels and types of local revenue instruments by themselves can result in the burden of fee and charges falling more on the poor than on the rich. This is mainly due to the basic design of the local revenue system and the way revenues are collected.

According to Puopiel and Chimsi (2015), there are four major sources of IGF including; Property Revenue: rent on commercial buildings and land, ground rent, building plan approval and inspection fees, sale of boarded assets, land search and registration fees. Owusu (2015), citing other literature on revenue assignments between various levels of government suggests that few fiscally significant revenue bases are more appropriate to local administration than property rates. Fjeldstad & Heggstad (2012), allude to the bases that real property is visible, immobile and a clear indicator of one form of wealth. Therefore in principle, property rate is difficult to avoid and if well administered, it can represent a non-distortional and highly efficient fiscal tool.

User Charges: the main economic rationale for user charges is not to produce revenue, but to encourage the efficient use of resources within the public sector. When properly designed, user charges provide information to public sector suppliers on how much clients are willing to pay for particular services and by ensuring that the public sector supplies are valued by citizens (Fjeldstad & Heggstad, 2012).

Revenue from specific Trades: in most African countries the standardized approaches for mobilizing revenue from businesses have been licensing. Even though the original intent was regulatory, local business licensing has increasingly become in short a revenue source in most places. Business licenses naturally generate a significant amount of local government's IGF in urban councils (Fjeldstad & Heggstad, 2012; Owusu, 2015). Many countries however have their system quite unsatisfactory, often quite inequitable and have imposed huge costs on business, while generating little money (Sander, 2003). Moreover, revenue from persons in gainful employment which is local service revenue is applicable to artisans, business persons and commercial farmers.

In the case of Ghana, MMDAs financing sources are spelt out in the 1992 Constitution. The 1992 Constitution of Ghana, Article 240 2(c) and Article 245 (b) makes provision for the establishment of a sound financial base that is adequate and reliable for the local government. The district assembly can levy and collect fees, rates and duties. Local governments in developing countries derive their revenues from two principal sources: funds transferred to them from a higher level of government and funds collected and retained in the locality itself (Azeko, 2012). The financial provisions for the new local government system in Ghana are contained in Articles 245 and 252 of the 1992 Constitution and section 34 of the Local Government Act, 1993 (Act 462). The revenue sources available to the local government for its development purposes may be classified into two namely: locally generated (traditional) and central government transfers.

2.1.1 Internally Generated Funds of District Assemblies in Ghana

Internally Generated Funds are the self-financed revenues in the District Assemblies. Local governments play a vital role in the lives of citizens in modern governance systems across the world, especially in developing countries. A particular advantage of local government lies in its ability to arrange for the provision of local public goods in line with local tastes and preferences (Watt, 2006). Fiscal responsibilities of governments often remain quite circumscribed and their budgets are often dominated by external transfers that are usually tied to specific projects that may not match the priorities of local governments. Thus the autonomy of local governments is intimately tied to their IGF (Mogues & Benin, 2012). Local government is that part of the government of a country which acts as the communities' housewife, in that it makes surroundings fit to live in, keeps the streets clean, educates children, builds houses and does all those other similar things which enable citizens to live a civilized life (The Common Fund News Letter; December, 2016).

Local governments, thus, require citizens to cooperate through the payment of local revenues (tax and non-tax) in order to deliver the above services. The tax revenues are the obliged payments and include taxes chargeable on the incomes of self-employed persons, businesses and properties. The non-taxable revenues on the other hand are the voluntary payments or contributions paid by specific beneficiaries of the district services and they include user fees or charges, licenses, permits and royalties.

Even though ample legislation has been instituted to enable District Assemblies (DAs) to harness internally generated funds, there are four serious design problems that DAs face (Owusu, 2015). First and foremost, the revenue bases of local governments are stagnant because of weak databases for determining revenue potentials. Areas within the districts where revenue could be generated are not well identified and therefore the revenue collection level is not favorable. Secondly, there are complex structures in terms of planning for revenue

collection in some districts. Again, mechanisms for collecting internal revenues are ineffective. For instance, revenue collections from property rates are low because properties have not been properly valued. In addition, there are inadequate revenue collectors in most districts. The last design problem is the absence of appropriate sanctions or punishments for revenue defaulters and thereby making rate payers, especially residents not obliged to pay revenues.

Moreover, it is known that most assemblies have not been meeting their targets due to lack of accurate data on landed property and massive level of revenue leakages. Additionally, low capacity and poor training for revenue personnel in the various districts and lack of proper monitoring of the revenue collectors all affect the MMDAs' mobilization of IGF (Azeko, 2012 ; Fjeldstad & Heggstad, 2012).

2.1.2 Administrative Arrangements for Local Level Revenue Mobilization

Local Government Authorities usually encounter problems in collecting rates, fees and charges. Thus, there are many experiments being carried out to find productive solutions to revenue mobilization (Owusu, 2015). Adam (2011) associates the global recession to the main reason why revenue mobilization has become such a serious agenda in many organizations including local level authorities. He suggests that traditional rulers can be implored to assist the revenue collection agencies to improve their revenue base to support infrastructural provisions. Yet still there are further suggestions that chiefs could do more to help by disseminating educative information given their strategic position in society.

Institutional arrangements for local revenue mobilization range from cases where local government authorities mobilize the revenue themselves to cases where collection is outsourced to private agents (Fjeldstad et al., 2014). Outsourcing however can establish a platform where change can be facilitated, but its initial impact and longer-term successful performance depend on a number of factors including; political commitment, strength and quality of the labor force of the local government authority, and transparency in the provision of accessible and updated information to the general public on the tendering process and bids received, as well as data on the revenue potential and actual collection (Fjeldstad, Katera & Ngalawa, 2009).

A foremost dispute facing privatized revenue collection in local government authorities is to assess the revenue potential for various revenue instruments. Generally, revenue assessment is performed on an ad hoc basis, often based on the previous year reported collection. Extensive underestimation of the revenue potential may imply that actual collection by the agent is substantially higher than what is seen in the contract; resulting in the agent keeping the highest portion of revenues collected, which already seems the case in some councils (Fjeldstad et al., 2014). Inversen, Fjeldstad, Bahiigwa, Ellis and James (2006) studied six (6) markets across Uganda and found that the gap between the local government estimates of the revenue yields and the actual revenue yield collected by private agents amounted to between 25% and 74% of total revenue.

Evidence is open to doubt whether outsourcing has led to better local level revenue performance compared to mobilization remaining a function of local government officials. There are however, examples suggesting that local government officials are more effective mobilizing revenue than their private persons (Fjeldstad et al., 2014).

2.2.1 Intergovernmental Transfers (External Funds)

IGF are a necessary but not sufficient condition for fiscal decentralization (Fjeldstad & Heggstad, 2012). Studies have shown that locally own-sourced revenues are generally not sufficient to develop and supply adequate services for the fast growing population in Ghana. Inter-governmental fiscal transfers are therefore needed to cover this fiscal imbalance. It is observed that there are considerable variances in terms of the extent of revenues generated by District Assemblies due to differences in revenue generating potentials (Owusu, 2015). Therefore, inter-governmental exchanges can be utilized to meet national redistribution goals to balance the financial limit disparities among local level governments. Jibao (2009), posited that DAs received a staggering 69% from the central government which highlights the major sources of their funding.

2.3.1 Other Funds Available to MMDAs

The District Development Fund (DDF) was introduced to help boost the financial standing of the MMDAs based on their performance. It is a special fund set up to motivate DAs to effectively carry out their constitutional mandate (Akudugu, 2013). With regards to this facility of funding MMDAs development, it is an arrangement between the government of Ghana and four development partners. The allocation of the DDF to MMDAs is based on three components of entitlement, performance and capacity. The entitlement component is set at 50 percent of the overall pool of resources and this is disbursed based on equal share of 5 percent, size of the district's population 80 percent and size of the territory 15 percent.

The capacity building is set at 10 percent of the fund and is distributed on two factors: an equal share of USD 10,000 that could be used to finance mandatory training programs for all the MMDAs as prescribed by the government and a discretionary share on the basis of the outcome of the Functional and Organizational Assessment Tool (FOAT) in individual MMDAs. The allocation of the performance grant is 40 percent of the overall pool and will be determined by the outcome of the FOAT. The FOAT is an assessment tool that requires achieving certain approved targets of which the fund would be made available to them to support their

development (Azeko, 2012). The main aim of the fund includes mobilizing additional financial resources for MMDAs, providing incentive for performance and establishing a link between performance assessment and capacity support (Akudugu, 2013).

The DAs under the Local Government Act, 1993 (Act 462) also as part of the revenue mobilization efforts are to raise loans or obtain overdrafts within the republic of the amounts, from the sources, in the manner, for the purposes and on the conditions approved by the Minister in consultation with the Minister responsible for Finance.

2.4 Theoretical Review

2.4.1 Agency Theory

Agency theory is based on the relationship between one party, the principal, who designates certain tasks and decisions to another party, the agent. The focus of agency theory stems from belief that the agent will behave opportunistically, particularly if their interests conflict with the principal (Mitchell & Meacham, 2011). The pursuit of similar interests is not always evident between these two parties causing an agency problem. When different interests arise, necessary attention must be directed to resolving this conflict. These differences are difficult to measure and require governing mechanisms to facilitate congruence and shared risk (Bendickson, Muldoon, Liguori & Davis, 2016).

The Agency theory has two major assumptions (Bruno, 2013). The first one is that there is a conflict of goals between the principal and the agent. This assumption is based on the premise that, principals and agents each have competing interests. Onzima (2013) observes that, the only restriction on agents (who are seen as self-seekers) is their relationship with their principals. The second assumption is that agents have more information than their principals, which results in unevenness of information between them. The implication of this is that, agents will always try to exploit this information to their advantage to satisfy their own self-seeking behaviors. The insinuation of this supposition with fiscal decentralization and revenue mobilization and management is that, although there may be both administrative and legal accountability frameworks, agents will take advantage of this to hide information and use it for their personal benefits. This is because people are managing people's money (Bonsu, 2015).

3.0 RESEARCH METHODOLOGY

The study was guided by interpretivism standpoint of social science research which is qualitative in nature (Khan, 2012). According to the interpretivists, reality is seen to be resting in the minds of people, that is, something that is experienced internally and is socially constructed by people's interaction and interpreted through the actors' perspective. Hence, reality cannot be objective but rather subjective. This study employs qualitative research techniques which achieve a better understanding of the experiences of respondents and researches people in their natural settings. Bongo District was chosen as the study area and the population comprises those who pay revenue of any form to the assembly, and those charged with the collection as well as those who put the resources to use. These include market queens, hair dressers, weavers, artisans, revenue collectors, supervisors and management staff of the district assembly. The Bongo district has a total number of two hundred and three (203) revenue payers, a total number of fifteen (15) management members and staff in charge of collection is ten (10). The respondents were sampled by the use of purposive sampling method. Two forms of interviews were used; in-depth interview and focus group discussion. The instrument used for data collection was a semi structured interview guide and focus group discussion platform as supported by (Petty et al., 2012 and (Robson, 2011). All interviews were conducted at their place of work except one management member and the focus-group discussion which was carried out at a place to avoid interruptions; and in dialects in which the respondents were able to understand the questions and provided responses accordingly. The respondents, therefore, expressed themselves in 'Guruni', 'Bonne' and English during the interviews. On average, the interview process took 29 minutes with revenue collectors, 34 minutes and a second with management and exactly 1hour, 4minutes with the revenue payers under focus group discussion. In processing and analyzing the data, the researcher used Braun and Clarke's thematic analysis strategy. According to Lubrosky (1994) as cited in Amo-Broni (2017), thematic analysis identifies and describes meanings inherent in the textual data

4.0 Results and Discussion

4.1.1 Funding District Assemblies

This section seeks to find out the key revenue sources available to the District Assembly. Based on the facts of the DA's financial standing, the section looks into management assessments on increasing national transfers against Assembly's ability to generate internal funds for its projects with a particular emphasis on IGF. From the responses, District Assembly Common Fund and other transfers from central government form the larger portion of its funding. Based on this, it is management view that, the transfers from national level should be increased, largely due to the weak commercial status of the district. Research participants stated that there are very few

companies and businesses operating in the district, resulting in management opting for increment in national transfers.

The quotations below represent these views:

I can say transfer should be increased especially our situation over here, we are the less deprived, we are among the less deprived areas so our IGF is very weak unlike the big areas like Accra, Techiman and those places. So if they can increase the transfer it will help a lot. [ABC]

In my opinion when it comes to [fiscal decentralization] may be if they increase it [the transfer] that will rather help because when it comes for them to delegate the tax for us to collect we may not be able to collect all for that matter the funds will be insufficient for us to undertake activities. So if the transfer from the central government [is increased] it will help while measures are taken for us to collect locally. [ACB]

It depends on the districts, the district capability is different. Am using Upper East as you compare Bongo to let's say Bolga and [if] you want [to] limit our decentralization based on what we generate internally, you cannot implement even 10% of our budget. So I will still support that the fund should be brought from the head to the districts. [BBC]

Bongo we are not developed like other places where you have big big factories and those things where you can generate much revenue to cater for yourself. So government supporting us with the District Assembly Common Fund is good but we are also trying here collecting our own revenue. But I think if the DACF can be increased, it can also help especially we those who cannot generate much revenue. [ACC]

The mobilization effort of the DA cannot even fund 10% of its annual budget. This depicts the reasons why the DA depends heavily on transfers from national level. Given the fact that BDA is among the deprived districts in Ghana, increasing national level funding is the idle thing. It is thus the view of management of decentralized units to have central transfers increased.

The capability of each local level government in revenue mobilization differs significantly across the decentralized units due to the level of economic activities and other revenue driving potentials. It was found that the presence of big businesses and large commercial activities positively impacts on IGF mobilization. Owusu (2015), also observed that there are considerable variances in terms of the extent of revenues generated by District Assemblies due to differences in revenue generating potentials. As a result the IGF base of Bongo District Assembly cannot even fund a significant portion of its annual budget. This is worrying and disturbing to local service provision since there are no also signs of potential commercial activities or will of the Assembly to collect property rates. Quantitatively, the IGF base of the assembly is on average 4.8% of the total revenue as revealed in the study area section. Meanwhile, Jibao (2009), revealed that local governments in Ghana receive on average nearly 69% of their revenue from the central government. The findings further indicated that there are cases when DAs in this country receive their first quarter share of the Common Fund in the third or fourth quarter of the year, with the rest of the remaining three quarters overlapping into the following year and so on.

The participants' text revealed that management does think an increased transfer from the national level to the local level is the ideal thing to execute the role and dictates of decentralization, which is provision of goods or services in a transparent and participatory manner that suits local taste and preferences, which is in agreement with Akorsu (2015) who found that fiscal decentralization can assume different institutional forms. An increase of transfers from the central government, the creation of new sub-national taxes, and the delegation of tax authority that was previously national are all examples of fiscal decentralization.

This EF, however, cannot be readily determined regarding the quantum, timing and discretion in application. The lowest recorded amount of IGF can be traced to 2012 and this affirms that electioneering year has more leakages due to lack of trust as well as political interference. This development is in tandem with Agyapong (2012) and Fjeldstad and Heggstad, (2012).

4.1.2 Major Revenue Sources of Internally Generated Fund

The research sought to find out those revenue instruments which are key sources to the Assembly's IGF and to a large extent the reasons ascribed to that. All participants are in agreement that exit fee from the border town (Namoo) and market operational fee form the main component of the IGF base, but the major of the two according to management and revenue collectors is the exit fee because of the animals which are brought from neighbouring Burkina Faso, through to the Southern part of Ghana (largely Kumasi and Accra). Participants again submitted that revenue from exit or exports is easier to collect because of awareness of traders and the possibility of being stopped by the security agencies. The other major source is market operational fee from Zorko and Soe due to the big size of the markets and the fact that they do not coincide with Bolga market day (the biggest market in the BONABOTO community).

The following views were obtained from management of the Assembly, the revenue collectors and rate payers:

This place the ones that are doing well are market fees and exports or exit. This area because of the

animals which are brought from the neighboring country Burkina, [they] pass through here so that is [our] major source of income and also every market day. [ABC]

The basic ones are the basic rates which are ceded to the area councils and that of property rates. But the key majority that we get revenue from is the exit of goods and services that is where we get most of our revenue and when it comes to market stores and that of market sheds that we have built in other areas. That is where we can get most of our revenues. Definitely some are doing well than others. When you look at where we get much is the exit because of the border town and may be the other markets like Soe and the rest that is where we get revenue from and that of Zorko, but the exit is where we get much money. [ACB]

You cannot pay for the cost of property valuation and then Bongo for example if you take Bongo most of the revenue that we rely on let's say exit from Namoo border. The lorries come in and come out but if you take property rates and we are able to value our properties at least [it] can also be better. [BBC]

Exit, we get from exit and market operational fee like this small markets that they sell. They pay monthly but much is coming from the exit especially the border town. Anyway the revenue collections and the people you deal with are not the same for example, the exit that am talking about you know that one-when the people are bringing the goods they already know "if I don't pay and I get to this place I can be stopped by a police officer, a custom officer or any of them." So as for those people; they always want to pay but for example a market woman selling her provision in her shop, she is not travelling anywhere so those people it is always difficult because you have to talk for the person to understand before she pays but those who are travelling up and down they know the importance and sometimes because they can be stopped if they haven't paid, collecting from them is easier and faster. [ACC]

I take goat, sheep, pigs, cows, groundnuts, millet and malt exit rates. [ATA]

I collect exit and market tolls. [ALI]

I collect market tolls, exit using GRC books. But the main collection is the exit and landing. [ADA]

What I know is that I pay tax. I started paying since 2012. [FGD-R1]

For me, it is now 6 years [since I started paying revenue to the Assembly]. [FGD-R2]

I have been paying revenue to the Assembly for about 14 years. [FGD-R3]

One particular pivot of local government lies in its ability to arrange for the provision of local public goods in line with local tastes and preferences. It is only revenue instruments with consistent performance which will guarantee this motivation for decentralization.

From the textual evidence, a major part of the Assembly's IGF comes from exit of goods to the Southern part of Ghana (Kumasi and Accra largely). These goods are mostly livestock/animals which come through neighboring Burkina Faso. The other key source is market operational fees and tolls. The major markets are Zorko and Soe markets which are all observed on the same days. This corroborates the findings of Fjeldstad and Heggstad (2012) who posit that the concept of fiscal decentralization ensures the transfer of fiscal resources and power to mobilize revenue, as well as the power of authority over budgets and financial. This delegation of levying and spending powers to lower levels of government is to augment the collection of tax and its rightful usage.

As found by many studies such as Fjeldstad & Heggstad (2012), Owusu, (2015) and Puopiel and Chimsi (2015) the fundamental sources of internally generated revenues at the local government level are normally property rates, business licenses and different user charges, often as surcharges for administrations given by or in the interest of the decentralized unit. The findings of the study on the important revenue source to the IGF concur with the findings mentioned above with the exception of property rates which were not mentioned in the participants' text.

However, the bottlenecks that inhibit full actualization and institutionalization of fiscal decentralization as outlined by Adam (2011) include substantial authority given to MMDAs without commensurate resources to achieve their mandates, weak local revenue generation and mobilization capacity. This was also found to be the major hindrances which prohibit the Bongo District from generating the needed funds for its developmental needs. Though the markets hold up a promise of making significant improvement to the Assembly's IGF, the fact that their days of observation coincide renders the only revenue supervisor ineffective in the discharge of his/her duties. The matter is exacerbated given the towns involved. Zorko and Soe are quite far apart, about twenty kilometers (20 km) which usually appear to be about thirty kilometers (30 km) because of the unmotorable nature of the road. Another promising market in terms of revenue mobilization is Beo market, unfortunately, it is also observed on the same day as Zorko and Soe. These findings are in line with other studies which conclude that encounters from various African countries demonstrate that these revenue instruments have genuine setbacks (Owusu, 2015).

4.1.3 Challenges in Funding District Assemblies-Effects of external funding on IGF

Local governments in developing countries derive their revenues from two principal sources: funds transferred to them from a higher level of government and funds collected and retained in the locality itself. It has, however, emerged from studies, that external transfers are generally counterproductive to the growth of IGF (Mogues & Benin, 2012). This section looks at the effects of external funding on IGF in the assembly to establish whether there is synergy in the various revenue/funding sources.

From the responses, there is a general convergence of thought and fact that when external inflows dwindle, IGF usually improves. The development was seen to be a human nature, that is no efforts in monitoring and supervision is intensified as long as there is money for administrative purposes. Vehicle and fuel for supervision is only released when the BDA is in financial distress. This is evidenced by the unanimous responses of participants such as:

An example is this immediate past period that we are in you know there was no common fund and you look at when we went out we were able to collect, we the officers alone we went round all the markets and if you look at the collections that we did you could see that none of the collectors if we put them together will come near what we collected so there is the urge when the Common Fund is not there to collect more. I can say we have collected double and over but I have not calculated but when I was looking at the figures. [ABC]

We can't say it is totally different because until we were not receiving much funds from Common Fund or central administration that is where there was the need for us to institute [task force to] go all out to mobilize revenue. So assuming that there was much revenue around whereby we can use to execute most of our activities, I don't think we would have been going out seriously like we are doing right now. So it is one of the challenges. [ACB]

Yeah [it] is in Bongo District Assembly. [BBC]

It can be. Sometimes when Assembly doesn't have fuel to run, they will be on you: go out!!! But the moment they have fuel to run, sometimes you'll even want to go for supervision and looking for one gallon to put in your motor and they will tell you that they don't have [fuel] meanwhile they have fuel to go out [by themselves] but for you to go and supervise, the one litter [requested] they don't have. Until they don't have [funds] that they will have fuel for you [to go for supervision] and even that one, they will release a car for you. That is the human nature. As for human beings, we will always be human beings so when it is there you forget of other things and when it's not there, you go back to other things. [ACC]

The quotes from management concurs with other works that external inflows does not positively impact on IGF generation. The revenue task force was instituted mainly because the DA was no more getting funds from central government. At this same period, management members themselves were able to mobilize far and above 200% of the usual collection of all revenue collectors put together. There is a major challenge in the DA's funding in the sense that the purpose of multiple funding is to augment the IGF. This development is a clear case of an agency problem, resulting to poor budgeting and stakeholder engagement, ineffective supervision and a lack of sense of urgency in tackling developmental concerns of the concerned.

Currently, there is no synergistic effect on IGF when external inflows increase. The IGF only goes up when there is no revenue to run the Assembly. It is usually at this stage that vehicles are released to the supervisor to undertake mobilization. Though this usually yields very positive results, the Assembly has not got the will to sustain this mobilization effort. This conduct may be attributed to management not enjoined by the interest of the rate payers which is improved provision of services and construction of facilities across the district. The findings of the current study do agree with Mogues and Benin (2012), who worked on a paper, Do External Grants to District Governments Discourage Own-revenue Generation? and found that greater past external transfers are significantly and negatively associated with local governments' levels of IGF. Local governments with higher externally generated revenues tend to have significantly lower levels, as well as experience slower subsequent growth in internally generated revenues. Therefore, the nature of the flow of local governments' external sources of revenue serves as disincentive rather than an incentive to internal revenue generation.

4.2 Adequacy of Revenue Sources

The main requirement for political, administrative and fiscal decentralization in Ghana's local government framework is the adequacy of revenue sources. This adequacy in order to satisfy its mandate should be both consistent and reliable. The general responses are that revenue sources in the DA are adequate. It is left unto stakeholders to be diligent and professional in education and collection. Participants who think there are enough sources made the following submissions:

Sources are adequate if you look at this livestock, people rear livestock, people ride bicycles all over

the place, donkey carts all those licenses are not taken care of. So because it has not been started, it has not been done for a long time, if you go there is like you are going to hurt somebody. [ABC]

To me I will say we have adequate [sources] but the problem is the collection. Let me use Zorko as an example and that of Soe. When you go there you can see that there are a lot of things that they don't collect in terms of the market tolls. Especially until recently that we initiated monitoring and there was a task force that was formed, we were not collecting operational fees at Zorko and Soe. [ACB]

What I have counted we could have been collecting more than that if they call a meeting or if they want to increase fee and call all of us both rate payers and we the collectors. With this if we come back to tell them that this item is now that much they will not resist us and say we ourselves have increased the fee. [ATA]

There are challenges in my collection and if certain mechanisms are put in place I will collect more. What will enable me to collect more is: If assembly can come and call the community and educate them about the importance of paying taxes. When that is done, anytime one goes to collect, it will be easier. They feel that we take the money to chop just because they don't see anybody apart from me. [ALI]
If some mechanisms were put in place [we] could generate more than that because there are challenges. What they will do to increase the mobilization is if you look at the Assembly especially now that the rainy season is approaching, the road is not good particularly Namoo here. So it makes collection from the traders/rate payers extremely challenging. They [traders] think they do not get the results from their frequent payment because of the bad nature of the roads. So that is what makes it challenging. [ADA]

The contrary views by some management members are:

Actually we don't have [adequate sources] because the business activities are not active as compared to others. The poverty levels here are so high such that when someone goes to cut woods in the bush and old ladies come and sell. When you also go there to collect something from the person [old lady] you yourself will just not even feel comfortable. [BBC]

Like I said earlier, we don't have much revenue source like the kind of business that is done here is just petty market tolls, table top business. They are not big factories or companies that can be paying property rates, royalties and other things. [ACC]

Participant's view about the adequacy or otherwise of revenue sources is clearly obvious. While very few (2 out of 7) are of the opinion that there are no adequate sources due to the deprived nature of the district, the others think there are adequate sources but the problem with collection is ineffective mechanisms, lack of tools for collection as well as poor accountability and stakeholder engagement. Therefore, the sources of revenue in the unit are much adequate.

Results from the textual data indicate that, though not so viable economic activities are undertaken in the district, what it can collect is not bad if mechanisms were made to work. Management agreed to the fact that the adequacy of revenue sources is sufficient given the status of the Assembly but the problem lies with collection, leading to leakages. The Assembly does not take property rates, stores rent as well as not appropriating fees on sand winning which has become a major economic activity in the district. Lastly, on the adequacy of revenue generated sources, it was established that the sources were very adequate should all be tapped. These findings are supported by Owusu (2015) who also found that areas within the districts where revenue could be generated are not well identified and therefore the revenue collection level is not favorable. There are also complex structures in terms of planning for revenue collection in some districts. Whilst the textual data reveals that the revenue sources are adequate, mechanisms for collecting the revenues are ineffective. For instance, revenue collections from property rates are nil because properties have not been valued. The last design problem is the absence of appropriate sanctions or punishments for revenue defaulters and thereby making rate payers, especially residents not obliged to pay revenues.

The most recent activity undertaken to buttress the adequacy of revenue sources is the formation of revenue monitoring task force after Assembly could not get funds for recurrent expenditures such as fuel, allowances and repairs. Until then the Assembly was missing on operational fees in the major two markets (Zorko and Soe). When the team visited the places, the rate payers clearly understood the need to pay operational fees. The operational fees are usually undertaken as a collaborative effort between the management and the task force. It does not involve the revenue collectors and this can hurt its sustainability. Given what appears to be a clear case of self-seeking interest, members of the management team only intensifies mobilization efforts when they require funds.

5.0 Conclusions

First and foremost, the study found that the major sources of revenue to Bongo District Assembly were mainly from central government followed by IGF. The IGF was made up of revenues collected from exit of goods to the

southern part of Ghana, market operational fees and tolls. Other sources of revenue such as sand winning are not well harnessed and property rates are not tapped at all. The authority cited lack of data and resources to determine the value of ratable properties as why these rates are not charged. Additionally, recurrent expenditure took a huge sum of the IGF leaving a paltry amount for capital expenditure items.

5.1 Recommendations

The supervision unit should be resourced fully by the DA with logistics such as motorbikes and a vehicle among others to enable it perform its role as expected. The BDA should arrange for flexible working hours for the task force members to enable them undertake monitoring activities up to 18:30GMT. Commissions should also be paid regularly and on time while assessment is made to consider the cost benefit analysis of increasing the commission. The Assembly should widen its revenue scope to cover all the legitimate revenue sources (property rates, sand winning and grinding mills operational fees) through stakeholder meetings and relationship marketing. The land valuation board should undertake valuation of properties at least every three years on a pilot basis beginning from the district capital (Bongo) and a selected four major towns (Zorko, Namoo, Soe and Beo). This should be preceded by thorough consultative meetings with property owners using the traditional rulers and religious bodies.

5.2 Suggestion for Further Research

1. The study evaluated the topic from the standpoint of only management, revenue collectors and female market leaders constituting the focus group discussion. A similar study can be conducted opening the scope to other group of participants such as male leaders, traditional and religious leaders and revenue agents.
2. This research was limited to Bongo District Assembly. The study can be replicated in Metropolitan and Municipal Assemblies and other decentralized units such as Ministries, Department and Agencies with revenue mobilization mandate.

It is further suggested that subsequent research could consider the relationship between accountability and growth of internally generated fund.

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